

SHIRE OF KOJONUP



Audit & Risk Committee Agenda

12 July 2022

TO: AUDIT & RISK COMMITTEE MEMBERS

NOTICE is given that a meeting of the Audit & Risk Committee will be held in the Reception Lounge, Shire Administration Building, 93 Albany Highway, Kojonup on Tuesday, 12 July 2022 commencing at 9:00am.

Your attendance is respectfully requested.

**GRANT THOMPSON
CHIEF EXECUTIVE OFFICER**

7 July 2022

TERMS OF REFERENCE

AUDIT & RISK COMMITTEE

Function:

This Committee is responsible for assisting Council in recommending appropriate actions to Council with regards to audit, risk and governance management to ensure accountability to the community in its responsibilities.

Duties and Responsibilities:

- Receive and review the biannual reports from the Chief Executive Officer (CEO) regarding the appropriateness and effectiveness of the Shire's risk management, internal controls and legislative compliance and make recommendations to Council;
- Recommend and review the Shire's Risk Appetite Statement in order to set the Risk Tolerance of the Council;
- Monitor and receive reports concerning the development, implementation and on-going management of the Shire's Risk Management Plan and the effectiveness of its Risk Management Framework;
- Provide advice and assistance to Council as to the carrying out of its functions in relation to audits and recommend;
 - a) a list of those matters to be audited; and
 - b) the scope of the audit to be undertaken;
- Meet with the auditor yearly and provide a report to Council on the matters discussed and the outcome of the discussions;
- Liaise with the (CEO) to ensure that the Shire does everything in its power to:
 - a) assist the auditor to conduct the audit and carry out his or her other duties under the *Local Government Act 1995*; and
 - b) ensure that audits are conducted successfully and expeditiously;
- Examine the reports of the auditor after receiving a report from the CEO on the matters and:
 - a) determine if any matters raised require action to be taken by the Shire; and
 - b) ensure that appropriate action is taken in respect of those matters;
 - c) Review the report prepared by the CEO in respect of any matters raised in the report of the auditor and present the report to Council for adoption prior to the end of the next financial year or six months after the last report prepared by the auditor is received, whichever is the latest;
- Review the scope of the Audit Plan and its effectiveness;
- Consider and recommend adoption of the Annual Financial Report to the Council;
- Address issues brought to the attention of the Committee, including responding to requests from Council for advice that are within the parameters of the Committee's terms of reference;
- Seek information or obtain expert advice through the CEO on matters of concern within the scope of the Committee's terms of reference following authorisation from the Council; and
- Review the annual Statutory Compliance Return and make a recommendation on its adoption to Council.

Membership

Four (4) Councillors; and

Two (2) Community Members.

AGENDA FOR THE AUDIT AND RISK COMMITTEE MEETING
TO BE HELD ON 12 JULY 2022

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AGENDA

1 **DECLARATION OF OPENING**

The Chairman, Cr Gale, will declare the meeting open at _____ am and alert the meeting of the procedures for emergencies including evacuation, designated exits and muster points.

2 **ATTENDANCE, APOLOGIES & LEAVE OF ABSENCE**

MEMBERS

Cr Kevin Gale	Member
Cr Alan Egerton-Warburton	Member
Cr Roger Bilney	Member
Cr Paul Webb	Member
Roger House	Community Member

STAFF (OBSERVERS)

Grant Thompson	Chief Executive Officer
Heather Marland	Senior Finance Officer
Judy Stewart	Senior Administration Officer

SENIOR MANAGEMENT TEAM VISITOR

Nil

APOLOGIES

James Hope	Community Member
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3 **PUBLIC QUESTION TIME**

4 **SUMMARY OF RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE**

Nil

5 **CONFIRMATION OF MINUTES**

5.1 AUDIT AND RISK COMMITTEE MEETING HELD 15 MARCH 2022 ([Attachment 5.1](#))

OFFICER RECOMMENDATION

That the minutes of the Audit & Risk Committee Meeting held on 15 March 2022 be confirmed as a true and accurate record.

6 DECLARATIONS OF INTEREST

7 SENIOR MANAGEMENT TEAM DISCUSSION

In accordance with the Financial Management Review adopted in February 2019, one senior manager will attend the Audit & Risk Committee on a rotational basis to discuss the following:

- Update on Manager's areas of responsibility and current projects/issues;
- Questions on Notice from the Audit Committee;
- Management's own recommendations for improvement in key areas;

8 COMMITTEE TIMETABLE

As a guide and subject to availability, each Audit & Risk Committee agenda will contain the following **(list to be expanded at the suggestion of members)**:

1st Quarter (January – March)

- Committee Status Report
- Compliance Audit Return
- Summary of Risk Management
- Volunteer Management
- Leave Provision Adequacy

2nd Quarter (April – June)

- Committee Status Report
- Summary of Risk Management
- Fees & Charges Review
- Business Continuity Plan Review
- Shire President's Vehicle Log Book

3rd Quarter (July – September)

- Committee Status Report
- Interim Audit Report
- Summary of Risk Management
- Insurance Overview

4th Quarter (October – December)

- Committee Status Report
- Audit Report & Management Letter
- Annual Financial Report
- Annual Report
- Financial Management Review (each 3 years – 2021, 2024...)
- Risk, Legal Compliance & Internal Controls review (each 3 years – 2021, 2024...)
- Summary of Risk Management

OFFICER COMMENT

The above list will remain at the commencement of each Committee agenda to act as a timetable and enable members to add to the items to be considered.

9 COMMITTEE STATUS REPORT

Date	Item Number & Title	Issue	Response	Status
Nil				

10 SUMMARY OF RISK MANAGEMENT

10.1 RISK MANAGEMENT UPDATE

Please refer to the following attachments:

- 10.1.1 Risk Dashboard Report – July 2022
- 10.1.2 Risk Actions Report – July 2022

10.2 WORK HEALTH AND SAFETY (WHS)

The new *Work Health and Safety Act 2020* and accompanying regulations came into effect in March 2022.

10.3 COVID-19 WORKING GROUP

The COVID-19 Working Group (Group) held its last scheduled meeting on 2 June 2022 and will now meet on an ad hoc basis if the need arises.

Whilst vaccination requirements have ceased for the majority of the Shire's workforce, mandatory vaccination is still required for team members working at or visiting Springhaven.

The Springhaven Outbreak Management Plan (Plan) was put into practice when a number of staff and three residents were afflicted with the virus. The Plan involved closing one wing off from the rest of the facility and moving Covid-19-positive residents into that wing to be cared for. A number of staff moved to 12 hour shifts to cover gaps in the roster, with many working overtime. Springhaven management has received commendation from the Department of Health on the way the Springhaven virus outbreak was handled and its spread limited. Only 3 residents were infected and all recovered well with the help of antiviral medication. At the height of the outbreak, 8 Springhaven team members were absent as a result of external contact with the virus, which from a team of 23 (at the time) was quite significant. Toward the end of the outbreak the Australian Defence Force attended with a group of 7 and assisted with all aspects of providing aged care services, from personal care to activities. They travelled to Springhaven daily from Collie, where they were accommodated, and assisted for 7 days.

The remainder of the Shire's workforce has been impacted by the spread of COVID-19 in much the same manner as other businesses with a number of staff having caught the virus or having been a close contact of someone with the virus and thus being required to isolate. Risk mitigation measures included team members working from home (if close contacts), changes to physical placement within work areas to enable social distancing where possible, and people covering similar roles working from different sites in an effort to mitigate the risk of the similar roles being affected by the virus at the same time and potentially impacting service provision.

11 **OFFICER REPORTS**

11.1 ANNUAL FINANCIAL REPORT 2020/2021 & GENERAL MEETING OF ELECTORS

AUTHOR	Heather Marland – Senior Finance Officer
DATE	Tuesday, 28 June 2022
FILE NO	FM.AUD.2 & FM.FNR.1
ATTACHMENT(S)	11.1.1 - Annual Financial Report 2020/2021 11.1.2 - Auditor's Management Letter

STRATEGIC/CORPORATE IMPLICATIONS		
"Smart Possibilities – Kojonup 2027+"		"Smart Implementation – Kojonup 2021 +"
Key Pillar	Community Outcomes	Corporate Actions
KP – 3 Performance	3.4 – Be organised and transparent with our financial management.	3.4.1 - Increase regularity of readable financial reporting to the community. 3.4.2 – Act with sound long-term and transparent financial management and deliver residents considered value for money.

DECLARATION OF INTEREST

Nil

SUMMARY

The purpose of this report is to consider the 2020/2021 Annual Financial Report, incorporating the Audit Report and make recommendation to the Council.

BACKGROUND

Each local government is to prepare an annual report for each financial year. The report is a record of the Shire's activities for the financial year and is an integral part of the accountability principles established for local governments in WA.

COMMENT

The Audit Report and Annual Financial Report both form part of the Annual Report which will be considered by the Council at its 26 July 2022 Ordinary Meeting. The Auditor's Management Letter is provided as additional information to the Committee and Council for transparency and full disclosure.

The Annual Electors Meeting must be held within 56 days of accepting the Annual Financial Report, with appropriate time being allowed after adoption to give notice of the meeting, say 14 days. This effectively means that the Annual Electors Meeting needs to be held between 10 August 2022 and 21 September 2022. In previous years, the Annual Electors Meeting has been held in the evening following the Council Ordinary Meeting, so it is therefore recommended that the meeting be held on Tuesday, 16 August 2022. It is also proposed to hold the meeting at the Sporting Complex.

The Annual Electors Meeting will be publicised in the Great Southern Herald, on the Shire website and Shire Facebook page as soon as possible after the date is set, and in the next available Kojonup News and Shire E-News.

Significant Matters Raised:

Contained within the 2020/2021 Audit Report was a matter identified as significant by the Auditor. These matters raised by the Auditor were as follows:

The Asset Renewal Funding Ratio was not reported.

The Asset Renewal Funding Ratio for the year ended 30 June 2021 has not been included in the financial report as required by regulation 50(1)(c) of the Local Government (Financial Management) Regulations 1996.

It is recommended that the Shire updates the Asset Management Plan and Long Term Financial Plan as soon as possible in order that the asset funding ratio can be calculated based on verifiable information and reasonable assumptions and included in the financial report.

CONSULTATION

Auditors – Lincolns Accountants Albany
The Office of the Auditor General
Manager Corporate and Community Services

STATUTORY REQUIREMENTS

Section 5.26 to 5.33; 5.53 & 5.54 of the *Local Government Act 1995*
Regulation 50(1) (c) of the *Local Government (Financial Management) Regulations 1996*
Section 4 of the *Local Government (COVID-19 Response) Order 2020*

POLICY IMPLICATIONS

There are no policy implications for this report.

FINANCIAL IMPLICATIONS

This item reports on the financial position of the Shire as at 30 June 2021. The recommendation does not in itself have a financial implication.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications for this report.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications for this report.

SOUTHERN LINK VROC (VOLUNTARY REGIONAL ORGANISATION OF COUNCILS) IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER RECOMMENDATION

That it be recommended to the Council that:

1. a. The 2020/2021 Annual Financial Report be adopted; and
b. The Chief Executive Officer be requested to forward a copy of this Committee and the Council agenda items to the Minister for Local Government and place them on the Shire website in accordance with Section 7.12A (Duties of local government with respect to audits) of the *Local Government Act 1995*;
2. The information contained within this report relating to the Asset Renewal Funding Ratio be received; and
3. The matters raised in the Auditor's Management Letter be noted and included in the Committee Status Report of future Audit and Risk Committee agendas.

12 **OTHER ITEMS FOR DISCUSSION OR FURTHER RESEARCH AS RAISED BY MEMBERS**

12.1 FINANCIAL MANAGEMENT REVIEW

CEO to update.

12.2 OFFICE OF THE AUDITOR GENERAL (OAG) REPORTS

The following report may be of interest to the Committee:

- Audit Results Report – Annual 2020-2021 Financial Audits of Local Government Entities;
- Information Systems Audit Report 2021 – State Government Entities;
- Western Australian Public Sector Financial Statements – Better Practice Guide;
- Local Government General Computer Controls; and
- Regulation and Support of the Local Government Sector.

These and other reports by the OAG can be found at <https://audit.wa.gov.au/reports-and-publications/reports/>

13 **NEXT MEETING**

The next meeting of the Audit and Risk Committee will be held Tuesday, 1 November 2022.

14 **CLOSURE**

There being no further business to discuss, the Chairman, Cr Gale, thanked members for their attendance and declared the meeting closed at _____am.

15 ATTACHMENTS (SEPARATE)

Item 5	5.1	Audit & Risk Committee Minutes 15 March 2022
Item 10.1	10.1.1	Risk Dashboard Report – July 2022
	10.1.2	Risk Actions Report – July 2022
Item 11.1	11.1.1	Annual Financial Report 2020/2021
	11.1.2	Auditor's Management Letter

SHIRE OF KOJONUP



Audit & Risk Committee Minutes

15 March 2022

TERMS OF REFERENCE

AUDIT & RISK COMMITTEE

Function:

This Committee is responsible for assisting Council in recommending appropriate actions to Council with regards to audit, risk and governance management to ensure accountability to the community in its responsibilities.

Duties and Responsibilities:

- Receive and review the biannual reports from the Chief Executive Officer (CEO) regarding the appropriateness and effectiveness of the Shires risk management, internal controls and legislative compliance and make recommendations to Council;
- Recommend and review the Shires Risk Appetite Statement in order to set the Risk Tolerance of the Council;
- Monitor and receive reports concerning the development, implementation and on-going management of the Shires Risk Management Plan and the effectiveness of its Risk Management Framework;
- Provide advice and assistance to Council as to the carrying out of its functions in relation to audits and recommend;
 - a) a list of those matters to be audited; and
 - b) the scope of the audit to be undertaken;
- Meet with the auditor yearly and provide a report to Council on the matters discussed and the outcome of the discussions;
- Liaise with the (CEO) to ensure that the Shire does everything in its power to:
 - a) assist the auditor to conduct the audit and carry out his or her other duties under the *Local Government Act 1995*; and
 - b) ensure that audits are conducted successfully and expeditiously;
- Examine the reports of the auditor after receiving a report from the CEO on the matters and:
 - a) determine if any matters raised require action to be taken by the Shire; and
 - b) ensure that appropriate action is taken in respect of those matters;
 - c) Review the report prepared by the CEO in respect of any matters raised in the report of the auditor and present the report to Council for adoption prior to the end of the next financial year or six months after the last report prepared by the auditor is received, whichever is the latest;
- Review the scope of the Audit Plan and its effectiveness;
- Consider and recommend adoption of the Annual Financial Report to the Council;
- Address issues brought to the attention of the Committee, including responding to requests from Council for advice that are within the parameters of the Committee's terms of reference;
- Seek information or obtain expert advice through the CEO on matters of concern within the scope of the Committee's terms of reference following authorisation from the Council; and

- Review the annual Statutory Compliance Return and make a recommendation on its adoption to Council.

Membership

Four (4) Councillors; and

Two (2) Community Members.

MINUTES FOR THE AUDIT AND RISK COMMITTEE MEETING
HELD ON 15 MARCH 2022

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MINUTES

1 DECLARATION OF OPENING

The Chairman, Cr Gale will declared the meeting open at 9:08 am and alerted the meeting of the procedures for emergencies including evacuation, designated exits and muster points.

2 ATTENDANCE, APOLOGIES & LEAVE OF ABSENCE

MEMBERS

Cr Kevin Gale	Member
Cr Roger Bilney	Member (via Zoom)
Cr Alan Egerton-Warburton	Member
Cr Felicity Webb	Member
James Hope	Community Member
Roger House	Community Member
Cr Ned Radford	Observer

STAFF (OBSERVERS)

Grant Thompson	Chief Executive Officer
Anthony Middleton	Manager Corporate and Community Services (via Zoom)
Heather Marland	Senior Finance Officer
Judy Stewart	Senior Administration Officer

SENIOR MANAGEMENT TEAM VISITOR

Robert Jehu	Manager Regulatory Services - left at 9:47 am
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APOLOGIES

Nil

3 PUBLIC QUESTION TIME

Nil

4 SUMMARY OF RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil

5 CONFIRMATION OF MINUTES

Audit & Risk Committee Meeting held 2 November 2021 ([Attachment 5.1](#))

OFFICER RECOMMENDATION/COMMITTEE DECISION

Moved Mr R House, seconded Cr Egerton –Warburton that the minutes of the Audit & Risk Committee Meeting held on 2 November 2021 be confirmed as a true and accurate record.

Carried 6/0

6 **DECLARATIONS OF INTEREST**

7 **SENIOR MANAGEMENT TEAM DISCUSSION**

In accordance with the Financial Management Review adopted in February 2019, one senior manager will attend the Audit & Risk Committee on a rotational basis to discuss the following:

- Update on Manager's areas of responsibility and current projects/issues;
- Questions on Notice from the Audit and Risk Committee;
- Management's own recommendations for improvement in key areas.

Robert Jehu, Manager Regulatory Services presented at the meeting and gave an overview of the positions under his management and an update of their current priorities.

8 **COMMITTEE TIMETABLE**

As a guide and subject to availability, each Audit & Risk Committee agenda will contain the following **(list to be expanded at the suggestion of members)**:

1st Quarter (January – March)

- Committee Status Report
- Compliance Audit Return
- Summary of Risk Management
- Volunteer Management
- Leave Provision Adequacy

2nd Quarter (April – June)

- Committee Status Report
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- Fees & Charges Review
- Business Continuity Plan Review
- Shire President's Vehicle Log Book

3rd Quarter (July – September)

- Committee Status Report
- Interim Audit Report
- Summary of Risk Management
- Insurance Overview

4th Quarter (October – December)

- Committee Status Report
- Audit Report & Management Letter
- Annual Financial Report
- Annual Report
- Financial Management Review (each 3 years – 2018, 2021...)
- Risk, Legal Compliance & Internal Controls review (each 3 years – 2021, 2024...)
- Summary of Risk Management

The above list will remain at the commencement of each Committee agenda to act as a

timetable and enable members to add to the items to be considered.

9 COMMITTEE STATUS REPORT

Date	Item Number & Title	Issue	Response	Status
Nil.				

10 SUMMARY OF RISK MANAGEMENT

10.1 RISK MANAGEMENT UPDATE

Please refer to the following attachments:

- 10.1.1 Risk Dashboard Report – March 2022
- 10.1.2 Risk Actions Report – March 2022

10.2 WORKPLACE HEALTH AND SAFETY (WHS)

The implementation of the new *Work Health and Safety Act 2020* and accompanying regulations was delayed to come into effect in March 2022. A new Regional Risk Coordinator (who provides WHS expertise to shires within our Region) has commenced and will be able to provide further assistance to the Shire of Kojonup in meeting its WHS responsibilities.

10.3 COVID-19 WORKING GROUP

The COVID-19 Working Group (Group) usually meets on a monthly basis; however, meets more regularly if required.

Since the 2 November 2021 Audit and Risk Committee meeting, State Government mandated vaccination requirements have been communicated to all staff. The Shire of Kojonup (Shire) has roles within all tiered levels of vaccination requirements due to employing a diverse range of staff ranging from those who are involved in providing aged care, regulatory, tourism and administrative services to those involved in civil road works, parks and gardens, and cleaning of public facilities and those providing volunteer services. Registers of vaccinated and unvaccinated staff, volunteers and contractors have been developed in order to assist in meeting the Shire's responsibility as an employer. A register of COVID-19 Personal Protective Equipment requirements and stock on hand has been established and extra stock ordered in anticipation of increased virus spread within the Western Australian community. Measures have been taken to mitigate the risk to the Shire of Kojonup's business continuity and include reinforcement of the use of Personal Protective Equipment, social distancing, signing in at external venues and increased physical separation of staff to lessen the likelihood of all or many staff being affected by COVID-19 at the same time.

Recent legal interpretation (McLeod's Barristers and Solicitors) of the *Building and Construction Industry Worker (Restriction on Access) Directions (No. 3)* has been received by local governments with regard to the definition of *minor* civil road works (such as pavement/footpath, irrigation, parks and gardens, and landscaping works) and *vaccination exemptions*. The legal advice suggests that minor construction work is exempt from vaccination requirements; whereas, projects such as major road upgrades are not covered by a vaccination exemption nor occasions where a combination of local government employees and externally-engaged workers working alongside each other in construction, irrespective of whether the construction work is minor.

10.4 VOLUNTEER MANAGEMENT

Council, at its 2 November 2021 Ordinary Meeting, reviewed its Volunteer Management Handbook and made only minor and inconsequential changes of an updating nature.

11 OFFICER REPORTS

11.1 COMPLIANCE AUDIT RETURN 2021

AUTHOR	Judy Stewart – Senior Administration Officer
DATE	Wednesday, 9 March 2022
FILE NO	CM.REP.1
ATTACHMENT(S)	11.1.1 - Compliance Audit Return 2021

STRATEGIC/CORPORATE IMPLICATIONS		
“Smart Possibilities – Kojonup 2027+”		“Smart Implementation – Kojonup 2018-2022”
Key Pillar	Community Outcomes	Corporate Actions
KP3 - Performance	3.4 – Be organised and transparent with our financial management	3.4.3 – Commit to future state-wide measurement systems testing local government performance

DECLARATION OF INTEREST

Nil

SUMMARY

The purpose of this report is for the Audit and Risk Committee’s consideration and recommendation to Council for adoption of the Compliance Audit Return for 2021.

BACKGROUND

Completion of the Compliance Audit Return (CAR) is mandatory for each local government. Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996* require a local government to carry out a compliance audit for each calendar year. A local government’s audit committee must review the CAR and report same to Council to adopt after which a certified copy, together with a copy of the section of Council minutes adopting the CAR plus any other relevant information, must be submitted to the Department of Local Government, Sport and Cultural Industries (Department) by 31 March each year.

COMMENT

The 2021 CAR has been completed following a review of processes and documentation for each activity/area in which compliance is being assessed against the *Local Government Act 1995* and its associated regulations.

Items of note in the 2021 CAR include the following:

- the need to publish an up-to-date version of the gift register on the Shire of Kojonup’s (Shire’s) website;
- the need to publish a Code of Conduct for employees on the Shire’s website; and
- the need to publish an up-to-date register of the complaints on the Shire’s website.

This item is for the Audit and Risk Committee’s consideration and recommendation to the Council for adoption and subsequent submission to the Department by 31 March 2022.

CONSULTATION

Chief Executive Officer

Manager Corporate and Community Services

STATUTORY REQUIREMENTS

14. *Compliance audits by local governments*

(1) *A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.*

(2) *After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.*

(3A) *The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.*

(3) *After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —*

(a) *presented to the council at a meeting of the council; and*

(b) *adopted by the council; and*

(c) *recorded in the minutes of the meeting at which it is adopted.*

[Regulation 14 inserted: Gazette 23 Apr 1999 p. 1724-5; amended: Gazette 30 Dec 2011 p. 5580-1.]

15. *Certified copy of compliance audit return and other documents to be given to Departmental CEO*

(1) *After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —*

(a) *a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and*

(b) *any additional information explaining or qualifying the compliance audit,*

is to be submitted to the Departmental CEO by 31 March next following the period to which the return relates.

(2) *In this regulation —*

certified *in relation to a compliance audit return means signed by —*

(a) *the mayor or president; and*

(b) *the CEO.*

[Regulation 15 inserted: Gazette 23 Apr 1999 p. 1725; amended: Gazette 26 Jun 2018 p. 2386.]

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

RISK MANAGEMENT IMPLICATIONS

RISK MANAGEMENT FRAMEWORK			
Risk Profile	Risk Description/Cause	Key Control	Current Action
3. Failure to Fulfil Compliance Requirements (Statutory/Regulatory)	Inadequate compliance framework	Compliance Audit Report	Nil (key control being undertaken)
Risk rating - Adequate			
IMPLICATIONS			
Maximising compliance with legislation mitigates risk of damage to image and reputation as well as penalties associated with non-compliance; compliance demonstrates that best practice methodology is in place.			

ASSET MANAGEMENT IMPLICATIONS

Nil

SOUTHERN LINK VROC (VOLUNTARY REGIONAL ORGANISATION OF COUNCILS) IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER RECOMMENDATION/COMMITTEE DECISION

Moved Cr Egerton-Warburton, seconded Mr R House that it be recommended to the Council that the Compliance Audit Return for 2021, as attached, be adopted.

Carried 6/0

12 OTHER ITEMS FOR DISCUSSION OR FURTHER RESEARCH AS RAISED BY MEMBERS

13 NEXT MEETING

The next meeting of the Audit and Risk Committee will be held Tuesday, 3 May 2022 at 9:00am.

14 CLOSURE

There being no further business to discuss, the Chairman, Cr Gale, thanked members for their attendance and declared the meeting closed at 10:25am.

15 ATTACHMENTS (SEPARATE)

5.1 - Audit & Risk Committee Minutes 2 November 2021

10.1.1 - Risk Dashboard Report – March 2022

10.1.2 - Risk Actions Report – March 2022

11.1.1 - Compliance Audit Report 2021

Shire of Kojonup Risk Dashboard Report July 2022

<u>Asset Sustainability Practices</u>		Risk	Control
		Moderate	Adequate
Current Actions	Due Date	Responsibility	
Restrict access to non-compliant/damaged/dangerous buildings until the future of these facilities is determined.	May-22	MRS	
Risk Assessment on Showgrounds	May-22	MCCS	
<u>External Theft and Fraud (inc. Cyber Crime)</u>		Risk	Control
		Moderate	Adequate
Current Actions	Due Date	Responsibility	
Fob's security improvements for administration building - fob quotes requested	Jun-22	CEO	
Update fixed assets record (RAMM) to include Parks, Reserves, street furniture and signage and drainage infrastructure	Apr-22	MWS	
<u>Business & Community Disruption</u>		Risk	Control
		Moderate	Adequate
Current Actions	Due Date	Responsibility	
Review and test LEMA Plan	Apr-22	MRS	
Commence annual building inspections	Mar-22	MRS	
Draft Bushfire Risk Management Plan - progressing	Dec-23	MRS	
<u>Management of Facilities, Venues and Events</u>		Risk	Control
		Moderate	Adequate
Current Actions	Due Date	Responsibility	
Draft improved Events planning process guidelines (including Planning Approvals, risk assessments, event management plans, food safety at stalls etc) - progressing	Jun-22	MRS	
Develop post event procedures and event evaluation debrief - progressing	Mar-22	MRS	
Develop Lease agreements register for all Shire facilities - progressing community hall agreements, sporting group agreements	Jun-22	MCCS	
Community education re public events on private property - progressing	Jun-22	MRS	
Annual tenancy inspections for staff and public housing - scheduled & notice in writing	Mar-22	MRS	
<u>Failure to Fulfil Compliance Requirements (Statutory, Regulatory)</u>		Risk	Control
		Low	Adequate
Current Actions	Due Date	Responsibility	
<u>IT, Communication Systems and Infrastructure</u>		Risk	Control
		Moderate	Adequate
Current Actions	Due Date	Responsibility	
Add additional generator input points (Admin building)	Jul-23	MRS	
Negotiate Service level agreement with Vendors - IT	Jun-22	MCCS	
<u>Document Management Processes</u>		Risk	Control
		Low	Adequate
Current Actions	Due Date	Responsibility	
Formation of Position Descriptions for volunteers - progressing	Apr-22	CEO	
<u>Misconduct</u>		Risk	Control
		Moderate	Adequate
Current Actions	Due Date	Responsibility	
Implement user-friendly stock control and reconciliation (fuel) procedure - FO to work with Depot	Jul-22	MCCS	
<u>Employment Practices</u>		Risk	Control
		High	Adequate
Current Actions	Due Date	Responsibility	
Formalise exit interview procedure - template for review	Apr-22	MCCS	
Finalise EBA - M Fitzgerald, on behalf of Council, is following up with the ASU week commencing 3 March 2020	Jun-22	CEO	
<u>Project/Change Management</u>		Risk	Control
		High	Adequate
Current Actions	Due Date	Responsibility	
Implement formal project management guidelines	May-22	CEO	
<u>Engagement practices</u>		Risk	Control
		Moderate	Adequate
Current Actions	Due Date	Responsibility	
Review and assess Community Engagement Strategy and Plan - to be formed?	Jul-22	MCCS	
<u>Safety and Security Practices</u>		Risk	Control
		High	Adequate
Current Actions	Due Date	Responsibility	
Conduct annual evacuation drill at all facilities	Apr-23	CEO	
<u>Environment Management</u>		Risk	Control
		Low	Adequate
Current Actions	Due Date	Responsibility	
<u>Supplier and Contract Management</u>		Risk	Control
		Moderate	Adequate
Current Actions	Due Date	Responsibility	
<u>Errors, Omissions and Delays</u>		Risk	Control
		Low	Adequate
Current Actions	Due Date	Responsibility	
Implement a formal peer review process	Dec-23	CEO	

Actions	Risk Profile	Due Date	Responsibility	Action Status
Commence annual building inspections	2	Mar-22	MRS	14/7/21 Spreadsheet being developed. BMC to start doing tenanted building inspections end of March - 2 weeks' notice (3 per week)
Formalise exit interview procedure - template for review	5	Apr-22	CEO	CEO to review and implement HR Framework inc Policies and Procedures. 1st quarter 2022.
Implement user-friendly stock control and reconciliation (fuel) procedure	12	Jul-22	MCCS/MWS	Work group addressing the issue led by FO. Finance Officer to work with Depot. Monthly reconciliations are now greatly improved, albeit still a manual process. Once procedure has been decided.
Risk assessment of Showgrounds	1	Dec-23	MCCS	LGIS assessment completed. Budget for consultant - existing or move - community/stakeholder views.
MOU for Community Halls - together with previous	1	Dec-21	MCCS	Community Halls management - draft MOU with CEO/MCCS
Review and test LEMA Plan	2	Apr-22	MRS	Plan to be tested asap
Develop post event procedures and event evaluation debrief - together with previous - end to end process for event	10	Mar-22	MRS	Progressing
Annual tenancy inspections for staff and public housing - scheduled & notice in writing - same date as for no. 1	10	Mar-22	MRS	Starting early 2022
Conduct annual evacuation drill at all facilities	14	Apr-23	CEO	Progressing, training of fire wardens to occur. Drill to be scheduled 1st Quarter 2022.
Fobs security improvements for administration building	9	Jun-22	CEO	Fob quotes requested. Whole of Security review to commence 1st half of 2022.
Update fixed assets record (RAMM) to include Parks, Reserves, street furniture and signage and drainage infrastructure	9	Apr-22	CEO/MWS	Ongoing including buildings - Pocket RAMM? Training - BCM Ref: ICT Plan as per previous discussion. Technical Officer to take on RAMM training and ongoing updates.

Actions	Risk Profile	Due Date	Responsibility	Action Status
Formation of Position Descriptions for Volunteers - progressing.	4	Apr-22	CEO	Managers to form position descriptions. SH has volunteers' handbook which acts as a PD. Library PD completed. In draft form. 14/7/21 - Volunteer PD's completed for Parks/Reserves, KP and Library and are now in use. Volunteer Manual also updated to reflect minor amendments.
Finalise EBA	5	Jun-22	CEO	CEO will take the lead and is currently reviewing the process to undertake EBA negotiations 2nd Quarter 2022.
Restrict access to non-compliant/damaged/dangerous buildings until the future of these buildings is determined.	1	May-22	MRS	Inspection of public buildings required to establish any non-compliance, damage or danger. MRS/BS to coordinate annual inspection of buildings. List to be compiled of relevant buildings; produce checklist and assess as part of budgetary process.
Develop Lease agreements register for all Shire facilities - progressing community hall agreements, sporting group agreements.	10	Jun-22	MCCS	Community Halls management - draft MOU with CEO/MCCS. Kojonup Historical Society (Elverd Cottage, Barracks and Post Office) lease agreement - draft forwarded to CEO & MCCS 27/05/21 for comment. Kojonup Bowling Club - draft in progress. So many buildings still without leases.
Negotiate Service level agreement with Vendors.	11	Jun-22	MCCS	Ramped Technology
Draft Improved Events planning process guidelines (including Planning Approvals, risk assessments, event management plans, food safety at stalls etc).	10	Jun-22	MRS	Event plan application has been established. Itinerant traders
Community education re public events on private property - together	10	Mar-22	MRS	Progressing
Implement formal project management guidelines	13	May-22	CEO	Implementation 2nd Quarter 2022 - framework back to SMT
Implement a formal peer review process	8	Dec-23	CEO	Link to PM framework - SMT to discuss
Review and assess Community Engagement Strategy and Plan - to be formed?	6	Jul-22	CEO/MCCS	Organisation wide
Draft Bush Fire Risk Management Plan	2	Dec-23	MRS	bfrm coordinator engagement agreed to

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

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COMMUNITY VISION

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

Principal place of business:
93 Albany Highway
Kojonup WA 6395

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Kojonup for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the Shire of Kojonup at 30 June 2021 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 10th day of June 2022



Chief Executive Officer

GRANT THOMPSON

Name of Chief Executive Officer



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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	23(a)	4,021,892	4,035,411	3,973,188
Operating grants, subsidies and contributions	2(a)	3,143,027	2,188,049	3,068,726
Fees and charges	2(a)	1,323,731	1,448,587	1,220,691
Interest earnings	2(a)	46,995	95,899	98,753
Other revenue	2(a)	287,337	389,724	300,609
		8,822,982	8,157,670	8,661,967
Expenses				
Employee costs		(4,688,839)	(4,216,345)	(4,554,168)
Materials and contracts		(1,907,105)	(1,067,979)	(2,037,281)
Utility charges		(331,449)	(334,550)	(387,866)
Depreciation on non-current assets	10(b)	(3,443,579)	(3,310,228)	(3,341,600)
Interest expenses	2(b)	(53,860)	(56,336)	(26,045)
Insurance expenses		(331,102)	(309,230)	(308,437)
Other expenditure		(22,189)	(725,180)	(533,775)
		(10,778,123)	(10,019,848)	(11,189,172)
		(1,955,141)	(1,862,178)	(2,527,205)
Non-operating grants, subsidies and contributions	2(a)	3,392,107	4,719,789	2,946,755
Profit on asset disposals	10(a)	29,654	1,546	20,146
(Loss) on asset disposals	10(a)	(274,580)	(60,189)	(130,320)
Fair value adjustments to financial assets at fair value through profit or loss		3,232	0	11,687
		3,150,413	4,661,146	2,848,268
Net result for the period		1,195,272	2,798,968	321,063
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		1,195,272	2,798,968	321,063

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

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Governance	2(a)	36,546	39,500	59,555
General purpose funding		5,634,293	4,873,150	5,653,473
Law, order, public safety		58,846	59,853	56,336
Health		8,529	14,172	21,631
Education and welfare		9,397	17,950	16,608
Housing		2,349,376	2,285,960	2,017,542
Community amenities		367,883	364,274	346,779
Recreation and culture		63,074	78,870	83,112
Transport		10,273	77,000	10,941
Economic services		197,865	176,940	182,926
Other property and services		86,900	170,001	213,064
		8,822,982	8,157,670	8,661,967
Expenses				
Governance	2(b)	(544,589)	(550,190)	(712,200)
General purpose funding		(73,684)	(74,449)	(70,867)
Law, order, public safety		(277,288)	(271,839)	(250,058)
Health		(57,823)	(140,465)	(835,325)
Education and welfare		(119,888)	(59,882)	(56,275)
Housing		(2,695,035)	(2,309,530)	(2,413,143)
Community amenities		(676,205)	(710,548)	(611,781)
Recreation and culture		(1,403,492)	(1,384,159)	(1,463,131)
Transport		(3,701,041)	(3,491,748)	(3,500,733)
Economic services		(906,035)	(915,954)	(915,401)
Other property and services		(269,183)	(54,748)	(334,213)
		(10,724,263)	(9,963,512)	(11,163,127)
Finance Costs				
Health	2(b)	(2,338)	(2,579)	(1,016)
Housing		(34,810)	(38,417)	(16,967)
Recreation and culture		(14,440)	(13,812)	(8,055)
Transport		(2,272)	(1,528)	(7)
		(53,860)	(56,336)	(26,045)
		(1,955,141)	(1,862,178)	(2,527,205)
Non-operating grants, subsidies and contributions	2(a)	3,392,107	4,719,789	2,946,755
Profit on disposal of assets	10(a)	29,654	1,546	20,146
(Loss) on disposal of assets	10(a)	(274,580)	(60,189)	(130,320)
Fair value adjustments to financial assets at fair value through profit or loss		3,232	0	11,687
		3,150,413	4,661,146	2,848,268
Net result for the period		1,195,272	2,798,968	321,063
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		1,195,272	2,798,968	321,063

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



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

	NOTE	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	3	3,958,480	4,272,596
Trade and other receivables	6	1,793,340	1,570,034
Inventories	7	236,281	207,761
TOTAL CURRENT ASSETS		5,988,101	6,050,391
NON-CURRENT ASSETS			
Trade and other receivables	6	77,752	70,530
Other financial assets	5(a)	92,258	89,026
Inventories	7	78,000	78,000
Property, plant and equipment	8	35,407,180	35,131,172
Infrastructure	9	131,484,314	131,421,353
TOTAL NON-CURRENT ASSETS		167,139,504	166,790,081
TOTAL ASSETS		173,127,605	172,840,472
CURRENT LIABILITIES			
Trade and other payables	12	2,956,737	3,399,714
Contract liabilities	13	327,096	858,555
Borrowings	14(a)	231,147	224,096
Employee related provisions	15	715,081	641,847
TOTAL CURRENT LIABILITIES		4,230,061	5,124,212
NON-CURRENT LIABILITIES			
Borrowings	14(a)	2,686,909	2,663,057
Employee related provisions	15	126,206	164,046
Trade and other payables	12	640	640
TOTAL NON-CURRENT LIABILITIES		2,813,755	2,827,743
TOTAL LIABILITIES		7,043,816	7,951,955
NET ASSETS		166,083,789	164,888,517
EQUITY			
Retained surplus		68,713,276	67,567,279
Reserves - cash backed	4	3,539,179	3,489,904
Revaluation surplus	11	93,831,334	93,831,334
TOTAL EQUITY		166,083,789	164,888,517

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



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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2019		66,990,331	3,745,789	93,831,334	164,567,454
Comprehensive income					
Net result for the period		321,063	0	0	321,063
Total comprehensive income		321,063	0	0	321,063
Transfers from reserves	4	1,404,877	(1,404,877)	0	0
Transfers to reserves	4	(1,148,992)	1,148,992	0	0
Balance as at 30 June 2020		67,567,279	3,489,904	93,831,334	164,888,517
Comprehensive income					
Net result for the period		1,195,272	0	0	1,195,272
Total comprehensive income		1,195,272	0	0	1,195,272
Transfers from reserves	4	1,199,169	(1,199,169)	0	0
Transfers to reserves	4	(1,248,444)	1,248,444	0	0
Balance as at 30 June 2021		68,713,276	3,539,179	93,831,334	166,083,789

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



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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		3,963,852	4,031,475	3,903,190
Operating grants, subsidies and contributions		3,097,245	3,161,070	3,263,493
Fees and charges		1,094,423	1,450,587	1,220,691
Interest received		46,995	95,899	98,753
Goods and services tax received		99,218	0	264
Other revenue		287,337	389,724	300,609
		8,589,070	9,128,755	8,787,000
Payments				
Employee costs		(4,641,286)	(4,206,345)	(4,516,729)
Materials and contracts		(2,354,199)	(2,447,462)	(1,334,178)
Utility charges		(331,449)	(334,550)	(387,866)
Interest expenses		(56,335)	(56,336)	(17,472)
Insurance paid		(331,102)	(309,230)	(308,437)
Goods and services tax paid		0	(5,905)	(816)
Other expenditure		(43,725)	(725,181)	(86,100)
		(7,758,096)	(8,085,009)	(6,651,598)
Net cash provided by (used in) operating activities	16	830,974	1,043,747	2,135,402
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of land held for resale	7	(9,167)	(240,000)	(21,141)
Payments for purchase of property, plant & equipment	8(a)	(1,892,537)	(2,291,026)	(5,700,729)
Payments for construction of infrastructure	9(a)	(2,311,118)	(6,171,219)	(2,080,835)
Non-operating grants, subsidies and contributions		2,860,648	4,719,789	2,310,510
Proceeds from financial assets at fair values through profit and loss		0	0	1
Proceeds from sale of property, plant & equipment	10(a)	176,181	128,080	341,473
Net cash provided by (used in) investment activities		(1,175,993)	(3,854,376)	(5,150,721)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(224,097)	(223,736)	(32,911)
Proceeds from new borrowings	14(b)	255,000	2,050,000	2,466,148
Net cash provided by (used in) financing activities		30,903	1,826,264	2,433,237
Net increase (decrease) in cash held		(314,116)	(984,365)	(582,082)
Cash at beginning of year		4,272,596	4,272,599	4,854,678
Cash and cash equivalents at the end of the year	16	3,958,480	3,288,232	4,272,596

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



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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	24 (b)	213,493	221,771	769,045
		213,493	221,771	769,045
Revenue from operating activities (excluding rates)				
Governance		41,037	39,500	62,428
General purpose funding		1,613,649	837,739	1,681,771
Law, order, public safety		58,846	59,853	56,336
Health		8,529	14,172	21,631
Education and welfare		9,397	17,950	16,608
Housing		2,372,739	2,285,960	2,017,542
Community amenities		367,883	364,274	346,779
Recreation and culture		63,074	78,870	83,112
Transport		10,273	77,000	10,941
Economic services		197,865	176,940	200,199
Other property and services		91,932	171,547	224,751
		4,835,224	4,123,805	4,722,098
Expenditure from operating activities				
Governance		(544,589)	(550,848)	(723,382)
General purpose funding		(73,684)	(74,449)	(70,867)
Law, order, public safety		(277,288)	(282,047)	(261,967)
Health		(60,161)	(143,044)	(836,341)
Education and welfare		(268,388)	(59,882)	(56,275)
Housing		(2,729,845)	(2,347,947)	(2,444,474)
Community amenities		(676,205)	(710,548)	(611,781)
Recreation and culture		(1,502,412)	(1,397,971)	(1,471,186)
Transport		(3,719,463)	(3,493,276)	(3,500,740)
Economic services		(906,035)	(915,954)	(915,401)
Other property and services		(294,633)	(104,071)	(427,078)
		(11,052,703)	(10,080,037)	(11,319,492)
Non-cash amounts excluded from operating activities	24(a)	3,679,728	3,374,849	3,895,495
Amount attributable to operating activities		(2,324,258)	(2,359,612)	(1,932,854)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	3,392,107	4,719,789	2,946,755
Proceeds from disposal of assets	10(a)	176,181	128,080	341,473
Purchase of land held for resale	7	(9,167)	(240,000)	(21,141)
Purchase of property, plant and equipment	8(a)	(1,892,537)	(2,291,026)	(5,700,729)
Purchase and construction of infrastructure	9(a)	(2,311,118)	(6,171,219)	(2,080,835)
		(644,534)	(3,854,376)	(4,514,477)
Amount attributable to investing activities		(644,534)	(3,854,376)	(4,514,477)
FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(224,097)	(223,736)	(32,911)
Proceeds from borrowings	14(c)	255,000	2,050,000	2,466,148
Transfers to reserves (restricted assets)	4	(1,248,444)	(978,329)	(1,148,992)
Transfers from reserves (restricted assets)	4	1,199,169	1,330,642	1,404,877
Amount attributable to financing activities		(18,372)	2,178,577	2,689,122
Surplus/(deficit) before imposition of general rates		(2,987,164)	(4,035,411)	(3,758,209)
Total amount raised from general rates	23(a)	4,020,644	4,035,411	3,971,702
Surplus/(deficit) after imposition of general rates	24(b)	1,033,480	0	213,493

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

SHIRE OF KOJONUP
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FOR THE YEAR ENDED 30 JUNE 2021

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

1. BASIS OF PREPARATION

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

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

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 27 to these financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

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

The impact of adoption of these standards is described at Note 27.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- Employee Expenses
- Other Financial Assets
- Property, Plant and Equipment
- Infrastructure
- Right-of-use Assets
- Lease Liabilities
- Borrowing Liabilities
- Provisions

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

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	37	0	20,000
General purpose funding	1,554,141	727,337	1,569,661
Law, order, public safety	54,148	54,053	50,888
Health	0	0	(309)
Education and welfare	5,802	15,000	15,000
Housing	1,380,208	1,298,000	1,284,716
Community amenities	73,650	58,659	52,270
Recreation and culture	28,045	5,000	47,319
Economic services	31,871	30,000	1,608
Other property and services	15,125	0	27,573
	3,143,027	2,188,049	3,068,726
Non-operating grants, subsidies and contributions			
Housing	1,071,779	1,034,584	1,669,027
Recreation and culture	1,055,957	1,129,652	0
Transport	1,232,006	1,555,553	1,277,728
Economic services	32,365	1,000,000	0
	3,392,107	4,719,789	2,946,755
Total grants, subsidies and contributions	6,535,134	6,907,838	6,015,481
Fees and charges			
Governance	184	1,000	809
General purpose funding	7,265	7,200	7,193
Law, order, public safety	4,188	4,150	4,789
Health	9,397	14,172	12,643
Education and welfare	2,727	2,950	1,608
Housing	841,047	922,960	683,209
Community amenities	293,375	294,415	292,427
Recreation and culture	34,969	37,800	34,638
Transport	975	0	(8)
Economic services	118,144	115,940	128,250
Other property and services	11,460	48,000	55,133
	1,323,731	1,448,587	1,220,691

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

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

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

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:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions	1,568,805	1,555,712	3,068,726
Fees and charges	1,272,874	1,406,405	1,159,404
Other revenue	249,483	323,724	84,576
Non-operating grants, subsidies and contributions	3,392,107	4,719,789	2,946,755
	6,483,269	8,005,630	7,259,461

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

Revenue from contracts with customers included as a contract liability at the start of the period

Revenue from contracts with customers recognised during the year	858,555	0	2,347,493
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	2,232,607	3,285,841	4,312,706
	3,392,107	4,719,789	599,262
	6,483,269	8,005,630	7,259,461

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	333,031		287,249
Contract assets	1,019,408		790,100
Contract liabilities from contracts with customers	(327,096)		(858,555)

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2020.

Assets associated with contracts with customers were not subject to an impairment charge.

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

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

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

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

General rates

Statutory permits and licences

Fines

Other revenue

Reimbursements and recoveries

Other

Interest earnings

Interest on reserve funds

Rates instalment and penalty interest (refer Note 23(b))

Other interest earnings

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	4,020,644	4,035,411	3,971,702
Statutory permits and licences	50,417	41,582	60,687
Fines	440	600	600
	4,071,501	4,077,593	4,032,989
Other revenue			
Reimbursements and recoveries	37,854	66,000	101,260
Other	249,483	323,724	199,349
	287,337	389,724	300,609
Interest earnings			
Interest on reserve funds	6,113	34,899	31,711
Rates instalment and penalty interest (refer Note 23(b))	40,308	39,000	43,467
Other interest earnings	574	22,000	23,575
	46,995	95,899	98,753

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services

Interest expenses (finance costs)

Borrowings

Sundry expenses

Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
	30,600	35,000	30,000
	4,200	0	9,240
	34,800	35,000	39,240
14(b)	53,860	56,336	26,045
	53,860	56,336	26,045
	22,189	725,180	533,775
	22,189	725,180	533,775

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

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

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

3. CASH AND CASH EQUIVALENTS

NOTE	2021	2020
	\$	\$
Cash at bank and on hand	3,958,480	4,272,596
Total cash and cash equivalents	3,958,480	4,272,596
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	3,998,758	4,235,444
	3,998,758	4,235,444

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

Reserves - cash backed	4	3,539,179	3,489,904
Contract liabilities from contracts with customers*	13	327,096	745,540
Unspent loans	14(d)	132,483	0
Total restricted assets		3,998,758	4,235,444

* Note: The total contract liabilities balance at 30 June 2020 is \$855,555 (Note 13), the corresponding asset balances consist of \$745,540 restricted cash and \$113,015 GST receivable (Note 6).

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

4. RESERVES - CASH BACKED

	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Closing Balance
(a) Reserves cash backed - Leave	\$ 205,018	\$ 20,375	\$ 225,393	\$ 205,018	\$ 22,050	\$ 227,068	\$ 183,200	\$ 21,818	\$ 205,018
(b) Reserves cash backed - Plant	375,327	550,661	489,415	375,326	553,753	381,159	480,346	144,981	375,327
(c) Reserves cash backed - Gravel Pits	32,288	8	(32,296)	32,288	323	0	31,971	317	32,288
(d) Reserves cash backed - Economic Development	88,253	156	88,409	88,253	883	59,136	87,386	867	88,253
(e) Reserves cash backed - Building Upgrade and Renewal	11,498	3	(11,501)	11,499	115	0	55,212	286	11,498
(f) Reserves cash backed - Historical Buildings	7,501	13	(7,514)	7,502	75	0	12,379	122	7,501
(g) Reserves cash backed - Springhaven Lodge	2,078,388	300,000	2,047,145	2,078,388	0	2,078,388	1,625,533	600,000	2,078,388
(h) Reserves cash backed - Low Income Housing	41,408	26,000	67,408	41,409	18,914	49,823	27,070	24,338	41,408
(i) Reserves cash backed - Sporting Facility	49,912	50,078	78,120	49,913	50,499	12,412	19,775	40,137	49,912
(j) Reserves cash backed - Springhaven Buildings Upgrade and Renewal	15,487	6,538	(22,007)	15,487	20,939	290	63,057	19,430	15,487
(k) Reserves cash backed - Bushfire Communications	111,568	197	(2,273)	111,569	1,116	12,685	110,472	1,096	111,568
(l) Reserves cash backed - Landfill Waste Management	50,539	24,514	(19,749)	50,539	24,927	25,466	36,788	24,751	50,539
(m) Reserves cash backed - Kodja Place Tourist Precinct	951	0	(951)	950	10	0	942	9	951
(n) Reserves cash backed - G&P Church Medical Centre Donations	0	0	0	0	0	0	555,833	0	0
(o) Reserves cash backed - Energy Efficiency	40,308	(2,832)	(33,346)	40,308	403	0	39,912	396	40,308
(p) Reserves cash backed - Land Acquisition and Development	27,191	10,056	37,247	27,191	10,272	2,463	46,627	463	27,191
(q) Reserves cash backed - Community Grants	9,717	18	9,735	9,718	97	9,815	6,634	3,083	9,717
(r) Reserves cash backed - Independent Living Units	133,077	119,490	(214,243)	133,078	115,881	76,359	146,854	226,223	133,077
(s) Reserves cash backed - Youth	11,225	20	11,245	11,225	112	0	11,115	110	11,225
(t) Reserves cash backed - Natural Resource Management	93,579	60,179	(42,180)	93,579	60,936	65,001	98,226	15,353	93,579
(u) Reserves cash backed - Memorial Hall & Lesser Hall Upgrades	4,600	15,018	(7,500)	4,600	15,000	12,100	0	4,600	4,600
(v) Reserves cash backed - Day Care Building Maintenance	9,385	2,666	12,051	9,385	2,744	12,129	7,700	1,685	9,385
(w) Reserves cash backed - Swimming Pool	5,414	15,019	20,433	5,413	15,054	20,467	5,360	54	5,414
(x) Reserves cash backed - Springhaven Equipment	6,478	11	6,489	6,477	65	6,542	16,316	162	6,478
(y) Reserves cash backed - Saleyards	45,355	79	(5,923)	45,355	19,854	15,209	46,547	13,808	45,355
(z) Reserves cash backed - RSL Hall Renewal	10,271	18	10,289	10,271	103	10,374	10,170	101	10,271
(aa) Reserves cash backed - Benn Parade Multi-Facility	10,268	4,021	14,289	10,268	4,103	14,371	10,167	101	10,268
(ab) Reserves cash backed - Townscape	10,298	25,035	(10,000)	10,298	25,103	15,401	10,197	101	10,298
(ac) Reserves cash backed - Kodja Place Building Upgrade & Renewal	4,600	5,011	9,611	4,600	5,000	9,600	0	4,600	4,600
(ad) Reserves cash backed - Shire Office/Library Building Upgrade & Renewal	0	1,007	1,007	0	0	0	0	0	0
(ae) Reserves cash backed - Works Depot Building Upgrade & Renewal	0	1,006	1,006	0	0	0	0	0	0
(af) Reserves cash backed - Netball Court Resurface	0	1,007	1,007	0	0	0	0	0	0
(ag) Reserves cash backed - The Spring	0	1,007	1,007	0	0	0	0	0	0
(ah) Reserves cash backed - Sporting Complex Building Upgrade & Renewal	0	1,049	1,049	0	0	0	0	0	0
(ai) Reserves cash backed - Playgrounds & Parks	0	10,009	10,009	0	10,000	10,000	0	0	0
(aj) Reserves cash backed - Trails Network Construction	0	1,007	1,007	0	0	0	0	0	0
	3,489,904	1,248,444	(1,199,169)	3,489,907	978,329	3,137,593	3,745,789	1,148,992	(1,404,877)
			3,539,179						3,489,904

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

SHIRE OF KOJONUP

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

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

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

5. OTHER FINANCIAL ASSETS

(a) Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

Units in Local Government House Trust

2021	2020
\$	\$
92,258	89,026
92,258	89,026
92,258	89,026
92,258	89,026

SIGNIFICANT ACCOUNTING POLICIES

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 25.

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

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable
Trade and other receivables
GST receivable
Allowance for impairment of receivables
Contracts with customers

Non-current

Pensioner's rates and ESL deferred

2021	2020
\$	\$
428,246	380,812
333,031	287,249
13,797	113,015
(1,142)	(1,142)
1,019,408	790,100
1,793,340	1,570,034
77,752	70,530
77,752	70,530

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 25.

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.

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

7. INVENTORIES

Current

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

Non-current

Land held for resale - cost
 Cost of acquisition

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year
Additions to inventory

Balance at end of year

	2021	2020
	\$	\$
	43,315	23,962
	183,799	162,660
	9,167	21,139
	236,281	207,761
	78,000	78,000
	78,000	78,000
	285,761	252,666
	(118,418)	(177,030)
	146,938	210,125
	314,281	285,761

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. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Buildings - non-specialised		Buildings - specialised		Total land and buildings		Furniture and equipment		Plant and equipment		Tools		Total
	Land \$	specialised \$	specialised \$	specialised \$	buildings \$	buildings \$	equipment \$	equipment \$	equipment \$	equipment \$	Tools \$	Tools \$	property, plant and equipment \$
Balance at 1 July 2019	2,175,526	8,358,782	16,338,716	26,873,024	133,167	4,021,127	5,400	31,032,718					
Additions	0	3,964,992	615,504	4,580,496	120,783	999,450	0	5,700,729					
(Disposals)	0	0	0	0	0	(451,647)	0	(451,647)					
Depreciation (expense)	0	(178,989)	(453,400)	(632,389)	(15,265)	(501,531)	(1,443)	(1,150,628)					
Balance at 30 June 2020	2,175,526	12,144,785	16,500,820	30,821,131	238,685	4,067,399	3,957	35,131,172					
Comprises:													
Gross balance amount at 30 June 2020	2,175,526	12,506,728	17,709,710	32,391,964	253,950	4,646,390	12,541	37,304,845					
Accumulated depreciation at 30 June 2020	0	(361,943)	(1,208,890)	(1,570,833)	(15,265)	(578,991)	(8,584)	(2,173,673)					
Balance at 30 June 2020	2,175,526	12,144,785	16,500,820	30,821,131	238,685	4,067,399	3,957	35,131,172					
Additions	0	819,068	439,811	1,258,879	42,027	591,631	0	1,892,537					
(Disposals)	(23,000)	0	(232,980)	(255,980)	0	(148,977)	0	(404,957)					
Depreciation (expense)	0	(258,290)	(468,446)	(726,736)	(15,293)	(468,134)	(1,409)	(1,211,572)					
Balance at 30 June 2021	2,152,526	12,705,563	16,239,205	31,097,294	265,419	4,041,919	2,548	35,407,180					
Comprises:													
Gross balance amount at 30 June 2021	2,152,526	13,325,796	17,896,522	33,374,844	295,976	5,036,221	12,541	38,719,582					
Accumulated depreciation at 30 June 2021	0	(620,233)	(1,657,317)	(2,277,550)	(30,557)	(994,302)	(9,993)	(3,312,402)					
Balance at 30 June 2021	2,152,526	12,705,563	16,239,205	31,097,294	265,419	4,041,919	2,548	35,407,180					

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2017	Price per m ² /market borrowing rate
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2017	Observable open market values of similar assets adjusted for condition and comparability at the highest value and best use.
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Improvements to land using construction costs (level 2) and current condition , residual values and remaining useful life assessments (level 3) inputs
(ii) Cost					
Furniture and equipment	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2019	Purchase costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment	2/3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2019	Purchase costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs
Tools	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2019	Purchase costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs

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

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9. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads \$	Infrastructure - kerbing \$	Infrastructure - drainage \$	Infrastructure - bridges \$	Infrastructure - footpaths \$	Infrastructure - parks \$	Infrastructure - other \$	Total Infrastructure \$
Balance at 1 July 2019	102,256,112	2,524,903	13,601,426	5,308,348	1,127,496	569,651	6,143,554	131,531,490
Additions	1,374,124	59,748	66,279	0	0	0	580,684	2,080,835
Depreciation (expense)	(1,348,217)	(105,150)	(281,669)	(53,619)	(38,754)	(23,253)	(340,310)	(2,190,972)
Balance at 30 June 2020	102,282,019	2,479,501	13,386,036	5,254,729	1,088,742	546,398	6,383,928	131,421,353
Comprises:								
Gross balance at 30 June 2020	104,944,478	2,688,499	14,149,673	5,361,968	1,163,791	586,198	8,013,424	136,908,031
Accumulated depreciation at 30 June 2020	(2,662,459)	(208,998)	(763,637)	(107,239)	(75,049)	(39,800)	(1,629,496)	(5,486,679)
Balance at 30 June 2020	102,282,019	2,479,501	13,386,036	5,254,729	1,088,742	546,398	6,383,928	131,421,353
Additions	1,035,383	56,135	6,346	0	34,949	891,802	286,503	2,311,118
(Disposals)	0	0	0	0	0	0	(16,150)	(16,150)
Depreciation (expense)	(1,392,594)	(107,540)	(282,993)	(53,620)	(38,753)	(23,254)	(333,253)	(2,232,007)
Balance at 30 June 2021	101,924,808	2,428,096	13,109,389	5,201,109	1,084,938	1,414,946	6,321,028	131,484,314
Comprises:								
Gross balance at 30 June 2021	105,979,862	2,744,634	14,156,019	5,361,968	1,198,741	1,478,000	8,280,928	139,200,152
Accumulated depreciation at 30 June 2021	(4,055,054)	(316,538)	(1,046,630)	(160,859)	(113,803)	(63,054)	(1,959,900)	(7,715,838)
Balance at 30 June 2021	101,924,808	2,428,096	13,109,389	5,201,109	1,084,938	1,414,946	6,321,028	131,484,314

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9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - roads		3	Cost Approach using depreciated replacement cost	Management valuation	June 2018	Construction costs (Level 2) and current condition , residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - kerbing		3	Cost Approach using depreciated replacement cost	Management valuation	June 2018	Construction costs (Level 2) and current condition , residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - drainage		3	Cost Approach using depreciated replacement cost	Management valuation	June 2018	Construction costs (Level 2) and current condition , residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - bridges		3	Cost Approach using depreciated replacement cost	Management valuation	June 2018	Construction costs (Level 2) and current condition , residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths		3	Cost Approach using depreciated replacement cost	Management valuation	June 2018	Construction costs (Level 2) and current condition , residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - parks		3	Approach using depreciated replacement	registered valuers/Management	June 2018	Construction costs (Level 2) and current condition , residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - other		3	Approach using depreciated replacement	registered valuers/Management	June 2018	Construction costs (Level 2) and current condition , residual values and remaining useful life assessments (Level 3) inputs

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY
Revaluation (Continued)

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

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

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

Refer to Note 10 that details the significant accounting policies applying to leases (including right-of-use assets).

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10. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	23,000	46,363	23,363	0	0	0	0	0	0	0	0	0
Buildings - specialised	232,980	0	0	(232,980)	0	0	0	0	0	0	0	0
Plant and equipment	148,977	129,818	6,291	(25,450)	186,723	128,080	1,546	(60,189)	451,647	341,473	20,145	(130,319)
Infrastructure - other	16,150	0	0	(16,150)	0	0	0	0	0	0	0	0
	421,107	176,181	29,654	(274,580)	186,723	128,080	1,546	(60,189)	451,647	341,473	20,145	(130,319)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Governance				
HOLDEN TRAILBLAZER LTZ 2019	25,600	30,091	4,491	0
Transport				
FFR Isuzu Short tip Truck	51,337	27,727	0	(23,610)
CAT LOADER	42,000	42,000	0	0
HOLDEN COLORADO 4X4	22,200	24,000	1,800	0
PANTHER 1800 MOWER	7,840	6,000	0	(1,840)
	148,977	129,818	6,291	(25,450)
Land				
Housing				
LOT 101 ALBANY HIGHWAY	23,000	46,363	23,363	0
	23,000	46,363	23,363	0
Buildings - Specialised				
Education & Welfare				
OCCASIONAL DAY CARE ELVERD ST	148,500	0	0	(148,500)
Recreation & Culture				
CHANGERUP HALL	72,000	0	0	(72,000)
SCOUT HALL	12,480	0	0	(12,480)
	232,980	0	0	(232,980)
Infrastructure - Other				
Program				
SPRING ST CAR PARK SUB BASE	16,150	0	0	(16,150)
	16,150	0	0	(16,150)
	421,107	176,181	29,654	(274,580)

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10. FIXED ASSETS

(b) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	258,290	200,000	178,989
Buildings - specialised	468,446	445,000	453,400
Furniture and equipment	15,293	10,800	15,265
Plant and equipment	468,134	480,000	501,531
Tools	1,409	1,000	1,443
Infrastructure - roads	1,392,594	1,345,000	1,348,217
Infrastructure - kerbing	107,540	100,000	105,150
Infrastructure - drainage	282,993	280,000	281,669
Infrastructure - bridges	53,620	53,500	53,619
Infrastructure - footpaths	38,753	40,000	38,754
Infrastructure - parks	23,254	23,000	23,253
Infrastructure - other	333,253	331,928	340,310
	3,443,579	3,310,228	3,341,600

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

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

Depreciation on revaluation

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

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11. REVALUATION SURPLUS

	2021 Opening Balance	2021 Change in Accounting Policy	2021 Revaluation Increment	2021 Revaluation (Decrement)	2021 Total Movement on Revaluation	2021 Closing Balance	2020 Opening Balance	2020 Change in Accounting Policy	2020 Closing Balance
	\$	\$	\$	\$	\$	\$	\$		\$
Revaluation surplus - Land & Buildings	13,433,197	0	0	0	0	13,433,197	13,442,197	(9,000)	13,433,197
Revaluation surplus - Furniture and equipment	77,021	0	0	0	0	77,021	77,021	0	77,021
Revaluation surplus - Plant and equipment	497,970	0	0	0	0	497,970	497,970	0	497,970
Revaluation surplus - Infrastructure - roads	70,905,293	0	0	0	0	70,905,293	70,905,293	0	70,905,293
Revaluation surplus - Infrastructure - other	8,917,853	0	0	0	0	8,917,853	8,917,853	0	8,917,853
	93,831,334	0	0	0	0	93,831,334	93,840,334	(9,000)	93,831,334

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12. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Prepaid rates	
Accrued salaries and wages	
Accrued interest on long term borrowings	
Springhaven accommodation bonds	
Accrued expenses	

Non-current

Refundable deposits - Springhaven	
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2021	2020
\$	\$
742,754	1,170,495
51,364	54,748
92,699	80,540
13,069	15,544
2,047,145	2,078,387
9,706	0
2,956,737	3,399,714
640	640
640	640

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition

Prepaid rates

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

13. CONTRACT LIABILITIES

Current
Contract liabilities

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

Less than 1 year

2021	2020
\$	\$
327,096	858,555
	Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
Contract liabilities	
\$	\$
327,096	0

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

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

Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity

Grant liabilities represent the the Shire's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

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

Service concession liabilities

Service concession liabilities relate to the grant of right to an operator in respect of an asset controlled by the Shire. They represent the unearned revenue related to the grant of right, and is recognised as revenue according to the economic substance of the service concession arrangement.

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14. INFORMATION ON BORROWINGS

	2021	2020
	\$	\$
Current	231,147	224,096
Non-current	2,686,909	2,663,057
	2,918,056	2,887,153

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2021				30 June 2021				30 June 2021				30 June 2021				30 June 2020				30 June 2020				30 June 2020			
				Actual Principal 1 July 2020	Actual New Loans	Actual repayments	Actual Interest	Budget Principal 1 July 2020	Budget New Loans	Budget repayments	Budget Interest	Actual Principal 1 July 2021	Actual New Loans	Actual repayments	Actual Interest	Budget Principal 1 July 2021	Budget New Loans	Budget repayments	Budget Interest	Actual Principal 1 July 2020	Actual New Loans	Actual repayments	Actual Interest	Budget Principal 1 July 2021	Budget New Loans	Budget repayments	Budget Interest	Actual Principal 1 July 2021	Actual New Loans	Actual repayments	Actual Interest
Health																															
Medical Centre Donation	137	WATC	1.73%	140,000	0	(8,072)	(2,338)	131,928	0	(8,072)	(2,579)	131,928	0	(8,072)	(2,579)	131,928	0	(8,072)	(2,579)	140,000	140,000	0	(1,016)	140,000	0	(1,016)	140,000	0	(1,016)	140,000	0
Housing																															
Begg Street unit	135	WATC*	3.07%	82,361	0	(9,231)	(2,451)	73,130	0	(9,231)	(2,458)	73,129	0	(9,231)	(2,458)	73,129	0	(9,231)	(2,458)	82,361	82,361	0	(2,728)	82,361	0	(2,728)	82,361	0	(2,728)	82,361	0
GROH Housing - GSHI	138	WATC*	1.44%	1,150,000	0	(106,544)	(15,643)	1,043,456	0	(106,544)	(17,488)	1,043,456	0	(106,544)	(17,488)	1,043,456	0	(106,544)	(17,488)	1,150,000	1,150,000	0	(6,950)	1,150,000	0	(6,950)	1,150,000	0	(6,950)	1,150,000	0
Aged Units - GSHI	139	WATC*	1.17%	50,000	0	(9,731)	(517)	40,269	0	(9,731)	(603)	40,269	0	(9,731)	(603)	40,269	0	(9,731)	(603)	50,000	50,000	0	(246)	50,000	0	(246)	50,000	0	(246)	50,000	0
Staff Housing - GSHI	140	WATC*	1.73%	970,000	0	(55,929)	(16,199)	914,071	0	(55,929)	(17,866)	914,071	0	(55,929)	(17,866)	914,071	0	(55,929)	(17,866)	970,000	970,000	0	(7,043)	970,000	0	(7,043)	970,000	0	(7,043)	970,000	0
Recreation and culture																															
Sports Complex	134	WATC*	4.94%	247,777	0	(15,566)	(12,046)	232,211	0	(15,566)	(12,050)	232,212	0	(15,566)	(12,050)	232,212	0	(15,566)	(12,050)	247,777	247,777	0	(6,125)	247,777	0	(6,125)	247,777	0	(6,125)	247,777	0
Sports Complex Retaining Wall	136	WATC*	1.99%	90,867	0	(9,315)	(1,747)	81,552	0	(9,315)	(1,762)	81,552	0	(9,315)	(1,762)	81,552	0	(9,315)	(1,762)	90,867	90,867	0	(1,930)	90,867	0	(1,930)	90,867	0	(1,930)	90,867	0
Oval Lighting	142	WATC*	1.45%	0	255,000	0	(647)	255,000	255,000	0	0	255,000	255,000	0	0	255,000	255,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Netball Courts & Roof		WATC*		0	0	0	0	0	1,595,000	0	0	1,595,000	0	0	0	1,595,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transport																															
Airstrip Lighting	141	WATC*	1.51%	156,148	0	(9,709)	(2,272)	146,439	0	(9,709)	(1,528)	146,439	0	(9,709)	(1,528)	146,439	0	(9,709)	(1,528)	156,148	156,148	0	(7)	156,148	0	(7)	156,148	0	(7)	156,148	0
Economic services																															
Land development		WATC*		0	0	0	0	0	200,000	0	0	200,000	0	0	0	200,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
				2,887,153	255,000	(224,097)	(53,860)	2,918,056	2,887,153	(224,097)	(56,336)	2,918,056	2,466,148	(223,736)	(56,336)	2,918,056	2,466,148	(223,736)	(56,336)	2,887,153	2,887,153	2,466,148	(26,045)	2,887,153	2,466,148	(26,045)	2,887,153	2,466,148	(26,045)	2,887,153	2,466,148

* WA Treasury Corporation

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14. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2020/21

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2021 Actual	2021 Budget	2021 Actual	2021 Budget		
Oval Lighting	WATC*	Debenture	10	1.45%	\$ 255,000	\$ 255,000	\$ 255,000	\$ 255,000	\$ 19,856	\$ 0
* WA Treasury Corporation					255,000	255,000	255,000	255,000	19,856	0

(d) Unspent Borrowings

		Unspent Balance	Borrowed During Year	Expended During Year	Unspent Balance	
Particulars	Date Borrowed	1 July 2020			30 June 2021	
		\$	\$	\$	\$	
Oval Lighting	WATC*	28/04/2021	0	255,000	(122,517)	132,483
* WA Treasury Corporation			0	255,000	(122,517)	132,483

(e) Undrawn Borrowing Facilities

Credit Standby Arrangements

	2021	2020
	\$	\$
Bank overdraft limit	200,000	200,000
Bank overdraft at balance date	0	0
Credit card limit	30,000	25,000
Credit card balance at balance date	(655)	0
Total amount of credit unused	229,345	225,000

Loan facilities

Loan facilities - current	231,147	224,096
Loan facilities - non-current	2,686,909	2,663,057
Total facilities in use at balance date	2,918,056	2,887,153

Unused loan facilities at balance date

132,483	NIL
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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 25.

SHIRE OF KOJONUP
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15. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2020

Current provisions

Non-current provisions

Additional provision

Amounts used

Balance at 30 June 2021

Comprises

Current

Non-current

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2020			
Current provisions	376,209	265,638	641,847
Non-current provisions	0	164,046	164,046
	376,209	429,684	805,893
Additional provision	286,473	152,057	438,530
Amounts used	(294,578)	(108,558)	(403,136)
Balance at 30 June 2021	368,104	473,183	841,287
Comprises			
Current	368,104	346,977	715,081
Non-current	0	126,206	126,206
	368,104	473,183	841,287

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

	2021 \$	2020 \$
Less than 12 months after the reporting date	355,276	408,674
More than 12 months from reporting date	486,011	388,977
Expected reimbursements from other WA local governments	0	8,242
	841,287	805,893

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees.

Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

16. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Cash and cash equivalents	3,958,480	3,288,232	4,272,596
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	1,195,272	2,798,968	321,063
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(3,232)	0	(11,687)
Depreciation on non-current assets	3,443,579	3,310,228	3,341,600
(Profit)/loss on sale of asset	244,926	58,643	110,174
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(1,220)	965,180	922,978
(Increase)/decrease in inventories	(19,353)	15,962	(11,954)
(Increase)/decrease in contract assets	(229,308)	0	0
Increase/(decrease) in payables	(442,977)	(1,385,445)	(1,093,261)
Increase/(decrease) in employee provisions	35,394	0	8,444
Increase/(decrease) in other liabilities	(531,459)	0	858,555
Non-operating grants, subsidies and contributions	(2,860,648)	(4,719,789)	(2,310,510)
Net cash from operating activities	830,974	1,043,747	2,135,402

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	1,818,244	1,824,394
General purpose funding	420,797	151,731
Law, order, public safety	455,867	433,759
Health	190,440	199,180
Education and welfare	1,014,356	1,193,143
Housing	16,423,523	16,522,436
Community amenities	765,461	720,178
Recreation and culture	13,680,064	12,844,226
Transport	129,736,963	130,474,832
Economic services	5,346,923	5,563,379
Other property and services	3,274,967	2,913,214
	173,127,605	172,840,472

18. CONTINGENT LIABILITIES

The Shire is not aware of any reportable contingent liabilities as at the reporting date.

SHIRE OF KOJONUP
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19. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

	2021	2020
	\$	\$
Contracted for:		
- capital expenditure projects	118,737	421,219
Payable:		
- not later than one year	118,737	421,219

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

Key Worker Housing - 26 Katanning road	59,847	188,013
Key Worker Housing - 28 Katanning road	58,890	0
Key Worker Housing - 8 Newton Street	0	38,153
Independent Living Units - Soldiers Road	0	9,222
Government Regional Officers Housing	0	185,831
	<u>118,737</u>	<u>421,219</u>

20. ELECTED MEMBERS REMUNERATION

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Elected member Cr Benn			
President's annual allowance	27,718	27,720	19,996
Meeting attendance fees	19,007	19,075	18,043
Annual allowance for ICT expenses	3,000	3,000	2,250
Travel and accommodation expenses	0	0	197
	49,725	49,795	40,486
Elected member CR Radford			
Deputy President's annual allowance	6,929	6,930	5,180
Meeting attendance fees	12,276	12,275	12,245
Annual allowance for ICT expenses	3,000	3,000	4,732
	22,205	22,205	22,157
Elected member Cr Fleay			
President's annual allowance	0	0	7,653
Meeting attendance fees	12,275	12,275	13,911
Annual allowance for ICT expenses	3,000	3,000	3,187
Travel and accommodation expenses	75	100	365
	15,350	15,375	25,116
Elected member Cr S Pedler			
Meeting attendance fees	13,025	12,275	12,245
Annual allowance for ICT expenses	2,250	3,000	3,000
	15,275	15,275	15,245
Elected member Cr Gale			
Meeting attendance fees	13,025	12,275	8,695
Annual allowance for ICT expenses	2,250	3,000	2,125
Travel and accommodation expenses	534	600	61
	15,809	15,875	10,881
Elected member Cr Webb			
Meeting attendance fees	12,275	12,275	8,695
Annual allowance for ICT expenses	3,000	3,000	2,125
	15,275	15,275	10,820
Elected member Cr Wierenga			
Meeting attendance fees	13,025	12,275	8,695
Annual allowance for ICT expenses	2,250	3,000	2,125
	15,275	15,275	10,820
Elected member Cr Singh			
Meeting attendance fees	13,025	12,275	8,695
Annual allowance for ICT expenses	2,250	3,000	2,125
	15,275	15,275	10,820
Elected member Cr Hobbs			
Meeting attendance fees	0	0	3,633
Annual allowance for ICT expenses	0	0	896
	0	0	4,529

20. ELECTED MEMBERS REMUNERATION

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Elected member Cr I Pedler			
Meeting attendance fees	0	0	3,633
Annual allowance for ICT expenses	0	0	897
	0	0	4,530
Elected member Cr Warland			
Meeting attendance fees	0	0	3,633
Annual allowance for ICT expenses	0	0	897
	0	0	4,530
Elected member Cr Mathwin			
Meeting attendance fees	0	0	3,633
Annual allowance for ICT expenses	0	0	897
	0	0	4,530
	164,189	164,350	164,464
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	27,718	27,720	27,649
Deputy President's allowance	6,929	6,930	5,180
Meeting attendance fees	107,933	105,000	105,756
Annual allowance for ICT expenses	21,000	24,000	25,256
Travel and accommodation expenses	609	700	623
	164,189	164,350	164,464

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21. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2021 Actual	2020 Actual
The total of remuneration paid to KMP of the Shire during the year are as follows:	\$	\$
Short-term employee benefits	592,380	558,576
Post-employment benefits	73,664	86,369
Other long-term benefits	71,891	66,370
	737,935	711,315

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.

21. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

The following transactions occurred with related parties:	2021 Actual	2020 Actual
	\$	\$
Purchase of goods and services	258,433	211,789
Short term employee benefits -other related parties	3,170	6,074

Related Parties

The Shire's main related parties are as follows:

- i. Key management personnel*
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.
- ii. Other Related Parties*
An associate person of KMP was employed by the Shire under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.
- iii. Entities subject to significant influence by the Shire*
An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

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22. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

	2021	2020
	\$	\$
(a) Balance of investment in associate		
In 1998/99, the Shire in conjunction with Homeswest, constructed 2 units for low income residents in the Kojonup townsite. In 2002 an additional 3 units were constructed. The Shire's interest in these units is as follows:		
5A and 5B Vanzuilecom Street (2 x 2 Bedroom Units) - 18.20%		
2,4 and 6 Elverd Street (2 x 2 Bedroom Units & 1x3 bedroom Unit) - 20.65%		
Non current assets	174,678	178,462
Net increase/(decrease) in share of associate entity's net assets	(3,784)	(1,771)

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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

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

Interests in joint arrangements (Continued)

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

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23. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount	Discount	2021 Actual	2021 Budget	2020 Actual	Circumstances in which Discount is Granted
	%	\$	\$	\$	\$	
General rates	2.50%		0	0	61,985	Payment of full rates amount owing including all arrears, received on or before 4:30pm, 9 August 2019, or 14 days after the date of service of the rate notice, whichever is the later.
			0	0	61,985	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount	Discount	2021 Actual	2021 Budget	2020 Actual
		%	\$	\$	\$	\$
Property Rates	Concession	100.00%		720	720	0
General Rates - small balances	Write-off			149	0	97
				869	720	97
Total discounts/concessions (Note 23(a))				869	720	62,082

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Property Rates	Specific Council decisions	Waive rates for community medical centre	To waive the rates applicable to the Community Medical Centre at Lots 2 and 3 Spring Rd, Kojonup.

23. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	3/09/2020	0.00	0.00%	8.00%
Option Two				
First instalment	3/09/2020	0.00	0.00%	8.00%
Second instalment	8/01/2021	9.00	5.50%	8.00%
Option Three				
First instalment	3/09/2020	0.00	0.00%	8.00%
Second instalment	4/11/2020	9.00	5.50%	8.00%
Third instalment	8/01/2021	9.00	5.50%	8.00%
Fourth instalment	12/03/2021	9.00	5.50%	8.00%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	30,133	30,000	33,917
Interest on instalment plan	10,175	9,000	9,550
Charges on instalment plan	3,888	4,200	4,185
	44,196	43,200	47,652

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24. RATE SETTING STATEMENT INFORMATION

		2020/21 Budget	2020/21	2019/20
	2020/21 (30 June 2021 Carried Forward)	(30 June 2021 Carried Forward)	(1 July 2020 Brought Forward)	(30 June 2020 Carried Forward)
Note	\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	10(a)	(29,654)	(1,546)	(20,146)
Less: Fair value adjustments to financial assets at fair value through profit and loss		(3,232)	0	(11,687)
Movement in pensioner deferred rates (non-current)		(7,222)	0	(10,518)
Movement in employee benefit provisions (non-current)		(37,840)	0	38,698
Movement in other provisions (current)		39,517	5,978	427,228
Add: Loss on disposal of assets	10(a)	274,580	60,189	130,320
Add: Depreciation on non-current assets	10(b)	3,443,579	3,310,228	3,341,600
Non cash amounts excluded from operating activities		3,679,728	3,374,849	3,895,495
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves - cash backed	4	(3,539,179)	(3,137,593)	(3,489,904)
Less: Current assets not expected to be received at end of year				
- Land held for resale	7	(192,966)	(423,799)	(183,799)
- Provision for doubtful debts		1,142	3,142	1,142
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14(a)	231,147	1,600,361	224,096
- Accrued interest on loans		13,070	15,544	15,544
- Springhaven Lodge bonds		2,047,145	2,078,388	2,078,388
- Springhaven Unit bonds			251	
- Employee benefit provisions		715,081	641,847	641,847
Total adjustments to net current assets		(724,560)	778,141	(712,686)
Net current assets used in the Rate Setting Statement				
Total current assets		5,988,101	4,351,890	6,050,391
Less: Total current liabilities		(4,230,061)	(5,130,031)	(5,124,212)
Less: Total adjustments to net current assets		(724,560)	778,141	(712,686)
Net current assets used in the Rate Setting Statement		1,033,480	0	213,493

25. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2021					
Cash and cash equivalents	0.17%	3,958,480	0	3,957,940	540
2020					
Cash and cash equivalents	1.29%	4,272,596	3,489,904	782,692	0

Sensitivity

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

	2021 \$	2020 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	39,585	7,827

* 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 14(b).

25. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables.

The loss allowance as at 30 June 2021 and 30 June 2020 for rates receivable was determined as follows:
No expected credit loss was forecast on 30 June 2020 or 30 June 2021 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover debts.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	175,249	94,609	72,402	163,738	505,998
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	59,292	155,016	73,183	163,851	451,342

As at 30 June 2021 and 30 June 2020 no expected credit loss was determined for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	223,309	19,638	3,376	86,708	333,031
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	218,360	14,506	6,942	47,441	287,249

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 14(e).

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
	\$	\$	\$	\$	\$
2021					
Payables	2,956,737	0	0	2,956,737	2,956,737
Borrowings	308,716	1,226,534	1,718,182	3,253,432	2,918,056
	3,265,453	1,226,534	1,718,182	6,210,169	5,874,793
2020					
Payables	3,399,714	0	0	3,399,714	3,399,714
Borrowings	280,431	1,124,914	1,851,636	3,256,981	2,887,153
	3,680,145	1,124,914	1,851,636	6,656,695	6,286,867

26. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire did not have any events occurring after the reporting date that have a significant effect on the financial statements.

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

27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

During the 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 1059 Service Concession Arrangements: Grantors

Service concession assets are those assets where a third-party operator constructs assets for the Shire, upgrades existing assets of the Shire or uses existing assets of the Shire to operate and maintain the assets to provide a public service, for a specified period of time. Where, in these circumstances, the third-party operator provides a public service on behalf of the Shire and is deemed to manage at least some of the services under its own discretion, the assets are classified as service concession assets. Newly constructed or upgraded assets are measured at current replacement cost in accordance with the cost approach to fair value in AASB 13 Fair Value Measurement. In the case of existing assets, these are reclassified and treated in the same manner with any difference at the date of reclassification between the carrying amount of the assets and their fair value (current replacement cost) being treated as if it is a revaluation of the asset.

Subsequent to initial recognition or reclassification, service concession assets are accounted for by depreciating or amortising in accordance with 116 Property, Plant and Equipment or AASB 138 Intangible Assets. Where appropriate, any impairment is recognised in accordance with AASB 136 Impairment of Assets.

At the end of the term of any service concession arrangement, the Shire will reclassify the service concession asset based on its nature or function, and account for it in accordance with the accounting standards and policies applicable to the relevant asset classification.

Where the Shire recognises a service concession asset in relation to a newly constructed or upgraded asset, it also recognises a liability. This liability is initially measured at the same amount as the service concession asset, adjusted by the amount of any other consideration provided by the Shire to the third-party operator or from the third-party operator to the Shire.

The Shire does not recognise a liability in the circumstances where an existing asset of the Shire is reclassified as a service concession asset except in circumstances where additional consideration is provided by the third-party operator.

Subsequent to initial recognition, the Shire accounts for the liability as an unearned portion of the revenue arising from the exchange of assets with the third-party operator and reduces the liability according to the economic substance of the service concession arrangement.

The Shire adopted AASB 1059 Service Concession Arrangements: Grantors (issued December 2014) on 1 July 2020 resulting in changes to accounting policies. In accordance with the transition provisions of AASB 1059, the Shire adopted the new rules retrospectively by recognising and measuring service concession assets and related liabilities on 1 July 2020.

The review conducted identified no service concession arrangements applicable to the Shire's activities and as such no adjustments have been recognised in the statement of financial position at the date of initial application (1 July 2020).

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

28. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3
Measurements based on unobservable inputs for the asset or liability.

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

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

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

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

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

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

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

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

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

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

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

29. ACTIVITIES/PROGRAMS

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

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

30. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	1.28	0.42	1.02
Asset consumption ratio	0.94	0.96	0.97
Asset renewal funding ratio*	N/A	1.00	1.03
Asset sustainability ratio	0.40	0.41	0.38
Debt service cover ratio	4.68	12.59	25.30
Operating surplus ratio	(0.40)	(0.49)	(0.32)
Own source revenue coverage ratio	0.51	0.48	0.52

* Note: The Asset Renewal Funding Ratio has not been calculated as the Shire's Long Term Financial Plan is outdated.

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

SHIRE OF KOJONUP

PERIOD OF AUDIT: 1 JULY 2020 TO 30 JUNE 2021

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
Matters identified during the current year			
1. Asset renewal funding ratio not reported	✓		
2. Bank Reconciliation Reconciling Items		✓	
3. Employee Provisions Calculations		✓	
4. Restricted Cash and cash-backed reserves		✓	
Matters outstanding from the previous year			
5. Payroll Creditors Reconciliation		✓	
6. Emergency Services Levy Receivables		✓	

KEY TO RATINGS

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating may be reported as a matter of non-compliance in the audit report in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

SHIRE OF KOJONUP

PERIOD OF AUDIT: 1 JULY 2020 TO 30 JUNE 2021

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Matters identified during the current year

1. Asset renewal funding ratio not reported

Finding

The Asset Renewal Funding Ratio for the year ended 30 June 2021 has not been included in the financial report as required by regulation 50(1)(c) of the Local Government (Financial Management) Regulations 1996.

Rating: Significant

Implication

The financial report does not comply with regulation 50(1)(c) of the Local Government (Financial Management) Regulations 1996.

Recommendation

We recommend that the Shire updates the asset management plan and long-term financial plan as soon as possible in order that asset renewal funding ratio can be calculated based on verifiable information and reasonable assumptions and included in the financial report.

Management Comment

The long-term financial plan will be updated upon completion of a revised Community Strategic plan and Corporate Business Plan.

Responsible Person: Manager Corporate & Community Services
Completion Date: 30 June 2022

SHIRE OF KOJONUP

PERIOD OF AUDIT: 1 JULY 2020 TO 30 JUNE 2021

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. Bank Reconciliation Reconciling Items**Finding**

Review of the unrepresented items listing for the municipal account 30 June 2021 bank reconciliation identified a number of reconciling items. These arose due to differences between superannuation payments posted to the general ledger and the actual amounts paid. This was a known issue at the date of our audit visit on 22 November 2021.

Rating: Moderate**Implication**

The bank reconciliation is an essential accounting control. Mismatched entries in the bank reconciliation can give rise to unrepresented items that can indicate that a liability has been incorrectly calculated, or incorrectly paid.

Recommendation

Officers responsible for the approval of payroll should ensure that superannuation payments agree to superannuation liability in the general ledger. Unrepresented items in the listing should be investigated and corrected to clear them from the bank reconciliation.

Management Comment

Agreed. Staff shortages in the Payroll Areas have resulted in this outstanding item carrying forward to future reconciliations.

Responsible Person: Senior Finance Officer
Completion Date: 31 December 2021

SHIRE OF KOJONUP

PERIOD OF AUDIT: 1 JULY 2020 TO 30 JUNE 2021

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. Employee Provisions Calculations**Finding**

Audit testing of the calculation of provision for annual and long service leave determined inconsistencies in the pay rates being used to calculate employee entitlements. This included:

- Instances where the pay rate used was from the final pay period for the 2021 financial year. (Pay rate being used was from the first pay period in the 2022 financial year, which differed due to a pay increase.)
- Pay rates being slightly different to that recorded in the payroll system.

Audit recalculation of the provision for employee entitlements using pay rates as recorded in the payroll system noted that the difference was not material.

Rating: Moderate**Implication**

It is important to ensure that correct pay rates are used when calculating employee entitlements to ensure accuracy in both reporting and record keeping. Use of incorrect pay rates could result in material variances between provisions and the actual liability owing.

Recommendation

The Shire should review employee entitlement calculations and update the worksheets to ensure correct data is being used. Regular review of these calculations should also be carried out.

Management Comment

Agreed. 2021/2022 pay rates used will be counter-checked prior to finalising the 2021/2022 Annual Financial Reports

Responsible Person: Manager Corporate & Community Services

Completion Date: 30 September 2022

SHIRE OF KOJONUP

PERIOD OF AUDIT: 1 JULY 2020 TO 30 JUNE 2021

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

4. Restricted Cash

Finding

The Shire has recorded a restricted cash balance of \$3,998,758 as at 30 June 2021, which is greater than the Shire's total cash balance of \$3,958,480.

By reporting a restricted cash balance greater than the total available cash at bank balance, this implies that after removing the cash backed reserves balance of \$3,539,179, the Shire does not have sufficient remaining operating funds to meet its current liabilities without dipping into the cash backed reserve balances.

Rating: Moderate**Implication**

The use of restricted funds to meet operational needs may lead to unauthorised use of funds set aside for a specific purpose and may lead to non-compliance with the relevant conditions and requirements of the various reserve accounts established.

Recommendation

The Shire should ensure that sufficient operating cash remains on hand at all times to fund the daily operational activities of the Shire.

Management should review all existing cash backed reserve accounts, including how amounts are determined to be transferred into these reserve accounts, to ensure that there is an appropriate balance between funds held in reserves and remaining operating cash.

Management Comment

Reserve Accounts are held in a separate bank account and therefore cannot be used to fund day-to-day operations. The Shire has an overdraft facility established with its banking institution which is utilised very infrequently. In reality, the management of cash flow via the timing of payments and receipts shows a very different position to a 'snapshot in time', such as the 30 June.

Responsible Person: Senior Finance Officer
Completion Date: Ongoing

SHIRE OF KOJONUP**PERIOD OF AUDIT: 1 JULY 2020 TO 30 JUNE 2021****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****Matters outstanding from the previous year****5. Payroll Creditor Reconciliation****Initial Finding - 2020**

Payroll Creditors net pay of \$129,902 in the 17 September 2019 pay run had been mis-posted to Transport Licencing Creditors.

The procedures for the fortnightly pay run include a requirement to reconcile the Payroll Creditors and to submit the reconciliation for approval. This error was however not identified during this approval process.

Finding Status - 2021

The required correction journal had not been completed at the date of final audit.

2021 Rating: Moderate (2020 Rating: Moderate)

Implication

Review and approval of fortnightly reconciliations is an essential control to ensure the accuracy of the payroll process. In the absence of a detailed review as part of this process, there is an increased risk that errors or mis-postings may not be identified and rectified.

Recommendation

Officers responsible for the approval of monthly reconciliations should ensure that a detailed review of the reconciliations is performed during the process.

Management Comment - 2020

Monthly reconciliations are performed and authorised by a Senior Officer. For the payroll, this includes the 'Payroll Subsidiary Ledger Reconciliation' and 'Payroll Accrued Leave Report'. The payroll creditors and the transport licensing creditors have never been part of this monthly reconciliation process, however, will now be added to the list of monthly reconciliations.

Management Comment - 2021

Agreed. Management Comment 2020 was made after 30 June 2021 and therefore unable to be corrected in time for the 2020/2021 financial audit.

Responsible Person: Senior Finance Officer
Completion Date: 31 December 2021

SHIRE OF KOJONUP**PERIOD OF AUDIT: 1 JULY 2020 TO 30 JUNE 2021****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****6. Emergency Services Levy (ESL) Receivables****Initial Finding - 2020**

Audit testing determined that the ESL payable account included receivables totalling \$27,780 at 30 June 2020. This balance has not significantly changed since the prior year. It is difficult to determine whether the entries in this ledger are in fact assets of the Shire.

Finding Status - 2021

The account balance has increased to \$38,447 and the required actions appear not to have been undertaken.

2021 Rating: Moderate (2020 Rating: Minor)

Implication

There is a possibility that these balances may not be collectible, resulting in an understatement of the payables balance in the annual financial report.

Recommendation

The Shire should undertake a full investigation of all ESL balances receivable and implement actions to either resolve or correct, as required.

Management Comment - 2020

Agreed. A full reconciliation of account 019B will be undertaken as soon as possible.

Management Comment - 2021

Agreed. A full reconciliation of account 019B has been undertaken as at October 2021.

Responsible Person:	Senior Finance Officer
Completion Date:	Completed