

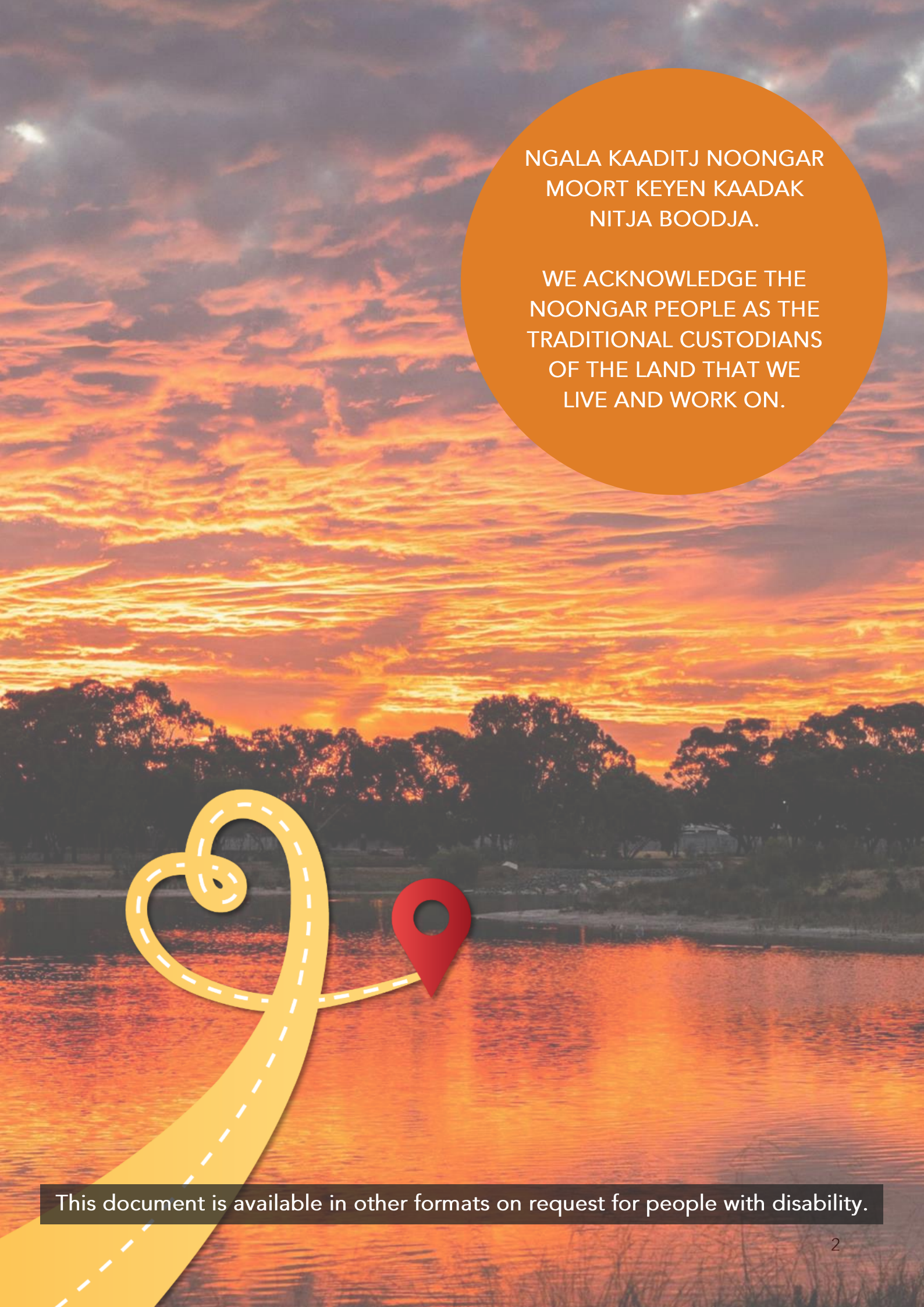


Shire of
Katanning
Heart of the Great Southern

ANNUAL REPORT

2020 - 2021



The background of the entire page is a photograph of a sunset over a body of water. The sky is filled with vibrant orange and yellow clouds, reflecting on the water's surface. In the distance, a line of dark trees is visible. In the lower-left foreground, there is a graphic element consisting of a thick yellow dashed line that curves into a heart shape. A red location pin is placed on the right side of the heart, pointing towards the water.

NGALA KAADITJ NOONGAR
MOORT KEYEN KAADAK
NITJA BOODJA.

WE ACKNOWLEDGE THE
NOONGAR PEOPLE AS THE
TRADITIONAL CUSTODIANS
OF THE LAND THAT WE
LIVE AND WORK ON.

This document is available in other formats on request for people with disability.

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President's Report

It is my pleasure to present to you the Shire of Katanning's 2020 - 2021 Annual Report, which provides an overview of our activities for the year. This year again presented many challenges living in Rural Western Australia. The Shire as an organisation has proved itself adaptable and resilient in providing services for our community during times of adversity.

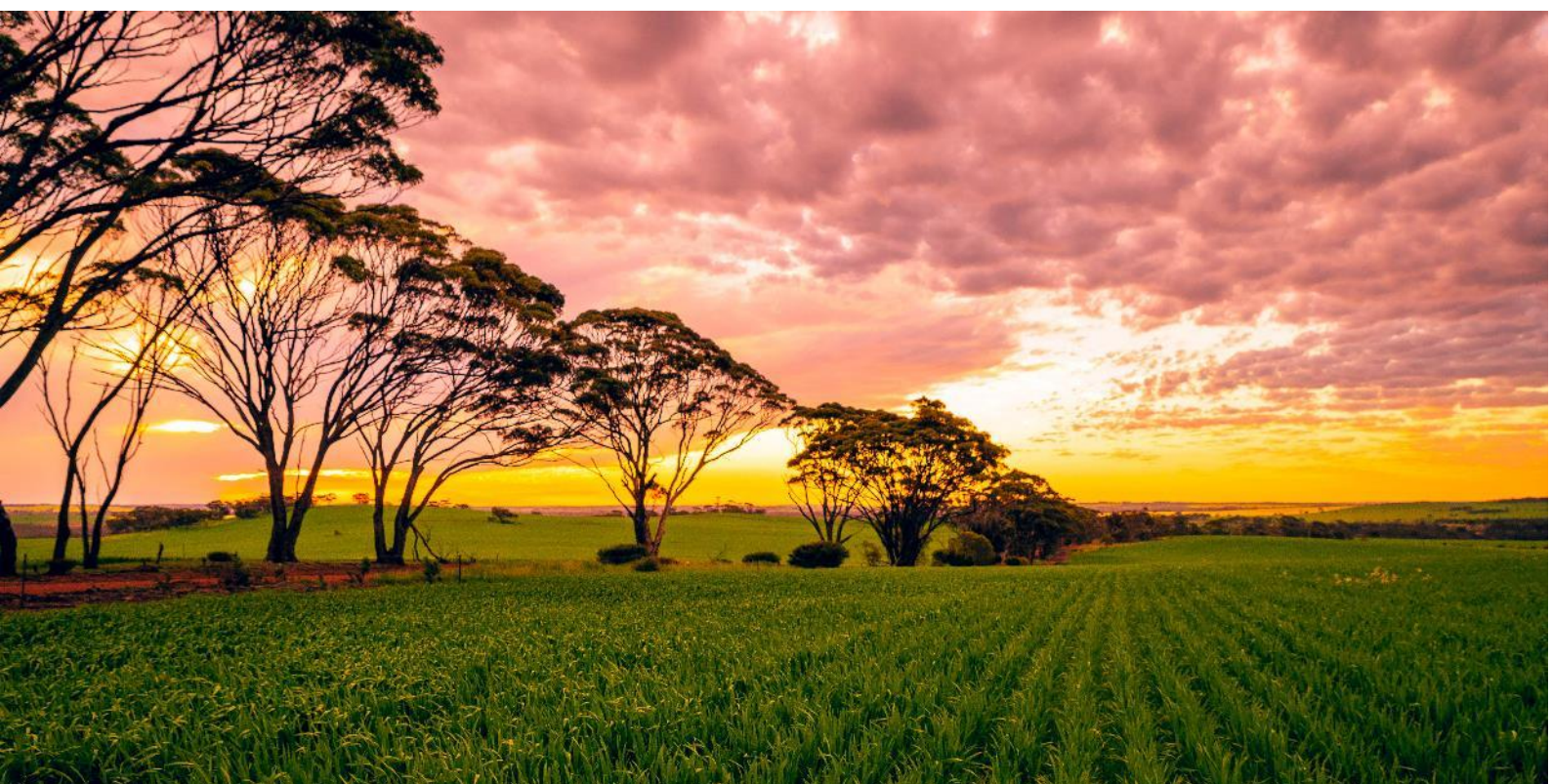
These values are promoted by our Chief Executive Officer Julian Murphy, he continues to work with and for our Shire. Having completed a 5-year contract in August 2020, Mr Murphy signed a second 3-year contract to continue working with us at the Shire of Katanning. Julian's dedication to the task of leading our Shire continues to ensure the best possible outcomes for the residents and ratepayers are the goal for our organisation.



The Councillors for the Annual Report period have been dedicated to the wellbeing and development of our community, each one of them: Owen, Kristy, Ernie, Serena, Martin, Danny and Mark are fantastic community members and bring a broad range of interests and knowledge to the decision-making table. Thank you for your valuable contribution to our community. Special thanks to Deputy President John Goodheart for the continued support and dedication to his role which has assisted me greatly as President.

This year has again been one of activity and achievement in Katanning. We acknowledge all the Staff at the Shire of Katanning, the local organisations and businesses and the volunteers who contribute to the vibrancy and liveability of our community. On behalf of Council, I thank you for your contribution and commitment.

Cr Liz Guidera
PRESIDENT



Chief Executive Officer's Report

The Shire of Katanning continued to make steady progress throughout the past year despite the many challenges faced in our everchanging environment.

The Shire completed or made significant progress on a number of major projects throughout the year:

- Completion of the renovation of the old Shire Office to provide meeting facilities for seniors and medical consulting rooms.
- Upgrades to footpaths and streetscapes in Austral Terrace and Clive Street.
- Construction of new toilets and facilities at Piesse Park.
- Completion of the Piesse Lake residential subdivision including the construction of seven new houses.



This year a number of significant events were held which brought together our local community:

- The Katanning Harmony Festival which celebrates diversity and community cohesion.
- Katanning Agricultural Show run by the very hard working volunteers from the Katanning Agricultural Society which is supported and sponsored by the Council.
- The Opera in the Park held in March 2021 at the newly constructed stage at Piesse Park Amphitheatre brought an ensemble cast from WA Opera to Katanning sponsored by Australia's South West, Great Southern Development Commission and the Shire of Katanning.

I would like to thank all of our staff who participated in the organisation and running of these events.



We continued to work closely with the Katanning Hub CRC and the Katanning Regional Business Association to deliver a number of joint initiatives including capacity building in business, tourism and marketing.



Significantly the Shire of Katanning undertook a Destination Development and Brand Story project which saw the development of new branding for Katanning as part of the implementation of the Katanning Tourism Strategy. The 'Meet Me in Katanning' branding builds on Katanning's 'Timeless Stories' brand essence. The new branding is available to all local businesses and

community groups to help tell the story of Katanning through social media and advertising. The key deliverables for the project included the creation of a new website landing page www.visitkatanning.com.au, new photographic images representing the essence of Katanning and its people, and new branding.

This year we welcomed Denise Gobbart to the position of Executive Manager Corporate and Community and Sam Bryce to the position of Executive Manager Infrastructure and Assets. Both Denise and Sam bring with them many years of experience to their roles, and I would like to thank

them for the professional manner in which they have managed their departments and the positive changes they have made this year.

I would also like to extend my thanks to all Shire Staff for the hard work throughout the year and also thank the President and Council for their continued support of me and the Staff.

Julian Murphy
CHIEF EXECUTIVE OFFICER



Katanning in Brief

The Shire of Katanning is located in the Upper Great Southern Region of Western Australia approximately three hours' drive southeast of Perth.

Katanning is a vibrant country community founded on rural industries.

Katanning provides a range of services to meet the community's needs including education, health, recreation facilities and affordable land and housing.

Shire of Katanning Statistics	
Distance from Perth	283km
Area	1,523 sq. km
Length of Sealed Roads	255.1km
Length of Unsealed Roads	528.6km
Population	4,151 (ABS, 2016, LGA)
Number of Electors * WA Electoral Commission, 2021	2,494
Number of Dwellings	1,627
Total Rates Levied	4,183,680
Total Revenue	18,152,945
Number of Employees	61 FTE

Vision and Values

Our Vision

Our vision for Katanning is to create - A prosperous, vibrant and diverse community working together.

Our Values

LEADERSHIP AND ACCOUNTABILITY

We will be ethical and act with integrity. We will lead by example, set direction, provide good governance and be responsive to our community.

COLLABORATION

We will work as a team, creating partnerships to achieve our vision.

INCLUSIVE & REPRESENTATIVE

We will engage with our community to ensure our actions are representative of our community's needs and values.

RESPECT

We will be respectful of people, ideas, culture and environment.

SAFETY

We will work together to establish and sustain a strong, safe and healthy community.

About Council

The council of the Shire of Katanning consists of nine elected members. Councillors are elected for a four-year term, with half of their terms expiring every two years.

Local government ordinary elections are held on the third Saturday in October every two years. The next local government ordinary elections will be held on 16 October 2021. At the 2021 elections the Shire of Katanning will reduce the number of elected members from 9 to 7.



Cr Liz Guidera
Shire President

Term expires
2023



Cr Owen Boxall

Term expires
2021



Cr Kristy D'Aprile

Term expires
2021



Cr Ernie Menghini

Term expires
2021



Cr Serena Sandwell

Term expires 2023



Cr John Goodheart
Deputy Shire President

Term expires
2023



Cr Martin Van Koldenhoven

Term expires
2021



Cr Danny McGrath

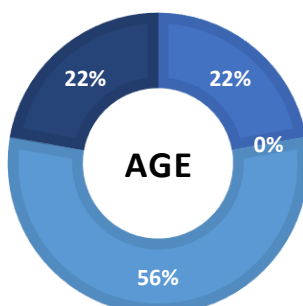
Term expires
2021



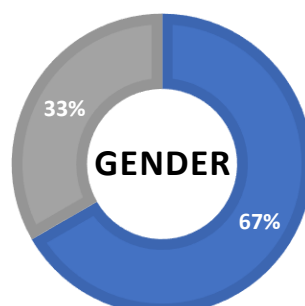
Cr Mark Stephens

Term expires
2023

Councillor Demographics



■ 35 - 44 ■ 45 - 54 ■ 55 - 64 ■ 65+



■ Male ■ Female

- All Councillors' linguistic background is English speaking.
- 8 Councillors born in Australia and 1 Councillor born in Holland.
- No Councillors identify as Aboriginal or Torres Strait Islander



Councillor Meeting Attendance

Ordinary Council Meetings are held on every fourth Tuesday of each month at the Shire Administration and Civic Centre located at 52 Austral Terrace Katanning, usually commencing at 6:00pm unless otherwise stated.

The number of Council meetings held during the year ended 30 June 2021 and the numbers of those meetings attended by each Elected Member is as follows:

COUNCILLOR	ORDINARY COUNCIL MEETINGS	SPECIAL COUNCIL MEETINGS	ANNUAL ELECTORS MEETING	COMMITTEE MEETINGS	TOTAL
Cr Liz Guidera (Shire President)	10/11	4/4	1/1	-	15/16
Cr John Goodheart (Deputy Shire President)	10/11	4/4	0/1	4/4	18/20
Cr Owen Boxall	11/11	4/4	1/1	2/3	18/19
Cr Martin Van Koldenhoven	10/11	2/4	1/1	1/4	14/20
Cr Kristy D'Aprile	11/11	3/4	1/1	1/3	16/19
Cr Danny McGrath	11/11	4/4	1/1	1/1	17/17
Cr Ernie Menghini	10/11	4/4	1/1	2/3	17/19
Cr Mark Stephens	8/11	4/4	0/1	-	12/16
Cr Serena Sandwell	11/11	3/4	1/1	3/4	18/20

Executive Management Team



Julian Murphy
Chief Executive Officer

Governance
Economic Development
Community Relations
Human Resources
OSH and Risk



Denise Gobbart
**Executive Manager Corporate
and Community**

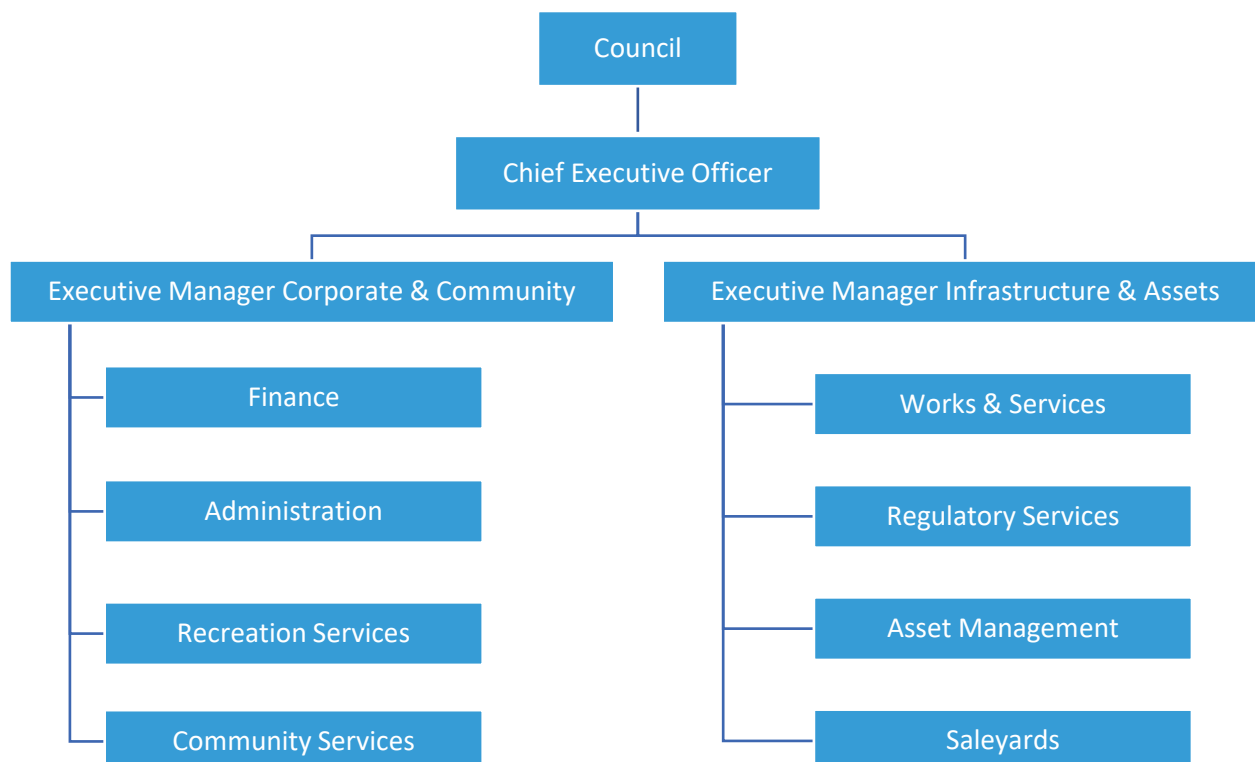
Corporate Services
Finance and Administration
Recreation Services
Community Development
Library and Gallery



Samuel Bryce
**Executive Manager Property and
Assets**

Works and Services
Development and Regulatory
Services
Project Management
Asset Management
Regional Saleyards

Organisational Structure



Council Highlights, Events and Milestones

July 2020

Council Highlights

At the July Ordinary Council Meeting, Council approved licence agreements for Katanning Town Hall with the Katanning Dramatic Society and the Katanning Community Cinema Inc. A new policy for Financial Hardship (Rate Relief) was approved and council agreed to sell property on Dore Street to Katanning Environmental Inc for the purposes of developing a packing shed on the site which is now used as a Containers for Change refund point.

Community Highlights

With the easing of COVID-19 restrictions in June 2020, a variety of school holiday workshops and activities were able to be held at the Katanning Leisure Centre, Library and Town Hall. A two-day barista course that was held as part of the Shire of Katanning Youth Services, was a great success for youth of Katanning.



August 2020

Council Highlights

Council adopted the 2020-2021 Annual Budget for the Shire of Katanning at the August Ordinary Council Meeting. The Rates Incentive Prize was approved which offered ratepayers the chance to win one of five \$1,000 Katanning Regional Business Association vouchers for paying all rates and charges appearing on the rate notice including arrears in full within 35 days of issue of the rates assessment notice.

At the same meeting, Council received the Shire of Katanning Workforce Plan which was developed to support the delivery of the Corporate Business Plan.

Community Highlights

The Katanning Art Gallery Exhibition showcased art and engineering pieces created by Katanning Youth in Isolation. The annual two-day WA Sheep Expo and Ram Sale was held by the Great Southern Merino Sheep Breeders Association.



September 2020

Council Highlights

At the September Ordinary Council Meeting, Council granted Katanning Senior High School access to the Katanning Town Hall to facilitate the delivery of a Certificate II in Hospitality Course and a pop-up café for one day a week in the 2021 Academic Year. Council also agreed to recommence the Katanning Early Childhood Hub Project.

Community Highlights

The Katanning Dramatic Society performed several shows of *Drinking Habits* by award-winning playwright, Tom Smith, that were a great hit amongst the community. The comedy play had audiences laughing down the walls of the Katanning Town Hall.



October 2020

Council Highlights

At the October Ordinary Council Meeting, Council approved a development application for Holiday Accommodation on Warren Road, Katanning.

At the same meeting, Council moved to recommend to the Local Government Advisory Board for implementation at the 2021 local government elections to reduce the number of offices of councillor for the Shire of Katanning from nine (9) to seven (7); that the no wards system be maintained; and as near as half the number of offices of councillor (three (3)) be elected at the 2021 local government elections.

Community Highlights

The WAMMCO International 129th Katanning Agricultural Show went on to be a very successful event, keeping in line with the COVID-19 restrictions. The event was organised by the Katanning Agricultural Society and people came from all over the state, with some guests even coming from as far as Geraldton, making the event a great highlight of the year.



November 2020

Council Highlights

At the November Ordinary Council Meeting, Council approved adding the Mobile Food Trailer Hire Fees to the Fees & Charges which allowed for the trailer to be used by the community effective 14 December 2020. Prior to the meeting, five lucky winners of the Rates Incentive Prize were awarded vouchers valued at \$1,000 each by the Shire President for paying their rates in full by the due date.

Community Highlights

The Shire launched its new mobile community food trailer on Wednesday 4 November 2020. The trailer provides local businesses and community groups easy access to a resource that supports them to successfully grow new food businesses in town.

There was a special Commemoration to Noel Crouch at the Katanning Remembrance Service on Wednesday 11 November 2020, hosted by Graham Edwards, FMR 7th Battalion Royal Australian Regiment and a former Katanning resident together with the Shire of Katanning. Members of Noel Crouch's Battalion, the 7th Battalion Royal Australian Regiment and members of his family attended the service.



December 2020

Council Highlights

Each year, Council set aside funds in the annual budget to support local community initiatives. At the Ordinary Council Meeting held in December, Council considered the 2020/2021 Community Grants Program applications and resolved to support the following groups:

- Anglican Parish of St Andrew's Katanning (Auspice by The Bunbury Diocesan Trustees) for Repairs at St Andrew's Church and Hall Katanning
- Katanning & Districts Pool Association Inc for one Air-Conditioner
- Katanning Historical Society for restoration and maintenance of the Katanning Historical Society buildings

Community Highlights

The Shire held a luncheon for the Thank a Volunteer Day Awards held at the Katanning Town Hall. Later in the month the annual Christmas Lunch for Seniors was held at the Katanning Leisure Centre and that evening the Christmas on Clive Committee held the first of two weekly Twilight Markets.



January 2021

Community Highlights

Summer school holiday programs began around town with activities such as mini golf, ice-cream making, fluoro roller disco (rollerblading), sculpting, free passes to the Katanning Aquatic Centre and more.

The Katanning community came together for a free barbeque breakfast put on by the Lions Club of Katanning on Tuesday 26 January 2021 at the Lions Park. The formal proceedings were hosted by Shire President Liz Guidera. Residents received their Australian Citizenship and presentations were made to announce the winners of the Citizen of the Year and Community Long Service Awards followed by Guest Speaker and Australia Day Ambassador, Grace Mugabe.



February 2021

Council Highlights

At the Ordinary Council Meeting held in February, Council agreed to lease the property at 19 Charles Street, Katanning to Katanning's Piesse Park Community Inc (Friends of Piesse Park). At the same meeting, Council agreed to the submission of the proposed 'Building Community Capacity Project' grant application to Lotterywest and to include the Building Community Capacity Project funding in the 2021/2022 draft budget.

Community Highlights

An exhibition of sculptures and paintings by Peter Hill called 'Hammered' were on display at Katanning Gallery for the duration of the month. The annual Concert in the Park was postponed to September 2021 due to COVID restrictions preventing the talent from being able to get to Katanning.

Fringe World performers, Dummies Corp. came to Katanning for their family-friendly circus show, Splash Test Dummies at Katanning Town Hall on Saturday 20 February 2021. Children were able to experience a circus workshop with the performers prior to the event. Adults and children alike enjoyed the brilliant array of catch-your-breath stunt work, acrobatics, juggling and the side-splitting, slapstick comedy.



March 2021

Council Highlights

At the March Ordinary Council Meeting, Katanning welcomed new Australian Citizens, the Penaverde Family and Shire President Liz Guidera presented Trevor Kowald with a Certificate of Appreciation for his support after the bushfire in February 2020.

Council agreed to work in partnership with the Katanning Noongar Leadership Group to develop a Reconciliation Action Plan using the 'Reflect' framework.

Community Highlights

After the 2020 Katanning Harmony Festival was cancelled due to COVID, the community were very excited to see the event return to town. The festival was held on Clive Street for Friday Food Night on 12 March 2021 and moved to Austral Terrace for the main event on Saturday 13 March 2021 to allow for the new COVID event and safety restrictions. The event was a great success and visitors gave feedback that they loved the new location.

The Shire of Katanning was awarded the Local Government Award at the 2021 Western Australian Multicultural Awards held at Optus Stadium on Thursday 18 March 2021. The awards provide an opportunity for the Office of Multicultural Interests to acknowledge and celebrate the achievements of Western Australians who have accomplished outstanding work in advancing multiculturalism. The Shire of Katanning was acknowledged for showing a fundamental and sustained commitment to inclusivity and participation, which has been recognised at the national level.

The month of March proved to be very eventful, ending with Opera in Katanning. Performers from the West Australian Opera sang under the stars to locals and visitors from across the state at the first show on the new stage at the Piesse Park Amphitheatre. The event was a part of Taste Great Southern and guests could purchase a gourmet Great Southern produce hamper and wine with their tickets.



April 2021

Council Highlights

At the Ordinary Council Meeting for April, Council appointed 21 persons as Fire Control Officers in accordance with the Bush Fires Act 1954. Council accepted the invitation to become a full member of the Southern Link Voluntary Regional Organisation of Councils (VROC).

Community Highlights

The Katanning Skate Park came alive with local and professional skaters for the Katanning Youth Week Skate Event on 15 April 2021. The Shire of Katanning, Skate Sculpture, local businesses, and clubs all came together to put on a fantastic evening for all with giveaways, fun music, food and a skate deck painting workshop.



May 2021

Council Highlights

At the May Ordinary Council Meeting, Council adopted the Code of Conduct Behaviour Complaints Management Policy and established the Behaviour Complaints Committee in accordance with the terms of reference.

Community Highlights

Katanning's Destination Brand Story for Visit Katanning / Meet Me in Katanning was launched at the Katanning Club and Hit FM Southwest came to Katanning after the town won a social media poll for their regional tour.



June 2021

Council Highlights

At the Ordinary Council Meeting for June, Shire President Liz Guidera presented the Wanderers Football Club President Michael Kowald and Secretary Georgia Kowald a signed Charter recognising the contribution of the Wanderers Football Club to the Katanning Leisure and Function Centre, Sprig Bar and external facilities over the last 20 years and the significant contribution that the Shire of Katanning makes to the facility. At the same meeting, Council endorsed new opening times for the Shire Administration and Civic Centre to be 8:30am – 4:30pm from Monday to Friday.

Community Highlights

Albany artist Chelsea Hopkins-Allan presented MOTH, an exhibition of paintings of these elusive and little understood insect creatures at Katanning Gallery.

Grants

The Shire received grants funding totalling over \$9,673,085 during the reporting period.

Name of Grant/Source	Amount
General Purpose Grant / WA Local Government Grants Commission	\$1,498,165
Untied Road Grant / WA Local Government Grants Commission	\$502,021
KCC Redevelopment Project / Great Southern Development Commission	\$170,000
Local Government Grants Scheme / Department of Fire and Emergency Services	\$33,982
Mobile Messaging / Department of Infrastructure, Transport, Regional Development and Communications	\$20,000
Thank a Volunteer Day / Department of Communities	\$700
Cultural Awareness Training / Great Southern Development Commission	\$5,000
Winter Warmers / Lotterywest	\$21,890
Indigenous Leadership Scholarship Project / Great Southern Development Commission	\$12,500
Sports Engagement and Inclusion Program / Department of Health	\$18,348
International People with Disabilities / Department of Communities	\$1,000
Get Online Week / Good Things Foundation	\$1,500
Public Regional Gallery Relief Fund / Art on the Move	\$6,272
Active Regional Communities Initiative Coach Education / Department of Local Government, Sport and Cultural Industries	\$2,000
Youth Support Services / Department of Communities	\$42,753
Opera in Katanning / Australia's South West Inc.	\$5,000
Building Better Regions Fund - Economic Innovation / Department of Industry, Innovation and Science	\$12,500
Vibrant Katanning / Foundation for Rural and Regional Renewal	\$22,000
Hidden Treasures / Great Southern Development Commission	\$7,500
Harmony Festival / Healthway	\$5,000
Harmony Festival Grant / Regional Development Australia	\$2,500
Harmony Festival Grant / Great Southern Development Commission	\$7,500
Harmony Festival Grant / Lotterywest	\$30,000
Harmony Festival / Department of Local Government, Sport and Cultural Industries	\$5,000
Harmony Festival / Tourism WA	\$10,000
Katanning Community Medical Facility / Department of Health	\$473,120
Supertown Heritage Centre Project / Department of Primary Industries & Regional Development	\$2,083,354
Supertown Heritage Centre Project / Lotterywest	\$966,037
Building Better Regions Fund - Great Southern Aged Accommodation Project / The Department of Infrastructure, Transport, Regional Development and Communication	\$1,653,342

Name of Grant/Source	Amount
Country Local Government Fund Regional Landfill and Transfer Stations Project / Department of Primary Industries & Regional Development	\$128,006
Direct Road Grant / Main Roads WA	\$123,752
Regional Road Group / Main Roads WA	\$269,200
Roads to Recovery / Department of Infrastructure, Transport, Regional Development and Communication	\$341,840
Drought Affected Communities / Department of Industry, Science, Energy and Resources	\$500,000
Local Roads & Community Infrastructure / Department of Infrastructure, Transport, Regional Development and Communication	\$614,462
Destination Development / Department of Primary Industries & Regional Development	\$76,841
TOTAL	\$9,673,085





Major Assets

Katanning Saleyards

2020/21 Actual		2020/21 Budget		2019/20 Actual	
Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure
\$761,188	\$1,418,947	\$741,050	\$1,372,065	\$991,233	\$1,547,785

Whilst sheep numbers were down on previous years, revenue from yarding fees and truck wash charges exceeded budget expectations. Expenditure was higher than budget forecasts driven mainly by additional staff costs associated with maintenance and cleaning of the saleyards and facilities.



Katanning Leisure Centre

2020/21 Actual		2020/21 Budget		2019/20 Actual	
Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure
\$312,773	\$1,564,786	\$250,372	\$1,596,782	\$286,644	\$1,581,398



A slow return from COVID-19 within the first quarter of 2020/21, due to restrictions imposed by the State Government. Income increased within the second half of the year significantly due to the return of indoor sports associations to full operating capacity, and a number of Functions being able to run within Phase 4 and Phase 5 of COVID-19 restrictions, this assisted with a reduced operating expenditure.

Road Infrastructure

Council considers spending on road infrastructure on an annual basis during the Budget deliberations.

Funds are contributed by Council and external sources such as the Regional Road Group and Roads to Recovery.



ROAD AND WORK COMPLETED	2020/21 ACTUAL	2020/21 BUDGET
Kowald Road – resheet	10,170	10,170
Warren Road – stabilise, widen, reseal	189,881	193,050
Warren Road – widen & reseal 7m	83,195	81,600
Clive Street – repair, resurface with asphalt	24,089	54,600
Creek Street – repair, resurface, chip seal	15,158	34,800
Fairfield Road – widening, drainage & repair sealed edges	145,713	168,000
Wolyaming Road – resheet 7.5km	196,416	130,000
Langaweira Road – shoulder reconstruction 6.9km	160,817	100,368
Onslow Road – resheet 1.4km	54,096	35,000
Lake Coyrecup – resheet 5.7km	164,983	165,000
Council Roads - Coate Street (Carew St to Conroy St) – drainage & seal	16,792	80,000
Special Projects - Various re-sheets & repairs	89,259	139,830
TOTAL	\$1,150,569	\$1,192,418





Community Grants Program

Each year the Shire of Katanning allocates an amount of funds within the budget to provide financial support to community organisations that meet the objectives of the Community Grants Program (CGP).

The Shire of Katanning is committed to recognising the value of all community organisations and has developed a clear and powerful vision of “Together we are building Katanning’s future”.

There are three CGP categories that are available to community organisations:

- Minor community grant under \$5,000 (ex GST)
- Major community grant over \$5,000 (ex GST)
- Triennium community grant (Minor and Major available)

The Community Grants Program application period is open each financial year from the beginning of October and closes at the end of November with funding announced following approval by Council in December. A second round of funding may be held at a later date, if further budgeted funds remain available.

In 2020/21, Council budgeted \$25,000 for the Community Grants Program. The first round awarded \$15,650.00 ex GST to local community groups and a second round for the remaining funds was opened in February and March 2021. The second round had no applicants.

The following donations were awarded in the 2020/21 financial year:

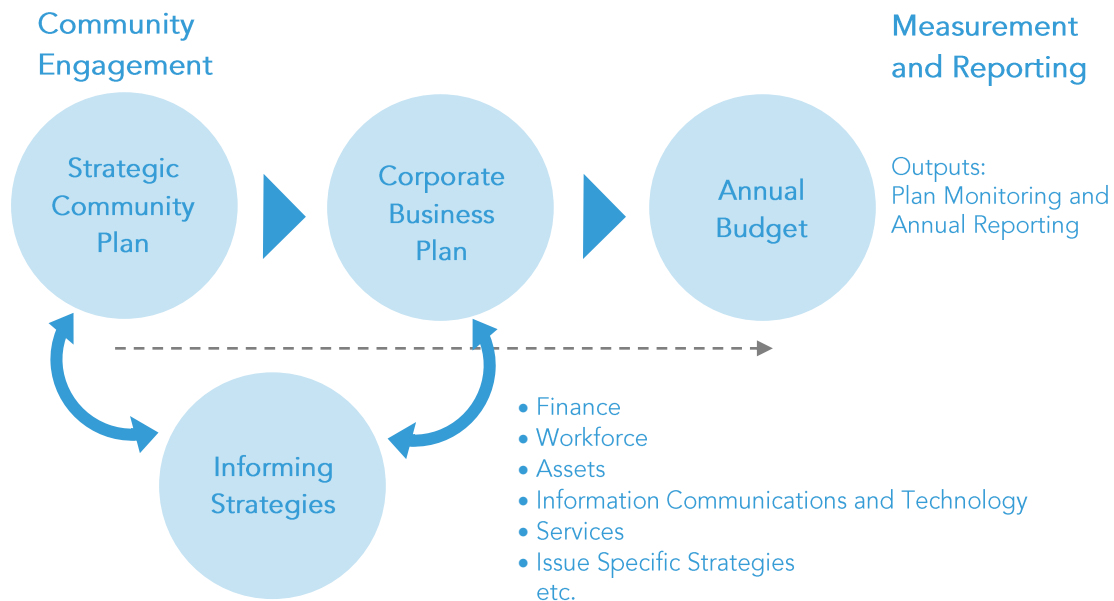
Round 1	Recipient	Purpose
\$3,000.00 ex GST	The Anglican Parish of St Andrew’s Katanning (Auspice by The Bunbury Diocesan Trustees)	Partial funds towards the Repairs at St Andrew’s Church and Hall Katanning Project
\$2,650.00 ex GST	Katanning & Districts Pool Association Inc	Install and supply of Air-Conditioner
\$10,000.00 ex GST	Katanning Historical Society	Restore and maintain the Katanning Historical Society Buildings Project

Strategic Community Plan

In 2010, the Western Australian State Government introduced legislation requiring Local Governments to prepare an Integrated Planning and Reporting (IPR) Framework by June 2013. Integrated planning ensures that Councils Strategic Plan reflect the community aspirations, visions, and priorities of the district.

The Shire consulted widely with the community to produce the Strategic Community Plan and other plans within the IPR Framework.

The diagram below highlights the components of the framework:



Elements of Integrated Planning and Reporting Framework

In accordance with the legislation and following extensive community input, Council adopted its Strategic Community Plan in November 2017.

The plan is Council's principal planning and strategy document, which means that it governs all of the works that the Shire undertakes, either through direct services delivered, partnership arrangements, or advocacy on behalf of the community.

In accordance with the legislations, Council is required to report to the community annually its progress towards achieving the objectives.

Our Vision - "A prosperous, vibrant and diverse community working together"

In partnership with Council the community has developed a clear and powerful vision to build the future of Katanning based on an evolution of growth and progression. The Shire of Katanning will embrace its Aboriginal, agricultural, multicultural, and built heritage as it moves forward as a cohesive community seeking investment in economic, environmental and social infrastructure. Our aim is to achieve self-supporting growth and recognition as the inland heart of the Great Southern.

Corporate Business Plan – Annual Highlights

Key Result Area	Annual Highlights
Social	S1 – A capable, vibrant, healthy and connected community <i>S1.1 Provide sport, recreation and leisure opportunities that contribute to the health and wellbeing of our growing and diverse community.</i> The Shire runs a range of community programs at the Katanning Leisure Centre (KLC) including School Holiday Program's, Seniors Activities - Pingo, Quiz, Autumn Club, Carpet Bowls, Senior Gym, Seniors Exercise Groups – weekly & monthly, Group Fitness Programs, Social Badminton & Rollerblading Evenings. The Katanning Leisure & Function Centre provides free meeting rooms for Club Committee Meetings to facilitate club development, clubs/groups utilising the facilities have been Katanning Netball Association, Katanning Equestrian Association, Great Southern Merino Sheep Breeders Association, Olympians Netball Club & Allstars Netball Club. In-kind contributions towards the use of the facilities and equipment has been provided to community groups. Community use of the Function Centre continues with commercial/government and private facilities hire. The Free Wee Library project (constructed by the Katanning Men's Shed) provides free books in public places in various locations throughout Katanning. Prosser Park basketball upgrade to one full size basketball court. <i>S1.2 Optimum quality of life for all citizens with access to health and other support services that meet the needs of our community.</i> Meetings convened with the Katanning Noongar Leadership Group. DAIP report submitted. Completion of the refurbishment of the old Shire Administration building to accommodate the Katanning Community Medical Centre and provide Community Meeting Rooms for seniors. Winter Warmer Project – Partnership with Katanning Hub CRC and Badgebup Aboriginal Corporation to deliver goods to elderly people effected by the impacts of COVID-19. Shire President and CEO held meetings with various government agencies including Communities, Housing, WA Country Health and Education to lobby for improved services in Katanning. <i>S1.3 Ensure access to art, culture and learning opportunities.</i> The Katanning Public Art Gallery held a number of exhibitions throughout the year. Library school holiday programs.

Key Result Area	Annual Highlights
	Australian Museum & Galleries – Open the Door, 2-day training conducted. Arts and Craft Youth programmes held at the Katanning Library. CEO participation on the Great Southern Arts Culture and Heritage Strategy Advisory Group. S2 – A safe community <i>S2.1 Strive for a community where people feel safe and secure at all times.</i> Ongoing upgrades and improvements to Katanning’s CCTV network. The Shire undertook a number of programmes to provide support and information to the community in response to COVID-19. Ongoing liaison with senior officers from Police and, Fire and Emergency Services regarding safety and security in Katanning. S3 – A resilient, engaged community with a strong sense of pride <i>S3.1 Build a unified community that embraces its uniquely diverse cultural make up.</i> Ongoing support and funding for the Katanning Fly Your Flags project. Noongar Cultural Training provided to Staff and Councillors. Programs were run throughout the year to build greater understanding and connection with CaLD communities. <i>S3.2 Build social resilience through providing diverse options for participation and engagement.</i> Early voting for the State Election was facilitated through the library. School holiday programs. Nurture in Nature - Event held at the Katanning All Ages Playground. This was a collaboration with A Smart Start Great Southern, the Katanning Public Library and Earth Parenting. The Shire of Katanning provided support to the Friends of Piesse Park to establish an Eco Centre at 19 Charles Street, Katanning with an agreement for ongoing engagement and cooperation for the management of the park and wetlands.
Built Environment	B1 – Infrastructure that meets community needs <i>B1.1 Sustainably manage current and future assets and infrastructure</i> Council provides funding allocations and maintains cash backed reserves for the maintenance and development of assets to support the implementation of the Shire of Katanning Asset Management Strategy and long-term asset plans.

Key Result Area	Annual Highlights
	Ongoing liaison with Main Roads WA regarding funding and management of local roads including participation with the Great Southern Regional Road Group. <i>B1.2 Provide Council facilities that meet community need.</i> Council maintains a range of community facilities including the Town Hall, Regional Sheep Saleyards, Katanning Leisure Centre, Aquatic Centre, sporting facilities, parks and reserves, public spaces, Library, Art Gallery and community facilities. Various infrastructure improvements utilising funds from the Federal Local Roads and community Infrastructure program including park and footpath upgrades. B2 – Places for the community to live, work and connect <i>B2.1 Enhance Public Realm</i> The following projects have been progressed or completed: - Clive Street West Footpath works - Clive Street Footpath upgrade - Austral Terrace Footpath upgrade (Cornwell Street) - Austral Terrace Footpath upgrade (Albion to Broome) - Emu Lane upgrade - Prosser Park basketball court upgrade <i>B.2.2 Facilitate and encourage housing options, spaces for local service delivery and recreation</i> Council has undertaken the development of a 30-lot subdivision at Piesse Lake and constructed 7 new dwellings for key worker accommodation and seniors independent living units.
Natural Environment	N1 – A community and Council that are environmentally aware and engaged <i>N.1.1 Promote environmentally friendly action.</i> The Shire of Katanning supports the activities of Katanning Landcare. They continue to provide sound advice to the Shire on land care related issues and areas where improvements can be made. Council has provided access to facilities for Katanning Environmental and the Friends of Piesse Park to support their volunteers in caring for the environment. Upgrades to park lighting using solar lighting systems. <i>N1.2 Increase action on waste management and sustainable packaging.</i>

Key Result Area	Annual Highlights
	Eco-Party Packs - Collaboration with Landcare and other organisations to create eco party packs that Katanning residents can borrow from the library (these include kids and adult's cutlery, cups, decorations, and place settings). Support for Katanning Environmental and the Containers for Change Program. <i>N1.3 Incorporate sustainability as a key consideration in Council Planning.</i> Ongoing development of sustainable energy solutions for Council managed facilities. N2 – A high level of biodiversity and healthy ecosystems N2.1 Enhance the Level of biodiversity and condition of ecosystems In collaboration with the Lake Ewlyamartup Working Group, manage the weir system to create a cleaner waterway and habitat for flora and fauna. Completion of Piesse Lake Stop Board Weir and Lake Bypass project. N3 – A strong sense of community ownership and pride for the natural environment <i>N3.1 Encourage the community to feel proud of and take ownership of public spaces.</i> Council updated Bushfire and Operational Procedures. Rotary Park - Opening Commemoration Event. Continued to work with the Friends of Piesse Park on the management and custodianship of parkland and waterways.
Economic	E1 – Local business and industry is resilient, growing <i>E1.2 Develop local business and encourage start-ups.</i> Sold Lot 523 Dore Street Katanning to Katanning Environmental Inc, for the purpose of developing a packing shed and establishing a Containers for Change receival point, at a reduced sale price. Support for the Katanning Regional Business Association's Online Business Directory. Workshops held to support business acquire improved knowledge in the areas of social media, accounts, and networking. E2 – A place to live and visit <i>E2.1 Strengthen the local tourism sector</i> Entered into a Memorandum of Understanding for a three-year term commencing in 2021 with participating local governments for the funding and operation of Great Southern Treasures tourism organisation

Key Result Area	Annual Highlights
	Undertook the Katanning Destination Development project to deliver improved branding and images for the promotion of Katanning. <i>E2.2 Provide and support local and regionally significant events that have both positive economic and social benefits.</i> Council supports the Katanning Agricultural Show through the provision of funding and in kind-support Katanning Harmony Festival – 12 & 13 March 2021, attendance of 6,500. Opera in the Park in collaboration with the WA Opera, Great Southern Development Commission and Australia’s South West tourism organisation. <i>E2.3 Ensure a positive town identity and branding that promotes Katanning and enhances community pride.</i> Ongoing upgrades to signage at the All Ages Playground. Support and promotion of Katanning Agricultural Show. Support for Katanning Regional Business Association Christmas Markets events. Katanning Brand Development Project E3 – Sustainable economic and population growth <i>E3.1 Raise Katanning’s profile as a centre of excellence in the area of agriculture and associated industries.</i> The Shire of Katanning continued to operate the Katanning Regional Sheep Saleyards and undertake ongoing improvements to the facilities. <i>E3.2 Continue to build Katanning’s reputation as a strategic sub-regional service centre and economic hub.</i> Council continued to lobby for the maintenance and improvement of key services including education, health, housing and community safety. E4 – A culture of learning <i>E4.1 Develop Katanning’s reputation for providing quality education for all levels of learning such that it attracts and retains people.</i> Ongoing development of the Katanning Early Childhood Hub Project Council provided Katanning Senior High School with access to the Katanning Town Hall kitchen, foyer and storeroom to facilitate Certificate II in Hospitality course and pop-up café Ongoing collaboration and supported provided to the Early Years Initiative including attendance at meetings.

Key Result Area	Annual Highlights
Leadership	L1 – An inclusive community, recognised as a great place to live and visit
	<i>L1.1 Operate with high ethical and professional standards, being open, transparent and responsive to the community and other stakeholders.</i> Council established new policies and procedures in response to new legislation including the Local Government (Model Code of Conduct) Regulations 2021 and changes to the Local Government Act 1995 and Regulations. The President and CEO facilitated regular Local Emergency Management Committee Meetings via video link during COVID-19. The CEO participated in Great Southern Development Commission Regional Meetings via video link during COVID-19. Annual Electors Meeting held on the 27 April 2021. Councillors and staff attended meetings of the Great Southern Zone of WA Local Government Association (WALGA).
	<i>L1.2 Provide effective leadership and good governance.</i> Local government elections were held in October 2021. Elected members undertook mandatory Council Member Essentials training Council meetings were held each month, excluding January.
	L2 – A collaborative, progressive and resilient local government which is sustainably resourced <i>L2.1 Optimise use of Shire resources, improve organisational systems.</i> Council has worked collaboratively with neighbouring local governments to deliver shared services in the areas on Emergency Management, Tourism, Environmental Health and Building Services. Council reports at each monthly Council Meeting on Financial Activity and payment of Accounts.



Compliance

National Competition Policy

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

In respect to Council's responsibilities in relation to the National Competition Policy the Shire reports as follows:

- No business enterprise of the Shire of Katanning has been classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or a Public Financial Enterprise.
- Competitive neutrality has not applied to any activities undertaken by the Shire in this reporting period.
- No allegations of non-compliance with the competitive neutrality principles have been made by any private entity.
- The principles of competitive neutrality will be implemented in respect of any relevant activity undertaken during the next financial reporting period.

Freedom of Information

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

The Shire of Katanning's Information Statement is reviewed annually and is available via Council's website or at the Shire administration office. The information statement contains information on the type of documents available to the public and how to access those documents.

1 Freedom of Information enquiry was processed during the 2020-2021 period.

State Records Act

The *State Records Act 2000* requires the Shire maintains and disposes of all records in the prescribed manner.

Principle 6 – Compliance: Government Organisations ensure their employees comply with the record keeping plan.

Rationale: An organisation and its employees must comply with the organisation's record keeping plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.

Minimum Compliance Requirements:

The record keeping plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the organisation's record keeping system is evaluated not less than once every 5 years.
2. The organisation conducts a record keeping training program.

3. The efficiency and effectiveness of the record keeping training program is reviewed from time to time.
4. The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's record keeping plan.

The Shire has complied with Items 1 to 4.

Disability Access and Inclusion Plan (DAIP)

All Western Australian Local Government Authorities are required to develop and implement Disability Access and Inclusion Plans in accordance with the Disability Services Act (1993) to ensure people with disability have the same opportunity as others to access council services, facilities, information, employment and civic participation. The Shire of Katanning offers many services that ensure the community is inclusive of people with disability and their families.

People with disabilities represent a significant section of the Katanning community. According to the Disability Services Commission (Disability Services Commission website, 2004) the number of people living in the Shire of Katanning who have a disability is 17.8% of the total population. This represents almost one in five people or approximately 900 people. Given that Katanning is also a regional service provider for the Shire's of Broomehill, Woodanilling, Dumbleyung, Kojonup, Gnowangerup, and Kent it can be estimated that the number of people with Disabilities for whom the Shire of Katanning provides services and facilities is significantly higher than 1000.

The vast majority of people with a disability (or disabilities) live in the community. It is therefore important that they have the same opportunities and choices as other people to participate in community life.

Given the broad range of services provided to its communities, Local Government plays a vital role in the lives of people with disabilities, their carers and families.

In 2020-2021 the following Shire initiatives contributed towards the Achievement for the DAIP outcomes:

- The Disability Access & Inclusion Group met regularly for a period of 6 months, a number of engagement activities were undertaken such as a recreation inclusion project.
- The Shire held an Opera in Katanning event that was at an outdoor grassed amphitheatre. The event entrance was positioned at a place with smooth footpaths so those with low mobility or in a wheelchair, were able to easily enter the area. A dedicated staff member was made available at the beginning of the event to assist with escorting anyone who needed help getting to the audience area.
- Hi vis strips that were painted on the steps of Quartermaine Oval in 2019 were painted again.
- Quartermaine Oval also received an extension to their concreted car park which allows easier access to people with disabilities into the Sprig Bar and other facilities.
- The library moved shelving and equipment to ensure all areas are wheelchair/gopher accessible, this included the circulation desk and program space.
- Paving outside the library has been lifted and re-laid to provide a smooth surface for better access to the library.
- Clive Street footpath upgrades have included new ramps and tactile markers.

- Where possible, all posters and photos on the latest news or upcoming events section on the Shire's website and Facebook were given alternative text image descriptions so that someone using the voiceover function on a smartphone or computer, were still able to access the content.
- All Shire facilities opening hours, contact information, gym classes, newsletters etc. were available via hardcopy (at KLC, Admin Building & Library) and on the Shire website and social media which have online accessibility functions.
- Katanning Public Library continued to have trolleys provided for those that require extra support, including physical support by staff. Ensure our patrons with disabilities (visual impairment & physical impairment) are supported to access resources.
- New computer stations in the Library have been made accessible for all.
- All forms were made accessible through Shire facilities, including hard copies and offered in alternative text and fonts. Staff also assist people with disabilities to fill out their forms if they are unable to do so themselves, all forms were available at the 6 weekly DAIP meetings.
- Information on Council facilities, functions and services uses clear and concise language. This includes information to be written clearly and in plain English.
- Information is provided in alternative formats such as large print, electronic format, audio on request.
- Council supported people with a disability to attend Public Ordinary Council Meetings.
- All advertisements to employ new staff include an equal opportunity statement which explains the Shire is aligned with the Equal Opportunity Act 1984 and actively promotes equal employment opportunity based solely on merit to ensure that discrimination does not occur on the grounds of gender, age, marital status, pregnancy, race, disability, religion or political convictions

Employee Remuneration Disclosure

Regulation 19B of the *Local Government (Administration) Regulation 1996* requires the Shire to include the following information in its Annual Report:

- The number of employees of the Shire entitles to an annual salary of \$130,000 or more; and
- The number of those employees with an annual salary entitlement that falls within each band of \$10,000 over \$130,000.

Set out below, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$130,000 or more.

Salary Range

\$ FROM	\$TO	NUMBER OF EMPLOYEES
130,000	139,999	1
140,000	149,999	0
150,000	159,999	1
160,000	169,999	0
170,000	179,999	0
180,000	189,999	1
TOTAL		3





Public Interest Disclosures

The Public Interest Disclosures Act 2003 facilitates the disclosure of public interest information and provides protection for those making such disclosure and those who are the subject of disclosures. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken. The Chief Executive Officer has complied with all obligations under the Act including:

Appointing the Executive Manager Corporate and Community as the PID officer for the organisation and publishing an internal procedure relating to the Shire's obligation. Providing protection from detrimental action or the threat of detrimental action for an employee of the Shire who makes an appropriate disclosure of public interest information.

There were no Public Interest Disclosure requests received during the reporting period.

Complaints Register

Section 5.121 of the *Local Government Act 1995* requires the Annual Report to contain details of the entries made in the Complaints Register regarding complaints made about elected members.

No complaints were lodged against elected members during the 2020-2021 period.



Shire of
Katanning
Heart of the Great Southern

Annual Financial Report 2020 – 2021



Heart of the Great Southern

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

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COMMUNITY VISION

Our vision for Katanning is to create - A prosperous, vibrant and diverse community working together.

Principal place of business:
52 Austral Terrace
KATANNING WA 6317

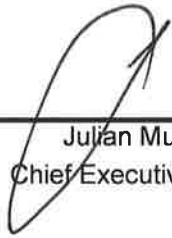
**SHIRE OF KATANNING
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Katanning 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 Katanning 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 Twentieth day of December 2021



Julian Murphy
Chief Executive Officer



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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual Restated * \$
Revenue				
Rates	31(a)	4,183,680	4,234,971	4,129,783
Operating grants, subsidies and contributions	2(a)	3,017,100	1,952,658	2,720,527
Fees and charges	2(a)	1,898,321	1,726,003	1,847,901
Interest earnings	2(a)	96,415	202,669	250,144
Other revenue	2(a)	518,396	582,295	691,290
		9,713,912	8,698,596	9,639,645
Expenses				
Employee costs		(4,170,244)	(4,139,040)	(4,343,319)
Materials and contracts		(2,062,168)	(2,761,258)	(2,520,826)
Utility charges		(469,304)	(480,420)	(477,188)
Depreciation on non-current assets	11(c)	(6,155,466)	(6,018,038)	(6,036,761)
Interest expenses	2(b)	(131,883)	(123,742)	(105,572)
Insurance expenses		(344,778)	(355,621)	(338,747)
Other expenditure		(310,211)	(372,585)	(303,726)
		(13,644,054)	(14,250,704)	(14,126,139)
		(3,930,142)	(5,552,104)	(4,486,494)
Non-operating grants, subsidies and contributions	2(a)	7,065,319	7,838,032	7,778,529
Profit on asset disposals	11(a)	336,773	124,678	55,228
(Loss) on asset disposals	11(a)	(279,984)	(251,613)	(30,693)
		7,122,108	7,711,097	7,803,064
Net result for the period		3,191,966	2,158,989	3,316,570
Total Other comprehensive income for the period		0	0	0
Total comprehensive income for the period		3,191,966	2,158,989	3,316,570

* See Note 35 for details regarding the restatement of an error.

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



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

		2021	2021	2020
	NOTE	Actual	Budget	Actual
		\$	\$	Restated *
Revenue				
	2(a)			
Governance		352,127	221,278	100,970
General purpose funding		6,343,198	5,427,902	6,527,059
Law, order, public safety		241,596	236,964	257,451
Health		36,511	2,550	719
Education and welfare		162,090	193,815	55,266
Housing		177,578	182,423	183,122
Community amenities		947,229	938,144	949,036
Recreation and culture		348,075	415,066	456,653
Transport		234,552	215,971	225,094
Economic services		786,364	787,483	815,362
Other property and services		84,592	77,000	68,913
		9,713,912	8,698,596	9,639,645
Expenses				
	2(b)			
Governance		(1,143,854)	(1,087,884)	(949,232)
General purpose funding		(266,445)	(295,149)	(263,064)
Law, order, public safety		(607,856)	(565,266)	(547,164)
Health		(169,854)	(193,486)	(197,331)
Education and welfare		(423,761)	(547,531)	(463,900)
Housing		(286,789)	(310,888)	(306,947)
Community amenities		(860,160)	(1,199,431)	(1,176,435)
Recreation and culture		(4,310,588)	(4,006,173)	(4,309,301)
Transport		(4,024,141)	(4,306,153)	(4,337,654)
Economic services		(1,372,621)	(1,511,717)	(1,404,081)
Other property and services		(46,102)	(103,284)	(65,458)
		(13,512,171)	(14,126,962)	(14,020,567)
Finance Costs				
	2(b)			
Governance		(111,192)	(87,519)	(99,250)
Law, order, public safety		0	(2,643)	0
Housing		(9,230)	(15,399)	0
Community amenities		(33)	0	(70)
Recreation and culture		(201)	(4,899)	(279)
Other property and services		(11,227)	(13,282)	(5,973)
		(131,883)	(123,742)	(105,572)
		(3,930,142)	(5,552,108)	(4,486,494)
Non-operating grants, subsidies and contributions	2(a)	7,065,319	7,838,032	7,778,529
Profit on disposal of assets	11(a)	336,773	124,678	55,228
(Loss) on disposal of assets	11(a)	(279,984)	(251,613)	(30,693)
		7,122,108	7,711,097	7,803,064
Net result for the period		3,191,966	2,158,989	3,316,570
Total Other comprehensive income for the period		0	0	0
Total comprehensive income for the period		3,191,966	2,158,989	3,316,570

* See Note 35 for details regarding the restatement of an error.

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

SHIRE OF KATANNING
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2021

		2021	2020	1-Jul-19
	NOTE	Actual	Actual	Actual
		\$	Restated *	Restated *
		\$	\$	\$
CURRENT ASSETS				
Cash and cash equivalents	3	9,550,578	11,995,238	15,761,111
Trade and other receivables	6	2,881,512	1,567,681	1,184,652
Other financial assets	5(a)	4,481,106	6,558,609	6,664,473
Inventories	7	11,442	15,086	4,578
Other assets	8	1,363	250	8,486
TOTAL CURRENT ASSETS		16,926,001	20,136,864	23,623,300
NON-CURRENT ASSETS				
Trade and other receivables	6	227,141	261,467	231,017
Other financial assets	5(b)	124,637	124,637	122,620
Property, plant and equipment	9	58,915,181	56,367,476	58,805,824
Infrastructure	10	158,807,131	156,518,832	152,087,954
Rehabilitation assets	13	66,335	62,745	66,928
Right-of-use assets	12	50,954	57,941	0
TOTAL NON-CURRENT ASSETS		218,191,379	213,393,098	211,314,343
TOTAL ASSETS		235,117,380	233,529,962	234,937,643
CURRENT LIABILITIES				
Trade and other payables	15	7,173,461	8,593,419	13,560,147
Contract Liabilities	16	189,999	824,480	0
Lease liabilities	17(a)	18,557	19,589	0
Borrowings	18(a)	280,754	190,853	210,796
Employee related provisions	19(a)	671,397	657,975	667,575
TOTAL CURRENT LIABILITIES		8,334,168	10,286,316	14,438,518
NON-CURRENT LIABILITIES				
Trade and other payables	15	10,000	22,564	22,565
Lease liabilities	17(a)	30,626	38,719	0
Borrowings	18(a)	3,142,666	2,335,060	2,525,913
Employee related provisions	19(a)	113,560	122,771	169,586
Other provisions	20	510,683	940,819	913,417
TOTAL NON-CURRENT LIABILITIES		3,807,535	3,459,933	3,631,481
TOTAL LIABILITIES		12,141,703	13,746,249	18,069,999
NET ASSETS		222,975,677	219,783,711	216,867,644
EQUITY				
Retained surplus		99,866,518	95,841,215	94,107,528
Reserves - cash backed	4	8,535,951	9,369,288	8,282,831
Revaluation surplus	14	114,573,208	114,573,208	114,477,285
TOTAL EQUITY		222,975,677	219,783,711	216,867,644

* See Note 35 for details regarding the restatement of an error.

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



SHIRE OF KATANNING
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		94,337,394	8,282,831	114,477,285	217,097,511
Correction of error	35	(229,867)	0	0	(229,867)
Restated balance as at 1 July 2019		94,107,527	8,282,831	114,477,285	216,867,644
Change in accounting policy		(496,425)	0	95,923	(400,503)
Restated total balance as at 1 July 2019		93,611,102	8,282,831	114,573,208	216,467,141
Comprehensive income					
Net result for the period (restated)		3,316,570	0	0	3,316,570
Other comprehensive income		0	0	0	0
Total comprehensive income		3,316,570	0	0	3,316,570
Transfers from reserves	4	482,607	(482,607)	0	0
Transfers to reserves	4	(1,569,064)	1,569,064	0	0
Restated Balance as at 1 July 2020		95,841,215	9,369,288	114,573,208	219,783,711
Restated balance as at 1 July 2020		95,841,215	9,369,288	114,573,208	219,783,711
Comprehensive income					
Net result for the period		3,191,966	0	0	3,191,966
Other comprehensive income		0	0	0	0
Total comprehensive income		3,191,966	0	0	3,191,966
Transfers from reserves	4	2,429,586	(2,429,586)	0	0
Transfers to reserves	4	(1,596,249)	1,596,249	0	0
Balance as at 30 June 2021		99,866,518	8,535,951	114,573,208	222,975,677

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

SHIRE OF KATANNING
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		4,370,661	4,634,971	3,796,953
Operating grants, subsidies and contributions		2,382,619	2,745,440	3,118,255
Fees and charges		456,546	1,726,003	1,847,901
Interest received		96,415	202,669	250,144
Goods and services tax received		1,069,336	500,000	66,636
Other revenue		840,088	582,295	691,290
		9,215,665	10,391,378	9,771,179
Payments				
Employee costs		(4,145,069)	(4,139,041)	(4,344,199)
Materials and contracts		(4,269,845)	(1,206,406)	(6,854,184)
Utility charges		(469,304)	(480,420)	(477,188)
Interest expenses		(130,564)	(123,742)	(105,572)
Insurance paid		(344,778)	(355,621)	(338,747)
Goods and services tax paid		(1,142,530)	(500,000)	0
Other expenditure		(295,353)	(372,584)	(303,726)
		(10,797,443)	(7,177,814)	(12,423,616)
Net cash provided by (used in) operating activities	21	(1,581,778)	3,213,564	(2,652,437)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for financial assets at amortised cost		2,077,503	0	0
Payments for purchase of property, plant & equipment	9(a)	(6,268,727)	(9,161,994)	(1,202,756)
Payments for construction of infrastructure	10(a)	(5,666,754)	(3,572,763)	(7,773,221)
Non-operating grants, subsidies and contributions	2(a)	7,065,319	8,337,339	7,778,529
Proceeds from financial assets at amortised cost - term deposits		0	0	105,865
Proceeds from financial assets at fair values through profit and loss		0	0	(2,017)
Proceeds from sale of property, plant & equipment	11(a)	1,055,997	757,202	209,354
Net cash provided by (used in) investment activities		(1,736,662)	(3,640,216)	(884,246)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	18(b)	(232,493)	(269,270)	(210,796)
Payments for principal portion of lease liabilities	17(b)	(23,727)	(13,634)	(18,394)
Proceeds from new borrowings	18(b)	1,130,000	1,130,000	0
Net cash provided by (used in) financing activities		873,780	847,096	(229,190)
Net increase (decrease) in cash held		(2,444,660)	420,444	(3,765,873)
Cash at beginning of year		11,995,238	18,526,946	15,761,111
Cash and cash equivalents at the end of the year	21	9,550,578	18,947,390	11,995,238

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

SHIRE OF KATANNING
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)	32 (b)	2,511,242	2,475,548	2,628,810
		2,511,242	2,475,548	2,628,810
Revenue from operating activities (excluding rates)				
Governance		396,687	276,495	103,654
General purpose funding		2,182,927	1,192,931	2,401,634
Law, order, public safety		241,596	236,964	257,451
Health		36,511	2,550	719
Education and welfare		162,090	193,815	55,266
Housing		177,578	182,423	183,122
Community amenities		947,229	938,144	949,036
Recreation and culture		342,559	415,066	456,653
Transport		500,028	215,971	277,637
Economic services		799,565	787,482	815,362
Other property and services		84,592	146,461	68,913
		5,871,362	4,588,302	5,569,447
Expenditure from operating activities				
Governance		(1,255,046)	(1,175,403)	(1,048,487)
General purpose funding		(266,445)	(295,149)	(263,064)
Law, order, public safety		(607,856)	(567,909)	(547,164)
Health		(169,854)	(193,486)	(197,331)
Education and welfare		(423,761)	(547,531)	(463,900)
Housing		(554,446)	(577,900)	(306,947)
Community amenities		(860,193)	(1,199,431)	(1,176,505)
Recreation and culture		(4,310,789)	(4,011,072)	(4,309,582)
Transport		(4,024,141)	(4,306,153)	(4,368,344)
Economic services		(1,394,178)	(1,511,717)	(1,404,081)
Other property and services		(57,328)	(116,565)	(71,430)
		(13,924,037)	(14,502,316)	(14,156,835)
Non-cash amounts excluded from operating activities	32(a)	5,802,541	6,144,973	6,648,134
Amount attributable to operating activities		261,108	(1,293,492)	689,556
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	7,065,319	7,838,032	7,778,529
Proceeds from disposal of assets	11(a)	1,055,997	757,199	209,354
Purchase of property, plant and equipment	9(a)	(6,268,727)	(9,161,994)	(1,202,755)
Purchase and construction of infrastructure	10(a)	(5,666,754)	(3,572,763)	(7,773,221)
		(3,814,165)	(4,139,526)	(988,093)
Amount attributable to investing activities		(3,814,165)	(4,139,526)	(988,093)
FINANCING ACTIVITIES				
Repayment of borrowings	18(b)	(232,493)	(269,270)	(210,796)
Proceeds from borrowings	18(b)	1,130,000	1,130,000	0
Payments for principal portion of lease liabilities	17(b)	(23,727)	(13,634)	(18,394)
Transfers to reserves (restricted assets)	4	(1,596,249)	(1,111,758)	(1,569,064)
Transfers from reserves (restricted assets)	4	2,429,586	1,462,709	482,607
Amount attributable to financing activities		1,707,117	1,198,047	(1,315,647)
Surplus/(deficit) before imposition of general rates		(1,845,940)	(4,234,971)	(1,614,184)
Total amount raised from general rates	31(a)	4,179,323	4,234,971	4,125,426
Surplus/(deficit) after imposition of general rates	32(b)	2,333,383	(0)	2,511,242

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

SHIRE OF KATANNING
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FOR THE YEAR ENDED 30 JUNE 2021

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SHIRE OF KATANNING
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 36 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 35.

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
- Land held for resale
- Other financial assets
- Property, Plant and Equipment
- Infrastructure
- Intangible assets
- Right-of-use assets
- Lease liabilities
- Borrowing liabilities
- Provisions

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

SHIRE OF KATANNING
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	230,192	198,478	63,488
General purpose funding	2,059,674	966,047	2,128,131
Law, order, public safety	180,594	180,764	210,296
Health	26,187	0	0
Education and welfare	159,064	186,315	52,287
Community amenities	4,660	3,731	4,498
Recreation and culture	32,941	98,155	1,179
Transport	222,324	203,371	206,323
Economic services	101,464	115,796	54,325
	3,017,100	1,952,658	2,720,527
Non-operating grants, subsidies and contributions			
Governance	4,702,732	4,718,084	5,858,717
Health	473,120	499,307	5,693
Community amenities	128,005	148,350	1,279,530
Recreation and culture	0	309,083	93,932
Transport	611,040	800,436	540,657
Economic services	1,150,422	1,362,772	0
	7,065,319	7,838,032	7,778,529
Total grants, subsidies and contributions	10,082,419	9,790,690	10,499,056
Fees and charges			
Governance	1,268	1,000	604
General purpose funding	28,304	21,215	19,001
Law, order, public safety	21,651	24,200	18,277
Health	1,563	2,550	719
Education and welfare	3,013	7,250	2,946
Housing	44,526	66,060	60,430
Community amenities	866,084	779,958	793,679
Recreation and culture	239,188	152,935	201,714
Transport	8,941	9,400	9,357
Economic services	673,643	654,435	738,432
Other property and services	10,140	7,000	2,742
	1,898,321	1,726,003	1,847,901

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 KATANNING
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 \$
Fees and charges	1,898,321	1,726,003	274,946
Other revenue	366,462	381,991	0
Non-operating grants, subsidies and contributions	7,065,319	7,838,032	7,778,529
	9,330,102	9,946,026	8,053,475

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 recognised during the year	2,264,783	2,107,994	208,671
Other revenue from contracts with customers recognised during the year	0	0	274,946
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	7,065,319	7,838,032	7,569,858
	9,330,102	9,946,026	8,053,475

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	1,350,863	0	563,442
Contract liabilities from contracts with customers	(189,999)	0	(824,480)

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

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

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

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

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

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

SHIRE OF KATANNING
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

Other revenue

Recoveries and Reimbursements

Other

Interest earnings

Interest on reserve funds

Rates instalment and penalty interest (refer Note 31(c))

Other interest earnings

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	4,179,323	4,230,571	4,125,426
	4,179,323	4,230,571	4,125,426
Other revenue			
Recoveries and Reimbursements	151,936	200,304	69,839
Other	366,460	381,991	621,451
	518,396	582,295	691,290
Interest earnings			
Interest on reserve funds	6,807	93,169	136,166
Rates instalment and penalty interest (refer Note 31(c))	89,608	83,000	107,242
Other interest earnings	0	26,500	6,736
	96,415	202,669	250,144

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 KATANNING
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
 Lease liabilities

Other expenditure

Impairment loss on trade and other receivables
 Sundry expenses

Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
	57,200	61,000	61,000
	9,100	15,000	15,650
	66,300	76,000	76,650
18(b)	131,075	116,200	104,688
17(b)	808	7,542	884
	131,883	123,742	105,572
	14,859	0	0
	295,352	372,585	303,726
	310,211	372,585	303,726

SHIRE OF KATANNING
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		9,550,578	11,995,238
Total cash and cash equivalents		9,550,578	11,995,238

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		8,817,826	10,280,775
- Financial assets at amortised cost	5(a)	4,481,106	6,558,609
		13,298,932	16,839,384

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

Reserves Cash backed	4	8,535,951	9,369,288
Financial assets at amortised cost	5(a)	4,481,106	6,583,523
Contract liabilities from contracts with customers	16	189,999	824,480
Bonds Held	15	91,876	62,093
Total restricted assets		13,298,932	16,839,384

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 KATANNING
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 Transfer (from)	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Transfer (from)	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Employee Leave Reserve	749,637	25,544	0	775,181	750,148	32,420	0	782,568	729,458	20,179	0	749,637
(b) Plant Replacement Reserve	976,153	201,483	(447,999)	729,637	976,540	9,186	(447,999)	537,727	550,500	457,238	(31,585)	976,153
(c) Amherst Village Building Maintenance Reserve	104,444	76	(51,210)	53,310	104,509	1,045	(58,210)	47,344	93,070	11,374	0	104,444
(d) Amherst Village Refundable Deposits Reserve	1,030,341	370,749	(190,040)	1,211,050	1,031,051	10,311	0	1,041,362	1,013,412	16,929	0	1,030,341
(e) Saleyard Reserve	1,048,271	762	0	1,049,033	1,048,992	10,490	0	1,059,482	1,031,319	16,952	0	1,048,271
(f) Waste Management Reserve	1,158,216	841	(725,380)	433,677	1,158,908	11,589	(565,000)	605,497	989,335	168,881	0	1,158,216
(g) Land & Building Reserve	2,440,279	511,774	(675,505)	2,276,548	2,441,991	534,420	(106,000)	2,870,411	2,445,071	40,208	(45,000)	2,440,279
(h) Land & Building Facilities For Seniors Reserve	638,305	463	(240,000)	398,768	638,745	6,387	(125,000)	520,132	627,983	10,322	0	638,305
(i) New Saleyard Reserve	573,521	270,418	(93,406)	750,533	573,914	275,739	(150,000)	699,653	560,611	331,315	(318,405)	573,521
(j) Christmas Decoration Reserve	30,900	10,022	0	40,922	30,914	10,309	0	41,223	20,560	10,340	0	30,900
(k) Grv Revaluation Reserve	21,447	20,015	0	41,462	21,455	20,215	0	41,670	11,260	10,187	0	21,447
(l) Quartermaine Oval Reserve	146,755	50,106	0	196,861	146,822	51,468	0	198,290	95,191	51,564	0	146,755
(m) Klc Facilities Reserve	157,022	50,114	(582)	206,554	157,090	51,571	(2,500)	206,161	97,681	136,958	(77,617)	157,022
(n) Election Reserve	9,872	10,008	0	19,880	9,879	10,099	0	19,978	9,712	10,160	(10,000)	9,872
(o) Library Building Reserve	15,293	2,511	(5,464)	12,340	15,298	2,653	(8,000)	9,951	7,667	7,626	0	15,293
(p) Community & Economic Development Projects Reserve	268,832	196	0	269,028	268,831	2,688	0	271,519	0	268,832	0	268,832
(q) Lake Ewlyamartup Facilities Reserve	0	10,000	0	10,000	0	10,000	0	10,000	0	0	0	0
(r) Parks & Playgrounds Reserve	0	30,584	0	30,584	0	30,584	0	30,584	0	0	0	0
(s) Katanning Aquatic Centre Reserve	0	30,584	0	30,584	0	30,584	0	30,584	0	0	0	0
	9,369,288	1,596,249	(2,429,586)	8,535,951	9,375,087	1,111,758	(1,462,709)	9,024,136	8,282,831	1,569,064	(482,607)	9,369,288

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Employee Leave Reserve	Ongoing	To be used to fund accrued employee leave entitlements.
(b) Plant Replacement Reserve	Ongoing	To be used for future plant purchases.
(c) Amherst Village Building Maintenance Reserve	Ongoing	To be used for maintenance of Amherst Village.
(d) Amherst Village Refundable Deposits Reserve	Ongoing	To be used to fund refundable deposits at Amherst Village.
(e) Saleyard Reserve	Ongoing	To be used for future capital and maintenance works.
(f) Waste Management Reserve	Ongoing	To be used for capital and maintenance works.
(g) Land & Building Reserve	Ongoing	To provide for construction and maintenance of council owned buildings.
(h) Land & Building Facilities For Seniors Reserve	Ongoing	To be used for construction and maintenance of land and buildings for the use of seniors.
(i) New Saleyard Reserve	Ongoing	To be used for capital and maintenance works.
(j) Christmas Decoration Reserve	Ongoing	To be used to fund significant Christmas decoration purchases.
(k) Grv Revaluation Reserve	Ongoing	To be used to fund quinquennial gross rental value revaluations.
(l) Quartermaine Oval Reserve	Ongoing	To be used to fund future maintenance and upgrades of Quartermaine Oval.
(m) Klc Facilities Reserve	Ongoing	To be used to fund future maintenance and upgrades to the KLC buildings and grounds.
(n) Election Reserve	Ongoing	To be used for biannual councillor elections.
(o) Library Building Reserve	Ongoing	To be used to fund future maintenance and upgrades to the library building.
(p) Community & Economic Development Projects Reserve	Ongoing	To be used for Community and Economic Development Projects.
(q) Lake Ewlyamartup Facilities Reserve	Ongoing	To be used to fund facilities at Lake Ewlyamartup.
(r) Parks & Playgrounds Reserve	Ongoing	To be used to fund future maintenance and upgrades.
(s) Katanning Aquatic Centre Reserve	Ongoing	To be used to fund future maintenance and upgrades to the KLC Aquatic Centre.

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Overnight Cash Deposit Fund with WATC

(b) Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

Units in Local Government House Trust

2021	2020
\$	\$
4,481,106	6,558,609
4,481,106	6,558,609
4,481,106	6,558,609
4,481,106	6,558,609
124,637	124,637
124,637	124,637
124,637	124,637
124,637	124,637

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 33.

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable
GST receivable
Sundry Debtors
Allowance for impairment of receivables
Accrued Income

Non-current

Pensioner's rates and ESL deferred

2021	2020
\$	\$
911,074	954,474
114,279	41,085
2,174,626	732,851
(318,467)	(303,608)
0	142,879
2,881,512	1,567,681
227,141	261,467
227,141	261,467

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 33.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

7. INVENTORIES

Current

Fuel and materials

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
	\$	\$
	11,442	15,086
	11,442	15,086
	15,086	4,578
	(108,208)	(147,630)
	104,564	158,138
	11,442	15,086

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

8. OTHER ASSETS

Other assets - current

Prepayments

2021	2020
\$	\$
1,363	250
1,363	250

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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9. 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.

	Land	Buildings - specialised	Buildings - non-specialised	Total land and buildings	Plant	Painting and Sculptures	Motor Vehicles	Equipment	Furniture and Fittings	Work in progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	3,465,600	48,142,329	2,972,504	54,580,433	2,635,889	253,400	412,892	738,468	184,741	0	58,805,824
Change in accounting policy	(51,000)	(140,832)	0	(191,832)	0	0	0	0	0	0	(191,832)
Transfers	0	(563,095)	0	(563,095)	0	0	0	0	0	0	(563,095)
Additions	30,000	796,863	245,244	1,072,107	0	0	31,585	5,132	93,931	0	1,202,756
(Disposals)	0	0	0	0	(169,608)	0	(15,211)	0	0	0	(184,819)
Depreciation (expense)	0	(1,814,313)	(108,429)	(1,922,742)	(462,864)	0	(166,408)	(129,934)	(19,409)	0	(2,701,357)
Balance at 30 June 2020	3,444,600	46,420,952	3,109,319	52,974,871	2,003,417	253,400	262,858	613,666	259,264	0	56,367,476
Comprises:											
Gross balance amount at 30 June 2020	3,444,600	51,607,141	3,428,506	58,480,247	3,526,911	253,400	667,526	1,066,077	288,028	0	64,282,189
Accumulated depreciation at 30 June 2020	0	(5,186,189)	(319,187)	(5,505,376)	(1,523,494)	0	(404,668)	(452,411)	(28,764)	0	(7,914,713)
Balance at 30 June 2020	3,444,600	46,420,952	3,109,319	52,974,871	2,003,417	253,400	262,858	613,666	259,264	0	56,367,476
Restated balance at 1 July 2020	3,444,600	46,420,952	3,109,319	52,974,871	2,003,417	253,400	262,858	613,666	259,264	0	56,367,476
Additions	0	1,237,275	2,645,478	3,882,753	1,920,619	0	362,889	101,392	0	1,074	6,268,727
(Disposals)	(13,000)	0	(755,427)	(768,427)	(99,471)	0	(131,310)	0	0	0	(999,208)
Depreciation (expense)	0	(1,823,554)	(82,319)	(1,905,873)	(535,667)	0	(96,985)	(140,397)	(42,892)	0	(2,721,814)
Balance at 30 June 2021	3,431,600	45,834,673	4,917,051	54,183,324	3,288,898	253,400	397,452	574,661	216,372	1,074	58,915,181
Comprises:											
Gross balance amount at 30 June 2021	3,431,600	52,844,415	5,238,335	61,514,350	4,997,421	253,400	659,205	1,167,470	288,024	1,074	68,880,944
Accumulated depreciation at 30 June 2021	0	(7,009,742)	(321,284)	(7,331,026)	(1,708,523)	0	(261,753)	(592,809)	(71,652)	0	(9,965,763)
Balance at 30 June 2021	3,431,600	45,834,673	4,917,051	54,183,324	3,288,898	253,400	397,452	574,661	216,372	1,074	58,915,181

9. 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 - freehold land	2	Market approach using recent or estimated observable market data for similar properties	Management Valuation	June 2017	Price per hectare
Land - freehold land	2 & 3	Cost approach using depreciated replacement cost (Net Revaluation method)	Management Valuation	June 2017	Improvements to land using construction costs (Level 2) and current condition, residual values and remaining useful life assessments (Level 3) inputs.
Buildings - non-specialised	2	Market approach using recent or estimated observable market data for similar properties	Management Valuation	June 2017	Open market values of similar items adjusted for condition and comparability.
Buildings - specialised	2 & 3	Cost approach using depreciated replacement cost (Net Revaluation method)	Management Valuation	June 2017	Construction costs (Level 2) and current condition, residual values and remaining useful life assessments (Level 3) inputs.
Level 3 Inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower value measurement.					
During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.					
(ii) Cost					
Furniture		Cost	Cost		Purchase Cost
Plant		Cost	Cost		Purchase Cost
Paintings & Sculptures		Cost	Cost		Purchase Cost
Motor Vehicles		Cost	Cost		Purchase Cost
Equipment		Cost	Cost		Purchase Cost

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.

SHIRE OF KATANNING
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10. 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 Footpaths	Infrastructure Drainage	Infrastructure Parks and Ovals	Other Infrastructure	Infrastructure Bridges	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	121,473,705	1,711,465	10,108,280	7,777,834	10,662,508	354,162	152,087,954
Transfers	0	0	0	(85,787)	648,882	0	563,095
Additions	747,421	103,070	67,181	5,197,669	1,657,880	0	7,773,221
Write Off	0	0	0	0	(592,978)	0	(592,978)
Depreciation (expense)	(2,040,328)	(123,355)	(178,888)	(706,295)	(253,565)	(10,029)	(3,312,460)
Balance at 30 June 2020	120,180,798	1,691,180	9,996,573	12,183,421	12,122,727	344,133	156,518,832
Comprises:							
Gross balance at 30 June 2020	124,217,543	1,937,813	10,353,776	13,095,995	12,625,521	364,191	162,594,839
Accumulated depreciation at 30 June 2020	(4,036,745)	(246,633)	(357,203)	(912,574)	(502,794)	(20,058)	(6,076,007)
Balance at 30 June 2020	120,180,798	1,691,180	9,996,573	12,183,421	12,122,727	344,133	156,518,832
Additions	1,167,954	461,314	0	3,606,936	430,550	0	5,666,754
Depreciation (expense)	(2,058,239)	(132,709)	(179,209)	(632,657)	(365,613)	(10,028)	(3,378,455)
Balance at 30 June 2021	119,290,513	2,019,785	9,817,364	15,157,700	12,187,664	334,105	158,807,131
Comprises:							
Gross balance at 30 June 2021	125,385,497	2,399,128	10,353,779	16,701,032	13,056,071	364,192	168,259,699
Accumulated depreciation at 30 June 2021	(6,094,984)	(379,343)	(536,415)	(1,543,332)	(868,407)	(30,087)	(9,452,568)
Balance at 30 June 2021	119,290,513	2,019,785	9,817,364	15,157,700	12,187,664	334,105	158,807,131

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

10. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - Roads	3	Cost approach using depreciated replacement cost (Gross Revaluation method)	Management Valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost (Gross Revaluation method)	Management Valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost (Gross Revaluation method)	Management Valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Parks & Ovals	3	Cost approach using depreciated replacement cost (Gross Revaluation method)	Management Valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments (level 3) inputs
Other infrastructure	3	Cost approach using depreciated replacement cost (Gross Revaluation method)	Management Valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Bridges	3	Cost approach using depreciated replacement cost (Gross Revaluation method)	Management Valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments (level 3) inputs

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

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

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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.

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.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

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

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11. 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	13,000	13,909	909	0	13,000	13,000	0	0	0	0	0	0
Buildings - non-specialised	755,427	497,003	0	(258,424)	748,613	497,000	0	(251,613)	0	0	0	0
Plant	99,471	244,085	166,174	(21,560)	122,521	247,199	124,678	0	169,608	190,617	51,702	(30,693)
Motor Vehicles	131,310	301,000	169,690	0	0	0	0	0	15,211	18,737	3,526	0
	999,208	1,055,997	336,773	(279,984)	884,134	757,199	124,678	(251,613)	184,819	209,354	55,228	(30,693)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
Housing				
House 17 Marri Drive (A3450)	376,245	237,000	0	(139,245)
House 55B Beaufort Street (A3314)	379,182	260,003	0	(119,179)
Land 17 Marri Drive	13,000	13,909	909	0
Economic services				
Fuso Canter Tipper White PE99	11,435	23,727	12,292	0
Fuso Canter White PE105	12,742	17,270	4,528	0
Fuso Canter White PE108	12,742	17,270	4,528	0
Caterpillar 120m Motor Grader	20,828	95,000	74,172	0
Volvo Front End Loader KA955	4,373	45,000	40,627	0
CAT 816F Refuse Compactor	1,791	31,818	30,025	0
JCB Skid Steer 155W CAB T4	35,556	13,996	0	(21,560)
Transport				
Holden Colorado 4x4 Crew Cab KA369	1,975	26,363	24,388	0
Holden Trailblazer KA09	1,382	24,772	23,390	0
Toyota Prado VX Wagon 01 KA	31,282	53,639	22,359	0
Toyota Camry Ascent Sport KA 1100	11,471	24,000	12,529	0
Holden Colorado Trailblazer KA00	25,098	33,182	8,084	0
Holden Colorado LS Crew Cab KA566	18,282	31,818	13,536	0
Holden Colorado Trailblazer KA062	25,098	34,773	9,675	0
Holden Colorado Trailblazer KA189	16,727	35,457	18,732	0
Mazda BT-50 Chassis DX KA277	0	6,364	6,364	0
Holden Colorado Ute 4x4 KA24568	0	13,636	13,636	0
Ford Ranger Ute KA 486	0	4,727	4,727	0
Ford Ranger Ute KA24621	0	12,273	12,273	0
	999,208	1,055,997	336,773	(279,984)
	999,208	1,055,997	336,773	(279,984)

(b) Temporarily Idle Assets

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

	2021	2020
	\$	\$
Buildings - non-specialised	572,600	630,503
	572,600	630,503

SHIRE OF KATANNING
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11. FIXED ASSETS

(c) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - specialised	1,823,554	1,839,816	1,814,313
Buildings - non-specialised	82,319	85,219	108,429
Furniture and Fittings	42,892	19,433	19,409
Plant	535,667	466,852	462,864
Motor Vehicles	96,985	166,624	166,408
Equipment	140,397	130,091	129,934
Infrastructure - Roads	2,058,239	2,042,778	2,040,328
Infrastructure Footpaths	132,709	123,505	123,355
Infrastructure Drainage	179,209	179,094	178,888
Infrastructure Parks and Ovals	632,657	700,754	706,295
Other Infrastructure	365,613	253,831	253,565
Infrastructure Bridges	10,028	10,041	10,029
Rehabilitation Katanning Landfill Site	33,608	0	4,183
Right-of-use assets - plant and equipment	21,589	0	18,761
	6,155,466	6,018,038	6,036,761

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
Land	Not depreciated
Buildings - Non specialised	8 to 34 years
Buildings - Specialised	4 to 63 years
Furniture and Fittings	10 to 24 years
Plant	5 to 10 years
Equipment	5 to 50 years
Motor Vehicles	4 to 5 years
Paintings and Sculptures	Not depreciated
Infrastructure - Roads (Sub Grade)	Not depreciated
Infrastructure - Roads (Surface)	25 to 55 years
Infrastructure - Roads (Pavement)	45 years
Infrastructure - Roads (Kerbing)	85 years
Infrastructure - Footpaths	15 years
Infrastructure - Drainage	25 to 76 years
Infrastructure - Parks and Ovals	12 to 56 years
Infrastructure - Other	6 to 111 years
Infrastructure - Bridges	25 to 56 years

Depreciation on revaluation

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

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

Amortisation

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

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

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

12. LEASES

Right-of-Use Assets

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

	Right-of-use assets - plant and equipment	Right-of-use assets Total
	\$	
Balance at 1 July 2019	0	0
Additions	76,702	76,702
Depreciation (expense)	(18,761)	(18,761)
Balance at 30 June 2020	57,941	57,941
Disposals	(41,277)	(41,277)
Additions	55,879	55,879
Depreciation (expense)	(21,589)	(21,589)
Balance at 30 June 2021	50,954	50,954

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

	2021 Actual	2020 Actual
	\$	\$
Depreciation expense on lease liabilities	(21,589)	(18,761)
Interest expense on lease liabilities	(808)	(884)
Short-term lease payments recognised as expense	(21,375)	(18,394)
Total amount recognised in the statement of comprehensive income	(43,772)	(38,039)
Total cash outflow from leases	(24,535)	(19,278)

The Shire has three leases relating to plant and equipment. The lease term for leases is 2 to 5 years.

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - valuation

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

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

Right-of-use assets - depreciation

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

13. REHABILITATION ASSETS

Rehabilitation Assets

Non-current

	2021 Actual \$	2020 Actual \$
Rehabilitation asset Waste landfill	317,460	280,262
Less: accumulated depreciation	(251,125)	(217,517)
	66,335	62,745

Movements in carrying amounts of waste landfill assets during the financial year are shown as follows:

Carrying amount at 30 June	62,745	66,928
Recognition of rehabilitation asset	37,198	0
Amortisation expense	(33,608)	(4,183)
Carrying amount at 30 June	66,335	62,745

The Shire has a legal obligation to rehabilitate the Katanning Landfill Site once closed. In 2020 the previous annual financial report identified this site under the note Contingent Liabilities. During the 2020 year the Shire commissioned an assessment of the Shire of Katanning Landfill site closure costs, providing a reliable estimate relating to the future costs and timing of closing the landfill site.

In 2021 the Katanning Landfill Site was reassessed after a physical inspection of the site by the external valuer and the Shire Environmental Health Officer.

14. REVALUATION SURPLUS

	2021 Opening Balance	Total Movement on Revaluation	2021 Closing Balance	2020 Opening Balance	2020 Change in Accounting Policy	Total Movement on Revaluation	2020 Closing Balance
	\$	\$	\$	\$		\$	\$
Revaluation surplus - Land - freehold land	5,865,036	0	5,865,036	5,916,036	(51,000)	(51,000)	5,865,036
Revaluation surplus - Buildings - non-specialised	299,740	0	299,740	299,740	0	0	299,740
Revaluation surplus - Buildings - specialised	6,447,088	0	6,447,088	6,300,165	146,923	146,923	6,447,088
Revaluation surplus - Furniture and equipment	1,773	0	1,773	1,773	0	0	1,773
Revaluation surplus - Plant and equipment	1,011,022	0	1,011,022	1,011,022	0	0	1,011,022
Revaluation surplus - Paintings and Sculptures	240,066	0	240,066	240,066	0	0	240,066
Revaluation surplus - Motor Vehicles	160,555	0	160,555	160,555	0	0	160,555
Revaluation surplus - Equipment	579,346	0	579,346	579,346	0	0	579,346
Revaluation surplus - Infrastructure - Roads	82,408,244	0	82,408,244	82,408,244	0	0	82,408,244
Revaluation surplus - Footpaths	1,480,269	0	1,480,269	1,480,269	0	0	1,480,269
Revaluation surplus - Drainage	10,454,103	0	10,454,103	10,454,103	0	0	10,454,103
Revaluation surplus - Parks and Ovals	1,487,166	0	1,487,166	1,487,166	0	0	1,487,166
Revaluation surplus - Other Infrastructure	4,078,974	0	4,078,974	4,078,974	0	0	4,078,974
Revaluation surplus - Bridges	59,826	0	59,826	59,826	0	0	59,826
	114,573,208	0	114,573,208	114,477,285	95,923	95,923	114,573,208

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

Vested land is no longer required to be recognised. Land under golf courses, showgrounds, racecourses or any other sporting or recreational facility of State, or regional significance is no longer recognised.

15. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Income Received in Advance
Accrued salaries and wages
Prepaid Rates
Accrued Interest on Debentures
Amherst Deposits
Accrued Expenditure
Bonds

Non-Current

Provision for excess on changeover of Amherst Village Units

2021	2020
\$	\$
1,179,918	796,315
4,481,106	6,583,523
73,394	52,431
109,255	0
15,756	14,437
1,182,156	1,036,928
40,000	47,692
91,876	62,093
7,173,461	8,593,419
10,000	22,564
10,000	22,564

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.

16. OTHER LIABILITIES

Current
Contract Liabilities

2021	2020
\$	\$
189,999	824,480
189,999	824,480

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

Contract liabilities
189,999
189,999

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

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

SHIRE OF KATANNING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

17. LEASE LIABILITIES

(a) Lease Liabilities	2021	2020
	\$	\$
Current	18,557	19,589
Non-current	30,626	38,719
	49,183	58,308

(b) Movements in Carrying Amounts

Purpose	Lease		Lease Interest	Lease Term	30 June 2021						30 June 2021				30 June 2020			
					Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual
					Lease Principal	New	Lease Principal	Lease	Lease Principal	Lease Interest	Lease Principal	Lease Principal	Lease Principal	Lease Interest	Lease Principal	Lease Principal	Lease Principal	Lease Interest
					1 July 2020	Leases	Repayments	Termination	Outstanding	Repayments	1 July 2020	Repayments	Outstanding	Repayments	1 July 2019	Repayments	Outstanding	Repayments
	Number	Institution	Rate		\$	\$	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Community amenities																		
LCDC Vehicle - Holden Colorado	1706081/1	Custom Service Leasing Ltd	25.0%	24 months	4,010	0	(3,700)	0	310	(33)	3,731	(3,731)	0	0	7,360	(3,350)	4,010	70
Recreation and culture																		
Matrix Spin Bicycles (x11)	000041	Maia Financial Pty Ltd T/A All Leasing	n/a	60 months	9,870	0	(4,356)	0	5,514	(114)	0	0	0	(4,899)	14,164	(4,294)	9,870	159
Other property and services																		
CESM Vehicle - Isuzu Max 1HCG001	D-968611	SG Fleet Australia Pty Ltd	26.7%	60 months	0	55,879	(15,671)	0	40,208	(660)	0	0	0	0	0	0	0	0
CESM Vehicle - Isuzu Max 1GBH 581	D-491912/001	SG Fleet Australia Pty Ltd	26.7%	48 months	44,428	0		(41,277)	3,151	(1)	49,514	(9,903)	39,611	(2,643)	55,178	(10,750)	44,428	655
					58,308	55,879	(23,727)	(41,277)	49,183	(808)	53,245	(13,634)	39,611	(7,542)	76,702	(18,394)	58,308	884

SHIRE OF KATANNING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

18. INFORMATION ON BORROWINGS

(a) Borrowings

	2021	2020
	\$	\$
Current	280,754	190,853
Non-current	3,142,666	2,335,060
	3,423,420	2,525,913

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Budget	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Actual	30 June 2020	30 June 2020	30 June 2020
				Principal	Actual	Actual	Actual	Actual		Budget	Budget	Budget	Budget		Actual	Actual	Actual
				1 July 2020	New Loans	Principal repayments	Interest repayments	Principal outstanding		Principal 1 July 2020	New Loans	Principal repayments	Interest repayments		Principal 1 July 2019	Principal repayments	Interest repayments
				\$	\$	\$	\$	\$		\$	\$	\$	\$		\$	\$	\$
Governance																	
Admin Building	158	WATC*	3.80%	2,325,941	0	(92,071)	(111,280)	2,233,870		2,325,940	0	(92,069)	(87,519)	2,233,871	2,414,608	(88,667)	(99,251)
Housing																	
Aged and Key Worker Accommodation	159	WATC*	1.31%	0	710,000	(21,494)	(9,229)	688,506		0	710,000	(40,431)	(15,399)	669,569	0	0	0
Recreation and culture																	
Katanning Acquatic Centre	148	WATC*	5.97%	0	0	0	0	0		0	0	0	0	0	25,693	(25,693)	(1,233)
Other property and services																	
Road Sweeper	156	WATC*	2.42%	121,030	0	(59,787)	(3,826)	61,243		121,030	0	(59,787)	(2,569)	61,243	179,396	(58,366)	(4,650)
Tipping Truck	157	WATC*	2.42%	78,942		(38,996)	(2,496)	39,946		78,942		(38,997)	(1,676)	39,945	117,012	(38,070)	(3,033)
Watercart	160	WATC*	0.87%	0	170,000	(8,154)	(1,718)	161,846		0	170,000	(15,375)	(3,660)	154,625	0	0	0
CAT Grader	161	WATC*	0.87%	0	250,000	(11,991)	(2,526)	238,009		0	250,000	(22,611)	(5,377)	227,389	0	0	0
				2,525,913	1,130,000	(232,493)	(131,075)	3,423,420		2,525,913	1,130,000	(269,270)	(116,200)	3,386,642	2,736,709	(210,796)	(108,167)

* WA Treasury Corporation

All loan repayments were financed by general purpose revenue.

18. 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		
				%	\$	\$	\$	\$	\$	\$
Aged and Key Worker Accommodation	WATC*	Debenture	15	1.31%	710,000	710,000	710,000	710,000	15,399	0
Watercart	WATC*	Debenture	10	0.87%	170,000	170,000	170,000	170,000	3,660	0
CAT Grader	WATC*	Debenture	10	0.87%	250,000	250,000	250,000	250,000	5,376	0
* WA Treasury Corporation					1,130,000	1,130,000	1,130,000	1,130,000	24,435	0

(d) Undrawn Borrowing Facilities

Credit Standby Arrangements

	2021	2020
	\$	\$
Bank overdraft limit	250,000	250,000
Bank overdraft at balance date	0	0
Credit card limit	65,000	65,000
Credit card balance at balance date	(310)	(2,607)
Total amount of credit unused	314,690	312,393

Loan facilities

Loan facilities - current	280,754	190,853
Loan facilities - non-current	3,142,666	2,335,060
Lease liabilities - current	18,557	19,589
Lease liabilities - non-current	30,626	38,719
Total facilities in use at balance date	3,472,603	2,584,221

Unused loan facilities at balance date

	0	0
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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 33.

19. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2020

Current provisions
Non-current provisions

Additional provision

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	369,929	288,046	657,975
Non-current provisions	0	122,771	122,771
	369,929	410,817	780,746
Additional provision	(43,377)	47,588	4,211
Balance at 30 June 2021	326,552	458,405	784,957
Comprises			
Current	326,552	344,845	671,397
Non-current	0	113,560	113,560
	326,552	458,405	784,957

(b) 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	307,539	338,178
More than 12 months from reporting date	504,315	501,132
Expected reimbursements from other WA local governments	(26,897)	(58,564)
	784,957	780,746

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.

20. OTHER PROVISIONS

	Provision for remediation costs	Total
	\$	\$
Opening balance at 1 July 2019		
Non-current provisions	913,417	913,417
	913,417	913,417
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	27,402	27,402
Balance at 30 June 2020	940,819	940,819
Opening balance at 1 July 2020		
Non-current provisions	940,819	940,819
	940,819	940,819
Adjustment arising from reassessment	(430,136)	(430,136)
Balance at 30 June 2021	510,683	510,683
Comprises		
Non-current	510,683	510,683
	510,683	510,683

Other Provisions

A provision is recognised when:

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

Amounts which are reliably expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligation is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

Provision for remediation costs

Under the licence for the operation of the Katanning landfill site, the Shire has a legal obligation to restore the site.

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

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

21. 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	9,550,578	18,947,390	11,995,238
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	3,191,966	2,158,989	3,316,570
Non-cash flows in Net result:			
Assets written off	0	0	592,979
Depreciation on non-current assets	6,155,466	6,018,038	6,036,761
(Profit)/loss on sale of asset	(56,789)	126,935	(24,535)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(1,279,505)	930,000	(484,278)
(Increase)/decrease in other assets	(1,113)	0	8,236
(Increase)/decrease in inventories	3,644	0	(10,508)
Increase/(decrease) in payables	(1,432,523)	1,554,852	(4,895,930)
Increase/(decrease) in employee provisions	4,211	0	(29,013)
Increase/(decrease) in other provisions	(467,335)	0	0
Increase/(decrease) in contract liabilities	(634,481)	762,089	615,810
Non-operating grants, subsidies and contributions	(7,065,319)	(8,337,339)	(7,778,530)
Net cash from operating activities	(1,581,778)	3,213,564	(2,652,437)

22. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	12,911,982	13,714,091
General purpose funding	1,070,422	1,406,775
Law, order, public safety	74,210	533,245
Health	824,870	209,057
Education and welfare	398,768	1,090,205
Housing	1,317,484	7,202,898
Community amenities	2,918,601	6,595,133
Recreation and culture	15,401,600	32,146,215
Transport	122,067,717	138,869,554
Economic services	2,929,568	23,919,524
Other property and services	71,864,469	2,738,024
Unallocated	3,337,689	5,105,241
	235,117,380	233,529,962

23. CONTINGENT LIABILITIES

In compliance with the *Contaminated Sites Act 2003 Section 11*, the Shire has identified sites to be possible possible sources of contamination. Details of those sites are:

1. **Katanning Regional Sheep Saleyard** - Crown Reserve 50922, Lot 500 Katanning-Nyabing Road, Katanning

This site is suspected of being contaminated but has not been assessed at this time.

2. **Shire Depot** - Lot 996 Cullen Street, Katanning

This site is suspected of being contaminated but has not been assessed at this time.

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk and agree with the Department of Water and Environmental Regulation on the need and criteria for remediation on a risk based approach, the Shire is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Water and Environmental Regulation Guidelines.

24. CAPITAL COMMITMENTS

Capital Expenditure Commitments

Contracted for:

- capital expenditure projects	656,835	2,824,327
- plant & equipment purchases	101,482	511,526
	<u>758,317</u>	<u>3,335,853</u>

Payable:

- not later than one year	758,317	3,335,853
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The capital expenditure outstanding at the end of the current period represents the construction of the Piesse Lake Residential Development, the Saleyard Energy Improvements and the Great Southern Aged Accommodation project. The plant and equipment purchases are for the replacement of a motor vehicle and a tipper truck. The prior year commitment was for the construction of the Piesse Lake Residential Development, the Great Southern Aged Accommodation Project, the purchase of a John Deere Backhoe, Case Front End Loader and two Fuso Canter Trucks.

SHIRE OF KATANNING
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FOR THE YEAR ENDED 30 JUNE 2021

25. ELECTED MEMBERS REMUNERATION

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Cr Liz Guidera			
President's annual allowance	25,000	25,000	20,000
Meeting attendance fees	12,500	12,500	10,000
Annual allowance for ICT expenses	1,100	1,100	1,100
Travel and accommodation expenses	0	1,200	0
	38,600	39,800	31,100
Cr John Goodheart			
Deputy President's annual allowance	6,250	6,250	5,000
Meeting attendance fees	12,500	12,500	10,000
Annual allowance for ICT expenses	1,100	1,100	1,100
Travel and accommodation expenses	0	100	0
	19,850	19,950	16,100
Cr Danny McGrath			
Meeting attendance fees	12,500	12,500	10,000
Annual allowance for ICT expenses	1,100	1,100	1,100
Travel and accommodation expenses	0	100	0
	13,600	13,700	11,100
Cr Owen Boxall			
Meeting attendance fees	12,500	12,500	10,000
Annual allowance for ICT expenses	1,100	1,100	1,100
Travel and accommodation expenses	0	100	0
	13,600	13,700	11,100
Cr Serena Sandwell			
Meeting attendance fees	12,500	12,500	10,000
Annual allowance for ICT expenses	1,100	1,100	1,100
Travel and accommodation expenses	0	100	0
	13,600	13,700	11,100
Cr Kristy D'Aprile			
Meeting attendance fees	12,500	12,500	10,000
Annual allowance for ICT expenses	1,100	1,100	1,100
Travel and accommodation expenses	0	100	0
	13,600	13,700	11,100
Cr Ernest Menghini			
Meeting attendance fees	12,500	12,500	10,000
Annual allowance for ICT expenses	1,100	1,100	1,100
Travel and accommodation expenses	0	100	0
	13,600	13,700	11,100
Cr Martin Van Koldenhoven			
Meeting attendance fees	12,500	12,500	10,000
Annual allowance for ICT expenses	1,100	1,100	1,100
Travel and accommodation expenses	0	100	0
	13,600	13,700	11,100
Cr Mark Stephens			
Meeting attendance fees	12,500	12,500	7,500
Annual allowance for ICT expenses	1,100	1,100	825
Travel and accommodation expenses	0	100	0
	13,600	13,700	8,325
	153,650	155,650	122,125
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	25,000	25,000	20,000
Deputy President's allowance	6,250	6,250	5,000
Meeting attendance fees	112,500	112,500	87,500
Annual allowance for ICT expenses	9,900	9,900	9,625
Travel and accommodation expenses	0	2,000	0
	153,650	155,650	122,125

26. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

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

	2021 Actual	2020 Actual
	\$	\$
Short-term employee benefits	528,270	639,789
Post-employment benefits	55,750	61,974
Other long-term benefits	9,484	14,475
Termination benefits	86,168	48,910
	<u>679,672</u>	<u>765,148</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP.

26. 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 \$
Sale of goods and services	1,386,444	69,693
Purchase of goods and services	90,648	75,609
Amounts outstanding from related parties:		
Trade and other receivables	1,351,281	1,965

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.

27. INVESTMENT IN JOINT ARRANGEMENTS

The shire had no investment in joint arrangements during the financial year ended 30 June 2021.

28. INVESTMENT IN ASSOCIATES

The Shire of Katanning had no investment in associates as at the 30 June 2021.

29. MAJOR LAND TRANSACTIONS

The Shire was not party to any major land transactions during the current financial year ended 30 June 2021.

30. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any major trading undertaking during the financial year 30 June 2021.

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

31. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Back Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Back Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$
General Rate												
Gross rental valuations												
Gross Rental Value	0.10725	1,506	20,263,328	2,051,662	0	0	2,051,662	2,047,954	0	2,000	2,049,954	2,052,844
Unimproved valuations												
Unimproved Value	0.10400	199	140,278,807	1,458,892	0	0	1,458,892	1,459,094	2,000	0	1,461,094	1,369,155
Sub-Total		1,705	160,542,135	3,510,554	0	0	3,510,554	3,507,048	2,000	2,000	3,511,048	3,421,999
Minimum payment	Minimum \$											
Gross rental valuations												
Gross Rental Value	979	610	3,920,846	596,211	0	0	596,211	596,211	0	0	596,211	594,254
Unimproved valuations												
Unimproved Value	979	135	7,309,530	125,312	0	0	125,312	125,312	0	0	125,312	118,459
Sub-Total		745	11,230,376	721,523	0	0	721,523	721,523	0	0	721,523	712,713
		2,450	171,772,511	4,232,077	0	0	4,232,077	4,228,571	2,000	2,000	4,232,571	4,134,712
Discounts/Write-offs (Note 31(b))							(51,809)				0	(7,225)
Concessions (Note 31(b))							(945)				(1,500)	(1,840)
Rates Adjustments							0				(500)	(221)
Total amount raised from general rate							4,179,323				4,230,571	4,125,426
Ex-gratia rates							4,357				4,400	4,357
Totals							4,183,680				4,234,971	4,129,783

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

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

SHIRE OF KATANNING
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31. 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 - Katanning Country Club	50.00%	1,900	1,835	0	0	A2823 - 50% General Rates discount, on rates payable on Lots 2, 130 & 4 Round Drive. Recognition of the recreation facilities provided to the community.
Rates Written Off			49,974	0	7,225	
			51,809	0	7,225	

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 \$	
Penalty Interest	Waiver	0.50%	500	945	1,500	1,840	Financial Hardship relief on ratepayers principle place of residence. Meeting the requirements of Policy 2.13.
				945	1,500	1,840	
Total discounts/concessions (Note 31(a))				52,754	1,500	9,065	

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
Penalty Interest	Financial Hardship relief on ratepayers principal place of residence, meeting the requirements of Policy 2.13.	Not to cause hardship through Council's recovery procedures.	Provision for exceptional circumstances.

31. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	9/10/2020	0	0.00%	8.00%
Option Two				
First instalment	9/10/2020	0	5.50%	8.00%
Second instalment	8/02/2021	10	5.50%	8.00%
Option Three				
First instalment	9/10/2020	10	5.50%	8.00%
Second instalment	8/12/2020	10	5.50%	8.00%
Third instalment	8/02/2021	10	5.50%	8.00%
Fourth instalment	9/04/2021	10	5.50%	8.00%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	78,209	70,000	95,485
Interest on instalment plan	11,399	13,000	11,757
Charges on instalment plan	9,150	0	9,990
	98,758	83,000	117,232

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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32. RATE SETTING STATEMENT INFORMATION

		2020/21 Budget (30 June 2021 Carried Forward)	2020/21 (1 July 2020 Brought Forward)	2019/20 (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	11(a)	(336,773)	(124,678)	(55,227)
Assets written off		0	0	592,979
Movement in employee benefit provisions (current)	19(a)	13,422	0	(9,600)
Movement in pensioner deferred rates (non-current)	6	34,326	0	(30,450)
Movement in employee benefit provisions (non-current)	19(a)	(9,211)	0	(46,813)
Movement in trade and other payables (non-current)	15	(12,564)	0	0
Movement in other provisions (non-current)	20	(430,137)	0	27,402
Movement in Amherst deposits	15	145,226	0	102,389
Recognition of rehabilitation assets	13	(37,198)	0	0
Add: Loss on disposal of assets	11(a)	279,984	251,613	30,693
Add: Depreciation on non-current assets	11(c)	6,155,466	6,018,038	6,036,761
Non cash amounts excluded from operating activities		5,802,541	6,144,973	6,648,134
(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	(8,535,951)	(9,024,136)	(9,369,288)
Less: Current assets not expected to be received at end of year				
Local Government House Equity	5(b)	124,637	124,637	124,637
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	18(a)	280,754	0	190,853
- Amherst Deposits	15	1,182,156	1,036,929	1,036,928
- Current portion of lease liabilities	17(a)	18,557	(13,634)	19,589
- Employee benefit provisions	19(a)	671,397	627,377	657,975
Total adjustments to net current assets		(6,258,450)	(7,248,826)	(7,339,306)
Net current assets used in the Rate Setting Statement				
Total current assets		16,926,001	15,240,202	20,136,864
Less: Total current liabilities		(8,334,168)	(7,991,376)	(10,286,316)
Less: Total adjustments to net current assets		(6,258,450)	(7,248,826)	(7,339,306)
Net current assets used in the Rate Setting Statement		2,333,383	0	2,511,242

33. 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 at amortised cost.	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	0.14%	9,550,578	0	9,548,378	2,200
Financial assets at amortised cost - OCDF	0.06%	4,481,106	0	4,481,106	0
2020					
Cash and cash equivalents	0.15%	11,995,238	0	11,993,039	2,199
Financial assets at amortised cost - OCDF	0.09%	6,558,609	0	6,558,609	0

Sensitivity

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

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

* Holding all other variables constant

	2021	2020
	\$	\$
	95,506	119,219

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 18(b).

33. 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. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2021 and for 30 June 2020 for rates receivable was determined as follows:

	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	613,099	175,443	97,910	251,763	1,138,215
Loss allowance					0
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	13,474	495,530	208,895	498,042	1,215,941
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	48.58%	
Gross carrying amount	1,490,775	7,924	20,356	655,571	2,174,626
Loss allowance	0	0	0	(318,467)	(318,467)
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	58.42%	
Gross carrying amount	196,331	4,097	12,767	519,656	732,851
Loss allowance	0	0	0	(303,583)	(303,583)

33. 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 18(d).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2021					
Payables	7,173,461	10,000	0	7,183,461	7,183,461
Borrowings	280,754	969,816	2,172,850	3,423,420	3,423,420
Contract liabilities	189,999	0	0	189,999	189,999
Lease liabilities	18,557	30,626	0	49,183	49,183
	7,662,771	1,010,442	2,172,850	10,846,063	10,846,063
2020					
Payables	8,593,419	22,564	0	8,615,983	8,615,983
Borrowings	190,853	617,301	1,717,759	2,525,913	2,525,913
Contract Liabilities	824,480	0	0	824,480	824,480
Lease Liabilities	19,589	38,719	0	58,308	58,308
	9,628,341	678,584	1,717,759	12,024,684	12,024,684

34. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Shire.

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35. CORRECTION OF ERROR

Prior Period Corrections

Balances relating to the 2020 and 2019 comparative years have been amended due to the correction of prior period errors. These errors have been adjusted as below in accordance with the requirements of AASB101. As the Annual Financial Statements were being drawn for 2020/21 it was discovered that the Capital Project to relocate the bowling club was being carried out on privately held land and it is therefore not a Shire owned asset. A correction of a prior year error has been raised to remove these capital projects into expenditure in the year it was accounted for. Transfers between Infrastructure and Property, Plant and Equipment have been reclassified accordingly as they were not classified properly in the fixed assets register.

	Original Balance \$	Amount of Adjustment \$	Adjusted Balance \$
Effect of the above:			

Statement of Financial Position as at 30 June 2019

Infrastructure Assets	152,317,821	(229,867)	152,087,954
Total Non Current Assets	211,544,210	(229,867)	211,314,343
Total Assets	235,167,510	(229,867)	234,937,643
Net Assets	217,097,511	(229,867)	216,867,644
Retained Surplus	94,337,395	(229,867)	94,107,528
Total Equity	217,097,511	(229,867)	216,867,644

Statement of Comprehensive Income as at 30 June 2020

by Nature and Type - Expenses

Materials and Contracts	1,927,847	592,979	2,520,826
Net Result	3,909,549	592,979	3,316,570

Statement of Comprehensive Income as at 30 June 2020

By Program

Recreation and Culture	3,716,321	592,979	4,309,301
Net Result	3,909,549	592,979	3,316,570

Statement of Financial Position as at 30 June 2020

Infrastructure	156,778,582	(259,750)	156,518,832
Property, Plant and Equipment	56,930,571	(563,095)	56,367,476
Total Non Current Assets	214,215,943	(822,845)	213,393,098
Total Assets	234,352,807	(822,845)	233,529,962
Net Assets	220,606,556	(822,845)	219,783,711
Retained Surplus	96,664,060	(822,845)	95,841,215
Total Equity	220,606,556	(822,845)	219,783,711

Statement of Changes in Equity as at 30 June 2020

Balances as at 30 June 2020 - Retained Earnings	96,664,060	(822,845)	95,841,215
Total Equity	220,606,556	(822,845)	219,783,711

Note 9 (a) Property, Plant & Equipment as at 30 June 2020

Land and Buildings Specialised at cost	52,170,236	(563,095)	51,607,141
Total Land and Buildings at cost	59,043,342	(563,095)	58,480,247
Total Property Plant and Equipment at cost	64,845,283	(563,095)	64,282,188

Note 10 (a) Infrastructure as at 30 June 2020

Other Infrastructure Assets at cost	12,799,484	(173,963)	12,625,521
Parks and Ovals at cost	13,181,782	(85,787)	13,095,995
Total Infrastructure at cost	162,854,589	(259,750)	162,594,839

Note 21 - Notes to the Statement of Cashflows as at 30 June 2020

Reconciliation of Net Cash provided by Operating

Activities to Net Result.

Net Result	3,909,549	(592,979)	3,316,570
Assets written off	0	592,979	592,979

Note 22 - Total Assets Classified by function and Activity as at 30 June 2020

Recreation and Culture	32,969,060	(822,845)	32,146,215
Total Assets Classified by Function and Activity	234,352,807	(822,845)	233,529,962

36. TRUST FUNDS

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

	1 July 2020	Amounts Received	Amounts Paid	30 June 2021
	\$	\$	\$	\$
Carpark Contribution Liability	8,167	0	0	8,167
Public Open Space Contributions	38,000	0	0	38,000
	46,167	0	0	46,167

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37. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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

38. 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.	Administration and operation of facilities and services to members of Council. Other costs that relate to the tasks 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.	Food quality and pest control, inspection of abattoir and operation of child health clinic, analytical testing and Environmental Health administration.
EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.	Year round care, housing for the aged and educational services.
HOUSING To provide and maintain staff and elderly residents housing.	Provision and maintenance of staff and elderly residents housing.
COMMUNITY AMENITIES To provide services required by the community.	Rubbish and recycling collection services, operation of rubbish disposal site, 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 town hall, public halls, civic centres, aquatic centre, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, art gallery and other cultural facilities.
TRANSPORT To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, bridges, footpaths, depot, airport and traffic control. Cleaning of streets and maintenance of street trees and street lighting. Purchase and disposal of Council's Road Plant.
ECONOMIC SERVICES To help promote the Shire and its economic wellbeing.	Tourism and area promotion. Maintenance and operation of the Saleyards. Building Control. Provision of rural services including weed control, vermin control and standpipes.
OTHER PROPERTY AND SERVICES To monitor and control Council's overheads operating accounts.	Private works operation, plant repair and operational costs and engineering operation costs.

39. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	1.25	1.53	0.26
Asset consumption ratio	0.92	0.90	0.62
Asset renewal funding ratio	0.88	0.90	0.97
Asset sustainability ratio	0.75	0.46	1.34
Debt service cover ratio	6.64	5.27	7.11
Operating surplus ratio	(0.58)	(0.70)	(0.44)
Own source revenue coverage ratio	0.48	0.45	0.52

The above ratios are calculated as follows:

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



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 Shire of Katanning

To the Councillors of the Shire of Katanning

Report on the audit of the annual financial report

Opinion

I have audited the financial report of the Shire of Katanning (Shire) which comprises:

- the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

In my opinion the financial report of the Shire of Katanning:

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

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

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibility for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

Report on other legal and regulatory requirements

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
 - a) The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the past three years.
- (ii) The following material matter indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
 - a) Fixed asset reconciliation between the register and the corresponding general ledger control accounts has not been performed from December 2020 to April 2021. This is a key control for ensuring the completeness and accuracy of financial data within the general ledger from which financial statements are derived. Without this reconciliation being performed on a regular basis there is an increased risk of fraud and or errors going undetected.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

Other information

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

My opinion does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Katanning for the year ended 30 June 2021 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

Nayna Raniga
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
21 December 2021