



Shire of
Katanning
Heart of the Great Southern



ANNUAL REPORT

2021 - 2022

Acknowledgement of Country

Ngala kaaditj noongar moort keyen kaadak nitja boodja.

The Shire of Katanning acknowledges the Goreng Noongar people as the traditional custodians of the land that we live and work on. We recognise their cultural heritage, beliefs, and continuing relationship with the land, and pay our respects to Elders past, present and emerging.

About the Annual Report

The Shire of Katanning is pleased to present the 2021-2022 Annual Report, which provides an account of the Shire's performance from 1 July 2021 to 30 June 2022.

As required by the Local Government Act 1995 and associated regulations the Annual Report for 2021/22 provides an overview of the operations, activities and major projects that have been completed by the Shire for that period or will continue to be completed in the coming financial year.



Shire of
Katanning
Heart of the Great Southern

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Katanning in Brief

Situated in the heart of Western Australia's Great Southern region, three hours southeast of Perth, Katanning is a vibrant country community founded on rural industries and home to over 40 nationalities.

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

The Shire of Katanning has 7 elected members and employs approximately 65 staff. Emphasis is placed on working together and recognising that every individual, regardless of the type of work they do, makes a valuable contribution to building a better community for Katanning.

The Shire of Katanning has undertaken several transformational projects in recent years including the redevelopment of the All Ages Playground, Piesse Park, visitor facilities, residential land development and community facilities.

Distance from Perth



283km

Population



4,057
(ABS, 2021, LGA)

Area



1,323
square km

Number of Electors



2,494
WA Electoral
Commission 2021

Number of Dwellings



1,682

Length of Unsealed Roads



255.3km

Length of Sealed Roads



528.4km

Total Rates Levied



\$4,405,051

Total Revenue



\$12,988,707

Number of Employees



58 FTE



President's Report



Welcome to the Annual Report 2021/2022. It has been my continued pleasure to work with the Shire of Katanning over the previous 12 months.

In undertaking our Community Strategic Planning, we first carried out a revision process of all we have achieved over the previous four years. The face of Katanning has changed significantly over the previous decade.

Many people have contributed to the success of our community and I acknowledge each and everyone of you; the staff of the Shire of Katanning past and present; elected members past and present, and the community, both individuals and groups who have embraced and assisted in improving our community.

In October 2021, the Shire welcomed three new Councillors - Michelle Salter, Adrian Edwards and Matt Collis. Cr Kristy D'Aprille was returned for a four year term. Thank you for making your time available to be part of Council and the leadership of our community. A heartfelt thankyou to retiring Councillors Owen Boxall, Danny McGrath, Ernie Menghini, Martin Van Koldenhoven and Mark Stevens, your passion and commitment to the rewarding task of being an elected member to the Shire of Katanning are very much appreciated.

We have been fortunate over the previous decade to be the recipient of some much needed funding to improve services and infrastructure. Apart from the very obvious upgrade of our parks and town centre, we have been working on a water strategy to ensure sustainability of supply to keep those parks green for the future.

The Piesse Park subdivision was completed and seven houses are now tenanted.

Continual additions to our housing stocks for both Independent Living Units and Key Worker housing are necessary to keep pace with demand.

To the residents and ratepayers of Katanning, we continue to work with you, and advocate on your behalf to ensure services and an environment that make our community a great place to live. Your Council are committed to achieving the best outcomes for all our volunteer and organisational groups. We value volunteers and have committed to our Community Grants Scheme for another year, this initiative allows Council to support many community groups. Events and tourism have continued to be a focus for the Shire and Community.

I would like to thank the CEO, Julian Murphy for his leadership and all staff for the work they have undertaken throughout the year, your efforts do not go unnoticed and are appreciated by Council and the wider community.

Thank you to Deputy President John Goodheart who continues to work hard for our community and provides excellent support. Councillors, thank you for your continual work in the community, representing the voice of our people.

We as an organisation take pride in our community, we can see the tangible differences we have made and continue to make to the quality of life for our community and the vibrancy of our Shire.

Liz Guidera
SHIRE PRESIDENT



Chief Executive Officer Report



The last year has seen the Shire of Katanning continue to adapt and change to meet the ongoing challenges faced by our local community.

In October 2021 Local Government Elections were held which saw three first time Councillors elected to Council. At this election, the Shire also reduced the number of elected members from 9 to 7. This was in response to the Local Government Act Review undertaken by the State Government which forecast mandatory reductions to Councillors numbers.

Council is now in a strong position to continue adapt as further legislative changes to Local Government are introduced by the State Government.

Some major community events were again impacted by COVID-19 restrictions including the Katanning Harmony Festival which had to be cancelled in 2022. Other events including the Katanning Agricultural Show, street food events and Main Street activation events were successfully run with strong community involvement.

This year Council purchased a second food van designed specifically for Driver Reviver events on long weekends. This van was bought with funding from the Federal Government and Council has established a relationship with the Rotary Club of Katanning to operate the Driver Reviver van from the All Ages Playground.

Progress was made towards the completion of the design of the Katanning Early

Childhood Hub along with negotiations with potential long term tenants of the Hub. Council will look to go to market for construction by mid 2023.

This year saw the completion of the Piesse Lake Subdivision and the construction of 7 new houses for community use. The release of land is expected in early 2023 which will go some way to meeting demand for new land and houses.

The Shire continued to work closely with our neighbouring local governments through the Southern Link VROC and in tourism promotion through Great Southern Treasures. These valuable relationships provide a benefit to the community by sharing resources and ideas across the region.

The Shire has built on its already strong relationship with the Katanning Hub CRC and the Katanning Regional Business Association to jointly deliver training, marketing and capacity building initiatives to the local community.

Thank you to the Staff of the Shire of Katanning for their effort and dedication to meeting the demands of their roles in often difficult and challenging times.

I would also like to thank the President Liz Guidera and the Council for their ongoing support of me and our Staff. We have a strong cohesive team which I am proud to be a part of.

Julian Murphy
CHIEF EXECUTIVE OFFICER



Our Vision

“Katanning is a safe, sustainable, and prosperous community.
We respect and celebrate our diverse culture.”

Our Values



LEADERSHIP AND ACCOUNTABILITY

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



COLLABORATION

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



INCLUSIVE & REPRESENTATIVE

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



RESPECT

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



SAFETY

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



Our Organisation

Executive Management Team



Julian Murphy
Chief Executive Officer

Governance
Economic Development
Community Relations
Human Resources
OSH & Risk



Denise Gobbart
Executive Manager Corporate & Community

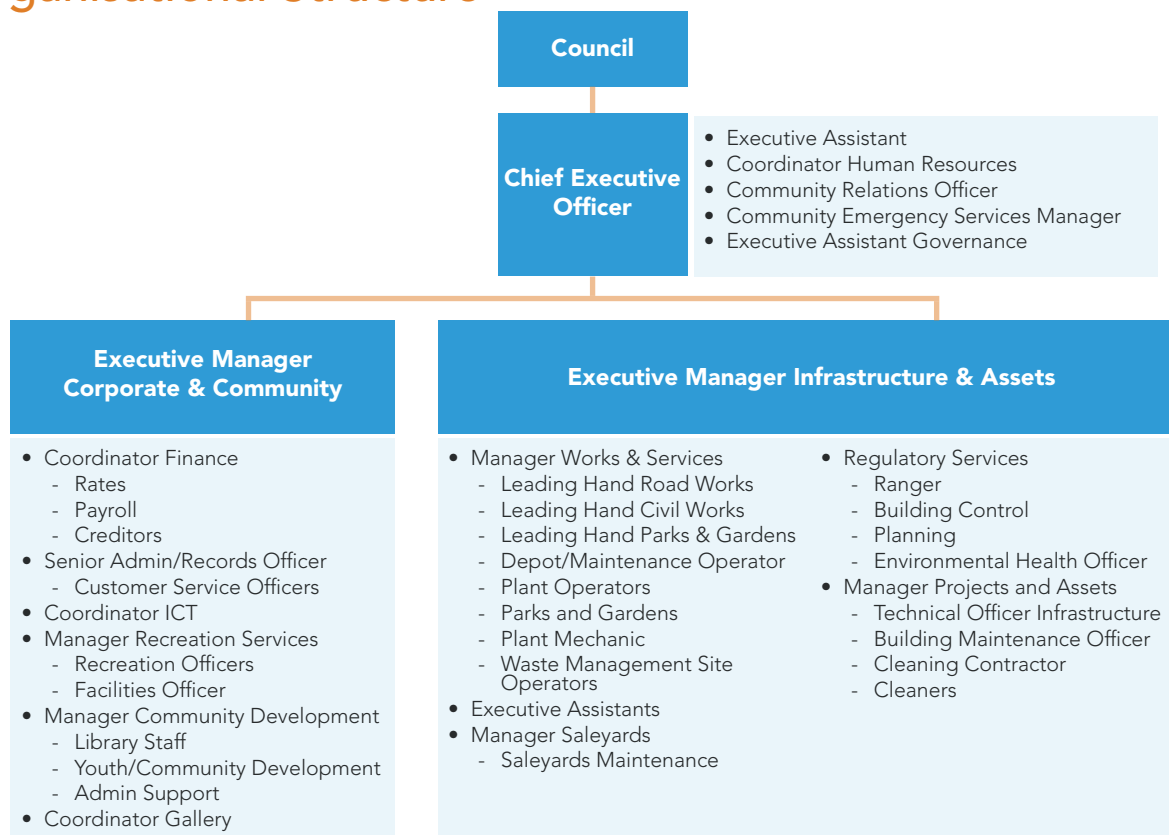
Corporate Services
Finance & Administration
Recreation Services
Community Development
Library & Gallery



Samuel Bryce
Executive Manager
Infrastructure & Assets

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

Organisational Structure



About Council

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

Local government ordinary elections are held on the third Saturday in October every two years. The next local government ordinary elections will be held on 21 October 2023. At the 2021 elections the Shire of Katanning reduced the number of elected members from 9 to 7.



Cr Liz Guidera
Shire President

Term expires: 2023



Cr Kristy D'Aprile
Councillor

Term expires: 2025



Cr Serena Sandwell
Councillor

Term expires: 2023



Cr Michelle Salter
Councillor

Term expires: 2025



Cr John Goodheart
Deputy Shire
President

Term expires: 2023



Cr Matt Collis
Councillor

Term expires: 2023



Cr Adrian Edwards
Councillor

Term expires: 2025

Councillor Demographics



Gender

Female: 4
Male: 3



Linguistic Background

English: 7



Country of Birth

Australia: 7



Age Profile

35 - 44 years: 3
45 - 54 years: 1
55 - 64 years: 1

55 - 64 years: 1
65+ years: 2



Aboriginal or Torres Strait Islander

None

Councillor Meeting Attendance

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

The number of Council meetings held during the year ended 30 June 2022 and the numbers of those meetings attended by each Elected Member is as follows:

| COUNCILLOR | ORDINARY COUNCIL (11) | SPECIAL COUNCIL (5) | ANNUAL ELECTORS (1) | COMMITTEE MEETINGS (4) | TOTAL (21) |
|---|-----------------------|---------------------|---------------------|------------------------|------------|
| Cr Liz Guidera (Shire President) | 11 | 4 | 1 | 1 | 17 |
| Cr John Goodheart (Deputy Shire President) | 11 | 5 | 1 | 3 | 20 |
| Cr Kristy D'Aprile | 10 | 4 | 1 | 4 | 19 |
| Cr Serena Sandwell | 9 | 4 | 1 | 4 | 18 |
| Cr Michelle Salter (elected Oct 2021) | 6 | 2 | 0 | N/A | 8 |
| Cr Adrian Edwards (elected Oct 2021) | 7 | 2 | 1 | 1 | 11 |
| Cr Matt Collis (elected Oct 2021) | 8 | 3 | 1 | 3 | 16 |
| Cr Danny McGrath (ceased Oct 2021) | 3 | 2 | N/A | N/A | 5 |
| Cr Ernie Menghini (ceased Oct 2021) | 2 | 1 | N/A | N/A | 3 |
| Cr Mark Stephens (ceased Oct 2021) | 2 | 1 | N/A | N/A | 3 |
| Cr Owen Boxall (ceased Oct 2021) | 3 | 2 | N/A | N/A | 5 |
| Cr Martin Van Koldenhoven (ceased Oct 2021) | 3 | 2 | N/A | N/A | 5 |

Community Highlights 2021 - 2022

July 2021

Mid-year school holidays saw a lot of fun activities around town, including free winter movies at the Town Hall, arts and crafts at Katanning Library and an array of sports at the Katanning Leisure Centre. International Comedy Hypnotist, Matt Hale, came to Katanning Town Hall, hypnotising volunteers with hilarious (but tasteful!) consequences as their imaginations hit turbo.



August 2021

Katanning had its first Winter Wrap Up festival to showcase the new Meet Me in Katanning tourism brand, with a series of events including: Dinner at the Saleyards, All Day Buffet at Ikhwan Foodvan, Farmer's Markets and the Winter Wrap Up Catch Up at the Shearing Shed. Many flocked to enjoy some heart-warming meals and live entertainment at the final event.



September 2021

Katanning became a hub of activity for the 2021 Great Southern Treasures' Bloom Festival in September with the long-awaited return of Concert in the Park featuring Murphy's Lore. Crowds came out to enjoy a family fun day of live bands, food vans and market stalls. The Katanning Art Gallery held the From Ocean to Sky art exhibition by Annarine Chapman followed by the Bloom Festival art exhibition later in the month. Katanning Youth performed Harry Potter and The Obnoxious Voice by Jeanette Jaquish at Katanning Town Hall.



October 2021

On 16 October 2021 the Local Government Elections were held which saw the number of Councillors reduce from 9 to 7 with 5 of those positions filled at the election. A Special Council Meeting was held on 19 October 2021 for the newly elected Councillors to make a declaration of office in front of a Justice of the Peace. The Shire of Katanning Council then re-elected Cr Liz Guidera as President for a further two-year term and re-elected Cr John Goodheart as Deputy President.



October 2021

The WAMMCO International 130th Katanning Agricultural Show organised by the Katanning Agricultural Society was a community favourite with visitors coming from all across the state. School holiday programs wrapped up with art workshops and baking activities.

November 2021

The Shire of Katanning held a Festival of Ideas at the All Ages Playground, a family-fun day where the community came out and shared their ideas for the future of Katanning for the next Strategic Community Plan.



December 2021

Christmas season was upon Katanning as the town became a hub for several Christmas events such as the Twilight Markets on Clive Street (formally Christmas on Clive), Christmas Lunch for Seniors and Carols by Candlelight in Katanning Town Square. Other events included the Thank a Volunteer Day Dinner and school holiday fun activity of laser tag with Katanning Police.



January 2022

Summer school holiday programs began around town with activities such as mural painting, crafts at the Katanning Library, sports at the Katanning Leisure Centre, first-aid courses for Katanning Youth, free passes to the Katanning Aquatic Centre and more. Two Movie in the Park events were held at the All Ages Playground for a fun night under the stars.



The Katanning community came together for a free barbeque breakfast put on by the Lions Club of Katanning on Wednesday 26 January 2022 at the Lions Park. The formal proceedings were hosted by Shire President Liz Guidera. Residents received their Australian Citizenship and presentations were made to announce the winners of the Citizen of the Year and Community Long Service Awards followed by local guest speaker, Peter Kerin.



Community Highlights 2021 - 2022

February 2022

As the State Government's COVID-19 Restrictions started to increase, the community came together safely enjoy an evening at Concert in the Park, a free outdoor concert featuring Landslide. More COVID-safe outdoor community events were two more Movies in the Park events at the All Ages Playground and Waitangi Day Katanning which was a family-friendly day to celebrate New Zealand in our multicultural town.



March 2022

Level 2 State Government COVID-19 Restrictions came into place early in the month which resulted in the second cancellation of the main day of the Katanning Harmony Festival due to COVID-19. The community were encouraged to show their support for the continuing Friday Food Night of the festival with updated restrictions to keep everyone safe.

A large-scale mural by acclaimed Noongar artist Peter Farmer Jnr was completed on the side wall of Style & Leaf Co which recognises and celebrates the Noongar story; past, present & future that connects the community to country.



April 2022

School holiday activities were back with an array of fun programs such as potted flower workshops, cupcake decorating, button and Easter crafts, stem kits, sports activities and a Youth Week event.



May 2022

The Taste Great Southern festival started in Katanning featuring several events celebrating fresh local food, boutique wines and the amazing flavours of the Great Southern. Events were Alep's Aussie Malay Buffet with the Daily Grind Cafe, Kaat-nyiny Yorga Yarning (Katanning Woman Story) with Jeert Mia Aboriginal Corporation and Six Seasons on a Plate which was a Noongar Six Seasons degustation with the Badgebup Aboriginal Corporation, Fervor and Gypsy Kitchen by the Shire of Katanning.





May 2022

The Revitalisation & Activating Clive Street Project activities started with a Community Planting Day which saw colourful planter pots placed along the retail strip of Clive Street. The which is expected to complete early 2023, is being delivered by the Shire of Katanning in partnership with the Foundation for Rural and Regional Renewal (FRRR) and RAC through its Reconnect WA initiative, which aims to create vibrant streets and public spaces for Western Australians to interact and connect with each other.

June 2022

The complex and endearing artwork of Outback Blues proved to be a popular exhibition at the Katanning Art Gallery. The miniature full-detail display models by Kukerin artist, Ken Lane, were created to tell a story about people living and working in the early 1800s until 1920 in the outback of Western Australia.



Grants Received

The Shire received grants funding totalling over \$5,371,495 during the reporting period.

| Name of Grant/Source | Amount |
|---|--------------------|
| General Purpose Grant / WA Local Government Grants Commission | \$2,146,728 |
| Untied Road Grant / WA Local Government Grants Commission | \$746,151 |
| Supertown Heritage Centre Project / Department of Primary Industries & Regional Development | \$180,572 |
| Great Southern Aged Accommodation Project / Department of Infrastructure, Transport, Regional Development & Communication | \$194,217 |
| Local Government Grants Scheme / Department of Fire and Emergency Services | \$35,068 |
| Youth Support Services / Department of Communities | \$36,399 |
| Thank a Volunteer Day Grant / Department of Communities | \$1,000 |
| Community Capacity Building Project / Lotterywest | \$160,000 |
| Indigenous Governance / Great Southern Development Commission | \$3,387 |
| Harmony Festival / Tourism Western Australia | \$7,000 |
| Harmony Festival / Albany Southern Ports | \$1,818 |
| Harmony Festival / Office of Multicultural Interests | \$5,000 |
| Harmony Festival / Healthway | \$5,000 |
| Country Local Government Fund Regional Landfill and Transfer Stations Project / Department of Primary Industries & Regional Development | \$40,736 |
| Regional Sports Event Fund Katanning Country Club / Sports Australia | \$3,800 |
| Public Regional Galleries Relief Fund / Art on the Move | \$25,700 |
| Local Government Heritage Consultancy / Department of Planning, Lands & Heritage | \$20,000 |
| Kids Adventure Club / Department of Local Government, Sport & Cultural Industries | \$5,000 |
| Sports Engagement & Inclusion Program / Department of Health | \$38,138 |
| Roads to Recovery / Department of Infrastructure, Transport, Regional Development & Communication | \$440,368 |
| Regional Road Group Funding / Main Roads WA | \$286,860 |
| Direct Grant Funding / Main Roads WA | \$131,070 |
| Regional Airports Development Scheme / Department of Transport | \$43,500 |
| Destination Development / Department of Primary Industries & Regional Development | \$30,000 |
| Local Roads & Community Infrastructure Phase 1 & 3 / Department of Infrastructure, Transport, Regional Development & Communication | \$668,443 |
| Vibrant Katanning / Foundation for Rural & Regional Development | \$15,540 |
| Revitalise & Activate Clive Street Project / RAC WA Holdings | \$56,000 |
| Great Southern Treasures / Tourism Western Australia | \$15,000 |
| Great Southern Treasures / Great Southern Regional Development Australia | \$18,000 |
| Great Southern Treasures / Healthway | \$5,000 |
| Great Southern Treasures / Lotterywest | \$3,000 |
| TOTAL | \$5,371,495 |

Major Assets

Katanning Saleyards

| 2021/22 Actual | | 2021/22 Budget | | 2020/21 Actual | |
|----------------|-------------|----------------|-------------|----------------|-------------|
| Revenue | Expenditure | Revenue | Expenditure | Revenue | Expenditure |
| \$555,834 | \$1,442,282 | \$855,025 | \$1,24,946 | \$761,188 | \$1,418,947 |

Sheep numbers were dramatically reduced from previous years contributing to reduced revenue from yarding fees and truck wash charges. Expenditure was higher than budget with increased cost on cleaning and compliance.



Katanning Leisure Centre

| 2021/22 Actual | | 2021/22 Budget | | 2020/21 Actual | |
|----------------|-------------|----------------|-------------|----------------|-------------|
| Revenue | Expenditure | Revenue | Expenditure | Revenue | Expenditure |
| \$269,186 | \$1,482,249 | \$237,300 | \$1,636,448 | \$312,773 | \$1,564,786 |

The first half of the year saw COVID-19 restrictions reimposed by the State Government limiting functions and sporting events with the Basketball Season cut short and finals not being played. The second half of the year saw most COVID-19 related restrictions lift, with this revenue increased, with associations operating at full capacity. Centre hosted activities increased in the last quarter of the year, during higher patronage and a growth in entry fees. This has had a renewed interest in group fitness classes, children, and social sport programs.



Road Infrastructure

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

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

| Road and Work Completed | 2021/22 Actual | 2021/22 Budget |
|---|--------------------|--------------------|
| Synnott Avenue – reseal 0.43km | \$45,000 | \$45,000 |
| Fairfield Road – reconditions shoulders, drainage & repair seal edges | \$276,405 | \$174,653 |
| Warren Road – reconstruct & widen crest 2.1km | \$236,495 | \$220,442 |
| Bibiking Road – resheet 4.8km | \$126,484 | \$125,888 |
| South Marracoonda Road – resheet 5.67km | \$126,484 | \$132,485 |
| Punchmirrup Road – reseal 4.41km | \$90,000 | \$90,000 |
| Cullen Street – repair & reseal 0.7km | \$91,291 | \$120,000 |
| Curlew Street – resheet 1.36km | \$29,384 | \$96,561 |
| Mills Street – resheet 1.37km | \$54,182 | \$96,057 |
| Tree Street – resheet 0.35km | \$8,954 | \$49,885 |
| Warren Road – stabilise, widen, reseal 20.21 C/F | \$5,255 | \$5,225 |
| Clive Street – repair & resurface with asphalt 20.21 C/F | \$22,140 | \$30,511 |
| Fairfield Road – widening, drainage & repair sealed edges 20.21 C/F | \$33,858 | \$29,154 |
| Rogers Avenue – drainage, shoulders & kerbing | \$120,310 | \$89,946 |
| Coate Street – drainage & seal | \$63,852 | \$78,783 |
| Emu Lane - Resurfacing | \$80,815 | \$97,600 |
| TOTAL | \$1,430,109 | \$1,482,190 |



Community Grants Program

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

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

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

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

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

In 2021/22, Council budgeted \$34,000.00 ex GST for the Community Grants Program. The program awarded \$33,818.18 ex GST to local community groups.

The following donations were awarded in the 2021/22 financial year:

| Amount | Recipient | Purpose |
|---|--|--|
| \$15,818.18 ex GST | Katanning Croquet Club | Katanning Club Croquet Shed |
| \$8,000.00 ex GST | Katanning & Districts Pool Association Inc | Pool Hall Revamp Project |
| \$10,000.00 ex GST (Triennium Grant) | Katanning Historical Society (2021-22, 2022-23 & 2023-24) | Building Maintenance, Upgrades & Purchase of Display Equipment |

Strategic Community Plan

All local governments in Western Australia are required to prepare a plan for the future under S5.56 (1) of the Local Government Act 1995.

The minimum requirements of the plan for the future are set under the Local Government (Administration) Regulations 1996, which requires the development of a Strategic Community Plan and Corporate Business Plan.

These documents are delivered through Integrated Planning and Reporting Framework to ensure greater level of community input and effective delivery of the local government's strategic intentions.

During the 2021-22 period, the Shire of Katanning undertook a major review of the Strategic Community Plan following extensive community consultation and the outcomes of that process have informed the Strategic Community Plan 2022 – 2032.

The Shire of Katanning Strategic

Community Plan 2022 – 2032 was adopted by Council at the Ordinary Council Meeting held on 24 March 2022.

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

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

The diagram below highlights the components of the framework:

COMMUNITY ENGAGEMENT

**STRATEGIC
COMMUNICATION
PLAN**

**CORPORATE
BUSINESS
PLAN**

**ANNUAL
REPORT**

MEASUREMENT AND REPORTING

**OUTPUTS: PLAN
MONITORING AND
ANNUAL REPORTING**

INFORMING STRATEGIES

- FINANCE • WORKFORCE • ASSETS
- SERVICES • ISSUE SPECIFIC STRATEGIES

Element of the Integrated Planning Framework (Source: DLGSC)

Our Aspirations



SOCIAL

Katanning is a vibrant, active place that encourages its community to thrive.

We will aim to provide access to services and support to all members of the community to create a safe, connected and cherished place to live, learn, work and play.



ECONOMIC

Katanning is an economic hub of the Great Southern region, offering a range of employment and business opportunities.

We will strive to facilitate the sustainable growth and development of our population and economy.



BUILT ENVIRONMENT

Katanning is a beautiful, well serviced place that invites people to stay.

We will work to provide our community with the services, infrastructure and facilities that meet its needs.



CULTURAL

Katanning is a place for everyone from all walks of life.

We will acknowledge, celebrate and respect all cultures of our diverse community.



NATURAL ENVIRONMENT

Katanning is a sustainable community with a healthy natural environment.

We will work to preserve and enhance our natural environment for current and future generations.



LEADERSHIP

Katanning is an inclusive and respectful community.

We will support and advocate for our community to make Katanning a prosperous, safe and welcoming community.



Corporate Business Plan

Annual Highlights

Social

S1 – A capable, vibrant, healthy and connected community

S1.1 Provide sport, recreation and leisure opportunities that contribute to the health and wellbeing of our growing and diverse community.

Construction of free use outdoor basketball court at Prosser Park.

The Shire runs a range of community programs at the Katanning Leisure Centre (KLC) including School Holiday Program's, Seniors Activities - Pingo, Quiz, Autumn Club, Carpet Bowls, Senior Gym, Seniors Exercise Groups – weekly & monthly, Group Fitness Programs, Social Badminton & Rollerblading Evenings.

The Katanning Leisure & Function Centre provides free meeting rooms for Club Committee Meetings to facilitate club development, clubs/groups utilising the facilities have been Katanning Netball Association, Katanning Equestrian Association, Great Southern Merino Sheep Breeders Association, Olympians Netball Club & Allstars Netball Club.

In-kind contributions towards the use of the facilities and equipment has been provided to community groups. Community use of the Function Centre continues with commercial/government and private facilities hire.

S1.2 Optimum quality of life for all citizens with access to health and other support services that meet the needs of our community.

Funding received from Lotterywest for \$280,000 for the Community Capacity Building Project.

Strategic Community Plan - Talk to Me Katanning launched September 2021.

Meetings convened with the Katanning Noongar Leadership Group.

DAIP report submitted.

Shire President and CEO held meetings with various government agencies including Communities, Housing, WA Country Health and Education to lobby for improved services in Katanning.

S1.3 Ensure access to art, culture and learning opportunities.

Noongar Cultural training undertaken by Staff and Councillors.


Katanning Mural Art project. 5 artists were selected to provide concepts, for a mural on Clive Street with Peter Farmer Jnr awarded the final commission.

Katanning Arts Inc artists completed a mural at Katanning Aquatic Centre

The Katanning Public Art Gallery held a number of exhibitions throughout the year.

Library school holiday programs.

Arts and Craft Youth programmes held at the Katanning Library.



Katanning is a vibrant, active place that encourages its community to thrive.

We will aim to provide access to services and support to all members of the community to create a safe, connected and cherished place to live, learn, work and play.

S2 – A safe community

S2.1 Strive for a community where people feel safe and secure at all times.

The Shire provides Ranger Services to maintain dog and animal control, fire mitigation and other regulatory services.

Ongoing upgrades and improvements to Katanning's CCTV network.

The Shire undertook a number of programmes to provide support and information to the community in response to Covid19.

Ongoing liaison with senior officers from Police and, Fire and Emergency Services regarding safety and security in Katanning.

S3 – A resilient, engaged community with a strong sense of pride

S3.1 Build a unified community that embraces its uniquely diverse cultural make up.

School holidays activities including Mandala Art workshop, Stand up Paddle Board, Pizza and brownie making and Tie Dye workshops.

Reconciliation Action Plan – establishment of Noongar Community working group members.

Ongoing support and funding for the Katanning Fly Your Flags project.

Programs were run throughout the year to build greater understanding and connection with CaLD communities.

S3.2 Build social resilience through providing diverse options for participation and engagement.

Participation by Councillors and Staff in Community engagement and awareness activities.

Additional funding received from Lotterywest for the Early Childhood Hub Project.

School holiday programs.

Built Environment

B1 – Infrastructure that meets community needs

B1.1 Sustainably manage current and future assets and infrastructure.

Improvements to parking and security at the Friends of Piesse Park.

Implementation of Fire Safety requirements and recommendations contained in the Bushfire Management Plan, including the installation of an emergency water supply tanks.

Council provides funding allocations and maintains cash backed reserves for the maintenance and development of assets to support the implementation of the Shire of Katanning Asset Management Strategy and long term asset plans.

Ongoing liaison with Main Roads WA regarding funding and management of

local roads including participation with the Great Southern Regional Road Group.

Council agreed to provide a self-supporting loan to the Katanning Country Club to help facilitate the upgrade of their facilities.

B1.2 Provide Council facilities that meet community need.

Council maintains a range of community facilities including the Town Hall, Regional Sheep Saleyards, Katanning Leisure Centre, Aquatic Centre, sporting facilities, parks and reserves, public spaces, Library, Art Gallery and community facilities.

Various infrastructure improvements utilising funds from the Federal Local Roads and community Infrastructure program including park and footpath upgrades.



Katanning is a beautiful, well serviced place that invites people to stay.

We will work to provide our community with the services, infrastructure and facilities that meet its needs.



B2 – Places for the community to live, work and connect

B2.1 Enhance Public Realm.

The following projects have been progressed or completed:

- Bokarup Street Pedestrian Bridge and Footpaths Upgrade
- Austral Terrace Footpaths Upgrade
- Clive Street Footpaths Upgrade
- Street Lights installed at corner of Warren Road and Marmion Street

B.2.2 Facilitate and encourage housing options, spaces for local service delivery and recreation.

Completion of 30 lot subdivision at Piesse Lake and 7 new dwellings for key worker accommodation and seniors independent living units.

Natural Environment

N1 – A community and Council that are environmentally aware and engaged

N1.1 Promote environmentally friendly action.

Councillors and Staff participated in Regional Drought Resilience Planning.

The Shire of Katanning supports the activities of Katanning Landcare. They continue to provide sound advice to the Shire on land care related issues and areas where improvements can be made.

Council has provided access to facilities for Katanning Environmental and the Friends of Piesse Park to support their volunteers in caring for the environment.

N1.2 Increase action on waste management and sustainable packaging.

Support for Katanning Environmental and the Containers for Change Program.

Council reviewed and renewed its kerbside waste and recycling contract.

N1.3 Incorporate sustainability as a key consideration in Council Planning.

Ongoing development of sustainable energy solutions for Council managed facilities





Katanning is a sustainable community with a healthy natural environment.

We will work to preserve and enhance our natural environment for current and future generations.

N2 – A high level of biodiversity and healthy ecosystems

N2.1 Enhance the Level of biodiversity and condition of ecosystems

In collaboration with the Lake Ewlyamartup Working Group, manage the weir system to create a cleaner waterway and habitat for flora and fauna. Warren Road and Marmion Street

Continued to work with the Friends of Piesse Park on the management and custodianship of parkland and waterways.

N3 – A strong sense of community ownership and pride for the natural environment

N3.1 Encourage the community to feel proud of and take ownership of public spaces.

Councillors and Staff participated in the opening of Lakeside Eco Centre on 25 February 2022.

Council updated Bushfire and Operational Procedures.

Continued to work with the Friends of Piesse Park on the management and custodianship of parkland and waterways.

Economic

E1 – Local business and industry is resilient, growing

E1.1 Encourage new avenues to upskill and create employment opportunities for our diverse community.

Driver Reviver Trailer Project launched, providing a second mobile food trailer for hire to the local community for events and catering.

E1.2 Develop local business and encourage start-ups.

Business Support training provided in Tour Guide Development, Merchandising, Bookkeeping, Social Media and Product Placement as a part of the Destination Development Project.

Support for Katanning Regional Business Association Online Business Directory.

E1.3 Contribute to the vibrancy and success of the CBD.

Revitalise and Activate Clive St project commenced with funding received from RAC.

E2 – A great place to live and visit

E2.1 Strengthen the local tourism sector.

Ongoing participation in the Great Southern Treasures tourism organisation. Destination Development Project: Noongar pilot tour conducted.

Ongoing promotion of the new 'Meet me in Katanning' brand and associated collateral.

E2.2 Provide and support local and regionally significant events that have both positive economic and social benefits.

Destination Development Project, Six Seasons On A Plate, Goreng Boodja Merintj Dinner held as part of the Taste Great Southern Events Program.

Council supports the Katanning Agricultural Show through the provision of funding and in kind-support

E2.3 Ensure a positive town identity and branding that promotes Katanning and enhances community pride.

Support and promotion of Katanning Agricultural Show.

Support for Katanning Regional Business Association Christmas Markets events.



Katanning is an economic hub of the Great Southern region, offering a range of employment and business opportunities.

We will strive to facilitate the sustainable growth and development of our population and economy.



E3 – Sustainable economic and population growth

E3.1 Raise Katanning's profile as a centre of excellence in the area of agriculture and associated industries.

The Shire of Katanning continued to operate the Katanning Regional Sheep Saleyards and undertake ongoing improvements to the facilities.

E3.2 Continue to build Katanning's reputation as a strategic sub-regional service centre and economic hub.

Council continued to lobby for the maintenance and improvement of key services including education, health, housing and community safety.

E4- - A culture of learning

E4.1 Develop Katanning's reputation for providing quality education for all levels of learning such that it attracts and retains people.

Ongoing development of the Katanning Early Childhood Hub Project.

Ongoing collaboration and supported provided to the Early Years Initiative including attendance at meetings.



Leadership

L1 – An inclusive community, recognised as a great place to live and visit

L1.1 Operate with high ethical and professional standards, being open, transparent and responsive to the community and other stakeholders.

MARKYT Community Scorecard survey undertaken and results received.

The President and CEO facilitated regular Local Emergency Management Committee Meetings via video link during Covid19.

Annual electors Meeting held on the

Councillors and staff attended meetings of the Great Southern Zone of WA Local Government Association (WALGA).

L1.2 Provide effective leadership and good governance.

Councillors regularly meet with Federal and State representatives to promote the interests of the Katanning Community.

Elected members undertook mandatory Council Member Essentials training

Council meetings were held each month.

Council policies are reviewed and updated on an annual basis.





Katanning is a sustainable community with a healthy natural environment.

We will work to preserve and enhance our natural environment for current and future generations.

L2 – A collaborative, progressive and resilient local government which is sustainably resourced

L2.1 Optimise use of Shire resources, improve organisational systems.

Council has worked collaboratively with neighbouring local governments to deliver shared services in the areas on Emergency Management, Tourism, mosquito control.

Council reports at each monthly Council Meeting on Financial Activity and payment of Accounts.

Katanning is a place for everyone from all walks of life.





Katanning is a place for everyone from all walks of life.

We will acknowledge, celebrate and respect all cultures of our diverse community.

Cultural

C1 – To improve our understanding of all cultures in our diverse community.

Staff participation and engagement in the Reconciliation Action Plan.

C2 – To acknowledge and respect the past, present and future Aboriginal and Torres Strait islander community.

Consultation session held with Noongar community regarding the Piesse Park Noongar Story project.

C3 – To be a welcoming and inviting place for all cultures – existing and future.

Senior Staff, Councillors and conferees attended Citizenship Ceremonies held prior to Ordinary Council Meetings at the Shire Council Chambers.

C4 – To support the community to have safe spaces to share, connect and celebrate culture.

The Shire of Katanning recognises and celebrates diversity and provides regular opportunities for Community participation through public festivals and events.

Compliance

National Competition Policy

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

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

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

Freedom of Information

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

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

One (1) Freedom of Information enquiry was processed during the 2021-2022 period.

State Records Act

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

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

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

Minimum Compliance Requirements:

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

1. The efficiency and effectiveness of the organisation's record keeping system is evaluated not less than once every 5 years.
2. The organisation conducts a record keeping training program.
3. The efficiency and effectiveness of the record keeping training program is reviewed from time to time.
4. The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's record keeping plan.

The Shire has complied with Items 1 to 4.



Disability Access and Inclusion Plan (DAIP)

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

People with disabilities represent a significant section of the Katanning community. According to the Disability Services Commission (Disability Services Commission website, 2004) the number of people living in the Shire of Katanning who have a disability is 17.8% of the total population. This represents almost one in five people or approximately 900 people. Given that Katanning is also a

regional service provider for the Shire's of Broomehill, Woodanilling, Dumbleyung, Kojonup, Gnowangerup, and Kent it can be estimated that the number of people with Disabilities for whom the Shire of Katanning provides services and facilities is significantly higher than 1000.

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

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

In 2021-2022 the following Shire initiatives contributed towards the Achievement for the DAIP outcomes which address seven desired outcomes:

| Outcome | Action |
|--|--|
| 1. General Services and Events: People with disability have the same opportunities as other people to access the services of, and any events organised by, a public authority. | <ul style="list-style-type: none">• The library activities are fully accessible.• All Abilities Program which uses modified sporting activities to enable people with a disability to participate.• Clive and Synott Streets have been upgraded and added new ramps and pathways.• Bokarup Street has been upgraded adding a new bridge to ensure safety and installed ramps for accessibility in front of our local childcare facility• An all-access basketball court was created at Prosser Park. |

| Outcome | Action |
|---|--|
| 2. Building and Facilities: People with disability have the same opportunities as other people to access the buildings and other facilities of a public authority. | <ul style="list-style-type: none"> • Art gallery installed new automatic doors • The old Shire building, now a community facility has been made fully accessible with electric automatic doors and ramps. • Upgrades to Austral Terrace by adding safer pathways and ramps for better access. New lighting was also added for safety precautions. • Upgrade of Amherst Street Village, accessibility and usability for aged residence. • Piesse Park Housing Development, four new accessible houses built. |
| 3. Information and Communication: People with disability receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it. | <ul style="list-style-type: none"> • Shire provides large print information, to make easier for people to read. • Fire evacuation maps are done to accommodate colour blindness with the 'You Are Here' symbols. • Fitness time planners are provided in large font when requested. |
| 4. Quality of Service: People with disability receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority. | <ul style="list-style-type: none"> • Staff provide assistance where needed to ensure all customers have equal access, assistant dogs are allowed and welcomed in the facilities. |
| 5. Complaints and safeguarding: People with disability have the same opportunities as other people to make complaints to a public authority. | <ul style="list-style-type: none"> • All facilities display yellow complaint forms, assistance to complete is provided if needed. |
| 6. Consultation and Engagement: People with disability have the same opportunities as other people to participate in any public consultation by a public authority. | <ul style="list-style-type: none"> • The Shire of Katanning engages with other agencies within the community to ensure we are catering for people with disabilities within Katanning. |
| 7. Employment, People and Culture: People with disability have the same opportunities as other people to obtain and maintain employment with a public authority. | <ul style="list-style-type: none"> • The Shire has an EEO policy in place. • The Shire of Katanning has employed officers with physical disabilities. |

Employee Remuneration Disclosure

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

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

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

| Salary Range | Employees |
|-----------------------|-----------|
| \$130,000 - \$139,999 | 1 |
| \$140,000 - \$149,999 | 0 |
| \$150,000 - \$159,999 | 0 |
| \$160,000 - \$169,999 | 1 |
| \$170,000 - \$179,999 | 0 |
| \$180,000 - \$189,999 | 1 |
| TOTAL | 3 |

The background of the page features a large, mature tree with thick, textured bark. Two young children are climbing a large, horizontal branch of the tree. The child on the left is wearing a black shirt and blue shorts, while the child on the right is wearing a white shirt with a colorful pattern and pink shorts. They are both smiling and looking towards the camera. The ground is dry and sandy, and there are other trees in the distance under a clear sky.

Public Interest Disclosures

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

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

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

Complaints Register

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

No complaints were lodged against elected members during the 2021-2022 period.





Shire of
Katanning
Heart of the Great Southern



ANNUAL FINANCIAL REPORT

2021 - 2022

SHIRE OF KATANNING
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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The Shire of Katanning conducts the operations of a local government with the following community vision: A prosperous, vibrant and diverse community working together.

Principal place of business:
52 Austral Terrace
KATANNING WA 6317

**SHIRE OF KATANNING
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

The attached financial report of the Shire of Katanning for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Katanning at 30 June 2022 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 13th day of December 2022



Julian Murphy
Chief Executive Officer



SHIRE OF KATANNING
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

| | NOTE | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|---|------------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Rates | 30(a),2(a) | 4,405,051 | 4,408,586 | 4,183,680 |
| Operating grants, subsidies and contributions | 2(a) | 4,545,187 | 2,444,287 | 3,017,100 |
| Fees and charges | 24(c),2(a) | 1,753,714 | 1,928,977 | 1,898,321 |
| Interest earnings | 2(a) | 82,692 | 99,830 | 96,415 |
| Other revenue | 2(a) | 328,590 | 255,722 | 518,396 |
| | | 11,115,234 | 9,137,402 | 9,713,912 |
| Expenses | | | | |
| Employee costs | | (4,014,132) | (4,448,913) | (4,170,244) |
| Materials and contracts | | (3,402,363) | (3,701,554) | (2,062,168) |
| Utility charges | | (482,583) | (495,617) | (469,304) |
| Depreciation | 10(a) | (6,132,001) | (5,657,103) | (6,155,466) |
| Finance costs | 2(b) | (122,207) | (121,376) | (131,882) |
| Insurance | | (394,137) | (384,439) | (344,779) |
| Other expenditure | 2(b) | (446,131) | (340,543) | (310,211) |
| | | (14,993,554) | (15,149,545) | (13,644,054) |
| | | (3,878,320) | (6,012,143) | (3,930,142) |
| Non-operating grants, subsidies and contributions | 2(a) | 1,561,068 | 1,207,092 | 7,065,319 |
| Profit on asset disposals | 10(d) | 110,877 | 142,601 | 336,773 |
| Loss on asset disposals | 10(d) | (815,454) | (10,400) | (279,984) |
| | | 856,491 | 1,339,293 | 7,122,108 |
| Net result for the period | 24(b) | (3,021,829) | (4,672,850) | 3,191,966 |
| Other comprehensive income for the period | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes in asset revaluation surplus | 17 | 5,717,461 | 0 | 0 |
| Total other comprehensive income for the period | 17 | 5,717,461 | 0 | 0 |
| Total comprehensive income for the period | | 2,695,632 | (4,672,850) | 3,191,966 |

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



SHIRE OF KATANNING
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

| | NOTE | 2022 \$ | 2021 \$ |
|--------------------------------------|-------|--------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 9,714,690 | 9,550,578 |
| Trade and other receivables | 5 | 1,681,158 | 2,881,512 |
| Other financial assets | 4(a) | 4,303,578 | 4,481,106 |
| Inventories | 6 | 4,439 | 11,442 |
| Other assets | 7 | 0 | 1,363 |
| TOTAL CURRENT ASSETS | | 15,703,865 | 16,926,001 |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | 5 | 253,149 | 227,141 |
| Other financial assets | 4(b) | 124,637 | 124,637 |
| Property, plant and equipment | 8 | 59,454,714 | 58,915,181 |
| Infrastructure | 9 | 161,193,702 | 158,873,466 |
| Right-of-use assets | 11(a) | 29,523 | 50,954 |
| TOTAL NON-CURRENT ASSETS | | 221,055,725 | 218,191,379 |
| TOTAL ASSETS | | 236,759,590 | 235,117,380 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 1,910,304 | 2,692,355 |
| Other liabilities | 13 | 491,580 | 370,561 |
| Lease liabilities | 11(b) | 14,578 | 18,557 |
| Borrowings | 14 | 184,158 | 280,754 |
| Employee related provisions | 15 | 640,705 | 671,397 |
| TOTAL CURRENT LIABILITIES | | 3,241,325 | 4,033,624 |
| NON-CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 0 | 10,000 |
| Other liabilities | 13 | 4,211,469 | 4,300,544 |
| Lease liabilities | 11(b) | 14,933 | 30,626 |
| Borrowings | 14 | 2,958,508 | 3,142,666 |
| Employee related provisions | 15 | 120,211 | 113,560 |
| Other provisions | 16 | 541,835 | 510,683 |
| TOTAL NON-CURRENT LIABILITIES | | 7,846,956 | 8,108,079 |
| TOTAL LIABILITIES | | 11,088,281 | 12,141,703 |
| NET ASSETS | | 225,671,309 | 222,975,677 |
| EQUITY | | | |
| Retained surplus | | 97,758,487 | 99,866,518 |
| Reserve accounts | 33 | 7,622,153 | 8,535,951 |
| Revaluation surplus | 17 | 120,290,669 | 114,573,208 |
| TOTAL EQUITY | | 225,671,309 | 222,975,677 |

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



SHIRE OF KATANNING
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

| | NOTE | RETAINED SURPLUS \$ | RESERVE ACCOUNTS \$ | REVALUATION SURPLUS \$ | TOTAL EQUITY \$ |
|---|------|---------------------------|---------------------------|------------------------------|-----------------------|
| Balance as at 1 July 2020 | | 95,841,215 | 9,369,288 | 114,573,208 | 219,783,711 |
| Comprehensive income for the period | | | | | |
| Net result for the period | | 3,191,966 | 0 | 0 | 3,191,966 |
| Other comprehensive income for the period | 17 | 0 | 0 | 0 | 0 |
| Total comprehensive income for the period | | 3,191,966 | 0 | 0 | 3,191,966 |
| Transfers from reserves | 33 | 2,429,586 | (2,429,586) | 0 | 0 |
| Transfers to reserves | 33 | (1,596,249) | 1,596,249 | 0 | 0 |
| Balance as at 30 June 2021 | | 99,866,518 | 8,535,951 | 114,573,208 | 222,975,677 |
| Comprehensive income for the period | | | | | |
| Net result for the period | | (3,021,829) | 0 | 0 | (3,021,829) |
| Other comprehensive income for the period | 17 | 0 | 0 | 5,717,461 | 5,717,461 |
| Total comprehensive income for the period | | (3,021,829) | 0 | 5,717,461 | 2,695,632 |
| Transfers from reserves | 33 | 1,462,553 | (1,462,553) | 0 | 0 |
| Transfers to reserves | 33 | (548,755) | 548,755 | 0 | 0 |
| Balance as at 30 June 2022 | | 97,758,487 | 7,622,153 | 120,290,669 | 225,671,309 |

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

SHIRE OF KATANNING
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

| | NOTE | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Rates | | 4,099,450 | 4,408,586 | 4,370,661 |
| Operating grants, subsidies and contributions | | 4,283,503 | 2,444,287 | 2,382,619 |
| Fees and charges | | 3,113,894 | 1,928,977 | 456,546 |
| Interest received | | 82,692 | 99,830 | 96,415 |
| Goods and services tax received | | 919,289 | 0 | 1,069,336 |
| Other revenue | | 329,953 | 255,722 | 840,088 |
| | | 12,828,781 | 9,137,402 | 9,215,665 |
| Payments | | | | |
| Employee costs | | (4,027,942) | (4,448,913) | (4,145,069) |
| Materials and contracts | | (3,900,049) | (3,558,952) | (4,269,845) |
| Utility charges | | (482,583) | (495,617) | (469,304) |
| Finance costs | | (122,953) | (121,377) | (130,564) |
| Insurance paid | | (394,137) | (384,439) | (344,778) |
| Goods and services tax paid | | (799,059) | 0 | (1,142,530) |
| Other expenditure | | (414,978) | (340,543) | (295,353) |
| | | (10,141,701) | (9,349,841) | (10,797,443) |
| Net cash provided by (used in) operating activities | 18(b) | 2,687,080 | (212,439) | (1,581,778) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for financial assets at amortised cost | | 177,527 | 0 | 2,077,503 |
| Payments for purchase of property, plant & equipment | 8(a) | (1,362,702) | (2,704,594) | (6,268,727) |
| Payments for construction of infrastructure | 9(a) | (2,799,963) | (2,917,650) | (5,666,754) |
| Non-operating grants, subsidies and contributions | | 1,561,068 | 1,207,092 | 7,065,319 |
| Proceeds from financial assets at fair values through profit and loss | | 0 | (142,601) | 0 |
| Proceeds from sale of property, plant & equipment | 10(d) | 201,528 | 243,665 | 1,055,997 |
| Net cash provided by (used in) investing activities | | (2,222,542) | (4,314,088) | (1,736,662) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 32(a) | (280,754) | (280,755) | (232,493) |
| Payments for principal portion of lease liabilities | 32(c) | (19,672) | 17,382 | (23,727) |
| Proceeds from new borrowings | 32(a) | 0 | 0 | 1,130,000 |
| Net cash provided by (used in) financing activities | | (300,426) | (263,373) | 873,780 |
| Net increase (decrease) in cash held | | 164,112 | (4,789,900) | (2,444,660) |
| Cash at beginning of year | | 9,550,578 | 9,550,578 | 11,995,238 |
| Cash and cash equivalents at the end of the year | 18(a) | 9,714,690 | 4,760,678 | 9,550,578 |

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

SHIRE OF KATANNING
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

| | NOTE | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--|-------|----------------------|----------------------|----------------------|
| NET CURRENT ASSETS - At start of financial year - surplus/(deficit) | 31(b) | 6,633,927 | 2,453,602 | 2,511,242 |
| OPERATING ACTIVITIES | | | | |
| Revenue from operating activities (excluding general rate) | | | | |
| Rates (excluding general rate) | 30(b) | 4,532 | 4,550 | 4,358 |
| Operating grants, subsidies and contributions | | 4,545,187 | 2,444,287 | 3,017,100 |
| Fees and charges | | 1,753,714 | 1,928,977 | 1,898,321 |
| Interest earnings | | 82,692 | 99,830 | 96,415 |
| Other revenue | | 328,590 | 255,722 | 518,396 |
| Profit on asset disposals | 10(d) | 110,877 | 142,601 | 336,772 |
| | | 6,825,592 | 4,875,967 | 5,871,362 |
| Expenditure from operating activities | | | | |
| Employee costs | | (4,014,132) | (4,448,913) | (4,170,244) |
| Materials and contracts | | (3,402,363) | (3,701,554) | (2,062,168) |
| Utility charges | | (482,583) | (495,617) | (469,304) |
| Depreciation | | (6,132,001) | (5,657,103) | (6,155,466) |
| Finance costs | | (122,207) | (121,376) | (131,882) |
| Insurance | | (394,137) | (384,439) | (344,779) |
| Other expenditure | | (446,131) | (340,543) | (310,211) |
| Loss on asset disposals | 10(d) | (815,454) | (10,400) | (279,983) |
| | | (15,809,008) | (15,159,945) | (13,924,037) |
| Non-cash amounts excluded from operating activities | 31(a) | 6,756,886 | 5,524,902 | 10,103,085 |
| Amount attributable to operating activities | | 4,407,397 | (4,759,076) | 4,561,652 |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | | 1,561,068 | 1,207,092 | 7,065,319 |
| Proceeds from disposal of assets | 10(d) | 201,528 | 243,665 | 1,055,997 |
| Purchase of property, plant and equipment | 8(a) | (1,362,702) | (2,704,594) | (6,268,727) |
| Purchase and construction of infrastructure | 9(a) | (2,799,963) | (2,917,650) | (5,666,754) |
| | | (2,400,069) | (4,171,487) | (3,814,165) |
| Amount attributable to investing activities | | (2,400,069) | (4,171,487) | (3,814,165) |
| FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 32(a) | (280,754) | (280,755) | (232,493) |
| Proceeds from borrowings | 32(a) | 0 | 0 | 1,130,000 |
| Payments for principal portion of lease liabilities | 32(c) | (19,672) | 0 | (23,727) |
| Transfers to reserves (restricted assets) | 33 | (548,755) | (444,430) | (1,596,249) |
| Transfers from reserves (restricted assets) | 33 | 1,462,553 | 2,798,110 | 2,429,586 |
| Amount attributable to financing activities | | 613,372 | 2,072,925 | 1,707,117 |
| Surplus/(deficit) before imposition of general rates | | 2,620,700 | (4,404,036) | 2,454,604 |
| Total amount raised from general rates | 30(a) | 4,400,519 | 4,399,486 | 4,179,323 |
| Surplus/(deficit) after imposition of general rates | 31(b) | 7,021,219 | (4,550) | 6,633,927 |

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

SHIRE OF KATANNING
FOR THE YEAR ENDED 30 JUNE 2022
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SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements
Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

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

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 34 of the financial report.

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation uncertainties made in relation to lease accounting
- estimated useful life of intangible asset

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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 | Timing of revenue recognition |
|---|---|--------------------------------------|--|---|--|
| Rates | General Rates | Single point in time | Payment dates adopted by Council during the year | None | 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 | 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 | Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared |
| Grants with no contract commitments | General appropriations and contributions with no reciprocal commitment | No obligations | Not applicable | Not applicable | When assets are controlled |
| Licences/ Registrations/ Approvals | Building, planning, development and animal management, having the same nature as a licence regardless of naming | Single point in time | Full payment prior to issue | None | On payment and issue of the licence, registration or approval |
| Pool inspections | Compliance safety check | Single point in time | Equal proportion based on an equal annually fee | None | After inspection complete based on a 4 year cycle |
| Other inspections | Regulatory Food, Health and Safety | Single point in time | Full payment prior to inspection | None | Revenue recognised after inspection event occurs |
| Waste management collections | Kerbside collection service | Over time | Payment on an annual basis in advance | None | When rates notice is issued |
| Waste management entry fees | Waste treatment, recycling and disposal service at disposal sites | Single point in time | Payment in arrears at gate or on normal trading terms if credit provided | None | On exit of the facility |
| Property hire and entry | Use of halls and facilities | Single point in time | In full in advance | Refund if event cancelled within 7 days | On entry or at conclusion of hire |
| Memberships | Gym membership | Over time | Payment in full in advance | Refund for unused portion on application | Output method Over 12 months matched to access right |
| Fees and charges for other goods and services | Cemetery services, library fees, reinstatements and private works | Single point in time | Payment in full in advance | None | Output method based on provision of service or completion of works |
| Sale of stock | Kiosk stock | Single point in time | Payment in full in advance | Refund for faulty goods | Output method based on goods |
| Commissions | Commissions on licencing and ticket sales | Over time | Payment in full on sale | None | When assets are controlled |
| Reimbursements | Insurance claims | Single point in time | Payment in arrears for claimable event | None | When claim is agreed |

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

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

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature or types of goods or services is provided in the table below:

For the year ended 30 June 2022

| Nature or type | Contracts with customers | Capital grant/contributions | Statutory Requirements | Other | Total |
|---|--------------------------|-----------------------------|------------------------|----------|-------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Rates | 0 | 0 | 4,405,051 | 0 | 4,405,051 |
| Operating grants, subsidies and contributions | 1,652,308 | 0 | 2,892,879 | 0 | 4,545,187 |
| Fees and charges | 1,753,714 | 0 | 0 | 0 | 1,753,714 |
| Interest earnings | 11,177 | 0 | 71,515 | 0 | 82,692 |
| Other revenue | 200,182 | 0 | 128,408 | 0 | 328,590 |
| Non-operating grants, subsidies and contributions | 0 | 1,561,068 | 0 | 0 | 1,561,068 |
| Total | 3,617,381 | 1,561,068 | 7,497,853 | 0 | 12,676,302 |

For the year ended 30 June 2021

| Nature or type | Contracts with customers | Capital grant/contributions | Statutory Requirements | Other | Total |
|---|--------------------------|-----------------------------|------------------------|----------|-------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Rates | 0 | 0 | 4,183,680 | 0 | 4,183,680 |
| Operating grants, subsidies and contributions | 752,317 | 0 | 2,264,783 | 0 | 3,017,100 |
| Fees and charges | 1,898,321 | 0 | 0 | 0 | 1,898,321 |
| Interest earnings | 6,807 | 0 | 89,608 | 0 | 96,415 |
| Other revenue | 366,462 | 0 | 151,934 | 0 | 518,396 |
| Non-operating grants, subsidies and contributions | 0 | 7,065,319 | 0 | 0 | 7,065,319 |
| Total | 3,023,907 | 7,065,319 | 6,690,005 | 0 | 16,779,231 |

Interest earnings

| Note | 2022 Actual | 2022 Budget | 2021 Actual |
|--|---------------|---------------|---------------|
| Interest on reserve funds | 10,695 | 6,807 | 6,807 |
| Rates instalment and penalty interest (refer Note 30(e)) | 71,515 | 92,000 | 89,608 |
| Other interest earnings | 482 | 1,023 | 0 |
| | 82,692 | 99,830 | 96,415 |

(b) Expenses

Auditors remuneration

| | | | |
|--|---------------|---------------|---------------|
| - Audit of the Annual Financial Report | 56,100 | 61,000 | 57,200 |
| - Other services | 30,430 | 14,000 | 9,100 |
| | 86,530 | 75,000 | 66,300 |

Finance costs

| | | | | |
|-------------------|-------|----------------|----------------|----------------|
| Borrowings | 32(a) | 120,631 | 121,376 | 131,075 |
| Lease liabilities | 32(c) | 1,576 | 0 | 807 |
| | | 122,207 | 121,376 | 131,882 |

Other expenditure

| | | | | |
|--|--|----------------|----------------|----------------|
| Impairment losses on rates receivables | | 0 | 0 | 14,859 |
| Sundry expenses | | 446,131 | 340,543 | 295,352 |
| | | 446,131 | 340,543 | 310,211 |

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

3. CASH AND CASH EQUIVALENTS

Cash at bank and on hand
Term deposits
Total cash and cash equivalents

Held as
- Unrestricted cash and cash equivalents
- Restricted cash and cash equivalents

| Note | 2022 | 2021 |
|-------|-----------|-----------|
| | \$ | \$ |
| | 2,705,419 | 9,550,578 |
| | 7,009,271 | 0 |
| 18(a) | 9,714,690 | 9,550,578 |
| | | |
| | 1,910,340 | 1,014,627 |
| 18(a) | 7,804,350 | 8,535,951 |
| | 9,714,690 | 9,550,578 |

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.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

Restricted financial assets

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

Details of restrictions on financial assets can be found at Note 22.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Term deposits

Held as
- Restricted other financial assets at amortised cost

| | 2022 | 2021 |
|-------|-----------|-----------|
| | \$ | \$ |
| | 4,303,578 | 4,481,106 |
| | 4,303,578 | 4,481,106 |
| | | |
| | 4,303,578 | 4,481,106 |
| | 4,303,578 | 4,481,106 |
| 18(a) | 4,303,577 | 4,481,106 |
| | 4,303,578 | 4,481,106 |
| | | |
| | 124,637 | 124,637 |
| | 124,637 | 124,637 |
| | | |
| | 124,637 | 124,637 |
| | 124,637 | 124,637 |

(b) Non-current assets

Financial assets at fair value through profit and loss - Shares in Local Government House

Financial assets at fair value through profit and loss

Units in Local Government House Trust

Changes in the fair value of Units in Local Government House recognised as non-current financial assets at fair value through profit and loss have not been recognised nor considered as they are unlikely to be material and unable to be reliably determined at the time of preparation of these Statements.

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.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 23 (i)) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

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 22.

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

5. TRADE AND OTHER RECEIVABLES

Current

| | |
|--|-------|
| Rates receivables | |
| Trade and other receivables | |
| GST receivable | |
| Allowance for credit losses of trade and other receivables | 22(b) |
| Allowance for credit losses of rates receivables | 22(b) |

| Note | 2022 | 2021 |
|-------|-----------|-----------|
| | \$ | \$ |
| | 1,207,909 | 911,074 |
| | 849,259 | 2,174,626 |
| | 1,298 | 114,279 |
| 22(b) | (344,207) | (318,467) |
| 22(b) | (33,101) | 0 |
| | 1,681,158 | 2,881,512 |
| | 253,149 | 227,141 |
| | 253,149 | 227,141 |

Non-current

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

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 grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

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 22.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Shire 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 KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

6. INVENTORIES

| | Note | 2022 | 2021 |
|--------------------|------|-------|--------|
| Current | | \$ | \$ |
| Fuel and materials | | 4,439 | 11,442 |
| | | 4,439 | 11,442 |

The following movements in inventories occurred during the year:

| | | |
|--------------------------------------|-----------|-----------|
| Balance at beginning of year | 11,442 | 15,086 |
| Inventories expensed during the year | (201,332) | (108,208) |
| Additions to inventory | 194,329 | 104,564 |
| Balance at end of year | 4,439 | 11,442 |

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 KATANNING
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

7. OTHER ASSETS

Other assets - current

Prepayments

| 2022 | 2021 |
|------|-------|
| \$ | \$ |
| 0 | 1,363 |
| 0 | 1,363 |

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 KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

| | Note | Land | Buildings - Non- Specialised | Buildings - Specialised | Total Land and Buildings | Furniture and Fittings | Paintings and Sculptures | Plant | Motor Vehicles | Equipment | Other Property, Plant and Equipment Work in Progress | Total Property, Plant and Equipment |
|--|-------|-----------|------------------------------------|----------------------------|--------------------------------|---------------------------|--------------------------------|-------------|-------------------|-----------|---|--|
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2020 | | 3,444,600 | 3,109,319 | 46,420,952 | 52,974,871 | 259,264 | 253,400 | 2,003,417 | 262,858 | 613,666 | 0 | 56,367,476 |
| Additions | | 0 | 2,645,478 | 1,237,275 | 3,882,753 | 0 | 0 | 1,920,619 | 362,889 | 101,392 | 1,074 | 6,268,727 |
| Disposals | | (13,000) | (755,427) | 0 | (768,427) | 0 | 0 | (99,471) | (131,310) | 0 | 0 | (999,208) |
| Depreciation | 10(a) | 0 | (82,319) | (1,823,554) | (1,905,873) | (42,892) | 0 | (535,667) | (96,985) | (140,397) | 0 | (2,721,814) |
| Balance at 30 June 2021 | | 3,431,600 | 4,917,051 | 45,834,673 | 54,183,324 | 216,372 | 253,400 | 3,288,898 | 397,452 | 574,661 | 1,074 | 58,915,181 |
| Comprises: | | | | | | | | | | | | |
| Gross balance amount at 30 June 2021 | | 3,431,600 | 5,238,335 | 52,844,415 | 61,514,350 | 288,024 | 253,400 | 4,997,421 | 659,205 | 1,167,470 | 1,074 | 68,880,944 |
| Accumulated depreciation at 30 June 2021 | | 0 | (321,284) | (7,009,742) | (7,331,026) | (71,652) | 0 | (1,708,523) | (261,753) | (592,809) | 0 | (9,965,763) |
| Balance at 30 June 2021 | | 3,431,600 | 4,917,051 | 45,834,673 | 54,183,324 | 216,372 | 253,400 | 3,288,898 | 397,452 | 574,661 | 1,074 | 58,915,181 |
| Additions | | 0 | 133,958 | 486,456 | 620,414 | 0 | 0 | 370,756 | 167,816 | 204,790 | (1,074) | 1,362,702 |
| Disposals | | (16,000) | 0 | (805,186) | (821,186) | 0 | 0 | (66,199) | (18,720) | 0 | 0 | (906,105) |
| Revaluation increments / (decrements) transferred to revaluation surplus | | 2,316,300 | (1,043,677) | 4,444,838 | 5,717,461 | 0 | 0 | 0 | 0 | 0 | 0 | 5,717,461 |
| Depreciation | 10(a) | 0 | (82,332) | (1,707,390) | (1,789,722) | (43,391) | (946) | (518,984) | (66,537) | (86,756) | 0 | (2,506,336) |
| Transfers to/from other asset classes | | 0 | 0 | (3,188,900) | (3,188,900) | 4,995 | 55,716 | 0 | 0 | 0 | 0 | (3,128,189) |
| Balance at 30 June 2022 | | 5,731,900 | 3,925,000 | 45,064,491 | 54,721,391 | 177,976 | 308,170 | 3,074,471 | 480,011 | 692,695 | 0 | 59,454,714 |
| Comprises: | | | | | | | | | | | | |
| Gross balance amount at 30 June 2022 | | 5,731,900 | 3,925,000 | 45,064,491 | 54,721,391 | 295,017 | 312,900 | 5,210,677 | 714,244 | 1,372,261 | 0 | 62,626,490 |
| Accumulated depreciation at 30 June 2022 | | 0 | 0 | 0 | 0 | (117,041) | (4,730) | (2,136,206) | (234,233) | (679,566) | 0 | (3,171,776) |
| Balance at 30 June 2022 | | 5,731,900 | 3,925,000 | 45,064,491 | 54,721,391 | 177,976 | 308,170 | 3,074,471 | 480,011 | 692,695 | 0 | 59,454,714 |

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|--|----------------------|---|--------------------|------------------------|--|
| (i) Fair Value | | | | | |
| Land and buildings | | | | | |
| Land | 2 | Market approach using recent or estimated observable market data for similar properties | External Valuer | June 2022 | Price per hectare |
| Land | 2 & 3 | Cost approach using current replacement cost | External Valuer | June 2022 | Improvements to land using construction costs (Level 2) and current condition, residual values and remaining useful life assessment (Level 3) inputs |
| Buildings - Non-Specialised | 2 | Market approach using recent or estimated observable market data for similar properties | External Valuer | June 2022 | Open market values of similar items adjusted for condition and comparability |
| Buildings - Specialised | 2 & 3 | Cost approach using current replacement cost | External Valuer | June 2022 | Construction costs (Level 2) and current condition, residual values and remaining useful life assessments (Level 3) inputs |
| Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement. | | | | | |
| During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs. | | | | | |
| (ii) Cost | | | | | |
| Furniture and Fittings | | Not Applicable | Cost | Not Applicable | Not Applicable |
| Paintings and Sculptures | | Not Applicable | Cost | Not Applicable | Not Applicable |
| Plant | | Not Applicable | Cost | Not Applicable | Not Applicable |
| Motor Vehicles | | Not Applicable | Cost | Not Applicable | Not Applicable |
| Equipment | | Not Applicable | Cost | Not Applicable | Not Applicable |

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. INFRASTRUCTURE

(a) Movements in Balances

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

| | Note | Infrastructure - Roads | Other Infrastructure - Footpaths | Other Infrastructure - Drainage | Other Infrastructure - Parks and Ovals | Other Infrastructure - Other | Other Infrastructure - Bridges | Other Infrastructure - Rehabilitation Assets | Total Infrastructure |
|--|-------|---------------------------|--|---------------------------------------|--|------------------------------------|--------------------------------------|---|-------------------------|
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2020 | | 120,180,798 | 1,691,180 | 9,996,573 | 12,183,421 | 12,122,727 | 344,133 | 62,745 | 156,581,577 |
| Additions | | 1,167,954 | 461,314 | 0 | 3,606,936 | 430,550 | 0 | 0 | 5,666,754 |
| Recognition of rehabilitation assets | | 0 | 0 | 0 | 0 | 0 | 0 | 37,198 | 37,198 |
| Depreciation | 10(a) | (2,058,239) | (132,709) | (179,209) | (632,657) | (365,613) | (10,028) | (33,608) | (3,412,063) |
| Balance at 30 June 2021 | | 119,290,513 | 2,019,785 | 9,817,364 | 15,157,700 | 12,187,664 | 334,105 | 66,335 | 158,873,466 |
| Comprises: | | | | | | | | | |
| Gross balance at 30 June 2021 | | 125,385,497 | 2,399,128 | 10,353,779 | 16,701,032 | 13,056,071 | 364,192 | 317,460 | 168,577,159 |
| Accumulated depreciation at 30 June 2021 | | (6,094,984) | (379,343) | (536,415) | (1,543,332) | (868,407) | (30,087) | (251,125) | (9,703,693) |
| Balance at 30 June 2021 | | 119,290,513 | 2,019,785 | 9,817,364 | 15,157,700 | 12,187,664 | 334,105 | 66,335 | 158,873,466 |
| Additions | | 1,437,571 | 343,972 | 0 | 548,532 | 394,888 | 75,000 | 0 | 2,799,963 |
| Depreciation | 10(a) | (2,155,170) | (123,190) | (179,210) | (648,105) | (487,474) | (10,029) | (4,738) | (3,607,916) |
| Transfers to/from other asset classes | | 56,687 | 0 | 0 | 149,792 | 2,921,710 | 0 | 0 | 3,128,189 |
| Balance at 30 June 2022 | | 118,629,601 | 2,240,567 | 9,638,154 | 15,207,919 | 15,016,788 | 399,076 | 61,597 | 161,193,702 |
| Comprises: | | | | | | | | | |
| Gross balance at 30 June 2022 | | 126,892,367 | 2,743,100 | 10,353,779 | 17,425,842 | 16,372,669 | 439,192 | 317,460 | 174,544,409 |
| Accumulated depreciation at 30 June 2022 | | (8,262,766) | (502,533) | (715,625) | (2,217,923) | (1,355,881) | (40,116) | (255,863) | (13,350,707) |
| Balance at 30 June 2022 | | 118,629,601 | 2,240,567 | 9,638,154 | 15,207,919 | 15,016,788 | 399,076 | 61,597 | 161,193,702 |

Last year, the Shire's rehabilitation assets of \$66,335 were separately reported within the Statement of Financial Position. In this financial year, the rehabilitation assets have now been reclassified and reported within Infrastructure under non-current assets in the Statement of Financial Position.

Prior year comparatives figures have been amended accordingly. The net effect of this change has resulted in a change in the movement of Infrastructure Assets (note 9(a)).

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

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

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

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

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

10. FIXED ASSETS

(a) Depreciation

| | Note | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--|-------|----------------------|----------------------|----------------------|
| Buildings - Non-Specialised | 8(a) | 82,332 | 83,000 | 82,319 |
| Buildings - Specialised | 8(a) | 1,707,390 | 1,830,000 | 1,823,554 |
| Furniture and Fittings | 8(a) | 43,391 | 43,000 | 42,892 |
| Paintings and Sculptures | 8(a) | 946 | 0 | 0 |
| Plant | 8(a) | 518,984 | 561,000 | 535,667 |
| Motor Vehicles | 8(a) | 66,537 | 100,000 | 96,985 |
| Equipment | 8(a) | 86,756 | 149,000 | 140,397 |
| Infrastructure - Roads | 9(a) | 2,155,170 | 2,059,103 | 2,058,239 |
| Other Infrastructure - Footpaths | 9(a) | 123,190 | 136,000 | 132,709 |
| Other Infrastructure - Drainage | 9(a) | 179,210 | 179,000 | 179,209 |
| Other Infrastructure - Parks and Ovals | 9(a) | 648,105 | 152,000 | 632,657 |
| Other Infrastructure - Other | 9(a) | 487,474 | 355,000 | 365,613 |
| Other Infrastructure - Bridges | 9(a) | 10,029 | 10,000 | 10,028 |
| Other Infrastructure - Rehabilitation Assets | 9(a) | 4,738 | 0 | 33,608 |
| Right-of-use assets - Plant and Equipment | 11(a) | 17,749 | 0 | 21,589 |
| | | 6,132,001 | 5,657,103 | 6,155,466 |

Revision of useful lives of plant and equipment

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

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

Land
Buildings - Non specialised
Buildings - Specialised
Furniture and Fittings
Plant
Equipment
Motor Vehicles
Paintings and Sculptures
Infrastructure - Roads (Sub Grade)
Infrastructure - Roads (Surface)
Infrastructure - Roads (Pavement)
Infrastructure - Roads (Kerbing)
Infrastructure - Footpaths
Infrastructure - Drainage
Infrastructure - Parks and Ovals
Infrastructure - Other
Infrastructure - Bridges
Infrastructure - Rehabilitation Assets

Useful life

Not depreciated
30 to 50 years
50 to 80 years
4 to 20 years
5 to 15 years
5 to 50 years
5 to 10 years
Not depreciated
Not depreciated
8 to 15 years
45 years
85 years
20 years
25 to 80 years
30 to 75 years
10 to 100 years
25 to 60 years
67 years

(b) Temporarily Idle or retired from use assets

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

| | 2022 \$ | 2021 \$ |
|-----------------------------|----------------|----------------|
| Buildings - Non-Specialised | 0 | 572,600 |
| Buildings - Specialised | 305,808 | 0 |
| | 305,808 | 572,600 |

(c) Fully Depreciated Assets in Use

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

| | 2022 \$ | 2021 \$ |
|------------------------------|----------------|----------------|
| Plant | 350,620 | 318,982 |
| Motor Vehicles | 151,955 | 163,006 |
| Equipment | 352,229 | 266,500 |
| Other Infrastructure - Other | 11,869 | 0 |
| | 866,673 | 748,488 |

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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10. FIXED ASSETS (Continued)

(d) Disposals of assets

| | 2022 Actual Net Book Value | 2022 Actual Sale Proceeds | 2022 Actual Profit | 2022 Actual Loss | 2022 Budget Net Book Value | 2022 Budget Sale Proceeds | 2022 Budget Profit | 2022 Budget Loss | 2021 Actual Net Book Value | 2021 Actual Sale Proceeds | 2021 Actual Profit | 2021 Actual Loss |
|-----------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Land - Freehold Land | 16,000 | 9,090 | 0 | (6,910) | 0 | 0 | 0 | 0 | 13,000 | 13,909 | 909 | 0 |
| Buildings - Non-Specialised | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 755,427 | 497,003 | 0 | (258,424) |
| Buildings - Specialised | 805,186 | 1,800 | 164 | (803,550) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plant | 66,199 | 112,273 | 51,068 | (4,994) | 111,464 | 243,665 | 142,601 | (10,400) | 99,471 | 244,085 | 166,174 | (21,560) |
| Motor Vehicles | 18,720 | 78,365 | 59,645 | 0 | 0 | 0 | 0 | 0 | 131,310 | 301,000 | 169,690 | 0 |
| | 906,105 | 201,528 | 110,877 | (815,454) | 111,464 | 243,665 | 142,601 | (10,400) | 999,208 | 1,055,997 | 336,773 | (279,984) |

The following assets were disposed of during the year.

| | 2022 Actual Net Book Value | 2022 Actual Sale Proceeds | 2022 Actual Profit | 2022 Actual Loss |
|------------------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| Plant and Equipment | | | | |
| Transport | | | | |
| MV112 Holden Colorado 4X4 | 0 | 18,365 | 18,365 | 0 |
| MV124 Toyota Hilux 4x2 | 3,520 | 24,545 | 21,025 | 0 |
| MV129 Holden Trailblazer | 15,199 | 30,909 | 15,710 | 0 |
| MV62 Hyundai Iload | 0 | 4,545 | 4,545 | 0 |
| PE100 2010 FUSO Canter | 9,752 | 13,272 | 3,520 | 0 |
| PE179 Cat Skid Steer Loader | 22,452 | 70,000 | 47,548 | 0 |
| P6163 Vibrating Roller | 33,996 | 29,002 | 0 | (4,994) |
| | 84,919 | 190,638 | 110,713 | (4,994) |
| Land | | | | |
| Other Property and Services | | | | |
| L27 77 Piesse St | 16,000 | 9,090 | 0 | (6,910) |
| | 16,000 | 9,090 | 0 | (6,910) |
| Other Asset class | | | | |
| Program | | | | |
| B2076 Bowling Club | 514,697 | 0 | 0 | (514,697) |
| B2140 Refuse Site Demountable | 1,636 | 1,800 | 164 | 0 |
| B2031 Old Saleyards Canteen | 288,853 | 0 | 0 | (288,853) |
| | 805,186 | 1,800 | 164 | (803,550) |
| | 906,105 | 201,528 | 110,877 | (815,454) |

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either property, 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 for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair 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)*. 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 scheduled revaluation dates 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 revaluation date in accordance with the mandatory measurement framework.

Revaluation

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

At the end of each period the carrying amount for each asset class 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.

Revaluation (continued)

For property, plant and equipment and infrastructure, 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. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, 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 on revaluation

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

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

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

(a) Right-of-Use Assets

| | Note | Right-of-use assets - Plant and Equipment \$ | Right-of-use assets Total \$ |
|--|-------------|---|---|
| Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year. | | | |
| Balance at 1 July 2020 | | 57,941 | 57,941 |
| Additions | | 55,879 | 55,879 |
| Disposals | | (41,277) | (41,277) |
| Depreciation | | (21,589) | (21,589) |
| Balance at 30 June 2021 | | 50,954 | 50,954 |
| Disposals | | (3,682) | (3,682) |
| Depreciation | 10(a) | (17,749) | (17,749) |
| Balance at 30 June 2022 | | 29,523 | 29,523 |

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

| | | 2022 Actual \$ | 2021 Actual \$ |
|---|-------|-------------------------------|-------------------------------|
| Depreciation on right-of-use assets | 10(a) | (17,749) | (21,589) |
| Interest expense on lease liabilities | 32(c) | (1,576) | (808) |
| Short-term lease payments recognised as expense | | (20,599) | (21,375) |
| Total amount recognised in the statement of comprehensive income | | (39,924) | (43,772) |
| Total cash outflow from leases | | (21,248) | (24,535) |
| (b) Lease Liabilities | | | |
| Current | | 14,578 | 18,557 |
| Non-current | | 14,933 | 30,626 |
| | 32(c) | 29,511 | 49,183 |

The Shire has two leases relating to plant and equipment. The lease term for both leases is 4-5 years.

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

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 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.

Details of individual lease liabilities required by regulations are provided at Note 32(c).

Right-of-use assets - valuation measurement

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 10 under revaluation 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 shorter. 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 KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued payroll liabilities
 ATO liabilities
 Bonds and deposits held
 Accrued interest on debentures
 Accrued expenditure
 Amherst Refund Deposits

Non-Current

Provision for excesses on changeover Amherst Village Units

| 2022 | 2021 |
|-----------|-----------|
| \$ | \$ |
| 417,919 | 1,179,918 |
| 93,396 | 109,255 |
| 83,625 | 73,394 |
| 7,249 | 0 |
| 76,352 | 91,876 |
| 15,010 | 15,756 |
| 0 | 40,000 |
| 1,216,753 | 1,182,156 |
| 1,910,304 | 2,692,355 |
| | |
| 0 | 10,000 |
| 0 | 10,000 |

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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.

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 usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

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 KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

13. OTHER LIABILITIES

Current

Capital grant liabilities

Non-current

Capital grant liabilities

Reconciliation of changes in capital grant liabilities

Opening balance

Additions

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

Reconciliation of changes in capital grant liabilities

Expected satisfaction of capital grant liabilities

Less than 1 year

1 to 2 years

2 to 3 years

3 to 4 years

| | 2022 | 2021 |
|---|-----------|-------------|
| | \$ | \$ |
| Capital grant liabilities | 491,580 | 370,561 |
| | 491,580 | 370,561 |
| Capital grant liabilities | 4,211,469 | 4,300,544 |
| | 4,211,469 | 4,300,544 |
| Opening balance | 4,671,105 | 7,408,003 |
| Additions | 574,820 | 363,169 |
| Revenue from contracts with customers included as a contract liability at the start of the period | (542,876) | (3,100,067) |
| | 4,703,049 | 4,671,105 |
| | | |
| Expected satisfaction of capital grant liabilities | | |
| Less than 1 year | 491,580 | 189,999 |
| 1 to 2 years | 3,211,469 | 92,109 |
| 2 to 3 years | 1,000,000 | 3,388,997 |
| 3 to 4 years | 0 | 1,000,000 |
| | 4,703,049 | 4,671,105 |

Performance obligations in relation to capital grant liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

Last year, income received in advance of \$4,481,106 relating to capital grants was incorrectly classified as Trade Payables (Note 12) instead of Other Liabilities (Note 13). In this financial year, the capital grants have now been correctly reclassified as Other Liabilities reporting \$180,562 as current Other Liabilities and \$4,300,544 as non-current Other Liabilities.

Prior year comparative figures have been amended accordingly. The net effect of this change has also resulted in a change in the prior year comparative figures in the Statement of Financial Position, Rate Setting Statement, Notes to the Statement of Cash Flows (Note 18) and Rate Setting Statement information (Note 31).

SIGNIFICANT ACCOUNTING POLICIES

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

14. BORROWINGS

| | Note | 2022 | | | 2021 | | |
|---------------------------------|-------|---------|-------------|-----------|---------|-------------|-----------|
| | | Current | Non-current | Total | Current | Non-current | Total |
| Secured | | \$ | \$ | \$ | \$ | \$ | \$ |
| Debentures | | 184,158 | 2,958,508 | 3,142,666 | 280,754 | 3,142,666 | 3,423,420 |
| Total secured borrowings | 32(a) | 184,158 | 2,958,508 | 3,142,666 | 280,754 | 3,142,666 | 3,423,420 |

Secured liabilities and assets pledged as security

Debentures are secured by a floating charge over the assets of the Shire of Katanning.

The Shire of Katanning has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 years.

SIGNIFICANT ACCOUNTING POLICIES

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.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 22.

Details of individual borrowings required by regulations are provided at Note 32(a).

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions
Employee benefit provisions

Annual Leave
Long Service Leave

Non-current provisions

Long Service Leave

| | 2022 | 2021 |
|--------------------|---------|---------|
| | \$ | \$ |
| Annual Leave | 330,951 | 326,551 |
| Long Service Leave | 309,754 | 344,846 |
| | 640,705 | 671,397 |
| Long Service Leave | 120,211 | 113,560 |
| | 120,211 | 113,560 |
| | 760,916 | 784,957 |

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date
More than 12 months from reporting date

| Note | 2022 | 2021 |
|--|---------|---------|
| | \$ | \$ |
| Less than 12 months after the reporting date | 257,223 | 307,539 |
| More than 12 months from reporting date | 503,693 | 477,418 |
| | 760,916 | 784,957 |

Expected reimbursements of employee related provisions from other WA local governments.

| | | |
|--|--------|--------|
| | 18,628 | 26,897 |
|--|--------|--------|

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

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

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

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. 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.

SHIRE OF KATANNING
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16. OTHER PROVISIONS

| | Note | Make good provisions Katanning Landfill Site \$ | Total \$ |
|---|------|--|-------------|
| Opening balance at 1 July 2021 | | | |
| Non-current provisions | | 510,683 | 510,683 |
| | | 510,683 | 510,683 |
| Increase in the discounted amount arising because of time and the effect of any change in the discounted rate | | 31,152 | 31,152 |
| Balance at 30 June 2022 | | 541,835 | 541,835 |
| Comprises | | | |
| Non-current | | 541,835 | 541,835 |
| | | 541,835 | 541,835 |

Other provisions

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

Make good provisions Katanning Landfill Site

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

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

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

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.

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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17. REVALUATION SURPLUS

| | 2022 Opening Balance | 2022 Revaluation Increment | 2022 Revaluation (Decrement) | Total Movement on Revaluation | 2022 Closing Balance | 2021 Opening Balance | 2021 Revaluation Increment | 2021 Closing Balance |
|--|-------------------------------------|---|---|--|-------------------------------------|-------------------------------------|---|-------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revaluation surplus - Land - Freehold Land | 5,865,036 | 2,316,300 | 0 | 2,316,300 | 8,181,336 | 5,865,036 | 0 | 5,865,036 |
| Revaluation surplus - Buildings - Non-Specialised | 6,447,088 | 0 | (1,043,677) | (1,043,677) | 5,403,411 | 6,447,088 | 0 | 6,447,088 |
| Revaluation surplus - Buildings - Specialised | 299,740 | 4,444,838 | 0 | 4,444,838 | 4,744,578 | 299,740 | 0 | 299,740 |
| Revaluation surplus - Furniture and Fittings | 1,773 | 0 | 0 | 0 | 1,773 | 1,773 | 0 | 1,773 |
| Revaluation surplus - Paintings and Sculptures | 240,066 | 0 | 0 | 0 | 240,066 | 240,066 | 0 | 240,066 |
| Revaluation surplus - Plant | 1,011,022 | 0 | 0 | 0 | 1,011,022 | 1,011,022 | 0 | 1,011,022 |
| Revaluation surplus - Motor Vehicles | 160,555 | 0 | 0 | 0 | 160,555 | 160,555 | 0 | 160,555 |
| Revaluation surplus - Equipment | 579,346 | 0 | 0 | 0 | 579,346 | 579,346 | 0 | 579,346 |
| Revaluation surplus - Infrastructure - Roads | 82,408,244 | 0 | 0 | 0 | 82,408,244 | 82,408,244 | 0 | 82,408,244 |
| Revaluation surplus - Other Infrastructure - Footpaths | 1,480,269 | 0 | 0 | 0 | 1,480,269 | 1,480,269 | 0 | 1,480,269 |
| Revaluation surplus - Other Infrastructure - Drainage | 10,454,103 | 0 | 0 | 0 | 10,454,103 | 10,454,103 | 0 | 10,454,103 |
| Revaluation surplus - Other Infrastructure - Parks and Ovals | 1,487,166 | 0 | 0 | 0 | 1,487,166 | 1,487,166 | 0 | 1,487,166 |
| Revaluation surplus - Other Infrastructure - Other | 4,078,974 | 0 | 0 | 0 | 4,078,974 | 4,078,974 | 0 | 4,078,974 |
| Revaluation surplus - Other Infrastructure - Bridges | 59,826 | 0 | 0 | 0 | 59,826 | 59,826 | 0 | 59,826 |
| | 114,573,208 | 6,761,138 | (1,043,677) | 5,717,461 | 120,290,669 | 114,573,208 | 0 | 114,573,208 |

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

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. NOTES TO THE STATEMENT OF CASH FLOWS

(a) 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:

| | Note | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--|-----------|----------------------|----------------------|----------------------|
| Cash and cash equivalents | 3 | 9,714,690 | 4,760,678 | 9,550,578 |
| Restrictions | | | | |
| The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used: | | | | |
| - Cash and cash equivalents | 3 | 7,804,349 | 1,701,164 | 8,817,826 |
| - Financial assets at amortised cost | 4(a) | 4,303,578 | 4,481,106 | 4,481,106 |
| | | 12,107,927 | 6,182,270 | 13,298,932 |
| The restricted financial assets are a result of the following specific purposes to which the assets may be used: | | | | |
| Restricted cash backed | 33 | 7,622,153 | 6,182,270 | 8,535,951 |
| Financial assets at amortised cost | 14 & 4(a) | 4,303,578 | 0 | 4,481,106 |
| Capital grants | | 105,844 | 0 | 189,999 |
| Bonds and deposits held | 12 | 76,352 | 0 | 91,876 |
| Total restricted financial assets | | 12,107,927 | 6,182,270 | 13,298,932 |

**(b) Reconciliation of Net Result to Net Cash Provided
By Operating Activities**

| | | | |
|---|-------------|-------------|-------------|
| Net result | (3,021,829) | (4,672,850) | 3,191,966 |
| Non-cash items: | | | |
| Depreciation | 6,132,001 | 5,657,103 | 6,155,466 |
| (Profit)/loss on sale of asset | 704,577 | 10,400 | (56,789) |
| Termination of right-of-use-assets | 3,683 | 0 | 0 |
| Changes in assets and liabilities: | | | |
| (Increase)/decrease in trade and other receivables | 1,174,346 | 0 | (1,279,505) |
| (Increase)/decrease in other assets | 1,363 | 0 | (1,113) |
| (Increase)/decrease in inventories | 7,003 | 0 | 3,644 |
| Increase/(decrease) in trade and other payables | (792,051) | 0 | (1,432,523) |
| Increase/(decrease) in employee related provisions | (24,041) | 0 | 4,211 |
| Increase/(decrease) in other provisions | 31,152 | 0 | (467,335) |
| Increase/(decrease) in other liabilities | 31,944 | 0 | (634,481) |
| Non-operating grants, subsidies and contributions | (1,561,068) | (1,207,092) | (7,065,319) |
| Net cash provided by/(used in) operating activities | 2,687,080 | (212,439) | (1,581,778) |

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

| | | |
|--------------------------------------|---------|---------|
| Bank overdraft limit | 250,000 | 250,000 |
| Bank overdraft at balance date | 0 | 0 |
| Credit card limit | 65,000 | 65,000 |
| Credit card balance at balance date | (633) | (310) |
| Total amount of credit unused | 314,367 | 314,690 |

Loan facilities

| | | |
|--|-----------|-----------|
| Loan facilities - current | 184,158 | 280,754 |
| Loan facilities - non-current | 2,958,508 | 3,142,666 |
| Total facilities in use at balance date | 3,142,666 | 3,423,420 |

Unused loan facilities at balance date

0 0

SHIRE OF KATANNING
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19. CONTINGENT LIABILITIES

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

1. Katanning Regional Sheep Saleyard - Crown Reserve 50922, Lot 500 Katanning-Nyabing Road, Katanning. This site is suspected of being contaminated but has not been assessed at this time.

2. Shire Depot - Lot 996 Cullen Street, Katanning

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

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

20. CAPITAL COMMITMENTS

| | 2022 | 2021 |
|--------------------------------|---------|---------|
| | \$ | \$ |
| Contracted for: | | |
| - capital expenditure projects | 175,069 | 656,835 |
| | 175,069 | 656,835 |

The capital expenditure outstanding at the end of the current period represents Great Southern Housing Project, the construction of a Shed at the refuse site, Wayfinding Signage and CCTV cameras at the saleyards.

The prior year commitment was for the construction of the Piesse Lake Residential Development, the Saleyard Energy Improvements and Great Southern Aged Accommodation Project.

SHIRE OF KATANNING
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FOR THE YEAR ENDED 30 JUNE 2022

21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

| Note | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|-------------------------------------|----------------------|----------------------|----------------------|
| Cr Liz Guidera | | | |
| President's annual allowance | 30,000 | 30,000 | 25,000 |
| Meeting attendance fees | 15,000 | 15,000 | 12,500 |
| Annual allowance for ICT expenses | 1,100 | 1,100 | 1,100 |
| Travel and accommodation expenses | 0 | 350 | 0 |
| | 46,100 | 46,450 | 38,600 |
| Cr John Goodheart | | | |
| Deputy President's annual allowance | 7,500 | 7,500 | 6,250 |
| Meeting attendance fees | 15,000 | 15,000 | 12,500 |
| Annual allowance for ICT expenses | 1,100 | 1,100 | 1,100 |
| Travel and accommodation expenses | 0 | 300 | 0 |
| | 23,600 | 23,900 | 19,850 |
| Dr Danny McGrath | | | |
| Meeting attendance fees | 4,397 | 15,000 | 12,500 |
| Annual allowance for ICT expenses | 322 | 1,100 | 1,100 |
| Travel and accommodation expenses | 0 | 350 | 0 |
| | 4,719 | 16,450 | 13,600 |
| Cr Owen Boxall | | | |
| Meeting attendance fees | 4,397 | 15,000 | 12,500 |
| Annual allowance for ICT expenses | 322 | 1,100 | 1,100 |
| Travel and accommodation expenses | 0 | 250 | 0 |
| | 4,719 | 16,350 | 13,600 |
| Cr Serena Sandwell | | | |
| Meeting attendance fees | 15,000 | 15,000 | 12,500 |
| Annual allowance for ICT expenses | 1,100 | 1,100 | 1,100 |
| Travel and accommodation expenses | 0 | 250 | 0 |
| | 16,100 | 16,350 | 13,600 |
| Cr Kristy Dáprille | | | |
| Meeting attendance fees | 15,000 | 15,000 | 12,500 |
| Annual allowance for ICT expenses | 1,100 | 1,100 | 1,100 |
| Travel and accommodation expenses | 0 | 250 | 0 |
| | 16,100 | 16,350 | 13,600 |
| Cr Ernest Menghini | | | |
| Meeting attendance fees | 4,397 | 15,000 | 12,500 |
| Annual allowance for ICT expenses | 322 | 1,100 | 1,100 |
| Travel and accommodation expenses | 0 | 250 | 0 |
| | 4,719 | 16,350 | 13,600 |
| Cr Martin Van Koldenhoven | | | |
| Meeting attendance fees | 4,397 | 3,750 | 12,500 |
| Annual allowance for ICT expenses | 322 | 1,100 | 1,100 |
| | 4,719 | 4,850 | 13,600 |
| Cr Mark Stephens | | | |
| Meeting attendance fees | 4,397 | 3,750 | 12,500 |
| Annual allowance for ICT expenses | 322 | 1,100 | 1,100 |
| | 4,719 | 4,850 | 13,600 |

21. RELATED PARTY TRANSACTIONS (Continued)

| Note | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|------|----------------------|----------------------|----------------------|
| | 10,603 | 0 | 0 |
| | 778 | 0 | 0 |
| | 11,381 | 0 | 0 |
| | 10,603 | 0 | 0 |
| | 778 | 0 | 0 |
| | 11,381 | 0 | 0 |
| | 10,603 | 0 | 0 |
| | 778 | 0 | 0 |
| | 11,381 | 0 | 0 |
| | 159,638 | 161,900 | 153,650 |

| | 2022 Actual | 2022 Budget | 2021 Actual |
|-------|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| | 30,000 | 30,000 | 25,000 |
| | 7,500 | 7,500 | 6,250 |
| | 113,794 | 112,500 | 112,500 |
| | 8,344 | 9,900 | 9,900 |
| | 0 | 2,000 | 0 |
| 21(b) | 159,638 | 161,900 | 153,650 |

| | 2022 Actual \$ | 2021 Actual \$ |
|-------|----------------------|----------------------|
| 21(a) | 570,505 | 528,270 |
| | 64,907 | 55,750 |
| | 11,981 | 9,484 |
| | 22,533 | 86,168 |
| | 159,638 | 153,650 |
| | 829,564 | 833,322 |

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

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21. RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with related parties

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

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

In addition to KMP compensation above the following transactions occurred with related parties:

| | 2022 Actual | 2021 Actual |
|--|----------------|----------------|
| | \$ | \$ |
| Sale of goods and services | 19,955 | 1,386,444 |
| Purchase of goods and services | 70,121 | 90,648 |
| Amounts outstanding from related parties: | | |
| Trade and other receivables | 1,297 | 1,351,281 |

(d) 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 council member, are considered key management personnel.

ii. Other Related Parties

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

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

iii. Entities subject to significant influence by the Shire

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

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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22. 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 rates | Long term borrowings at variable rates | Sensitivity analysis | Utilise fixed interest rate borrowings |
| Credit risk | Cash and cash equivalents, trade receivables, financial assets and debt investments | Aging analysis Credit analysis | Diversification of bank deposits, credit limits. Investment policy |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities |

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

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

(a) Interest rate risk

Cash and cash equivalents

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

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds 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 |
|--|---|-----------------------------|--------------------------------|-----------------------------------|---------------------------------|
| | % | \$ | \$ | \$ | \$ |
| 2022 | | | | | |
| Cash and cash equivalents | 1.40% | 9,714,690 | 7,651,416 | 2,061,074 | 2,200 |
| Financial assets at amortised cost - term deposits | 0.80% | 4,303,578 | 4,303,578 | 0 | 0 |
| 2021 | | | | | |
| Cash and cash equivalents | 0.14% | 9,550,578 | 0 | 9,548,378 | 2,200 |
| Financial assets at amortised cost - term deposits | 0.06% | 4,481,106 | 4,481,106 | 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.

| | 2022 | 2021 |
|--|-------------|-------------|
| | \$ | \$ |
| Impact of a 1% movement in interest rates on profit and loss and equity* | 20,611 | 95,484 |

* 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 32(a).

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

22. 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 able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

| | Less than 1 year past due | More than 1 year past due | More than 2 years past due | More than 3 years past due | Total | Note |
|-----------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|-----------|------|
| 30 June 2022 | | | | | | |
| Rates receivable | | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 4.17% | | |
| Gross carrying amount | 308,008 | 194,580 | 165,384 | 793,086 | 1,461,058 | |
| Loss allowance | 0 | 0 | 0 | (33,101) | (33,101) | 5 |
| 30 June 2021 | | | | | | |
| Rates receivable | | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | | |
| Gross carrying amount | 613,099 | 175,443 | 97,910 | 251,763 | 1,138,215 | |
| Loss allowance | 0 | 0 | 0 | 0 | 0 | 5 |

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

| | Less than 1 year past due | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total | |
|-----------------------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------|---|
| 30 June 2022 | | | | | | |
| Trade and other receivables | | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 81% | | |
| Gross carrying amount | 418,902 | 3,035 | 1,500 | 425,822 | 849,259 | |
| Loss allowance | 0 | 0 | 0 | (344,207) | (344,207) | 5 |
| 30 June 2021 | | | | | | |
| Trade and other receivables | | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 48.58% | | |
| Gross carrying amount | 1,490,775 | 7,924 | 20,356 | 655,571 | 2,174,626 | |
| Loss allowance | 0 | 0 | 0 | (318,467) | (318,467) | 5 |

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

The loss allowances for trade receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

| | Rates receivable | | Trade and other receivables | |
|---|-------------------------|---------------|------------------------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | Actual | Actual | Actual | Actual |
| | \$ | \$ | \$ | \$ |
| Opening loss allowance as at 1 July | 0 | 0 | 318,467 | 303,583 |
| Increase in loss allowance recognised in profit or loss during the year | 33,101 | 0 | 25,740 | 0 |
| Unused amount reversed | 0 | 0 | 0 | 14,884 |
| Closing loss allowance at 30 June | 33,101 | 0 | 344,207 | 318,467 |

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Shire, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

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22. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 18(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 |
|--------------------------|-------------------------|-------------------------------|-------------------------|------------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| 2022 | | | | | |
| Trade and other payables | 1,910,304 | 0 | 0 | 1,910,304 | 1,910,304 |
| Borrowings | 275,526 | 1,103,304 | 2,573,766 | 3,952,596 | 3,142,666 |
| Contract Liabilities | 491,580 | 4,211,469 | 0 | 4,703,049 | 4,703,049 |
| Lease liabilities | 16,933 | 31,149 | 0 | 48,082 | 29,511 |
| | <u>2,694,343</u> | <u>5,345,922</u> | <u>2,573,766</u> | <u>10,614,031</u> | <u>9,785,530</u> |
| 2021 | | | | | |
| Trade and other payables | 2,692,355 | 10,000 | 0 | 2,702,355 | 2,702,355 |
| Borrowings | 379,555 | 1,106,106 | 2,854,972 | 4,340,633 | 3,423,420 |
| Contract Liabilities | 370,561 | 4,300,544 | 0 | 4,671,105 | 4,671,105 |
| Lease liabilities | 20,718 | 48,082 | 0 | 68,800 | 49,183 |
| | <u>3,463,189</u> | <u>5,464,732</u> | <u>2,854,972</u> | <u>11,782,893</u> | <u>10,846,063</u> |

23. 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) Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost 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).

i) 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.

j) Impairment of assets

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

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

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

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

k) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

New accounting standards for application in future years

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

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

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

24. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

Shire operations as disclosed in this financial report encompass the following service orientated functions and activities.

| Objective | Description |
|--|---|
| Governance To provide a decision making process for the efficient allocation of scarce resources. | Administration and operation of facilities and services to members of Council. Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services. |
| General Purpose Funding To collect revenue to allow for the provision of services. | Rates, general purpose government grants and interest revenue. |
| Law, Order, Public Safety To provide services to help ensure a safer and environmentally conscious community. | Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services. |
| Health To provide an operational framework for environmental and community health. | Food quality and pest control, inspection of abattoir and operation of child health clinic, analytical testing and Environmental Health administration. |
| Education and Welfare To provide services to disadvantaged persons, the elderly, children and youth. | Year round care, housing for the aged and educational services. |
| Housing To provide and maintain staff and elderly residents housing. | Provision and maintenance of staff and elderly residents housing. |
| Community Amenities To provide services required by the community. | Rubbish and recycling collection services, operation of rubbish disposal site, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences. |
| Recreation and Culture To establish and effectively manage infrastructure and resource which will help the social well being of the community. | Maintenance of town hall, public halls, civic centres, aquatic centre, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, art gallery and other cultural facilities. |
| Transport To provide safe, effective and efficient transport services to the community. | Construction and maintenance of roads, streets, bridges, footpaths, depot, airport and traffic control. Cleaning of streets and maintenance of street trees and street lighting. Purchase and disposal of Council's Road Plant. |
| Economic Services To help promote the Shire and its economic wellbeing. | Tourism and area promotion. Maintenance and operation of the Saleyards. Building Control. Provision of rural services including weed control, vermin control and standpipes. |
| Other Property and Services To monitor and control Council's overheads operating accounts. | Private works operation, plant repair and operational costs and engineering operation costs. |

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

24. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

| | 2022 Actual | 2022 Budget | 2021 Actual |
|---|------------------------|------------------------|------------------------|
| | \$ | \$ | \$ |
| Income excluding grants, subsidies and contributions | | | |
| Governance | 76,131 | 33,871 | 291,625 |
| General purpose funding | 4,511,799 | 4,533,166 | 4,283,524 |
| Law, order, public safety | 58,052 | 56,800 | 61,002 |
| Health | 10,404 | 42,286 | 10,324 |
| Education and welfare | 1,673 | 4,250 | 3,026 |
| Housing | 113,927 | 101,940 | 178,487 |
| Community amenities | 875,793 | 879,988 | 942,569 |
| Recreation and culture | 237,252 | 249,435 | 315,134 |
| Transport | 108,932 | 140,869 | 178,402 |
| Economic services | 516,425 | 715,611 | 684,900 |
| Other property and services | 170,535 | 77,500 | 84,592 |
| | 6,680,924 | 6,835,716 | 7,033,585 |
| Grants, subsidies and contributions | | | |
| Governance | 394,400 | 10,933 | 4,932,924 |
| General purpose funding | 2,921,141 | 1,143,258 | 2,059,674 |
| Law, order, public safety | 164,954 | 147,261 | 180,594 |
| Health | 0 | 0 | 499,307 |
| Education and welfare | 219,605 | 150,000 | 159,064 |
| Community amenities | 44,577 | 79,555 | 132,665 |
| Recreation and culture | 828,273 | 524,637 | 32,941 |
| Transport | 1,000,589 | 947,592 | 833,364 |
| Economic services | 532,716 | 648,143 | 1,251,886 |
| | 6,106,255 | 3,651,379 | 10,082,419 |
| Total Income | 12,787,179 | 10,487,095 | 17,116,004 |
| Expenses | | | |
| Governance | (1,220,004) | (1,150,757) | (1,255,046) |
| General purpose funding | (265,075) | (299,138) | (266,445) |
| Law, order, public safety | (563,533) | (624,340) | (607,856) |
| Health | (163,952) | (255,909) | (169,854) |
| Education and welfare | (416,774) | (544,865) | (423,761) |
| Housing | (240,252) | (271,847) | (554,443) |
| Community amenities | (1,456,250) | (1,393,123) | (860,193) |
| Recreation and culture | (5,247,987) | (4,375,036) | (4,332,349) |
| Transport | (4,287,512) | (4,533,579) | (4,024,141) |
| Economic services | (1,839,697) | (1,626,261) | (1,372,621) |
| Other property and services | (107,971) | (85,090) | (57,329) |
| Total expenses | (15,809,008) | (15,159,945) | (13,924,038) |
| Net result for the period | (3,021,829) | (4,672,850) | 3,191,966 |

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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24. FUNCTION AND ACTIVITY (Continued)

(c) Fees and Charges

| | 2022 Actual | 2022 Budget | 2021 Actual |
|-----------------------------|------------------------|------------------------|------------------------|
| | \$ | \$ | \$ |
| Governance | 2,626 | 1,000 | 1,268 |
| General purpose funding | 24,055 | 21,750 | 28,304 |
| Law, order, public safety | 29,786 | 23,300 | 21,651 |
| Health | 2,425 | 2,550 | 1,563 |
| Education and welfare | 1,700 | 4,000 | 3,013 |
| Housing | 63,149 | 55,940 | 44,526 |
| Community amenities | 869,058 | 869,988 | 866,084 |
| Recreation and culture | 219,780 | 231,135 | 239,188 |
| Transport | 5,184 | 9,903 | 8,941 |
| Economic services | 503,561 | 702,411 | 673,643 |
| Other property and services | 32,390 | 7,000 | 10,140 |
| | 1,753,714 | 1,928,977 | 1,898,321 |

(d) Total Assets

| | 2022 | 2021 |
|-----------------------------|--------------------|--------------------|
| | \$ | \$ |
| Governance | 11,500,827 | 12,911,982 |
| General purpose funding | 1,479,488 | 1,070,422 |
| Law, order, public safety | 728,396 | 74,210 |
| Health | 340 | 824,870 |
| Education and welfare | 1,012,038 | 398,768 |
| Housing | 8,387,230 | 1,317,484 |
| Community amenities | 5,853,871 | 2,918,601 |
| Recreation and culture | 36,660,510 | 15,401,600 |
| Transport | 137,899,096 | 122,067,717 |
| Economic services | 25,150,272 | 2,929,568 |
| Other property and services | 3,170,632 | 71,864,469 |
| Unallocated | 4,916,890 | 3,337,689 |
| | 236,759,590 | 235,117,380 |

25. JOINT ARRANGEMENTS

The Shire had no investment in joint arrangements during the financial year 30 June 2022.

26. INVESTMENT IN ASSOCIATES

The Shire had no investment in associates during the financial year 30 June 2022.

27. MAJOR LAND TRANSACTIONS

The Shire was not party to any major land transactions during the financial year ended 30 June 2022.

28. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any major trading undertaking during the financial year 30 June 2022.

29. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

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

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

30. RATING INFORMATION

(a) General Rates

| RATE TYPE Rate Description | Basis of valuation | Rate in | Number of Properties | 2021/22 Actual Rateable Value * | 2021/22 Actual Rate Revenue | 2021/22 Actual Interim Rates | 2021/22 Actual Back Rates | 2021/22 Actual Total Revenue | 2021/22 Budget Rate Revenue | 2021/22 Budget Interim Rate | 2021/22 Budget Back Rate | 2021/22 Budget Total Revenue | 2020/21 Actual Total Revenue |
|--|------------------------|-----------|----------------------|---------------------------------|-----------------------------|------------------------------|---------------------------|------------------------------|-----------------------------|-----------------------------|--------------------------|------------------------------|------------------------------|
| | | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Gross Rental Value | Gross rental valuation | 0.10535 | 1,506 | 20,280,330 | 2,130,877 | 3,855 | 419 | 2,135,151 | 2,129,178 | 0 | 1,000 | 2,130,178 | 2,051,662 |
| Unimproved Value | Unimproved valuation | 0.00942 | 199 | 160,912,546 | 1,515,848 | 775 | (17) | 1,516,606 | 1,515,848 | 2,000 | 0 | 1,517,848 | 1,458,892 |
| Sub-Total | | | 1,705 | 181,192,876 | 3,646,725 | 4,630 | 402 | 3,651,757 | 3,645,026 | 2,000 | 1,000 | 3,648,026 | 3,510,554 |
| Minimum payment | | | | | | | | | | | | | |
| | | \$ | | | | | | | | | | | |
| Gross Rental Value | Gross rental valuation | 1,018 | 615 | 3,920,846 | 626,070 | 0 | 0 | 626,070 | 620,980 | 0 | 0 | 620,980 | 596,211 |
| Unimproved Value | Unimproved valuation | 1,018 | 130 | 7,309,530 | 132,340 | 0 | 0 | 132,340 | 137,430 | 0 | 0 | 137,430 | 125,312 |
| Sub-Total | | | 745 | 11,230,376 | 758,410 | 0 | 0 | 758,410 | 758,410 | 0 | 0 | 758,410 | 721,523 |
| | | | 2,450 | 192,423,252 | 4,405,135 | 4,630 | 402 | 4,410,167 | 4,403,436 | 2,000 | 1,000 | 4,406,436 | 4,232,077 |
| Discounts / Write-offs on general rates (Refer note 30(d)) | | | | | | | | (9,106) | | | | (1,900) | (51,809) |
| Concessions on general rates (Refer note 30(d)) | | | | | | | | (542) | | | | (500) | (945) |
| Total amount raised from general rates | | | | | | | | 4,400,519 | | | | 4,404,036 | 4,179,323 |
| * Rateable value is based on the value of properties at the time the rate is raised. | | | | | | | | | | | | | |
| (b) Rates (excluding general rates) | | | | | | | | | | | | | |
| Ex-gratia Rates | | | | | | | | | | | | | |
| Ex-gratia Rates | | | 0 | 0 | 0 | 0 | 0 | 4,532 | 4,550 | 0 | 0 | 4,550 | 4,357 |
| Sub-Total | | | 0 | 0 | 0 | 0 | 0 | 4,532 | 4,550 | 0 | 0 | 4,550 | 4,357 |
| Total amount raised from rates (excluding general rates) | | | | | | | | 4,532 | | | | 4,550 | 4,357 |
| (c) Total Rates | | | | | | | | | | | | | |
| | | | | | | | | 4,405,051 | | | | 4,408,586 | 4,183,680 |

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities*.

SHIRE OF KATANNING
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FOR THE YEAR ENDED 30 JUNE 2022

30. RATING INFORMATION (Continued)

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

Rates Discounts

| Rate or Fee Discount Granted | Type | Discount % | Discount \$ | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ | Circumstances in which Discount is Granted |
|---------------------------------|------|---------------|----------------|----------------------|----------------------|----------------------|--|
| Katanning Country Club | Rate | | | 1,909 | 1,900 | 1,835 | 50% Discount in recognition of recreation facilities provided to the Community |
| Rates written off | Rate | | | 7,197 | 0 | 49,974 | |
| | | | | 9,106 | 1,900 | 51,809 | |

Waivers or Concessions

| Rate or Fee and Charge to which the Waiver or Concession is Granted | Type | Waiver/ Concession | Discount % | Discount \$ | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--|------|-----------------------|---------------|----------------|----------------------|----------------------|----------------------|
| Penalty interest | Rate | Concession | 0.50% | 500 | 542 | 500 | 945 |
| | | | | | 542 | 500 | 945 |
| Total discounts/concessions/write-offs (Note 30) | | | | | 9,648 | 2,400 | 52,754 |

| Rate or Fee and Charge to which the Waiver or Concession is Granted | Circumstances in which the Waiver or Concession is Granted and to whom it was available | Objects of the Waiver or Concession | Reasons for the Waiver or Concession |
|--|--|---|---|
| Penalty interest | Financial hardship relief - Policy 2.13 | Not to cause hardship through recovery processes | Provision for exceptional circumstances |

SHIRE OF KATANNING
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FOR THE YEAR ENDED 30 JUNE 2022

30. RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

| Instalment Options | Date Due | Instalment Plan Admin Charge \$ | Instalment Plan Interest Rate % | Unpaid Rates Interest Rate % |
|---------------------|------------|------------------------------------|------------------------------------|---------------------------------|
| Option One | | | | |
| Single full payment | 15/10/2021 | 0.0 | 0.00% | 7.00% |
| Option Two | | | | |
| First instalment | 15/10/2021 | 0.0 | 0.00% | 7.00% |
| Second instalment | 15/02/2022 | 10.0 | 5.50% | 7.00% |
| Option Three | | | | |
| First instalment | 15/10/2021 | 0.0 | 0.00% | 7.00% |
| Second instalment | 15/12/2021 | 10.0 | 5.50% | 7.00% |
| Third instalment | 15/02/2022 | 10.0 | 5.50% | 7.00% |
| Fourth instalment | 15/04/2022 | 10.0 | 5.50% | 7.00% |

| | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|-----------------------------|----------------------|----------------------|----------------------|
| Interest on unpaid rates | 59,799 | 80,000 | 78,209 |
| Interest on instalment plan | 11,716 | 12,000 | 11,399 |
| Charges on instalment plan | 9,380 | 9,500 | 9,150 |
| | 80,895 | 101,500 | 98,758 |

SHIRE OF KATANNING
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31. RATE SETTING STATEMENT INFORMATION

| | | 2021/22 (30 June 2022 Carried Forward) \$ | 2021/22 Budget (30 June 2022 Carried Forward) \$ | 2020/21 (30 June 2021 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 | 10(d) | (110,877) | (142,601) | (336,773) |
| Less: Movement in contract liabilities | | (89,075) | 0 | 0 |
| Less: Movement in employee benefits provisions | | (30,692) | 0 | 0 |
| Add: Movement in Amherst Deposits | | 34,597 | 0 | 145,226 |
| Add: Termination of right-of-use assets | | 3,683 | 0 | 0 |
| Add: Loss on disposal of assets | 10(d) | 815,454 | 10,400 | 279,984 |
| Add: Depreciation | 10(a) | 6,132,001 | 5,657,103 | 6,155,466 |
| Non-cash movements in non-current assets and liabilities: | | | | |
| Financial assets at amortised cost | | 0 | 0 | (37,198) |
| Pensioner deferred rates | | (26,008) | 0 | 34,326 |
| Employee benefit provisions | | 6,651 | 0 | 4,211 |
| Other provisions | | 31,152 | 0 | (442,701) |
| Trade and other payables | | (10,000) | 0 | 0 |
| Other liabilities | | 0 | 0 | 4,300,544 |
| Non-cash amounts excluded from operating activities | | 6,756,886 | 5,524,902 | 10,103,085 |
| (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: Reserve accounts | 33 | (7,622,153) | (6,182,270) | (8,535,951) |
| - Amherst Deposits | | 1,216,754 | 1,212,019 | 1,182,156 |
| - Local Government House Equity | | 124,637 | 0 | 124,637 |
| Add: Current liabilities not expected to be cleared at end of year | | | | |
| - Current portion of borrowings | 14 | 184,158 | (41,639) | 280,754 |
| - Current portion of contract liability held in reserve | | 0 | 115,947 | 0 |
| - Current portion of lease liabilities | 11(b) | 14,578 | 18,557 | 18,557 |
| - Employee benefit provisions | | 640,705 | 0 | 671,397 |
| Total adjustments to net current assets | | (5,441,321) | (4,877,386) | (6,258,450) |
| Net current assets used in the Rate Setting Statement | | | | |
| Total current assets | | 15,703,865 | 11,931,238 | 16,926,001 |
| Less: Total current liabilities | | (3,241,325) | (7,058,402) | (4,033,624) |
| Less: Total adjustments to net current assets | | (5,441,321) | (4,877,386) | (6,258,450) |
| Net current assets used in the Rate Setting Statement | | 7,021,219 | (4,550) | 6,633,927 |

SHIRE OF KATANNING
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32. BORROWING AND LEASE LIABILITIES

(a) Borrowings

| Purpose | Note | Actual | | | | Budget | | | |
|-----------------------------|------|-----------------------------|---------------------------------|---|------------------------------|-----------------------------|---|------------------------------|-----------------------------|
| | | Principal at 1 July 2020 | New Loans During 2020- 21 | Principal Repayments During 2020-21 | Principal at 30 June 2021 | New Loans During 2021-22 | Principal Repayments During 2021-22 | Principal at 30 June 2022 | Principal at 1 July 2021 |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 158 Administration Building | | 2,325,941 | 0 | (92,071) | 2,233,870 | 0 | (95,601) | 2,138,269 | 2,233,870 |
| 159 Aged & Key Worker Accom | | 0 | 710,000 | (21,494) | 688,506 | 0 | (43,411) | 645,095 | 688,506 |
| 156 Road Sweeper | | 121,030 | 0 | (59,787) | 61,243 | 0 | (61,243) | 0 | 61,243 |
| 157 Tipping Truck | | 78,942 | 0 | (38,996) | 39,946 | 0 | (39,946) | 0 | 39,946 |
| 160 Water Cart | | 0 | 170,000 | (8,154) | 161,846 | 0 | (16,415) | 145,431 | 161,846 |
| 161 CAT Grader | | 0 | 250,000 | (11,991) | 238,009 | 0 | (24,138) | 213,871 | 238,009 |
| Total | | 2,525,913 | 1,130,000 | (232,493) | 3,423,420 | 0 | (280,754) | 3,142,666 | 3,423,420 |

Borrowing Interest Repayments

| Purpose | Note | Function and activity | Loan Number | Institution | Interest Rate | Actual for year ending 30 June 2022 | Budget for year ending 30 June 2022 | Actual for year ending 30 June 2021 |
|----------------------------------|------|-----------------------------|-------------|-------------|---------------|---|---|---|
| | | | | | | \$ | \$ | \$ |
| 158 Administration Building | | Governance | 158 | WATC | 3.80% | (98,758) | (99,351) | (111,280) |
| 159 Aged & Key Worker Accom | | Housing | 159 | WATC | 1.31% | (13,494) | (13,580) | (9,229) |
| 156 Road Sweeper | | Other property and services | 156 | WATC | 2.42% | (1,426) | (1,434) | (3,826) |
| 157 Tipping Truck | | Other property and services | 157 | WATC | 2.42% | (930) | (935) | (2,496) |
| 160 Water Cart | | Other property and services | 160 | WATC | 0.87% | (2,438) | (2,459) | (1,718) |
| 161 CAT Grader | | Other property and services | 161 | WATC | 0.87% | (3,585) | (3,617) | (2,526) |
| Total | | | | | | (120,631) | (121,376) | (131,075) |
| Total Interest Repayments | 2(b) | | | | | (120,631) | (121,376) | (131,075) |

SHIRE OF KATANNING
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FOR THE YEAR ENDED 30 JUNE 2022

32. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2021/22

The Shire had no new loan borrowings during the year ended 30 June 2022.

(c) Lease Liabilities

| Purpose | Note | Actual | | | | | | Budget | | | |
|--------------------------------|-------|--------------|----------------|---------------------------|----------------------------|-----------------|----------------|---------------------------|--------------|----------------|----------------|
| | | Principal at | New Leases | Principal | Lease | Principal at 30 | New Leases | Principal | Principal at | Principal at 1 | New Leases |
| | | 1 July 2020 | During 2020-21 | Repayments During 2020-21 | Termination During 2020-21 | June 2021 | During 2021-22 | Repayments During 2021-22 | 30 June 2022 | July 2021 | During 2021-22 |
| | | \$ | \$ | \$ | | \$ | \$ | \$ | \$ | \$ | \$ |
| CESM Vehicle 1HCG001 | | 0 | 55,879 | (15,671) | | 40,208 | 0 | (14,956) | 25,252 | 43,269 | 0 |
| CESM Vehicle 1GBH581 | | 44,428 | | | (41,277) | 3,151 | 0 | 0 | 0 | 0 | 0 |
| LCDC Vehicle | | 4,010 | 0 | (3,700) | | 310 | 0 | (310) | 0 | 310 | 0 |
| Matric Spin Bicycles | | 9,870 | 0 | (4,356) | | 5,514 | 0 | (4,406) | 1,108 | 5,515 | 0 |
| Total Lease Liabilities | 11(b) | 58,308 | 55,879 | (23,727) | (41,277) | 49,183 | 0 | (19,672) | 26,360 | 49,094 | 0 |

Lease Interest Repayments

| Purpose | Note | Function and activity | Lease Number | Institution | Interest Rate | Actual for year ending 30 June 2022 | Budget for year ending 30 June 2022 | Actual for year ending 30 June 2021 | Lease Term |
|----------------------------------|------|-----------------------------|--------------|--|---------------|-------------------------------------|-------------------------------------|-------------------------------------|------------|
| | | | | | | \$ | \$ | \$ | |
| CESM Vehicle 1HCG001 | | Other property and services | 491912/001 | SG Fleet Australia P/L | 26.70% | (1,436) | 0 | (660) | 48 months |
| LCDC Vehicle | | Community amenities | 1706081/1 | Custom Service Leasing Ltd | 25.00% | (1) | (3,555) | (33) | 24 months |
| Matric Spin Bicycles | | Recreation and culture | 41 | Maia Financial Pty Ltd T/A All Leasing | n/a | (139) | (5,570) | (114) | 60 months |
| Total Interest Repayments | 2(b) | | | | | (1,576) | (9,125) | (807) | |

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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33. RESERVE ACCOUNTS

Restricted by legislation/agreement

| | 2022 Actual Opening Balance | 2022 Actual Transfer to | 2022 Actual Transfer (from) | 2022 Actual Closing Balance | 2022 Budget Opening Balance | 2022 Budget Transfer to | 2022 Budget Transfer (from) | 2022 Budget Closing Balance | 2021 Actual Opening Balance | 2021 Actual Transfer to | 2021 Actual Transfer (from) | 2021 Actual Closing Balance |
|--|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| (a) Employee Leave Reserve | 775,181 | 1,064 | (30,475) | 745,770 | 775,181 | 620 | 0 | 775,801 | 749,637 | 25,544 | 0 | 775,181 |
| (b) Plant Replacement Reserve | 729,638 | 740 | (336,591) | 393,787 | 729,638 | 580 | (336,591) | 393,627 | 976,154 | 201,483 | (447,999) | 729,638 |
| (c) Amherst Village Building Maintenance Reserve | 53,310 | 38 | (30,000) | 23,348 | 53,310 | 45 | (30,000) | 23,355 | 104,444 | 76 | (51,210) | 53,310 |
| (d) Amherst Village Refundable Deposit Reserve | 1,211,050 | 81,755 | 0 | 1,292,805 | 1,211,049 | 970 | 0 | 1,212,019 | 1,030,341 | 370,749 | (190,040) | 1,211,050 |
| (e) Old Saleyards Reserve | 1,049,033 | 1,410 | (86,166) | 964,277 | 1,049,033 | 835 | (155,034) | 894,834 | 1,048,271 | 762 | 0 | 1,049,033 |
| (f) Waste Management Reserve | 433,677 | 583 | (10,000) | 424,260 | 433,677 | 345 | (54,000) | 380,022 | 1,158,216 | 841 | (725,380) | 433,677 |
| (g) Land & Building Reserve | 2,276,547 | 192,802 | (809,793) | 1,659,556 | 2,276,547 | 1,815 | (1,875,000) | 403,362 | 2,440,278 | 511,774 | (675,505) | 2,276,547 |
| (h) Land & Building Facilities for Seniors Reserve | 398,768 | 477 | (59,935) | 339,310 | 398,768 | 320 | (110,000) | 289,088 | 638,305 | 463 | (240,000) | 398,768 |
| (i) Regional Sheep Saleyards Reserve | 750,533 | 100,930 | (85,537) | 765,926 | 750,533 | 270,600 | (209,985) | 811,148 | 573,521 | 270,418 | (93,406) | 750,533 |
| (j) Christmas Decoration Reserve | 40,922 | 10,068 | 0 | 50,990 | 40,922 | 10,035 | 0 | 50,957 | 30,900 | 10,022 | 0 | 40,922 |
| (k) GRV Revaluation Reserve | 41,462 | 10,069 | 0 | 51,531 | 41,462 | 10,035 | 0 | 51,497 | 21,447 | 20,015 | 0 | 41,462 |
| (l) Quartermaine Oval Reserve | 196,861 | 50,329 | 0 | 247,190 | 196,861 | 50,160 | 0 | 247,021 | 146,755 | 50,106 | 0 | 196,861 |
| (m) KLC Facilities Reserve | 206,554 | 50,342 | 0 | 256,896 | 206,554 | 50,165 | 0 | 256,719 | 157,022 | 50,114 | (582) | 206,554 |
| (n) Election Reserve | 19,880 | 10,031 | (6,556) | 23,355 | 19,880 | 10,020 | (20,000) | 9,900 | 9,872 | 10,008 | 0 | 19,880 |
| (o) Library Building Reserve | 12,340 | 2,520 | 0 | 14,860 | 12,340 | 2,510 | 0 | 14,850 | 15,294 | 2,510 | (5,464) | 12,340 |
| (p) Community & Economic Development Reserve | 269,027 | 360 | (7,500) | 261,887 | 269,027 | 215 | (7,500) | 261,742 | 268,831 | 196 | 0 | 269,027 |
| (q) Lake Ewlyamartup Facilities Reserve | 10,000 | 5,020 | 0 | 15,020 | 10,000 | 5,010 | 0 | 15,010 | 0 | 10,000 | 0 | 10,000 |
| (r) Parks & Playgrounds Reserve | 30,584 | 15,060 | 0 | 45,644 | 30,584 | 15,025 | 0 | 45,609 | 0 | 30,584 | 0 | 30,584 |
| (s) Katanning Aquatic Centre Reserve | 30,584 | 15,060 | 0 | 45,644 | 30,584 | 15,025 | 0 | 45,609 | 0 | 30,584 | 0 | 30,584 |
| (t) Housing Reserve | 0 | 100 | 0 | 100 | 0 | 100 | 0 | 100 | 0 | 0 | 0 | 0 |
| | 8,535,951 | 548,755 | (1,462,553) | 7,622,153 | 8,535,950 | 444,430 | (2,798,110) | 6,182,270 | 9,369,288 | 1,596,249 | (2,429,586) | 8,535,951 |

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

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

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

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

34. 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 2021 | Amounts Received | Amounts Paid | 30 June 2022 |
|---------------------------------|-------------|------------------|--------------|--------------|
| | \$ | \$ | \$ | \$ |
| Carpark Contribution Liability | 8,167 | 0 | (8,167) | 0 |
| Public Open Space Contributions | 38,000 | 0 | (38,000) | 0 |
| | 46,167 | 0 | (46,167) | 0 |



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 Shire of Katanning

To the Councillors of the Shire of Katanning

Opinion

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

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, and Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2022 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

The Chief Executive Officer of the Shire is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

Auditor's responsibilities for the audit of the financial report

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

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

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

My independence and quality control relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Katanning for the year ended 30 June 2022 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.



Nayna Raniga
Acting Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
14 December 2022