



Annual Report ***2019/2020***

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Council:

Shire President
Deputy Shire President
Councillors

Cr K M (Ken) Seymour
Cr T L (Tracy) Lefroy
Cr D V (Denise) Clydesdale-Gebert
Cr E I (Lyn) Hamilton
Cr J M (Julie) Thomas
Cr S J (Steve) Gilbert
Cr M R (Marcus) Holliday
Cr T G (Tracy) Humphry
Cr P F (Peter) Nixon

Senior Officers:

Chief Executive Officer	Mr A J (Alan) Leeson
Deputy Chief Executive Officer	Mr D K (David) Trevaskis
Manager Engineering Services	Mr J L (John) Greay
Manager Community Development and Visitor Servicing	Mrs N M (Nicole) Beard

President's Report 2019/2020

It is with great pride and pleasure that I present to you the Shire of Moora's Annual Report for the year ended 30 June 2020.

The year that was 2019 / 2020 - the year that none of us are ever likely to forget, with a global health pandemic changing the world, our nation, and our Shire of Moora greatly. As with all challenges, the community of Moora met the challenges of COVID-19 and turned them into opportunities. We saw an increased membership of our local Chamber of Commerce, the creation of the Community Kindness Network, online fitness and arts became a 'thing' and we all remembered the importance of staying connected during times of hardship.

When I reflect on the year that was 2019 - 2020, I feel so very proud of the resilience, kindness and adaptability of our community. There's nothing quite like a global pandemic to make you appreciate living in regional WA – we are safe, we have outstanding medical services, and we live in a state of exceptional beauty that is ours to explore.

At the end 2019, we said goodbye to our Deputy CEO, David Trevaskis and welcomed Gavin Robins to Moora in this role. Gavin's fresh approach to local government and project development has been revitalising and there are many exciting projects in the pipeline.



The opening of our Central Midlands Hydrotherapy Pool and Dental practice, the enhancement of our local road network, the continuation of ongoing improvements to infrastructure over the course of 2019 – 2020 have meant that Moora is a wonderful place in which to live, work and play.

Our local planning strategy has been completed. This strategy gives us a framework by which we can facilitate economic growth and development. You will note the outcomes of this strategy in upcoming townscape and infrastructure builds. Moora's ageing infrastructure is requiring detailed assessment and planning – with a high level of engagement and consultation with our community. We are currently focused heavily on Sport and Recreation into the future. As such, we are holding stakeholder meetings to ensure that our community is engaged and consulted throughout the process. Please share your vision for the future of Sport and Recreation in Moora, we are aiming to cater not just to the current but also to future generations of Moora-ites.

Thank you to our wonderful community of Moora, our tireless team at the Shire and to my fellow Councillors over the past 12 months. It has been an honour to work with you all throughout the year and I cannot wait to see what lay ahead for our prosperous Shire.



**Councillor Tracy Lefroy
Shire President**

Chief Executive Officer's Report 2019/2020

It is with pleasure that I present my annual report as Chief Executive Officer of the Shire of Moora.

The 2019/2020 financial year was very busy for shire staff completing a number of important projects for the long-term benefit and enjoyment of the Moora Shire community.

During the year, Deputy Chief Executive Officer David Trevaskis moved on to a new position with the City of Kalgoorlie-Boulder as the Chief Financial Officer. David commenced with the Shire of Moora in February 2014 and finished up with the Shire in December 2019. I wish to formally acknowledge David's contribution to the Shire of Moora in his role coming into the position from outside the local government industry.

In April 2020 the Shire of Moora welcomed Gavin Robins to the role of Deputy Chief Executive Officer. Gavin had previously worked in State Government of W.A within the Regional Development Commission structure under the Department of Primary Industry and Regional Development. Gavin's business experience and legal acumen will be a great asset for the Shire of Moora as it moves into a phase of significant infrastructure renewal and replacement.

During the 2019/2020 financial year, areas of significant capital expenditure were:

Road Construction

•	Miling North Road (RRG)	\$ 998,808
•	Miling North Road (WSFN)	\$ 980,134
•	Barberton West Road	\$ 54,429
•	Barberton East Road	\$ 115,231
•	Old Geraldton Road	\$ 116,342
•	Dalwallinu West Road	\$ 60,703
•	Town footpaths	\$ 219,654

Land and Buildings

Projects included but not limited to;

•	Hydrotherapy/Dental Centre	\$ 69,937
•	Hydrotherapy/Dental (Roads/landscaping)	\$ 148,038
•	Moora Recreation Centre	\$ 41,401
•	Moora Men's Shed	\$ 91,259
•	Moora Caravan Park /Chalets	\$ 31,356

Plant and Equipment

Included but not limited to;

•	Vibrating Steel Roller	\$142,300
•	Light fleet changeovers	\$226,960
•	Doctors vehicle changeover	\$ 24,302

In a general sense, 2019/2020 provided its challenges, no more so than in the early part of 2020 with the COVID-19 pandemic outbreak. I wish to formally acknowledge the support of Council through this in allowing all permanent staff of the Shire to retain their employment and continue to provide essential services to the community of the Shire of Moora.

The pandemic provided significant challenges, no more so than having to close a number of Shire facilities at the height of the outbreak. Moving into planning for the 2020/2021 financial year Council recognised the impact of the pandemic and introduced a range of financial measures that took into consideration the anxiety and economic impacts of the community more broadly. As such the following measures were put in place as part of establishing the 2020/2021 budget framework;

- Zero percent increase of shire property rates, in effect adopt the same rate in the dollar for UV and GRV properties as was adopted for the 2019/2020 financial year budget;
 - Request that any revaluations of Unimproved Value properties and Gross Rental Value Properties be deferred until the 2021/2022 financial year;
- Zero percent increase of all fees and charges;
- Waive fees and charges for all sporting and community groups within the Shire of Moora for the 2020/2021 financial year;
- No instalment administration fees on rate instalment options for 2020/2021;
- Offer flexible payment options for all rates, fees and service charges as required;
- No increase of base wage and salary rates for 2020/2021 (excluding those mandated by relevant employment award provisions);
- Suspend replacement/upgrading of heavy plant, equipment and light vehicles across all of Shires operations;
- Offer Shire of Moora businesses a 50% (\$150) contribution toward a Wheatbelt Business Network – Small Business Category (2019/2020 value \$300).

Closing

I would like to formally record my thanks to all shire staff for their efforts and continued hard work over the past 12 months. A lot of work goes into sustaining and maintaining this great community in which we live. Their efforts do not go unnoticed.

In closing, I would like to thank Council and staff for their ongoing support.



Alan Leeson
Chief Executive Officer

Report on Strategic Community Plan 2019/2020

The Shire of Moora Strategic Community Plan 2018 - 2028 was adopted by Council on 17 April 2013.

The Strategic Community Plan contains five goals, each of which is supported by a number of outcomes, strategies and key performance indicators.

Strategic Community Goals and their Key Performance Indicators:

Goal 1: A vibrant, healthy and safe community.	Key Performance Indicators
<p>Outcomes:</p> <ul style="list-style-type: none"> • Outcome 1.1: A healthy community through participation in sport, recreation, arts, culture and leisure opportunities. • Outcome 1.2: Health, education and family support services that are accessible and meet community needs. • Outcome 1.3: Opportunities for development and participation of young people. • Outcome 1.4: An integrated, connected, respectful and supportive community. • Outcome 1.5: A safe community 	<ul style="list-style-type: none"> • Number of participants in Council organised sporting events • Number of participants in Shire supported youth activities. • Community satisfaction with Council services and facilities. • Percentage of the population who volunteer. • Community perception of safety in public places. • Analysis of Shire's social media presence. • Sport and recreation master plan completed.
Goal 2: Value, protect, enhance and manage the natural environment.	
<p>Outcomes:</p> <ul style="list-style-type: none"> • Outcome 2.1: Support agricultural best practice initiatives. • Outcome 2.2: Valued quality water resources & capacity. • Outcome 2.3: Encourage effective climate practices. • Outcome 2.4: Effective waste management practices. • Outcome 2.5: A protected natural environment. 	<ul style="list-style-type: none"> • Community satisfaction with Shire supported natural environment initiatives. • Community satisfaction with waste management services. • Quality and capacity of water resources meet community needs.

<p>Goal 3: A built environment focussing on people that supports economic and community growth.</p>	
<p>Outcomes:</p> <ul style="list-style-type: none"> • Outcome 3.1: Best practice planning and development that responds to community and industry needs. • Outcome 3.2: Attractive townscapes and streetscapes. • Outcome 3.3: A safe, efficient and reliable transport network. • Outcome 3.4: Council buildings and facilities that meet community needs. • Outcome 3.5: Sustainable asset and infrastructure management 	<ul style="list-style-type: none"> • Customer satisfaction with planning and development application information and advice. • Community satisfaction with townscapes and streetscapes. • Community satisfaction with the standard of roads, bridges and footpaths. • Community satisfaction with the standard of Council buildings and facilities. • Asset consumption ratio, asset renewal funding ratio and asset sustainability ratio.
<p>Goal 4: An innovative, thriving and diverse local economy.</p>	
<p>Outcomes:</p> <ul style="list-style-type: none"> • Outcome 4.1: A strong, innovative and diversified economic and employment base. • Outcome 4.2: A dynamic and resilient business environment. • Outcome 4.3: Enhance and promote collaborative tourism opportunities. 	<ul style="list-style-type: none"> • Customer satisfaction with Council support for business and industry. • Tourism feedback received. • Tourism strategy produced.
<p>Goal 5: A community that collaborates effectively, nourishes local leadership and advocates for its future.</p>	
<p>Outcomes:</p> <ul style="list-style-type: none"> • Outcome 5.1: Well-developed partnerships are evident and effective within the community. • Outcome 5.2: Community leadership is encouraged and supported. • Outcome 5.3: Partners in the government and private sectors understand the aspirations of the Moora Shire and its communities. • Outcome 5.4: Professional employees in a supportive environment. • Outcome 5.5: Ensure effective and efficient corporate and administrative services. 	<ul style="list-style-type: none"> • Number of community-based organisations assisted by Council. • Community satisfaction with the governance and leadership of the Shire. • Council and officer monthly reports on community and government engagement. • Staff turnover ratio. • Community satisfaction with customer services.

Other Legislative Reporting Requirements

Disclosure of Annual Salaries

Local governments are required to include in their annual report the number of employees of the local government entitled to an annual salary of \$100,000 or more, and the number of employees with an annual salary entitlement that falls within each band of \$10,000 over \$100,000. For the year 2019/2020 the Shire of Moora had three employees entitled to an annual salary exceeding \$100,000, one in the \$120,000 to \$130,000 band and two in the \$140,000 to \$150,000 band.

Disability Service Plan

The Disability Service Act ensures that people with disabilities have the same opportunities as other members of the community. Council aims to progressively improve access to facilities for people with disabilities over time. Significant progress has been made in recent years to improving access, and all new facilities or upgrades to existing facilities have provision for disabled access.

Record Keeping

The Shire of Moora maintains recordkeeping practices in accordance with the requirements of the State Records Act 2000 and its Recordkeeping Plan. The plan encompasses the requirements for capture, control and disposal of records as well as for staff training.

Staff training in records management includes Managers, Administration Staff and induction training for all new staff on their obligations under the State Records Act 2000, and the operation of records management within the Shire of Moora has been undertaken.

Public Interest Disclosure

In accordance with the requirements of the Public Interest Disclosure Act 2003, the Shire of Moora has established procedures to facilitate the making of disclosures under the Act. These procedures set out the processes in respect to protected disclosures generally, to protect people from reprisal for making protected disclosures, and to provide guidance on investigations.

In the 2019/2020 financial year, no disclosures relating to improper conduct were made to the Shire and therefore no disclosures were referred.

Freedom of Information Act 1992

The Shire of Moora is subject to the provisions of the Freedom of Information (FOI) Act 1992, which gives individuals and organisations a general right of access to information held by the Shire. The Act also provides the right of appeal in relation to decisions made by the Shire to refuse access to information applied for under the Act.

The Shire did not receive any FOI applications in the 2019/2020 financial year.

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

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COMMUNITY VISION

A vibrant, affordable Regional Centre with a growing, caring community.

Principal place of business:
34 Padbury Street
MOORA
WA 6510

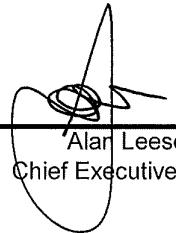
**SHIRE OF MOORA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 25th day of April 2021



Alan Leeson
Chief Executive Officer



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	23(a)	4,088,135	4,113,822	4,046,880
Operating grants, subsidies and contributions	2(a)	2,149,028	1,249,757	2,152,109
Fees and charges	2(a)	2,558,224	2,614,928	2,586,459
Interest earnings	2(a)	146,277	157,481	155,399
Other revenue	2(a)	160,832	140,186	262,363
		9,102,496	8,276,174	9,203,210
Expenses				
Employee costs		(3,726,371)	(3,686,207)	(3,577,942)
Materials and contracts		(1,603,164)	(1,842,772)	(1,653,114)
Utility charges		(417,157)	(398,410)	(393,523)
Depreciation on non-current assets	11(b)	(4,296,519)	(4,327,514)	(4,214,156)
Interest expenses	2(b)	(43,599)	(34,986)	(55,807)
Insurance expenses		(193,717)	(195,273)	(184,659)
Other expenditure		(314,149)	(383,772)	(280,368)
		(10,594,676)	(10,868,934)	(10,359,569)
		(1,492,180)	(2,592,760)	(1,156,359)
Non-operating grants, subsidies and contributions	2(a)	2,330,667	1,648,845	1,640,433
Profit on asset disposals	11(a)	19,409	0	88,726
(Loss) on asset disposals	11(a)	(52,415)	(65,573)	(205,828)
Fair value adjustments to financial assets at fair value through profit or loss		(87,370)	0	87,586
		2,210,291	1,583,272	1,610,917
Net result for the period		718,111	(1,009,488)	454,558
Total comprehensive income for the period		718,111	(1,009,488)	454,558

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



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Governance		28,912	30,086	34,352
General purpose funding		5,976,565	5,087,564	5,887,274
Law, order, public safety		344,830	319,240	294,952
Health		8,058	20,690	17,153
Education and welfare		288,108	359,500	363,077
Housing		105,256	122,080	111,093
Community amenities		1,206,665	1,197,928	1,175,832
Recreation and culture		109,663	238,776	248,163
Transport		185,939	177,300	173,260
Economic services		624,122	588,010	663,971
Other property and services		224,378	135,000	234,083
		9,102,496	8,276,174	9,203,210
Expenses				
Governance		(994,392)	(1,043,183)	(927,615)
General purpose funding		(130,642)	(158,988)	(210,805)
Law, order, public safety		(607,663)	(572,211)	(551,486)
Health		(70,815)	(99,561)	(80,706)
Education and welfare		(529,741)	(760,522)	(460,552)
Housing		(77,793)	(85,830)	(57,960)
Community amenities		(1,656,919)	(1,613,169)	(1,578,757)
Recreation and culture		(1,980,119)	(2,034,552)	(1,933,433)
Transport		(3,622,400)	(3,613,514)	(3,704,692)
Economic services		(833,075)	(813,265)	(787,262)
Other property and services		(47,518)	(39,153)	(10,494)
		(10,551,077)	(10,833,948)	(10,303,762)
Finance Costs				
General purpose funding		(43,599)	(34,986)	(55,807)
		(43,599)	(34,986)	(55,807)
		(1,492,180)	(2,592,760)	(1,156,359)
Non-operating grants, subsidies and contributions	2(a)	2,330,667	1,648,845	1,640,433
Profit on disposal of assets	11(a)	19,409	0	88,726
(Loss) on disposal of assets	11(a)	(52,415)	(65,573)	(205,828)
Fair value adjustments to financial assets at fair value through profit or loss		(87,370)	0	87,586
		2,210,291	1,583,272	1,610,917
Net result for the period		718,111	(1,009,488)	454,558
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Total comprehensive income for the period		718,111	(1,009,488)	454,558

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



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

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	5,567,398	3,963,002
Trade and other receivables	6	538,960	513,309
Other financial assets	5(a)	19,743	18,643
Inventories	7	45,145	20,905
Other current assets	8	29,960	383,168
TOTAL CURRENT ASSETS		6,201,206	4,899,027
NON-CURRENT ASSETS			
Trade and other receivables	6	33,147	34,187
Other financial assets	5(b)	201,920	309,033
Other non-current assets	8	764,635	375,000
Property, plant and equipment	9	22,998,036	20,330,803
Infrastructure	10	162,490,387	166,291,120
Investment property	13	1,075,682	1,075,682
TOTAL NON-CURRENT ASSETS		187,563,807	188,415,825
TOTAL ASSETS		193,765,013	193,314,852
CURRENT LIABILITIES			
Trade and other payables	14	431,735	532,499
Contract liabilities	15	228,196	0
Borrowings	16(a)	123,684	135,445
Employee related provisions	17	700,224	606,830
TOTAL CURRENT LIABILITIES		1,483,839	1,274,774
NON-CURRENT LIABILITIES			
Borrowings	16(a)	827,443	951,127
Employee related provisions	17	114,045	131,098
TOTAL NON-CURRENT LIABILITIES		941,488	1,082,225
TOTAL LIABILITIES		2,425,327	2,356,999
NET ASSETS		191,339,686	190,957,853
EQUITY			
Retained surplus		84,603,425	84,671,384
Reserves - cash backed	4	2,459,674	1,809,882
Revaluation surplus	12	104,276,587	104,476,587
TOTAL EQUITY		191,339,686	190,957,853

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



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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2018		84,391,960	1,634,748	104,476,587	190,503,295
Comprehensive income					
Net result for the period		454,558	0	0	454,558
Total comprehensive income		454,558	0	0	454,558
Transfers to reserves	4	(175,134)	175,134	0	0
Balance as at 30 June 2019		84,671,384	1,809,882	104,476,587	190,957,853
Change in accounting policy	27(c)	(136,278)	0	(200,000)	(336,278)
Restated total equity at 1 July 2019		84,535,106	1,809,882	104,276,587	190,621,575
Comprehensive income					
Net result for the period		718,111	0	0	718,111
Total comprehensive income		718,111	0	0	718,111
Transfers to reserves	4	(649,792)	649,792	0	0
Balance as at 30 June 2020		84,603,425	2,459,674	104,276,587	191,339,686

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		4,076,527	4,113,822	4,007,725
Operating grants, subsidies and contributions		2,336,501	1,249,757	2,232,490
Fees and charges		2,558,224	2,614,928	2,586,459
Interest received		146,277	157,481	155,399
Goods and services tax received		23,745	0	1,999
Other revenue		160,832	140,186	262,363
		9,302,106	8,276,174	9,246,435
Payments				
Employee costs		(3,623,649)	(3,686,207)	(3,556,846)
Materials and contracts		(1,808,829)	(2,098,307)	(1,470,981)
Utility charges		(417,157)	(398,410)	(393,523)
Interest expenses		(43,599)	(34,986)	(27,199)
Insurance paid		(193,717)	(195,273)	(184,659)
Other expenditure		(314,149)	(383,772)	(280,368)
		(6,401,100)	(6,796,955)	(5,913,576)
Net cash provided by (used in) operating activities	18	2,901,006	1,479,219	3,332,859
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	9(a)	(835,982)	(1,673,611)	(1,211,392)
Payments for construction of infrastructure	10(a)	(2,810,395)	(3,356,081)	(4,502,680)
Non-operating grants, subsidies and contributions	2(a)	2,330,667	1,648,845	1,640,433
Proceeds from financial assets at fair values through profit and loss		(1,040)	0	0
Proceeds from sale of property, plant & equipment	11(a)	135,902	519,727	346,189
Net cash provided by (used in) investment activities		(1,180,848)	(2,861,120)	(3,727,450)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	16(b)	(135,445)	(135,444)	(361,298)
Proceeds from new borrowings	16(b)	0	0	500,000
Proceeds from financial assets at amortised cost - self supporting loans		7,719	22,663	7,478
Proceeds from financial assets at amortised cost - advances to community groups		11,964	0	20,323
Net cash provided by (used in) financing activities		(115,762)	(112,781)	166,503
Net increase (decrease) in cash held		1,604,396	(1,494,682)	(228,088)
Cash at beginning of year		3,963,002	3,934,394	4,191,090
Cash and cash equivalents at the end of the year	18	5,567,398	2,439,712	3,963,002

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	24 (b)	2,079,011	1,872,061	2,588,698
		2,079,011	1,872,061	2,588,698
Revenue from operating activities (excluding rates)				
Governance		28,912	30,086	121,938
General purpose funding		1,912,452	973,742	1,891,579
Law, order, public safety		344,830	319,240	294,952
Health		8,058	20,690	17,153
Education and welfare		288,108	359,500	363,077
Housing		105,256	122,080	111,093
Community amenities		1,206,665	1,197,928	1,175,832
Recreation and culture		109,663	238,776	248,163
Transport		185,939	177,300	259,694
Economic services		624,122	588,010	666,263
Other property and services		243,787	135,000	234,083
		5,057,792	4,162,352	5,383,827
Expenditure from operating activities				
Governance		(1,100,222)	(1,061,847)	(995,870)
General purpose funding		(174,241)	(193,974)	(266,612)
Law, order, public safety		(607,663)	(572,211)	(551,486)
Health		(77,847)	(106,470)	(80,706)
Education and welfare		(529,741)	(760,522)	(460,552)
Housing		(77,793)	(110,830)	(57,960)
Community amenities		(1,656,919)	(1,613,169)	(1,581,072)
Recreation and culture		(1,980,119)	(2,034,552)	(1,933,433)
Transport		(3,622,400)	(3,613,514)	(3,780,050)
Economic services		(833,075)	(819,265)	(787,262)
Other property and services		(74,441)	(48,153)	(70,394)
		(10,734,461)	(10,934,507)	(10,565,397)
Non-cash amounts excluded from operating activities	24(a)	4,135,613	4,399,087	4,236,891
Amount attributable to operating activities		537,955	(501,007)	1,644,019
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	2,330,667	1,648,845	1,640,433
Proceeds from disposal of assets	11(a)	135,902	519,727	346,189
Purchase of property, plant and equipment	9(a)	(835,982)	(1,673,611)	(1,211,392)
Purchase and construction of infrastructure	10(a)	(2,810,395)	(3,356,081)	(4,502,680)
Amount attributable to investing activities		(1,179,808)	(2,861,120)	(3,727,450)
FINANCING ACTIVITIES				
Repayment of borrowings	16(b)	(135,445)	(135,444)	(361,298)
Proceeds from borrowings	16(c)	0	0	500,000
Proceeds from financial assets at amortised cost - self supporting loans		7,719	22,663	7,478
Proceeds from financial assets at amortised cost - advances to community groups		11,964	0	20,323
Transfers to reserves (restricted assets)	4	(649,792)	(620,000)	(175,134)
Amount attributable to financing activities		(765,554)	(732,781)	(8,631)
Surplus/(deficit) before imposition of general rates		(1,407,407)	(4,094,908)	(2,092,062)
Total amount raised from general rates	23(a)	4,064,113	4,113,822	3,995,695
Surplus/(deficit) after imposition of general rates	24(b)	2,656,706	18,914	1,903,633

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

1. BASIS OF PREPARATION

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

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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

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

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

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

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 29 to these financial statements.

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When cash is received
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Sewerage management	Sewerage management services	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the service period	Not applicable	Output method based on regular services as proportionate to service provided
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to transaction	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for on application	Adopted by council annually	Apportioned the access period	Returns limited to transaction	months matched to access right
for other goods and services	Cemetery services, library fees, reinstatements and	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of	Not applicable	provision of service or completion of works
Sale of stock	stock	Single point in time	In full in advance	goods	Adopted by set by mutual agreement	Applied fully based on timing of provision	Returns limited to transaction	goods
Commissions	Commissions on licencing and ticket	Over time	sale	None	Set by mutual agreement with	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in		None	Set by mutual agreement with	agreed	Not applicable	When claim is agreed

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

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	2,273	0	3,636
General purpose funding	1,714,289	779,761	1,639,161
Law, order, public safety	201,767	172,246	154,502
Health	3,185	3,250	2,870
Education and welfare	1,500	4,500	65,334
Community amenities	2,605	1,000	(8,134)
Recreation and culture	27,015	111,700	120,344
Transport	185,939	177,300	173,260
Other property and services	10,455	0	1,136
	2,149,028	1,249,757	2,152,109
Non-operating grants, subsidies and contributions			
Law, order, public safety	30,506	52,000	4,506
Education and welfare	360,000	540,000	360,000
Recreation and culture	4,370	233,000	383,727
Transport	1,935,791	823,845	848,200
Economic services	0	0	44,000
	2,330,667	1,648,845	1,640,433
	4,479,695	2,898,602	3,792,542
Total grants, subsidies and contributions			
Fees and charges			
Governance	393	200	1,179
General purpose funding	13,006	11,500	11,187
Law, order, public safety	143,063	146,994	140,451
Health	4,873	17,440	14,283
Education and welfare	286,608	355,000	297,744
Housing	105,256	122,080	111,093
Community amenities	1,204,060	1,196,928	1,183,965
Recreation and culture	82,874	127,076	127,734
Economic services	623,871	587,710	663,708
Other property and services	94,220	50,000	35,115
	2,558,224	2,614,928	2,586,459

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2020 Actual \$	2020 Budget \$	2019 Actual \$
Contracts with customers and transfers for recognisable non-financial assets			
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:			
Non-operating grants, subsidies and contributions	2,330,667	1,648,845	1,640,433
	2,330,667	1,648,845	1,640,433
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:			
Contracts with customers included as a contract liability at the start of the period	22,804		
Other revenue from performance obligations satisfied during the year	2,307,863	1,648,845	1,640,433
	2,330,667	1,648,845	1,640,433
Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:			
Trade and other receivables from contracts with customers	177,051	0	0
Contract liabilities from contracts with customers	(228,196)	0	0

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

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

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

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

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

SHIRE OF MOORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020
2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Revenue from statutory requirements			
Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:			
General rates	4,064,113	4,089,514	3,995,695
	4,064,113	4,089,514	3,995,695
Other revenue			
Reimbursements and recoveries	160,832	140,186	262,363
	160,832	140,186	262,363
Interest earnings			
Financial assets at amortised cost - self supporting loans	2,960	3,981	3,526
Interest on reserve funds	42,858	40,000	42,067
Rates instalment and penalty interest (refer Note 23(c))	54,009	58,500	52,918
Other interest earnings	46,450	55,000	56,888
	146,277	157,481	155,399

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

(b) Expenses	Note	2020 Actual	2020 Budget	2019 Actual
		\$	\$	\$
Auditors remuneration				
- Audit of the Annual Financial Report		38,000	38,000	38,000
- Other services		11,250	14,000	23,086
		49,250	52,000	61,086
Interest expenses (finance costs)				
Borrowings	16(b)	42,044	34,986	52,028
Overdraft interest expenses		1,555	0	3,779
		43,599	34,986	55,807
Other expenditure				
Impairment loss on trade and other receivables from contracts with customers		50,048		
Sundry expenses		264,101	383,772	280,368
Rental charges				
- Operating leases		0	0	14,800

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

3. CASH AND CASH EQUIVALENTS

	NOTE	2020 \$	2019 \$
Cash at bank and on hand		828,168	1,153,120
Term deposits		4,739,230	2,809,882
Total cash and cash equivalents		5,567,398	3,963,002
Restrictions			
requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		2,718,098	1,969,148
		2,718,098	1,969,148

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

Reserves - cash backed	4	2,459,674	1,809,882
Contract liabilities from contracts with customers	15	228,196	0
Bonds & Deposits	14	30,228	28,608
Unspent grants, subsidies and contributions		0	130,658
Total restricted assets		2,718,098	1,969,148

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted assets

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

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

4. RESERVES - CASH BACKED	2020	2020	2020	2020	2020	2020	2020	2020	2019	2019	2019	2019
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave Reserve	284,116	10,956	0	295,072	284,119	6,000	0	290,119	281,511	2,605	0	284,116
(b) Plant Reserve	138,916	7,039	0	145,955	138,916	3,000	0	141,916	137,689	1,227	0	138,916
(c) Administration Building Reserve	242,647	407,425	0	650,072	242,647	405,500	0	648,147	240,515	2,132	0	242,647
(d) Community Facilities Reserve	123,502	5,012	0	128,514	123,502	3,000	0	126,502	122,315	1,187	0	123,502
(e) Waste Management Reserve	134,396	5,182	0	139,578	134,396	3,000	0	137,396	133,163	1,233	0	134,396
(f) Bridge Reserve	72,007	2,777	0	74,784	72,007	2,000	0	74,007	71,346	661	0	72,007
(g) Community Bus Reserve	7,059	272	0	7,331	7,059	0	0	7,059	6,994	65	0	7,059
(h) Sewerage Reserve	650,106	205,070	0	855,176	650,106	194,500	0	844,606	495,431	154,675	0	650,106
(i) Economic Development Reserve	137,040	5,284	0	142,324	137,040	3,000	0	140,040	135,784	1,256	0	137,040
(j) Emergency Relief Reserve	20,093	775	0	20,868	20,093	0	0	20,093	10,000	10,093	0	20,093
	1,809,882	649,792	0	2,459,674	1,809,885	620,000	0	2,429,885	1,634,748	175,134	0	1,809,882

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Leave Reserve	Ongoing	To be used to fund outstanding annual and long service leave requirements
Plant Reserve	Ongoing	To be used for the purchase of items of plant and equipment.
Administration Building Reserve	Ongoing	To be used for major projects relating to Council buildings including renovations and constructions of new facilities.
(d) Community Facilities Reserve	Ongoing	To provide funds to eligible community organisations for approved projects. Maximum loan is \$20,000 repayable over 3-10 years under certain conditions. Also to fund Moora Lifestyle Village Relocation Loans.
Waste Management Reserve	Ongoing	To be used for major projects relating to waste management including future rubbish site development and waste management plant items.
Bridge Reserve	Ongoing	Funds held for funding bridge work maintenance.
Community Bus Reserve	Ongoing	To provide for repairs and upgrade of community bus.
Sewerage Reserve	Ongoing	To be used for sewerage infrastructure works.
Economic Development Reserve	Ongoing	To be used for future economic development services within the Shire of Moora, including land development relating to residential, commercial and industrial use.
Emergency Relief Reserve	Ongoing	To be used for emergency disaster relief

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

5. OTHER FINANCIAL ASSETS

	2020	2019
	\$	\$
(a) Current assets		
Financial assets at amortised cost	19,743	18,643
	19,743	18,643
Other financial assets at amortised cost		
Self supporting loans	7,967	7,719
Community loans	11,776	10,924
	19,743	18,643
(b) Non-current assets		
Financial assets at amortised cost	101,704	121,447
Financial assets at fair value through profit and loss	100,216	187,586
	201,920	309,033
Financial assets at amortised cost		
Self supporting loans	39,144	47,111
Community loans	62,560	74,336
	101,704	121,447
Financial assets at fair value through profit and loss		
CMC Pty Ltd - 100,000 B class shares @ \$1 per share	11,190	100,000
Units in Local Government House Trust	89,026	87,586
	100,216	187,586

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

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 25.

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

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	400,444	370,007
Trade and other receivables	177,051	154,535
Allowance for impairment of receivables	(50,048)	(46,491)
GST receivable	11,513	35,258
	538,960	513,309

Non-current

Pensioner's rates and ESL deferred	29,679	29,679
MLSV Relocation loans	3,468	4,508
	33,147	34,187

	2020	2019
	\$	\$
Rates receivable	400,444	370,007
Trade and other receivables	177,051	154,535
Allowance for impairment of receivables	(50,048)	(46,491)
GST receivable	11,513	35,258
	538,960	513,309
Pensioner's rates and ESL deferred	29,679	29,679
MLSV Relocation loans	3,468	4,508
	33,147	34,187

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 25.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

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

7. INVENTORIES

Current

Fuel and materials

	2020	2019
	\$	\$
	45,145	20,905
	<u>45,145</u>	<u>20,905</u>
	20,905	47,709
	24,240	(26,804)
	<u>45,145</u>	<u>20,905</u>

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Additions to inventory

Carrying amount at end of period

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

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

8. OTHER ASSETS

	2020	2019
	\$	\$
Other assets - current		
Prepayments	1,260	44,579
Accrued interest on investments	28,700	26,933
Non Current Assets Held for Sale	0	311,656
	<u>29,960</u>	<u>383,168</u>
Non-current assets held for sale		
Non Current Assets Held for Sale	389,635	0
Land held for resale - cost	375,000	375,000
	<u>764,635</u>	<u>375,000</u>

Land and buildings classified as held for sale

There are no projected disposals of non-current assets held for sales shown in the 2020/21 Budget.

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

Non-current assets held for sale

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

Non-current assets held for sale (Continued)

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

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

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

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	3,021,050	200,000	3,221,050	980,630	12,177,547	13,158,177	16,379,227	131,631	4,406,920	20,917,778
Additions	58,410	0	58,410	64,381	83,481	147,862	206,272	37,020	968,100	1,211,392
(Disposals)	(5,808)	0	(5,808)	0	0	0	(5,808)	(38,686)	(418,797)	(463,291)
Depreciation (expense)	0	0	0	(29,396)	(581,208)	(610,604)	(610,604)	(25,121)	(364,878)	(1,000,603)
Transfers	(194,650)	0	(194,650)	(9,069)	(140,504)	(149,573)	(344,223)	9,750	0	(334,473)
Carrying amount at 30 June 2019	2,879,002	200,000	3,079,002	1,006,546	11,539,316	12,545,862	15,624,864	114,594	4,591,345	20,330,803
Comprises:										
Gross carrying amount at 30 June 2019	2,879,002	200,000	3,079,002	1,523,813	28,738,423	30,262,236	33,341,238	158,181	5,427,693	38,927,112
Accumulated depreciation at 30 June 2019	0	0	0	(517,267)	(17,199,107)	(17,716,374)	(17,716,374)	(43,587)	(836,348)	(18,596,309)
Carrying amount at 30 June 2019	2,879,002	200,000	3,079,002	1,006,546	11,539,316	12,545,862	15,624,864	114,594	4,591,345	20,330,803
Change in accounting policy	0	(200,000)	(200,000)	0	0	0	(200,000)	0	0	(200,000)
Carrying amount at 1 July 2019	2,879,002	0	2,879,002	1,006,546	11,539,316	12,545,862	15,424,864	114,594	4,591,345	20,130,803
Additions	20,000	0	20,000	4,147	289,263	293,410	313,410	23,586	498,986	835,982
(Disposals)	0	0	0	0	0	0	0	0	(168,908)	(168,908)
Depreciation (expense)	0	0	0	(30,524)	(602,781)	(633,305)	(633,305)	(24,531)	(392,094)	(1,049,930)
Transfers	0	0	0	0	3,250,089	3,250,089	3,250,089	0	0	3,250,089
Carrying amount at 30 June 2020	2,899,002	0	2,899,002	980,169	14,475,887	15,456,056	18,355,058	113,649	4,529,329	22,998,036
Comprises:										
Gross carrying amount at 30 June 2020	2,899,002	0	2,899,002	1,527,959	32,277,775	33,805,734	36,704,736	181,767	5,723,072	42,609,575
Accumulated depreciation at 30 June 2020	0	0	0	(547,790)	(17,801,888)	(18,349,678)	(18,349,678)	(68,118)	(1,193,743)	(19,611,539)
Carrying amount at 30 June 2020	2,899,002	0	2,899,002	980,169	14,475,887	15,456,056	18,355,058	113,649	4,529,329	22,998,036

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

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Sales comparison approach	Independent	June 2017	Market sales evidence
	3	Cost approach	Independent	June 2017	Costs and current condition
Land - vested in and under the control of Council	3	Cost approach	Independent	June 2017	Costs and current condition
Buildings - non-specialised	2	Sales comparison approach	Independent	June 2017	Market sales evidence
Buildings - specialised	3	Cost approach	Independent	June 2017	Costs and current condition
Furniture and equipment	3	Cost approach	Management	June 2016	Costs and current condition
Plant and equipment					
- Management valuation 2016	2	Cost approach	Management	June 2016	Costs and current condition
- Independent valuation 2015	3	Cost approach	Management	June 2016	Costs and current condition

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

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

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

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

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

10. INFRASTRUCTURE

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

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks & Ovals	Infrastructure - Bridges	Infrastructure - Street Lighting & Furniture	Infrastructure - Sewerage	Infrastructure - WIP	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	127,005,752	768,053	23,257,357	4,056,093	7,554,184	1,581,018	0	794,315	165,016,772
	1,565,282	5,912	97,318	156,105	0	51,812	0	2,626,251	4,502,680
	(1,987,700)	(27,587)	(682,480)	(298,118)	(121,964)	(95,704)	0	0	(3,213,553)
	0	0	(16,699,210)	4,301	0	0	16,699,210	(19,080)	(14,779)
	126,583,334	746,378	5,972,985	3,918,381	7,432,220	1,537,126	16,699,210	3,401,486	166,291,120
2019	154,757,071	1,660,620	15,228,169	7,556,205	11,123,841	2,208,026	33,614,189	3,401,486	229,549,607
2019	(28,173,737)	(914,242)	(9,255,184)	(3,637,824)	(3,691,621)	(670,900)	(16,914,979)	0	(63,258,487)
	126,583,334	746,378	5,972,985	3,918,381	7,432,220	1,537,126	16,699,210	3,401,486	166,291,120
	2,297,850	219,654	7,884	158,921	0	63,212	62,874	0	2,810,395
	(2,013,543)	(27,677)	(208,428)	(300,670)	(121,964)	(97,103)	(477,204)	0	(3,246,589)
	22,059	0	0	14,888	0	0	0	(3,401,486)	(3,364,539)
	126,889,700	938,355	5,772,441	3,791,520	7,310,256	1,503,235	16,284,880	0	162,490,387
2020	157,076,980	1,880,275	15,236,052	7,730,013	11,123,841	2,271,238	33,772,252	0	229,090,651
2020	(30,187,280)	(941,920)	(9,463,611)	(3,938,493)	(3,813,585)	(768,003)	(17,487,372)	0	(66,600,264)
	126,889,700	938,355	5,772,441	3,791,520	7,310,256	1,503,235	16,284,880	0	162,490,387

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

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Independent	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Independent	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Independent	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Infrastructure - Parks & Ovals	3	Cost approach using depreciated replacement cost	Independent	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Infrastructure - Bridges	3	Cost approach using depreciated replacement cost	Independent	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Infrastructure - Street Lighting & Furnit	3	Cost approach using depreciated replacement cost	Independent	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Infrastructure - Sewerage	3	Cost approach using depreciated replacement cost	Independent	June 2018	Construction costs and current condition, residual values and remaining useful life assessments

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

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

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

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

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

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

Land under roads from 1 July 2019

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

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

Vested improvements from 1 July 2019

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

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

11. FIXED ASSETS (Continued)

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	0	0	0	0	90,000	84,000	0	(6,000)	5,808	8,100	2,292	0
Buildings - non-specialised	0	0	0	0	295,000	270,000	0	(25,000)	0	0	0	0
Furniture and equipment	0	0	0	0	0	0	0	0	38,686	0	0	(38,686)
Plant and equipment	168,908	135,902	19,409	(52,415)	200,300	165,727	0	(34,573)	418,797	338,089	86,434	(167,142)
	168,908	135,902	19,409	(52,415)	585,300	519,727	0	(65,573)	463,291	346,189	88,726	(205,828)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and Equipment				
Transport				
Howard Porter Pig Trailer	12,000	7,402	0	(4,598)
Ford Everest	56,846	46,818	0	(10,028)
Holden Malibu Sedan	16,123	9,091	0	(7,032)
Nissan X-Trail	22,523	14,091	0	(8,432)
Ford Ranger 4x2 Utility	11,915	9,091	0	(2,824)
Nissan Navara 4x4	24,913	15,000	0	(9,913)
Nissan Navara 4x5	24,588	15,000	0	(9,588)
Various Plant	0	19,409	19,409	0
	168,908	135,902	19,409	(52,415)

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

11. FIXED ASSETS (Continued)

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	30,524	0	29,396
Buildings - specialised	602,781	695,015	581,208
Furniture and equipment	24,531	25,121	25,121
Plant and equipment	392,094	364,879	364,878
Infrastructure - Roads	2,013,543	2,016,647	1,987,700
Infrastructure - Footpaths	27,677	27,587	27,587
Infrastructure - Drainage	208,428	682,480	682,480
Infrastructure - Parks & Ovals	300,670	298,117	298,118
Infrastructure - Bridges	121,964	121,964	121,964
Infrastructure - Street Lighting & Furniture	97,103	95,704	95,704
Infrastructure - Sewerage	477,204	0	0
	4,296,519	4,327,514	4,214,156

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings	50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Infrastructure - Roads	20 to 80 Years
Infrastructure - Footpaths	50 to 80 Years
Infrastructure - Drainage	20 to 80 Years
Infrastructure - Parks and Ovals	30 to 50 Years
Infrastructure - Bridges	80 to 100 Years
Infrastructure - Street Furniture & Lighting	15 - 80 Years
Infrastructure - Sewerage	80 to 100 Years
Infrastructure - Work in Progress	Not depreciated

Depreciation on revaluation

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

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

Amortisation

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

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

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

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

REVALUATION SURPLUS

	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Asset Reclassification	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	1,895,520	0	0	0	0	1,895,520	1,895,520	0	0	0	0	1,895,520
Revaluation surplus - Land - vested in and under the control of Council	200,000	(200,000)	0	0	0	0	200,000	0	0	0	0	200,000
Revaluation surplus - Buildings - non-specialised	473,103	0	0	0	0	473,103	473,103	0	0	0	0	473,103
Revaluation surplus - Buildings - specialised	6,159,088	0	0	0	0	6,159,088	6,159,088	0	0	0	0	6,159,088
Revaluation surplus - Infrastructure - Roads	66,541,398	0	0	0	0	66,541,398	66,541,398	0	0	0	0	66,541,398
Revaluation surplus - Infrastructure - Drainage	4,237,509	0	0	0	0	4,237,509	20,498,732	(16,261,223)	0	0	(16,261,223)	4,237,509
Revaluation surplus - Infrastructure - Parks & Ovals	2,085,971	0	0	0	0	2,085,971	2,085,971	0	0	0	0	2,085,971
Revaluation surplus - Infrastructure - Bridges	5,770,938	0	0	0	0	5,770,938	5,770,938	0	0	0	0	5,770,938
Revaluation surplus - Infrastructure - Street Lighting & Furniture	851,837	0	0	0	0	851,837	851,837	0	0	0	0	851,837
Revaluation surplus - Infrastructure - Sewerage	16,261,223	0	0	0	0	16,261,223	0	16,261,223	0	0	16,261,223	16,261,223
	104,476,587	(200,000)	0	0	0	104,276,587	104,476,587	0	0	0	0	104,476,587

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

13. INVESTMENT PROPERTY

Non-current assets - at fair value

Carrying balance at 1 July
 Capitalised subsequent expenditure
 Closing balance at 30 June

Amounts recognised in profit or loss for investment properties

Rental income
 Direct operating expenses from property that generated rental income

Leasing arrangements

Investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

Within one year
 Later than one year but not later than 5 years
 Later than 5 years

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Carrying balance at 1 July	1,075,682	0	1,066,613
Capitalised subsequent expenditure	0	0	9,069
Closing balance at 30 June	1,075,682	0	1,075,682
Rental income	105,256	122,080	116,255
Direct operating expenses from property that generated rental income	(31,607)	(21,639)	(34,190)
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:			
Within one year	69,391	0	45,500
Later than one year but not later than 5 years	75,056	0	93,600
Later than 5 years	0	0	0
	144,447	0	139,100

SIGNIFICANT ACCOUNTING POLICIES

Investment properties

Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the Shire. They are carried at fair value. Changes in the fair values are presented in profit or loss as a part of other revenue.

Fair value of investment properties

A management valuation was performed to determine the fair value of investment properties. The main Level 3 inputs used in the valuation were discount rates, terminal yields, expected vacancy rates and rental growth rates estimated by management based on comparable transactions and industry data.

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

14. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued salaries and wages
 ATO liabilities
 Bonds and deposits held
 Accrued Interest on Loans
 Accrued Expenses

	2020	2019
	\$	\$
Sundry creditors	150,589	376,863
Prepaid rates	132,303	0
Accrued salaries and wages	51,653	33,337
ATO liabilities	59,922	51,857
Bonds and deposits held	30,228	28,608
Accrued Interest on Loans	7,040	3,834
Accrued Expenses	0	38,000
	431,735	532,499

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition

Prepaid rates

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

15. CONTRACT LIABILITIES

	2020	2019
	\$	\$
Current		
Contract liabilities from contracts with customers	228,196	0
	228,196	0

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

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

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

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

16. INFORMATION ON BORROWINGS

	2019
	\$
	135,445
	951,127
	086,572

Interest rate	30 June 2020				30 June 2020				30 June 2019				
	Actual Principal 1 July 2019	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
43%	487,115	26,436	19,685	460,679	487,115	26,436	16,483	460,679	0	500,000	12,885	14,133	487,115
90%	85,073	26,457	6,060	58,616	85,073	26,457	5,421	58,616	109,795	0	24,722	7,935	85,073
60%	145,325	19,187	4,636	126,138	145,325	19,187	3,655	126,138	164,023	0	18,698	5,255	145,325
52%	0	0	0	0	0	0	0	0	49,171	0	49,171	1,575	0
05%	16,312	16,312	164	0	16,312	16,312	247	0	79,166	0	62,854	3,513	16,312
16%	0	0	0	0	0	0	0	0	147,160	0	147,160	6,556	0
60%	297,917	39,334	9,505	258,583	297,917	39,333	7,492	258,584	336,247	0	38,330	10,772	297,917
	1,031,742	127,726	40,050	904,016	1,031,742	127,725	33,298	904,017	885,562	500,000	353,820	49,739	1,031,742
19%	54,830	7,719	1,994	47,111	54,829	7,719	1,688	47,110	62,308	0	7,478	2,289	54,830
	54,830	7,719	1,994	47,111	54,829	7,719	1,688	47,110	62,308	0	7,478	2,289	54,830
	1,086,572	135,445	42,044	951,127	1,086,571	135,444	34,986	951,127	947,870	500,000	361,298	52,028	1,086,572

These are shown in Note 5 as other financial assets at amortised cost.

1.

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

16. INFORMATION ON BORROWINGS (Continued)

	2020	2019
(c) Undrawn Borrowing Facilities	\$	\$
Credit Standby Arrangements		
Bank overdraft limit	1,000,000	1,000,000
Bank overdraft at balance date	0	0
Credit card limit	38,500	30,000
Credit card balance at balance date	(3,071)	2,194
Total amount of credit unused	1,035,429	1,032,194
Loan facilities		
Loan facilities - current	123,684	135,445
Loan facilities - non-current	827,443	951,127
Total facilities in use at balance date	951,127	1,086,572
Unused loan facilities at balance date	0	0

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 25.

17. EMPLOYEE RELATED PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2019			
Current provisions	365,097	241,733	606,830
Non-current provisions	0	131,098	131,098
	365,097	372,831	737,928
Additional provision	37,412	38,929	76,341
Balance at 30 June 2020	402,509	411,760	814,269
Comprises			
Current	402,509	297,715	700,224
Non-current	0	114,045	114,045
	402,509	411,760	814,269
Amounts are expected to be settled on the following basis:	2020 \$	2019 \$	
Less than 12 months after the reporting date	258,891	0	
More than 12 months from reporting date	555,378	737,928	
	814,269	737,928	

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

18. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	5,567,398	2,439,712	3,963,002

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	718,111	(1,009,488)	454,558
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	87,370	0	(87,586)
Depreciation on non-current assets	4,296,519	4,327,514	4,214,156
(Profit)/loss on sale of asset	33,006	65,573	117,102
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(24,611)	0	43,225
(Increase)/decrease in other assets	353,208	0	(44,810)
(Increase)/decrease in non current assets held for sale	(275,185)	0	0
(Increase)/decrease in inventories	(24,240)	0	25,332
Increase/(decrease) in payables	(214,238)	(255,535)	233,912
Increase/(decrease) in provisions	76,341	0	17,403
Increase/(decrease) in contract liabilities	205,392	0	
Non-operating grants, subsidies and contributions	(2,330,667)	(1,648,845)	(1,640,433)
Net cash from operating activities	2,901,006	1,479,219	3,332,859

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	1,650,067	765,173
General purpose funding	3,521,395	4,930,589
Law, order, public safety	1,522,903	1,525,970
Health	23,474	17,338
Education and welfare	3,510,066	3,347,054
Housing	2,315,739	2,354,812
Community amenities	19,209,563	18,582,457
Recreation and culture	12,255,310	12,766,570
Transport	145,821,761	145,405,932
Economic services	3,766,171	3,618,957
Other property and services	168,564	0
	<u>193,765,013</u>	<u>193,314,852</u>

20. CONTINGENT LIABILITIES

The Shire of Moora has been in compliance with the Contaminated Sites Act 2003 s11, listed sites to be possible sources of contamination:

Roberts Street Road Reserve

Lot 43 (16) Roberts Street (Lifestyle Village and former Main Roads WA depot)

Lot 101 Lefroy Street (worker's camp)

Lot 370 (18) Drummond Street (Water Corporation Depot)

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk and agree with the DWER the need and criteria for remediation, the Shire is unable to accurately quantify its clean-up liabilities for potentially contaminated sites. The Shire is continuing to monitor the sites and will progressively undertake site investigations and remediation on a risk based approach. This approach is consistent with the DWER guidelines.

No other Contingent liabilities noted.

21. LEASING COMMITMENTS

(a) Operating Lease Commitments

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

Payable:

- not later than one year
- later than one year but not later than five years

	2020	2019
	\$	\$
	6,084	10,442
	6,084	12,168
	<u>12,168</u>	<u>22,610</u>

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Leases (Continued)

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

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

22. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	38,910	45,430	38,380
President's allowance	16,000	16,000	7,500
Deputy President's allowance	4,000	4,000	1,875
Travelling expenses	9,993	10,500	15,020
	<u>68,903</u>	<u>75,930</u>	<u>62,775</u>

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	477,389	479,202
Post-employment benefits	69,039	45,524
Other long-term benefits	53,759	51,470
Termination benefits	16,908	0
	<u>617,095</u>	<u>576,196</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

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

23. RATING INFORMATION

rates

RATE TYPE	Rate in \$	Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$	2019/20 Actual Interim Rates \$	2019/20 Actual Back Rates \$	2019/20 Actual Total Revenue \$	2019/20 Budget Rate Revenue \$	2019/20 Budget Interim Rate \$	2019/20 Budget Back Rate \$	2019/20 Budget Total Revenue \$	2018/19 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
GRV Residential - Moora Townsite	0.094556	627	8,229,568	778,155	1,008	(110)	779,053	778,819	0	0	778,819	811,346
GRV Commercial Industrial - Moora	0.094556	85	3,026,905	286,212	0	0	286,212	285,342	0	0	285,342	223,898
GRV Residential - Other Townsite	0.094556	27	236,706	22,382	0	0	22,382	22,382	0	0	22,382	8,372
iRV Commercial Industrial - Other Towns	0.094556	5	117,158	11,078	0	0	11,078	11,078	0	0	11,078	891
Unimproved valuations												
UV Rural	0.009354	345	294,064,999	2,750,684	168	(28,212)	2,722,640	2,751,161	0	0	2,751,161	2,715,061
UV Urban Farmland	0.009354	59	6,957,024	65,076	0	0	65,076	65,076	0	0	65,076	65,084
Sub-Total		1,148	312,632,360	3,913,587	1,176	(28,322)	3,886,441	3,913,858	0	0	3,913,858	3,824,652
Minimum payment												
			Minimum \$									
Gross rental valuations												
GRV Residential - Moora Townsite	672	75	139,987	50,400	0	0	50,400	50,400	0	0	50,400	76,105
GRV Commercial Industrial - Moora	672	19	36,060	12,768	0	0	12,768	12,768	0	0	12,768	33,456
GRV Residential - Other Townsite	672	93	344,262	62,496	0	0	62,496	62,496	0	0	62,496	19,844
iRV Commercial Industrial - Other Towns	672	10	31,148	6,720	0	0	6,720	6,720	0	0	6,720	1,968
Unimproved valuations												
UV Rural	672	72	2,058,806	48,384	0	0	48,384	46,368	0	0	46,368	42,760
UV Urban Farmland	672	11	553,576	7,392	0	0	7,392	7,392	0	0	7,392	6,560
Sub-Total		280	3,163,839	188,160	0	0	188,160	186,144	0	0	186,144	180,693
		1,428	315,796,199	4,101,747	1,176	(28,322)	4,074,601	4,100,002	0	0	4,100,002	4,005,345
Discounts (Note 23(b))							(10,488)				(10,488)	(9,650)
Total amount raised from general rate							4,064,113				4,089,514	3,995,695
Ex-gratia rates							24,022				24,308	22,871
Prepaid rates							0				0	28,314
totals							4,088,135				4,113,822	4,046,880

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

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

23. RATING INFORMATION (Continued)

Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2020 Actual	2020 Budget	2019 Actual	Circumstances in which Discount is Granted
General rates - staff	N/A	Various	\$ 9,888	\$ 9,888	\$ 9,050	Available for all staff and applied on a pro rata basis for part time staff.
General rates - rate payer	N/A	600	600	600	600	Cash incentive drawn for any payment of rates within 21 days of date of issue.
			10,488	10,488	9,650	

23. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	26/09/2019	7.40	5.50%	11.00%
Option Two				
First instalment	26/09/2019	7.40	5.50%	11.00%
Second instalment	28/11/2019	7.40	5.50%	11.00%
Option Three				
First instalment	26/09/2019	7.40	5.50%	11.00%
Second instalment	28/11/2019	7.40	5.50%	11.00%
Third instalment	30/01/2020	7.40	5.50%	11.00%
Fourth instalment	26/03/2020	7.40	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	38,482	40,500	35,348
Interest on instalment plan	15,527	18,000	17,570
Charges on instalment plan	7,547	7,000	6,923
	61,556	65,500	59,841

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FOR THE YEAR ENDED 30 JUNE 2020

24. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget	2019/20	2018/19		
	2019/20 (30 June 2020	(30 June 2020	(1 July 2019	(30 June 2019		
Note	Carried Forward)	Carried Forward)	Brought Forward)	Carried Forward		
	\$	\$	\$	\$		
(a) Non-cash amounts excluded from operating activities						
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .						
Adjustments to operating activities						
	Less: Profit on asset disposals	11(a)	(19,409)	0	(88,726)	(88,726)
	Less: Movement in liabilities associated with restricted cash		10,956	0	2,605	2,605
	Less: Fair value adjustments to financial assets at fair value through profit and loss		87,370		(87,586)	(87,586)
	Movement in pensioner deferred rates (non-current)		0	0	(10,135)	(10,135)
	Movement in employee benefit provisions (non-current)		(17,053)	6,000	2,221	2,221
	Movement of inventory (non-current)		0	0	(1,472)	(1,472)
	Movement in Non Current Assets Held for Sale		(275,185)	0	0	0
	Add: Loss on disposal of assets	11(a)	52,415	65,573	205,828	205,828
	Add: Depreciation on non-current assets	11(b)	4,296,519	4,327,514	4,214,156	4,214,156
	Non cash amounts excluded from operating activities		4,135,613	4,399,087	4,236,891	4,236,891
(b) Surplus/(deficit) after imposition of general rates						
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.						
Adjustments to net current assets						
	Less: Reserves - cash backed	4	(2,459,674)	(2,429,885)	(1,809,882)	(1,809,882)
	Less: Financial assets at amortised cost - self supporting loans	5(a)	(7,967)	(7,719)	(7,719)	(7,719)
	Less: Financial assets at amortised cost - community loans	5(a)	(11,776)	(10,924)	(10,924)	(10,924)
	Less: Current assets not expected to be received at end of year - Non current assets held for sale		0	0	0	(311,656)
	Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings	16(a)	123,684	123,684	135,445	135,445
	- Employee benefit provisions		295,072	290,119	284,116	284,116
	Total adjustments to net current assets		(2,060,661)	(2,034,725)	(1,408,964)	(1,720,620)
Net current assets used in the Rate Setting Statement						
	Total current assets		6,201,206	3,039,379	4,899,027	4,899,027
	Less: Total current liabilities		(1,483,839)	(985,741)	(1,411,052)	(1,274,774)
	Less: Total adjustments to net current assets		(2,060,661)	(2,034,725)	(1,408,964)	(1,720,620)
	Net current assets used in the Rate Setting Statement		2,656,706	18,913	2,079,011	1,903,633
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards						
	Total current assets at 30 June 2019					4,899,027
	- Contract assets	27(a)				0
	Total current assets at 1 July 2019					4,899,027
	Total current liabilities at 30 June 2019					(1,274,774)
	- Contract liabilities from contracts with customers	27(a)				(22,804)
	- Rates paid in advance	27(b)				(113,474)
	Total current liabilities at 1 July 2019					(1,411,052)

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

25. FINANCIAL RISK MANAGEMENT

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

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and	Ageing 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

(a) Interest rate risk

Cash and cash equivalents

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2020					
Cash and cash equivalents	0.57%	5,567,398	4,739,230	827,168	1,000
Financial assets at amortised cost - term deposits	2.87%	0	0	0	0
2019					
Cash and cash equivalents	1.54%	3,963,002	2,809,882	1,150,920	2,200
Financial assets at amortised cost	2.87%	0	0	0	0

Sensitivity

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

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	8,272	11,509

* Holding all other variables constant

Borrowings

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

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

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	0.13%	10.92%	12.14%	20.97%	
Gross carrying amount	107,719	91,694	81,049	119,982	400,444
Loss allowance	140	10,013	9,839	25,160	45,152
30 June 2019					
Rates receivable					
Expected credit loss	0.04%	0.91%	5.01%	36.20%	
Gross carrying amount	118,309	77,664	63,291	110,743	370,007
Loss allowance	43	708	3,171	40,090	44,012

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 90 Specific Loss Allowance	Total
30 June 2020						
Trade and other receivables						
Expected credit loss	0.22%	3.69%	1.26%	1.26%	100%	
Gross carrying amount	160,601	7,007	4,758	3,979	4,174	180,519
Loss allowance	353	259	60	50	4,174	4,896
30 June 2019						
Trade and other receivables						
Expected credit loss	0.10%	0.39%	0.00%	19.13%	0.00%	
Gross carrying amount	144,531	2,355	0	12,157	0	159,043
Loss allowance	144	9	0	2,326	0	2,479

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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 \$
<u>2020</u>					
Payables	431,735	0	0	431,735	431,735
Borrowings	153,871	519,850	439,184	1,112,905	951,127
	585,606	519,850	439,184	1,544,640	1,382,862
<u>2019</u>					
Payables	532,499	0	0	532,499	532,499
Borrowings	170,430	551,728	561,777	1,283,935	1,086,572
	702,929	551,728	561,777	1,816,434	1,619,071

26. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There has been no material events after the reporting period which would affect the financial report for the Shire of Moora for the year ended 30 June 2020 or which would require additional disclosures.

SHIRE OF MOORA
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27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

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

	Note	AASB 118 carrying amount 30 June 2019 \$	Reclassification \$	AASB 15 carrying amount 01 July 2019 \$
Contract liabilities - current				
Contract liabilities from contracts with customers	15	0	(22,804)	(22,804)
Adjustment to retained surplus from adoption of AASB 15	27(c)	0	(22,804)	(22,804)

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

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

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

	Note	AASB 118 and AASB 1004 carrying amount 30 June 2019 \$	Reclassification \$	AASB 1058 carrying amount 01 July 2019 \$
Trade and other payables				
Rates paid in advance	14	0	(113,474)	(113,474)
Adjustment to retained surplus from adoption of AASB 1058	27(c)	0	(113,474)	(113,474)

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

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

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

27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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

	Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income				
		2020		2020
Revenue		\$		\$
Rates	23(a)	4,088,135	(132,303)	4,220,438
Operating grants, subsidies and contributions	2(a)	2,149,028	(197,561)	2,346,589
Fees and charges	2(a)	2,558,224	(30,635)	2,588,859
Interest earnings	2(a)	146,277	0	146,277
Other revenue	2(a)	160,832	0	160,832
		<u>9,102,496</u>	<u>(360,499)</u>	<u>9,462,995</u>
Net result		718,111	(360,499)	1,078,610
Statement of Financial Position				
Trade and other payables	14	431,735	132,303	299,432
Contract liabilities	15	228,196	228,196	0
		<u>659,931</u>	<u>360,499</u>	<u>299,432</u>
Net assets		191,339,686	(360,499)	191,700,185
Statement of Changes in Equity				
Net result		718,111	(360,499)	1,078,610
Retained surplus		84,603,425	(360,499)	84,963,924

SHIRE OF MOORA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020
27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

(c) Impact of New Accounting Standards on Retained Surplus

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

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

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

The impact on the Shire's retained surplus due to the adoption of AASB 15, AASB 1058 and AASB 16 as at 1 July 2019 was as follows:

	<u>Note</u>	<u>Adjustments</u>	<u>2019</u>
			\$
Retained surplus - 30 June 2019			84,671,384
Adjustment to retained surplus from adoption of AASB 15	27(a)	(22,804)	(22,804)
Adjustment to retained surplus from adoption of AASB 1058	27(b)	(113,474)	(113,474)
Retained surplus - 1 July 2019		<u>(136,278)</u>	84,535,106

28. CHANGES IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

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

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

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

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	9	20,330,803	(200,000)	20,130,803
Revaluation surplus	12	104,476,587	(200,000)	104,276,587

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

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

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

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			84,671,384
Adjustment to retained surplus from adoption of AASB 15	27(a)	(22,804)	(22,804)
Adjustment to retained surplus from adoption of AASB 1058	27(b)	(113,474)	(113,474)
Retained surplus - 1 July 2019		(136,278)	84,535,106

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

	Note	Adjustments	2019 \$
Revaluation surplus - 30 June 2019			104,476,587
Adjustment to revaluation surplus from deletion of FM Reg 16	28(a)	(200,000)	(200,000)
Adjustment to revaluation surplus from deletion of FM Reg 17	28(a)	0	0
Revaluation surplus - 1 July 2019		(200,000)	104,276,587

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

29. TRUST FUNDS

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

	1 July 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
BCITF Levy	140	0	(140)	0
BRB Levy	219	0	(219)	0
Facility Hire Bonds	100	0	(100)	0
Other General Trust	1,489	0	(1,489)	0
Community Group Funds	2,006	0	(2,006)	0
	3,954	0	(3,954)	0

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

30. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

using fair value at the ends of the reporting period.

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

31. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.</p>	All aspects relating to elected members expenses incurred in governing the Council. Other costs relating to administration and assisting elected members and ratepayers on matters which do not concern specific Council services.
<p>GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of</p>	Rates, general purpose government grants and interest revenue.
<p>LAW, ORDER, PUBLIC SAFETY To provide services to ensure a safer community.</p>	Supervision of various by-laws, fire prevention and animal control. Provision of premises and support for State Emergency Services.
<p>HEALTH To provide an operational framework for good community health.</p>	Provision of child health care facilities, food control, pest control, podiatry services, provision of dental care surgery and premises and assistance to local medical practice.
<p>EDUCATION AND WELFARE To meet the needs of the community in these areas.</p>	Provision of premises and support for child care centre and play groups. Provision of services for youth and aged care.
<p>HOUSING Help ensure adequate housing at a high standard.</p>	Provision and maintenance of staff and rental housing.
<p>COMMUNITY AMENITIES Provide services required by the community.</p>	Rubbish collection services and operation of tips. Town sewerage scheme, drainage works, litter control, cemetery administration and administration of the Town Planning Scheme.
<p>RECREATION AND CULTURE To establish and manage efficiently infrastructure and resources which will help the social well being of the community.</p>	Provision of swimming pool, public library, community halls, performing arts centre, recreation centre, parks and gardens, tennis courts, sporting pavilions and ovals.
<p>TRANSPORT To provide effective and efficient transport services to the community.</p>	Construction and maintenance of streets, roads, bridges, cleaning and lighting of streets, depot maintenance and airstrip maintenance.
<p>ECONOMIC SERVICES To help promote the Shire and improve its economic wellbeing.</p>	The regulation and provision of tourism, area promotion, enterprise development, building control, noxious weeds, vermin control, standpipes and a lifestyle village.
<p>OTHER PROPERTY AND SERVICES To provide effective and efficient administration, works operations and plant and fleet services.</p>	Private works operations, plant repairs and operations costs.

32. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	3.63	2.96	3.20
Asset consumption ratio	0.68	0.70	0.70
Asset renewal funding ratio	0.80	0.82	0.88
Asset sustainability ratio	0.73	0.58	0.73
Debt service cover ratio	15.37	7.46	5.07
Operating surplus ratio	(0.23)	(0.17)	(0.31)
Own source revenue coverage ratio	0.66	0.68	0.67

The above ratios are calculated as follows:

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

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Moora

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Moora which comprises the Statement of Financial Position as at 30 June 2020, and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, as well as notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Moora:

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual financial report. 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 annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a. The Asset Sustainability Ratio has been below the Department of Local Government, Sport and Cultural Industries' (DLGSCI) standard for the last three financial years.
 - b. The Operating Surplus Ratio has been below the DLGSCI standard for the last three financial years.

The financial ratios are reported in Note 32 of the financial report.

- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Matters Relating to the Electronic Publication of the Audited Financial Report

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



ALOHA MORRISSEY
ASSISTANT AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
4 May 2021

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Moora

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Moora which comprises the Statement of Financial Position as at 30 June 2020, and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, as well as notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Moora:

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual financial report. 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 annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a. The Asset Sustainability Ratio has been below the Department of Local Government, Sport and Cultural Industries' (DLGSCI) standard for the last three financial years.
 - b. The Operating Surplus Ratio has been below the DLGSCI standard for the last three financial years.

The financial ratios are reported in Note 32 of the financial report.

- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Matters Relating to the Electronic Publication of the Audited Financial Report

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



ALOHA MORRISSEY
ASSISTANT AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
4 May 2021

Shire of Moora
2019/20 Audit Management Report
Action List

Matter Raised	Area of Concern	Action Taken / Proposed Action	Measurement of Success
<p>There is a significant adverse trend in the financial position of the Shire</p>	<p>The Operating Surplus Ratio has been below the industry benchmark for the past 3 years.</p>	<p>The difference between operating revenue and operating expenditure was \$1,612,556 (2018/19 - \$1,185,875). Consequently, in order to meet the standard and improve the ratio Council needs to have the following strategic conversation with the community;</p> <ul style="list-style-type: none"> • Increase revenue generated from fees & charges • Increase rates at a much higher rate than currently imposed for the next 5-10 years • Increase rates revenue through rating of mining infrastructure • Reduce levels of service on all operating activities <p>Council and management will continue to explore areas to help improve the operating position of the Shire.</p>	<p>A reasonable measure of success is to see a steady improvement in the ratio over a period of time.</p>
<p>There is a significant adverse trend in the financial position of the Shire</p>	<p>The Asset Sustainability Ratio has been below the Department of Local Government, Sport and Cultural Industries' (DLGSCI) standard for the last three financial years.</p>	<p>With the COVID pandemic Council adopted a conservative approach to infrastructure renewal in the past 18 months. Council is about to embark on some significant infrastructure works which will see this ratio improve significantly in the next couple of years.</p>	<p>Ratio meets the minimum industry standard of between 0.90 – 1.10.</p>

Emphasis of Matter – Basis of Accounting	<p>Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), did not allow a local government to recognize some categories of land, including land under roads, as assets in the financial report</p>	<p>Land vested to the Shire shown in the 2018/19 Annual Financial Statements was removed retrospectively with the restated financial data is shown in the 2019/20 Annual Financial Statements</p>	<p>The changes in the 2019/20 Annuals Financial Statements are in line Regulation 16 of the Local Government (Financial Management) Regulations 1996</p>
Revenue not recognised in accordance with new accounting standards	<p>Failure to properly apply the requirements of AASB 15 and AASB 1058 resulted the following errors in the Shire's 30 June 2020 draft financial statements:</p> <ul style="list-style-type: none"> • \$360,499 overstatement in revenue and a corresponding amount of understatement in contract liabilities; and • \$136,278 overstatement in opening retained earnings and a corresponding amount of understatement in contract liabilities as at 1 July 2019. <p>These errors were corrected during the course of the final audit. In addition, there is an increased risk that the Shire's regular monthly financial reporting may not be accurate, which may impact financial decision making.</p>	<p>This matter raised was addressed at year end with the position being stated correctly as at 30 June 2020 in the Annual Financial Report.</p> <p>Revenue being recognised in accordance with these standards on a monthly basis for the 2020/21 financial year.</p>	<p>Continual adherence with the revenue recognition principles outlined in AASB 15 & AASB 1058.</p>
Fixed assets below \$5,000	<p>From 1 July 2018, regulation 17A(5) of the <i>Local Government (Financial Management) Regulations 1996</i> requires assets with a fair value at the date of acquisition under \$5,000 to be excluded from the assets of a local government entity.</p> <p>RSM reviewed the Shire's fixed asset register as at 30 June 2020 and identified seven individual assets with a cost below \$5,000 were recorded on the register.</p>	<p>A review will be undertaken for all asset classes that will include asset values, useful lives & depreciation rates with any necessary adjustments to be implemented for the financial year ending 30 June 2021.</p>	<p>Adherence with Local Government (Financial Management) Regulations 17A(5).</p>
Related party declarations	<ul style="list-style-type: none"> • Annual declaration process was not complete as one declaration remained outstanding out of the 13 required. • Related Party Declarations were not in a consistent format. 	<p>Related Party documentation will be distributed to all key management and elected members with the Annual Returns to ensure completion by 31 August each year.</p> <p>Training will be scheduled to be carried out after the completion of the election process in October 2021.</p>	<p>Compliance with Section 6 of the <i>Local Government Act 1995</i> and regulation 1996 of the <i>Local Government (Financial Management) Regulations 1996</i>.</p>

Excess leave management	Audit identified eight (8) instances where employees have annual leave accrued balances in excess of 300 hours each and three (3) employees with accrued long service leave balance in excess of 13 weeks.	Management will look to reduce staff excess leave levels in the next 12-24 months. Management will also look at the option at paying out some leave entitlements.	Reduction of excess leave entitlements over a period of time. Annual leave balances not to exceed 150 hours. Long service leave entitlements to be taken within 24 months of falling due.
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