



**SHIRE OF KOJONUP**  
Annual Report  
**2019 - 2020**







## **VISION**

*Kojonup is a **smart** region featuring a technologically advanced **agricultural** community, an educational and historical **destination** and a healthy and enviable **lifestyle**.*

## **OUR GUIDING VALUES**

### **Integrity**

*We will act in an honest, professional and accountable manner that maintains the community trust.*

### **Care and Respect for People**

*We will treat people with respect in all of our interactions. We are committed to the safety and wellbeing of our community and employees and will show care and empathy when addressing issues.*

### **Responsible**

*We are mindful of our role as custodian of the community's assets, and will make decisions in a responsible manner. We will consider value for money in decision making and ensure that our operations and systems promote efficiency and good governance.*

### **Open and Reliable**

*We will carry out our business in a transparent and approachable way, respecting diverse views and valuing the input and contributions from the community. We will act consistently and communicate clearly.*

# Table of Contents

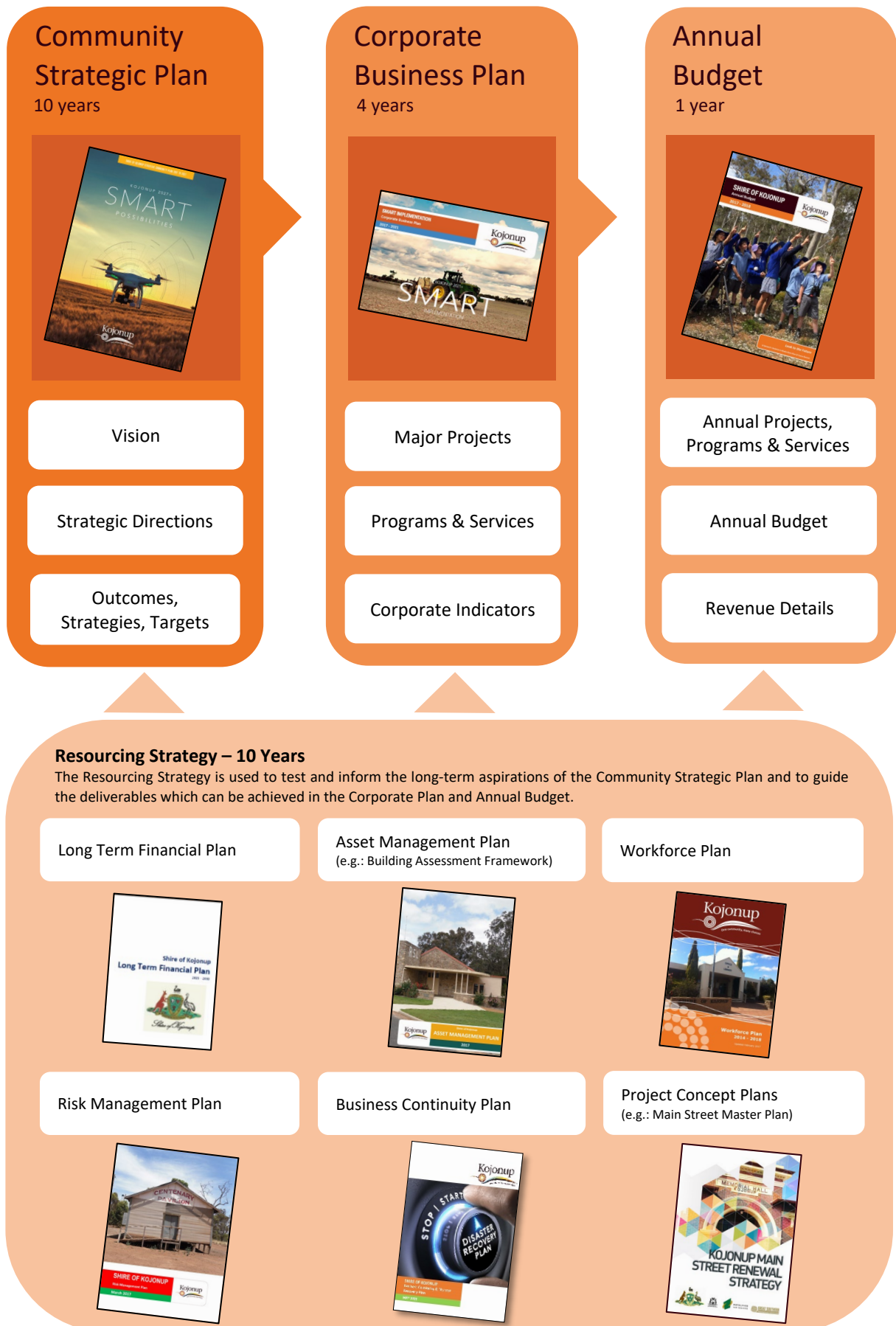
- Statistically in 2019/2020, the Shire has: .....4
- Strategic Direction .....5
- A Word from the Shire President .....6
- Your Council as Elected 19 October 2019 and CEO .....8
- Councillor Attendance at Meetings in 2019/2020.....10
- Chief Executive Officer’s Report .....11
- Senior Management Team .....14
- Organisational Structure .....15
- Changes to Our Team .....16
- Plan for the Future .....17
- Key Pillar 1 – Place.....18
- Key Pillar 2 - Connected.....25
- Key Pillar 3 - Performance .....29
- Key Pillar 4 - Prosperity .....33
- Key Pillar 5 – Digital .....35
- Statutory Statements .....37
- Annual Financial Statements 2019/2020.....39
- Independent Auditors Report.....40

# Statistically in 2019/2020, the Shire has:

<p>Conducted 11 Council Meetings</p> 	<p>Conducted 20 Briefing Sessions</p> 	<p>Conducted 0 Special Council Meeting</p> 	<p>Obtained \$4,976,598 in Grant Revenue &amp; Contributions</p> 
<p>Received 21,610 visitors to the Kojonup Visitors Centre</p> 	<p>Issued 27 building related approvals at a value of \$1.87 million</p> 	<p>Supported 3 Subdivision Applications.</p> 	<p>Issued 13 Development Approvals for Projects</p> 
<p>192 Travel groups camped at the designated camp ground</p> 	<p>Progressed 1 road widening programs for 3.2km totalling \$513,252.00</p> 	<p>Resealed 4.7km of bitumen totalling \$271,142.00</p> 	<p>Conducted 12.2km of tree pruning and mulching on rural roads</p> 
<p>Re-sheeted 8km of gravel roads totalling \$280,983.00</p> 	<p>12,115 people attended the K.O'H.M swimming pool with 248 season tickets</p> 	<p>An Area of 2,937km<sup>2</sup></p> 	<p>A population count of 1836 in the 2016 Census</p> 



# Strategic Direction



## A Word from the Shire President



As stated, when presenting the 2018/19 Annual Report, Council remains frustrated at the delay in receiving finalised 2019/20 Audited Financial Statements from the Office of the Auditor General yet audit fees increased from \$17,735 for the 2018/19 financial year to \$39,240 for the 19/20 financial year as the State Government introduced an additional level of oversight.

This increase represents 16% of the overall 3.0% rate increase adopted by Council in July 2019.

Again, Council finds itself in the position of considering the 2021/22 Annual Budget and we are yet to report on outcomes of the 2019/20 Financial Year!

The State Government Review of Local Government received feedback that the main purpose for holding Annual Elector Meetings in a timely manner allows Council to present a historical record via the Annual Report of what the Annual Budget proposed and compare financial allocations against what was achieved which aligns with the Community Strategic Plan and Corporate Business Plan deliverables.

If the State Government believes it is acceptable for ratepayers to wait over 12 months for audits to be undertaken its reform agenda is flawed! Despite this frustration and COVID-19 changing every aspect of life from March 2020, the Shire of Kojonup has had to adapt through necessity in these continuing uncertain times.

Despite this unprecedented change and uncertainty to the world, Kojonup achieved terrific outcomes, namely: -

1. Stage 2 works at the Sports Complex saw the completion of the new car park and despite some community reservations has been very well received.
2. Works & Services has completed an extensive \$1.25 million Road Program aligned to our 10 Year Plan including:
  - Gravel re-sheeting,
  - Widening Kojonup-Darkan Road and Kojonup-Frankland Road,
  - Bitumen Reseal – Kojonup-Darkan Road, Kojonup-Frankland Road and Kojonup Townsite.
  - Drainage Renewal, and
  - Wooden Culvert Replacement.
3. Aged Care Services (Springhaven) received \$493,572 Commonwealth funding to completely upgrade the Laundry and Kitchen facilities. This is a one-off funding opportunity and previous years capital works has completely transformed Springhaven into a modern, welcoming, and compliant facility.
4. The \$10M Building Better Regions Fund and \$2.6M Regional Aged Accommodation Program is the largest housing initiative ever undertaken by the Shire of Kojonup surpassing the 6 Loton Close Units and CEO house built in 2017. Tenders for 4 Executive



Houses/Units, 3 Government employee houses and 3 Independent Living Units have been issued and require completion on or before 30 June 2021.

To the CEO and his team, contractors, and professional consultants a huge thank you for your collective efforts. To our residents, thank you for your patience during the construction period but all agree the wait and minimal disruption was worth seeing the outcome.

Other stand out projects was the replacement of the Town Hall façade damaged by an earthquake and new lighting/underground wiring at the air strip.

Council remains committed to realising the recommendations of the Kodja Place Master Plan which unfortunately requires access to external funding streams. Black Cockatoo Cafe Lessees are making a positive difference and Council wishes them continued success.

Council and in particular management, continue wherever possible to leverage funds from other sources in order to progress projects, recognising that Council must always be financially prudent and maintain our assets, past, present and future.

I sincerely thank everyone who has volunteered their time to clubs, organisations, public events, working bees, emergency services, etc., as together we achieve so much more than would otherwise be possible for our communities.

Thank you, Councillors, for your support to achieve the deliverables contained within the Corporate Strategic Plan – ‘SMART Possibilities’ and to CEO – Rick Mitchell-Collins and his team for developing comprehensive funding applications and associated plans/documentation which clearly demonstrates that taxpayer funds whether Federal or State are allocated to projects that do make a lasting difference and where future generations will also derive benefit.

How the business of Local Government is undertaken may be subject to constant change but ultimately Council’s objective is to serve residents, businesses, and visitors effectively and efficiently despite competing interests, decreasing finances, increased expectations, risk, compliance and a world that is trying to address the spread and enormous dangers of COVID-19.

As a direct result of COVID-19, Local Governments are not permitted to increase rates in the 20/21 financial year given the potential hardship resulting from massive job losses, business closures, stress on our health system which could be overwhelming and economic ramifications due to the closure of regional, national, and international borders. Hopefully a vaccine can be achieved sooner rather than later for this worldwide pandemic and provide some hope in a time of great uncertainty.



Cr. John Benn

**Shire President**

## Your Council as Elected 19 October 2019 and CEO



Front row: Cr Cindy Wieringa, Cr Sandra Pedler, Cr Ronnie Fleay, Cr Felicity Webb  
Back row: Cr Kevin Gale, Deputy President Cr Ned Radford, Shire President John Benn, CEO Rick Mitchell-Collins and Cr Parminder Singh

## Your Shire President and Deputy Shire President



**Shire President  
John Benn**  
2017 – 2021

Delegate on the following Committees:

- Bushfire Advisory Committee
- Storyplace/Gallery Workgroup
- Kojonup Spring Advisory Committee
- Great Southern Zone of WALGA
- Southern Link VROC



**Deputy Shire President  
Ned Radford**  
2017 – 2021

Delegate on the following Committees:

- Natural Resource Management Advisory Committee
- Bushfire Advisory Committee
- Storyplace/Gallery Workgroup
- Great Southern Regional Road Group



## Your Council



**Cr Ronnie Fleay**  
2017 – 2021

Delegate on the following Committees:

- *Disability Access and Inclusion Committee*
- *Sporting Precinct Advisory Committee*
- *Kojonup Spring Advisory Committee*
- *Great Southern Zone of WALGA*
- *Southern Link VROC*
- *Great Southern Joint Development Assessment Panel*
- *Great Southern Regional Recreation Advisory Committee*
- *Great Southern Treasures*



**Cr Sandra Pedler**  
2017 – 2021

Delegate on the following Committees:

- *Disability Access and Inclusion Committee*
- *Sporting Precinct Advisory Committee*
- *Kojonup Spring Advisory Committee*
- *Kojonup Homes for the Aged*
- *Kojonup Historical Society*



**Cr Felicity Webb**  
2019 – 2023

Delegate on the following Committees:

- *Audit and Risk Committee*



**Cr Parminder Singh**  
2019 – 2023

Delegate on the following Committees:

- *Audit and Risk Committee*
- *Natural Resource management Advisory Committee*
- *Great Southern Joint Development Assessment Panel*



**Cr Kevin Gale**  
2019 - 2023

Delegate on the following Committees:

- *Audit and Risk Committee*



**Cr Cindy Wieringa**  
2019 – 2023

Delegate on the following Committees:

- *Audit and Risk Committee.*

## Councillor Attendance at Meetings in 2019/2020

CR BENN	CR FLEAY	CR HOBBS	CR RAFORD	CR WARLAND	CR MATHWIN	CR I PEDLER	CR S PEDLER	CR WEBB	CR WIERINGA	CR SINGH	CR GALE
<b>Ordinary Council Meetings</b>											
11	10	2	11	1	3	3	11	8	8	6	8
<b>Special Council Meetings</b>											
3	3		3	1	1	1	3	2	2	2	2
<b>Audit &amp; Risk Committee Meetings</b>											
1		1		1				3	3	3	3
<b>Natural Resource Management Advisory Committee Meetings</b>											
2			3							1	
<b>Disability Access and Inclusion</b>											
	2					2					
<b>Kojonup Bushfire Advisory Committee Meetings</b>											
2			1								
<b>Storyplace/Gallery Workgroup</b>											
1	1		1								



## Chief Executive Officer's Report



Due to recent delays that the President mentions in his report, mainly the transition of the auditing function to the Office of Auditor General, this report is being written in an environment many months after the period these financial outcomes were executed. In that time we have seen the Covid-19 pandemic escalate with Western Australia being a stronghold against the spread.

Audits are an essential part of what we do. They are in place to make us accountable for our organisational governance and management but they are also an important tool for improving the organisation internally. As a Community you can take assurance that the management Team will take on board the Auditors recommendations to improve our controls and procedures on your behalf.

We have also had a change of Chief Executive Officer and we all wish Rick Mitchell-Collins the best in his new ventures.

The Shire of Kojonup is a great community and a great place to live that demonstrates its resilience again and again. The renewed focus will ensure the Council builds stronger and closer relationships with the Community, meaning that you will have a shared understanding of the challenges and opportunities that present themselves to the Shire.

Our Community Strategic Plan outlines a roadmap up till 2027 – “SMART Possibilities”, with 5 Key Pillars: PLACE, CONNECTED, PERFORMANCE, PROSPERITY and DIGITAL. The Corporate Business Plan – “SMART Implementation” is continually being refined to reflect what the Shire’s priorities will be over a four-year period that then flows into the annual budget process.

This Plan is up for review in the first quarter of 2022 and with community input, through the recent survey and communications with many community groups, we will adjust the plan to reflect the path we need to take. It is important to recognise that the plan is owned by all of us and as such, we should all remain focused on what is important to the Community’s needs to remain prosperous and sustainable over the coming years.

We have a great Team at the Shire, and everyone remains focussed on achieving those strategic imperatives within the “Smart Implementation” plan which creates value for the Shire as a whole. This includes identifying opportunities but more importantly, managing projects within scope, on-time, and on budget.

Through this period the Council has created opportunities to build a base for generating long term value such as:

- Great Southern Housing Initiative – unprecedented \$4.8M allocated for Key Worker, Government Officer and Independent Living Units with occupancy scheduled as soon as occupancy certificates issued.

- The Katanning/Kojonup Road residences are underway and near to completion.
- Springhaven Kitchen/Laundry redevelopment works completed after securing - \$489,000 from the Commonwealth.
- Purchased iCare software (\$38,000) for medication allowing instant downloading of data to resident's records at Springhaven.
- Natural Resource Management/Landcare operations fully funded from Reserve.
- Sports Complex – New Car Park completed, and CSRFF/Lottery West applications submitted to progress new oval lights, roof over netball courts and playground which are all now being planned and executed.
- Airstrip - upgrading electrical cabling to newly installed runway lighting completed.
- Construction works for a new rear Car Park serving Springhaven and three new ILU's off Soldier Road commenced.
- Concept Plans for the 'Spring' received.
- Three variable speed signs installed on Albany Highway and Broomehill Road thanks to Road Safety Awareness grant from the Commonwealth allowing daily statistics to be recorded on vehicle movements and speeds which will be published for community information.
- \$1.32M Road Construction program completed.
- IT upgrade to accommodate zoom meetings due to pandemic conditions and working from home capability.
- Provision for sanitizer, PPE, masks, signage, cleaning roster changes as a direct result of new requirements for health awareness.

Council also recognises that:

- Change is a constant and can be managed for our benefit,
- Continuing engagement with the Community is essential to our success,
- Astute and prudent governance is essential in every aspect of the Shires decision making process,
- Assessment of, and provisioning for, 'whole of life' costs is a legislative requirement of the *Local Government Act 1995*,
- Determining the Construction Benefit or Operating Costs of renewing/replacing assets as opposed to disposal, is essential as outlined within the adopted Capital Evaluation Framework,
- Establishing the Social Return on Investment is measured in terms of the direct/indirect community benefits derived from projects, commencing with/at early childhood and continuing through to our elderly residents,
- Determining Consumer Benefit accounting for, disability access and inclusion, cultural, heritage and environmental significance, of facilities and projects to determine if the delivery and operational aspects of each project is it the sole responsibility of Local Government?
- Sustainability needs to be a key focus as our rate base in relative terms only derives half of our required annual revenue.

The Shire of Kojonup, via its Integrated Planning and Reporting, has developed;

- 10 year works program,
- Asset and Risk Management Plans,
- Workforce Planning,
- Capital Evaluation Framework,
- Long-Term Financial Planning,
- Pandemic Planning,
- Business Continuity; and
- Disaster Recovery Plan.

To the community members and Councillors whom the Team Members have worked with over through this period, and the many volunteers who have contributed time and energy supporting various clubs, groups and organisations, we all thank you for your input and feedback and look forward to continuing the excellent work in the year ahead. To the businesses who continue to support our community, a big thank you!

To all and sundry who have attended Council meetings, Forums, Briefing Sessions, Advisory meetings, Work Shops, lodged submissions, made suggestions or requests, thank you for taking the time to give us your feedback and take an interest in the present and future direction of the Shire of Kojonup.



Grant Thompson  
**Chief Executive Officer**



# Senior Management Team

**Grant Thompson**  
*Chief Executive Officer*



- Strategic Planning
- Organisational performance
- Medical/Health Services
- Environment/NRM
- Sports Precinct

**Craig McVee**  
*Manager Works & Services*

- Roads/Verges
- Parks/Gardens/Reserves
- Plant/Equipment
- Signage
- Drainage
- Cultural Officer



**Anthony Middleton**  
*Manager Corporate and Community Services*



- Financial Management
- Information Technology
- Asset and Risk Management
- Integrated Planning and Reporting
- Governance, Policies and Delegations

**Ciara O'Regan**  
*Acting Manager Springhaven*

- Management of day to day operation of Springhaven Frail Aged Lodge and Aged Care Service provision



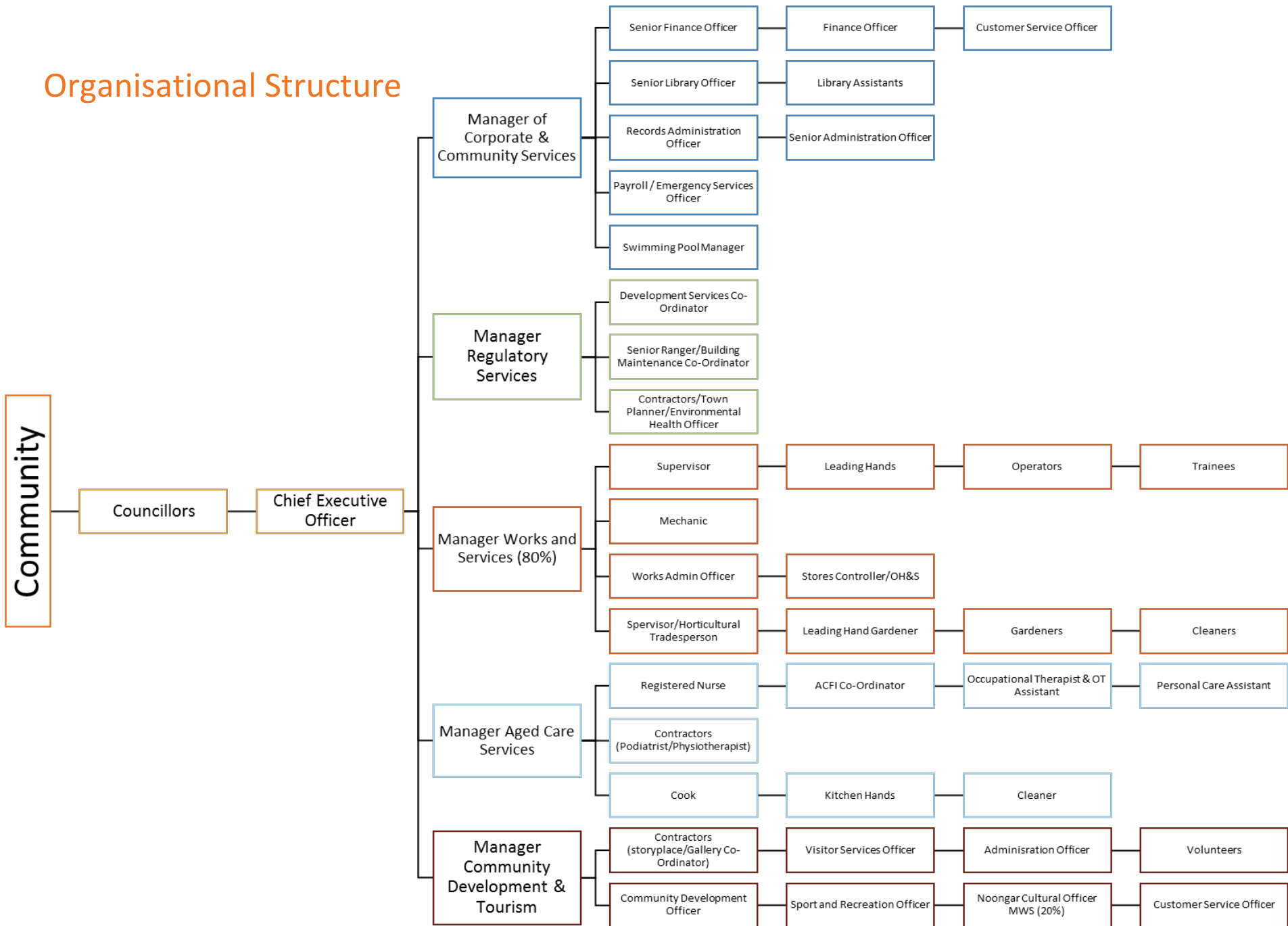
**Vacant**  
*Manager Regulatory Services*

- Environmental Health
- Waste Management
- Building Maintenance
- Occupational Health & Safety
- Project Management
- Emergency Services

**Vacant**  
*Manager Community Development & Tourism*

- Management of The Kodja Place Precinct
- Tourism
- Marketing
- Promotion
- Community Development
- Area Promotion

# Organisational Structure



## Changes to Our Team

The Shire thanks the following staff who departed from the Shire of Kojonup team during the 2019/2020 financial year for their contribution:

Staff Member	Position	Staff Member	Position
Daniel Sullivan	Grader Operator - Depot	Sonia Cox	Kitchen Hand
Donna Riseley	Carer	Sam Anderson	Personal Carer
Krista Etheridge	Personal Carer	Felicity Hansen	Personal Care Assistant
Steven Ethridge	Cook	Zahra Shirazee	Manager Community Development & Tourism
Jan Beswick	Kitchenhand / Cook	Natasha Millar	Personal Carer
Kat McGreachy	Play Cafe Coordinator	Celeste De Ponte Cardoso	Activities Co-Ordinator
Frank Coyne	General Hand	Elaine Mitchell	Cook/Kitchen Hand
Garry Commons	Carer	Susan Dwyer	Personal Care Assistant
Lynette Boddington	Casual Registered Nurse	Caroline Baldwin	Customer Service Officer
Maryam Rahmti	PCA	Kaylene Morrell	Casual Carer
Claire Servaas	Records Officer	Natassia Shirazee	Customer Services Officer
Susan Northover	Manager of Aged Care Services	Brodie Potter	Creditor Officer
Troy Wright	Personal Carer	Kirstie Chesson	Cleaner
Harjit Kaur	Personal Carer	Lorraine Atkinson	PCA
Chris Neels	Enrolled Nurse	Melissa Binning	Finance Officer

We would also like to welcome to our team, the following new employees:

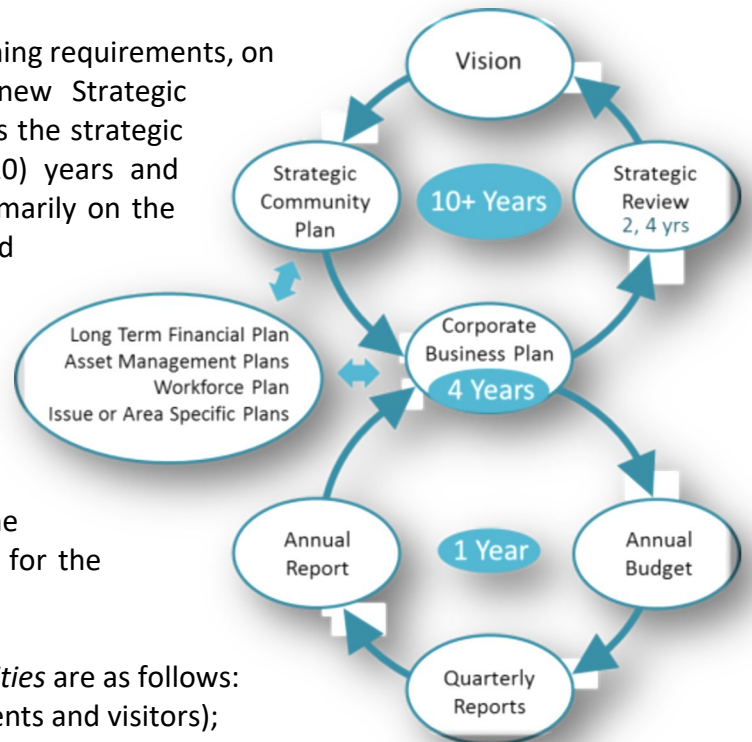
Staff Member	Position	Staff Member	Position
Anne Hope	Personal Carer	Theresa Pajares	Horticultural Officer
Caroline Macri	Personal Carer	Judy Stewart	VROC Officer
Nakeesha Minitier	Personal Carer	May Alizer	Cleaner
Anna Hawkins	Personal Carer	Maria Bauer	Customer Services Officer
Pearl Bautista	Cleaner	Hope Sullivan	Personal Carer
Carmen Anderson	Regulatory Admin Officer	Adele Collins	Customer Service
Paetyn Benn	Carer	Emily Hills	Sport and Recreation Officer
Aaron MacDonald	Personal Carer	Madison Jackson	Personal Carer
Ciara O'Regan	Acting Manager Springhaven	Cherry De Guzman	Personal Carer Assistant
Vivicka Kahn	Finance Officer	Peter Rurii	Registered Nurse
Hayley Broun	Personal Carer	Sheryl Garcia	Carer
Jordan Hunter	Play Cafe Officer	Michelle Jorgensen	Cleaner



## Plan for the Future

In accordance with local government integrated planning requirements, on 25 July 2017 the Shire of Kojonup adopted a new Strategic Community Plan, titled *Smart Possibilities*, which sets the strategic direction for the organisation for the next ten (10) years and beyond. It is the community's plan and is based primarily on the feedback obtained through surveys, workshops and interactive voting sessions.

The updated Corporate Business Plan entitled, "*SMART Implementation*" was adopted by Council on 19 September 2017 and sets the direction and priorities for Kojonup until 2027 and beyond. *SMART Implementation* is the first step towards achieving the community aspirations and sets out the key actions for the first four years against five (5) Key Pillars.



The five (5) 'key pillars' established in *SMART Possibilities* are as follows:

1. **Place** (Kojonup celebrates its diversity for residents and visitors);
2. **Connected** (Kojonup advances through connections, partnerships and alliances);
3. **Performance** (Kojonup's people show commitment to strategy and operational excellence);
4. **Prosperity** (Kojonup invests in its own prosperity and drives economic growth); and
5. **Digital** (Kojonup is ambitious with technology, data and analytics).

Smart Implementation represents a significant improvement on previous plans and is increasing in importance as a vital document. This plan is now equal in importance to the Annual Budget and *SMART Possibilities* and requires regular reference on a day-to-day basis by both staff and elected members.

The community's aspirations in each theme are described, followed by a commitment from the Shire of Kojonup to work towards realising these aspirations. Each commitment by the Shire includes an implementation timeframe that relates to the Shire's four year corporate business planning cycle.

The following commentary outlines actions taken or about to be commenced for each objective within our SMART Implementation. The plan is divided into 'Outcomes' under which 'Objectives' are listed and then 'Actions'. The 'Action' headings have been colour coded to indicate the progress made on achieving this action.



The 'Action' has been COMPLETED

The 'Action' is currently still IN PROGRESS








The 'Action' has NOT COMMENCED

## Key Pillar 1 – Place

*Kojonup celebrates its diversity for residents and visitors.*

*During the stakeholder engagement phase of 2017 our community members raised issues regarding balancing resourcing and investment in arts, culture, environment, tourism, sporting clubs, non-sports based fun and recreation, education, indoor activities, and activities to celebrate the diversity of our people.*

**1.1 – Have maximised our ‘One Community’ program through specific events, celebration of built form and enhancement of our environment.**

Ref	Corporate Actions	Status
1.1.1	Develop and grow an annual calendar of events where community and visitors celebrate diversity, history, and place.	
1.1.2	Celebrate the significance of cultural, social and built heritage including local indigenous and multicultural groups.	
1.1.3	Grow The Kodja Place to become an iconic WA attraction.	
1.1.4	Through delivery of an Events Strategy, sponsor, support and promote events that stimulate economic activity and attract visitors to the area.	
1.1.7	Develop and adopt an Event Management and Risk Plan	
1.1.8	Memorial Hall Refurbishment/Upgrade <ul style="list-style-type: none"> <li>Theatrical Society, toilets (internal &amp; external) and Harrison Place Park - \$609,000</li> <li>Replacement of Guttering and Downpipes - \$50,000</li> </ul>	
1.1.9	Develop Marketing Implementation Plan <ul style="list-style-type: none"> <li>Redevelop the Kodja Place Website</li> <li>Develop a brand and style guide</li> </ul>	



*Replacement of the Town Hall façade damaged by an earthquake*

<b>1.1.10</b>	Implement A Hierarchy of Signage <ul style="list-style-type: none"> <li>• Tier 1: Main Highway/ Roads – Identity and High level information</li> <li>• Tier 2: Township and Precinct entrance points - Directional</li> <li>• Tier 3: Precinct Way Finding</li> </ul>	
<b>1.1.17</b>	Visitor centre and retail area – More user friendly	

**1.2 – Be a happy, healthy, connected and inclusive community driven by the provision of high standard sport, recreation and open space facilities and programs.**

Ref	Corporate Actions	Status
<b>1.2.1</b>	Develop and adopt a Trails Master Plan to develop and activate a trail network and reserve walks in conjunction with State-wide recreation partners.	
<b>1.2.2</b>	Implement and action a Sport, Recreation and Open Space Master Plan.	
<b>1.2.3</b>	Provide community infrastructure that attracts outsourced or privately run facilities and programs.	
<b>1.2.4</b>	Plan and develop appropriate passive recreation facilities (S2.2.3)	
<b>1.2.5</b>	Improve disability access to infrastructure and services (S2.2.4) <ul style="list-style-type: none"> <li>• Re-establish Disability Access Committee</li> <li>• Review Disability Access and Inclusion Plan</li> <li>• Progress Implementation Plan</li> </ul>	

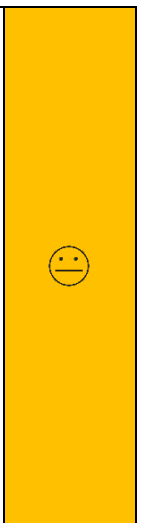




*Pictured: On Tuesday 3 December, the Shire celebrated International Day of People with Disability by holding a luncheon at the complex which also coincided with the launch of the Disability Access & Inclusion Advisory Committee.*

1.2.6	Develop environmental management plans for significant Shire reserves (N1.2.2)	☹️
1.2.7	Develop and Adopt a Public Open Space Plan	☹️
1.2.8	Develop and Adopt a Drainage / Stormwater Management Plan	☹️
1.2.9	Develop and adopt a Health Plan	☹️



1.2.10	<p>Sporting Infrastructure Upgrades:</p> <ul style="list-style-type: none"><li>• Reconstruction of Netball Courts</li><li>• Upgrade Top Oval Lighting</li><li>• Install destination playground &amp; Outdoor Gym</li><li>• Upgrade Kitchen in the Sporting Complex</li><li>• Install Audio/Visual equipment in the pavilion</li><li>• Upgrade shade shelter on the baby swimming pool</li><li>• Upgrade Swimming Pool Car Park</li><li>• Create Swimming Pool leisure activities (e.g. basketball)</li><li>• Sports Complex Building Defects/Building Compliance/Service Area for bins</li><li>• East Pool Fence upgrade</li><li>• Lease Complex – include line marking by clubs</li><li>• Power Metering</li></ul>	
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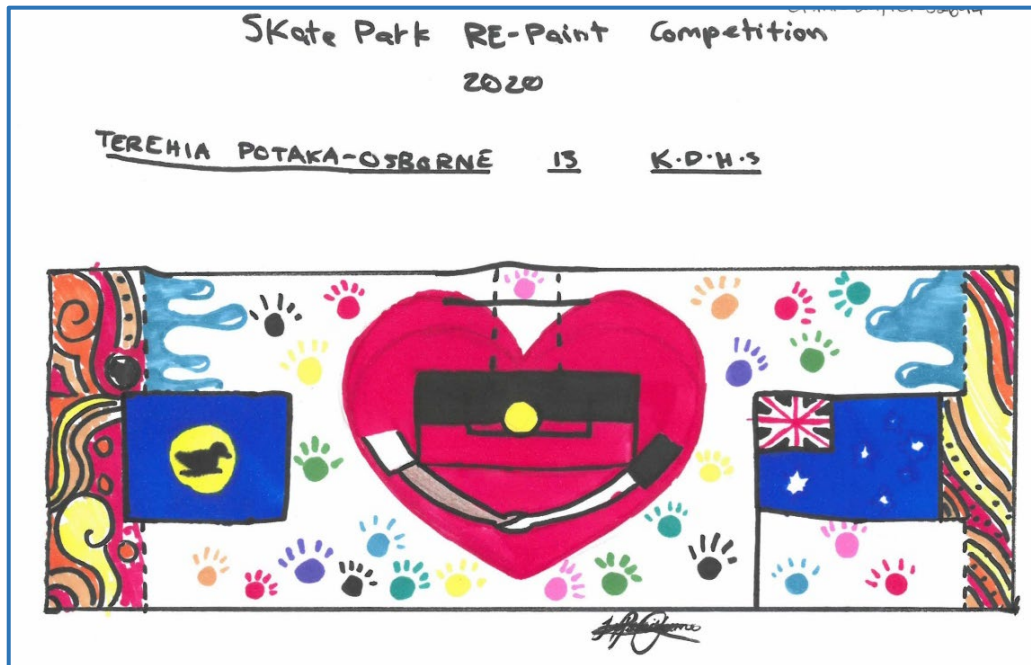


*Pictured: In conjunction with Kojonup Police and sponsored by Kojonup Shoe and Sports held a back to school pool party with the BLITZ inflatable on the water and games held on the lawn. Over 190 people through the gates on the day.*

### 1.3 – Have systems in place to attract youth to the region, even in a transient manner.

Ref	Corporate Actions	Status
1.3.1	Collect data on the needs of youth, as they live, educate, work, visit and return to Kojonup.	☹️
1.3.2	Account for long-term and forecasted social changes such as changing household types and density.	☹️
1.3.3	Promote the opportunities for traineeships within local government (S1.3.1)	☹️
1.3.4	Explore opportunities with local schools and youth organisations to create a Youth Advisory Council to engage and advise the Shire and Councillors on youth issues (S1.2.1)	☹️
1.3.5	Develop and adopt an Early Childhood Strategy	😞
1.3.6	Develop and adopt a Youth Engagement Plan	☹️

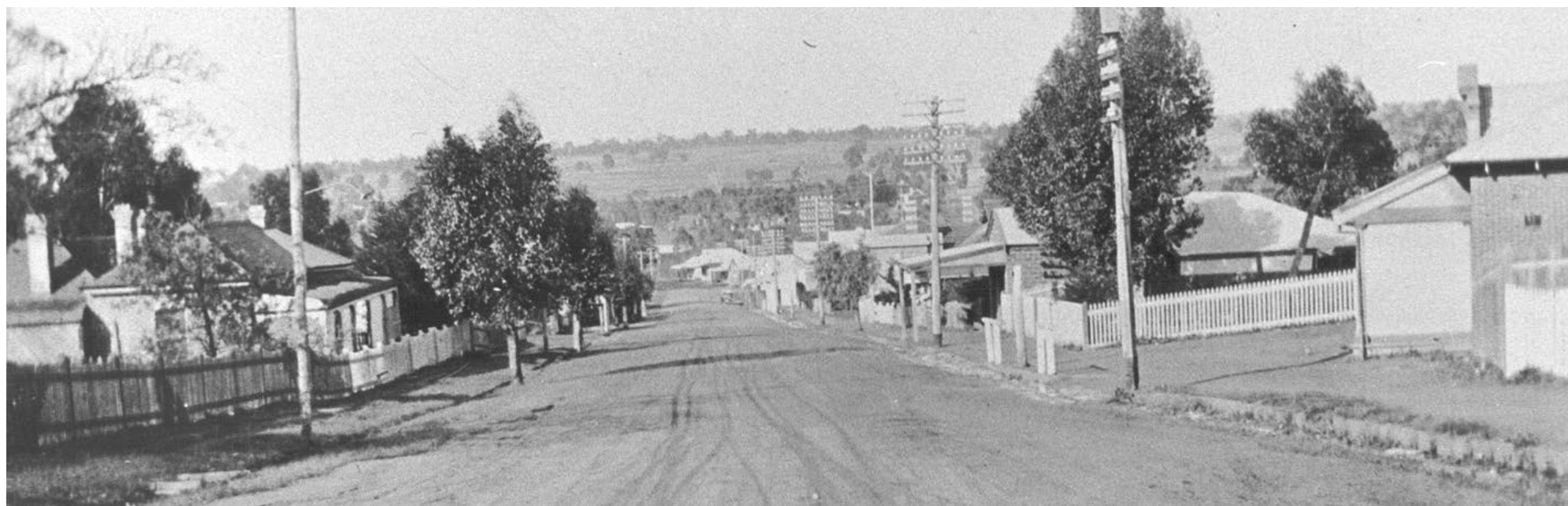




*Pictured with Shire President Cr John Benn, winner of the Skate Park Design Competition, Terehia Potaka-Osborne. Terehia's design is a wonderful interpretation of "Community" and "Place", part of the Shire's Key Pillars in our Strategic Plan. Her use of colour and space will bring new life to the Skate Park, and we look forward to progressing her design into reality.*

1.4 – Be enjoying a Main Street which is an inviting meeting place where we celebrate our history and heritage in a modern way.

Ref	Corporate Actions	Status
1.4.1	Work with local retail outlets to build a people-friendly, active, vibrant and smart Main Street.	☹️
1.4.2	Plan, construct and enable improved off-street parking with a people-friendly Town Square.	☹️
1.4.3	Form a programmed upgrade of Main Street through landscaping, furniture and signage.	☹️
1.4.4	Draft and implement a Parks, Garden and Street Trees policy (N1.3.2)	☹️
1.4.5	Review and implement a townscape plan and “main street” development (N2.2.3)	☹️
1.4.6	Redevelop the main street to create a people friendly and vibrant retail centre (N2.2.4)	☹️
1.4.7	Develop and adopt a Tourism/Destination Signage Plan	☹️













*In days gone by, Kojonup main street*

## Key Pillar 2 - Connected














*Kojonup advances through connections, partnerships and alliances.*

*During the stakeholder engagement phase of 2017 our community members raised issues regarding partnering for growth in childcare, children's activities, public transport, airport provisions, accommodation options, utility services (such as water quality) and forming alliances to grow employment options*





### 2.1 – Be growing our state-wide and local tourism and shopping capabilities through regional alliances.

Ref	Corporate Actions	Status
2.1.1	Build partnerships with WA recreation, business and tourism.	
2.1.2	Promote and facilitate Kojonup as a short-term tourism destination to and from Albany.	
2.1.3	Cooperate to increase activation of Main Street and better use of underutilised Main Street spaces.	
2.1.4	Reach out to investors for management of amenities and future industry growth.	
2.1.5	Foster a strong relationship with Kojonup's Aboriginal community to further recognise and grow the recognition of Aboriginal culture and leadership in the Shire.	
2.1.6	Explore shared services options with neighbouring local governments to improve efficiencies (G1.3.1)	
2.1.7	Support local tourism initiatives (E2.1.4)	
2.1.8	Develop and Adopt a Tourism Marketing Plan	
2.1.9	Develop and Adopt a Tourism Strategy & Plan	
2.1.10	Kodja Place Building Improvements: <ul style="list-style-type: none"> <li>• Repair / replace defective walls and wall cladding</li> <li>• CCTV and security upgrade</li> <li>• Solar Array - \$60,000</li> </ul>	

## 2.2 – Have enhanced our aged-care and health provisions by progressing our connections with regional and state-wide groups.





Ref	Corporate Actions	Status
2.2.1	Work with regional, state and national health providers to develop innovative health services.	
2.2.2	Enhance alliances with state and local health providers to grow a sustainable and modern health system.	
2.2.3	Establish formal networks between all health service providers within Kojonup.	
2.2.4	Enable a sustainable aged-care service through public-private partnerships.	
2.2.5	Advocate for the Department of Health to maintain the presence of existing health services and promote their availability throughout the region (S3.1.2)	
2.2.6	<p>Aged care service will remain compliant with the following accreditation standards:</p> <ul style="list-style-type: none"> <li>Standard 1 – Management systems, staffing and organisational development.</li> <li>Standard 2 – Health and personal care.</li> <li>Standard 3 – Resident lifestyle</li> <li>Standard 4 – Physical environment and safe systems</li> </ul> <p>Above standards no longer in place – New standards as follows from 1/7/2019</p> <ul style="list-style-type: none"> <li>Standard 1 – Consumer dignity and choice.</li> <li>Standard 2 – Ongoing assessment and planning with consumers.</li> <li>Standard 3 – Personal care and clinical care.</li> <li>Standard 4 - Services and support for daily living.</li> <li>Standard 5 – Organisation’s service environment.</li> <li>Standard 6 – Feedback and complaints.</li> <li>Standard 7 – Human resources.</li> <li>Standard 8 – Organisation governance/</li> </ul> <p><i>*Reaccreditation audits next due February 2021</i></p>	
2.2.7	Springhaven Frail Aged Lodge strategic plan will be completed for 2017-2022.	
2.2.8	Emergency management plan for Springhaven Lodge to be updated to enhance our emergency service provision for residents and staff at the facility.	
2.2.9	Design and upgrade the Springhaven Lodge kitchen	
2.2.10	Explore funding avenues to purchase a bus for use by Springhaven Lodge and the Community.	
2.2.11	Install reticulation to southern side of Springhaven to complete enhancement programme.	
2.2.12	Extend parking area at northern side of Springhaven and incorporate undercover walkway to the entrance of the building.	
2.2.13	Extend IT services to Springhaven including Wi-Fi so residents can remain independent and in touch with the world.	



2.2.14	Design and plan an upgrade to MACS office/Care office to incorporate a meeting room and staff room to maintain privacy and confidentiality for residents, their relatives and staff.	
2.2.15	Convert medication management and record keeping including resident files to an electronic system to increase the safe storage of information.	
2.2.16	Develop and adopt a 'Growing Old Gracefully' Plan	
2.2.17	Investigate possibility of leasing or selling Springhaven	



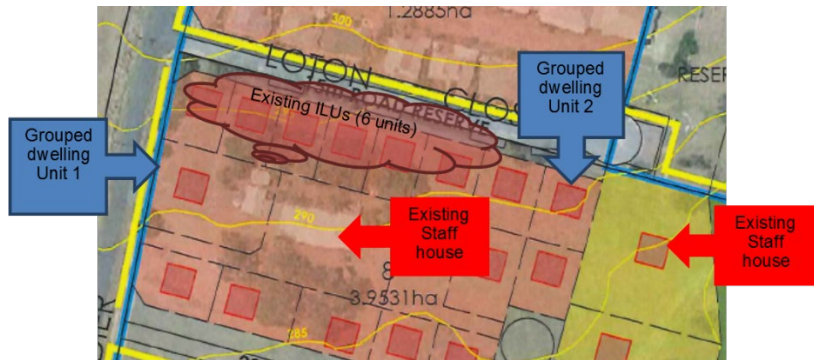
### 2.3 – Be providing for a safe and secure environment by working with State and Federal authorities.

Ref	Corporate Actions	Status
2.3.1	Maximise community safety through safe urban design and advocate for enhanced emergency service provisions.	
2.3.2	Support appropriate initiatives to improve safety and reduce crime (N2.4.2)	
2.3.3	<ol style="list-style-type: none"> <li>Commence planning and undertake test of documented incident plans</li> <li>Review document as a result of test and in preparation for Council;</li> <li>Investigate and document the procedure to divert Shire land line phones to mobile phones;</li> <li>Prepare Emergency Kits as identified in the plan; and</li> <li>Investigate contractual requirements for radio failure and alternative contingency plans for methods of communications for works staff.</li> </ol>	
2.3.4	Replace Dog Pound. Recommended a new pound be located in the Industrial area away from residential area and it be designed to cater for boarding dogs as well as for impounding animals. Estimated cost \$150,000.00.	

2.4 – Have enabled and facilitated improved housing options through public and private partnerships.

Ref	Corporate Actions	Status
2.4.1	Adopt new Town Planning Scheme to support infill residential growth and private subdivisions and advocate for change in the cost of development headworks at a state level	☹️
2.4.2	Commit appropriate staff and resources to be a leader of regional planning initiatives, and services (G1.3.3)	☹️
2.4.3	Support the creation of additional residential lots (E2.1.5)	☹️

Development of Grouped Dwelling  
Lot P8 Soldier Road/Loton Close, Kojonup.



Part of adopted Guided Development Plan showing proposed grouped dwelling sites, existing staff houses and units

Development of 3 Independent Living Units -  
Lot 361 Soldier Road, Kojonup










Proposed development site of new ILU's  
(Image Landgate Map Viewer Plus)

## Key Pillar 3 - Performance

*Kojonup's people show commitment to strategy and operational excellence.*

*During the stakeholder engagement phase of 2017 our community members raised issues regarding a considered and agreed customer service charter, efficiency in shared services with VROC, a modern governance structure to attract young professionals within Shire activities, as well as more action with less planning.*

**3.1 – Be a continually engaged and strategic community which leads and organises throughout the entire stakeholder group.**

Ref	Corporate Actions	Status
3.1.1	Have a highly rated Customer Service experience from a cohesive, happy and technology-driven workforce.	
3.1.2	Encourage interaction and input to the Shire of Kojonup, particularly through contemporary working party teams.	
3.1.3	Conduct a bi-annual Community Engagement Survey.	
3.1.4	Implement strategies to improve Councillors role as community leaders and asset custodians (G1.5.3)	
3.1.5	Manage implementation of container deposit scheme legislation	
3.1.6	Determine responsibilities for all assets and review and update lease conditions where other entities have partial or full responsibility for assets on Council managed land.	
3.1.7	Develop and adopt a Community Development Strategic Plan	



3.2 – Be exceptional in two-way communication within our community, and market our brand outside of our community.








Ref	Corporate Actions	Status
3.2.1	Develop uniformity of Kojonup’s visual identity and encourage use by all community groups.	☹️
3.2.2	Engage with our residents and industry members through increased use of social media and the provision of information on the Shire’s Website.	😊
3.2.3	Establish social media policy and procedures.	😊
3.2.4	Develop and implement a formal media and two-way communications strategy.	☹️
3.2.5	Develop an inside-out brand strategy to promote Kojonup to visitors, future residents and potential partners.	☹️
3.2.6	Promote the Shire of Kojonup as an opportunistic place to live.	☹️
3.2.7	Define and grow our brand, and continually promote and activate the diverse features of Kojonup.	☹️
3.2.8	Develop and Adopt a Communications Strategy	☹️
3.2.9	Develop and Adopt a Community Engagement Plan	☹️











*Pictured: Kojonup Men’s Shed construct and install the new bench in the Memorial Hall Courtyard*

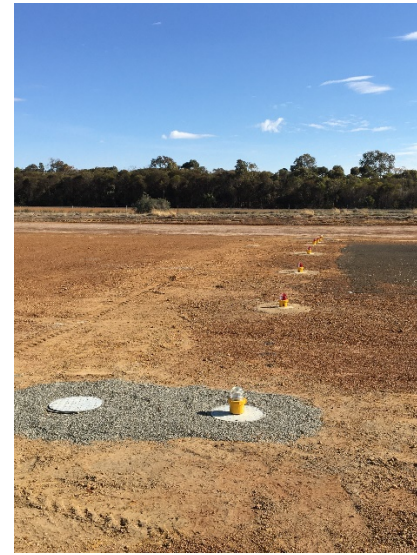


### 3.3 – Use a Building Assessment Framework and control our investment in building maintenance.

Ref	Corporate Actions	Status
3.3.1	Implement an asset rationalisation process based on the Building Assessment Framework.	
3.3.2	Maximise usage of community facilities whilst reducing the financial obligation on the Shire and its people.	
3.3.4	Undertake an asset management planning process to review and rationalize Shire buildings to maximize their use and value to the community (G1.2.1)	
3.3.5	Define, document and implement 'Levels of Service' for all assets and services	
3.3.6	Adapt the current 'Buildings Assessment Framework' project to include review of other asset classes; and dispose of surplus/ unsustainable assets as required.	
3.3.7	Ensure the Shire has an appropriate database for storage of asset information and complete a detailed data pick-up and condition assessment of all assets.	
3.3.8	Utilise the results of implementation of recommendation 9 to prepare: <ul style="list-style-type: none"> <li>• A sustainable 'operations and maintenance' plan;</li> <li>• A 'renewal and replacement' plan; and</li> <li>• A 'new, upgrade and disposal (capital investment)' plan.</li> </ul>	

### 3.4 – Be organised and transparent with our financial management.

Ref	Corporate Actions	Status
3.4.1	Increase regularity of readable financial reporting to the community.	
3.4.2	Act with sound long-term and transparent financial management and deliver residents considered value for money.	
3.4.3	Commit to future state-wide measurement systems testing local government performance.	
3.4.4	Design a program of activities to imbed sound asset management practice its culture and activities at all levels of the organisation.	
3.4.5	Complete a formal assessment of future demand for assets. This will be undertaken as part of economic development planning and consider factors such as potential population growth and changes in demographics. Once complete, update the Asset Management Plan with the results.	
3.4.6	Identify the requirements to ensure finance data and information is matched to asset management data (i.e. the same/ integrated classification, storage and reporting systems are utilised). Implement changes as needed.	
3.4.7	Compile expenditure information for the past three years, separated by asset class. Utilise this information for modelling purposes when updating the next version of the Asset Management Plan.	
3.4.8	Update the Long-Term Financial Plan and ensure there is a mechanism in place to continuously link Asset Management to the Long-Term Financial Plan update cycle.	



*Kojonup airstrip in-ground electrical upgrade and new wind sock, has now been completed. The upgrade has increased the reliability of pilots activating runway lighting, on approach at night and in poor weather conditions. The runway primary cable is now in conduit and pits resulting in maintenance and repairs being more efficient which also translates into lower operating costs, well into the future. The L.E.D light positions are now to CASA standards so pilots will now see familiar light pattern on approach as also experienced at other CASA standard runways.*





*The aim of the project was to ensure low maintenance costs and improved longevity, which has now been achieved.*

## Key Pillar 4 - Prosperity






*Kojonup invests in its own prosperity and drives economic growth.*

*During the stakeholder engagement phase of 2017 our community members raised issues regarding ways to reach new and diverse markets, having a thriving new industry over the next ten years, stimulating employment, successful and unique food and beverage, plus retail ventures, and targeted population growth.*




### 4.1 – Be providing business assistance for growth in small local industry.








Ref	Corporate Actions	Status
4.1.1	Amend Town Planning Scheme to encourage economic development and private investment.	
4.1.2	Establish partnerships with Small Business Centre Albany and Chamber of Commerce and Industry to support local business.	
4.1.3	Advocate regionally, state-wide and federally for issues such as traffic control and water quality.	
4.1.4	Draft a local economic development policy focused to create employment opportunities that attract and retain population in Kojonup (E2.1.2)	

### 4.2 – Have added value to the agricultural sectors to attract new people to the region.




Ref	Corporate Actions	Status
4.2.1	Encourage community engagement through the establishment of a local Chamber of Commerce and Industry, particularly advancing Kojonup's future and smart agricultural capabilities.	
4.2.2	Enable and advocate for new industry to set up in and around Kojonup.	
4.2.3	Identify and adopt alternate Heavy Haulage Route into the Kojonup planning schemes.	
4.2.4	Expand the industrial estate as required (E2.1.6)	
4.2.5	Establish a Sale Yards Working Group and implement LGIS report	

### 4.3 – Be attracting support industries and diverse and new business sectors to the region.

Ref	Corporate Actions	Status
4.3.1	Whilst growing business, advocate and manage for expected water efficiency, energy efficiency and waste management to support regional and state-wide environmental standards.	
4.3.2	Establish a noteworthy Kojonup Business Hub for the provision of shared facilities and services.	
4.3.3	Enhance the Agricultural Farm and Education Precinct component to Kojonup District High School, including programs to attract university education or further study in Kojonup.	

4.3.4	Drive population growth through the support of local industry, development of new industry and promotion of Kojonup's point of difference.	
4.3.5	Develop a transient and seasonal worker, and an all-age educational strategy.	
4.3.6	Promote positive environmental and waste management and reduction messages in the community (S3.3.1)	
4.3.7	Develop and adopt an Economic Development Strategy	
4.3.8	Develop and adopt an Economic Development Plan	
4.3.9	Develop and adopt a Waste Management Plan	
4.3.10	Construction of Liquid Waste Ponds	

#### 4.4 – Have collaborated to enhance and attract diverse retail to ensure a successful and renewed Main Street.

Ref	Corporate Actions	Status
4.4.1	Support Main Street urban renewal through in-kind support and policy development.	
4.4.2	Further develop Council policies and business incentives to enhance a 'shop local' philosophy.	
4.4.3	Implement free WIFI on the main street (E1.1.3)	








## Key Pillar 5 – Digital



*Kojonup is ambitious with technology, data and analytics.*

During the stakeholder engagement phase of 2017 our community members raised issues regarding ongoing transparent data to and from the Shire, realised they didn't know enough about Kojonup in real-time, wished for a more digitally connected community, discussed how technology could make the Shire safer, requested greater access to broadband services, and realised the tech farming skills were a point of difference within the region


### 5.1 – Be fuelling our analytical knowledge to support business growth, operational excellence and farming productivity.

Ref	Corporate Actions	Status
5.1.1	Undertake bi-annual economic and productivity audit of the Shire to enable ongoing knowledgeable planning.	
5.1.2	Improve technology to enable 24 hour two-way digital communication strategy with, within, and outside of the Shire.	
5.1.3	Move to a fully Electronic Record Keeping System by 2019	
5.1.4	Development of Key Performance Indicators for Records Management	
5.1.5	Develop and adopt an Information & Communications Technology Plan.	

### 5.2 – Be the State's tech-farming epicentre and have an Agricultural Technology Centre for Excellence.









Ref	Corporate Actions	Status
5.2.1	Create partnerships with key stakeholders and business partners to develop Kojonup's Agricultural Technology Centre for Excellence.	
5.2.2	Provide co-location of Kojonup's agricultural community-based organisations with similar objectives into one public technology facility: the Kojonup Business Hub.	

### 5.3 – Be focussing on agricultural research and have maximised the educational potential of such knowledge.

Ref	Corporate Actions	Status
5.3.1	Engage with state-wide, international or private education institutions to establish an Agricultural Education Precinct in Kojonup.	

### 5.4 – Have used technology to become a smart, safe, collaborative and informed region.

Ref	Corporate Actions
-----	-------------------

5.4.1	Enable and advocate for public access to NBN for all residents.	
5.4.2	Set up Kojonup so industry can increase productivity, better connect to the global market place or work remotely, through enhanced technology provisions.	
5.4.3	Attract new residents who can run businesses remotely, whilst living in Kojonup.	
5.4.4	Use continually collected data and analysis to better plan for population, accommodation, education, health and aged care services.	
5.4.5	Provide surrounding regions with data to support their growth and to build alliances.	
5.4.6	Technology provisions to ensure all residents have instant access to innovative health provisions.	
5.4.7	Partner with Kojonup District High School to promote the advantages of local education	
5.4.8	Advocate for the retention of years 11 and 12 at Kojonup District High School	

# Statutory Statements

## National Competition Policy

Local Governments are required to report their progress in implementing National Competition Policy in their annual report. There are a number of specific requirements placed on local government in the areas of competitive neutrality, legislation review and structural reform.

## Competitive Neutrality

The principle of competitive neutrality is that government businesses should not enjoy a competitive advantage or disadvantage, simply as a result of their public sector ownership.

Competitive Neutrality should apply to all significant business activities which generate a user-pays income of over \$200,000 per annum unless it can be shown it is in the public interest.

A public benefit test is used to determine if competitive neutrality is in the public interest. This involves assessing the benefits of implementing competitive neutrality against the costs. If the benefits exceed the costs, competitive neutrality should be implemented.

## Structural Review of Public Monopolies

- There were no instances where structural reform principles were applied during the reporting period; and
- There were no instances where the structural reform were considered but not applied in the reporting period

## Legislative Review

All Local Governments are required to assess which of their local laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome. The annual report is to include a statement of which local laws have been reviewed, the conclusions of those reviews and a forward strategy for all local laws still to be reviewed.

Council reviewed its local laws in 2019/20 creating a new local law for dogs and replacing its existing local laws with the equivalent Western Australian Local Government Association (WALGA) model local laws in order to ensure the meeting of current legislative requirements (making, in some cases, minor modifications relevant to the Shire of Kojonup), as follows:

- Activities in Thoroughfares and Public Places and Trading Local Law 2020
- Fencing Local Law 2020
- Local Government (Council Meetings) Local Law 2020
- Local Government Property Local Law 2020
- Cemeteries Local Law 2020
- Dogs Local Law 2020

With the exception of the Local Government (Council Meetings) Local Law 2020, the replacement local laws do not differ substantially from previous versions. The above local laws were gazetted on 22 May 2020 following the legislated process for reviewing local laws and came into effect 5 June 2020. Local Laws are required by legislation to be reviewed every eight years.

## Disability Report

(Section 29(2) of the *Disability Services Act 1993*)

A review of Council's Disability Access and Inclusion Plan (DAIP) was undertaken during the year 2016/2017 and has been endorsed by the Disability Services Commission. The review was undertaken in conjunction with community representatives as well as liaison with Disability Services Commission staff.

Council allocates funds annually for ongoing improvement to buildings in respect to access and amenity which is part of our ongoing preventive building maintenance work carried out to Council buildings and facilities. One notable new facility for people with a disability is the unisex accessible toilet constructed at the swimming pool. Access to this facility is directly off the paved walkway near the kiosk and replaces the previously proposed standalone transportable structure that was planned to be located on the grassed area of the pool grounds. There are plans to re-design and improve access to Black Cockatoo Café at The Kodja Place in the 2017/18 financial year.

### **State Records Act 2000**

(Principle 6 – Compliance (item 5) of the *State Records Act 2000*)

State Records Commission Standard 2 (Recordkeeping Plan), Principle 6 (Compliance) states that the government organisations, including local government, should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities under their Recordkeeping Plan.

The Shire is required to report progress with complying with this Principle in its Annual Report. The Shire of Kojonup Recordkeeping Plan was reviewed and forwarded to the Commission in August 2015 and its Amended Recordkeeping plan was approved by the State Records Commission on 26<sup>th</sup> November 2015. The next review will be conducted in 2020.

Records' training commenced in 2018/19 and is ongoing as needed.

Please also refer to Key Pillar 5 – Digital section of this Annual Report for further information on Records Management at the Shire of Kojonup.

### **Freedom of Information**

(Section 96 & 97 of the *Freedom of Information Act 1992*)

Council's Freedom of Information (FOI) Statement was reviewed and adopted by the Council on 18 August 2015 and a copy can be obtained from the Shire Administration Office, 93 Albany Highway, Kojonup, or from our website at: <https://www.kojonup.wa.gov.au/>

During the 2019/20 year, the Shire of Kojonup received no FOI applications

### **Complaints Report**

(Section 5.121 of the *Local Government Act 1995*)

This annual report is required to contain details of entries made in the register of complaints, including:

- The number of complaints recorded in the register of complaints; and
- How the recorded complaints were dealt with.

There were 0 complaints made in accordance with this legislation in the 2019/2020 financial year.

### **Public Interest Disclosure Act 2003**

In accordance with this legislation, procedures have been implemented to facilitate reporting and action of public interest disclosures. During the 2019/2020 period, no public interest disclosures were lodged.



# Annual Financial Statements 2019/2020

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

**TABLE OF CONTENTS**

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Index of Notes to the Financial Report	9
Independent Auditor's Report	54

## **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 30 JUNE 2020**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

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

Signed on the eighteenth day of August 2021

A handwritten signature in black ink, appearing to read 'Grant Thompson', written over a horizontal line.

Grant Thompson  
Chief Executive Officer

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Rates	21(a)	3,973,188	3,976,282	3,860,778
Operating grants, subsidies and contributions	2(a)	3,068,726	2,150,337	3,023,795
Fees and charges	2(a)	1,220,691	1,248,153	1,198,952
Interest earnings	2(a)	98,753	125,011	109,950
Other revenue	2(a)	300,609	378,667	269,956
		<b>8,661,967</b>	<b>7,878,450</b>	<b>8,463,431</b>
<b>Expenses</b>				
Employee costs		(4,554,168)	(4,215,412)	(4,378,871)
Materials and contracts		(2,037,281)	(1,063,064)	(1,868,756)
Utility charges		(387,866)	(281,305)	(345,232)
Depreciation on non-current assets	10(b)	(3,341,600)	(3,015,190)	(3,046,085)
Interest expenses	2(b)	(26,045)	(17,472)	(23,394)
Insurance expenses		(308,437)	(312,786)	(325,184)
Other expenditure		(533,775)	(1,321,569)	32,399
		<b>(11,189,172)</b>	<b>(10,226,798)</b>	<b>(9,955,123)</b>
		<b>(2,527,205)</b>	<b>(2,348,348)</b>	<b>(1,491,692)</b>
Non-operating grants, subsidies and contributions	2(a)	2,946,755	4,213,572	1,461,922
Profit on asset disposals	10(a)	20,146	78,680	70,051
(Loss) on asset disposals	10(a)	(130,320)	(112,500)	(270,764)
Fair value adjustments to financial assets at fair value through profit or loss		11,687	0	0
(Loss) on revaluation of Tools	8(a)	0	0	(9,782)
		<b>2,848,268</b>	<b>4,179,752</b>	<b>1,251,427</b>
<b>Net result for the period</b>		<b>321,063</b>	<b>1,831,404</b>	<b>(240,265)</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	0	0	574,991
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>574,991</b>
<b>Total comprehensive income for the period</b>		<b>321,063</b>	<b>1,831,404</b>	<b>334,726</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 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		59,555	55,200	41,688
General purpose funding		5,653,473	4,902,403	5,550,023
Law, order, public safety		56,336	48,950	57,797
Health		21,631	25,145	19,047
Education and welfare		16,608	18,020	35,510
Housing		2,017,542	2,128,000	2,068,832
Community amenities		346,779	287,805	286,968
Recreation and culture		83,112	82,310	84,825
Transport		10,941	10,000	8,372
Economic services		182,926	198,517	201,418
Other property and services		213,064	122,100	108,951
		<b>8,661,967</b>	<b>7,878,450</b>	<b>8,463,431</b>
<b>Expenses</b>				
	2(b)			
Governance		(712,200)	(574,390)	(617,884)
General purpose funding		(70,867)	(134,801)	(76,320)
Law, order, public safety		(250,058)	(255,873)	(265,094)
Health		(835,325)	(819,413)	(103,501)
Education and welfare		(56,275)	(38,400)	(46,523)
Housing		(2,413,143)	(2,232,768)	(2,286,844)
Community amenities		(611,781)	(689,095)	(578,826)
Recreation and culture		(1,463,131)	(1,197,796)	(1,191,176)
Transport		(3,500,733)	(3,382,990)	(3,520,425)
Economic services		(915,401)	(938,977)	(1,031,575)
Other property and services		(334,213)	55,177	(213,561)
		<b>(11,163,127)</b>	<b>(10,209,326)</b>	<b>(9,931,729)</b>
<b>Finance Costs</b>				
	2(b)			
Health		(1,016)	0	0
Housing		(16,967)	(2,735)	(2,690)
Recreation and culture		(8,055)	(14,737)	(20,704)
Transport		(7)	0	0
		<b>(26,045)</b>	<b>(17,472)</b>	<b>(23,394)</b>
		<b>(2,527,205)</b>	<b>(2,348,348)</b>	<b>(1,491,692)</b>
Non-operating grants, subsidies and contributions	2(a)	2,946,755	4,213,572	1,461,922
Profit on disposal of assets	10(a)	20,146	78,680	70,051
(Loss) on disposal of assets	10(a)	(130,320)	(112,500)	(270,764)
Fair value adjustments to financial assets at fair value through profit or loss		11,687	0	0
(Loss) on revaluation of Tools	8(a)	0	0	(9,782)
		<b>2,848,268</b>	<b>4,179,752</b>	<b>1,251,427</b>
<b>Net result for the period</b>		<b>321,063</b>	<b>1,831,404</b>	<b>(240,265)</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	0	0	574,991
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>574,991</b>
<b>Total comprehensive income for the period</b>		<b>321,063</b>	<b>1,831,404</b>	<b>334,726</b>

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



**SHIRE OF KOJONUP**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	NOTE	2020	2019
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	4,272,596	4,854,678
Trade and other receivables	6	1,570,034	2,503,530
Inventories	7	207,761	174,666
<b>TOTAL CURRENT ASSETS</b>		<b>6,050,391</b>	<b>7,532,874</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	6	70,530	60,012
Other financial assets	5(b)	89,026	77,340
Inventories	7	78,000	78,000
Property, plant and equipment	8	35,131,172	31,041,718
Infrastructure	9	131,421,353	131,531,490
<b>TOTAL NON-CURRENT ASSETS</b>		<b>166,790,081</b>	<b>162,788,560</b>
<b>TOTAL ASSETS</b>		<b>172,840,472</b>	<b>170,321,434</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	3,399,714	4,492,975
Contract liabilities	13	858,555	0
Borrowings	14(a)	224,096	32,737
Employee related provisions	15	641,847	672,101
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,124,212</b>	<b>5,197,813</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14(a)	2,663,057	421,179
Employee related provisions	15	164,046	125,348
Long Term Liabilities	12	640	640
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,827,743</b>	<b>547,167</b>
<b>TOTAL LIABILITIES</b>		<b>7,951,955</b>	<b>5,744,980</b>
<b>NET ASSETS</b>		<b>164,888,517</b>	<b>164,576,454</b>
<b>EQUITY</b>			
Retained surplus		67,567,279	66,990,331
Reserves - cash backed	4	3,489,904	3,745,789
Revaluation surplus	11	93,831,334	93,840,334
<b>TOTAL EQUITY</b>		<b>164,888,517</b>	<b>164,576,454</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 30 JUNE 2020**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2018</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 reserves	4	518,705	(518,705)	0	0
Transfers to reserves	4	(763,963)	763,963	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>
Change in accounting policy	26(b)	0	0	(9,000)	(9,000)
<b>Restated total equity at 1 July 2019</b>		<b>66,990,331</b>	<b>3,745,789</b>	<b>93,831,334</b>	<b>164,567,454</b>
Comprehensive income					
Net result for the period		321,063	0	0	321,063
Total comprehensive income		321,063	0	0	321,063
Transfers from reserves	4	1,404,877	(1,404,877)	0	0
Transfers to reserves	4	(1,148,992)	1,148,992	0	0
<b>Balance as at 30 June 2020</b>		<b>67,567,279</b>	<b>3,489,904</b>	<b>93,831,334</b>	<b>164,888,517</b>

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		3,903,190	3,972,774	3,859,287
Operating grants, subsidies and contributions		3,263,493	2,150,337	1,167,183
Fees and charges		1,220,691	1,248,153	1,198,952
Interest received		98,753	125,011	109,950
Goods and services tax received		264	2,000	8,827
Other revenue		300,609	378,668	269,956
		<b>8,787,000</b>	<b>7,876,943</b>	<b>6,614,155</b>
<b>Payments</b>				
Employee costs		(4,516,729)	(4,215,412)	(4,440,830)
Materials and contracts		(1,334,178)	(1,606,943)	(1,852,936)
Utility charges		(387,866)	(281,305)	(345,232)
Interest expenses		(17,472)	(17,472)	(16,881)
Insurance paid		(308,437)	(312,786)	(325,184)
Goods and services tax paid		(816)	(1,950)	816
Other expenditure		(86,100)	(1,321,569)	65,714
		<b>(6,651,598)</b>	<b>(7,757,437)</b>	<b>(6,914,533)</b>
<b>Net cash provided by (used in) operating activities</b>	16	<b>2,135,402</b>	<b>119,506</b>	<b>(300,378)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for development of land held for resale		(21,141)	(240,000)	(2,190)
Payments for purchase of property, plant & equipment	8(a)	(5,700,729)	(6,916,869)	(715,755)
Payments for construction of infrastructure	9(a)	(2,080,835)	(2,162,000)	(2,054,052)
Non-operating grants, subsidies and contributions	2(a)	2,310,510	4,213,572	3,809,415
Proceeds from financial assets at amortised cost - self supporting loans		0	0	7,840
Proceeds from financial assets at fair values through profit and loss		1	0	0
Proceeds from sale of property, plant & equipment	10(a)	341,473	330,080	207,093
Proceeds from sale of infrastructure		0	0	10,000
<b>Net cash provided by (used in) investment activities</b>		<b>(5,150,721)</b>	<b>(4,775,217)</b>	<b>1,262,351</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	14(b)	(32,911)	(32,911)	(30,645)
Proceeds from new borrowings	14(b)	2,466,148	2,634,148	100,000
<b>Net cash provided by (used in) financing activities</b>		<b>2,433,237</b>	<b>2,601,237</b>	<b>69,355</b>
<b>Net increase (decrease) in cash held</b>		<b>(582,082)</b>	<b>(2,054,474)</b>	<b>1,031,328</b>
Cash at beginning of year		4,854,678	4,854,680	3,823,350
<b>Cash and cash equivalents at the end of the year</b>	16	<b>4,272,596</b>	<b>2,800,206</b>	<b>4,854,678</b>

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	22 (b)	769,045	406,697	491,402
		769,045	406,697	491,402
<b>Revenue from operating activities (excluding rates)</b>				
Governance		62,428	69,300	41,688
General purpose funding		1,681,771	926,121	1,690,698
Law, order, public safety		56,336	48,950	57,797
Health		21,631	25,145	19,047
Education and welfare		16,608	18,020	35,510
Housing		2,017,542	2,130,000	2,068,832
Community amenities		346,779	287,805	286,968
Recreation and culture		83,112	82,310	84,825
Transport		10,941	10,000	8,372
Economic services		200,199	206,017	201,418
Other property and services		224,751	177,180	179,002
		4,722,098	3,980,848	4,674,157
<b>Expenditure from operating activities</b>				
Governance		(723,382)	(574,390)	(682,483)
General purpose funding		(70,867)	(134,801)	(76,320)
Law, order, public safety		(261,967)	(255,873)	(275,791)
Health		(836,341)	(819,413)	(103,501)
Education and welfare		(56,275)	(38,400)	(46,523)
Housing		(2,444,474)	(2,235,503)	(2,349,033)
Community amenities		(611,781)	(689,095)	(578,826)
Recreation and culture		(1,471,186)	(1,212,533)	(1,263,160)
Transport		(3,500,740)	(3,382,990)	(3,579,788)
Economic services		(915,401)	(938,977)	(1,056,901)
Other property and services		(427,078)	(57,323)	(223,343)
		(11,319,492)	(10,339,298)	(10,235,669)
Non-cash amounts excluded from operating activities	22(a)	3,895,495	3,051,010	3,240,875
<b>Amount attributable to operating activities</b>		(1,932,854)	(2,900,743)	(1,829,235)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	2,946,755	4,213,572	1,461,922
Proceeds from disposal of assets	10(a)	341,473	330,080	217,093
Proceeds from financial assets at amortised cost - self supporting loans		0	0	7,840
Purchase of land held for resale	7	(21,141)	(240,000)	(2,190)
Purchase of property, plant and equipment	8(a)	(5,700,729)	(6,916,869)	(715,755)
Purchase and construction of infrastructure	9(a)	(2,080,835)	(2,162,000)	(2,054,052)
<b>Amount attributable to investing activities</b>		(4,514,477)	(4,775,217)	(1,085,142)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	14(b)	(32,911)	(32,911)	(30,645)
Proceeds from borrowings	14(c)	2,466,148	2,634,148	100,000
Transfers to reserves (restricted assets)	4	(1,148,992)	(296,835)	(763,963)
Transfers from reserves (restricted assets)	4	1,404,877	1,396,063	518,705
<b>Amount attributable to financing activities</b>		2,689,122	3,700,465	(175,903)
<b>Surplus/(deficit) before imposition of general rates</b>		(3,758,209)	(3,975,495)	(3,090,280)
<b>Total amount raised from general rates</b>	21(a)	3,971,702	3,976,282	3,859,325
<b>Surplus/(deficit) after imposition of general rates</b>	22(b)	<b>213,493</b>	<b>787</b>	<b>769,045</b>

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



**SHIRE OF KOJONUP**  
**INDEX OF NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

Note 1	Basis of Preparation	10
Note 2	Revenue and Expenses	11
Note 3	Cash and Cash Equivalents	15
Note 4	Reserves - Cash backed	16
Note 5	Other Financial Assets	18
Note 6	Trade and Other Receivables	19
Note 7	Inventories	20
Note 8	Property, Plant and Equipment	21
Note 9	Infrastructure	23
Note 10	Fixed Assets	25
Note 11	Revaluation Surplus	28
Note 12	Trade and Other Payables	29
Note 13	Contract Liabilities	30
Note 14	Information on Borrowings	31
Note 15	Employee Provisions	33
Note 16	Notes to the Statement of Cash Flows	34
Note 17	Total Assets Classified by Function and Activity	35
Note 18	Commitments	36
Note 19	Related Party Transactions	37
Note 20	Joint Arrangements	39
Note 21	Rating Information	40
Note 22	Rate Setting Statement Information	43
Note 23	Financial Risk Management	44
Note 24	Events occurring after the end of the Reporting Period	47
Note 25	Initial Application of Australian Accounting Standards	48
Note 26	Change in Accounting Policies	50
Note 27	Other Significant Accounting Policies	51
Note 28	Activites/Programs	52
Note 29	Financial Ratios	53

## 1. BASIS OF PREPARATION

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

### AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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

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

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

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

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

### NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

### CRITICAL ACCOUNTING ESTIMATES

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

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

### THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

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

**2. REVENUE AND EXPENSES**

**REVENUE RECOGNITION POLICY**

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees and charges	Building, cemetery services, library fees, property hire, private works, planning, development, animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Adopted by Council annually or Set by State legislation or limited by legislation to the cost of provision	Applied fully based on timing of provision/entry, or based on timing of issue of the associated rights	Not applicable	Output method based on provision of service or completion of works, or on payment and issue of the licence, registration or approval
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims and reimbursable expenses	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed or expense is incurred	Not applicable	When claim is agreed or when expense is incurred

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

**2. REVENUE AND EXPENSES**

**(a) Grant revenue**

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
<b>Operating grants, subsidies and contributions</b>			
Governance	20,000	14,000	115
General purpose funding	1,569,661	727,337	1,529,839
Law, order, public safety	50,888	43,000	53,465
Health	(309)	0	0
Education and welfare	15,000	15,000	16,320
Housing	1,284,716	1,350,000	1,338,554
Community amenities	52,270	1,000	8,410
Recreation and culture	47,319	0	35,388
Economic services	1,608	0	1,513
Other property and services	27,573	0	40,191
	3,068,726	2,150,337	3,023,795
<b>Non-operating grants, subsidies and contributions</b>			
Housing	1,669,027	3,014,595	359,243
Transport	1,277,728	1,198,977	1,086,679
Economic services	0	0	16,000
	2,946,755	4,213,572	1,461,922
	6,015,481	6,363,909	4,485,717
<b>Total grants, subsidies and contributions</b>			
<b>Fees and charges</b>			
Governance	809	1,100	1,141
General purpose funding	7,193	7,700	7,425
Law, order, public safety	4,789	4,750	4,332
Health	12,643	14,778	14,679
Education and welfare	1,608	3,020	2,727
Housing	683,209	724,000	725,090
Community amenities	292,427	281,605	269,909
Recreation and culture	34,638	45,200	44,403
Transport	(8)	0	0
Economic services	128,250	130,500	118,021
Other property and services	55,133	35,500	11,225
	1,220,691	1,248,153	1,198,952

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, subsidies and contributions**

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

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

**Fees and Charges**

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



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

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

**(a) Revenue (Continued)**

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

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions	3,068,726	2,150,337	3,023,795
Fees and charges	1,159,404	1,203,575	1,154,286
Other revenue	84,576	105,867	120,134
Non-operating grants, subsidies and contributions	2,946,755	4,213,572	1,461,922
	<u>7,259,461</u>	<u>7,673,351</u>	<u>5,760,137</u>

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

Contracts with customers included as a contract liability at the start of the period	2,347,493	0	0
Other revenue from contracts with customers recognised during the year	4,312,706	3,459,779	4,298,215
Other revenue from performance obligations satisfied during the year	599,262	4,213,572	1,461,922
	<u>7,259,461</u>	<u>7,673,351</u>	<u>5,760,137</u>

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

Trade and other receivables from contracts with customers	287,249	0	0
Contract assets	790,100	0	0
Contract liabilities from contracts with customers	(858,555)	0	0

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

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

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

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

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

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

**(a) Revenue (Continued)**

**Revenue from statutory requirements**

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
General rates	3,971,702	3,976,282	3,859,325
Statutory permits and licences	60,687	43,878	44,516
Fines	600	700	150
	<u>4,032,989</u>	<u>4,020,860</u>	<u>3,903,991</u>
<b>Other revenue</b>			
Reimbursements and recoveries	101,260	26,500	23,095
Other	199,349	352,168	246,861
	<u>300,609</u>	<u>378,668</u>	<u>269,956</u>
<b>Interest earnings</b>			
Interest on reserve funds	31,711	70,011	63,051
Rates instalment and penalty interest (refer Note 21(b))	43,467	40,000	37,894
Other interest earnings	23,575	15,000	9,005
	<u>98,753</u>	<u>125,011</u>	<u>109,950</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

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

**Interest earnings (continued)**

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

**(b) Expenses**

**Auditors remuneration**

- Audit of the Annual Financial Report
- Other services

**Interest expenses (finance costs)**

Borrowings

**Other expenditure**

Sundry expenses

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
	<u>30,000</u>	<u>30,000</u>	<u>17,735</u>
	9,240	0	0
	<u>39,240</u>	<u>30,000</u>	<u>17,735</u>
14(b)	26,045	17,472	23,394
	<u>26,045</u>	<u>17,472</u>	<u>23,394</u>
	533,775	1,321,569	(32,399)
	<u>533,775</u>	<u>1,321,569</u>	<u>(32,399)</u>

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

**3. CASH AND CASH EQUIVALENTS**

<b>NOTE</b>	<b>2020</b>	<b>2019</b>
	\$	\$
Cash at bank and on hand	4,272,596	4,854,678
<b>Total cash and cash equivalents</b>	<b>4,272,596</b>	<b>4,854,678</b>
<b>Restrictions</b>		
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:		
- Cash and cash equivalents	4,348,459	4,092,774
	<b>4,348,459</b>	<b>4,092,774</b>

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

Reserves - cash backed	4	3,489,904	3,745,789
Contract liabilities from contracts with customers	13	858,555	0
Unspent grants, subsidies and contributions		0	346,985
<b>Total restricted assets</b>		<b>4,348,459</b>	<b>4,092,774</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

**Restricted assets**

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

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

**4. RESERVES - CASH BACKED**

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Reserves cash backed - Leave	183,200	21,818	0	205,018	183,200	23,664	0	206,864	140,063	43,137	0	183,200
(b) Reserves cash backed - Plant	480,346	144,981	(250,000)	375,327	480,346	9,607	(259,520)	230,433	196,489	283,857	0	480,346
(c) Reserves cash backed - Gravel Pits	31,971	317	0	32,288	31,971	639	0	32,610	31,418	553	0	31,971
(d) Reserves cash backed - Economic Development	87,386	867	0	88,253	87,386	1,748	(20,000)	69,134	45,907	41,479	0	87,386
(e) Reserves cash backed - Building Upgrade and Renewal	55,212	286	(44,000)	11,498	55,212	1,104	(55,000)	1,316	124,034	2,178	(71,000)	55,212
(f) Reserves cash backed - Historical Buildings	12,379	122	(5,000)	7,501	12,379	248	(5,000)	7,627	41,648	731	(30,000)	12,379
(g) Reserves cash backed - Springhaven Lodge	1,625,533	600,000	(147,145)	2,078,388	1,625,533	0	0	1,625,533	1,580,533	85,000	(40,000)	1,625,533
(h) Reserves cash backed - Low Income Housing	27,070	24,338	(10,000)	41,408	27,071	17,541	(10,000)	34,612	25,314	20,799	(19,043)	27,070
(i) Reserves cash backed - Sporting Facility	19,775	40,137	(10,000)	49,912	19,776	40,396	(10,000)	50,172	189,366	30,409	(200,000)	19,775
(j) Reserves cash backed - Springhaven Buildings Upgrade and Renewal	63,057	19,430	(67,000)	15,487	63,057	33,772	(92,407)	4,422	54,121	28,134	(19,198)	63,057
(k) Reserves cash backed - Bushfire Communications	110,472	1,096	0	111,568	110,473	2,209	(100,000)	12,682	110,723	1,949	(2,200)	110,472
(l) Reserves cash backed - Landfill Waste Management	36,788	24,751	(11,000)	50,539	36,788	25,121	(16,000)	45,909	12,311	24,477	0	36,788
(m) Reserves cash backed - Kodja Place Tourist Precinct	942	9	0	951	941	19	0	960	926	16	0	942
(n) Reserves cash backed - G&P Church Medical Centre Donations	555,833	0	(555,833)	0	555,833	0	(555,833)	0	546,247	9,586	0	555,833
(o) Reserves cash backed - Energy Efficiency	39,912	396	0	40,308	39,911	798	0	40,709	40,698	714	(1,500)	39,912
(p) Reserves cash backed - Land Acquisition and Development	46,627	463	(19,899)	27,191	46,627	933	(40,000)	7,560	35,828	10,799	0	46,627
(q) Reserves cash backed - Community Grants	6,634	3,083	0	9,717	6,634	133	0	6,767	6,519	115	0	6,634
(r) Reserves cash backed - Independent Living Units	146,854	226,223	(240,000)	133,077	146,855	98,438	(146,010)	99,283	66,755	99,756	(19,657)	146,854
(s) Reserves cash backed - Youth	11,115	110	0	11,225	11,115	222	0	11,337	10,923	192	0	11,115
(t) Reserves cash backed - Natural Resource Management	98,226	15,353	(20,000)	93,579	98,226	1,965	(61,293)	38,898	167,506	2,943	(72,223)	98,226
(u) Reserves cash backed - G&P Church Medical Centre (Shire Funds)	0	4,600	0	4,600	0	0	0	0	18,876	8	(18,884)	0
(v) Reserves cash backed - Day Care Building Maintenance	7,700	1,685	0	9,385	7,701	2,804	0	10,505	5,244	2,456	0	7,700
(w) Reserves cash backed - Swimming Pool	5,360	54	0	5,414	5,360	107	0	5,467	11,808	18,552	(25,000)	5,360
(x) Reserves cash backed - Springhaven Equipment	16,316	162	(10,000)	6,478	16,315	326	(10,000)	6,641	16,034	282	0	16,316
(y) Reserves cash backed - Saleyards	46,547	13,808	(15,000)	45,355	46,547	34,431	(15,000)	65,978	21,240	25,307	0	46,547
(z) Reserves cash backed - RSL Hall Renewal	10,170	101	0	10,271	10,170	203	0	10,373	0	10,170	0	10,170
(aa) Reserves cash backed - Benn Parade Multi-Facility	10,167	101	0	10,268	10,167	203	0	10,370	0	10,167	0	10,167
(ab) Reserves cash backed - Townscape	10,197	101	0	10,298	10,197	204	0	10,401	0	10,197	0	10,197
(ac) Reserves cash backed - Kodja Place Building Upgrade & Renewal	0	4,600	0	4,600	0	0	0	0	0	0	0	0
	3,745,789	1,148,992	(1,404,877)	3,489,904	3,745,791	296,835	(1,396,063)	2,646,563	3,500,531	763,963	(518,705)	3,745,789

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.



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

**4. RESERVES - CASH BACKED (continued)**

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

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
(a) Reserves cash backed - Leave	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	Ongoing	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 Renewal	Ongoing	To be used for major maintenance and capital renewal of Springhaven facility buildings.
(k) Reserves cash backed - Bushfire Communications	Ongoing	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	Ongoing	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	Ongoing	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	Ongoing	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	Ongoing	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 - RSL Hall Renewal	Ongoing	To be used for major refurbishment and/or re-purposing of the Kojonup RSL Hall.
(aa) Reserves cash backed - Benn Parade Multi-Facility	Ongoing	To be used to fund the co-locatyon of Historial Society, Men's Shed and Kojonup Tourist Railway facilities to the Benn Parade Railway precinct.
(ab) Reserves cash backed - Townscape	Ongoing	To be used for major townscape improvements to the Kojonup Town Centre.
(ac) Reserves cash backed - Kodja Place Building Upgrade & Renewal	Ongoing	To be used for building upgrades and renewals to Kodja Place.

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

**5. OTHER FINANCIAL ASSETS**

**(b) Non-current assets**

Financial assets at fair value through profit and loss

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

Units in Local Government House Trust

	2020	2019
	\$	\$
	89,026	77,340
	89,026	77,340
	89,026	77,340
	89,026	77,340

**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.

## 6. TRADE AND OTHER RECEIVABLES

### Current

Rates receivable	380,812
Trade and other receivables	287,249
GST receivable	113,015
Allowance for impairment of receivables	(1,142)
Contract Assets	790,100

### Non-current

Pensioner's rates and ESL deferred	70,530
------------------------------------	--------

	2020	2019
	\$	\$
	380,812	266,584
	287,249	2,237,824
	113,015	264
	(1,142)	(1,142)
	790,100	0
	<b>1,570,034</b>	<b>2,503,530</b>
	70,530	60,012
	<b>70,530</b>	<b>60,012</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.

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Classification and subsequent measurement

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

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

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

## 7. INVENTORIES

### Current

Fuel and materials  
 Land held for resale - cost  
     Cost of acquisition  
     Development costs

### Non-current

Land held for resale - cost  
     Cost of acquisition

The following movements in inventories occurred during the year:

### Carrying amount at beginning of period

Inventories expensed during the year  
 Sale of inventories  
 Additions to inventory

### Carrying amount at end of period

	2020	2019
	\$	\$
	23,962	12,006
	162,660	160,470
	21,139	2,190
	<u>207,761</u>	<u>174,666</u>
	78,000	78,000
	<u>78,000</u>	<u>78,000</u>
	252,666	271,741
	(177,030)	7,735
	0	(29,000)
	210,125	2,190
	<u>285,761</u>	<u>252,666</u>

## SIGNIFICANT ACCOUNTING POLICIES

### General

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

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

### 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.

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

**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 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	0	0	0	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
Change in accounting policy	0	(9,000)	(9,000)	0	0	0	(9,000)	0	0	0	(9,000)
<b>Adjusted carrying amount at 1 July 2019</b>	2,175,526	0	2,175,526	8,358,782	16,338,716	24,697,498	26,873,024	133,167	4,021,127	5,400	31,032,718
Additions	0	0	0	3,964,992	615,504	4,580,496	4,580,496	120,783	999,450	0	5,700,729
(Disposals)	0	0	0	0	0	0	0	0	(451,647)	0	(451,647)
Depreciation (expense)	0	0	0	(178,989)	(453,400)	(632,389)	(632,389)	(15,265)	(501,531)	(1,443)	(1,150,628)
<b>Carrying amount at 30 June 2020</b>	2,175,526	0	2,175,526	12,144,785	16,500,820	28,645,605	30,821,131	238,685	4,067,399	3,957	35,131,172
<b>Comprises:</b>											
Gross carrying amount at 30 June 2020	2,175,526	0	2,175,526	12,506,728	17,709,710	30,216,438	32,391,964	253,950	4,646,390	12,541	37,304,845
Accumulated depreciation at 30 June 2020	0	0	0	(361,943)	(1,208,890)	(1,570,833)	(1,570,833)	(15,265)	(578,991)	(8,584)	(2,173,673)
<b>Carrying amount at 30 June 2020</b>	2,175,526	0	2,175,526	12,144,785	16,500,820	28,645,605	30,821,131	238,685	4,067,399	3,957	35,131,172



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

**8. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<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
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	Observable open market values of similar assets adjusted for condition and comparability at the highest value and best use.
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 (level 2) and current condition , 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 2019	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.

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

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

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

**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	Other infrastructure kerbing	Other infrastructure drainage	Other infrastructure bridges	Other infrastructure footpaths	Other infrastructure parks	Other infrastructure other	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 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
Additions	1,374,124	59,748	66,279	0	0	0	580,684	2,080,835
Depreciation (expense)	(1,348,217)	(105,150)	(281,669)	(53,619)	(38,754)	(23,253)	(340,310)	(2,190,972)
<b>Carrying amount at 30 June 2020</b>	102,282,019	2,479,501	13,386,036	5,254,729	1,088,742	546,398	6,383,928	131,421,353
<b>Comprises:</b>								
Gross carrying amount at 30 June 2020	104,944,478	2,688,499	14,149,673	5,361,968	1,163,791	586,198	8,013,424	136,908,031
Accumulated depreciation at 30 June 2020	(2,662,459)	(208,998)	(763,637)	(107,239)	(75,049)	(39,800)	(1,629,496)	(5,486,678)
<b>Carrying amount at 30 June 2020</b>	102,282,019	2,479,501	13,386,036	5,254,729	1,088,742	546,398	6,383,928	131,421,353

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

**9. INFRASTRUCTURE (Continued)**

**(b) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>Infrastructure - roads</b>	3	Cost Approach using depreciated replacement cost	Management valuation	June 2018	Construction costs (Level 2) and current condition , residual values and remaining useful life assessments (Level 3) inputs
<b>Other infrastructure kerbing</b>	3	Cost Approach using depreciated replacement cost	Management valuation	June 2018	Construction costs (Level 2) and current condition , residual values and remaining useful life assessments (Level 3) inputs
<b>Other infrastructure drainage</b>	3	Cost Approach using depreciated replacement cost	Management valuation	June 2018	Construction costs (Level 2) and current condition , residual values and remaining useful life assessments (Level 3) inputs
<b>Other infrastructure bridges</b>	3	Cost Approach using depreciated replacement cost	Management valuation	June 2018	Construction costs (Level 2) and current condition , residual values and remaining useful life assessments (Level 3) inputs
<b>Other infrastructure footpaths</b>	3	Cost Approach using depreciated replacement cost	Management valuation	June 2018	Construction costs (Level 2) and current condition , residual values and remaining useful life assessments (Level 3) inputs
<b>Other infrastructure parks</b>	3	Cost Approach using depreciated replacement cost	Independent registered valuers/Management Valuation	June 2018	Construction costs (Level 2) and current condition , residual values and remaining useful life assessments (Level 3) inputs
<b>Other infrastructure other</b>	3	Cost Approach using depreciated replacement cost	Independent registered valuers/Management Valuation	June 2018	Construction costs (Level 2) and 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 to determine the fair value of infrastructure using level 3 inputs.

## 10. FIXED ASSETS

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

#### Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

#### Revaluation

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

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

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

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### Land under control prior to 1 July 2019

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

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

#### Land under roads prior to 1 July 2019

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008.

This accords with the treatment available in *Australian Accounting Standard AASB 1051 Land Under Roads* and the then *Local Government (Financial Management) Regulation 16(a)(i)* which arbitrarily prohibited local governments from recognising such land as an asset. This regulation has now been deleted.

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

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

#### Land under roads from 1 July 2019

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

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

#### Vested improvements from 1 July 2019

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

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

**10. FIXED ASSETS**

**(a) Disposals of Assets**

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Furniture and equipment	0	0	0	0	0	0	0	0	173,964	0	0	(173,964)
Plant and equipment	451,647	341,473	20,145	(130,319)	363,900	330,080	78,680	(112,500)	208,084	207,093	70,051	(71,042)
Tools	0	0	0	0	0	0	0	0	6,758	0	0	(6,758)
Land held for resale	0	0	0	0	0	0	0	0	29,000	10,000	0	(19,000)
	451,647	341,473	20,145	(130,319)	363,900	330,080	78,680	(112,500)	417,806	217,093	70,051	(270,764)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$
<b>Plant and Equipment</b>				
<b>Governance</b>				
Toyota Kluger	33,000	21,818	0	(11,181)
Toyota RAV4 GX5	14,400	17,273	2,872	0
<b>Law, order, public safety</b>				
Toyota RAV4	26,000	14,091	0	(11,909)
<b>Housing</b>				
Toyota RAV4 AWD Petrol	28,000	13,636	0	(14,364)
<b>Economic services</b>				
Toyota RAV4	0	17,273	17,273	0
<b>Other property and services</b>				
Hino Tip Truck	104,445	96,364	0	(8,081)
Cat Skid Steer	50,000	28,000	0	(22,000)
MAZDA BT 50	34,000	26,818	0	(7,182)
Caterpillar 12M Motor Grader	161,802	106,200	0	(55,602)
	451,647	341,473	20,145	(130,319)
	451,647	341,473	20,145	(130,319)



## 10. FIXED ASSETS

### (b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	178,989	92,890	92,650
Buildings - specialised	453,400	380,000	383,540
Furniture and equipment	15,265	36,000	39,398
Plant and equipment	501,531	440,000	434,839
Tools	1,443	3,300	3,475
Infrastructure - roads	1,348,217	1,300,000	1,314,242
Other infrastructure kerbing	105,150	100,000	103,848
Other infrastructure drainage	281,669	275,000	280,588
Other infrastructure bridges	53,619	53,000	53,620
Other infrastructure footpaths	38,754	36,000	36,295
Other infrastructure parks	23,253	19,000	14,935
Other infrastructure other	340,310	280,000	288,655
	3,341,600	3,015,190	3,046,085

### 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 on revaluation

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

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

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

**11. REVALUATION SURPLUS**

	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land & Buildings	13,442,197	(9,000)	0	0	0	13,433,197	13,442,197	0	0	0	13,442,197
Revaluation surplus - Furniture and equipment	77,021	0	0	0	0	77,021	0	77,021	0	77,021	77,021
Revaluation surplus - Plant and equipment	497,970	0	0	0	0	497,970	0	497,970	0	497,970	497,970
Revaluation surplus - Infrastructure - roads	70,905,293	0	0	0	0	70,905,293	70,905,293	0	0	0	70,905,293
Revaluation surplus - Other infrastructure other	8,917,853	0	0	0	0	8,917,853	8,917,853	0	0	0	8,917,853
	93,840,334	(9,000)	0	0	0	93,831,334	93,265,343	574,991	0	574,991	93,840,334

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	
Prepaid rates	
Accrued salaries and wages	
ATO liabilities	
Accrued interest on loans	
Springhaven accommodation bonds	

### Non-current

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

	2020	2019
	\$	\$
	1,170,495	2,808,110
	54,748	0
	80,540	51,545
	0	816
	15,544	6,971
	2,078,387	1,625,533
	<u>3,399,714</u>	<u>4,492,975</u>
	640	640
	<u>640</u>	<u>640</u>

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other payables

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

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

#### Prepaid rates

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

### 13. CONTRACT LIABILITIES

	2020	2019
	\$	\$
<b>Current</b>		
Contract liabilities from contracts with customers	858,555	0
	<u>858,555</u>	<u>0</u>

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

Less than 1 year

<u>858,555</u>
858,555

#### SIGNIFICANT ACCOUNTING POLICIES

##### Contract Liabilities

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

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

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

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

**14. INFORMATION ON BORROWINGS**

(a) Borrowings	2020	2019
	\$	\$
Current	224,096	32,737
Non-current	2,663,057	421,179
	<b>2,887,153</b>	<b>453,916</b>

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019	30 June 2019	
				Actual Principal	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Principal 1 July 2019	New Loans	Principal repayments	Interest repayments	Principal outstanding	Principal 1 July 2018	New Loans	Principal repayments	Interest repayments	Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Health</b>																		
Medical Centre Donation	137	WATC*	1.73%	0	140,000	0	1,016	140,000	0	0	0	140,000	0	0	0	0	0	
<b>Housing</b>																		
Staff Housing Soldier Road	129	WATC*	6.03%	0	0	0	0	0	0	0	0	0	0	0	0	(301)	0	
Bagg Street unit	135	WATC*	3.07%	91,315	0	8,954	2,728	82,361	91,314	0	8,954	2,735	82,360	100,000	0	8,685	2,997	91,315
GROH Housing - GSHI	138	WATC*	1.44%	0	1,150,000	0	6,950	1,150,000	0	1,150,000	0	0	1,150,000	0	0	0	0	0
Aged Units - GSHI	139	WATC*	1.17%	0	50,000	0	246	50,000	0	50,000	0	0	50,000	0	0	0	0	0
Staff Housing - GSHI	140	WATC*	1.73%	0	970,000	0	7,043	970,000	0	970,000	0	0	970,000	0	0	0	0	0
<b>Recreation and culture</b>																		
Sports Complex	134	WATC*	4.94%	262,601	0	14,824	6,125	247,777	262,602	0	14,824	12,792	247,778	276,719	0	14,118	20,157	262,601
Sports Complex Retaining Wall	136	WATC*	1.99%	100,000	0	9,133	1,930	90,867	100,000	0	9,133	1,945	90,867	0	100,000	0	169	100,000
<b>Transport</b>																		
Airstrip Lighting	141	WATC*	1.51%	0	156,148	0	7	156,148	0	124,148	0	0	124,148	0	0	0	0	0
<b>Economic services</b>																		
Land development		WATC*		0	0	0	0	0	0	200,000	0	0	200,000	0	0	0	0	0
				453,916	2,466,148	32,911	26,045	2,887,153	453,916	2,634,148	32,911	17,472	3,055,153	376,719	100,000	22,803	23,022	453,916
<b>Self Supporting Loans</b>																		
<b>Recreation and culture</b>																		
Bowling Club	133	WATC*	6.41%	0	0	0	0	0	0	0	0	0	0	7,842	0	7,842	372	0
				0	0	0	0	0	0	0	0	0	0	7,842	0	7,842	372	0
				453,916	2,466,148	32,911	26,045	2,887,153	453,916	2,634,148	32,911	17,472	3,055,153	384,561	100,000	30,645	23,394	453,916

\* WA Treasury Corporation

Self supporting loans are financed by payments from third parties.  
 All other loan repayments were financed by general purpose revenue.



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

14. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2019/20

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2020 Actual	2020 Budget	2020 Actual	2020 Budget		
Medical Centre Donation	WATC*	Debenture	15	1.73%	140,000	140,000	140,000	140,000	19,767	0
GROH Housing	WATC*	Debenture	10	1.44%	1,150,000	1,150,000	1,150,000	1,150,000	90,310	0
Aged Units	WATC*	Debenture	5	1.17%	50,000	50,000	50,000	50,000	1,670	0
Staff Housing	WATC*	Debenture	15	1.73%	970,000	970,000	970,000	970,000	136,955	0
Airstrip Lighting	WATC*	Debenture	14	1.51%	156,148	124,148	156,148	124,148	17,530	0
Land development	WATC*	Debenture			0	200,000	0	200,000	0	0
					2,466,148	2,634,148	2,466,148	2,634,148	266,232	0

\* WA Treasury Corporation

(d) Undrawn Borrowing Facilities

Credit Standby Arrangements

	2020	2019
	\$	\$
Bank overdraft limit	200,000	200,000
Bank overdraft at balance date	0	0
Credit card limit	25,000	25,000
Credit card balance at balance date	0	0
<b>Total amount of credit unused</b>	<b>225,000</b>	<b>225,000</b>

Loan facilities

Loan facilities - current	224,096	32,737
Loan facilities - non-current	2,663,057	421,179
<b>Total facilities in use at balance date</b>	<b>2,887,153</b>	<b>453,916</b>

Unused loan facilities at balance date

Nil Nil

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Risk

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

## 15. EMPLOYEE RELATED PROVISIONS

### (a) Employee Related Provisions

#### Opening balance at 1 July 2019

Current provisions  
Non-current provisions

Additional provision  
Amounts used

#### Balance at 30 June 2020

#### Comprises

Current  
Non-current

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

Less than 12 months after the reporting date  
More than 12 months from reporting date  
Expected reimbursements from other WA local governments

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2019			
Current provisions	370,814	301,287	672,101
Non-current provisions	0	125,348	125,348
	370,814	426,635	797,449
Additional provision	328,186	75,225	403,411
Amounts used	(322,791)	(72,176)	(394,967)
Balance at 30 June 2020	376,209	429,684	805,893
Comprises			
Current	376,209	265,638	641,847
Non-current	0	164,046	164,046
	376,209	429,684	805,893

	2020	2019
	\$	\$
Less than 12 months after the reporting date	408,674	460,949
More than 12 months from reporting date	388,977	328,258
Expected reimbursements from other WA local governments	8,242	8,242
	805,893	797,449

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 rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

##### Other long-term employee benefits (Continued)

Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

##### Provisions

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

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

## 16. 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. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	4,272,596	2,800,206	4,854,678
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	321,063	1,831,404	(240,265)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(11,687)	0	0
Depreciation on non-current assets	3,341,600	3,015,190	3,046,085
(Profit)/loss on sale of asset	110,174	33,820	200,713
Loss on revaluation of fixed assets	0	0	9,782
Changes in assets and liabilities:			
(Increase)/decrease in receivables	922,978	2,105,390	(1,850,087)
(Increase)/decrease in inventories	(11,954)	4,007	(7,735)
Increase/(decrease) in payables	(1,093,261)	(2,656,733)	2,419,262
Increase/(decrease) in provisions	8,444	0	(68,718)
Increase/(decrease) in contract liabilities	858,555	0	0
Non-operating grants, subsidies and contributions	(2,310,510)	(4,213,572)	(3,809,415)
Net cash from operating activities	2,135,402	119,506	(300,378)

## 17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	1,824,394	1,833,042
General purpose funding	151,731	1,110,521
Law, order, public safety	433,759	460,775
Health	199,180	754,553
Education and welfare	1,193,143	1,225,372
Housing	16,522,436	11,055,086
Community amenities	720,178	711,779
Recreation and culture	12,844,226	13,048,426
Transport	130,474,832	130,550,244
Economic services	5,563,379	5,903,099
Other property and services	2,913,214	3,668,537
	<u>172,840,472</u>	<u>170,321,434</u>

## 18. CAPITAL COMMITMENTS

### (a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

2020	2019
\$	\$
421,219	0
421,219	0

Payable:

- not later than one year

The capital expenditure commitments for 2020 relate to building construction works as follows:

Key Worker Housing - 26 Katanning Road	188,013
Key Worker Housing - 8 Newton Street	38,153
Independent Living Units - Soldiers Road	9,222
Government Regional Officers Housing	185,831



## 19. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	105,756	104,000	103,619
President's allowance	27,649	28,000	27,442
Deputy President's allowance	5,180	7,000	6,861
Travelling expenses	623	1,000	665
Telecommunications allowance	25,256	24,000	24,291
	<u>164,464</u>	<u>164,000</u>	<u>162,878</u>

### Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	558,576	700,779
Post-employment benefits	86,369	84,936
Other long-term benefits	66,370	75,311
	<u>711,315</u>	<u>861,026</u>

#### *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 long service benefits accruing during the year.

## 19. RELATED PARTY TRANSACTIONS (Continued)

### Transactions with related parties

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

The following transactions occurred with related parties:	2020 Actual	2019 Actual
	\$	\$
Purchase of goods and services	211,789	248,162
Short term employee benefits -other related parties	6,074	0

### 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.

## 20. JOINT ARRANGEMENTS

### Share of joint operations

In 1998/99, the Shire in conjunction with Homeswest, constructed 2 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:

	2020 \$	2019 \$
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%
Non current assets	178,462	180,233
Total assets	178,462	180,233

### SIGNIFICANT ACCOUNTING POLICIES

#### Interests in joint arrangements

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

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

#### Interests in joint arrangements (Continued)

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

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

**21. RATING INFORMATION**

(a) Rates

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>2019/20 Actual Rateable Value \$</b>	<b>2019/20 Actual Rate Revenue \$</b>	<b>2019/20 Actual Interim Rates \$</b>	<b>2019/20 Actual Back Rates \$</b>	<b>2019/20 Actual Total Revenue \$</b>	<b>2019/20 Budget Rate Revenue \$</b>	<b>2019/20 Budget Interim Rate \$</b>	<b>2019/20 Budget Back Rate \$</b>	<b>2019/20 Budget Total Revenue \$</b>	<b>2018/19 Actual Total Revenue \$</b>
<b>Uniform general rate</b>												
<b>Gross rental valuations</b>												
GRV - Urban	0.126476	556	6,940,603	877,820	(753)	0	877,067	876,726	0	0	876,726	852,613
<b>Unimproved valuations</b>												
UV - Rural	0.009005	476	335,887,444	3,062,106	1,634	0	3,063,740	3,063,346	1,000	50	3,064,396	2,976,632
<b>Sub-Total</b>		1,032	342,828,047	3,939,926	881	0	3,940,807	3,940,072	1,000	50	3,941,122	3,829,245
<b>Minimum payment</b>												
<b>Gross rental valuations</b>												
GRV - Urban	720	77	570,348	55,440	0	0	55,440	55,440			55,440	53,200
<b>Unimproved valuations</b>												
UV - Rural	720	52	6,356,406	37,440	0	0	37,440	37,440			37,440	32,900
<b>Sub-Total</b>		129	6,926,754	92,880	0	0	92,880	92,880	0	0	92,880	86,100
		1,161	349,754,801	4,032,806	881	0	4,033,687	4,032,952	1,000	50	4,034,002	3,915,345
Discounts (Note 21(b))							(61,985)				(57,000)	(55,903)
<b>Total amount raised from general rate</b>							3,971,702				3,977,002	3,859,442
Concessions (Note 21(b))							(97)				(720)	(117)
Ex-gratia rates							1,583				0	1,453
<b>Totals</b>							3,973,188				3,976,282	3,860,778

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates**

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

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer.

Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

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

**21. RATING INFORMATION (Continued)**

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

**Rates Discounts**

Rate or Fee Discount Granted	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$	Circumstances in which Discount is Granted
Rates	2.50%		61,985	57,000	55,903	Payment of full rates amount owing including all arrears, received on or before 4:30pm, 9 August 2019, or 14 days after the date of service of the rate notice, whichever is the later.
			61,985	57,000	55,903	

**Waivers or Concessions**

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$
Property Rates	Concession	100.00%		0	720	0
General Rates - small balances	Write-off			97	0	117
				97	720	117
Total discounts/concessions (Note 21(a))				62,082	57,720	56,020

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Property Rates	Specific Council decisions	Waive rates for community medical centre	To waive the rates applicable to the Community Medical Centre

## 21. RATING INFORMATION (Continued)

### (b) 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	30-08-19	0.00	0.00%	11.00%
<b>Option Two</b>				
First instalment	30-08-19	0.00	0.00%	11.00%
Second instalment	06-01-20	9.00	5.50%	11.00%
<b>Option Three</b>				
First instalment	30-08-19	0.00	0.00%	11.00%
Second instalment	31-10-19	9.00	5.50%	11.00%
Third instalment	06-01-20	9.00	5.50%	11.00%
Fourth instalment	09-03-20	9.00	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	33,917	30,000	27,437
Interest on instalment plan	9,550	10,000	10,457
Charges on instalment plan	4,185	4,400	4,383
	47,652	44,400	42,277



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

22. RATE SETTING STATEMENT INFORMATION

Note	2019/20 (30 June 2020 Carried Forward) \$	2019/20 Budget (30 June 2020 Carried Forward) \$	2019/20 (1 July 2019 Brought Forward) \$	2018/19 (30 June 2019 Carried Forward) \$		
<b>(a) Non-cash amounts excluded from operating activities</b>						
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> .						
<b>Adjustments to operating activities</b>						
	Less: Profit on asset disposals	10(a)	(20,146)	(78,680)	(70,051)	(70,051)
	Less: Change in provision for doubtful debts		0	2,000	(811)	(811)
	Less: Fair value adjustments to financial assets at fair value through profit and loss		(11,687)	0	0	0
	Movement in pensioner deferred rates (non-current)		(10,518)	0	(1,637)	(1,637)
	Movement in employee benefit provisions (non-current)		38,698	0	(64,770)	(64,770)
	Movement in other provisions (current)		427,228	0	51,513	51,513
	Add: Loss on disposal of assets	10(a)	130,320	112,500	270,764	270,764
	Add: Loss on revaluation of fixed assets	9(a)	0	0	9,782	9,782
	Add: Depreciation on non-current assets	10(b)	3,341,600	3,015,190	3,046,085	3,046,085
	<b>Non cash amounts excluded from operating activities</b>		<b>3,895,495</b>	<b>3,051,010</b>	<b>3,240,875</b>	<b>3,240,875</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>						
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.						
<b>Adjustments to net current assets</b>						
	Less: Reserves - cash backed	4	(3,489,904)	(2,646,563)	(3,745,789)	(3,745,789)
	Less: Current assets not expected to be received at end of year					
	- Land held for resale	7	(183,799)	0	(162,660)	(162,660)
	- Provision for doubtful debts		1,142	0	1,143	1,143
	Add: Current liabilities not expected to be cleared at end of year					
	- Current portion of borrowings	14(a)	224,096	224,096	32,737	32,737
	- Accrued interest on loan		15,544	0	6,971	6,971
	- Springhaven Bonds		2,078,388	0	1,625,533	1,625,533
	- Employee benefit provisions		641,847	0	676,049	676,049
	<b>Total adjustments to net current assets</b>		<b>(712,686)</b>	<b>(2,422,467)</b>	<b>(1,566,016)</b>	<b>(1,566,016)</b>
<b>Net current assets used in the Rate Setting Statement</b>						
	Total current assets		6,050,391	3,197,990	7,532,874	7,532,874
	Less: Total current liabilities		(5,124,212)	(774,736)	(5,197,813)	(5,197,813)
	Less: Total adjustments to net current assets		(712,686)	(2,422,467)	(1,566,016)	(1,566,016)
	<b>Net current assets used in the Rate Setting Statement</b>		<b>213,493</b>	<b>787</b>	<b>769,045</b>	<b>769,045</b>
<b>(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards</b>						
<b>Total current assets at 30 June 2019</b>						
	- Contract assets	25(a)				7,532,874
	<b>Total current assets at 1 July 2019</b>					<u>0</u> 7,532,874
<b>Total current liabilities at 30 June 2019</b>						
	<b>Total current liabilities at 1 July 2019</b>					<u>(5,197,813)</u> (5,197,813)

## 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
<b>Market risk - interest rate</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	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>2020</b>					
Cash and cash equivalents	1.29%	4,272,596	3,489,904	782,692	0
<b>2019</b>					
Cash and cash equivalents	1.48%	4,854,678	3,745,789	1,108,889	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.

Impact of a 1% movement in interest rates on profit and loss and equity\*

\* Holding all other variables constant

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	7,827	11,089

#### Borrowings

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

## 23. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

#### **Trade and Other Receivables**

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

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

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

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

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2020</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	59,292	155,016	73,183	163,851	451,342
<b>30 June 2019</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	280,841	12,533	7,870	25,353	326,597

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	218,360	14,506	6,942	47,441	287,249
<b>30 June 2019</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	2,136,771	35,840	7,498	57,715	2,237,824

## 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 14(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>2020</u></b>					
Payables	3,399,714	0	0	3,399,714	3,399,714
Borrowings	280,431	1,124,914	1,851,636	3,256,981	2,887,153
	<u>3,680,145</u>	<u>1,124,914</u>	<u>1,851,636</u>	<u>6,656,695</u>	<u>6,286,867</u>
<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>

## 24. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year that have a significant impact on the financial statements.

## **25. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS**

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

### **(a) AASB 15: Revenue from Contracts with Customers**

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary there were no adjustments made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019).

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

The Shire adopted AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in no changes in accounting policies, as the Shire already recognises prepaid rates in the financial statements. In accordance with the transition provisions AASB 1058, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods was not restated in accordance with AASB 1058 transition requirements.

In summary, there were no adjustments made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019).

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

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



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

**25. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)**

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

		2020 \$		2020 \$
	Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
<b>Statement of Comprehensive Income</b>				
<b>Revenue</b>				
Non-operating grants, subsidies and contributions	2(a)	2,946,755	68,455	3,015,210
Net result		321,063	68,455	389,518
<b>Statement of Financial Position</b>				
Contract assets	2(a)	790,100	(790,100)	0
Contract liabilities	13	858,555	(858,555)	0
Net assets		164,888,517	68,455	164,956,972

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

**(c) AASB 16: Leases**

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

As the Shire had no leases as at 1 July 2019, (except for short term and low value leases), no adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019).

## 26. CHANGE IN ACCOUNTING POLICIES

### (a) Change in Accounting Policies due to regulation changes

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

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB16.

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

	Note	Carrying amount 30 June 2019	Reclassification	Carrying amount 01 July 2019
		\$	\$	\$
Property, plant and equipment		31,041,718	(9,000)	31,032,718
Revaluation surplus		93,840,334	(9,000)	93,831,334

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

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

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

	Note	Adjustments	2019
			\$
Retained surplus - 30 June 2019			164,576,454
Adjustment to retained surplus from adoption of AASB 15	25(a)	0	0
Adjustment to retained surplus from adoption of AASB 1058	25(b)	0	0
Retained surplus - 1 July 2019		0	164,576,454

The impact on the Shire's opening revaluation surplus resulting from *Local Government (Financial Management) Regulation 16* being deleted and the amendments to *Local Government (Financial Management) Regulation 17A* as at 1 July 2019 was as follows:

	Note	Adjustments	2019
		\$	\$
Revaluation surplus - 30 June 2019			164,576,454
Adjustment to revaluation surplus from amendment of FM Reg 17A	11	(9,000)	(9,000)
Revaluation surplus - 1 July 2019		(9,000)	164,567,454

# SHIRE OF KOJONUP

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

### 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 regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

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

**28. ACTIVITIES/PROGRAMS**

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

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

## 29. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	0.42	1.02	1.02
Asset consumption ratio	0.96	0.97	0.99
Asset renewal funding ratio	1.00	1.03	1.00
Asset sustainability ratio	0.41	0.38	0.77
Debt service cover ratio	12.59	25.30	29.12
Operating surplus ratio	(0.49)	(0.32)	(0.31)
Own source revenue coverage ratio	0.48	0.52	0.50

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

# Independent Auditors Report



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

#### To the Councillors of the Shire of Kojonup

#### Report on the Audit of the Financial Report

##### **Opinion**

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

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

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

##### **Basis for Opinion**

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

##### **Emphasis of Matter – Basis of Accounting**

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

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



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

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

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

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

### ***Auditor's Responsibility for the Audit of the Financial Report***

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

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of my auditor's report.

### **Report on Other Legal and Regulatory Requirements**

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
  - a. The Operating Surplus Ratio and the Asset Sustainability Ratio have been below the Department of Local Government, Sport and Cultural Industries standards for the past 3 years. The financial ratios are reported at Note 29 to the financial report.
- (ii) The following material matters indicating non-compliance with Part 6 of the Local Government Act 1995, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
  - a. For approximately 30% of purchase transactions sampled, purchase orders were raised after the supplier invoice was received. There was no documentation to explain why purchase orders were not raised prior to the procurement of goods and services. This practice increases the likelihood of unauthorized expenditure occurring and going undetected.

- b. Bank reconciliations for the municipal account were not independently reviewed by management for 5 consecutive months during the financial year. In addition, creditors' reconciliations were not prepared for 5 consecutive months. Reconciliations are a key control for ensuring financial data is completely and accurately reflected in the general ledger from which financial statements are derived. If these reconciliations are not prepared and reviewed in a timely manner, erroneous or unusual reconciling items may not be detected and investigated.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

**Other Matter**

The financial ratios for 2018 in Note 29 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2018. The auditor expressed an unmodified opinion on the annual financial report for that year.

**Matters Relating to the Electronic Publication of the Audited Financial Report**

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



GRANT ROBINSON  
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
19 August 2021