

**SHIRE OF KOJONUP**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

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**COMMUNITY VISION**

Prosperity and happiness through opportunity and commitment, in a safe and well governed community

Principal place of business:  
93 Albany Highway  
Kojonup WA 6395

**SHIRE OF KOJONUP  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Kojonup for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Kojonup at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the \_\_\_\_\_ day of \_\_\_\_\_ 2019

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Rick Mitchell-Collins  
Name of Chief Executive Officer

SHIRE OF KOJONUP  
STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
Rates	21(a)	3,860,778	3,862,655	3,709,266
Operating grants, subsidies and contributions	2(a)	3,023,795	2,226,472	3,148,446
Fees and charges	2(a)	1,198,952	1,252,390	1,201,931
Interest earnings	2(a)	109,950	124,011	105,766
Other revenue	2(a)	269,956	305,323	424,968
		<b>8,463,431</b>	<b>7,770,851</b>	<b>8,590,377</b>
<b>Expenses</b>				
Employee costs		(4,378,871)	(4,033,006)	(4,248,913)
Materials and contracts		(1,868,756)	(1,098,228)	(1,814,125)
Utility charges		(345,232)	(253,860)	(336,647)
Depreciation on non-current assets	10(c)	(3,046,085)	(3,118,040)	(3,115,615)
Interest expenses	2(b)	(23,394)	(17,605)	(15,129)
Insurance expenses		(325,184)	(302,810)	(314,219)
Other expenditure		32,399	(730,795)	(153,130)
		<b>(9,955,123)</b>	<b>(9,554,344)</b>	<b>(9,997,778)</b>
		<b>(1,491,692)</b>	<b>(1,783,493)</b>	<b>(1,407,401)</b>
Non-operating grants, subsidies and contributions	2(a)	1,461,922	2,074,086	2,199,856
Profit on asset disposals	10(a)	70,051	28,700	13,475
(Loss) on asset disposals	10(a)	(270,764)	(11,300)	(117,696)
(Loss) on revaluation of Tools	8(a)	(9,782)	0	0
		<b>1,251,427</b>	<b>2,091,486</b>	<b>2,095,635</b>
<b>Net result for the period</b>		<b>(240,265)</b>	<b>307,993</b>	<b>688,234</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	574,991	0	570,678
<b>Total other comprehensive income for the period</b>		<b>574,991</b>	<b>0</b>	<b>570,678</b>
<b>Total comprehensive income for the period</b>		<b>334,726</b>	<b>307,993</b>	<b>1,258,912</b>

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

**SHIRE OF KOJONUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		41,688	47,910	48,116
General purpose funding		5,550,023	4,760,199	5,303,322
Law, order, public safety		57,797	51,736	49,327
Health		19,047	24,700	12,691
Education and welfare		35,510	18,000	99,315
Housing		2,068,832	2,181,450	2,208,159
Community amenities		286,968	287,276	326,370
Recreation and culture		84,825	91,450	77,557
Transport		8,372	10,000	78,490
Economic services		201,418	202,750	244,218
Other property and services		108,951	95,381	142,812
		<b>8,463,431</b>	<b>7,770,852</b>	<b>8,590,377</b>
<b>Expenses</b>				
	2(b)			
Governance		(617,884)	(572,410)	(601,802)
General purpose funding		(76,320)	(131,951)	(105,151)
Law, order, public safety		(265,094)	(255,152)	(266,319)
Health		(46,523)	(142,051)	(38,734)
Education and welfare		(103,501)	(41,370)	(189,050)
Housing		(2,286,844)	(2,180,133)	(2,243,886)
Community amenities		(578,826)	(708,736)	(659,399)
Recreation and culture		(1,191,176)	(1,191,794)	(1,282,922)
Transport		(3,520,425)	(3,198,521)	(3,297,813)
Economic services		(1,031,575)	(1,087,023)	(1,160,185)
Other property and services		(213,561)	(27,600)	(137,388)
		<b>(9,931,729)</b>	<b>(9,536,741)</b>	<b>(9,982,649)</b>
<b>Finance Costs</b>				
	2(b)			
Housing		(2,690)	(3,524)	(963)
Recreation and culture		(20,704)	(14,080)	(14,166)
		<b>(23,394)</b>	<b>(17,604)</b>	<b>(15,129)</b>
		<b>(1,491,692)</b>	<b>(1,783,493)</b>	<b>(1,407,401)</b>
Non-operating grants, subsidies and contributions	2(a)	1,461,922	2,074,086	2,199,856
Profit on disposal of assets	10(a)	70,051	28,700	13,475
(Loss) on disposal of assets	10(a)	(270,764)	(11,300)	(117,696)
(Loss) on revaluation of Tools	8(a)	(9,782)	0	0
		<b>1,251,427</b>	<b>2,091,486</b>	<b>2,095,635</b>
<b>Net result for the period</b>		<b>(240,265)</b>	<b>307,993</b>	<b>688,234</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	574,991	0	570,678
<b>Total other comprehensive income for the period</b>		<b>574,991</b>	<b>0</b>	<b>570,678</b>
<b>Total comprehensive income for the period</b>		<b>334,726</b>	<b>307,993</b>	<b>1,258,912</b>

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

SHIRE OF KOJONUP  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2019

	NOTE	2019 \$	2018 Restated * \$	1 July 2017 Restated * \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	3	4,854,678	3,823,350	3,297,299
Trade receivables	5	2,503,530	655,080	761,743
Other loans and receivables	7	0	7,840	0
Inventories	6	174,666	164,741	133,182
<b>TOTAL CURRENT ASSETS</b>		<b>7,532,874</b>	<b>4,651,011</b>	<b>4,192,224</b>
<b>NON-CURRENT ASSETS</b>				
Trade receivables	5	60,012	58,375	49,131
Financial assets at fair values through other comprehensive income	7(b)	77,340	77,340	85,180
Inventories	6	78,000	107,000	107,000
Property, plant and equipment	8	31,041,718	31,103,461	30,605,678
Infrastructure	9	131,531,490	131,569,621	130,709,352
<b>TOTAL NON-CURRENT ASSETS</b>		<b>162,788,560</b>	<b>162,915,797</b>	<b>161,556,341</b>
<b>TOTAL ASSETS</b>		<b>170,321,434</b>	<b>167,566,808</b>	<b>165,748,565</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	12	4,492,975	2,073,712	1,684,910
Borrowings	13(b)	32,737	21,961	40,478
Employee related provisions	14	672,101	737,021	650,777
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,197,813</b>	<b>2,832,694</b>	<b>2,376,165</b>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings	13(b)	421,179	362,600	284,561
Employee related provisions	14	125,348	129,146	104,043
Long term liabilities		640	640	980
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>547,167</b>	<b>492,386</b>	<b>389,584</b>
<b>TOTAL LIABILITIES</b>		<b>5,744,980</b>	<b>3,325,080</b>	<b>2,765,749</b>
<b>NET ASSETS</b>		<b>164,576,454</b>	<b>164,241,728</b>	<b>162,982,816</b>
<b>EQUITY</b>				
Retained surplus		66,990,331	67,475,854	67,216,522
Reserves - cash backed	4	3,745,789	3,500,531	3,071,629
Revaluation surplus	11	93,840,334	93,265,343	92,694,665
<b>TOTAL EQUITY</b>		<b>164,576,454</b>	<b>164,241,728</b>	<b>162,982,816</b>

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

SHIRE OF KOJONUP  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2017</b>		<b>67,216,522</b>	<b>3,071,629</b>	<b>92,694,665</b>	<b>162,982,816</b>
Correction of error	26	(283,465)	0	0	(283,465)
<b>Restated total equity at the beginning of the financial year</b>		<b>66,933,057</b>	<b>3,071,629</b>	<b>92,694,665</b>	<b>162,699,351</b>
Comprehensive income					
Net result for the period		688,234	0	0	688,234
Other comprehensive income	11	0	0	570,678	570,678
Total comprehensive income		688,234	0	570,678	1,258,912
Transfers from/(to) reserves		(428,902)	428,902	0	0
<b>Balance as at 30 June 2018</b>		<b>67,475,854</b>	<b>3,500,531</b>	<b>93,265,343</b>	<b>164,241,728</b>
Change in accounting policy	24 (c)	0	0	0	0
<b>Restated total equity at the beginning of the financial year</b>		<b>67,475,854</b>	<b>3,500,531</b>	<b>93,265,343</b>	<b>164,241,728</b>
Comprehensive income					
Net result for the period		(240,265)	0	0	(240,265)
Other comprehensive income	11	0	0	574,991	574,991
Total comprehensive income		(240,265)	0	574,991	334,726
Transfers from/(to) reserves		(245,258)	245,258	0	0
<b>Balance as at 30 June 2019</b>		<b>66,990,331</b>	<b>3,745,789</b>	<b>93,840,334</b>	<b>164,576,454</b>

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

SHIRE OF KOJONUP  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		3,859,287	3,859,385	3,672,310
Operating grants, subsidies and contributions		1,167,183	2,450,588	3,148,446
Fees and charges		1,198,952	1,302,390	1,337,211
Interest received		109,950	124,011	105,766
Goods and services tax received		8,827	(40,905)	0
Other revenue		269,956	315,323	1,964,086
		6,614,155	8,010,792	10,227,819
<b>Payments</b>				
Employee costs		(4,440,830)	(4,033,006)	(4,136,811)
Materials and contracts		(1,852,936)	(1,070,581)	(1,599,769)
Utility charges		(345,232)	(253,860)	(336,647)
Interest expenses		(16,881)	(17,605)	(15,923)
Insurance paid		(325,184)	(302,810)	(314,219)
Goods and services tax paid		816	0	(9,091)
Other expenditure		65,714	(730,795)	(1,516,366)
		(6,914,533)	(6,408,657)	(7,928,826)
<b>Net cash provided by (used in) operating activities</b>	15	(300,378)	1,602,135	2,298,993
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(715,755)	(2,848,622)	(1,749,798)
Payments for construction of infrastructure		(2,054,052)	(1,812,299)	(2,426,344)
Payments for Land held for resale		(2,190)	(115,000)	(32,470)
Non-operating grants, subsidies and contributions		3,809,415	2,074,086	2,199,856
Proceeds from self supporting loans		7,840	7,840	7,361
Proceeds from sale of property, plant & equipment		217,093	169,300	168,931
<b>Net cash provided by (used in) investment activities</b>		1,262,351	(2,524,695)	(1,832,464)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings		(30,645)	(30,431)	(40,478)
Proceeds from new borrowings		100,000	530,000	100,000
<b>Net cash provided by (used in) financing activities</b>		69,355	499,569	59,522
<b>Net increase (decrease) in cash held</b>		1,031,328	(422,991)	526,051
Cash at beginning of year		3,823,350	3,823,352	3,297,299
<b>Cash and cash equivalents at the end of the year</b>	15	4,854,678	3,400,361	3,823,350

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

**SHIRE OF KOJONUP**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	22 (b)	491,402	512,404	638,229
		491,402	512,404	638,229
<b>Revenue from operating activities (excluding rates)</b>				
Governance		41,688	50,910	48,116
General purpose funding		1,690,698	897,544	1,595,495
Law, order, public safety		57,797	51,736	60,463
Health		19,047	24,700	12,691
Education and welfare		35,510	18,000	99,315
Housing		2,068,832	2,182,750	2,208,159
Community amenities		286,968	287,276	326,370
Recreation and culture		84,825	91,450	79,896
Transport		8,372	10,000	78,490
Economic services		201,418	203,250	244,218
Other property and services		179,002	119,281	142,812
		4,674,157	3,936,897	4,896,025
<b>Expenditure from operating activities</b>				
Governance		(682,483)	(572,410)	(601,802)
General purpose funding		(76,320)	(131,951)	(105,151)
Law, order, public safety		(275,791)	(255,152)	(266,319)
Health		(46,523)	(142,051)	(38,734)
Education and welfare		(103,501)	(41,370)	(189,050)
Housing		(2,349,033)	(2,183,657)	(2,244,849)
Community amenities		(578,826)	(708,736)	(659,399)
Recreation and culture		(1,263,160)	(1,205,874)	(1,326,451)
Transport		(3,579,788)	(3,198,521)	(3,386,146)
Economic services		(1,056,901)	(1,087,023)	(1,160,185)
Other property and services		(223,343)	(38,900)	(137,388)
		(10,235,669)	(9,565,645)	(10,115,474)
Non-cash amounts excluded from operating activities	22(a)	3,240,875	3,102,640	3,566,639
<b>Amount attributable to operating activities</b>		(1,829,235)	(2,013,704)	(1,014,581)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		1,461,922	2,074,086	2,199,856
Proceeds from disposal of assets	10(a)	217,093	169,300	168,931
Proceeds from self supporting loans	13(b)	7,840	7,840	7,361
Purchase of land held for resale	6	(2,190)	(115,000)	(32,470)
Purchase of property, plant and equipment	8(a)	(715,755)	(2,848,622)	(1,749,798)
Purchase and construction of infrastructure	9(a)	(2,054,052)	(1,812,299)	(2,426,344)
<b>Amount attributable to investing activities</b>		(1,085,142)	(2,524,695)	(1,832,464)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	13(b)	(30,645)	(30,431)	(40,478)
Proceeds from borrowings	13(c)	100,000	530,000	100,000
Transfer from restricted cash			10,353	0
Transfers to reserves (restricted assets)	4	(763,963)	(546,990)	(1,191,513)
Transfers from reserves (restricted assets)	4	518,705	712,812	762,611
<b>Amount attributable to financing activities</b>		(175,903)	675,744	(369,380)
<b>Surplus/(deficit) before imposition of general rates</b>		(3,090,280)	(3,862,655)	(3,216,425)
<b>Total amount raised from general rates</b>	21	3,859,325	3,862,655	3,707,827
<b>Surplus/(deficit) after imposition of general rates</b>	22(b)	<b>769,045</b>	<b>0</b>	<b>491,402</b>

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



## 1. BASIS OF PREPARATION

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

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as 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, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*.

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.

### 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.

## 2. REVENUE AND EXPENSES

### (a) Revenue

#### Grant Revenue

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
<b>Operating grants, subsidies and contributions</b>			
Governance	115	0	1,395
General purpose funding	1,529,839	677,000	1,446,957
Law, order, public safety	53,465	42,186	41,916
Education and welfare	16,320	15,000	10,000
Housing	1,338,554	1,480,350	1,491,429
Community amenities	8,410	7,936	68,072
Recreation and culture	35,388	4,000	3,143
Transport	0	0	75,109
Economic services	1,513	0	1,235
Other property and services	40,191	0	9,190
	<b>3,023,795</b>	<b>2,226,472</b>	<b>3,148,446</b>
<b>Non-operating grants, subsidies and contributions</b>			
Housing	359,243	1,046,584	13,371
Transport	1,086,679	1,027,502	2,136,485
Economic services	16,000	0	50,000
	<b>1,461,922</b>	<b>2,074,086</b>	<b>2,199,856</b>
<b>Total grants, subsidies and contributions</b>	<b>4,485,717</b>	<b>4,300,558</b>	<b>5,348,302</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Grants, donations and other contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

##### Grants, donations and other contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 20.

That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

## 2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Other revenue</b>			
Reimbursements and recoveries	23,095	23,379	0
Other	246,861	281,944	424,968
	269,956	305,323	424,968
<b>Fees and Charges</b>			
Governance	1,141	500	557
General purpose funding	7,425	8,100	7,890
Law, order, public safety	4,332	7,050	7,411
Health	14,679	14,700	12,630
Education and welfare	2,727	3,000	2,691
Housing	725,090	682,000	712,850
Community amenities	269,909	276,840	257,152
Recreation and culture	44,403	50,300	74,309
Transport		0	3,381
Economic services	118,021	184,900	100,341
Other property and services	11,225	25,000	22,719
	1,198,952	1,252,390	1,201,931
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
<b>Interest earnings</b>			
Reserve accounts interest	63,051	70,011	55,740
Rates instalment and penalty interest (refer Note 21(c))	37,894	39,000	37,956
Other interest earnings	9,005	15,000	12,070
	109,950	124,011	105,766

### 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 KOJONUP  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2019

**2. REVENUE AND EXPENSES (Continued)**

(b) Expenses

**Auditors remuneration**

- Audit of the Annual Financial Report

**Interest expenses (finance costs)**

Borrowings (refer Note 13(b))

**Rental charges**

- Operating leases

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
	17,735	30,000	39,876
	17,735	30,000	39,876
	23,394	17,604	15,129
	23,394	17,604	15,129
	7,287	0	0
	7,287	0	0

### 3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		761,904	306,894
Restricted Cash		4,092,774	3,516,456
		4,854,678	3,823,350
<b>Comprises:</b>			
- Unrestricted cash and cash equivalents		761,904	306,894
- Restricted cash and cash equivalents		4,092,774	3,516,456
		4,854,678	3,823,350
The following restrictions have been imposed by regulations or other externally imposed requirements:			
<b>Reserve accounts</b>			
Reserves cash backed - Leave Reserve	4	183,200	140,063
Reserves cash backed - Plant	4	480,346	196,489
Reserves cash backed - Gravel Pits	4	31,971	31,418
Reserves cash backed - Economic Development	4	87,386	45,907
Reserves cash backed - Building Upgrade and Ren	4	55,212	124,034
Reserves cash backed - Historical Buildings	4	12,379	41,648
Reserves cash backed - Springhaven Lodge	4	1,625,533	1,580,533
Reserves cash backed - Low Income Housing	4	27,070	25,314
Reserves cash backed - Sporting Facility	4	19,775	189,366
Reserves cash backed - Springhaven Buildings Upg	4	63,057	54,121
Reserves cash backed - Bushfire Communications	4	110,472	110,723
Reserves cash backed - Landfill Waste Managemen	4	36,788	12,311
Reserves cash backed - Kodja Place Tourist Precinc	4	942	926
Reserves cash backed - G&P Church Medical Centr	4	555,833	546,247
Reserves cash backed - Energy Efficiency	4	39,912	40,698
Reserves cash backed - Land Acquisition and Devel	4	46,627	35,828
Reserves cash backed - Community Grants	4	6,634	6,519
Reserves cash backed - Independent Living Units	4	146,854	66,755
Reserves cash backed - Youth	4	11,115	10,923
Reserves cash backed - Natural Resource Manager	4	98,226	167,506
Reserves cash backed - G&P Church Medical Centr	4	0	18,876
Reserves cash backed - Day Care Building Mainten:	4	7,700	5,244
Reserves cash backed - Swimming Pool	4	5,360	11,808
Reserves cash backed - Springhaven Equipment	4	16,316	16,034
Reserves cash backed - Saleyards	4	46,547	21,240
Reserves cash backed - RSL Hall Renewal	4	10,170	0
Reserves cash backed - Benn Parade Multi-Facility	4	10,167	0
Reserves cash backed - Townscape	4	10,197	0
		3,745,789	3,500,531
<b>Other restricted cash and cash equivalents</b>			
Unspent grants/contributions	20	346,985	15,925
<b>Total restricted cash and cash equivalents</b>		4,092,774	3,516,456

#### 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

##### Cash and cash equivalents (Continued)

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.

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4. RESERVES - CASH BACKED

	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance	2019 Budget Opening Balance	2019 Budget Transfer to	2019 Budget Transfer (from)	2019 Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance
(a) Reserves cash backed - Leave Reserve	\$ 140,063	\$ 43,137	\$ 0	\$ 183,200	\$ 140,063	\$ 42,801	\$ 0	\$ 182,864	\$ 117,649	\$ 22,414	\$ 0	\$ 140,063
(b) Reserves cash backed - Plant	196,489	283,857	0	480,346	196,489	159,230	0	355,719	128,285	553,800	(485,596)	196,489
(c) Reserves cash backed - Gravel Pits	31,418	553	0	31,971	31,418	628	0	32,046	30,873	545	0	31,418
(d) Reserves cash backed - Economic Development	45,907	41,479	0	87,386	45,907	40,918	(30,000)	56,825	45,110	797	0	45,907
(e) Reserves cash backed - Building Upgrade and Renewal	124,034	2,178	(71,000)	55,212	124,034	2,481	(30,000)	96,515	152,153	2,281	(30,400)	124,034
(f) Reserves cash backed - Historical Buildings	41,648	731	(30,000)	12,379	41,648	833	(29,000)	13,481	40,925	723	0	41,648
(g) Reserves cash backed - Springhaven Lodge	1,580,533	85,000	(40,000)	1,625,533	1,580,533	0	0	1,580,533	1,334,701	251,000	(5,168)	1,580,533
(h) Reserves cash backed - Low Income Housing	25,314	20,799	(19,043)	27,070	25,314	16,306	(10,000)	31,620	39,367	9,947	(24,000)	25,314
(i) Reserves cash backed - Sporting Facility	189,366	30,409	(200,000)	19,775	189,367	33,787	(200,000)	23,154	65,581	123,785	0	189,366
(j) Reserves cash backed - Springhaven Buildings Upgrade and Renewal	54,121	28,134	(19,198)	63,057	54,121	32,693	(83,128)	3,686	71,070	55,106	(72,055)	54,121
(k) Reserves cash backed - Bushfire Communications	110,723	1,949	(2,200)	110,472	110,724	2,214	(100,000)	12,938	121,946	1,959	(13,182)	110,723
(l) Reserves cash backed - Landfill Waste Management	12,311	24,477	0	36,788	12,312	24,105	0	36,417	12,098	213	0	12,311
(m) Reserves cash backed - Kodja Place Tourist Precinct	926	16	0	942	925	19	0	944	910	16	0	926
(n) Reserves cash backed - G&P Church Medical Centre Donations	546,247	9,586	0	555,833	546,247	10,925	0	557,172	536,770	9,477	0	546,247
(o) Reserves cash backed - Energy Efficiency	40,698	714	(1,500)	39,912	40,697	814	(35,000)	6,511	71,247	779	(31,328)	40,698
(p) Reserves cash backed - Land Acquisition and Development	35,828	10,799	0	46,627	35,828	10,717	0	46,545	47,269	21,029	(32,470)	35,828
(q) Reserves cash backed - Community Grants	6,519	115	0	6,634	6,519	130	0	6,649	6,406	113	0	6,519
(r) Reserves cash backed - Independent Living Units	66,755	99,756	(19,657)	146,854	66,755	89,835	(16,500)	140,090	38,983	70,983	(43,211)	66,755
(s) Reserves cash backed - Youth	10,923	192	0	11,115	10,923	218	0	11,141	10,733	190	0	10,923
(t) Reserves cash backed - Natural Resource Management	167,506	2,943	(72,223)	98,226	167,506	3,350	(79,930)	90,926	171,030	11,476	(15,000)	167,506
(u) Reserves cash backed - G&P Church Medical Centre (Shire Funds)	18,876	8	(18,884)	0	18,877	378	(19,255)	0	18,549	327	0	18,876
(v) Reserves cash backed - Day Care Building Maintenance	5,244	2,456	0	7,700	5,244	2,755	0	7,999	0	5,244	0	5,244
(w) Reserves cash backed - Swimming Pool	11,808	18,552	(25,000)	5,360	11,808	18,286	(25,000)	5,094	0	11,808	0	11,808
(x) Reserves cash backed - Springhaven Equipment	16,034	282	0	16,316	16,033	321	(15,000)	1,354	0	16,034	0	16,034
(y) Reserves cash backed - Saleyards	21,240	25,307	0	46,547	21,240	23,245	(40,000)	4,485	0	21,240	0	21,240
(z) Reserves cash backed - Staff Housing	0	0	0	0	0	0	0	0	9,974	227	(10,201)	0
(aa) Reserves cash backed - RSL Hall Renewal	0	10,170	0	10,170	0	10,000	0	10,000	0	0	0	0
(ab) Reserves cash backed - Benn Parade Multi-Facility	0	10,167	0	10,167	0	10,000	0	10,000	0	0	0	0
(ac) Reserves cash backed - Townscape	0	10,197	0	10,197	0	10,000	0	10,000	0	0	0	0
	3,500,531	763,963	(518,705)	3,745,789	3,500,532	546,989	(712,813)	3,334,708	3,071,629	1,191,513	(762,611)	3,500,531

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

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4. RESERVES - CASH BACKED (Continued)

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Reserves cash backed - Leave Reserve	Ongoing	To be used to fund annual and long service leave requirements.
(b) Reserves cash backed - Plant	Ongoing	To smooth funding allocations over financial years for the purchase of major plant items.
(c) Reserves cash backed - Gravel Pits	2022/23	To be used for the purchase and provision of gravel stocks.
(d) Reserves cash backed - Economic Development	Ongoing	To be used for Pillar 5 - 'Digital' within 'Smart Possibilities' in the Kojonup Community Strategic Plan.
(e) Reserves cash backed - Building Upgrade and Renewal	Ongoing	To be used for major maintenance, upgrades and renewal of Council owned buildings.
(f) Reserves cash backed - Historical Buildings	Ongoing	To be used for the purpose of maintaining Historical Buildings and maintaining the Municipal Heritage Inventory.
(g) Reserves cash backed - Springhaven Lodge	Ongoing	To cash back refundable bonds paid by residents of the facility.
(h) Reserves cash backed - Low Income Housing	Ongoing	To be used for major maintenance of Jean Sullivan Units. All operating profit is to be transferred to this reserve in accordance with the joint venture agreement.
(i) Reserves cash backed - Sporting Facility	Ongoing	To fund Council contribution to CSRFF Funding grants or to fund construction or renewal of Shire sporting facilities.
(j) Reserves cash backed - Springhaven Buildings Upgrade and Renew	Ongoing	To be used for major maintenance and capital renewal of Springhaven facility buildings.
(k) Reserves cash backed - Bushfire Communications	2018/19	To construct and maintain critical bushfire communication infrastructure.
(l) Reserves cash backed - Landfill Waste Management	Ongoing	To be used for future upkeep, maintenance, expansion, post closure activities and or reclamation of the Shire's waste management facilities.
(m) Reserves cash backed - Kodja Place Tourist Precinct	Ongoing	To be used for funding projects after considering advice from 'Storyplace/Gallery Work Group'.
(n) Reserves cash backed - G&P Church Medical Centre Donations	Ongoing	To construct a medical centre as defined within the existing Shire of Kojonup Town Planning Scheme No.3.
(o) Reserves cash backed - Energy Efficiency	2022/23	To fund energy efficiency initiatives within the Shire's operations. 50% of any savings resulting from expenditure of this reserve account is to be transferred back into the reserve.
(p) Reserves cash backed - Land Acquisition and Development	Ongoing	To fund the purchase of land, sub-division expenses and receipt sub-division sales revenue.
(q) Reserves cash backed - Community Grants	Ongoing	To finance community grant scheme rounds and to financially manage larger community grants that may extend over more than one financial year.
(r) Reserves cash backed - Independent Living Units	Ongoing	To transfer operating profits from Loton Close units to this reserve to fund major maintenance and future asset replacement.
(s) Reserves cash backed - Youth	2022/23	To fund new opportunities for the youth of Kojonup, specifically outcome 1.3 from the 'Smart Possibilities', Kojonup Community Strategic Plan.
(t) Reserves cash backed - Natural Resource Management	2022/23	For the Shire of Kojonup to progress the following projects:- 1. Bridal Creeper and tagasaste Eradication program. 2. Managing water resources including water harvesting and re-use opportunities in the Shire for the use in Kojonup parks and reserves during summer. 3. Undertake weed management and planting of native trees and shrubs in conjunction with Schools, Kojonup Aboriginal Corporation and community groups within identified Reserves such as: a) Myrtle Benn, Farrar and Quin Quin; b) Showground's area; and c) Blackwood Road arboretum to improve bio diversity, fauna habitat and natural resource management outcomes.
(u) Reserves cash backed - G&P Church Medical Centre (Shire Funds)	Ongoing	To construct a medical centre as defined within the existing Shire of Kojonup Town Planning Scheme No.3.
(v) Reserves cash backed - Day Care Building Maintenance	Ongoing	For the expenditure of major building maintenance items on the Kojonup Day Care Centre building, corner of Elverd & Honner Streets, Kojonup.
(w) Reserves cash backed - Swimming Pool	2027/28	To fund major refurbishment and/or asset replacement of the Kevin O'Halloran Memorial Swimming Pool.
(x) Reserves cash backed - Springhaven Equipment	Ongoing	To fund major equipment purchases at Springhaven Lodge.
(y) Reserves cash backed - Saleyards	Ongoing	To fund capital renewal and upgrades to the Kojonup Saleyards
(z) Reserves cash backed - Staff Housing	2017/18	To be used for major maintenance and construction of staff housing.
(aa) Reserves cash backed - RSL Hall Renewal	2022/23	To be used for major refurbishment and/or re-purposing of the Kojonup RSL Hall.
(ab) Reserves cash backed - Benn Parade Multi-Facility	2022/23	To be used to fund the co-location of Historical Society, Men's Shed and Kojonup Tourist Railway facilities to the Benn Parade Railway precinct.
(ac) Reserves cash backed - Townscape	Ongoing	To be used for major townscape improvements to the Kojonup Town Centre.

## 5. TRADE RECEIVABLES

### Current

Rates receivable	
Sundry receivables	
GST receivable	
Allowance for impairment of receivables	

### Non-current

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

2019	2018
\$	\$
266,584	266,730
2,237,824	381,212
264	9,091
(1,142)	(1,953)
<b>2,503,530</b>	<b>655,080</b>
60,012	58,375
<b>60,012</b>	<b>58,375</b>

## 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 23.

### Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

### 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.



## 6. INVENTORIES

### Current

Fuel	12,006	4,271
Land held for resale - cost		
Cost of acquisition	160,470	160,470
Development costs	2,190	0
	<b>174,666</b>	<b>164,741</b>

### Non-current

Land held for resale - cost		
Cost of acquisition	78,000	107,000
	<b>78,000</b>	<b>107,000</b>

The following movements in inventories occurred during the year:

<b>Carrying amount at 1 July</b>	271,741	271,741
Inventories expensed during the year	7,735	0
Sale of inventories	(29,000)	0
Additions to inventory	2,190	0
<b>Carrying amount at 30 June</b>	<b>252,666</b>	<b>271,741</b>

## SIGNIFICANT ACCOUNTING POLICIES

### General

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

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

### Land held for resale

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

### Land held for resale (Continued)

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

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

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

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**7. OTHER FINANCIAL ASSETS**

**(a) Current assets**

Other loans and receivables

**Financial assets previously classified as loans and receivables**

- Loans receivable - clubs/institutions

**(b) Non-current assets**

Financial assets at fair values through other comprehensive income

**Financial assets at fair values through other comprehensive income**

Financial assets at fair values through other comprehensive income

	2019	2018
	\$	\$
	0	7,840
	0	7,840
	0	7,840
	0	7,840
	77,340	77,340
	77,340	77,340
	77,340	77,340
	77,340	77,340

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 13(b) as self supporting loans.

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

**Financial assets at fair value through profit and loss**

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

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

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 23.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Previous accounting policy: available for sale financial assets**

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

**Previous accounting policy: Loans and receivables**

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 24 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

## 8. PROPERTY, PLANT AND EQUIPMENT

### (a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Tools	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	2,175,526	9,000	2,184,526	7,935,480	16,484,200	24,419,680	26,604,206	205,768	3,769,915	25,789	30,605,678
Additions	0	0	0	518,207	467,009	985,216	985,216	89,881	671,737	2,964	1,749,798
(Disposals)	0	0	0	0	0	0	0	0	(273,150)	0	(273,150)
Depreciation (expense)	0	0	0	(90,303)	(371,951)	(462,254)	(462,254)	(36,062)	(477,210)	(3,339)	(978,865)
<b>Carrying amount at 30 June 2018</b>	2,175,526	9,000	2,184,526	8,363,384	16,579,258	24,942,642	27,127,168	259,587	3,691,292	25,414	31,103,461
<b>Comprises:</b>											
Gross carrying amount at 30 June 2018	2,175,526	9,000	2,184,526	8,453,687	16,951,209	25,404,896	27,589,422	321,575	4,833,069	54,839	32,798,905
Accumulated depreciation at 30 June 2018	0	0	0	(90,303)	(371,951)	(462,254)	(462,254)	(61,988)	(1,141,777)	(29,425)	(1,695,444)
<b>Carrying amount at 30 June 2018</b>	2,175,526	9,000	2,184,526	8,363,384	16,579,258	24,942,642	27,127,168	259,587	3,691,292	25,414	31,103,461
Additions	0	0	0	88,048	142,998	231,046	231,046	9,921	474,788	0	715,755
(Disposals)	0	0	0	0	0	0	0	(173,964)	(208,084)	(6,758)	(388,806)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	77,021	497,970	0	574,991
Revaluation (loss) / reversals transferred to profit or loss			0			0	0			(9,781)	(9,781)
Depreciation (expense)	0	0	0	(92,650)	(383,540)	(476,190)	(476,190)	(39,398)	(434,839)	(3,475)	(953,902)
<b>Carrying amount at 30 June 2019</b>	2,175,526	9,000	2,184,526	8,358,782	16,338,716	24,697,498	26,882,024	133,167	4,021,127	5,400	31,041,718
<b>Comprises:</b>											
Gross carrying amount at 30 June 2019	2,175,526	9,000	2,184,526	8,541,735	17,094,207	25,635,942	27,820,468	133,167	4,048,842	12,541	32,015,018
Accumulated depreciation at 30 June 2019	0	0	0	(182,953)	(755,491)	(938,444)	(938,444)	0	(27,715)	(7,141)	(973,300)
<b>Carrying amount at 30 June 2019</b>	2,175,526	9,000	2,184,526	8,358,782	16,338,716	24,697,498	26,882,024	133,167	4,021,127	5,400	31,041,718

**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
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2017	Price per m <sup>2</sup> /market borrowing rate
Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2017	Price per m <sup>2</sup> /market borrowing rate
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2016	Purchase costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs
<b>Plant and equipment</b>					
- Independent valuation 2019	2	Market approach using recent observable market data for similar items	Independent registered valuers	June 2019	Market price per item
- Independent valuation 2019	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2019	Purchase costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs
<b>Tools</b>	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2019	Purchase costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs

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

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

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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 - Kerbing	Infrastructure - Drainage	Infrastructure - Bridges	Infrastructure - Footpaths	Infrastructure - Parks	Infrastructure - Other	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	118,960,542	0	0	0	0	0	11,748,810	130,709,352
Additions	1,729,026	44,831	316,768	0	36,316	31,787	267,616	2,426,344
Revaluation increments / (decrements) transferred to revaluation surplus	1,439,277	2,015,101	(194,345)	(1,823,230)	180,280	(472)	(1,045,933)	570,678
Depreciation (expense)	(1,356,161)	(22,344)	(283,816)	(72,578)	(3,402)	(14,477)	(383,974)	(2,136,752)
Transfers	(18,449,485)	558,611	13,989,438	7,257,776	876,746	202,018	(4,435,105)	0
<b>Carrying amount at 30 June 2018</b>	102,323,199	2,596,199	13,828,045	5,361,968	1,089,940	218,856	6,151,414	131,569,621
<b>Comprises:</b>								
Gross carrying amount at 30 June 2018	102,323,199	2,596,199	13,828,045	5,361,968	1,089,940	218,856	6,151,414	131,569,621
<b>Carrying amount at 30 June 2018</b>	102,323,199	2,596,199	13,828,045	5,361,968	1,089,940	218,856	6,151,414	131,569,621
Additions	1,247,155	32,552	53,969	0	73,851	365,730	280,795	2,054,052
Depreciation (expense)	(1,314,242)	(103,848)	(280,588)	(53,620)	(36,295)	(14,935)	(288,655)	(2,092,183)
<b>Carrying amount at 30 June 2019</b>	102,256,112	2,524,903	13,601,426	5,308,348	1,127,496	569,651	6,143,554	131,531,490
<b>Comprises:</b>								
Gross carrying amount at 30 June 2019	103,570,354	2,628,751	14,083,395	5,361,968	1,163,791	586,198	7,432,740	134,827,197
Accumulated depreciation at 30 June 2019	(1,314,242)	(103,848)	(481,969)	(53,620)	(36,295)	(16,547)	(1,289,186)	(3,295,707)
<b>Carrying amount at 30 June 2019</b>	102,256,112	2,524,903	13,601,426	5,308,348	1,127,496	569,651	6,143,554	131,531,490

## 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 (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Kerbing	3	Cost Approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	3	Cost Approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Bridges	3	Cost Approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	3	Cost Approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Parks	3	Cost Approach using depreciated replacement cost	Independent registered valuers/Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Other	3	Cost Approach using depreciated replacement cost	Independent registered valuers/Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

## 9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

### 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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, 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 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 fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. 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 property, plant and equipment 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

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

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

#### Land under roads

In Western Australia, all 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 fact *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

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

Whilst such treatment is inconsistent with the requirements of *AASB 1051, Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire.

**SHIRE OF KOJONUP**  
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**10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)**

**(a) Disposals of Assets**

	2019	2019	2019	2019	2019	2019	2019	2019	2018	2018	2018	2018
	Actual	Actual			Budget	Budget			Actual	Actual		
	Net Book	Sale			Budget	Budget			Actual	Actual		
Value	Proceeds	Profit	Loss	Value	Proceeds	Profit	Loss					
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Furniture and equipment	173,964	0	0	(173,964)	0	0	0	0	0	0	0	0
Plant and equipment	208,084	207,093	70,051	(71,042)	151,900	169,300	28,700	(11,300)	273,150	168,931	13,475	(117,694)
Tools	6,758	0	0	(6,758)	0	0	0	0	0	0	0	0
Sale of Land held for resale	29,000	10,000	0	(19,000)	0	0	0	0	0	0	0	0
	417,806	217,093	70,051	(270,764)	151,900	169,300	28,700	(11,300)	273,150	168,931	13,475	(117,694)

The following assets were disposed of during the year.

	2019	2019	2019	2019		
	Actual	Actual			Actual	Actual
	Net Book	Sale			Profit	Loss
	Value	Proceeds	Profit	Loss		
<b>Plant and Equipment</b>						
<b>Law, order, public safety</b>						
5 Hand held Bushfire Radios	100	0	0	(100)		
Fire Fighting Unit	2,019	0	0	(2,019)		
Skid Mounted Fire Unit	2,308	0	0	(2,308)		
<b>Recreation and culture</b>						
Agrizzi Slasher Mower	200	0	0	(200)		
Boya Blade Runner Mower	1,471	0	0	(1,471)		
Bushcutter Attachment	3,269	0	0	(3,269)		
Swimming Pool Retic Pump	4,735	0	0	(4,735)		
New Vacuum Vales	713	0	0	(713)		
New Chlorination Equipment	1,140	0	0	(1,140)		
Polivac Automatic Floor Cleaner	2,867	0	0	(2,867)		
Hedge Trimmer	218	0	0	(218)		
Whipper Snipper	273	0	0	(273)		
Husq Whipper Snipper	545	0	0	(545)		
<b>Transport</b>						
Prime Mover Nissan	13,743	22,273	8,530	0		
Material Handling Arm	261	0	0	(261)		
Modifications to Metal Spreader	311	0	0	(311)		
Bobcat Attachment	2,980	0	0	(2,980)		
Gentech Generator	100	0	0	(100)		
Mitsubishi Forklift	1,471	0	0	(1,471)		
Lincoln Portable Arc Welder	100	0	0	(100)		
Sewell Road Broom	150	0	0	(150)		
Metal Spreader	500	0	0	(500)		
Builders Scaffolding	200	0	0	(200)		
Builders Scaffolding	100	0	0	(100)		
Stihl TS460 Cut off Saw	50	0	0	(50)		
Traffic Counter	100	0	0	(100)		
Pump - 2 Inch	100	0	0	(100)		
Tree Pruning Slasher	5,765	0	0	(5,765)		
2" Pitch Hydrive Trencher	200	0	0	(200)		
ROC Oil Thermometer	100	0	0	(100)		
2 x Metro Count 5600 plus	200	0	0	(200)		
Jarem Custom Made Tool box	100	0	0	(100)		
Speedy Vibrating Screed	100	0	0	(100)		
Billy Goat Vacuum	100	0	0	(100)		
4 x Traffic Counters	200	0	0	(200)		
Kollman Drain Cleaner	502	0	0	(502)		
MIG Welder	369	0	0	(369)		
Trailer - Custom Built	2,582	0	0	(2,582)		
Isuzu Crewcab	18,752	24,546	5,794	0		
Chadson portable Vacuum Trolley	546	0	0	(546)		
Workplatform	2,206	0	0	(2,206)		
Tait UHF Radios	1,136	0	0	(1,136)		
Rockbreaker Attachment	3,119	0	0	(3,119)		
Tait VHF Radios	663	0	0	(663)		
Backing plate with Coating	2,742	0	0	(2,742)		
Hand Held Uniden Radio	3,774	0	0	(3,774)		
Toyota Hilux Dual Cab KO2	21,161	24,974	3,813	0		
Toyota Hilux Ute KO118	10,411	23,656	13,245	0		
Toyota Hilux Ute KO528	10,411	27,409	16,998	0		
Toyota Kluger KO524	11,244	21,000	9,756	0		
Stihl Chainsaw	761	0	0	(761)		
Mining Bar with LED Light	433	0	0	(433)		
Concrete Saw Power Cutter	1,171	0	0	(1,171)		
Husq Chainsaw 570	802	0	0	(802)		
Holden Trailblazer	22,819	22,326	0	(493)		
Toyota Prado 2017	28,994	40,909	11,915	0		
Stihl MS311 Chainsaws	4,360	0	0	(4,360)		
Husq 395 Chainsaws	4,089	0	0	(4,089)		
Husq 570 Chainsaws	1,435	0	0	(1,435)		



**SHIRE OF KOJONUP**  
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**FOR THE YEAR ENDED 30TH JUNE 2019**

**10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)**

**(a) Disposals of Assets**

Stihl MS381 Chainsaw	2,780	0	0	(2,780)
<b>Economic services</b>				
Washdown Bay Screen	53	0	0	(53)
Starline Pump Turkey Nest	770	0	0	(770)
Mac Computer - Kodja Place	50	0	0	(50)
Mac Computer - Kodja Place	50	0	0	(50)
Mac Computer - Kodja Place	50	0	0	(50)
Mac Computer - Kodja Place	50	0	0	(50)
Mac Computer - Kodja Place	50	0	0	(50)
Safe at Café	2,959	0	0	(2,959)
	<b>208,083</b>	<b>207,093</b>	<b>70,051</b>	<b>(71,041)</b>
<b>Tools</b>				
<b>Transport</b>				
Tetragauge	0.00	0	0	0
Pneumatic Bead Breaker	0.00	0	0	0
Floor Jack and Impact Wrench	0.00	0	0	0
Chainsaw	0.00	0	0	0
1" Drive 22 Piece Socket Set	0.00	0	0	0
Pneumatic Bead Breaker	0.00	0	0	0
Tap and Die Set	0.00	0	0	0
19 Tool Kits	0.00	0	0	0
Concreting Tools	0.00	0	0	0
Husq Chainsaw 200	0.00	0	0	0
Stella Steam Cleaner	0.00	0	0	0
Workshop Tools	1,377	0	0	(1,377)
Metric Tool Kit	1,381	0	0	(1,381)
Mechanical Workshop Tools	1,274	0	0	(1,274)
Honda 3000w Genset	2,725	0	0	(2,725)
	<b>6,758</b>	<b>0</b>	<b>0</b>	<b>(6,758)</b>
<b>Furniture and Equipment</b>				
<b>Governance</b>				
Old council Chamber Table	500	0	0	(500)
Office Partitions	500	0	0	(500)
Whiteboard with printer	50	0	0	(50)
Office Desks and Returns	100	0	0	(100)
Staxis Visitor Chairs	90	0	0	(90)
Desk - Balloon End	100	0	0	(100)
Finance manager - Office Workstation	50	0	0	(50)
Jarrah Workstation x 2	40	0	0	(40)
Richo MP5500 Copier	300	0	0	(300)
Toshiba Tecra Computer	100	0	0	(100)
Ricoh MPC4500 Colour Copier	490	0	0	(490)
Records Management System	2,701	0	0	(2,701)
Media Data Projector	789	0	0	(789)
IBM Server	10,500	0	0	(10,500)
3 x HP6000 Computer Desktops	0	0	0	0
5 x Desktop Computers	1,560	0	0	(1,560)
Fire Safe Storage	2,904	0	0	(2,904)
Administration Airconditioners	2,463	0	0	(2,463)
Office Workstations x 3	1,391	0	0	(1,391)
MPC5502 Colour Printer	2,200	0	0	(2,200)
Paper Shredder	1,649	0	0	(1,649)
Electronic Whiteboard	1,549	0	0	(1,549)
Lenovo Laptop	367	0	0	(367)
Lenovo Laptop	367	0	0	(367)
Asus Notebook Computer	517	0	0	(517)
Network Calbing & Telephone	5,712	0	0	(5,712)
Surface Pro 4	1,154	0	0	(1,154)
A0 Plan Cabinet	893	0	0	(893)
Double Blinds At Admin	2,386	0	0	(2,386)
Epson T88V Thermal printer	288	0	0	(288)
Netgear EX 370 AC750	50	0	0	(50)
Epson Thermal Printer	575	0	0	(575)
Netgear EX 370 AC750	100	0	0	(100)
2 x Desktop Computers	1,870	0	0	(1,870)
Lenovo Laptop Admin	795	0	0	(795)
Intranet Site	5,873	0	0	(5,873)
Office benchtop	1,960	0	0	(1,960)
<b>Health</b>				
Laptop for EHO	1,500	0	0	(1,500)
<b>Housing</b>				
5 Tables and 20 Chairs - Springhaven	100	0	0	(100)
6 Sebel Chairs	120	0	0	(120)
Fire protection System	751	0	0	(751)
Dishwasher	100	0	0	(100)
Coolroom - Springhaven	500	0	0	(500)
Springhaven Furniture	10,500	0	0	(10,500)
Minuet Bed	6,616	0	0	(6,616)
Beds x 4	1,703	0	0	(1,703)
Top Loader Washer	300	0	0	(300)
Fire Door Springhaven	2,081	0	0	(2,081)

## 10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

## (a) Disposals of Assets

3 x Olden High Care Beds	1,360	0	0	(1,360)
Flexi Shelf Webster Trolley	513	0	0	(513)
10 New Beds	5,539	0	0	(5,539)
New Airconditioning Unit	2,328	0	0	(2,328)
2 x Tilt head Beds	1,386	0	0	(1,386)
5 x New Airconditioning Units	2,850	0	0	(2,850)
New Airconditioning Unit	789	0	0	(789)
Unit 8A Newton St Airconditioner	779	0	0	(779)
Airconditioning - Springhaven	770	0	0	(770)
Laptop PC - Manager Aged Care	570	0	0	(570)
Shower Commode chair	1,149	0	0	(1,149)
3 x Mattresses	1,176	0	0	(1,176)
Bariatric Wheelchair	672	0	0	(672)
Lenovo Desktop - Springhaven	745	0	0	(745)
Lenovo Laptop	795	0	0	(795)
Ipad pro	860	0	0	(860)
Medical Fridge for Surgical	1,483	0	0	(1,483)
High Back leather Chairs	1,820	0	0	(1,820)
Wingback ?chairs	2,090	0	0	(2,090)
4Healthcare Contego Floorline	3,395	0	0	(3,395)
DVD Player and Micro Sound System	343	0	0	(343)
Outdoor Furniture Springhaven	409	0	0	(409)
<b>Community amenities</b>				
Toshiba Tecra Laptop	100	0	0	(100)
<b>Recreation and culture</b>				
Chairs - 60 Ambassador	420	0	0	(420)
10 Sq.Tube Nesting Table & Chairs	100	0	0	(100)
Benchtops & Cupboards RSL	200	0	0	(200)
25 Ocen Sand Chairs	50	0	0	(50)
Pt Loc 53 Memorial Hall Kitchen	2,647	0	0	(2,647)
Swim Pool Access Hoist	200	0	0	(200)
Heritage Harness Display	200	0	0	(200)
Swim pool Lint Pot	50	0	0	(50)
Art Boards	1,088	0	0	(1,088)
Oval Shade Structure	1,261	0	0	(1,261)
Lenovo Laptop ofr Horticulturalist	795	0	0	(795)
Sofa Lounge for Library	1,854	0	0	(1,854)
Library Lenovo Computer	1,760	0	0	(1,760)
Regional Library Software System	7,765	0	0	(7,765)
<b>Transport</b>				
Depot - 5613F Copier	13	0	0	(13)
Store Shelving Depot	80	0	0	(80)
wiFi Port at Depot	875	0	0	(875)
Wifi Card and Antenna	765	0	0	(765)
Depot Office Fitout	2,710	0	0	(2,710)
Microwave Radio Connection	11,300	0	0	(11,300)
<b>Economic services</b>				
Apple Server & Software - Kodja	376	0	0	(376)
Telecommunications - Kodja	50	0	0	(50)
Milano Stove & Rangehood - Kodja	200	0	0	(200)
Airconditioning - Kodja	190	0	0	(190)
Federation Park - Bush Display	8	0	0	(8)
Federation Park - Fire Walk	27	0	0	(27)
Federation Park - Retail Fitout	2,532	0	0	(2,532)
Federation Park - Multi Media	1,223	0	0	(1,223)
Kodja Plpace Storylines	3,619	0	0	(3,619)
Display Units - Kodja	18,991	0	0	(18,991)
Audio Distribution Player	524	0	0	(524)
Latop Kodja Place	261	0	0	(261)
Cash Drawer	101	0	0	(101)
Table Rise for Ipad	221	0	0	(221)
Lenovo Laptop Kodja Place	2,330	0	0	(2,330)
<b>Other Property and Services</b>				
RTC Equipment	50	0	0	(50)
	173,964	0	0	(173,964)
<b>Land held for resale</b>				
<b>Economic Services</b>				
Lot 14 Thornberry Close	29,000	10,000	0	(19,000)
	29,000	10,000	0	(19,000)
	417,805	217,093	70,051	(270,763)

SHIRE OF KOJONUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the Shire which are currently in use yet fully depreciated are shown below.

	2019	2018
	\$	\$
Furniture and equipment	0	1,325
Plant and equipment	0	5,500
Tools	0	20,088
Infrastructure - Other	15,461	932,461
	15,461	959,374

## 10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(c) Depreciation	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Buildings - non-specialised	92,650	90,476	90,303
Buildings - specialised	383,540	372,664	371,951
Furniture and equipment	39,398	36,000	36,060
Plant and equipment	434,839	477,500	477,210
Tools	3,475	3,400	3,339
Infrastructure - Roads	1,314,242	1,356,953	1,356,161
Infrastructure - Kerbing	103,848	22,357	22,344
Infrastructure - Drainage	280,588	283,982	283,816
Infrastructure - Bridges	53,620	72,621	72,578
Infrastructure - Footpaths	36,295	3,404	3,402
Infrastructure - Parks	14,935	14,485	14,477
Infrastructure - Other	288,655	384,198	383,974
	<b>3,046,085</b>	<b>3,118,040</b>	<b>3,115,615</b>

### SIGNIFICANT ACCOUNTING POLICIES

#### Depreciation

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

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

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

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

#### Depreciation rates

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

Asset Class	Useful life
Buildings - non-specialised	30 to 50 years
Buildings - specialised	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Tools	4 to 10 years
Infrastructure - roads and streets	12 to 50 years
Infrastructure - kerbing	12 to 50 years
Infrastructure - drainage	20 to 50 years
Infrastructure - bridges	20 to 50 years
Infrastructure - footpaths	20 to 50 years
Infrastructure - parks	20 to 100 years
Infrastructure - other	20 to 100 years

#### Depreciation (Continued)

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

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

11. REVALUATION SURPLUS

	2019 Opening Balance	2019 Revaluation Increment	Total Movement on Revaluation	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Buildings - non-specialised	13,442,197	0	0	13,442,197	13,442,197	0	0	0	13,442,197
Revaluation surplus - Furniture and equipment	0	77,021	77,021	77,021	0	0	0	0	0
Revaluation surplus - Plant and equipment	0	497,970	497,970	497,970	0	0	0	0	0
Revaluation surplus - Infrastructure - Roads	70,905,293	0	0	70,905,293	69,466,016	1,439,277	0	1,439,277	70,905,293
Revaluation surplus - Infrastructure - Other	8,917,853	0	0	8,917,853	9,786,452	0	(868,599)	(868,599)	8,917,853
	93,265,343	574,991	574,991	93,840,334	92,694,665	1,439,277	(868,599)	570,678	93,265,343

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
Accrued interest on long term borrowings
Springhaven Accommodation Bonds

2019	2018
\$	\$
2,808,110	447,935
51,545	44,786
816	0
6,971	458
1,625,533	1,580,533
<b>4,492,975</b>	<b>2,073,712</b>
640	640
<b>640</b>	<b>640</b>

### Non-current

Refundable deposits
---------------------

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other payables

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

#### Trade and other payables (Continued)

of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

SHIRE OF KOJONUP  
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13. INFORMATION ON BORROWINGS

	2019	2018
	\$	\$
Current	32,737	21,961
Non-current	421,179	362,600
	453,916	384,561

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019					30 June 2019					30 June 2018				
				Actual Principal 1 July 2018	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2018	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2017	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Housing</b>																		
Staff Housing Soldier Road	129	WATC*	6.03%	0	0	0	(301)	0	0	0	0	19,670	0	19,670	888	0	0	
Bagg Street Unit	135	WATC*	3.07%	100,000	0	8,685	2,997	91,315	100,000	0	8,472	3,524	91,528	0	100,000	0	75	100,000
Aged Units - GSHI				0	0	0	0	0	0	205,000	0	0	205,000	0	0	0	0	0
Staff Housing - GSHI				0	0	0	0	0	0	225,000	0	0	225,000	0	0	0	0	0
<b>Recreation and culture</b>																		
Sports Complex	134	WATC*	4.94%	276,719	0	14,118	20,157	262,601	276,720	0	14,118	13,701	262,602	290,165	0	13,446	13,301	276,719
Sports Complex Retaining Wall	136	WATC*	1.99%	0	100,000	0	169	100,000	0	100,000	0	0	100,000	0	0	0	0	0
				376,719	100,000	22,803	23,022	453,916	376,720	530,000	22,590	17,225	884,130	309,835	100,000	33,116	14,264	376,719
<b>Self Supporting Loans</b>																		
<b>Recreation and culture</b>																		
Bowling Club	133	WATC*	6.41%	7,842	0	7,842	372	0	7,841	0	7,841	379	0	15,204	0	7,362	865	7,842
				7,842	0	7,842	372	0	7,841	0	7,841	379	0	15,204	0	7,362	865	7,842
				384,561	100,000	30,645	23,394	453,916	384,561	530,000	30,431	17,604	884,130	325,039	100,000	40,478	15,129	384,561

\* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 7 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

SHIRE OF KOJONUP  
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13. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2018/19

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2019 Actual	2019 Budget	2019 Actual	2019 Budget		
Sports Complex Retaining Wall	WATC	Debenture	10	1.99%	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 10,775	\$ 0
					100,000	100,000	100,000	100,000	10,775	0

(d) Undrawn Borrowing Facilities

Credit Standby Arrangements

	2019	2018
Bank overdraft limit	200,000	200,000
Credit card limit	25,000	25,000
<b>Total amount of credit unused</b>	<b>225,000</b>	<b>225,000</b>

Loan facilities

Loan facilities - current	32,737	21,961
Loan facilities - non-current	421,179	362,600
<b>Total facilities in use at balance date</b>	<b>453,916</b>	<b>384,561</b>

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 23.



## 14. EMPLOYEE RELATED PROVISIONS

### Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
<b>Opening balance at 1 July 2018</b>			
Current provisions	427,945	309,076	737,021
Non-current provisions	0	129,146	129,146
	<u>427,945</u>	<u>438,222</u>	<u>866,167</u>
Additional provision	322,842	72,541	395,383
Amounts used	(379,973)	(84,128)	(464,101)
<b>Balance at 30 June 2019</b>	<u>370,814</u>	<u>426,635</u>	<u>797,449</u>
<b>Comprises</b>			
Current	370,814	301,287	672,101
Non-current	0	125,348	125,348
	<u>370,814</u>	<u>426,635</u>	<u>797,449</u>

### Amounts are expected to be settled on the following basis:

	2019	2018
	\$	\$
Less than 12 months after the reporting date	460,949	503,498
More than 12 months from reporting date	336,500	362,669
	<u>797,449</u>	<u>866,167</u>

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.

## 15. 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:

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	4,854,678	3,400,361	3,823,350

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

Net result	(240,265)	307,993	688,234
Non-cash flows in Net result:			
Depreciation	3,046,085	3,118,040	3,115,615
(Profit)/loss on sale of asset	200,713	(17,400)	104,221
Loss on revaluation of fixed assets	9,782	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(1,850,087)	239,940	90,058
(Increase)/decrease in inventories	(7,735)	12,595	911
Increase/(decrease) in payables	2,419,262	15,052	388,463
Increase/(decrease) in provisions	(68,718)	0	111,347
Grants contributions for the development of assets	(3,809,415)	(2,074,086)	(2,199,856)
Net cash from operating activities	(300,378)	1,602,134	2,298,993

## 16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	1,833,042	1,851,725
General purpose funding	1,110,521	324,520
Law, order, public safety	460,775	412,115
Health	754,553	769,484
Education and welfare	1,225,372	1,239,717
Housing	11,055,086	10,976,416
Community amenities	711,779	738,620
Recreation and culture	13,048,426	13,068,038
Transport	130,550,244	130,315,686
Economic services	5,903,099	5,770,585
Other property and services	3,668,537	2,099,902
	170,321,434	167,566,808

## 17. LEASING COMMITMENTS

### (a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year
- later than one year but not later than five years

2019	2018
\$	\$
472	26,005
0	0
472	26,005

### SIGNIFICANT ACCOUNTING POLICIES

#### Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

#### Leases (Continued)

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

## 18. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	103,619	104,000	103,894
President's allowance	27,442	28,000	27,443
Deputy President's allowance	6,861	7,000	7,433
Travelling expenses	665	1,200	1,284
Telecommunications allowance	24,291	24,000	25,039
	<b>162,878</b>	<b>164,200</b>	<b>165,093</b>

### Key Management Personnel (KMP) Compensation Disclosure

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	700,779	715,143
Post-employment benefits	84,936	88,979
Other long-term benefits	75,311	17,871
	<b>861,026</b>	<b>821,993</b>

#### *Short-term employee benefits*

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

#### *Post-employment benefits*

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

#### *Other long-term benefits*

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

## 18. 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.

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

The following transactions occurred with related parties:	2019 Actual	2018 Actual
	\$	\$
Purchase of goods and services	248,162	244,939

### Related Parties

#### The Shire's main related parties are as follows:

##### *i. Key management personnel*

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

##### *ii. Other Related Parties*

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

##### *iii. Entities subject to significant influence by the Shire*

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

## 19. JOINT ARRANGEMENTS

### (a) Share of joint operations

In 1998/99, the Shire in conjunction with Homeswest, constructed 2 two bedroom units for low income residents in the Kojonup townsite. In 2002 an additional 3 units were constructed. The Shire's interest in these units is as follows:

	2019 \$	2018 \$
5A and 5B Vanzuilecom Street (2 x 2 Bedroom Units)	18.20%	18.20%
2,4 and 6 Elverd Street (2 x 2 Bedroom Units & 1x3 bedroom Unit)	20.65%	20.65%
<b>Non-current assets</b>		
Land and buildings	187,225	165,832
Less: accumulated depreciation	(6,992)	(3,316)
	<u>180,233</u>	<u>162,516</u>

### SIGNIFICANT ACCOUNTING POLICIES

#### Interests in joint arrangements

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

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the

#### Interests in joint arrangements (Continued)

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

## 20. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing
	Balance <sup>(1)</sup>			Balance <sup>(1)</sup>			Balance
	1/07/17	2017/18	2017/18	30/06/18	2018/19	2018/19	30/06/19
	\$	\$	\$	\$	\$	\$	\$
<b>Housing</b>							
Loton Close SIHI	122,010	0	(122,010)	0	0	0	0
Springhaven DACS Grant	0	0	0	0	359,243	(15,258)	343,985
<b>Recreation and culture</b>							
Potts Kokoda Memorial	2,011	0	0	2,011	0	(2,011)	0
Kojonup Theatrical Society	3,000	0	0	3,000	0	0	3,000
<b>Economic services</b>							
KP Tourism WA Grant	25,635	0	(14,721)	10,914	0	(10,914)	0
<b>Total</b>	<b>152,656</b>	<b>0</b>	<b>(136,731)</b>	<b>15,925</b>	<b>359,243</b>	<b>(28,183)</b>	<b>346,985</b>

**Notes:**

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.



## 21. RATING INFORMATION

### (a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2017/18	
			Actual Rateable Value	Actual Rate Revenue	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue
			\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Differential general rate / general rate</b>												
<b>Gross rental valuations</b>												
GRV - Urban	0.12282	556	6,930,237	851,172	1,441	0	852,613	849,898	0	0	849,898	809,250
<b>Unimproved valuations</b>												
Rural	0.009252	480	321,728,502	2,976,632	0	0	2,976,632	2,977,907	5,000	50	2,982,957	2,875,018
<b>Sub-Total</b>		1,036	328,658,739	3,827,804	1,441	0	3,829,245	3,827,805	5,000	50	3,832,855	3,684,268
<b>Minimum payment</b>												
<b>Gross rental valuations</b>												
GRV - Urban	700	76	131,009	53,200	0	0	53,200	53,900	0	0	53,900	52,650
<b>Unimproved valuations</b>												
Rural	700	47	1,780,748	32,900	0	0	32,900	32,900	0	0	32,900	27,675
<b>Sub-Total</b>		123	1,911,757	86,100	0	0	86,100	86,800	0	0	86,800	80,325
		1,159	330,570,496	3,913,904	1,441	0	3,915,345	3,914,605	5,000	50	3,919,655	3,764,593
Discounts/concessions (refer Note 21(b))							(56,020)				(57,000)	(56,766)
<b>Total amount raised from general rate</b>							3,859,325				3,862,655	3,707,827
Ex-gratia rates							1,453					1,439
<b>Totals</b>							3,860,778				3,862,655	3,709,266

### SIGNIFICANT ACCOUNTING POLICIES

#### Rates

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

21. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2019 Actual \$	2019 Budget \$	2018 Actual \$	Circumstances in which Discount is Granted
Rates	2.50%		55,903	57,000	56,766	Payment of full rates amount owing including all arrears, received on or before 4:30pm, 10 August 2018, or 14 days after the date of service of the rate notice, whichever is the later.
			55,903	57,000	56,766	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2019 Actual \$	2019 Budget \$	2018 Actual \$
General Rates	Write-off	0.00%		117	0	0
				117	0	0

## 21. RATING INFORMATION (Continued)

### (c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	31 Aug 2018	0.00	0.00%	11.00%
<b>Option Two</b>				
First instalment	31 Aug 2018	0.00	0.00%	11.00%
Second instalment	04 Jan 2019	9.00	5.50%	11.00%
<b>Option Three</b>				
First instalment	31 Aug 2018	0.00	0.00%	11.00%
Second instalment	31 Oct 2018	9.00	5.50%	11.00%
Third instalment	04 Jan 2019	9.00	5.50%	11.00%
Fourth instalment	06 Mar 2019	9.00	5.50%	11.00%

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Interest on unpaid rates	27,437	30,000	29,414
Interest on instalment plan	10,457	9,000	8,542
Charges on instalment plan	4,383	4,300	4,158
	42,277	43,300	42,114

## 22. RATE SETTING STATEMENT INFORMATION

		2018/19 Budget	2018/19
	2018/19 (30 June 2019 Carried Forward)	(30 June 2019 Carried Forward)	(1 July 2018 Brought Forward)
Note	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>			
<p>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>.</p>			
<b>Adjustments to operating activities</b>			
Less: Profit on asset disposals	10(a) (70,051)	(28,700)	(13,475)
Less: Change in accounting policy	24 (b) (811)	0	0
Movement in pensioner deferred rates (non-current)	(1,637)	0	(9,244)
Movement in employee benefit provisions (non-current)	(64,770)	0	111,347
Movement in other provisions (non-current)	51,513	2,000	244,700
Add: Loss on disposal of assets	10(a) 270,764	11,300	117,696
Add: Loss on revaluation of fixed assets	9(a) 9,782	0	0
Add: Depreciation on assets	10(c) 3,046,085	3,118,040	3,115,615
<b>Non cash amounts excluded from operating activities</b>	<b>3,240,875</b>	<b>3,102,640</b>	<b>3,566,639</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>			
<p>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.</p>			
<b>Adjustments to net current assets</b>			
Less: Reserves - restricted cash	3 (3,745,789)	(3,334,708)	(3,500,531)
Less: Restricted cash - unspent grants		(5,011)	0
Less: - Financial assets at amortised cost - self supporting loans	7(a) 0	35	(7,840)
Less: Land held for resale - Cost	(162,660)	(243,000)	(160,470)
Less: Provision for doubtful debts	1,143	3,953	1,953
Add: Borrowings	13(a) 32,737	71,530	21,961
Add: Provision for annual leave	305,235	427,945	427,945
Add: Provision for long service leave	370,814	309,076	309,076
Add: Springhaven Lodge Bonds	1,625,533	1,581,513	1,580,533
Add: Accrued interest on loans	6,971	458	458
<b>Total adjustments to net current assets</b>	<b>(1,566,016)</b>	<b>(1,188,209)</b>	<b>(1,326,915)</b>
<b>Net current assets used in the Rate Setting Statement</b>			
Total current assets	7,532,874	4,053,277	4,651,011
Less: Total current liabilities	(5,197,813)	(2,865,068)	(2,832,694)
Less: Total adjustments to net current assets	(1,566,016)	(1,188,209)	(1,326,915)
<b>Net current assets used in the Rate Setting Statement</b>	<b>769,045</b>	<b>0</b>	<b>491,402</b>

## 23. 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
	%	\$	\$	\$	\$
<b>2019</b>					
Cash and cash equivalents	1.48%	4,854,678	3,745,789	1,108,889	0
<b>2018</b>					
Cash and cash equivalents	1.77%	3,823,350	3,500,531	322,819	0

#### Sensitivity

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

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	48,547	38,234

\* Holding all other variables constant

#### Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs.

The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 13(b).

## 23. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

#### Trade Receivables

The Shire's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery 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 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment of rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2019</b>					
Rates receivable					
Expected credit loss	0%	0%	0%	0%	0%
Gross carrying amount	280,841	12,533	7,870	25,353	326,597
Loss allowance	0	0	0	0	0

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>01 July 2018</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	280,158	9,423	7,136	28,388	325,105
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2019</b>					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	2,137,676	35,840	7,498	57,715	2,238,729
Loss allowance	0	0	0	0	0

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>01 July 2018</b>					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0
Gross carrying amount	325,031	5,754	29,183	22,148	382,116
Loss allowance	0	0	0	0	0

## 23. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 13(d).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b><u>2019</u></b>					
Payables	4,836,959	0	0	4,836,959	4,492,975
Borrowings	50,383	201,532	323,074	574,989	453,916
	<u>4,887,342</u>	<u>201,532</u>	<u>323,074</u>	<u>5,411,948</u>	<u>4,946,891</u>
<b><u>2018</u></b>					
Payables	2,073,712	0	0	2,073,712	2,073,712
Borrowings	47,763	158,036	308,824	514,623	384,560
	<u>2,121,475</u>	<u>158,036</u>	<u>308,824</u>	<u>2,588,335</u>	<u>2,458,272</u>

## 24. 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.

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

### AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- The Shire did not designate any financial assets as at fair value through profit and loss.

### (b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L.



## 25. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Shire.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*.

These standards are applicable to future reporting periods and have not yet been adopted.

### (a) Revenue from Contracts with Customers

The Shire will adopt 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 will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019.

### (b) Leases

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

On adoption of AASB 16, the Shire will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019.

On adoption of AASB 16, the Shire will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate as on 1 July 2019.

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

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

### (c) Income For Not-For-Profit Entities

The Shire will adopt 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 will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

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

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

## 26. CHANGE TO ACCOUNTING POLICY AND ERROR CORRECTION

On the 26 June 2018 Paragraph 17A (5) was inserted into Local Government (Financial Management) Regulations 1996. The regulation stated an asset is to be excluded from the assets of a local government if the fair value of the asset at the date of acquisition by the local government is under \$5 000.

The Shire did not comply with this regulation at the 30 June 2018 and included assets with a fair value of under \$5,000 at the time of acquisition within the assets of the Shire.

During the year assets with a fair value at the date of acquisition of under \$5,000 and purchased prior to 30 June 2018 have been excluded from the assets of the Shire along with those assets acquired during the year ended 30 June 2019 with a fair value of under \$5,000 which were capitalised in error.

A small number of buildings, plant and equipment and furniture and equipment asset items were identified in 2019 as previously disposed of in prior periods, but were included and valued as assets by error in each of those periods. Prior year corrections of \$283,465 in 2017 and \$29,363 in 2018 have been made to Property, plant and equipment to correct these errors.

The impact of the change is shown by restating each of the affected financial statement line items for the prior periods as follows:

Statement of Financial Position (Extract)	30 June 2018	Increase/ (Decrease)	30 June 2018 (Restated)	30 June 2017	Increase/ (Decrease)	01 July 2017 (Restated)
	\$	\$	\$	\$	\$	\$
Property, plant and equipment	31,132,824	(29,363)	31,103,461	30,889,143	(283,465)	30,605,678
Net assets	31,132,824	(29,363)	31,103,461	30,889,143	(283,465)	30,605,678
Retained earnings	67,505,217	(29,363)	67,475,854	67,499,987	(283,465)	67,216,522
Total equity	164,271,091	(29,363)	164,241,728	163,266,281	(283,465)	162,982,816

Statement of Comprehensive Income (Extract)	2018	Increase/ (Decrease)	2018 (Restated)
	\$	\$	\$
<i>By Nature or Type</i>			
Loss on asset disposal	(88,333)	(29,363)	(117,696)
<i>By program</i>			
<b>Expenses</b>			
Governance	(601,802)	0	(601,802)
General purpose funding	(105,151)	0	(105,151)
Law, order, public safety	(266,319)	0	(266,319)
Health	(38,734)	0	(38,734)
Education and welfare	(189,050)	0	(189,050)
Housing	(2,243,886)	0	(2,243,886)
Community amenities	(659,399)	0	(659,399)
Recreation and culture	(1,282,922)	(29,363)	(1,312,285)
Transport	(3,297,813)	0	(3,297,813)
Economic services	(1,160,185)	0	(1,160,185)
Other property and services	(137,388)	0	(137,388)
Net result for the period	717,597	(29,363)	688,234
<b>Total comprehensive income for the period</b>	<b>1,288,275</b>	<b>(29,363)</b>	<b>1,258,912</b>

## 27. 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.

## 28. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<b>GOVERNANCE</b> To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of council and the administrative support available to the council for the provision of governance for the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.
<b>GENERAL PURPOSE FUNDING</b> To collect revenue to allow for the provision of	Rates, general purpose government grants and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b> To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
<b>HEALTH</b> To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
<b>EDUCATION AND WELFARE</b> To provide services to disadvantaged persons, the elderly, children and youth.	Maintenance of pre-school facilities.
<b>HOUSING</b> To provide and maintain staff and elderly residents housing.	Provision and maintenance of staff housing and Springhaven Lodge.
<b>COMMUNITY AMENITIES</b> To provide services required by the community.	Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.
<b>RECREATION AND CULTURE</b> To establish and effectively manage infrastructure and resource which will help the social well being of the community.	Maintenance of public halls, civic centres, swimming pool, recreation centre and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.
<b>TRANSPORT</b> To provide safe, effective and efficient transport services to the community.	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.
<b>ECONOMIC SERVICES</b> To help promote the shire and its economic wellbeing.	Tourism and area promotion including the maintenance and operation of The Kodja Place. Provision of rural services including weed control, vermin control and standpipes, building control.
<b>OTHER PROPERTY AND SERVICES</b> To monitor and control council's overheads operating accounts.	Private works operation, plant repair and operation costs and engineering operation costs.

## 29. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	1.02	1.02	1.05
Asset consumption ratio	0.64	0.65	0.67
Asset renewal funding ratio	1.03	1.00	0.69
Asset sustainability ratio	0.38	0.77	1.27
Debt service cover ratio	25.30	29.12	27.29
Operating surplus ratio	(0.32)	(0.31)	(0.25)
Own source revenue coverage ratio	0.52	0.50	0.46

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