

SHIRE OF COOROW
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Index of Notes to the Financial Report	9
Independent Auditor's Report	57

COMMUNITY VISION

The Shire of Coorow will be a sustainable, progressive, desirable and caring community, which recognises and values its diversity.

Principal place of business:
1 Main Street
COOROW WA 6515

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the _____ day of _____ 2020

Chief Executive Officer

John Merrick JP

Name of Acting Chief Executive Officer

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	21(a)	3,280,013	3,249,495	3,187,320
Operating grants, subsidies and contributions	2(a)	2,280,790	1,073,494	1,863,582
Fees and charges	2(a)	645,404	567,763	657,021
Interest earnings	2(a)	116,213	118,326	142,880
Other revenue	2(a)	66,909	20,051	36,171
		6,389,329	5,029,129	5,886,974
Expenses				
Employee costs		(2,335,228)	(2,570,742)	(2,050,651)
Materials and contracts		(1,262,665)	(1,805,312)	(1,117,829)
Utility charges		(332,586)	(263,401)	(267,859)
Depreciation on non-current assets	11(d)	(6,265,436)	(6,271,412)	(6,100,825)
Interest expenses	2(b)	(9,476)	(7,422)	(7,784)
Insurance expenses		(204,491)	(207,007)	(189,923)
Other expenditure		(71,903)	(85,976)	(64,229)
		(10,481,785)	(11,211,272)	(9,799,100)
		(4,092,456)	(6,182,143)	(3,912,126)
Non-operating grants, subsidies and contributions	2(a)	923,396	904,844	1,651,057
Profit on asset disposals	11(a)	9,295	42,061	26,644
(Loss) on asset disposals	11(a)	(33,862)	(116,564)	(111,273)
Fair value adjustments to financial assets at fair value through profit or loss		864	0	52,551
		899,693	830,341	1,618,979
Net result for the period		(3,192,763)	(5,351,802)	(2,293,147)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	0	0	947,416
Total other comprehensive income for the period		0	0	947,416
Total comprehensive income for the period		(3,192,763)	(5,351,802)	(1,345,731)

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
	2(a)			
Governance		47	0	636
General purpose funding		5,283,236	4,165,411	4,874,277
Law, order, public safety		85,282	77,095	79,088
Health		2,624	4,019	4,427
Education and welfare		28,153	27,769	28,578
Housing		82,969	92,320	104,694
Community amenities		327,063	319,837	337,913
Recreation and culture		139,645	21,607	76,076
Transport		154,416	149,974	145,669
Economic services		92,391	84,717	84,203
Other property and services		193,503	86,380	151,413
		6,389,329	5,029,129	5,886,974
Expenses				
	2(b)			
Governance		(556,943)	(663,092)	(477,186)
General purpose funding		(349,701)	(297,510)	(315,564)
Law, order, public safety		(565,409)	(477,933)	(455,544)
Health		(118,813)	(140,460)	(116,942)
Education and welfare		(100,901)	(122,807)	(102,253)
Housing		(58,756)	(23,042)	(32,032)
Community amenities		(754,587)	(916,367)	(671,480)
Recreation and culture		(2,005,150)	(1,878,227)	(1,836,349)
Transport		(5,678,708)	(6,385,122)	(5,522,276)
Economic services		(242,530)	(284,640)	(225,960)
Other property and services		(40,811)	(14,650)	(35,730)
		(10,472,309)	(11,203,850)	(9,791,316)
Finance Costs				
	2(b)			
Housing		(182)	(246)	(2,729)
Economic services		(8,785)	(7,176)	(5,055)
Other property and services		(509)	0	0
		(9,476)	(7,422)	(7,784)
		(4,092,456)	(6,182,143)	(3,912,126)
Non-operating grants, subsidies and contributions	2(a)	923,396	904,844	1,651,057
Profit on disposal of assets	11(a)	9,295	42,061	26,644
(Loss) on disposal of assets	11(a)	(33,862)	(116,564)	(111,273)
Fair value adjustments to financial assets at fair value through profit or loss		864	0	52,551
		899,693	830,341	1,618,979
Net result for the period		(3,192,763)	(5,351,802)	(2,293,147)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	0	0	947,416
Total other comprehensive income for the period		0	0	947,416
Total comprehensive income for the period		(3,192,763)	(5,351,802)	(1,345,731)

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

SHIRE OF COOROW
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTE	2020	2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	4,258,635	3,573,806
Trade and other receivables	6	325,393	211,908
Other financial assets	5(a)	22,729	272,047
Inventories	7	25,982	29,379
Other assets	8	0	2,223
TOTAL CURRENT ASSETS		4,632,739	4,089,363
NON-CURRENT ASSETS			
Trade and other receivables	6	7,502	8,694
Other financial assets	5(b)	247,866	269,730
Property, plant and equipment	9	19,095,548	22,125,291
Infrastructure	10	102,532,949	105,494,422
Right-of-use assets	12(a)	8,192	0
TOTAL NON-CURRENT ASSETS		121,892,057	127,898,137
TOTAL ASSETS		126,524,796	131,987,500
CURRENT LIABILITIES			
Trade and other payables	14	273,999	255,123
Lease liabilities	15(a)	4,082	0
Borrowings	16(a)	22,729	37,292
Employee related provisions	17	291,751	390,744
TOTAL CURRENT LIABILITIES		592,561	683,159
NON-CURRENT LIABILITIES			
Lease liabilities	15(a)	4,312	0
Borrowings	16(a)	194,450	217,179
Employee related provisions	17	93,955	54,532
TOTAL NON-CURRENT LIABILITIES		292,717	271,711
TOTAL LIABILITIES		885,278	954,870
NET ASSETS		125,639,518	131,032,630
EQUITY			
Retained surplus		(79,295)	3,412,212
Reserves - cash backed	4	1,881,589	1,593,194
Revaluation surplus	13	123,837,224	126,027,224
TOTAL EQUITY		125,639,518	131,032,630

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

SHIRE OF COOROW
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2018		6,162,919	1,135,634	125,079,808	132,378,361
Comprehensive income					
Net result for the period		(2,293,147)	0	0	(2,293,147)
Other comprehensive income	13	0	0	947,416	947,416
Total comprehensive income		(2,293,147)	0	947,416	(1,345,731)
Transfers from reserves	4	11,142	(11,142)	0	0
Transfers to reserves	4	(468,702)	468,702	0	0
Balance as at 30 June 2019		3,412,212	1,593,194	126,027,224	131,032,630
Change in accounting policies	26(b)	(10,351)	0	(2,190,000)	(2,200,351)
Restated total equity at 1 July 2019		3,401,861	1,593,194	123,837,224	128,832,279
Comprehensive income					
Net result for the period		(3,192,763)	0	0	(3,192,763)
Total comprehensive income		(3,192,763)	0	0	(3,192,763)
Transfers from reserves	4	121,029	(121,029)	0	0
Transfers to reserves	4	(409,424)	409,424	0	0
Balance as at 30 June 2020		(79,295)	1,881,589	123,837,224	125,639,518

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		3,244,962	3,249,495	3,266,104
Operating grants, subsidies and contributions		2,220,149	1,073,494	1,815,254
Fees and charges		645,404	567,763	657,021
Interest received		116,213	118,326	142,880
Goods and services tax received		118,478	180,531	437,168
Other revenue		66,909	20,051	36,171
		6,412,115	5,209,660	6,354,598
Payments				
Employee costs		(2,367,558)	(2,570,742)	(2,043,341)
Materials and contracts		(1,292,044)	(1,805,312)	(1,274,376)
Utility charges		(332,586)	(263,401)	(267,859)
Interest expenses		(9,476)	(7,422)	(7,784)
Insurance paid		(204,491)	(207,007)	(189,923)
Goods and services tax paid		(118,795)	(180,531)	(436,959)
Other expenditure		(71,903)	(85,976)	(64,229)
		(4,396,853)	(5,120,391)	(4,284,471)
Net cash provided by (used in) operating activities	18	2,015,262	89,269	2,070,127
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for financial assets at amortised cost		0	0	(250,000)
Payments for financial assets at amortised cost - self supporting loans		0	0	(250,000)
Payments for purchase of property, plant & equipment	9(a)	(694,897)	(1,144,794)	(1,316,490)
Payments for construction of infrastructure	10(a)	(1,932,698)	(1,940,339)	(2,508,126)
Non-operating grants, subsidies and contributions	2(a)	923,396	904,844	1,651,057
Proceeds from financial assets at amortised cost - term deposits	5	250,000	0	0
Proceeds from financial assets at amortised cost - self supporting loans	5	22,047	22,047	10,774
Proceeds from financial assets at fair values through profit and loss		(1)		
Proceeds from sale of property, plant & equipment	11(a)	143,091	257,057	249,706
Net cash provided by (used in) investment activities		(1,289,062)	(1,901,185)	(2,413,079)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	16(b)	(37,292)	(37,294)	(115,695)
Payments for principal portion of lease liabilities	15(b)	(4,082)		
Proceeds from new borrowings	16(b)	0	0	250,000
Net cash provided by (used in) financing activities		(41,374)	(37,294)	134,305
Net increase (decrease) in cash held		684,826	(1,849,210)	(208,647)
Cash at beginning of year		3,573,806	3,787,799	3,782,453
Cash and cash equivalents at the end of the year	18	4,258,635	1,938,589	3,573,806

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

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

NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES			
Net current assets at start of financial year - surplus	2,008,403	1,893,359	2,086,886
	2,008,403	1,893,359	2,086,886
Revenue from operating activities (excluding rates)			
Governance	47	0	636
General purpose funding	1,994,726	915,916	1,709,220
Law, order, public safety	85,282	77,095	79,088
Health	2,624	4,019	4,427
Education and welfare	28,153	27,769	28,578
Housing	82,969	92,320	116,039
Community amenities	327,063	319,837	337,913
Recreation and culture	139,645	21,607	76,076
Transport	154,416	155,959	160,968
Economic services	92,391	84,717	84,203
Other property and services	202,798	122,456	203,964
	3,110,114	1,821,694	2,801,112
Expenditure from operating activities			
Governance	(556,943)	(663,092)	(477,186)
General purpose funding	(349,701)	(297,510)	(315,564)
Law, order, public safety	(565,409)	(488,648)	(473,255)
Health	(118,813)	(140,460)	(116,942)
Education and welfare	(100,901)	(122,807)	(102,253)
Housing	(58,938)	(23,288)	(44,761)
Community amenities	(754,587)	(916,367)	(671,480)
Recreation and culture	(2,005,150)	(1,878,227)	(1,839,176)
Transport	(5,712,570)	(6,490,971)	(5,595,364)
Economic services	(251,315)	(291,816)	(231,015)
Other property and services	(41,320)	(14,650)	(43,377)
	(10,515,647)	(11,327,836)	(9,910,373)
Non-cash amounts excluded from operating activities	22(a) 6,322,720	6,349,878	6,142,087
Amount attributable to operating activities	925,590	(1,262,905)	1,119,712
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions	2(a) 923,396	904,844	1,651,057
Proceeds from disposal of assets	11(a) 143,091	257,057	249,706
Proceeds from financial assets at amortised cost - self supporting loans	22,047	22,047	10,774
Payments for financial assets at amortised cost - self supporting loans	0	0	(250,000)
Purchase of property, plant and equipment	9(a) (694,897)	(1,144,794)	(1,316,490)
Purchase and construction of infrastructure	10(a) (1,932,698)	(1,940,339)	(2,508,126)
Amount attributable to investing activities	(1,539,061)	(1,901,185)	(2,163,079)
FINANCING ACTIVITIES			
Repayment of borrowings	16(b) (37,292)	(37,292)	(115,695)
Proceeds from borrowings	16(c) 0	0	250,000
Payments for principal portion of lease liabilities	15(b) (4,082)	0	0
Transfer to/from Restricted Cash (unspent grants)	0	0	209,970
Transfers to reserves (restricted assets)	4 (409,424)	(187,150)	(468,702)
Transfers from reserves (restricted assets)	4 121,029	139,037	11,142
Amount attributable to financing activities	(329,769)	(85,405)	(113,285)
Surplus/(deficit) before imposition of general rates	(943,238)	(3,249,495)	(1,156,653)
Total amount raised from general rates	21(a) 3,289,374	3,249,495	3,165,057
Surplus/(deficit) after imposition of general rates	22(b) 2,346,136	0	2,008,404

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

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

Note 1	Basis of Preparation	13
Note 2	Revenue and Expenses	14
Note 3	Cash and Cash Equivalents	18
Note 4	Reserves - Cash backed	19
Note 5	Other Financial Assets	20
Note 6	Trade and Other Receivables	21
Note 7	Inventories	22
Note 8	Other Assets	23
Note 9	Property, Plant and Equipment	24
Note 10	Infrastructure	26
Note 11	Fixed Assets	28
Note 12	Leases	31
Note 13	Revaluation Surplus	32
Note 14	Trade and Other Payables	33
Note 15	Lease Liabilities	34
Note 16	Information on Borrowings	35
Note 17	Employee Provisions	37
Note 18	Notes to the Statement of Cash Flows	38
Note 19	Total Assets Classified by Function and Activity	39
Note 20	Related Party Transactions	40
Note 21	Rating Information	42
Note 22	Rate Setting Statement Information	45
Note 23	Financial Risk Management	46
Note 24	Events occurring after the end of the Reporting Period	49
Note 25	Initial Application of Australian Accounting Standards	50
Note 26	Change in Accounting Policies	52
Note 27	Trust Funds	53
Note 28	Other Significant Accounting Policies	54
Note 29	Financial Ratios	55
Note 30	Activities/Programs	56

1. BASIS OF PREPARATION

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

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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

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

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

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

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

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

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates - general rates	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	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 funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions with no contractual 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 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 - memberships	Pool membership	Over time	Payment in full in advance	None	Adopted by council annually	Apportioned equally across the access period	No refunds	Output method over six 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 complete of works
Fees and charges - fines	Fines issued for breaches of local laws	Single point in time	Payment in full within defined time	None	Adopted by Council through local law	When taxable event occurs	Not applicable	When fine notice is issued
Other revenue - commissions	Commissions on licencing	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 COOROW
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	47	0	636
General purpose funding	1,890,157	799,656	1,542,117
Law, order, public safety	73,721	68,836	67,417
Health	76	1,619	1,481
Education and welfare	279	509	448
Housing	2,517	200	300
Community amenities	0	0	364
Recreation and culture	121,024	2,320	54,142
Transport	121,835	133,974	126,682
Economic services	71,134	66,380	69,995
	2,280,790	1,073,494	1,863,582
Non-operating grants, subsidies and contributions			
Law, order, public safety	0	0	434,515
Community amenities	3,727	0	0
Recreation and culture	101,755	157,180	482,024
Transport	817,914	747,664	734,518
	923,396	904,844	1,651,057
Total grants, subsidies and contributions	3,204,186	1,978,338	3,514,639
Fees and charges			
General purpose funding	5,638	5,110	5,797
Law, order, public safety	7,504	4,259	4,839
Health	2,548	2,400	2,946
Education and welfare	27,874	27,260	28,130
Housing	80,452	92,120	104,394
Community amenities	327,062	319,837	337,549
Recreation and culture	18,094	19,287	21,933
Economic services	83,591	77,491	80,360
Other property and services	92,641	20,000	71,073
	645,404	567,764	657,021

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2020 Actual \$	2020 Budget \$	2019 Actual \$
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:			
Non-operating grants, subsidies and contributions	923,396	904,844	1,651,057
	923,396	904,844	1,651,057
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:			
Other revenue from performance obligations satisfied during the year	923,396	904,844	1,651,057
	923,396	904,844	1,651,057
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	142,724	0	0
Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'.			
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 (refer Note 22(a))	3,289,374	3,237,830	3,169,694
	3,289,374	3,237,830	3,169,694
Other revenue			
Reimbursements and recoveries	66,909	20,051	36,171
	66,909	20,051	36,171
Interest earnings			
Financial assets at amortised cost - self supporting loans	8,784	7,176	5,055
Interest on reserve funds	45,095	50,100	30,726
Rates instalment and penalty interest (refer Note 21(c))	33,002	26,000	39,086
Other interest earnings	29,332	35,050	68,013
	116,213	118,326	142,880

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses	Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
Auditors remuneration				
- Audit of the Annual Financial Report		41,500	60,000	38,000
- Other services		2,590	3,116	3,755
		44,090	63,116	41,755
Interest expenses (finance costs)				
Borrowings	16(b)	8,966	7,422	7,784
Lease liabilities	15(b)	510		
		9,476	7,422	7,784
Other expenditure				
Impairment loss on trade and other receivables from contracts with customers		991	0	991
Sundry expenses		70,912	85,976	63,238
		71,903	85,976	64,229

The impairment loss on contract assets have been recognised in relation to expenditure incurred for a future event for which grant funding is yet to be received.

This amount has been recognised as revenue as the Shire has satisfied the relevant performance obligations in the contract.

The Shire has calculated the loss allowance to take into account the credit risk associated with the event being postponed or cancelled due to the COVID 19 pandemic.

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

3. CASH AND CASH EQUIVALENTS

NOTE	2020 \$	2019 \$
Cash at bank and on hand	4,258,635	3,573,806
Total cash and cash equivalents	4,258,635	3,573,806
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	1,881,589	1,343,194
- Financial assets at amortised cost	0	250,000
	1,881,589	1,593,194

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

Reserves - cash backed	4	1,881,589	1,593,194
Total restricted assets		1,881,589	1,593,194

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

4. RESERVES - CASH BACKED

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave Reserve	180,148	3,317	0	183,465	180,148	3,963	0	184,111	176,674	3,474	0	180,148
(b) Building Reserve	252,005	152,507	0	404,512	252,005	55,544	0	307,549	154,145	97,860	0	252,005
(c) Resource Sharing Reserve	25,380	467	0	25,847	25,380	558	0	25,938	24,890	490	0	25,380
(d) Plant Reserve	582,352	115,481	0	697,833	582,352	12,812	(18,718)	576,446	571,121	11,231	0	582,352
(e) Rebroadcasting Reserve	27,649	509	(3,686)	24,472	27,649	608	(2,446)	25,811	27,116	533	0	27,649
(f) Joint Venture Housing Reserve	48,690	19,262	0	67,952	48,690	1,071	(116)	49,645	58,893	939	(11,142)	48,690
(g) Bowling Club Reserve	6,537	2,220	0	8,757	6,537	2,244	0	8,781	4,311	2,226	0	6,537
(h) Road Infrastructure Reserve	115,222	2,121	(117,343)	0	115,222	2,535	(117,757)	0	113,000	2,222	0	115,222
(i) Pool Revitalisation Reserve	349,619	56,437	0	406,056	349,619	57,692	0	407,311	0	349,619	0	349,619
(j) Tourist Infrastructure Reserve	5,592	57,103	0	62,695	5,592	50,123	0	55,715	5,484	108	0	5,592
	1,593,194	409,424	(121,029)	1,881,589	1,593,194	187,150	(139,037)	1,641,307	1,135,634	468,702	(11,142)	1,593,194

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave Reserve	Ongoing	To be used to fund annual and long service leave requirements
(b) Building Reserve	Ongoing	To be used for the upgrading of Council buildings
(c) Resource Sharing Reserve	Ongoing	To be used for resource sharing projects
(d) Plant Reserve	Ongoing	To be used for the purchase of major plant
(e) Rebroadcasting Reserve	Ongoing	To be used to maintain/upgrade equipment at rebroadcasting sites
(f) Joint Venture Housing Reserve	Ongoing	To be used for the maintenance and further development of joint venture housing
(g) Bowling Club Reserve	Ongoing	To be used for the future replacement of synthetic bowling green surfaces
(h) Road Infrastructure Reserve	Ongoing	To be used for road, footpath and drainage infrastructure projects
(i) Pool Revitalisation Reserve	2020/2021	To be used for the renewal of the Coorow Swimming Pool
(j) Tourist Infrastructure Reserve	Ongoing	To be used for the construction and renewal of tourist infrastructure

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

5. OTHER FINANCIAL ASSETS

	2020	2019
	\$	\$
(a) Current assets		
Financial assets at amortised cost	22,729	272,047
	<u>22,729</u>	<u>272,047</u>
Other financial assets at amortised cost		
Term deposits	0	250,000
Self supporting loans	22,729	22,047
	<u>22,729</u>	<u>272,047</u>
(b) Non-current assets		
Financial assets at amortised cost	194,450	217,179
Financial assets at fair value through profit and loss	53,416	52,551
	<u>247,866</u>	<u>269,730</u>
Financial assets at amortised cost		
Self supporting loans	194,450	217,179
	<u>194,450</u>	<u>217,179</u>
Financial assets at fair value through profit and loss		
Units in Local Government House Trust	53,416	52,551
	<u>53,416</u>	<u>52,551</u>

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 16(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

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

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

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
GST receivable	
Allowance for impairment of receivables	

Non-current

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

2020	2019
\$	\$
175,672	123,145
142,724	82,083
7,988	7,671
(991)	(991)
325,393	211,908
7,502	8,694
7,502	8,694

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 23.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

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

7. INVENTORIES

Current

Fuel and materials

	2020	2019
	\$	\$
	25,982	29,379
	25,982	29,379
	29,379	17,918
	Additions to inventory	11,461
	Inventories expensed during the year	
	(3,397)	
	25,982	29,379

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Additions to inventory

Inventories expensed during the year

Carrying amount at end of period

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.

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

8. OTHER ASSETS

Other assets - current

Accrued income

	2020	2019
	\$	\$
	0	2,223
	0	2,223

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

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

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	1,205,500	2,190,000	3,395,500	1,942,773	12,299,310	14,242,083	17,637,583	3,939,957	21,577,540
Additions	0	0	0	134,098	163,017	297,115	297,115	1,019,375	1,316,490
(Disposals)	(10,000)	0	(10,000)	(81,955)	0	(81,955)	(91,955)	(242,380)	(334,335)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	947,416	947,416
Depreciation (expense)	0	0	0	(105,625)	(694,900)	(800,525)	(800,525)	(569,795)	(1,370,320)
Transfers	0	0	0	0	0	0	0	(11,500)	(11,500)
Carrying amount at 30 June 2019	1,195,500	2,190,000	3,385,500	1,889,291	11,767,427	13,656,718	17,042,218	5,083,073	22,125,291
Comprises:									
Gross carrying amount at 30 June 2019	1,195,500	2,190,000	3,385,500	2,111,642	13,139,660	15,251,302	18,636,802	5,083,073	23,719,875
Accumulated depreciation at 30 June 2019	0	0	0	(222,351)	(1,372,233)	(1,594,584)	(1,594,584)	0	(1,594,584)
Carrying amount at 30 June 2019	1,195,500	2,190,000	3,385,500	1,889,291	11,767,427	13,656,718	17,042,218	5,083,073	22,125,291
Change in accounting policy	0	(2,190,000)	(2,190,000)	0	0	0	(2,190,000)	0	(2,190,000)
Carrying amount at 1 July 2019	1,195,500	0	1,195,500	1,889,291	11,767,427	13,656,718	14,852,218	5,083,073	19,935,291
Additions	5,000	0	5,000	141,363	97,439	238,802	243,802	451,095	694,897
(Disposals)	0	0	0	0	0	0	0	(167,658)	(167,658)
Depreciation (expense)	0	0	0	(105,625)	(675,240)	(780,865)	(780,865)	(619,449)	(1,400,314)
Transfers	0	0	0	0	33,333	33,333	33,333	0	33,333
Carrying amount at 30 June 2020	1,200,500	0	1,200,500	1,925,029	11,222,959	13,147,988	14,348,488	4,747,061	19,095,549
Comprises:									
Gross carrying amount at 30 June 2020	1,200,500	0	1,200,500	2,253,005	13,270,432	15,523,437	16,722,337	5,346,168	22,068,505
Accumulated depreciation at 30 June 2020	0	0	0	(327,976)	(2,047,473)	(2,375,449)	(2,373,850)	(599,107)	(2,972,957)
Carrying amount at 30 June 2020	1,200,500	0	1,200,500	1,925,029	11,222,959	13,147,988	14,348,488	4,747,061	19,095,549

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

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	Level 2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per hectare/market borrowing rate
Buildings - non-specialised	Level 2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per square metres/market borrowing rate
Buildings - specialised	Level 3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment	Level 2/3	Cost approach using depreciated replacement cost or market approach using recent observable market data for similar plant	Independent registered valuers	June 2019	Market price per item (Level 2)/purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3)

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

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

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

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

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

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - roads	Infrastructure - drainage	Infrastructure - footpaths	Infrastructure - other	Total Infrastructure
	\$	\$	\$	\$	\$
Balance at 1 July 2018	99,652,445	1,183,048	1,148,595	5,732,713	107,716,801
Additions	1,568,223	0	99,341	840,562	2,508,126
Depreciation (expense)	(4,294,888)	(28,808)	(21,930)	(384,879)	(4,730,505)
Carrying amount at 30 June 2019	96,925,780	1,154,240	1,226,006	6,188,396	105,494,422
Comprises:					
Gross carrying amount at 30 June 2019	126,238,504	1,850,968	1,732,372	6,935,400	136,757,244
Accumulated depreciation at 30 June 2019	(29,312,724)	(696,728)	(506,366)	(747,004)	(31,262,822)
Carrying amount at 30 June 2019	96,925,780	1,154,240	1,226,006	6,188,396	105,494,422
Additions	1,541,729	13,046	6,467	371,456	1,932,698
Depreciation (expense)	(4,351,133)	(28,808)	(23,017)	(457,880)	(4,860,838)
Transfers	0	0	0	(33,333)	(33,333)
Carrying amount at 30 June 2020	94,116,376	1,138,478	1,209,456	6,068,639	102,532,949
Comprises:					
Gross carrying amount at 30 June 2020	127,780,234	1,864,013	1,738,839	7,273,524	138,656,610
Accumulated depreciation at 30 June 2020	(33,663,858)	(725,536)	(529,383)	(1,204,884)	(36,123,661)
Carrying amount at 30 June 2020	94,116,376	1,138,477	1,209,456	6,068,640	102,532,949

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

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - roads	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - drainage	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - other	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

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

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.

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

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

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

Land under roads from 1 July 2019

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

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

Vested improvements from 1 July 2019

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

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

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

11. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	0	0	0	0	0	0	0	0	10,000	0	0	(10,000)
Buildings - non-specialised	0	0	0	0	0	0	0	0	81,955	93,300	11,345	0
Plant and equipment	167,658	143,091	9,295	(33,862)	331,560	257,057	42,061	(116,564)	242,380	156,406	15,299	(101,273)
	167,658	143,091	9,295	(33,862)	331,560	257,057	42,061	(116,564)	334,335	249,706	26,644	(111,273)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and Equipment				
Transport				
Caterpillar Truck	75,382	46,000	0	(29,382)
Bomag Roller	42,480	38,000	0	(4,480)
Other property and services				
Toyota Landcruiser	49,796	59,091	9,295	0
	167,658	143,091	9,295	(33,862)
	167,658	143,091	9,295	(33,862)

(b) Fully Depreciated Assets in Use

There are none to disclose

(c) Temporarily Idle Assets

There are none to disclose

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

11. FIXED ASSETS

(d) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	105,625	833,853	105,625
Buildings - specialised	675,240	0	694,900
Plant and equipment	619,449	506,114	569,795
Infrastructure - roads	4,351,133	4,441,674	4,294,888
Infrastructure - drainage	28,808	32,109	28,808
Infrastructure - footpaths	23,017	20,128	21,930
Infrastructure - other	457,880	437,534	384,879
Right-of-use assets - Photocopiers	4,284	0	0
	6,265,436	6,271,412	6,100,825

Revision of useful lives of plant and equipment

During the 19/20 year the estimated total useful lives of plant and equipment were revised. The net effect was nil.

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings	5 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement seal	50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years
Right-of-use (buildings)	Based on the remaining lease
Right-of-use (plant and equipment)	Based on the remaining lease
Intangible assets - computer software licence	5 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:

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

Amortisation

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

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

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

12. LEASES

(a) Right-of-Use Assets

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

	Right-of-use assets - Photocopiers	Right-of-use assets Total
	\$	\$
Carrying amount at 30 June 2019	0	0
Recognised on initial application of AASB 16	12,476	12,476
Restated total equity at the beginning of the financial year	12,476	12,476
Depreciation (expense)	(4,284)	(4,284)
Carrying amount at 30 June 2020	8,192	8,192
(b) Cash outflow from leases		
Interest expense on lease liabilities	510	510
Lease principal expense	4,082	4,082
Total cash outflow from leases	4,592	4,592
(c) Other expenses and income relating to leases		
Low-value asset lease payments recognised as expense	0	5,051
	0	5,051

The Shire has 2 lease relating to plant and equipment. The lease term for both leases is 5 years. The measurement of lease liabilities does not include any future cash outflows associated with leases not yet commenced to which the Shire is committed.

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.

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

13. REVALUATION SURPLUS

	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and Buildings	10,174,155	(2,190,000)	0	0	0	7,984,155	10,174,155	0	0	0	10,174,155
Revaluation surplus - Plant and equipment	1,862,733	0	0	0	0	1,862,733	915,317	947,416	0	947,416	1,862,733
Revaluation surplus - Infrastructure - roads	111,445,669	0	0	0	0	111,445,669	111,445,669	0	0	0	111,445,669
Revaluation surplus - Infrastructure - drainage	1,173,124	0	0	0	0	1,173,124	1,173,124	0	0	0	1,173,124
Revaluation surplus - Infrastructure - footpaths	792,812	0	0	0	0	792,812	792,812	0	0	0	792,812
Revaluation surplus - Infrastructure - other	578,731	0	0	0	0	578,731	578,731	0	0	0	578,731
	126,027,224	(2,190,000)	0	0	0	123,837,224	125,079,808	947,416	0	947,416	126,027,224

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

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

14. TRADE AND OTHER PAYABLES

Current

Sundry creditors	141,843	158,983
Prepaid rates	26,635	0
Accrued salaries and wages	37,236	10,807
ATO liabilities	5,193	4,382
Bonds and deposits held	47,780	34,827
Accrued interest on long term borrowings	255	393
Accrued materials and contracts	14,973	45,731
Other payables	84	0
	273,999	255,123

	2020	2019
	\$	\$
	141,843	158,983
	26,635	0
	37,236	10,807
	5,193	4,382
	47,780	34,827
	255	393
	14,973	45,731
	84	0
	273,999	255,123

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.

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

15. LEASE LIABILITIES

(a) Lease Liabilities

	2020	2019
Current	\$ 4,082	0
Non-current	4,312	0
	8,394	0

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019
					Lease Principal 1 July 2019	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	Lease Principal 1 July 2019	Budget Lease Principal Repayments	Budget Lease Principal Outstanding	Budget Lease Interest Repayments	Lease Principal 1 July 2018	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments
Other property and services																
Photocopiers (2)	DBBS-82542	BOQ Asset Finance	4.89%	5 years	12,476	4,082	8,394	510	0	0	0	0	0	0	0	0
					12,476	4,082	8,394	510	0	0	0	0	0	0	0	0

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

16. INFORMATION ON BORROWINGS

(a) Borrowings	2020	2019
	\$	\$
Current	22,729	37,292
Non-current	194,449	217,179
	<u>217,178</u>	<u>254,471</u>

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020				30 June 2020				30 June 2019				
				Actual Principal 1 July 2019	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2019	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2018	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Housing																
Brand Street Residences	89	WATC	3.23%	15,245	15,245	182	0	15,246	15,246	246	0	45,013	0	29,768	1,263	15,245
Leeman Executive House	88	WATC	3.65%	0	0	0	0	0	0	0	0	75,153	0	75,153	1,466	0
				<u>15,245</u>	<u>15,245</u>	<u>182</u>	<u>0</u>	<u>15,246</u>	<u>15,246</u>	<u>246</u>	<u>0</u>	<u>120,166</u>	<u>0</u>	<u>104,921</u>	<u>2,729</u>	<u>15,245</u>
Self Supporting Loans																
Economic services																
Coorow Hotel SSL	90	WATC	3.07%	239,226	22,047	8,784	217,179	239,226	22,048	7,176	217,178	0	250,000	10,774	5,055	239,226
				<u>239,226</u>	<u>22,047</u>	<u>8,784</u>	<u>217,179</u>	<u>239,226</u>	<u>22,048</u>	<u>7,176</u>	<u>217,178</u>	<u>0</u>	<u>250,000</u>	<u>10,774</u>	<u>5,055</u>	<u>239,226</u>
				<u>254,471</u>	<u>37,292</u>	<u>8,966</u>	<u>217,179</u>	<u>254,472</u>	<u>37,294</u>	<u>7,422</u>	<u>217,178</u>	<u>120,166</u>	<u>250,000</u>	<u>115,695</u>	<u>7,784</u>	<u>254,471</u>

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 5 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

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

16. INFORMATION ON BORROWINGS (Continued)

	2020	2019
(c) Undrawn Borrowing Facilities	\$	\$
Credit Standby Arrangements		
Bank overdraft limit		
Bank overdraft at balance date		
Credit card limit	15,000	15,000
Credit card balance at balance date	(3,673)	(1,961)
Total amount of credit unused	11,327	13,039
Loan facilities		
Loan facilities - current	22,729	37,292
Loan facilities - non-current	194,449	217,179
Lease liabilities - current	4,082	0
Lease liabilities - non-current	4,312	0
Total facilities in use at balance date	225,572	254,471
Unused loan facilities at balance date	0	0

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

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

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

17. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2019			
Current provisions	196,011	194,733	390,744
Non-current provisions	0	54,532	54,532
	196,011	249,265	445,276
Additional provision	(6,752)	(52,818)	(59,570)
Balance at 30 June 2020	189,259	196,447	385,706
Comprises			
Current	189,259	102,492	291,751
Non-current		93,955	93,955
	189,259	196,447	385,706
Amounts are expected to be settled on the following basis:	2020	2019	
Less than 12 months after the reporting date	\$ 77,852	\$ 11,319	
More than 12 months from reporting date	307,854	433,957	
	385,706	445,276	

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

18. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	4,258,635	1,938,589	3,573,806
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(3,192,763)	(5,351,802)	(2,293,147)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(864)	0	(52,551)
Depreciation on non-current assets	6,265,436	6,271,412	6,100,825
(Profit)/loss on sale of asset	24,567	74,503	84,629
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(112,293)	0	30,665
(Increase)/decrease in other assets	2,223	0	0
(Increase)/decrease in inventories	3,397	0	(11,461)
Increase/(decrease) in payables	8,525	0	(136,287)
Increase/(decrease) in provisions	(59,570)	0	(1,489)
Non-operating grants, subsidies and contributions	(923,396)	(904,844)	(1,651,057)
Net cash from operating activities	2,015,262	89,269	2,070,127

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

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	78,398	26,080
General purpose funding	2,925,230	2,677,107
Law, order, public safety	1,890,688	2,102,652
Health	263,778	272,940
Education and welfare	1,324,167	1,374,156
Housing	2,808,825	2,801,704
Community amenities	1,988,339	1,954,995
Recreation and culture	13,604,419	16,411,018
Transport	96,522,635	99,320,304
Economic services	773,947	692,496
Other property and services	4,344,370	4,354,048
	126,524,796	131,987,500

20. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	16,000	19,800	18,550
President's allowance	18,000	18,000	10,000
Deputy President's allowance	4,500	4,500	2,500
Travelling expenses	9,028	10,600	7,472
Telecommunications allowance	4,550	4,800	4,050
	<u>52,078</u>	<u>57,700</u>	<u>42,572</u>

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	396,237	382,838
Post-employment benefits	59,348	83,150
Other long-term benefits	7,583	6,687
Termination benefits	18,135	0
	<u>481,303</u>	<u>472,675</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

20. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

The following transactions occurred with related parties:	2020 Actual	2019 Actual
	\$	\$
Sale of goods and services	8,854	571
Purchase of goods and services	25,414	75,527
Short term employee benefits -other related parties	6,257	0
Amounts outstanding from related parties:		
Trade and other receivables	19,236	0
Loans to associated entities	217,179	239,226
Amounts payable to related parties:		
Trade and other payables	1,321	4,758

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

iii. Entities subject to significant influence by the Shire

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

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

21. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$	2019/20 Actual Interim Rates \$	2019/20 Actual Back Rates \$	2019/20 Actual Total Revenue \$	2019/20 Budget Rate Revenue \$	2019/20 Budget Interim Rate \$	2019/20 Budget Back Rate \$	2019/20 Budget Total Revenue \$	2018/19 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
GRV - Townsites	0.1277	701	7,536,716	962,612	805	0	963,417	962,612	0	0	962,612	929,049
Unimproved valuations												
UV - Agricultural	1.6672	198	131,345,516	2,060,081	(154)	0	2,059,927	2,059,235	0	0	2,059,235	2,018,106
UV - Mining	16.7738	15	610,052	102,871	0	0	102,871	102,871	0	0	102,871	93,862
UV - Mining Exploration	11.5831	6	62,619	6,907	0	0	6,907	6,907	0	0	6,907	4,383
Sub-Total		920	139,554,903	3,132,471	651	0	3,133,122	3,131,625	0	0	3,131,625	3,045,400
Minimum payment	Minimum \$											
Gross rental valuations												
GRV - Townsites	815	228	925,006	185,820	0	0	185,820	185,820	0	0	185,820	197,230
Unimproved valuations												
UV - Agricultural	815	9	118,284	7,335	0	0	7,335	7,335	0	0	7,335	7,335
UV - Mining	815	10	21,368	8,150	0	0	8,150	8,150	0	0	8,150	8,150
UV - Mining Exploration	300	6	7,302	1,800	0	0	1,800	1,800	0	0	1,800	1,500
Sub-Total		253	1,071,960	203,105	0	0	203,105	203,105	0	0	203,105	214,215
		1,173	140,626,863	3,335,576	651	0	3,336,227	3,334,730	0	0	3,334,730	3,259,615
Discounts (Note 21(b))							(46,853)				(96,900)	(89,921)
Total amount raised from general rate							3,289,374				3,237,830	3,169,694
Rates adjustments							(385)				(510)	(4,637)
Ex-gratia rates							13,199				12,175	11,912
Movement in Excess Rates							(22,175)					10,351
Totals							3,280,013				3,249,495	3,187,320

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

21. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2020 Actual	2020 Budget	2019 Actual	Circumstances in which Discount is Granted
Discount for Prompt Payment	0.02%		\$ 46,853	\$ 96,900	\$ 89,921	When rates are paid in full within 35 days of being levied
Total discounts/concessions (Note 21(a))			46,853	96,900	89,921	

21. 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	26/08/2019	0.00	0.00%	10.00%
Option Two				
First instalment	26/08/2019	5.00	5.50%	10.00%
Second instalment	6/01/2020			
Option Three				
First instalment	26/08/2019	15.00	5.50%	10.00%
Second instalment	28/10/2019			
Third instalment	6/01/2020			
Fourth instalment	9/03/2020			

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	23,975	18,000	30,833
Interest on instalment plan	8,694	8,000	8,253
Charges on instalment plan	2,625	2,300	2,620
Pensioners deferred interest	333	0	0
	35,627	28,300	41,706

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

22. RATE SETTING STATEMENT INFORMATION

Note	2019/20 (30 June 2020 Carried Forward) \$	2019/20 Budget (30 June 2020 Carried Forward) \$	2019/20 (1 July 2019 Brought Forward) \$	2018/19 (30 June 2019 Carried Forward) \$
(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)	(9,295)	(42,061)	(26,644)	(26,644)
	Less: Movement in liabilities associated with restricted cash			
	(10,351)			
	Less: Fair value adjustments to financial assets at fair value through profit and loss			
	(864)	0	(52,551)	(52,551)
	Movement in pensioner deferred rates (non-current)			
	1,192	0	1,342	1,342
	Movement in employee benefit provisions (non-current)			
	39,423	0	4,368	4,368
	Movement in Leave Reserve (added back)			
	3,317	3,963	3,474	3,474
11(a)	33,862	116,564	111,273	111,273
11(d)	6,265,436	6,271,412	6,100,825	6,100,825
	Non cash amounts excluded from operating activities			
	6,322,720	6,349,878	6,142,087	6,142,087
(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	(1,881,589)	(1,641,307)	(1,593,194)	(1,593,194)
	Less: Financial assets at amortised cost - self supporting loans			
5(a)	(22,729)	(23,094)	(22,047)	(22,047)
	Add: Current liabilities not expected to be cleared at end of year			
	- Current portion of borrowings			
16(a)	22,729	35,106	37,292	37,292
	- Current portion of lease liabilities			
	4,082	0	0	0
	- Employee benefit provisions			
	183,465	184,111	180,148	180,148
	Total adjustments to net current assets			
	(1,694,042)	(1,445,184)	(1,397,801)	(1,397,801)
Net current assets used in the Rate Setting Statement				
	Total current assets			
	4,632,739	2,269,330	4,089,363	4,089,363
	Less: Total current liabilities			
	(592,561)	(824,146)	(672,808)	(683,159)
	Less: Total adjustments to net current assets			
	(1,694,042)	(1,445,184)	(1,397,801)	(1,397,801)
	Net current assets used in the Rate Setting Statement			
	2,346,136	0	2,018,754	2,008,403
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards				
Total current assets at 30 June 2019				
	- Contract assets			4,089,363
25(a)				0
	Total current assets at 1 July 2019			4,089,363
Total current liabilities at 30 June 2019				
	- Rates paid in advance			(683,159)
25(b)				10,351
	Total current liabilities at 1 July 2019			(672,808)

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

23. FINANCIAL RISK MANAGEMENT

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

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

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

Financial risk management is carried out by the finance area under policies approved by 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.

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
	%	\$	\$	\$	\$
2020					
Cash and cash equivalents	2.19%	4,258,635	0	4,258,635	
2019					
Cash and cash equivalents	3.19%	3,573,806	0	3,572,806	1,000
Financial assets at amortised cost	2.75%	250,000	250,000	0	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.

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	42,586	35,738

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 16(b).

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

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment, the effect of COVID 19 needs to be considered. Financial assistance provided to rate payers is expected to adversely affect the Shire's cash flows.

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factors in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. Re-negotiation of repayment terms is expected due to the COVID 19 pandemic.

The loss allowance as at 30 June for rate receivable was determined as follows and takes into account the waiver of penalty interest due to the impact of COVID 19.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	1,789	84,503	28,260	41,987	156,539
Loss allowance	0	0	0	0	0
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	56,427	19,639	19,949	27,130	123,145
Loss allowance	0	0	0	0	0

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	117,955	20,407	1,450	1,394	141,206
Loss allowance	0	0	0	0	0
30 June 2019					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	76,221	1,337	1,915	1,620	81,093
Loss allowance	0	0	0	0	0

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 16(c).

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
	\$	\$	\$	\$	\$
2020					
Payables	244,544	0	0	244,544	244,544
Borrowings	29,223	116,894	102,282	248,399	217,178
Lease liabilities	4,591	4,209	0	8,800	8,394
	<u>278,358</u>	<u>121,103</u>	<u>102,282</u>	<u>501,743</u>	<u>470,116</u>
2019					
Payables	255,123	0	0	255,123	255,123
Borrowings	44,715	116,892	131,504	293,111	254,471
	<u>299,838</u>	<u>116,892</u>	<u>131,504</u>	<u>548,234</u>	<u>509,594</u>

24. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There have been no material events after the reporting period which would affect the financial report of the Shire for the year ended 30th June 2020 or which would require a separate disclosure.

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

25. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. Whilst these standards have been adopted there has been no impact.

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

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

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

	Note	AASB 118 and AASB 1004 carrying amount 30 June 2019	Reclassification	AASB 1058 carrying amount 01 July 2019
		\$	\$	\$
Trade and other payables				
Rates paid in advance	14	255,123	10,351	265,474
Adjustment to retained surplus from adoption of AASB 1058	26(b)		(10,351)	

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

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

25. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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

		2020 \$	2020 \$	
	Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income				
Revenue				
Rates	21(a)	3,280,013	26,635	3,306,648
Operating grants, subsidies and contributions	2(a)	2,280,790	0	2,280,790
Fees and charges	2(a)	645,404	0	645,404
Non-operating grants, subsidies and contributions	2(a)	923,396	0	923,396
Net result		(3,192,763)	26,635	(3,166,128)
Statement of Financial Position				
Trade and other payables	14	273,999	(26,635)	247,364
Net assets		125,639,518	26,635	125,666,153
Statement of Changes in Equity				
Net result		(3,192,763)	26,635	(3,166,128)
Retained surplus		(79,295)	26,635	(52,660)

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

(c) AASB 16: Leases

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

On adoption of AASB 16, the Shire will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 is 4.89%

	Note	2020 \$
Operating lease commitments at 30 June 2019 applying AAS 117		19,362
Lease liability recognised as 1 July 2019 discounted using the Shire's incremental borrowing rate of 4.89%	15(b)	19,362
Lease liability - current		5,051
Lease liability - non-current		14,311
Right-of-use assets recognised at 1 July 2019		19,362

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

Property, plant and equipment and lease liabilities increased by 19,362 on 1 July 2019 resulting in no impact on retained surplus.

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

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.
- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

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

26. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

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

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

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

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	9	22,125,291	(2,190,000)	19,935,291
Revaluation surplus	13	126,027,224	(2,190,000)	123,837,224

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

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

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

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			3,412,212
Adjustment to retained surplus from adoption of AASB 1058	25(b)	(10,351)	(10,351)
Retained surplus - 1 July 2019			3,401,861

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

	Note	Adjustments	2019 \$
Revaluation surplus - 30 June 2019			126,027,224
Adjustment to revaluation surplus from deletion of FM Reg 16	26(a)	(2,190,000)	
Adjustment to revaluation surplus from deletion of FM Reg 17	26(a)	0	(2,190,000)
Revaluation surplus - 1 July 2019			123,837,224

27. 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 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
Public Open Space	94,683	0	(94,683)	0
	94,683	0	(94,683)	0

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

28. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

30. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	7.61	4.89	3.77
Asset consumption ratio	0.75	0.79	0.82
Asset renewal funding ratio	0.81	N/A	1.54
Asset sustainability ratio	0.25	0.56	0.27
Debt service cover ratio	46.67	17.53	14.58
Operating surplus ratio	(1.00)	(0.98)	(1.02)
Own source revenue coverage ratio	0.39	0.41	0.40

The above ratios are calculated as follows:

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

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

29. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE Provide the greatest level of administrative support to all Council functions and activities as well as to elected members.</p>	<p>'Delivering administration services to elected members. Coordinating external audits of the Shire's finances and administrative processes. Administering and operating Council's facilities and services.</p>
<p>GENERAL PURPOSE FUNDING Provide a solid financial platform by good financial management in order to provide a level of services expected by electors.</p>	<p>Administering the Rates function, interest on investments and the receipt of grant funds.</p>
<p>LAW, ORDER, PUBLIC SAFETY Ensure residents enjoy a standard of living as free as possible from the threat of bushfires and public nuisance (eg dog attacks).</p>	<p>Assisting Volunteer Bushfire Brigades to prevent fire, preserve life and protect property. Registering of dogs and cats. Enforcing local laws and miscellaneous legislation.</p>
<p>HEALTH Maintain a high standard of health control for the benefit of residents by ensuring compliance with all relevant legislation and regular testing by health staff.</p>	<p>Managing rubbish disposal and controlling industrial emissions. Inspecting premises where food is prepared for or sold to the public and testing the food. Controlling mosquitoes and flies. Maintaining the Doctor's surgery in Coorow and subsidising GP services.</p>
<p>EDUCATION AND WELFARE Provide a range of services to protect the welfare of various segments within the community, including children and the aged, and assist local Community Resource Centres to offer limited education/training services to local residents.</p>	<p>Maintaining facilities as child minding centres, encouraging other parties to offer this service. Providing aged persons' accommodation. Contributing to Community Resource Centres.</p>
<p>HOUSING Provide and maintain a range of Shire owned residences to the Shire employees to encourage and retain high quality staff and management.</p>	<p>Renting properties to Shire employees. Maintaining an optimum mix of different properties to suit the Shire's future needs.</p>
<p>COMMUNITY AMENITIES Provide high quality community amenities (eg waste management and public conveniences) for use by both residents and visitors as well as manage the Town Planning Scheme to encourage and foster development within the Shire.</p>	<p>Managing the collection of rubbish and maintaining tips and transfer stations. Inspecting septic tanks. Providing public toilets and ablutions. Maintaining a coastal public cemetery and contributing financially to the Winchester cemetery. Administering and reviewing town planning and regional development. Protecting the coastal environment and maintaining urban stormwater drainage infrastructure.</p>
<p>RECREATION AND CULTURE Provide cost effective recreation and culture facilities of a high standard for use by residents and visitors and help ensure that the use of these facilities is maximised.</p>	<p>Administering and operating public halls and community centres. Administering and/or operating beaches, foreshores and the Coorow Swimming Pool. Administering and operating ovals, recreation centres and other sporting facilities. Providing boat ramp facilities, library services and limited radio rebroadcasting. Encouraging other cultural activities both to and within the Shire.</p>
<p>TRANSPORT Construct and maintain a high quality road network in an efficient manner, which is designed to meet the transport requirements of residents, local industry and visitors.</p>	<p>Constructing and maintaining streets, roads, parking facilities and footpaths. Maintaining the Shire works depots and the Leeman airstrip. Purchasing and maintaining road plant. Providing Police licensing services.</p>
<p>ECONOMIC SERVICES Provide support for local industry to encourage and foster economic development within the Shire and the Midwest Region.</p>	<p>Controlling vermin, noxious weeds and other flora and fauna pests. Promoting the Shire as a tourist destination. Operating and maintaining the Coorow Caravan Park and Milligan Island Camping Node. Administering building control legislation, including licensing of caravan parks. Administering and operating a water standpipes system in the Coorow Shire.</p>
<p>OTHER PROPERTY AND SERVICES Maintain the fleet of plant and equipment in good working order and provide additional income by utilising downtime to perform private works.</p>	<p>Producing income by providing Shire plant and labour for private works projects. Administering administration and public works overheads and plant operation costs. Administering the stock (materials in store) system.</p>