

# 2019/20 ANNUAL REPORT

"Life as rich as the landscape"

## FROM THE PRESIDENT

Cr Rod Forsyth

The 2019/20 year sees me continue my third term as your Shire President a role in which I'm very proud and honoured to serve the Kellerberrin Community.

The year ended with one of the greater challenges we have faced in our lifetime. COVID-19 has changed our world. Whilst we have been fortunate to escape some of the tragic outcomes we have seen overseas, we have all experienced change to our regular routines and been affected in some manner.

The manner in which the community has responded to this challenge has been inspiring, and the co-operation and diligence shown has contributed to the positive results we have seen not just as a community, but as a state and indeed nation.

Council has continued its heavy focus on Gravel Sheetting and Road Maintenance to bring the standard of our gravel network to an acceptable condition for our ratepayers. Council has also spent significant funds on Capital Renewal/Upgrades with the Baandee North Road, Dowding Street, Bencubbin Road, Mather Road, Bath Street and Chambers Street having significant works in the 2019/20 financial year.



## ACKNOWLEDGEMENT:

The Shire of Kellerberrin acknowledges the Traditional Custodians, the Ballardong people, on whose land we are living and pay our respects to their Elders, past and present.

The cemetery has seen significant improvements in access ways to assist with drainage issues and the opening of the new cemetery plots on the Northern side of the cemetery.

The construction of the new Digital Board has been positively received within the community and beyond, enhancing the aesthetics and vibrancy of the town centre.

Council financially commenced the 2019/20 year on a positive note with a healthy carry forward position enabling Council to allocate significant funds into Reserves for projects into the future.

Council's carry forward position from 2019/20 to 2020/21 is also in a healthy figure, continuing Council's strong financial position.

A handwritten signature in black ink, appearing to read 'Rod Forsyth'.

Cr Rod Forsyth  
Shire President



## EXTERNAL STAKEHOLDERS:

- Moore Australia
- Buttler Settineri
- National Australia Bank
- AMPAC
- Local Government Insurance Services
- McLeods
- DLA Piper Australia
- Western Australian Local Government Association (WALGA)
- Local Government Managers Association (WA) (LGMWA)

## FROM THE CHIEF EXECUTIVE OFFICER

### Mr Raymond Griffiths

The 2019/20 reporting period has again been busy with Local Government Act reviews and various changes to Regulations involved in the Local Government Act review.

Council has continued a heavy focus on Road Construction/Upgrades and Maintenance with Capital Road upgrades costs exceeding \$3.4 Million and \$850,000 on road maintenance and Gravel Sheeting. Councils Capital road infrastructure upgrade was considerably higher than normal with the additional funding of \$1.43 Million Council was able to obtain through the Commodity Route Funding from the State Government enabling, Dowding Street, Mather Road and Bencubbin Road upgrades to handle the ever-increasing heavy vehicle traffic to the CBH precinct. This amount was in addition to the \$738,000 Federal Government funding through Heavy Vehicle Safety Productivity Program. This funding was the second year of a three year funded project to upgrade the entire length of the Baandee North Road.

Council within the 19/20 reporting period provided some well overdue upgrades and renewals to the Kellerberrin Cemetery with a new section to the North made available. In addition to the new section new roads, kerbs and drainage was constructed to reduce further damage from water runoff.

With the construction of CEACA Council was required to relocate the Ex-CBH dongas from Hammond Street to the Kellerberrin Caravan Park. The relocation has meant all Council's accommodation is in the one complex making it easier to manage.

Council upgraded its parking facilities adjacent to Centenary Park to assist with the increase in requirements for both Dryandra Employees, visitors and Centenary Park visitors as since the upgrade to the park Council has seen an increase in attendance and regular use of the play space.



A handwritten signature in blue ink, reading 'Raymond Griffiths'.

Raymond Griffiths  
Chief Executive Officer



## COMMUNITY APPRECIATION

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I would like to pass on my sincere appreciation to the community members within the Shire of Kellerberrin for their diligence and assistance throughout the year. The COVID-19 pandemic has created a raft of challenges across the world.

Thanks to the cooperation and understanding shown from the community, we have been able to continue with the way of life that we all love.

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**- Raymond Griffiths**  
**Chief Executive**  
**Officer**

## APPRECIATION

### **Shire President**

My fellow Councillors, you have displayed the necessary judgement in the face of challenging circumstances that I believe has been of considerable benefit to the Community. Without your support much of what was achieved over the reporting period could not have been; to all elected members, a huge Thank you.

All the Staff led by the Chief Executive Officer. Thank you for your dedication to improving our Community in cooperation with elected members.

All volunteers within the Community and District including Volunteer Fire and Rescue group and St John's Ambulance. A huge vote of confidence and appreciation for your investment of personal time in the best interests of our Community, where you have once again provided services that may not otherwise be available. Through your dedication and sacrifice you have demonstrated outstanding commitment to keeping our town infrastructure and district safe.

### **Chief Executive Officer**

I would like to pass on my sincere appreciation to the community members within the Shire of Kellerberrin as without your assistance throughout the year we as a Council would not have been able to perform to the level we have this year. This year has seen Council continue with the contractor gravel carting during busy time for Council which provides an additional revenue source to our local contractors.

Council continues to promote itself and try to ensure that it aligns itself with State and Federal Government Strategies and plans to ensure it puts itself strategically in the right place to secure additional funding for projects and community functions.

I would like to sincerely thank all of the dedicated and committed staff employed by the Shire of Kellerberrin who continue to work diligently for the Community. Council is fortunate to have a number of hard working and community minded employees across all levels of the organisation who continue to perform beyond the capacity required of such individuals.

Council will continue to strive to promote the communities within the Shire of Kellerberrin to attract/retain community members through provision of high class facilities and service provision.





## VALUER GENERAL

Council annually receives revaluations undertaken by the Valuer General's Office (VGO) on Unimproved Valuations (UV) (Rural). The GRV (townsite) valuations only occur every five (5) years, therefore with this being undertaken in 17/18 a revaluation won't occur for a further three (3) years.

## FEDERAL ASSISTANCE GRANTS (FAGS)

General Purpose Grants and Local Road Grants

\$2,096,313

## FINANCE

The financial position of the Shire of Kellerberrin has improved consistent with the Long Term Financial Plan and Council has demonstrated its ability to meet the Department of Local Governments financial ratios, consistent with the stated opinion of the Office of the Auditor General in respect of our Annual Financial Report.

Increasing own source revenue through Rates revenue remains the main means to achieving the Department's ratios, along with the rationalisation of Shire services. Council maintains that Rate increases should be incremental over the long term and every effort continues to be made to maintain services and facilities critical to the Kellerberrin community. The Long Term Financial Plan continues to provide the Shire of Kellerberrin with renewed infrastructure and development to facilitate the continued growth of Kellerberrin.

Council within this financial year was able to have \$1.25 Million allocated to its reserve balance to ensure Council has capacity into the future to provide for new/upgrading infrastructure and replacement of Plant and Equipment. This investment was a significant investment for the future planning for Council.

## RATES

Council adopted a 4.5% total increase in its Rates Levied as per its Long Term Financial Plan which provides for Council to allocate sufficient funding over the ten year period to fund projects, activities and reserves for future programs.

## EMERGENCY SERVICES LEVY

The Shire's 2019/20 Emergency Services Levy made a collection of \$73,200 on behalf of the Department of Fire and Emergency Services.

## ROAD MAINTENANCE

Council allocated \$586,133 to Road Maintenance within the Shire of Kellerberrin, with \$1,414 provided for Footpath Maintenance and \$4,711 allocated to Culverts and Floodways for drainage. This maintenance is in addition to the funds allocated to Gravel sheeting of \$270,258 to demonstrate Council's endeavour to ensure its Gravel network is maintained to a satisfactory level going forward.





## HIGHLIGHT:

Baandee North Road:  
Reconstruct and seal to  
8m wide.

ACTUAL \$1,513,895

## HIGHLIGHT:

Cemetery Upgrades:  
Construction of Roads and  
Kerbing

ACTUAL \$148,173

## HIGHLIGHT:

Bath & Chambers St:  
Reconstruct road and  
construct footpaths and  
kerbing.

ACTUAL \$435,326

## 2019/20 CAPITAL PROJECTS

The Shire provided for capital programs amounting to \$4,794,480 in value, funded from a variety of sources including Grants, General Revenue and Reserve funds.

## HIGHLIGHT: COMMODITY ROUTE FUNDING PROGRAM

Reconstruction Works:

Kellerberrin-Bencubbin Rd: \$653,981

Dowding St \$459,624

Mather Rd \$403,273

## HIGHLIGHT:

Caravan Park Upgrades:  
Relocate dongas and fitout  
outdoor kitchen and fencing

ACTUAL \$131,604



## HIGHLIGHT:

Construction  
and Installation  
of Digital Notice  
Board

ACTUAL \$48,519



## ELECTED MEMBERS



### Shire President

Cr Rod Forsyth  
PO Box 73  
Kellerberrin WA 6410  
Tel: (08) 9045 9017  
Mob: 0427 459 017  
Elected: 2009  
Term Expires: 2021



### Deputy Shire President

Cr Scott O'Neill  
PO Box 60  
Kellerberrin WA 6410  
Tel: (08) 9045 4102  
Mob: 0429 454 102  
Elected: 2007  
Term Expires: 2023



### Member

Cr Wendy McNeil  
PO Box 25  
Kellerberrin WA 6410  
Tel: (08) 9045 2042  
Mob: 0427 199 566  
Elected: 2013  
Term Expires: 2021



### Member

Cr Matt Steber  
PO Box 13  
Doodlakine WA 6411  
Tel: (08) 9045 8296  
Mob: 0427 458 296  
Elected: 2013  
Term Expires: 2021



### Member

Cr Dennis Reid  
201 West Road  
Yorakine WA 6409  
Tel: (08) 9638 1049  
Mob: 0428 381 044  
Elected: 2015  
Term Expires: 2023



### Member

Cr David Leake  
664 North Woolundra Road  
Kellerberrin WA 6410  
Tel: (08) 9045 8282  
Mob: 0428 458 202  
Elected: 2015  
Term Expires: 2023



### Member

Cr Emily Ryan  
403 Benderine North Road  
Kellerberrin WA 6410  
Tel: (08) 9045 8282  
Mob: 0431 702 765  
Elected: 2019  
Term Expires: 2023

## COUNCIL MEETINGS

Council meets on a monthly basis with a seven Councillor Membership, to make decisions relating to Policy, Statutory and Forward Planning direction of the Shire. All Meetings are open to the Public and the dates, times and venues are advertised annually as Public Information for the Community. Council meetings are held on the third Tuesday of every month excluding January.

Council Agenda & Minutes are published on the Shire's website at <https://www.kellerberrin.wa.gov.au/council/agendas-minutes/>

## COUNCIL COMMITTEES

Audit Committee  
Emergency Committee  
Great Eastern Country Zone WALGA  
Local Emergency Management Committee (LEMC)  
Wheatbelt Eastern Regional Organisation of Councils (WEROC)  
Sport & Recreation Steering Committee  
Local Hospital Advisory Group (L-HAG)  
Regional Development Assessment Panel  
Central East Aged Care Committee (CEACA)  
Roads Advisory Committee  
Regional Road Group

**2019/20 MEETINGS**  
**ORDINARY COUNCIL MEETING: 11**  
**Special Council Meeting: 1**





## GOVERNANCE REPORTING STANDARDS

Local Government is governed by a number of various Acts of Legislation including the following Compliance and Statutory Reporting activities required for our Annual reporting processes and accountability;

**Freedom of Information (FOI) Statement** (Freedom of Information Act 2003) – Council maintains a number of records and registers including but not exclusive of; Town Planning Schemes, Financial Interest Register, Delegated Authority Register, Cemetery Register, Rate Book, Electoral Roll, Policy Manual, Local Laws, Minute Book, Gifts Register, Asset Register, Insurance Register, Keys Register, etc. Nominated Documents can be inspected free of charge upon application at the Office of Council 110 Massingham Street, Kellerberrin during normal business hours. During the year of review, Council didn't receive any applications for Freedom of Information and any application received is considered on the basis of not to contravene the privacy rights of the individuals and may be subject to a small administrative/copy charge for the enquiry. The Shire of Kellerberrin received no applications for Freedom of Information during the reporting period.

**Public Interest Disclosure (PID)** – The Public Interest Disclosure Act was established by the Commissioner for Public Sector Standards under section 20 of the Public Interest Disclosure Act 2003. Local Government has been legislated with some responsibility under the mentioned Act including that any matters that relate to the Shire of Kellerberrin Staff or Councillors should be referred to the appointed Officer. One of the principles of this new legislation is not just to provide protection to those who make disclosures (and those who are the subject of disclosures) but also encourages a system of transparency and accountability in the way government (parliamentarians) or government officials (public servants) act and utilise public monies. The Shire of Kellerberrin had no Public Interest Disclosures during the reporting period.

**National Competition Policy (NCP)** – In 1995 the Council of Australian Government entered into a number of agreements known as the National Competition Policy. The policy is a whole of Government approach to bring about reform in the public sector to encourage Government to become more competitive. Local Government will mainly be affected where it operates significant business activities that compete or could compete with private sector business. Local Government will also be impacted where its local laws unnecessarily affect competition. Local Government and more particularly the Shire of Kellerberrin is required to comply with certain policies contained within the national Competition Policy Statement and report on progress in connection with Competitive Neutrality Principles and review of Local Laws. The Shire of Kellerberrin has completed the majority of its statutory requirement for reviewing its Local Laws in association with the Joint Parliamentary Standing Committee.

**Competitive Neutrality (CN)** – The principle of “competitive neutrality” is that government businesses should not enjoy a competitive advantage, or suffer a disadvantage, simply as a result of their public sector ownership. Measures should be introduced to effectively neutralise any net competitive advantage flowing from government ownership. Competitive Neutrality should apply to all business activities that generate a user pays income of over \$200,000 per annum, unless it can be shown it is not in the public interest. A public benefit test is used to determine if competitive neutrality is in the public interest. The Shire of Kellerberrin does not control any business activity with a user pays income in excess of \$200,000.



## GOVERNANCE REPORTING STANDARDS

**Record Keeping Plan (RKP)** – The State Records Act 2000 is an Act to provide for the keeping of State Records and for related purposes. Section 19 of the Act requires that every government organisation must have a record keeping plan (RKP) that has been approved by the State Records Commission. A government organisation's including local government, record keeping plan sets out the matters about which records are to be created by the organisation and how it is to keep its records. The record keeping plan comprises of a range of documents which, when assessed as a whole, provides an accurate reflection of the record keeping program within the organisation. More specifically, documentation regarding the organisation's record keeping system/s, disposal arrangements, policies, practices and processes will be essential components of the record keeping plan held by a local government.

The inclusion of such documentation will constitute evidence of compliance. The Shire of Kellerberrin currently complies with the requirements of the State Records Act 2000 and its requirements for a Record Keeping Plan.

**Information on Payments to Employees** – In accordance with section 5.53(2)(g) of the Local Government Act 1995 as amended, the Annual Report of a Local Government for a financial year is to contain the following information;

- (i) the number of employees of the local government entitled to an annual salary of \$100,000 or more;
- (ii) the number of those employees with an annual salary entitlement that falls within each band of \$10,000 in excess of 100,000.

The Shire of Kellerberrin has one employee who receives an annual salary in the \$150,000 to \$160,000 band.

**Disability Service Plan (DSP)** – Local Government under section 29(2) of the Disability Services Act 1993 is required to provide a summary report on Councils approach to assisting people with disabilities in our community as part of its Inclusiveness Planning summarised here under;

- Existing functions, services and facilities are adopted to meet the needs of people with disabilities.
- Council continues to consider the needs of people with disabilities wherever possible
- Access to buildings and facilities are improved.
- Current Public Buildings have modifications undertaken for improved access to Public Buildings
- Information is provided in the appropriate communications format.
- Council remains mindful of communicating at the simplest and easy to read format for all of its residents.
- Staff awareness of the needs of people with disabilities in delivery of council service.
- Staff remain aware to offer the appropriate assistance and advice to its residents on all occasions.
- Opportunities for people with disabilities to participate at public buildings owned by the Council.

Access standards to all of Council Public Buildings remain a priority for people with disabilities to access these Public Buildings including the free Bus Service for Business and Shopping needs of the Aged.





## SENIOR MANAGEMENT



Chief Executive Officer  
Mr Raymond Griffiths  
ceo@kellerberrin.wa.gov.au  
0417 927 637



Deputy Chief Executive Officer  
Mr Lenin Pervan  
dceo@kellerberrin.wa.gov.au  
0429 454 806



Manager of Works Services  
Mr Mick Jones  
mws@kellerberrin.wa.gov.au  
0428 454 619

## TEAM

### Chief Executive Officer

Town Planner  
Personal Assistant  
Community Development Officer

### Deputy Chief Executive Officer

Senior Finance Officer  
Finance Officer  
Customer Service/Administration Officer  
Media Officer

### Works Services

Road Maintenance Team Leader  
4 x Plant Operator  
Grader Operator  
Parks & Gardens Team Leader  
GSG Curator  
Casual General Hand  
4 x General Hand  
Mechanic  
Apprentice Mechanic  
Waste Transfer Site Supervisor  
2 x Part time Cleaner  
Pool Manager  
Caravan Park Caretaker  
Builder/Contractor

## AT A GLANCE

### Shire Location

Centrally located in the Wheatbelt, just 202km east of Perth, Kellerberrin is a warm, charming community, steeped in a vibrant history dating back from its Indigenous people to European pioneers. Kellerberrin celebrated its centenary in 2008, Kellerberrin's longevity is attributed to the passion and commitment of its community, the beauty of its natural attractions and the fostering of new forms of artistic expression. Kellerberrin is a town where life is as rich as the landscape.

### History

In 1830, Ensign Dale led an exploration party from York which reached into the Shire of Kellerberrin. Through the years 1861-68, a number of grazing leases were taken up in the area. In 1864, an explorer named C.C. Hunt named a granite outcrop "Killaberrin", this was named after the Aboriginal name for a large ant colony "Keller" found in the vicinity of the hill. In 1877 four sheep stations in the district, Cuttening, Milligan, Mooranoppin and Mt Caroline, were established. The names of the first settlers were the Massingham, Ripper, Leake and Sewell.

### Roads and Area of the Shire

The Shire has a total area of 1916 square kilometres and has 877 kilometres of roads, of which 271 kms are sealed.

### Population

The Shire of Kellerberrin has a population of approximately 1224 as of 2019/20 with 796 electors. The Council employs 33 people.

### Education

Kellerberrin has within the Shire a Playgroup, District High School to Year 10, Activ Foundation for the intellectually handicapped. A daily school bus service is provided for students opting to attend Year 11 and 12 at Merredin College.

## STAFF CHANGES

The Shire received the following staff resignations during the 2019/20 reporting period. We wish all staff that have moved on to other employment opportunities or stages in their lives the very best in their future and also extend a warm welcome to new staff members at the Shire of Kellerberrin.

Kate Dudley (Deputy CEO)	27/05/2019 - 07/05/2020
Courtney Gartlett (Trainee)	16/01/2019 - 16/03/2020
David McDonald (Plant Operator)	27/03/2017 - 18/02/2020
Richard Marek (Cleaner)	13/06/2012 - 18/11/2019
Morgan Ware (Finance Officer)	21/11/2017 - 11/10/2019



## HIGHLIGHTS:

Woodstock Country  
Muster  
Kellerberrin Speedway  
CW Harness Racing  
Wheatbelt Medical  
Students  
Kellerberrin & Agricultural  
District Show  
Golden Grains  
LHAG Ladies Day  
LHAG Mens Night  
Australia Day Awards

## COMMUNITY CROPPING:

The Shire of Kellerberrin continues to support a number of community groups through the community cropping program

## COMMUNITY DONATIONS AND CONTRIBUTIONS

### Donations and Contributions

Doodlakine Community Committee	\$ 300
Doodlakine Bowling Club	\$ 3,000
Kellerberrin Bowling Club	\$ 300
Kellerberrin Community Mens Shed	\$ 1,500
Kellerberrin Hockey Club	\$ 183
Wheatbelt Art Prize	\$ 2,000
Kellerberrin Agricultural Society	\$ 2,000
Kellerberrin Golf Club	\$ 300
Kellerberrin District High School (cash)	\$ 100
Wheatbelt Agcare Community Support Service	\$ 500
Milligan Units	\$ 3,000

### Law, Order and Public Safety

Brigade & Fire Prevention Expenses	\$114,350
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### Other Health

Medical Officer – Housing & Vehicle – Costs	\$ 38,039
Medical Centre & Gardens – Operating Maintenance Costs	\$ 12,896

### Education and Welfare

Kellerberrin's Children Centre – Operating Costs	\$ 13,074
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### Community Amenities

Community Bus	\$ 21,142
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### Recreation and Culture

Swimming Pool Maintenance	\$ 238,149
Councils Recreation Facilities (Inc ovals, park etc)	\$ 479,147
Community Resource Centre /Library Contribution	\$ 16,253
Information Bay Contribution	\$ 4,813





## COUNCILS VISION:

To welcome diversity,  
culture and industry;  
promote a safe and  
prosperous community  
with a rich, vibrant and  
sustainable lifestyle  
for all to enjoy.

## CORE DRIVERS:

Relationships that bring  
us tangible benefits (to  
the Shire and our  
community)

Our lifestyle and strong  
sense of community

We are prepared for  
opportunities and we  
are innovative to ensure  
our relevancy and  
destiny

## STRATEGIC PRIORITIES REVIEW 2019/20

Throughout 2019/20 the Shire of Kellerberrin completed a major review on the Strategic Community Plan. This revised Plan is the product of considerable consultation with the Kellerberrin community, representing a minor though vital review of the journey were on so as to ensure needs continue to be met and voices heard.

The Strategic Community Plan is our long term strategy aimed at enhancing the community in which we live in. The Plan details our aspirations, where we want to go, what we want to become and how we plan to get there. Council has been mindful of including and engaging the thoughts, views and ideas that each of our community representatives have when developing this Plan; this is a community plan that is owned by the community, not just by the Council. Through surveys and community engagement, Council have come to understand that there is a focus and drive to:

- Find ways to boost and promote our local economy and employment opportunities;
- Identify how to maintain/renew our community infrastructure at a sustainable level; and
- Improve opportunities for our community members, particularly for our youth and the elderly.

Under the Local Government (Administration) Regulations 1996, state government legislated an integrated framework for corporate planning and reporting. This framework requires each Local Government in Western Australia to have two key plans for the future;

1. A Strategic Community Plan and
2. A Corporate Business Plan

These plans are supported by informing strategies being;

1. A Workforce Plan
2. An Asset Management Plan and
3. A Long Term Financial Plan.



# CORPORATE BUSINESS PLAN 2016-2020 PROJECTS AND ACTIVITIES PROGRESS:

The Shire’s Corporate Business Plan details the services delivered by the Shire and the key actions that have been prioritised over a four year period to deliver on the communities objectives.

The following tables identify the themes and goals determined, along with how the Shire of Kellerberrin is progressing towards them, including what has occurred during the past 12 months.

<b><u>Theme 1: Lifestyle.</u></b> <i>To Create a comfortable, inviting and welcoming lifestyles that is in keeping with the natural environment and cultural and historical heritage of the Shire.</i>	
	2019/20
1.1 We are a vibrant and viable, culturally diverse and engaging and unified community with strong links to history, culture and the creative arts.	<ul style="list-style-type: none"> <li>• Australia Day Breakfast, including the Annual Citizen of the Year Awards</li> <li>• Host medical students</li> <li>• Pink it Up Kellerberrin</li> </ul>
1.2 Our residents feel supported and cared for through the provision of a range of quality community services.	<ul style="list-style-type: none"> <li>• Completion of stage one, being 13 units of the aged housing project in Kellerberrin, delivered through CEACA and Royalties for Regions funding.</li> <li>• Commencing of local health plan</li> <li>• Arts &amp; Culture Committee</li> </ul>
1.3 Present a Shire with a high visual and aesthetic appeal to neighbouring Shire Councils and visitors.	<ul style="list-style-type: none"> <li>• Ongoing Maintenance of Parks and Gardens.</li> <li>• Administration efforts to clean up private yards throughout the town sites</li> <li>• Cemetery upgrade</li> </ul>

<b><u>Theme 2: Sustainability</u></b> <i>To live in a region that promotes sustainable economic, social and environmental development and growth.</i>	
	2019/20
2.1 Provide sustainable and well managed community assets and infrastructure for the long term enjoyment by our residents and visitors.	<ul style="list-style-type: none"> <li>• Continue to upgrade roads funded by Regional Road Group, Financial Assistance Grants and Roads to Recovery Programs</li> <li>• HSVPP &amp; Community Route Funding               <ul style="list-style-type: none"> <li>◦ Baandee Nth Rd, Kellerberrin-Bencubbin Rd, Dowding St, Mather Rd Chambers St &amp; Bath St</li> </ul> </li> <li>• Caravan Park Upgrade</li> <li>• Allocation of reserves to the Swimming Pool Redevelopment</li> <li>• Footpath construction on Hammond St</li> </ul>
2.2 We are a Shire that respects and aims to preserve the quality of the natural environment and rural landscape and promote environmentally sustainable initiatives.	<ul style="list-style-type: none"> <li>• Baiting for Control of Pests to continue</li> <li>• Clearing permit in line with state and federal requirements</li> <li>• Offset planning for revegetation in lieu of clearing</li> </ul>





# CORPORATE BUSINESS PLAN 2016-2020 PROJECTS AND ACTIVITIES PROGRESS:

<b><u>Theme 3: Leadership</u></b> <i>To be led by an open, honest and transparent government</i>	
	2019/2020
<b>3.1</b> Our Elected Representatives provide effective, respected and progressive leadership.	<ul style="list-style-type: none"> <li>Elected Representatives are active members of regional planning and development committees</li> <li>Council Meetings open to the public</li> <li>'Council Matters' is published monthly</li> <li>Elected Representatives attend seminars and networking events with ministerial representatives to advocate on behalf of Kellerberrin.</li> <li>Continued Sponsorship/support of Community Groups and Organisations</li> <li>Supporting local sporting groups such as speedway, trots, hockey, football, netball</li> <li>LHAG Membership</li> <li>CEACA Membership</li> <li>WEROG Membership</li> <li>GECZ Membership</li> <li>Arts &amp; Culture Committee</li> <li>Freight Group</li> <li>Roadworks Advisory Committee</li> </ul>

<b><u>Theme 4: Prosperity</u></b> <i>To develop a community that fosters and encourages long term prosperity and growth and presents a diverse range of opportunities.</i>	
	2019/20
<b>4.1</b> We are a sustainable, economically diverse and strong community.	<ul style="list-style-type: none"> <li>Continue to utilise local contractors/suppliers wherever possible.</li> <li>Tendered for preferred supplier lists for concrete solutions</li> <li>Continue to advertise and sell the remaining Industrial Lots.</li> <li>Attraction of new business to town.             <ul style="list-style-type: none"> <li>Paleo Salts</li> </ul> </li> <li>Continued assistance to the Chamber of Commerce.</li> <li>Processing of DA's</li> <li>WBN Membership</li> </ul>



# 2019/20 FINANCIAL STATEMENT REPORT

## ATTACHED UNDER SEPARATE COVER

Shire of Kellerberrin Administration Office  
110 Massingham Street Kellerberrin  
PO Box 145 Kellerberrin WA 6410  
Office Hours: 8.30am - 4.30pm Monday to Friday  
**P** (08) 9045 4006  
**E** [shire@kellerberrin.wa.gov.au](mailto:shire@kellerberrin.wa.gov.au)  
**W** [www.kellerberrin.wa.gov.au](http://www.kellerberrin.wa.gov.au)





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

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**COMMUNITY VISION**

To welcome diversity, culture and industry; promote a safe a prosperous community with a rich, vibrant and sustainable lifestyle for all to enjoy.

Principal place of business:  
110 Massingham Street  
Kellerberrin  
WA 6410

**SHIRE OF KELLERBERRIN  
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 Kellerberrin 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 Kellerberrin 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      **15th**                      day of                      **December**                      2020



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Chief Executive Officer

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Raymond Griffiths

Name of Chief Executive Officer



**SHIRE OF KELLERBERRIN**  
**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	25(a)	2,239,577	2,239,173	2,149,768
Operating grants, subsidies and contributions	2(a)	2,297,426	1,210,299	2,262,371
Fees and charges	2(a)	875,326	681,182	691,194
Interest earnings	2(a)	52,009	48,020	59,661
Other revenue	2(a)	448,490	353,876	431,753
		5,912,828	4,532,550	5,594,747
<b>Expenses</b>				
Employee costs		(1,703,490)	(1,854,090)	(1,724,012)
Materials and contracts		(1,204,256)	(1,402,916)	(1,269,732)
Utility charges		(319,899)	(358,373)	(369,786)
Depreciation on non-current assets	11(d)	(2,711,683)	(2,449,981)	(2,604,614)
Interest expenses	2(b)	(112,863)	(98,897)	(111,541)
Insurance expenses		(193,196)	(219,689)	(175,183)
Other expenditure		(138,920)	(70,126)	(42,140)
		(6,384,307)	(6,454,072)	(6,297,008)
		(471,479)	(1,921,522)	(702,261)
Non-operating grants, subsidies and contributions	2(a)	2,878,069	2,868,810	1,423,911
Profit on asset disposals	11(a)	14,930	48,000	15,665
(Loss) on asset disposals	11(a)	(16,402)	(71,952)	(99,770)
Fair value adjustments to financial assets at fair value through profit or loss		865	0	0
		2,877,462	2,844,858	1,339,806
<b>Net result for the period</b>		<b>2,405,983</b>	<b>923,336</b>	<b>637,545</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	0	0	(6,497)
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>(6,497)</b>
<b>Total comprehensive income for the period</b>		<b>2,405,983</b>	<b>923,336</b>	<b>631,048</b>

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Governance	2(a)	22,573	9,000	19,456
General purpose funding		4,495,289	3,404,976	4,349,364
Law, order, public safety		33,665	44,797	41,011
Health		15,102	16,000	13,488
Education and welfare		5,200	5,200	1,200
Housing		12,860	163,920	3,716
Community amenities		165,664	141,021	162,781
Recreation and culture		137,774	46,350	133,968
Transport		149,408	152,910	144,532
Economic services		428,130	408,376	442,572
Other property and services		447,163	140,000	282,659
		5,912,828	4,532,550	5,594,747
<b>Expenses</b>				
Governance	2(b)	(659,708)	(748,305)	(601,554)
General purpose funding		(239,109)	(230,080)	(195,182)
Law, order, public safety		(192,138)	(183,249)	(159,875)
Health		(97,177)	(112,890)	(102,603)
Education and welfare		(17,417)	(31,199)	(10,906)
Housing		(20,186)	(132,892)	(26,020)
Community amenities		(481,328)	(552,569)	(486,165)
Recreation and culture		(1,194,737)	(1,312,011)	(1,153,366)
Transport		(2,435,096)	(2,249,382)	(2,692,084)
Economic services		(640,225)	(627,586)	(530,674)
Other property and services		(294,323)	(175,012)	(227,038)
		(6,271,444)	(6,355,175)	(6,185,467)
<b>Finance Costs</b>				
Housing	2(b)	(23,356)	(18,872)	(18,185)
Recreation and culture		(78,079)	(69,724)	(77,497)
Transport		0	0	(940)
Other property and services		(11,428)	(10,301)	(14,919)
		(112,863)	(98,897)	(111,541)
		(471,479)	(1,921,522)	(702,261)
Non-operating grants, subsidies and contributions	2(a)	2,878,069	2,868,810	1,423,911
Profit on disposal of assets	11(a)	14,930	48,000	15,665
(Loss) on disposal of assets	11(a)	(16,402)	(71,952)	(99,770)
Fair value adjustments to financial assets at fair value through profit or loss		865	0	0
		2,877,462	2,844,858	1,339,806
<b>Net result for the period</b>		<b>2,405,983</b>	<b>923,336</b>	<b>637,545</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	0	0	(6,497)
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>(6,497)</b>
<b>Total comprehensive income for the period</b>		<b>2,405,983</b>	<b>923,336</b>	<b>631,048</b>

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



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

	NOTE	2020	2019
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	3,462,143	3,355,433
Trade and other receivables	6	225,396	275,925
Inventories	7	13,241	3,563
Other assets	8	3,135	3,621
<b>TOTAL CURRENT ASSETS</b>		<b>3,703,915</b>	<b>3,638,542</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	6	34,399	41,492
Other financial assets	5(a)	53,416	52,551
Inventories	7	178,537	178,537
Property, plant and equipment	9	17,032,376	17,831,757
Infrastructure	10	72,369,698	69,912,726
Right of use assets	12(a)	25,336	0
<b>TOTAL NON-CURRENT ASSETS</b>		<b>89,693,762</b>	<b>88,017,063</b>
<b>TOTAL ASSETS</b>		<b>93,397,677</b>	<b>91,655,605</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	293,215	404,465
Contract liabilities	15	47,942	0
Lease liabilities	16(a)	10,869	0
Borrowings	17(a)	169,207	186,291
Employee related provisions	18	291,443	216,175
<b>TOTAL CURRENT LIABILITIES</b>		<b>812,676</b>	<b>806,931</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	16(a)	10,252	0
Borrowings	17(a)	1,746,836	1,916,043
Employee related provisions	18	36,583	33,904
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,793,671</b>	<b>1,949,947</b>
<b>TOTAL LIABILITIES</b>		<b>2,606,347</b>	<b>2,756,878</b>
<b>NET ASSETS</b>		<b>90,791,330</b>	<b>88,898,727</b>
<b>EQUITY</b>			
Retained surplus		30,973,696	30,200,899
Reserves - cash backed	4	2,195,557	922,751
Revaluation surplus	13	57,622,077	57,775,077
<b>TOTAL EQUITY</b>		<b>90,791,330</b>	<b>88,898,727</b>

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

**SHIRE OF KELLERBERRIN**  
**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>29,859,702</b>	<b>626,403</b>	<b>57,781,574</b>	<b>88,267,679</b>
Comprehensive income					
Net result for the period		637,545	0	0	637,545
Other comprehensive income	13	0	0	(6,497)	(6,497)
Total comprehensive income		637,545	0	(6,497)	631,048
Transfers to reserves	4	(296,348)	296,348	0	0
<b>Balance as at 30 June 2019</b>		<b>30,200,899</b>	<b>922,751</b>	<b>57,775,077</b>	<b>88,898,727</b>
Change in accounting policy	29(b)	(360,380)	0	(153,000)	(513,380)
<b>Restated total equity at 1 July 2019</b>		<b>29,840,519</b>	<b>922,751</b>	<b>57,622,077</b>	<b>88,385,347</b>
Comprehensive income					
Net result for the period		2,405,983	0	0	2,405,983
Total comprehensive income		2,405,983	0	0	2,405,983
Transfers to reserves	4	(1,272,806)	1,272,806	0	0
<b>Balance as at 30 June 2020</b>		<b>30,973,696</b>	<b>2,195,557</b>	<b>57,622,077</b>	<b>90,791,330</b>

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



**SHIRE OF KELLERBERRIN**  
**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		2,234,973	2,235,673	2,191,684
Operating grants, subsidies and contributions		2,028,989	1,201,674	2,224,252
Fees and charges		875,326	681,182	691,194
Service charges		0	0	0
Interest received		52,009	48,020	59,661
Goods and services tax received		352,171	265,787	265,787
Other revenue		448,490	353,876	431,753
		5,991,958	4,786,212	5,864,331
<b>Payments</b>				
Employee costs		(1,617,005)	(1,854,090)	(1,700,354)
Materials and contracts		(1,321,986)	(1,659,516)	(1,105,864)
Utility charges		(319,899)	(358,373)	(369,786)
Interest expenses		(112,863)	(97,697)	(109,805)
Insurance paid		(193,196)	(219,689)	(175,183)
Goods and services tax paid		(333,946)	(265,787)	(258,979)
Other expenditure		(138,920)	(70,126)	(42,140)
		(4,037,815)	(4,525,278)	(3,762,111)
<b>Net cash provided by (used in) operating activities</b>	19	1,954,143	260,934	2,102,220
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for financial assets at fair values through profit and loss		0	0	(52,551)
Payments for purchase of property, plant & equipment	9(a)	(498,396)	(518,395)	(1,294,034)
Payments for construction of infrastructure	10(a)	(4,296,083)	(3,999,160)	(1,433,916)
Non-operating grants, subsidies and contributions	2(a)	2,878,069	2,868,810	1,423,911
Proceeds from sale of property, plant & equipment	11(a)	265,817	373,000	322,355
<b>Net cash provided by (used in) investment activities</b>		(1,650,593)	(1,275,745)	(1,034,235)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	17(b)	(186,291)	(186,291)	(194,690)
Payments for principal portion of lease liabilities	16(b)	(10,549)	0	0
Proceeds from new borrowings	17(b)	0	0	700,000
<b>Net cash provided by (used in) financing activities</b>		(196,840)	(186,291)	505,310
<b>Net increase (decrease) in cash held</b>		106,710	(1,201,102)	1,573,295
Cash at beginning of year		3,355,433	3,288,149	1,782,138
<b>Cash and cash equivalents at the end of the year</b>	19	3,462,143	2,087,047	3,355,433

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

**SHIRE OF KELLERBERRIN**  
**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>	26 (b)	1,950,946	2,020,281	1,230,968
		1,950,946	2,020,281	1,230,968
<b>Revenue from operating activities (excluding rates)</b>				
Governance		25,689	34,000	30,541
General purpose funding		2,284,180	1,193,406	2,226,010
Law, order, public safety		33,665	44,797	41,011
Health		15,102	16,000	13,488
Education and welfare		5,200	5,200	1,200
Housing		12,860	163,920	3,716
Community amenities		165,664	141,021	162,781
Recreation and culture		137,774	46,350	133,968
Transport		157,357	159,910	149,112
Economic services		428,130	408,376	442,572
Other property and services		451,028	156,000	282,659
		3,716,649	2,368,980	3,487,058
<b>Expenditure from operating activities</b>				
Governance		(669,610)	(748,305)	(625,728)
General purpose funding		(239,109)	(230,080)	(195,182)
Law, order, public safety		(192,138)	(183,249)	(159,875)
Health		(97,177)	(112,890)	(102,603)
Education and welfare		(17,417)	(31,199)	(10,906)
Housing		(43,542)	(151,764)	(44,205)
Community amenities		(481,328)	(552,569)	(486,165)
Recreation and culture		(1,272,816)	(1,381,735)	(1,230,863)
Transport		(2,435,096)	(2,321,334)	(2,768,620)
Economic services		(640,225)	(627,586)	(530,674)
Other property and services		(312,251)	(185,313)	(241,957)
		(6,400,709)	(6,526,024)	(6,396,778)
Non-cash amounts excluded from operating activities	26(a)	2,808,580	2,473,933	2,691,997
<b>Amount attributable to operating activities</b>		2,075,466	337,170	1,013,245
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	2,878,069	2,868,810	1,423,911
Proceeds from disposal of assets	11(a)	265,817	373,000	322,355
Purchase of property, plant and equipment	9(a)	(498,396)	(518,395)	(1,294,034)
Purchase and construction of infrastructure	10(a)	(4,296,083)	(3,999,160)	(1,433,916)
Purchase for financial assets at fair value through profit and loss	5	0	0	(52,551)
<b>Amount attributable to investing activities</b>		(1,650,593)	(1,275,745)	(1,034,235)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	17(b)	(186,291)	(186,291)	(194,690)
Proceeds from borrowings	17(c)	0	0	700,000
Payments for principal portion of lease liabilities	16(b)	(10,549)	0	0
Transfers to reserves (restricted assets)	4	(1,272,806)	(1,258,099)	(296,348)
Transfers from reserves (restricted assets)	4	0	171,395	0
<b>Amount attributable to financing activities</b>		(1,469,646)	(1,272,995)	208,962
<b>Surplus/(deficit) before imposition of general rates</b>		(1,044,773)	(2,211,570)	187,972
<b>Total amount raised from general rates</b>	25(a)	2,211,974	2,211,570	2,123,354
<b>Surplus/(deficit) after imposition of general rates</b>	26(b)	<b>1,167,201</b>	<b>0</b>	<b>2,311,326</b>

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

**SHIRE OF KELLERBERRIN**  
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**FOR THE YEAR ENDED 30 JUNE 2020**

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## 1. BASIS OF PREPARATION

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

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

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

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

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.

All monies held in the Trust Fund are excluded from the financial statements.

**SHIRE OF KELLERBERRIN**  
**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
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
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	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

**SHIRE OF KELLERBERRIN**  
**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:

	<b>2020 Actual</b>	<b>2020 Budget</b>	<b>2019 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>			
Governance	1,500	0	1,227
General purpose funding	2,096,313	1,025,592	1,996,811
Law, order, public safety	29,346	38,797	34,267
Community amenities	11,951	0	24,624
Recreation and culture	15,477	0	68,382
Transport	142,839	145,910	136,628
Economic services	0	0	432
	<b>2,297,426</b>	<b>1,210,299</b>	<b>2,262,371</b>
<b>Non-operating grants, subsidies and contributions</b>			
Governance	0	0	103,605
Law, order, public safety	8,238	0	8,238
Transport	2,869,831	2,868,810	1,312,068
	<b>2,878,069</b>	<b>2,868,810</b>	<b>1,423,911</b>
<b>Total grants, subsidies and contributions</b>	<b>5,175,495</b>	<b>4,079,109</b>	<b>3,686,282</b>
<b>Fees and charges</b>			
Governance	4,000	4,000	4,148
General purpose funding	78,315	75,191	73,446
Law, order, public safety	4,319	6,000	6,743
Health	15,102	16,000	13,488
Education and welfare	5,200	5,200	1,200
Housing	164,644	153,920	(14,761)
Community amenities	153,622	141,021	138,066
Recreation and culture	19,448	21,350	28,026
Transport	6,569	7,000	7,904
Economic services	204,778	156,500	246,886
Other property and services	219,329	95,000	186,048
	<b>875,326</b>	<b>681,182</b>	<b>691,194</b>

**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 KELLERBERRIN**  
**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	2,297,426	1,210,299	2,262,371
Fees and charges	875,326	681,182	691,194
Other revenue	448,490	353,876	431,753
Non-operating grants, subsidies and contributions	2,878,069	2,868,810	1,423,911
	6,499,311	5,114,167	4,809,229

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	40,101	0	0
Other revenue from contracts with customers recognised during the year	1,283,715	1,035,058	1,122,947
Contracts from transfers intended for acquiring or constructing recognisable non financial assets included as a contract liability at the start of the period	320,279	0	0
Contracts from transfers intended for acquiring or constructing recognisable non financial assets recognised during the year	2,557,790	2,868,810	1,423,911
Other revenue from performance obligations satisfied during the year	2,297,426	1,210,299	2,262,371
	6,499,311	5,114,167	4,809,229

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	140,794	0
Contract liabilities from contracts with customers	(47,942)	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 KELLERBERRIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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

**(a) Revenue (Continued)**

**Revenue from statutory requirements**

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

General rates

Statutory permits and licences

Fines

**Other revenue**

Reimbursements and recoveries

Other

**Interest earnings**

Interest on reserve funds

Rates instalment and penalty interest (refer Note 25(b))

Other interest earnings

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
General rates	2,211,974	2,211,570	2,123,354
Statutory permits and licences	32,601	25,000	31,668
Fines	5,720	6,600	6,820
	2,250,295	2,243,170	2,161,842
Other revenue			
Reimbursements and recoveries	354,389	319,576	321,840
Other	94,101	34,300	109,913
	448,490	353,876	431,753
Interest earnings			
Interest on reserve funds	13,017	12,000	16,383
Rates instalment and penalty interest (refer Note 25(b))	26,133	21,000	19,739
Other interest earnings	12,859	15,020	23,539
	52,009	48,020	59,661

**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

Lease liabilities

Note	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Auditors remuneration			
- Audit of the Annual Financial Report	37,000	42,000	39,000
- Other services	800	0	800
	37,800	42,000	39,800
Interest expenses (finance costs)			
Borrowings	112,060	98,897	111,541
Lease liabilities	803	0	0
	112,863	98,897	111,541

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

**3. CASH AND CASH EQUIVALENTS**

	NOTE	2020 \$	2019 \$
Cash at bank and on hand		3,462,143	3,355,433
<b>Total cash and cash equivalents</b>		<b>3,462,143</b>	<b>3,355,433</b>

**Restrictions**

The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents		2,278,460	1,322,520
		<b>2,278,460</b>	<b>1,322,520</b>

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

Reserves - cash backed	4	2,195,557	922,751
Contract liabilities from contracts with customers	15	47,942	0
Unspent grants, subsidies and contributions		0	360,380
Bonds and deposits held		34,961	39,389
<b>Total restricted assets</b>		<b>2,278,460</b>	<b>1,322,520</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. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

**Restricted assets**

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



SHIRE OF KELLERBERRIN  
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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) Leave reserve	55,862	20,820	0	76,682	55,862	20,764	0	76,626	42,206	13,656	0	55,862
(b) Plant Replacement Reserve	217,794	203,198	0	420,992	217,795	202,980	(171,395)	249,380	141	217,653	0	217,794
(c) Special Projects Reserve	44,588	0	0	44,588	44,588	0	0	44,588	44,588	0	0	44,588
(d) Housing Reserve	60,432	130,887	0	191,319	60,432	130,827	0	191,259	59,144	1,288	0	60,432
(e) Community Bus Reserve	66,426	976	0	67,402	66,426	909	0	67,335	65,010	1,416	0	66,426
(f) Swimming Pool Reserve	394,753	855,934	0	1,250,687	394,753	851,499	0	1,246,252	386,030	8,723	0	394,753
(g) Pathways Reserve	1,056	50,000	0	51,056	1,056	50,000	0	51,056	1,056	0	0	1,056
(h) Sports and Recreation Reserve	81,840	10,991	0	92,831	81,839	1,120	0	82,959	28,228	53,612	0	81,840
	922,751	1,272,806	0	2,195,557	922,751	1,258,099	(171,395)	2,009,455	626,403	296,348	0	922,751

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave reserve	Ongoing	To be used to fund employees Long Service Leave
(b) Plant Replacement Reserve	Ongoing	To be used for the future purchase of Plant and Machinery
(c) Special Projects Reserve	Ongoing	To be used in the funding of Special Projects
(d) Housing Reserve	Ongoing	To be used for the provision of Staff Housing
(e) Community Bus Reserve	Ongoing	To subsidise the replacement of Community Bus
(f) Swimming Pool Reserve	2022/2023	To be used to improve the Swimming Pool Facilities
(g) Pathways Reserve	Ongoing	To be used for the construction of new Pathways
(h) Sports and Recreation Reserve	Ongoing	To provide Sporting and Recreation Amenities

**SHIRE OF KELLERBERRIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**5. OTHER FINANCIAL ASSETS**

**(a) Non-current assets**

Financial assets at fair value through profit and loss

2020	2019
\$	\$
53,416	52,551
53,416	52,551
Financial assets at fair value through profit and loss	
Units in Local Government House Trust	
53,416	52,551
53,416	52,551

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

Units in Local Government House Trust

**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 27.

## 6. TRADE AND OTHER RECEIVABLES

### Current

Rates receivable
Trade and other receivables
GST receivable

### Non-current

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

2020	2019
\$	\$
84,602	72,905
140,794	184,795
0	18,225
225,396	275,925
34,399	41,492
34,399	41,492

### 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 27.

### 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

### 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

Additions to inventory

### Carrying amount at end of period

2020	2019
\$	\$
1,991	3,563
11,250	0
13,241	3,563
178,537	178,537
178,537	178,537
182,100	182,321
0	(221)
9,678	0
191,778	182,100

## 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.

## 8. OTHER ASSETS

### Other assets - current

Accrued income

2020	2019
\$	\$
3,135	3,621
3,135	3,621

### SIGNIFICANT ACCOUNTING POLICIES

#### Other current assets

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

#### Non-current assets held for sale

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

#### Non-current assets held for sale (Continued)

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

The fair value of land and buildings was determined using the sales comparison approach using comparable properties in the area. This is a level 2 measurement as per the fair value hierarchy set out in Note 30(h).

**SHIRE OF KELLERBERRIN**  
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**9. 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	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	1,460,500	153,000	1,613,500	1,750,687	10,606,544	12,357,231	13,970,731	182,536	3,722,969	17,876,236
Additions	0	0	0	787,181	37,014	824,195	824,195	106,450	363,389	1,294,034
(Disposals)	0	0	0	0	0	0	0	(35,460)	(371,000)	(406,460)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	(8,540)	2,043	(6,497)
(Write off of assets under \$5k threshold Disposals)	0	0	0	0	0	0	0	(35,460)	(42,843)	(78,303)
Depreciation (expense)	0	0	0	(39,082)	(239,022)	(278,104)	(278,104)	(18,232)	(550,917)	(847,253)
<b>Carrying amount at 30 June 2019</b>	1,460,500	153,000	1,613,500	2,498,786	10,404,536	12,903,322	14,516,822	191,294	3,123,641	17,831,757
<b>Comprises:</b>										
Gross carrying amount at 30 June 2019	1,460,500	153,000	1,613,500	2,576,542	10,880,520	13,457,062	15,070,562	209,400	3,661,331	18,941,293
Accumulated depreciation at 30 June 2019	0	0	0	(77,756)	(475,984)	(553,740)	(553,740)	(18,106)	(537,690)	(1,109,536)
<b>Carrying amount at 30 June 2019</b>	1,460,500	153,000	1,613,500	2,498,786	10,404,536	12,903,322	14,516,822	191,294	3,123,641	17,831,757
Change in accounting policy (Note 27(a))	0	(153,000)	(153,000)	0	0	0	(153,000)	0	0	(153,000)
<b>Restated carrying amount at 1 July 2019</b>	1,460,500	0	1,460,500	2,498,786	10,404,536	12,903,322	14,363,822	191,294	3,123,641	17,678,757
Additions	0	0	0	34,400	33,501	67,901	67,901	6,750	423,745	498,396
(Disposals)	(6,500)	0	(6,500)	(76,497)	(5,144)	(81,641)	(88,141)	0	(179,148)	(267,289)
Depreciation (expense)	0	0	0	(53,969)	(240,045)	(294,014)	(294,014)	(27,611)	(593,132)	(914,757)
Transfers	(11,250)	0	(11,250)	(530)	530	0	(11,250)	48,519	0	37,269
<b>Carrying amount at 30 June 2020</b>	1,442,750	0	1,442,750	2,402,190	10,193,378	12,595,568	14,038,318	218,952	2,775,106	17,032,376
<b>Comprises:</b>										
Gross carrying amount at 30 June 2020	1,442,750	0	1,442,750	2,529,290	10,909,173	13,438,463	14,881,213	264,669	3,876,855	19,022,737
Accumulated depreciation at 30 June 2020	0	0	0	(127,100)	(715,795)	(842,895)	(842,895)	(45,717)	(1,101,749)	(1,990,361)
<b>Carrying amount at 30 June 2020</b>	1,442,750	0	1,442,750	2,402,190	10,193,378	12,595,568	14,038,318	218,952	2,775,106	17,032,376

## 9. PROPERTY, PLANT AND EQUIPMENT (Continued)

### (b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	June 2017	Price per hectare / 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	Price per hectare / market borrowing rate
Buildings - specialised	3	Cost approach and depreciated replacement cost	Independent registered valuer	June 2017	Construction costs and current condition, residual values and remaining useful life assessments inputs

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

During the period there were no changes in the valuation techniques used 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.



## 10. INFRASTRUCTURE

### (a) Movements in Carrying Amounts

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

	Infrastructure - roads	Other infrastructure - footpaths	Other infrastructure - drainage	Other infrastructure - public facilities	Total Infrastructure
	\$	\$	\$	\$	\$
Balance at 1 July 2018	56,742,460	750,754	6,925,693	5,817,264	70,236,171
Additions	1,199,761	0	139,973	94,182	1,433,916
Depreciation (expense)	(1,343,924)	(41,716)	(134,752)	(236,969)	(1,757,361)
Carrying amount at 30 June 2019	56,598,297	709,038	6,930,914	5,674,477	69,912,726
Comprises:					
Gross carrying amount at 30 June 2019	84,165,581	1,806,142	10,271,726	5,986,551	102,230,000
Accumulated depreciation at 30 June 2019	(27,567,284)	(1,097,104)	(3,340,812)	(312,074)	(32,317,274)
Carrying amount at 30 June 2019	56,598,297	709,038	6,930,914	5,674,477	69,912,726
Additions	3,736,357	22,113	150,169	387,444	4,296,083
Depreciation (expense)	(1,372,460)	(51,655)	(136,456)	(230,021)	(1,790,592)
Transfers	0	0	0	(48,519)	(48,519)
Carrying amount at 30 June 2020	58,962,194	679,496	6,944,627	5,783,381	72,369,698
Comprises:					
Gross carrying amount at 30 June 2020	87,901,938	1,828,255	10,421,895	6,325,476	106,477,564
Accumulated depreciation at 30 June 2020	(28,939,744)	(1,148,759)	(3,477,268)	(542,095)	(34,107,866)
Carrying amount at 30 June 2020	58,962,194	679,496	6,944,627	5,783,381	72,369,698

**SHIRE OF KELLERBERRIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**10. INFRASTRUCTURE (Continued)**

**(b) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Other infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Other infrastructure - drainage	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Other infrastructure - public facilities	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments inputs

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

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

## 11. FIXED ASSETS

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

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

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

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

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

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

#### Revaluation

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

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

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

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

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

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

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

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

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

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

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

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

#### Land under roads from 1 July 2019

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

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.

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

**SHIRE OF KELLERBERRIN**  
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**11. 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	6,500	0	0	(6,500)	0	0	0	0	0	0	0	0
Buildings - non-specialised	76,497	80,362	3,865	0	75,000	80,000	5,000	0	0	0	0	0
Buildings - specialised	5,144	0	0	(5,144)	0	0	0	0	0	0	0	0
Furniture and equipment	0	0	0	0	0	0	0	0	35,460	0	0	(35,460)
Plant and equipment	179,148	185,455	11,065	(4,758)	321,952	293,000	43,000	(71,952)	371,000	322,355	15,665	(64,310)
	267,289	265,817	14,930	(16,402)	396,952	373,000	48,000	(71,952)	406,460	322,355	15,665	(99,770)

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 Prado	55,066	58,182	3,116	0
Toyota Prado	58,400	57,273	0	(1,127)
Holden Calais Tourer Wagon	30,904	27,273	0	(3,631)
CANWA Shed Ripper Street	5,144	0	0	(5,144)
<b>Transport</b>				
Ford Ranger Wildtrak	34,778	42,727	7,949	0
	184,292	185,455	11,065	(9,902)
<b>Land and Buildings</b>				
<b>Other Property and Services</b>				
Infant Health Clinic Land	6,500	0	0	(6,500)
Infant Health Clinic Building	76,497	80,362	3,865	0
	82,997	80,362	3,865	(6,500)
	267,289	265,817	14,930	(16,402)

**(b) Fully Depreciated Assets in Use**

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

	2020	2019
	\$	\$
Furniture and equipment	1,800	3,950
	1,800	3,950

**(c) Temporarily Idle Assets**

The carrying value of assets held by the Shire which are temporarily idle or retired from active use and not classified as held for sale are shown in the table below.

	2020	2019
	\$	\$
Plant and equipment	7,100	7,100
	7,100	7,100



## 11. FIXED ASSETS

### (d) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	53,969	38,674	39,082
Buildings - specialised	240,045	239,430	239,022
Furniture and equipment	27,611	28,848	18,232
Plant and equipment	593,132	568,419	550,917
Infrastructure - roads	1,372,460	1,177,733	1,343,924
Other infrastructure - footpaths	51,655	41,716	41,716
Other infrastructure - drainage	136,456	118,192	134,752
Other infrastructure - public facilities	230,021	236,969	236,969
Right of use assets - furniture and equipment	6,334	0	0
	2,711,683	2,449,981	2,604,614

### SIGNIFICANT ACCOUNTING POLICIES

#### Depreciation

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

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

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

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

#### Depreciation rates

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

Asset Class	Useful life
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement seal	50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel Roads	
- Formation	Not Depreciated
- Pavement	50 Years
- Gravel Sheet	12 Years
Formed Roads	
- Formation	Not Depreciated
- Pavement	50 Years
Footpaths - Slabs	20 Years
Footpaths - Concrete	50 Years
Sewerage Piping	100 Years
Water supply piping	75 Years
Drainage Systems	75 Years
Right of use (furniture and equipment)	Based on the remaining lease

#### Depreciation on revaluation

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

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

(b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

#### Amortisation

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

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

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

## 12. RIGHT OF USE ASSETS

### (a) Right of Use Assets

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

	Right of use assets - furniture and equipment \$	Right of use assets Total
Carrying amount at 30 June 2019	0	0
Recognised on initial application of AASB 16	31,670	31,670
Restated total equity at the beginning of the financial year	31,670	31,670
Depreciation (expense)	(6,334)	(6,334)
Carrying amount at 30 June 2020	25,336	25,336
(b) Cash outflow from leases		
Interest expense on lease liabilities	10,549	10,549
Lease principal expense	803	803
Total cash outflow from leases	11,352	11,352
(c) Other expenses and income relating to leases		
Short-term lease payments recognised as expense	12,511	12,511
	0	12,511

The Shire has 1 lease relating to gymnasium equipment. The lease term of the lease is 4 years.

The Shire has not revalued the right of use assets relating to the gymnasium equipment as the difference between the fair value and carrying amount is immaterial.

### SIGNIFICANT ACCOUNTING POLICIES

#### Leases

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

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

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

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

#### Right-of-use assets - valuation

Right-of-use assets are measured at cost. This means that 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). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 11 for details on the significant accounting policies applying to vested improvements.

#### Right-of-use assets - depreciation

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

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**13. 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	1,100,209	(153,000)	0	0	0	947,209	1,100,209	0	0	0	1,100,209
Revaluation surplus - Buildings	3,635,414	0	0	0	0	3,635,414	3,635,414	0	0	0	3,635,414
Revaluation surplus - Furniture and equipment	32,881	0	0	0	0	32,881	41,421	0	(8,540)	(8,540)	32,881
Revaluation surplus - Plant and equipment	1,851,158	0	0	0	0	1,851,158	1,849,115	2,043	0	2,043	1,851,158
Revaluation surplus - Infrastructure - roads	42,841,502	0	0	0	0	42,841,502	42,841,502	0	0	0	42,841,502
Revaluation surplus - Other infrastructure - footpaths	405,185	0	0	0	0	405,185	405,185	0	0	0	405,185
Revaluation surplus - Other infrastructure - drainage	6,275,922	0	0	0	0	6,275,922	6,275,922	0	0	0	6,275,922
Revaluation surplus - Other infrastructure - public facilities	1,632,806	0	0	0	0	1,632,806	1,632,806	0	0	0	1,632,806
	57,775,077	(153,000)	0	0	0	57,622,077	57,781,574	2,043	(8,540)	(6,497)	57,775,077

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.

14. TRADE AND OTHER PAYABLES

Current

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

2020	2019
\$	\$
185,998	295,279
6,584	10,645
46,836	34,237
34,961	39,389
13,789	18,382
5,047	6,533
293,215	404,465

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.



15. CONTRACT LIABILITIES

Current

Contract liabilities from contracts with customers

2020	2019
\$	\$
47,942	0
47,942	0

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

Less than 1 year

47,942
47,942

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

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

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

SHIRE OF KELLERBERRIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

16. LEASE LIABILITIES

(a) Lease Liabilities					2020		2019	
					\$		\$	
Current					10,869		0	
Non-current					10,252		0	
					21,121		0	

  

(b) Movements in Carrying Amounts																			
Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual Lease Principal 1 July 2019	30 June 2020 Actual New Leases	30 June 2020 Actual Lease Principal Repayments	30 June 2020 Actual Lease Principal Outstanding	30 June 2020 Actual Lease Interest Repayments	Budget Lease Principal 1 July 2019	30 June 2020 Budget New Leases	30 June 2020 Budget Lease Principal Repayments	30 June 2020 Budget Lease Principal Outstanding	30 June 2020 Budget Lease Interest Repayments	Actual Lease Principal 1 July 2018	30 June 2019 Actual New Loans	30 June 2019 Actual Lease Principal Repayments	30 June 2019 Actual Lease Principal Outstanding	30 June 2019 Actual Lease Interest Repayments
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Recreation and culture																			
Gymnasium Equipment	1	MAIA Finance	2.99%	48 months	31,670	0	10,549	21,121	803	0	0	0	0	0	0	0	0	0	0
					31,670	0	10,549	21,121	803	0	0	0	0	0	0	0	0	0	0

SHIRE OF KELLERBERRIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

17. INFORMATION ON BORROWINGS

(a) Borrowings

	2020	2019
	\$	\$
Current	169,207	186,291
Non-current	1,746,836	1,916,043
	1,916,043	2,102,334

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual	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
				Principal	Actual	Actual	Actual	Actual		Budget	Budget	Budget	Budget		Actual	Actual	Actual	Actual
				1 July 2019	New Loans	Principal repayments	Interest repayments	Principal outstanding		1 July 2019	New Loans	Principal repayments	Interest repayments	Principal outstanding	1 July 2018	New Loans	Principal repayments	Interest repayments
				\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Housing</b>																		
Police Housing (Hammond St)	120	WATC*	3.12%	654,425	0	62,373	23,356	592,052	654,425	0	62,373	18,872	592,052	0	700,000	45,575	18,185	654,425
<b>Recreation and culture</b>																		
Loan 118 Recreation Centre Constr	118	WATC*	6.37%	1,118,360	0	64,292	77,276	1,054,068	1,118,360	0	64,292	69,724	1,054,068	1,178,715	0	60,355	77,497	1,118,360
<b>Transport</b>																		
Loan 116A - John Deere Grader	116A	WATC*	5.51%	0	0	0	0	0	0	0	0	0	0	31,589	0	31,589	940	0
<b>Other property and services</b>																		
Loan 117 Residence Leake Street	117	WATC*	5.85%	24,294	0	24,294	286	0	24,294	0	24,294	1,071	0	47,227	0	22,933	3,655	24,294
Loan 119 14 CEACA Units	119	WATC*	3.16%	305,255	0	35,332	11,142	269,923	305,256	0	35,332	9,230	269,924	339,493	0	34,238	11,264	305,255
				2,102,334	0	186,291	112,060	1,916,043	2,102,335	0	186,291	98,897	1,916,044	1,597,024	700,000	194,690	111,541	2,102,334

\* WA Treasury Corporation

All loan repayments were financed by general purpose revenue.

**SHIRE OF KELLERBERRIN**  
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**17. INFORMATION ON BORROWINGS (Continued)**

	2020	2019
	\$	\$
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	500,000	500,000
Bank overdraft at balance date	0	0
Credit card limit	15,000	15,000
Credit card balance at balance date	(3,488)	(378)
<b>Total amount of credit unused</b>	<b>511,512</b>	<b>514,622</b>
 <b>Loan facilities</b>		
Loan facilities - current	169,207	186,291
Loan facilities - non-current	1,746,836	1,916,043
Lease liabilities - current	10,869	0
Lease liabilities - non-current	10,252	0
<b>Total facilities in use at balance date</b>	<b>1,937,164</b>	<b>2,102,334</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Borrowing costs**

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

**Risk**

Information regarding exposure to risk can be found at Note 27.



## 18. EMPLOYEE RELATED PROVISIONS

### (a) Employee Related Provisions

#### Opening balance at 1 July 2019

Current provisions

Non-current provisions

Additional provision

#### 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	129,304	86,871	216,175
Non-current provisions	0	33,904	33,904
	129,304	120,775	250,079
Additional provision	33,395	44,552	77,947
Balance at 30 June 2020	162,699	165,327	328,026
Comprises			
Current	162,699	128,744	291,443
Non-current	0	36,583	36,583
	162,699	165,327	328,026

	2020 \$	2019 \$
Less than 12 months after the reporting date	150,584	117,297
More than 12 months from reporting date	179,990	136,458
Expected reimbursements from other WA local governments	(2,548)	(3,676)
	328,026	250,079

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.

## 19. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash and cash equivalents	3,462,143	2,087,047	3,355,433
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	2,405,983	923,336	637,545
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(865)	0	0
Depreciation on non-current assets	2,711,683	2,449,981	2,604,614
(Profit)/loss on sale of asset	1,472	23,952	84,105
Change in accounting policies transferred to retained surplus	0	311,000	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	57,622	(12,125)	10,605
(Increase)/decrease in other assets	486	0	(3,621)
(Increase)/decrease in inventories	1,572	(1,600)	221
Increase/(decrease) in payables	(111,250)	(564,800)	170,449
Increase/(decrease) in provisions	77,947	0	22,213
Increase/(decrease) in contract liabilities	(312,438)	0	0
Non-operating grants, subsidies and contributions	(2,878,069)	(2,868,810)	(1,423,911)
Net cash from operating activities	1,954,143	260,934	2,102,220

## 20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	888,952	829,523
General purpose funding	1,606,198	2,449,202
Law, order, public safety	371,567	418,357
Health	178,280	265,179
Education and welfare	177,346	181,564
Housing	4,226,046	4,120,322
Community amenities	799,288	695,176
Recreation and culture	12,990,430	12,541,137
Transport	67,939,813	65,724,021
Economic services	835,834	719,930
Other property and services	3,383,923	3,711,194
	93,397,677	91,655,605

## 21. CONTINGENT ASSETS AND LIABILITIES

The Shire is not aware of any contingent assets or liabilities as at 30 June 2020.

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

Apart from the LG FM reg changes effective 6 November 2020 (disclosed in Note 29), there were no other events occurring after balance date that have a significant effect on the financial statements.

## 23. CAPITAL AND LEASING COMMITMENTS

### (a) Capital Expenditure Commitments

Contracted for:

- plant & equipment purchases

	2020	2019
	\$	\$
	0	7,400
	0	7,400
Payable:		
- not later than one year	0	7,400

The plant & equipment purchase at the end of the previous reporting period represents the purchase of a water tank.

### (b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts (short term and low value leases).

Payable:

- not later than one year

- later than one year but not later than five years

- later than five years

	2020	2019
	\$	\$
	0	41,140
	0	101,584
	0	29,006
	0	171,730

## SIGNIFICANT ACCOUNTING POLICIES

### Leases

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

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

### Leases (Continued)

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

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

## 24. 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	16,600	17,050	15,800
President's allowance	5,000	5,000	5,000
Travelling expenses	3,700	3,850	3,500
Telecommunications allowance	2,101	0	0
	27,401	25,900	24,300

### 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	450,814	453,687
Post-employment benefits	54,802	48,351
Other long-term benefits	31,378	27,545
	536,994	529,583

#### *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.



## 24. RELATED PARTY TRANSACTIONS (Continued)

### Transactions with related parties

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

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

	2020 Actual	2019 Actual
The following transactions occurred with related parties:	\$	\$
Purchase of goods and services		
Companies - Key management personnel	288,686	86,281
<b>Amounts payable to related parties:</b>		
Trade and other payables - Key management personnel	3,009	2,287

### 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 (KMP). KMP are employed by the Shire under normal employment terms and conditions.

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

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

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

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

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**25. 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>Differential general rate</b>												
<b>Gross rental valuations</b>												
Kellerberrin Residential	0.13368	330	2,959,372	395,609	2,104	0	397,713	395,859	0	0	395,859	378,817
Other Residential	0.13368	3	19,240	2,572	0	0	2,572	2,572	0	0	2,572	2,455
Kellerberrin Commercial	0.15360	29	645,937	99,216	(2,080)	0	97,136	99,216	0	0	99,216	100,885
Other Commercial	0.15360	3	27,976	4,297	0	0	4,297	4,297	0	0	4,297	4,112
<b>Unimproved valuations</b>												
Rural	0.02065	267	75,794,000	1,565,146	(152)	0	1,564,994	1,565,146	0	0	1,565,146	1,503,291
Mining Tenements	0.02065	0	0	0	0	0	0	0	0	0	0	0
<b>Sub-Total</b>		632	79,446,525	2,066,840	(128)	0	2,066,712	2,067,090	0	0	2,067,090	1,989,560
<b>Minimum payment</b>												
<b>Gross rental valuations</b>												
Kellerberrin Residential	782	61	74,059	47,702	0	0	47,702	47,702	0	0	47,702	42,636
Other Residential	782	26	37,668	20,332	0	0	20,332	20,332	0	0	20,332	19,448
Kellerberrin Commercial	859	26	72,194	22,334	0	0	22,334	22,334	0	0	22,334	22,194
Other Commercial	859	2	170	1,718	0	0	1,718	1,718	0	0	1,718	1,644
<b>Unimproved valuations</b>												
Rural	782	67	1,164,800	52,394	0	0	52,394	51,612	0	0	51,612	47,124
Mining Tenements	782	1	2,805	782	0	0	782	782	0	0	782	748
<b>Sub-Total</b>		183	1,351,696	145,262	0	0	145,262	144,480	0	0	144,480	133,794
<b>Total amount raised from general rate</b>		815	80,798,221	2,212,102	(128)	0	2,211,974	2,211,570	0	0	2,211,570	2,123,354
<b>Ex-gratia rates</b>							2,211,974				2,211,570	2,123,354
<b>Totals</b>							27,603				27,603	26,414
							2,239,577				2,239,173	2,149,768

**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.

## 25. 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	29/08/2019			11.00%
<b>Option Two</b>				
First instalment	29/08/2019			11.00%
Second instalment	2/01/2020	5.00	5.50%	11.00%
<b>Option Three</b>				
First instalment	29/08/2019			11.00%
Second instalment	31/10/2019	5.00	5.50%	11.00%
Third instalment	2/01/2020	5.00	5.50%	11.00%
Fourth instalment	3/03/2020	5.00	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	17,751	15,000	13,544
Interest on instalment plan	6,717	6,000	5,637
Interest on ESL charges	727	0	558
Interest on deferred pensioner rates	938	0	0
Charges on instalment plan	1,925	2,000	1,895
	28,058	23,000	21,634

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**26. RATE SETTING STATEMENT INFORMATION**

		2019/20 Budget	2019/20	2018/19
		(30 June 2020	(1 July 2019	(30 June 2019
		Carried	Brought	Carried
Note		Forward)	Forward)	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	11(a)	(14,930)	(48,000)	(15,665)
Less: Fair value adjustments to financial assets at fair value through profit and loss		(865)	0	0
Movement in pensioner deferred rates (non-current)		7,093	0	(18,935)
Movement in employee benefit provisions		77,947	0	22,213
Movement in land transferred to LHFR Current		11,250	0	0
Add: Loss on disposal of assets	11(a)	16,402	71,952	99,770
Add: Depreciation on non-current assets	11(d)	2,711,683	2,449,981	2,604,614
<b>Non cash amounts excluded from operating activities</b>		<b>2,808,580</b>	<b>2,473,933</b>	<b>2,691,997</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	(2,195,557)	(2,009,455)	(922,751)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	17(a)	169,207	(186,291)	186,291
- Current portion of lease liabilities		10,869	0	0
- Employee benefit provisions		291,443	189,692	216,175
- Movement between current and non-current provisions		0	(20,063)	0
<b>Total adjustments to net current assets</b>		<b>(1,724,038)</b>	<b>(2,026,117)</b>	<b>(520,285)</b>
<b>Net current assets used in the Rate Setting Statement</b>				
Total current assets		3,703,915	2,451,078	3,638,542
Less: Total current liabilities		(812,676)	(424,961)	(806,931)
Less: Total adjustments to net current assets		(1,724,038)	(2,026,117)	(520,285)
<b>Net current assets used in the Rate Setting Statement</b>		<b>1,167,201</b>	<b>0</b>	<b>2,311,326</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	28(a)			3,638,542
<b>Total current assets at 1 July 2019</b>				<b>3,638,542</b>
<b>Total current liabilities at 30 June 2019</b>				
- Contract liabilities from contracts with customers	28(a)			(806,931)
- Contract liabilities from transfers for recognisable non financial assets	28(a)			(40,101)
<b>Total current liabilities at 1 July 2019</b>				<b>(320,279)</b>
				<b>(1,167,311)</b>

## 27. 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	0.55%	3,462,143	2,055,157	1,406,426	560
<b>2019</b>					
Cash and cash equivalents	0.63%	3,355,433	642,363	2,712,510	560

#### Sensitivity

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

	2020 \$	2019 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	14,064	27,125

\* Holding all other variables constant

#### Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 17(b).



## 27. 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 such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

	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					
Gross carrying amount	2,176	20,952	33,362	62,511	119,001
Loss allowance	0	0	0	0	0
<b>30 June 2019</b>					
Rates receivable					
Gross carrying amount	(25,885)	51,876	33,834	54,572	114,397
Loss allowance	0	0	0	0	0

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					
Gross carrying amount	114,696	6,147	15,726	4,225	140,794
Loss allowance	0	0	0	0	0
<b>30 June 2019</b>					
Trade and other receivables					
Gross carrying amount	153,314	27,077	611	3,793	184,795
Loss allowance	0	0	0	0	0

## 27. 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 17.

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>2020</b>					
Payables	246,379	0	0	246,379	246,379
Borrowings	259,823	1,039,293	1,123,847	2,422,963	1,916,043
Contract liabilities	47,942	0	0	47,942	47,942
Lease liabilities	11,352	10,406	0	21,758	21,121
	565,496	1,049,699	1,123,847	2,739,042	2,231,485
<b>2019</b>					
Payables	370,228	0	0	370,228	404,465
Borrowings	285,189	1,039,293	1,383,670	2,708,152	2,102,334
	655,417	1,039,293	1,383,670	3,078,380	2,506,799

## 28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

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

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

		AASB 118 carrying amount		AASB 15 carrying amount
	Note	30 June 2019	Reclassification	01 July 2019
		\$	\$	\$
<b>Contract liabilities - current</b>				
Contract liabilities from contracts with customers	15	0	(40,101)	(40,101)
Adjustment to retained surplus from adoption of AASB 15	29(b)		(40,101)	

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

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

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

		AASB 118 and AASB 1004 carrying amount		AASB 1058 carrying amount
	Note	30 June 2019	Reclassification	01 July 2019
		\$	\$	\$
<b>Contract liabilities - current</b>				
Contract liabilities from transfers for recognisable non financial assets	15	0	(320,279)	(320,279)
Adjustment to retained surplus from adoption of AASB 1058	29(b)		(320,279)	

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.

Volunteer Services in relation to Volunteer Bush Fire Services were not recognised as the fair value of the services cannot be reliably estimated.

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)**

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

		2020 \$	Adjustment due to application of AASB 15 and AASB 1058	2020 \$
	Note	As reported under AASB 15 and AASB 1058		Compared to AASB 118 and AASB 1004
<b>Statement of Comprehensive Income</b>				
<b>Revenue</b>				
Rates	25(a)	2,239,577	0	2,239,577
Operating grants, subsidies and contributions	2(a)	2,297,426	47,942	2,345,368
Fees and charges	2(a)	875,326	0	875,326
Non-operating grants, subsidies and contributions	2(a)	2,878,069	0	2,878,069
Net result		2,405,983	47,942	2,453,925
<b>Statement of Financial Position</b>				
Trade and other payables	14	293,215	0	293,215
Contract liabilities	15	47,942	(47,942)	0
Net assets		90,791,330	47,942	90,839,272
<b>Statement of Changes in Equity</b>				
Net result		2,405,983	47,942	2,453,925
Retained surplus		30,973,696	47,942	31,021,638

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

**(c) AASB 16: Leases**

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the Shire recognised lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117 (excluding short term and low value leases). These lease liabilities were measured at the present value of the the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2.99%.

	Note	2020 \$
Operating lease commitments at 30 June 2019 applying AAS 117		42,748
Discount applied using incremental borrowing rate		(11,078)
Lease liability recognised as 1 July 2019 discounted using the Shire's incremental borrowing rate of 2.99%	12(a)	31,670
Lease liability - current		10,549
Lease liability - non-current		21,121
Right-of-use assets recognised at 1 July 2019		31,670

On adoption of AASB 16, the Shire recognised a right-of-use asset in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is deemed to be equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

Property, plant and equipment and lease liabilities increased by \$31,670 on 1 July 2019 resulting in no impact on retained surplus.

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

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

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

# SHIRE OF KELLERBERRIN

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2020

#### 29. CHANGE IN ACCOUNTING POLICIES

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

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

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 11.

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	9	17,831,757	(153,000)	17,678,757
Revaluation surplus	13	57,775,077	(153,000)	57,622,077

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

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

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

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			30,200,899
Adjustment to retained surplus from adoption of AASB 15	28(a)	(40,101)	
Adjustment to retained surplus from adoption of AASB 1058	28(b)	(320,279)	(360,380)
Retained surplus - 1 July 2019			29,840,519

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			57,775,077
Adjustment to revaluation surplus from deletion of FM Reg 16	29(a)	(153,000)	
Adjustment to revaluation surplus from deletion of FM Reg 17	29(a)	0	(153,000)
Revaluation surplus - 1 July 2019			57,622,077



# SHIRE OF KELLERBERRIN

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

### 30. OTHER SIGNIFICANT ACCOUNTING POLICIES

#### a) Goods and services tax (GST)

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

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

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

#### b) Current and non-current classification

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

#### c) Rounding off figures

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

#### d) Comparative figures

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

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

#### e) Budget comparative figures

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

#### f) Superannuation

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

#### g) Fair value of assets and liabilities

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

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

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

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

#### h) Fair value hierarchy

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

##### Level 1

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

##### Level 2

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

##### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation techniques

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

##### Market approach

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

##### Income approach

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

##### Cost approach

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

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

#### i) Impairment of assets

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

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

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

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

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

**31. 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>
<b>GOVERNANCE</b> To provide a decision making process for the efficient allocation of scarce resources.	Administration and operation of facilities and services to members of Council. Other costs that relate to the task of assisting elected members and ratepayers on matters which do not concern specific Council services.
<b>GENERAL PURPOSE FUNDING</b> To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b> To provide services to help ensure a safer community.	Supervision of various by-laws, fire prevention, emergency services and animal control.
<b>HEALTH</b> To provide an operational framework for good community health.	Food quality and pest control, immunisation services.
<b>EDUCATION AND WELFARE</b> To meet the needs of the community in these areas	Provision of Pre-School facilities
<b>HOUSING</b> To provide and maintain housing for staff and the community.	Provision and maintenance of housing for staff and the community.
<b>COMMUNITY AMENITIES</b> To provide services required by the community.	Rubbish collection services, operation of tips, noise control, administration of town planning scheme, maintenance of cemetery and provision of Land Care services.
<b>RECREATION AND CULTURE</b> To establish and manage effectively infrastructure and resources which will help the social well being of the community.	Maintenance of halls, aquatic centre, recreation centre, reserves and parks, library.
<b>TRANSPORT</b> To provide effective and efficient transport services to the community.	Construction and maintenance of streets, roads, bridges; cleaning and lighting of streets, depot maintenance, licensing services and airstrip maintenance.
<b>ECONOMIC SERVICES</b> To help promote the Shire and improve its economic wellbeing.	The regulation and provision of tourism, area promotion, building control, sale yards, noxious weeds, vermin control and standpipes.
<b>OTHER PROPERTY AND SERVICES</b> To monitor and control council's overheads operating accounts.	Private works operations, plant repairs and operations costs.

## 32. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	2.18	3.25	2.78
Asset consumption ratio	0.61	0.72	0.74
Asset renewal funding ratio	0.52	0.52	0.52
Asset sustainability ratio	1.14	0.75	1.53
Debt service cover ratio	7.60	6.30	8.47
Operating surplus ratio	(0.13)	(0.24)	(0.12)
Own source revenue coverage ratio	0.55	0.51	0.58

The above ratios are calculated as follows:

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



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Kellerberrin

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

##### **Opinion**

I have audited the annual financial report of the Shire of Kellerberrin which comprises the Statement of Financial Position as at 30 June 2020, and 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, as well as 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 Kellerberrin:

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

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

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

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

I draw attention to Notes 1 and 11 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

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

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

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

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

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

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

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

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

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

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
  - a. The Asset Renewal Funding Ratio as reported in Note 32 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries' standard for the past three financial years.
  - b. The Operating Surplus Ratio as reported in Note 32 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries' standard for the past three financial years.
- (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 18% of purchase transactions we sampled, there was inadequate or no evidence that a sufficient number of quotations were obtained to test the market, and no documentation to explain why other quotes were not sought.
  - b. We noted 21% of the purchase orders we sampled were dated after the dates of the corresponding supplier invoices.  
These practices increase the risk of fraud or favouritism of suppliers, not obtaining value for money in procurement, and inappropriate or unnecessary purchases.
- (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.



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



ALOHA MORRISSEY  
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
16 December 2020