



2019/2020 ANNUAL REPORT



COUNCILLORS



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Elected 2011 Retires 2021



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Elected 2019 Retires 2023



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Elected: 2017 Retires: 2021

COUNCIL & COMMITTEE MEETINGS

COUNCIL MEETINGS

Council Meetings are held on the third Friday of each month. All Council meetings are held in the Northampton Council Chambers except for the February, June and October meetings which are held in the Allen Centre, Kalbarri.

The Council and Committee meetings are open to the public and there is public question time at the beginning of both Council and Committee meetings at which time the general public may ask questions on any Local Government matter.

Meeting dates and times are subject to change and if this does occur, notice of such changes are advertised as per the requirements of the Local Government Act 1995.

COMMITTEE MEETINGS

Council has two operational standing committee, being the Audit Committee and Senior Staff Performance Review Committee. Other committees as listed below have been retained and meet on an as needs basis. The members listed are those as at 30 June 2019.

None of the following committees have delegated power which requires all committee recommendations having to be put before full Council for final determination.

Audit Committee

Cr's Simkin, Krakouer, Suckling & Smith

Disability Services Committee

Cr's Stewart, Suckling and Building Surveyor/Environmental Health Officer

Staff Occupational, Health & Safety Committee

Cr's Hay & Krakouer

Senior Staff Employment Performance Review Committee

Cr's Simkin, Krakouer, Stewart, Smith & CEO

COUNCILLOR TRAINING UNDERTAKEN

Training undertaken in 2019/20 by individual Councillors are as per the following:

Councillor Training Record - 2019-2020

Councillor	Training Dates	Training Provided	Cost	Location	Essential Training Requirement	Essential Training Completed	
Elizabeth Sudlow	29 Jan 2020	Understanding Financial Reports & Budgets	\$475	Perth	Yes		
	28 Jan 2020	Meeting Procedures	\$475	Perth	Yes		
Roslyn Suckling	28 Jan 2020	Meeting Procedures	\$475	on line	Yes		
Des Pike	22 April 2020	Understanding LG	\$195	on line	Yes		
	11 May 2020	Conflicts of Interest	\$195	on line	Yes		
	28 Jan 2020	Meeting Procedures	\$195	on line	Yes		
Shane Krakouer	7 May 2020	Meeting Procedures	\$450	on line	Yes		Yes
	20 June 2020	Understanding LG	\$195	on line	Yes		
	8 July 2020	Serving on Council	\$195	on line	Yes		
	18 June 2020	Conflicts of Interest	\$195	on line	Yes		
	18 May 2020	Understanding Financial Reports & Budgets	\$475	on line	Yes		





PRESIDENTS REPORT – CR CRAIG SIMKIN

The time has come once again to present my annual report. A year does not take long to come and go so would like to touch on a some of the highlights that happened throughout the year.

At the October 2019 local government elections, Cr Terry Carson stood down after ten years of dedicated and loyal service on Council and was duly rewarded with a function held in recognition of his service. Terry was a great advocate in ensuring our road maintenance and construction works were always progressed throughout the shire. Terry had a lot influence in the sealing of three roads, White Cliff's, Binu West and the Horry-Harvey Roads. Terry undertook the organising of farmers for the provision of trucks and loaders that helped out the shire works staff to construct the Binu West Road which made the road projects feasible and saved Council funds on the projects. Terry also kept a keen eye on the financial operations of the Council.

It was pleasing to have a new Councillor in Liz Sudlow. Liz is from a family who has previously been elected members and has to date been very progressive and beneficial and believe she will be a great addition to Council. We also had the return of Councillors of Krakouer, (Deputy President), Suckling and Pike, all who were elected unopposed for a four year term ending October 2023.

Throughout the year there has been a fair bit going on as usual, but we were thrown a curve ball with the COVID-19 virus. This changed how the Shire operated where we were required to freeze rates, fee and charges, close playgrounds, parks and gardens and other community facilities.

The staff had to manage the offices by a roster system with two teams where one team worked from their own residence for a week and then back to the office for a week with other team doing the opposite to the first team. Fortunately this only lasted for a two week period as was deemed unnecessary due to Western Australia coming out of COVID-19 with no recorded cases in our area. The staff are to be praised in the way that they managed the whole scenario.

Out of something bad comes something good. As the Council could not meet in person, Councillors and staff held all meetings by electronic means which were testing at times, but we managed to overcome and believe is a mechanism that we can all use in the future.

Earlier in the year a comprehensive decision was made by the Federal Court of Australia to grant a native title claim over a majority of the shire and other parts of the Midwest region. The impact for the Council was the takeover of the Lucky Bay camping area by initially the Department of Biosecurity, Conservation and Attractions and later to be operated by the Yamatji Nations Lands Corporation.

The Council through government grants installed all the infrastructure at the site as well as expended its own funds on the caretaker residence and shed storage to allow for the employ of a caretaker to ensure the operations of the camping area were managed. Unfortunately with the change-over of the camping area the Council will not receive any remuneration for the costs incurred for the caretaker's residence and storage area which is disappointing.

Whilst on tourism it was pleasing to be able to attend the opening of the Kalbarri Skywalk on the June 12 and what a great spectacle for our region. The Skywalk has proven to be very popular and is attracting many visitors to not only Kalbarri but also to other areas of the Shire and is opening up the Shire to what it can offer.

A major project that the Council completed earlier in the year was the relocation of the Northampton Visitors Centre to a new facility at the Northampton RSL Hall in conjunction with the redevelopment of the hall. The relocation allows for a better location for visitors and to enhance the displays on show at that RSL hall. To achieve this development the Council raised a loan of \$500,000 in conjunction with funding from RSLWA and Northampton RSL subbranch.

It was a great honour to be able to officially open the new visitor centre and RSL refurbishment, which was very well attended by Councillors, members from Northampton, Geraldton and Perth RSLWA and residents.

Another upgrade throughout the year was to two existing basketball and netball courts at the Northampton Community Centre. These were in desperate need of repair and a new surface was laid and new court furniture installed to allow for the sports of netball, tennis, and basketball. Part of the upgrade also was the installation of new playing lights. The upgrade is welcomed by those who play these sports and is a Council commitment to keep all our infrastructure in a safe and useable way. The project was achievable with a grant of \$60,437, through the Community Sport and Recreation Facilities Fund provided by the WA Government, and contributions of \$30,000 from the Northampton Netball Club and \$15,000 from the Northampton Tennis Club. Council thanks these organisations for their contributions.

Northampton By-Pass. It is pleasing to be able to shed some light on this proposal with the State Government making the decision to move forward with a proposed 53.5 metre freight corridor from Muchea to Carnarvon which includes the bypass around Northampton. All stakeholders in this plan have stated that the bypass will be a priority "A" in this build when it does happen. I encourage everyone to embrace the by-pass as there is a sand mine opening up on Coburn Station north of the Billabong Roadhouse which envisages 20 extra truck movements per day and who knows this could also increase. This mine has a projected life span of 22 years with possible extension and with already increasing traffic through the centre of the Northampton townsite a by-pass is critical to have all heavy haulage out of the townsite.

Earlier in the year the State in its wisdom chose to change the electoral boundaries which resulted in Kalbarri and to the northern Shire boundary being relocated to now be within the North West Central Mining and Pastoral District and the rest remains in the District of Moore in the agricultural region. Council objected to this proposal as saw no benefit in Kalbarri being transferred to the Central Mining and Pastoral District.

Finally I would like to take this opportunity to say thanks to all Councillors for your decision making throughout the year, at times difficult. Also thanks to senior management, office staff, and works staff for your commitment over the year.



CHIEF EXECUTIVE OFFICERS REPORT

It is with pleasure to present my annual report on the 2019/2020 year of operations of the Shire of Northampton.

MANAGEMENT STAFF

The Chief Executive Officer is responsible for the overall management of the Shire and I am pleased to report that the following Management Staff are a blend of dedicated and professional staff which has resulted in benefits for the Shire.

Chief Executive Officer	Garry Keefe
Deputy Chief Executive Officer	Grant Middleton
Environmental Health Officer & Building Surveyor	Glenn Bangay
Manager of Works and Technical Services	Neil Broadhurst

All staff members are there to serve you and should you have a query on any issue please do not hesitate to contact them or myself.

In accordance with provisions of *Regulation 19B of the Local Government (Administration Regulations) Act 1995*, it is reported that the one staff members annual salary is within the band \$150,000 to \$180,000 and two staff members annual salaries are within the band \$100,000 to \$130,000.

BUDGETING

The Shires budgeting process commences in February/March of each year with the preparation of a draft budget based on previously adopted works and capital expenditure programs and issues identified to elected members and staff by residents of the Shire.

Residents are encouraged to provide budgetary requests either to their elected members or to the management staff. The draft budget is presented at a special meeting of Council, normally held within the last two weeks of July of each year, where it is refined until a suitable balance between required works and an acceptable rate level is achieved.

Finance

The Shire had a surplus cash position at 30 June 2020 of \$1,815,811. This surplus cash position includes restricted cash of \$993,737 associated with the following:

Prepaid Financial Assistance Grant	\$900,389
ESL for BFS & SES received in advance	\$ 19,799
NCCA Operating Grant	\$ 88,223
Unexpended Roads to Recovery Grant	\$ 15,326

General Purpose Grant

Whilst the demand for works and services throughout the Shire is increasing the levels of Government funding, particularly the General Purpose Grant and Roadworks funds has been static in recent years which places extra pressure on Council with costs increasing.

2016/2017	\$1,485,000	2017/2018	\$1,499,146
2018/2019	\$1,570,123	2019/2020	\$1,637,628

The indicative grant for 2020/21 is \$1,687,290.

Major Sources of Income

Apart from the General Purpose Grant the other major sources of income required to match the expenditure of Council are:

Rates	\$4,668,300
Road Grants	\$1,519,003
Refuse Charges	\$ 783,203
Other Government Grants	\$ 487,682
Fees/Charges, reimbursements	\$ 822,781
Interest on Investments	\$ 36,087
Asset Sales	\$ 68,719
Rebates & Commissions	\$ 96,364
Reserve Funds Utilised	\$ 58,694
Loan Funds Utilised	\$ 340,000
Self Supporting Loan Payments	\$ 76,727



Northampton Playing Courts Redeveloped

Strategic Community Plan

Council undertook a comprehensive review of the strategic plan within 2019/20. Community input occurred through letter drop, series of public meetings and individual meetings with various organisations. The plan is for a ten year period and is to be reviewed strategically every two years with a full community consultation review every four years.

The reviewed 2020-2030 Strategic Community Plan will be formally adopted at the August 2020 meeting of Council.

Corporate Business Plan

The Corporate Business Plan is made up of a number of informing strategies for a four year period with Asset Management Plans for a period of ten years and is the basis of formulating future budgets.

- The plan identifies and prioritises the principal strategies and activities Council will undertake in response to the aspirations and objectives stated in the Strategic Community Plan.
- The plan states the services, operations and projects that Council will endeavour to deliver over the period of the plan, method for delivering these and the associated cost.
- The plan references resourcing considerations such as asset management plans, finances and workforce plans.
- The plan is reviewed annually.

The Corporate Business Plan also has the following supporting documents:

Long Term Financial Plan (LTFP) – This plan is made up of a written section and supporting documents outlining the long term direction of the Council.

Asset Management Plans (AMP) – AMP's have been developed for buildings, recreation infrastructure, transportation infrastructure and plant /equipment, footpaths and other community amenities.

Workforce Plan (WFP) – This plan has been developed and there are no foreseeable major changes to staffing levels.

The Corporate Business Plan will link all of the informing strategies relating to the next 4 years and provide detail on how Council will deliver and resource the projects set out.

Reporting Requirements

The operations of the Strategic Community Plan and Corporate Business Plan are to be reported on. Reporting required is to include an overview, what major initiatives are to continue into the next financial year, any modifications made to the Strategic Community Plan and any significant modifications made to the Corporate Business Plan.

The following changes were made to the respective asset management plans:

- To assist with the construction of the Jakes Point ablutions, Council approved the use of the Tourism Development Reserve Fund of \$100,000 and this change of reserve fund purpose be included within the 2020/21 Budget.

- A provision of \$20,000 be listed in the Corporate Business Plan for 2021/22 for the construction of a shelter at the memorial tree site at the Northampton Cemetery.
- Council deferred all project provisions within Capital Upgrade Building Renewal Program for twelve months to 2021/22 and beyond within the Corporate Business Plan and deleted the provision for proposed works to the Fitzgerald Street Northampton residence as not required.
- Council supports the proposal of the Northampton Bowling Club to install a synthetic green at their club in 2020/21 and Council to contribute \$119,000 towards the project, subject to receipt of a Community Sport and Recreation Facilities Fund (CSRFF) grant by the Bowling Club.
- Council deferred the provision of \$100,000 for replacement of playground equipment at the Marina Park and the provision of \$42,000 for bin surrounds to 2021/22 as proposed within the Kalbarri Foreshore Parkland Upgrade Plan.
- Council reduced the provision of beach shelters to four (4) for the Port Gregory foreshore and these works to occur in 2020/21.
- A provision of \$840,000 be listed for the construction and bitumen sealing of the balance of the section Ogilvie East Road currently unsealed to commence in 2024/25 and a further \$1.06 million for stage 2 of works in 2025/26
- A provision of \$360,000 listed for the construction of the balance of the unmade portion of Nanda Drive to commence in 2026/27.
- A provision of \$62,000 listed for 2020/21 for the construction of a new carpark at the soon to be constructed Jakes Point ablutions and that all other proposed car park development works be deferred for twelve months to 2021/22 and beyond.
- A provision of \$83,000 for 2023/24 for the construction of additional car parking on the north side of Hampton Gardens.
- Defer all major plant replacement proposals for a twelve month period throughout the plan with the exception of administration vehicles and works utilities.



STATE RECORDS ACT 2000 – STANDARD 2/PRINCIPAL 6

In accordance with the requirements of Standard 2, Principal 6 of the State Records Act, I hereby report on how the Shire of Northampton employees are complying with the Shire's Records Keeping Plan:

Item 6.1 - Staff Training, Information Sessions, Publications.

Activities to ensure staff awareness and compliance are under process of being implemented in accordance with Council's endorsed Record Keeping Plan and will be an ongoing requirement of the organisation.

In addition training has been undertaken and continues to be reviewed to ensure Council's electronic filing system and hard copy system is utilised fully and correctly. The electronic system and hard copy filing system work in conjunction with each other ensuring correct record keeping procedures.

Item 6.2 – Performance Indicators in place

The following performance indicators have been developed to measure the efficiency and effectiveness of the Shire of Northampton's record keeping system:-

A register is to be maintained by the Administration staff responsible for filing all records of:-

- Records that cannot be located
- Files that are missing and unable to be located

With the administration centre being relatively small the issue of missing files has not been encountered with the exception of files that were archived some years prior and these too have been very minimal.

Item 6.3 – Agency Evaluation

The Shire of Northampton's record keeping system undertook a full review in 2019/2020 and will be continually reviewed and improved where possible in order to pursue best practice for the organisation. The current record keeping systems are assessed as being efficient and effective for the requirements of the organisation.

STAFF LONG EMPLOYMENT RECOGNITION

Three employees reached major milestones in years of service to the Council, being Gordan Fraser (works crew) 35 years of service, Karene Sedgwick (Kalbarri Administration) 35 years of service and Leanne Rowe – Accountant, 30 years of service. We congratulate these employees on these milestones and their dedication to the Shire of Northampton.

CONCLUSION

In conclusion my special thanks go to the staff and Councillors for their assistance, guidance and co-operation during the period of this report.

I also take this opportunity to thank the many residents who have assisted Council in some form in achieving its goals and objectives throughout 2019/2020.



WORKS & TECHNICAL SERVICES

NEIL BROADHURST MANAGER FOR WORKS & TECHNICAL SERVICES

Major projects undertaken have been the continuation of Councils program to upgrade the four main townsites and rural road network.

Regional Road Group Projects consisted of:

- Shoulder Reconditioning works on Kalbarri Road between 46.00 and 54.00 slk. This has completed the 4-year program to complete these works.
- Shoulder Reconditioning works carried out on the length of the Port Gregory Road from the George Grey Drive intersection to Gregory, including a section of widening of the bitumen seal adjacent to the Hutt Lagoon area.

Roads to Recovery funding consisted of:

- Completion of the realignment of the Binu West Road intersection with Chilimony Road.
- Construct and bitumen seal Erwood and Thornton Streets, Northampton.

Commodity Route Funding

- A Commodity Route Funding application was successful for the construction and bitumen sealing of 3.6kms of the Harvey and Horry Roads.

Own Resources

- Completion of Hatch Road floodway that had to be deferred from 2018/19 due to rainfall events.
- Continuing reseal program for Kalbarri townsite streets including asphalt reseals to Porter Street and the nearby CBD car park area adjacent to the Police Station.
- Commencement of works on Bateman Street and Fifth Avenue, Northampton which have carried over into the 2020/2021 program.
- Northampton Lions Park parking area was constructed and sealed and following the recent years of redevelopment works of the larger part of the Lions Park area has complimented the previous year/s works to a now completed stage which has received positive feedback.

- The construction and sealing of the Blue Holes car park in Kalbarri and access road was completed.
- Rural Roads saw various gravel sheeting/patching and associated works undertaken. With the continuation in arguably larger scale bitumen construction works taking a longer timeframe within the operations or construction section of the shire works, it is arguable this would have an adverse effect on the condition of the rural and mainly unsealed roads in the shire, to date this has not been overly apparent however management are mindful of the need to increase the amount of works particularly to seasonal high use unsealed roads.

Dual Use Pathways

- Dual use pathway installed in Port Gregory between Lynton Avenue and Port Street.
- Kalbarri - dual use pathway installed on the south side of Grey Street from Rushton Street to the Red Bluff/Grey Street corner and Glass Street from the medical Centre though to Tiki Cove. Malaleuca pathway in Kalbarri continued to have maintenance carried out to old or damaged sections of pathway.

Other Works

- Completion of additional paving, installation of table and chair facilities and stair replacement surrounding the Northampton Hampton Gardens and toilet area/s.

Plant Fleet

- Plant purchased thought out 2019 20 were:

New vibrating smooth drum roller.

Ordering and delivery of a new truck and trailer, plus various small sundry plant items replaced or upgraded.

Works staff have to the whole performed well undertaking many varying tasks throughout the Shire.



Sealing of Horry Road



ENVIRONMENTAL HEALTH & BUILDING SERVICES

GLENN BANGAY
ENVIRONMENTAL HEALTH OFFICER/BUILDING SURVEYOR
ENVIRONMENTAL HEALTH OFFICER – WENDY DALLYWATER

Areas of responsibility include:

ENVIRONMENTAL HEALTH (Shire of Northampton, Shire of Chapman Valley & Shire of Shark Bay)

- Inspection of Food Premises, including stall holders and mobile food vendors;
- Surveillance of Food Standards;
- Ensuring currency of Legislation;
- Attendance as required on recall of food product;
- Hairdressing establishments, including body piercing (ears nose, etc.);
- Chiropractic and physiotherapy establishments;
- Inspection and surveillance of seven refuse sites and transfer stations, processing and submitting annual reports to Department of Water and Environmental Regulation, and enforcing any and all restrictions/requirements adhered to those refuse site licences;
- Waste Management – recycling, refuse and rubbish;
- Monitoring Council's refuse contractors performance and billing process;
- Caravan Parks and Camping Grounds;
- Other public and private accommodation;
- Public buildings;
- Public swimming pools (e.g. at motels, resorts);
- Approval and inspection of effluent disposal systems;
- Follow-up of Notifiable Disease Notifications;
- Sampling of potable water supplies, public swimming pools, reuse treated sewage (golf course) and ground water at the Kalbarri Refuse Site, Port Gregory and other significant ground water sites;
- Noise, dust and other health related complaints;
- Monitor and review Asbestos Register of Council owned buildings and infrastructure;
- Specific advice on matters relating to the COVID-19 Pandemic, including written material, signage and communicating relevant and updated information;
- General advice to the public on matters relating to environmental health; and
- Any other relevant health matter required to be attended to by Council staff.

BUILDING (Shire of Northampton and Shire of Shark Bay)

- Assessment of Building Applications for compliance with the National Construction Code of Australia and relevant Australian Standards;
- Issue of Certificate of Design Compliance for Class 1 & 10 buildings;
- Process and issue of Building Permits;
- Process and issue of Demolition Permits;
- Monitoring the handling and disposal of any Asbestos Containing Materials and the compliance with the ACM Handling and Disposal Code;
- Inspection of building works during the course of construction and on completion, including site-works, concrete footings and slabs, timber floor, wall and roof framing, masonry work, anchorage and tie down details, practical completion; as and when required by the NCC;
- Initial and periodic compliance inspections of private swimming pools barrier fencing, gates and access points;
- Disability Access and Inclusion Issues including annual reporting;
- Inspection and maintenance of Council controlled and owned buildings including preparing and overseeing Council building maintenance budget;
- Maintain close liaison with builders, architects/draftsmen and owner builders to ensure a satisfactory standard of building construction and compliance with the Building Code of Australia, is maintained; and
- Any other relevant building matter required to be attended to by Council staff.

RESOURCE SHARING

The Shire of Northampton continues to provide Environmental Health Services to the Shire of Chapman Valley and Environmental Health and Building Services to the Shire of Shark Bay.

DISABLED ACCESS

The Shire has a responsibility under the State Disability Services Act to continuously hold under review the provision of suitable access to its services and buildings for people with disabilities.

In line with this requirement under the Shire of Northampton Disability Access and Inclusion Plan, Council's EHO/Building Surveyor will undertake a review of disability services within the Shire of Northampton annually and makes recommendations as to future works and projects to enhance disability access to all areas. Note! All new buildings are compliant with disability access, fixtures and services.

New disabled and ambulant compliant ablution blocks have been constructed at the Blue Holes beach in Kalbarri and at the Kalbarri Camp facility, new concrete footpaths have been installed around Northampton and Kalbarri with access compliant ramps.

WASTE MANAGEMENT

During the year, the Council has sought to continue improvement in its waste management practices and an improved level of compliance with Department of Works and Environmental Regulation requirements.

Following the purchase of additional land adjoining the Binu Refuse Site, Council is in the process of developing the land and the current Binu Refuse Site to extend the life and availability of an efficient and cost affective local refuse disposal site.

PUBLIC SWIMMING POOLS

Inspections and water sampling of 29 Public Swimming Pools is conducted on a monthly basis, within the Shire of Northampton, Shire of Chapman Valley, and Shire of Shark Bay as per the requirements of the new regulations.

DRINKING WATER SAMPLING

Sampling is carried out on all food premises, caravan parks or townsites that are supplied with non-scheme water i.e. bore, rainwater or other source of water supply (Roadhouses, station/farm stays, caravan parks, nature based camping areas and some residential areas).

FOOD PREMISES

All the Food Premises were inspected throughout the year at regular intervals on a risk assessment basis and, where required, work requests were issued for premises to be brought into compliance with the new Food Standards Code. All food premises are now registered under the new Food Act.

A noticeable improvement in the overall standard of the premises, food handling, storage and preparation of food in the food premises has been observed and pressure will continue to keep the standard improving.

The new Minimum Requirements for Temporary Food Stalls have been implemented and have been accepted very well and the most recent temporary food stalls complied with the requirements

Follow up inspections will be carried out with a more regular program to ensure premises continue with the required works and maintain a high standard of cleanliness, hygiene and work practices.

The COVID-19 Pandemic has increased the work load on monitoring all food premises, public areas, public facilities and areas where the public congregate, to ensure adequate and efficient cleaning programmes in the food premises and in public access areas, such as ablution blocks, playground equipment, etc. Providing information and encouraging the public to continue with social and practical distancing and maintaining high levels of personal hygiene.

BUILDING CONTROL

108 Building Permits issued including 15 demolition permits were issued during the year under review at a total value of \$10,647,403.

General Statistics, for the 2019/2020 financial year and of previous years are provided in the tables at the end of this report.

COUNCIL'S BUILDING ASSETS

Regular inspections of all Council's building assets occur, and maintenance undertaken where required and or necessary, subject to budget parameters and financial allocations. The general standard of Councils' building assets has improved due to regular maintenance and this work will be continued to further enhance the value and integrity of the assets. A five year maintenance schedule is currently being developed for all of Councils' building assets.

CARAVAN PARKS AND CAMPING GROUNDS.

Inspections of these facilities are undertaken at regular intervals. Notices with regard to the upgrading of facilities and caravans according to the requirements of the Caravan and Camping Grounds Act and Regulations were issued where required and follow up inspections have been carried out to ensure continued compliance with the relevant legislation.

The redevelopment of the Horrocks Caravan Park and the Red Bluff Caravan Park is continuing and are providing a much needed tourism accommodation asset to the region.



KALBARRI	2016/2017		2017/2018		2018/2019			
	No	Value	No	Value	No	Value	No	Value
Houses	12	\$3,489,941	8	\$2,005,898	7	\$1,866,374	4	\$6,482,569
Additions/Alterations	13	\$193,054	10	\$111,570	14	\$204,885	6	\$101,000
Outbuildings	17	\$570,680	16	\$211,198	13	\$393,500	26	\$381,220
Comm./Ind./Public	1	\$150,000	1	\$1,200,000	7	\$2,089,078	11	\$4,744,480
Demolitions	5	\$16,600	4	\$20,870	9	\$56,310	10	\$76,485
TOTALS	48	\$4,420,275	39	\$3,549,536	50	\$4,610,147	57	\$6,482,569

NORTHAMPTON	2016/2017		2017/2018		2018/2019		2019/2020	
	No	Value	No	Value	No	Value	No	Value
Houses			2	\$477,360	0	\$0	2	\$561,968
Additions/Alterations	5	\$81,079	8	\$93,000	7	\$102,506	3	\$38,500
Outbuildings	10	\$242,308	4	\$44,500	4	\$90,869	13	\$226,432
Comm./Ind./Public	4	\$1,581,610	1	\$800,000	1	\$637,982	3	\$376,351
Demolitions	1	\$4,000	2	\$8,800	1	\$3,000	2	\$21,000
TOTALS	20	\$1,908,997	17	\$1,423,660	13	\$834,357	23	\$1,224,251

HORROCKS	2016/2017		2017/2018		2018/2019		2019/20	
	No	Value	No	Value	No	Value	No	Value
Houses			2	\$535,391	2	\$1,144,823	3	\$1,539,613
Additions/Alterations	1	\$10,000	7	\$130,570	1	\$11,500	4	\$237,000
Outbuildings	1	\$15,000	2	\$23,000	3	\$50,500	6	\$143,515
Comm./Ind./Public			2	\$935,000	0	\$0	0	\$0
Demolitions			5	\$29,622	4	\$31,600	2	\$14,000
TOTALS	2	\$25,000	18	\$1,653,583	10	\$1,238,423	15	\$1,934,128

OTHER LOCALITIES	2016/2017		2017/2018		2018/2019		2019/2020	
	No	Value	No	Value	No	Value	No	Value
Houses	3	\$620,685	3	\$364,000	3	\$426,513	3	\$786,195
Additions/Alterations	2	\$13,000	3	\$16,500	6	\$70,071	4	\$52,200
Outbuildings	7	\$416,635	8	\$200,880	4	\$205,750	3	\$128,360
Comm./Ind./Public	3	\$310,500			0	\$0	0	\$0
Demolitions			1	\$65,000	0	\$0	3	\$39,700
TOTALS	15	\$1,360,820	15	\$646,380	13	\$702,334	13	\$1,006,455

WHOLE OF SHIRE	2016/2017		2017/2018		2018/2019		2019/2020	
	No	Value	No	Value	No	Value	No	Value
TOTALS	85	\$7,715,092	89	\$7,273,159	85	\$7,385,261	108	\$10,647,403

PLANNING

HAYLEY WILLIAMS – PLANNING CONSULTANT

MICHELLE ALLEN – PLANNING OFFICER

The following summarises the major planning activities undertaken or initiated within the 2019/20 financial year.

Local Planning Strategy (LPS) Review

Council was successful in obtaining funding to undertake a review of the *Shire of Northampton's Local Planning Strategy* in the 2016/17 financial year, and this review has stalled due to the inability of the Western Australian Planning Commission/Department of Planning, Lands and Heritage (WAPC/DPLH) to deal with strategic planning requirements (such as LPS reviews) as a direct result of limited capacity afforded to the Department.

The existing *Local Planning Strategy* was completed in 2008 and it was recommended for review, due to its contents being outdated and requiring adjustment. The *Local Planning Strategy* establishes the planning framework and strategic basis for future *Local Planning Schemes* and sets out the Shire's objectives for future land-use planning and development by addressing the social, environmental, resource management and economic factors that affect/are affected by land use and development.

The adopted draft Local Planning Strategy was forwarded to the Department of Planning, Lands and Heritage on 26 July 2019 for certification. The Shire has been awaiting the Department's consent to advertise the Strategy for 14 months. The ability to seek public comment on the draft Strategy will be realised when WAPC/DPLH are afforded capacity to deal with this statutory requirement and also give recognition to 'local intelligence' that has identified diverse factors of different localities that have guided the Shire of Northampton's approach to developing separate strategies (Horrocks Beach, Kalbarri and Northampton) relevant to achieving sustainable development in the future within this diverse Shire.

Horrocks Beach Coastal Hazard Risk Management and Adaptation Plan (CHRMAP)

Council was successful in obtaining funding to prepare a CHRMAP for Horrocks Beach within the 2018/19 financial year, with the preparation of the draft plan now completed. The purpose of the CHRMAP is to identify coastal hazards, evaluate their likelihood and consequences for specific assets, and identify management and adaptation responses to the risks as well as prioritise these responses.

Council's appointed consultant, GHD, has completed the drafts of the Coastal Hazard Assessment together with draft of the Final Report of the CHRMAP for Horrocks Beach. The Plan was advertised in March/April 2020 and due to the impact of COVID-19 the advertising period was extended for an additional 60 days over April to June 2020 in lieu of the Community Information Session.

The *Draft Horrocks Coastal Hazard Risk Management and Adaptation Plan* will be presented to Council for adoption in the 2020/2021 year.

Local Planning Policies Review

Within the 2019/20 financial year, a review of the Shire of Northampton's *Local Planning Policies* continued, in order to update the existing policies and address provisions and terminology within the *Local Planning Scheme No. 11 - Kalbarri*, the *Planning and Development (Local Planning Schemes) Regulations* and to rectify other anomalies. During the financial year, three (3) Local Planning Policies were reviewed (*Commercial Recreation Tourism Activity, Street Walls and Front Fences in Kalbarri and Heritage Conservation and Development*). A new Information Note (*Residential Fencing 2019 – Information Sheet*) was developed and adopted to provide explanation of fencing matters and provisions in residential areas of the Shire. This review of Local Planning Policies continues and is being led by the Shire's Consultant Planner with assistance from the Planning Officer.

Heritage List and Municipal Heritage Inventory Review

The ongoing review of the *Shire of Northampton's Local Planning Scheme No 10's* Heritage List and the Shire's *Municipal Heritage Inventory* continued during the 2019/20 financial year. The Heritage List has been further examined with a number of places noted for potential removal and those places classified in the Municipal Heritage Inventory as Management Categories 1 and 2 form the basis of the Heritage List. A number of places with low management categories were retained in the list due to their contribution to a streetscape, landscape or heritage precinct. The review of the Municipal Heritage Inventory updated and amended identified errors since the last review in 2015 and included textual and information amendments, the removal of a duplicate Place Record and the inclusion of a new Place Record (*Pakington Whaling Station*). These reviews were undertaken by the Shire's Consultant Planner and Planning Officer.

Subdivision Applications and Subdivision Clearances

Subdivision activity in the Shire has remained steady and at a low rate with three subdivision referrals and one clearance issued during the financial year.

Year	Subdivision Referrals	Clearances	Total
2019/20	3	1	4
2018/19	3	0	3
2017/18	4	1	5
2016/17	1	2	3
2015/16	1	1	2

Applications for Development Approval

Applications for development approval within the Shire have increased during the 2019/20 financial year. Applications have included renewals for home occupation/cottage industries, commercial recreation licenses and mobile food vehicle permits, and applications for single dwellings, outbuildings, telecommunications infrastructure, temporary placement of shipping containers, holiday homes and signage.

Year	Council Items	Delegated Approvals	Total
2019/20	16 (17%)	89 (83%)	105
2018/19	18 (22%)	63 (78%)	81
2017/18	16 (18%)	75 (82%)	91
2016/17	17 (27%)	46 (73%)	63
2015/16	16 (20%)	66 (80%)	82

Scheme Amendments and Structure Plans

No Scheme Amendments were initiated during the financial year by the Shire of Northampton.

Conclusion

In summary, the above illustrates the steady statutory and strategic planning activities that have taken place within the Shire of Northampton during the 2019/20 financial year. The aforementioned projects illustrate the important role that the Local Authority is taking in terms of strategic planning along with the essential role it plays in delivering a consistent statutory planning function.



Chiverton House

NATIONAL COMPETITION POLICY - CLAUSE 7

In accordance with the National Competition Policy - Clause 7 Statement the following relevant details are reported.

Principle CN.10

Details of the application and implementation of competitive neutrality principles to the activities and functions of the Shire of Northampton.

None of Council's business activities received in excess of \$200,000 revenue per annum, therefore Council has not applied the competitive neutrality principle on National Competition Policy during the year under review.

Principle SR.4

The application and implementation of structural reform principles regarding Public Monopolies to the activities and principles of the Shire of Northampton.

Council does not consider any of its activities being monopolistic and will continually review all its activities and functions to ensure the following:

- Efficient and effective utilisation of Council's resources, (ie financial, human, plant and equipment, etc) to the benefits of its electors.
- Ensure that the social ramification or alteration to any specific activity or function, are clearly identified.

Council does outsource some of its activities and has adopted the concept of resource sharing.

Principle LR.8

The application and implementation of a legislative review of its Local Laws.

A comprehensive review was undertaken in 2016/17 with many obsolete local laws repealed and additional and revised local laws adopted.

SHIRE INFORMATION



Contact Details

Northampton Administration Centre
Phone: (08) 99341202
Fax: (08) 99341072
Address: PO Box 61
Northampton 6535
Email council@northampton.wa.gov.au
Web – www.northampton.wa.gov.au

Kalbarri Administration Centre
Phone: (08) 99371097
Fax: (08) 99371466

All initial enquiries are to be directed to the relevant officer at the Northampton Office.

Council Statistics

Distance from Perth	475km
Area	12,499 sqkm
Length of Sealed Roads	371 km
Length of Unsealed Roads	935 km
Population (permanent) (2016 Census)	3,319
Number of Employees	40 (FTE)

Suburbs & Localities

Northampton, Kalbarri, Horrocks Beach, Port Gregory, Binnu, Ajana, Isseka.

Boundaries

Shires of Chapman Valley, Shark Bay, City of Greater Geraldton and Murchison.

Significant Local Events

Northampton Agricultural Show and Kalbarri Canoe & Cray Festival.

History

Recorded history of this area dates back to 1629 with the wrecked Dutch ship Batavia and two men being marooned at the mouth of the Murchison River.

Copper was first discovered in WA at Wannernooka in 1842, with lead then being discovered in 1848.

A convict hiring station was established at Port Gregory from 1853-1856. The first railway commenced in 1874 and was completed in 1879 running from Geraldton to Northampton, later being extended to Ajana in 1913.

With the railway came the expansion of the district's mining and agriculture, more lead and copper mines were opened up, cereal crops (mainly wheat) were increasing and sheep numbers also increased.

Local Government commenced in 1871, the district then named "Mines Road District". Its boundaries being described from the north by running a line running eastward from the mouth of the Murchison River, west by the Indian Ocean, south by a line running eastward from the mouth of the Buller River, with no eastern boundary.

The first local government administration centre/office was built in 1898 in Northampton, new offices were built in 1957 and were extensively extended and modified in 1984. The Kalbarri administration centre, being the "Allen Centre", was opened in 1992.

Council Agenda

The agenda for an Ordinary Meeting of the Council is available for inspection by members of the public from the commencement of business on the day having been served on the Members, at the Northampton and Kalbarri offices of the Council. The agenda is usually available on the Monday prior to Council meetings.

Persons wishing for a matter to be considered by Council are required to have their request lodged to the relevant Senior Officer on the Tuesday the week before the Council meeting.

Fire Control

Don't forget all owners and occupiers need to install firebreaks on their properties before 1 October and maintain them up until the 15 February of each year.

Firebreaks in the townsites of Horrocks and Kalbarri must be to a width of at least 3 metres and lots are not to have bush pushed up then burnt at a later date. All material must be removed or slashed.

All remaining areas need to have firebreaks not less than 2 metres wide immediately inside all external boundaries of the property and also immediately surrounding all buildings on the property. Other requirements are stated on the Fire Break Notice which is issued with the rate assessments.

They can be installed by raking, scraping, ploughing, cultivating, scarifying, or chemical spraying. If any of these methods are impracticable please contact the Bush Fire Control Officer, Mr Robert McKenzie on (08) 99341202, your local Fire Control Officer or the Shire Office.

Burning permits are required for the period 1 September to 14 October and 2 March to 15 April of each year and burning is prohibited for the period 15 October to 1 March of each year, with the exception of small heaps of rubbish on the ground between 6pm and 11pm within a low, moderate or high fire weather warning.

All burning periods are reviewed annually and are subject to change.

Citizenship Ceremonies

The Shire of Northampton conducts Citizenship ceremonies to approved applicants when required and is normally held during an ordinary meeting of Council. Application forms for citizenship are available from Post Offices and the Ministry of Immigration and Multicultural Affairs.

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## **PART 2**

### **AUDIT REPORT**

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### **ANNUAL FINANCIAL STATEMENTS**



Grant Middleton – Deputy CEO

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

**TABLE OF CONTENTS**

|                                                     |    |
|-----------------------------------------------------|----|
| Statement by Chief Executive Officer                | 2  |
| Statement of Comprehensive Income by Nature or Type | 3  |
| Statement of Comprehensive Income by Program        | 4  |
| Statement of Financial Position                     | 5  |
| Statement of Changes in Equity                      | 6  |
| Statement of Cash Flows                             | 7  |
| Rate Setting Statement                              | 8  |
| Index of Notes to the Financial Report              | 9  |
| Independent Auditor's Report                        | 55 |

**COMMUNITY VISION**

A proud and unique community recognising the past and creating the future.

Principal place of business:  
199 Hampton Road  
NORTHAMPTON WA 6535

**SHIRE OF NORTHAMPTON  
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 Northampton 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 Northampton 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 2nd day of February 2021



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Chief Executive Officer

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Garry L Keffe



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

|                                                   | NOTE  | 2020<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|---------------------------------------------------|-------|----------------------|----------------------|----------------------|
| <b>Revenue</b>                                    |       |                      |                      |                      |
| Rates                                             | 22(a) | 4,709,139            | 4,703,547            | 4,574,430            |
| Operating grants, subsidies and contributions     | 2(a)  | 2,690,764            | 1,557,893            | 2,522,304            |
| Fees and charges                                  | 2(a)  | 1,258,415            | 1,280,648            | 1,390,861            |
| Interest earnings                                 | 2(a)  | 75,737               | 106,450              | 108,101              |
| Other revenue                                     | 2(a)  | 0                    | 0                    | 366,288              |
|                                                   |       | <b>8,734,055</b>     | <b>7,648,538</b>     | <b>8,961,984</b>     |
| <b>Expenses</b>                                   |       |                      |                      |                      |
| Employee costs                                    |       | (3,384,466)          | (3,365,648)          | (3,174,633)          |
| Materials and contracts                           |       | (2,281,487)          | (2,164,572)          | (2,634,247)          |
| Utility charges                                   |       | (402,004)            | (320,250)            | (390,064)            |
| Depreciation on non-current assets                | 10(b) | (2,238,473)          | (2,149,300)          | (2,132,133)          |
| Interest expenses                                 | 2(b)  | (68,090)             | (64,877)             | (46,990)             |
| Insurance expenses                                |       | (177,465)            | (209,440)            | (276,465)            |
| Other expenditure                                 |       | (546,118)            | (466,509)            | (431,712)            |
|                                                   |       | <b>(9,098,103)</b>   | <b>(8,740,596)</b>   | <b>(9,086,244)</b>   |
|                                                   |       | <b>(364,048)</b>     | <b>(1,092,058)</b>   | <b>(124,260)</b>     |
| Non-operating grants, subsidies and contributions | 2(a)  | 1,519,153            | 1,500,386            | 1,559,037            |
| Profit on asset disposals                         | 10(a) | 14,007               | 20,280               | 8,549                |
| (Loss) on asset disposals                         | 10(a) | (182,954)            | (29,000)             | (2,685)              |
|                                                   |       | <b>1,350,206</b>     | <b>1,491,666</b>     | <b>1,564,901</b>     |
| <b>Net result for the period</b>                  |       | <b>986,158</b>       | <b>399,608</b>       | <b>1,440,641</b>     |
| <b>Total comprehensive income for the period</b>  |       | <b>986,158</b>       | <b>399,608</b>       | <b>1,440,641</b>     |

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



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

|                                                   | NOTE  | 2020<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|---------------------------------------------------|-------|----------------------|----------------------|----------------------|
| <b>Revenue</b>                                    |       |                      |                      |                      |
|                                                   | 2(a)  |                      |                      |                      |
| Governance                                        |       | 90,708               | 60,154               | 56,948               |
| General purpose funding                           |       | 6,491,553            | 5,650,065            | 6,301,383            |
| Law, order, public safety                         |       | 180,964              | 73,383               | 554,097              |
| Health                                            |       | 32,564               | 40,112               | 39,789               |
| Education and welfare                             |       | 224,288              | 226,362              | 246,957              |
| Housing                                           |       | 67,851               | 53,436               | 59,682               |
| Community amenities                               |       | 887,642              | 886,277              | 923,656              |
| Recreation and culture                            |       | 93,438               | 81,418               | 82,505               |
| Transport                                         |       | 180,812              | 180,166              | 170,163              |
| Economic services                                 |       | 310,602              | 274,600              | 273,889              |
| Other property and services                       |       | 173,633              | 122,565              | 252,915              |
|                                                   |       | <b>8,734,055</b>     | <b>7,648,538</b>     | <b>8,961,984</b>     |
| <b>Expenses</b>                                   |       |                      |                      |                      |
|                                                   | 2(b)  |                      |                      |                      |
| Governance                                        |       | (934,238)            | (896,152)            | (859,198)            |
| General purpose funding                           |       | (268,589)            | (220,112)            | (264,237)            |
| Law, order, public safety                         |       | (434,169)            | (338,993)            | (531,108)            |
| Health                                            |       | (200,788)            | (168,239)            | (204,837)            |
| Education and welfare                             |       | (98,599)             | (297,868)            | (344,098)            |
| Housing                                           |       | (93,330)             | (92,380)             | (95,568)             |
| Community amenities                               |       | (1,578,943)          | (1,584,857)          | (1,493,896)          |
| Recreation and culture                            |       | (1,542,891)          | (1,639,690)          | (1,701,005)          |
| Transport                                         |       | (3,087,782)          | (2,949,439)          | (2,928,911)          |
| Economic services                                 |       | (545,256)            | (467,989)            | (466,485)            |
| Other property and services                       |       | (245,428)            | (20,000)             | (149,911)            |
|                                                   |       | <b>(9,030,013)</b>   | <b>(8,675,719)</b>   | <b>(9,039,254)</b>   |
| <b>Finance Costs</b>                              |       |                      |                      |                      |
|                                                   | 2(b)  |                      |                      |                      |
| Education and welfare                             |       | (16,920)             | (17,126)             | (11,634)             |
| Housing                                           |       | (8,397)              | (8,497)              | (9,234)              |
| Recreation and culture                            |       | (13,616)             | (10,973)             | (593)                |
| Transport                                         |       | (8,593)              | (7,716)              | (3,881)              |
| Other property and services                       |       | (20,564)             | (20,565)             | (21,648)             |
|                                                   |       | <b>(68,090)</b>      | <b>(64,877)</b>      | <b>(46,990)</b>      |
|                                                   |       | <b>(364,048)</b>     | <b>(1,092,058)</b>   | <b>(124,260)</b>     |
| Non-operating grants, subsidies and contributions | 2(a)  | 1,519,153            | 1,500,386            | 1,559,037            |
| Profit on disposal of assets                      | 10(a) | 14,007               | 20,280               | 8,549                |
| (Loss) on disposal of assets                      | 10(a) | (182,954)            | (29,000)             | (2,685)              |
|                                                   |       | <b>1,350,206</b>     | <b>1,491,666</b>     | <b>1,564,901</b>     |
| <b>Net result for the period</b>                  |       | <b>986,158</b>       | <b>399,608</b>       | <b>1,440,641</b>     |
| <b>Total comprehensive income for the period</b>  |       | <b>986,158</b>       | <b>399,608</b>       | <b>1,440,641</b>     |

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





**SHIRE OF NORTHAMPTON**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

|                                                              | NOTE  | 2020               | 2019               |
|--------------------------------------------------------------|-------|--------------------|--------------------|
|                                                              |       | \$                 | \$                 |
| <b>CURRENT ASSETS</b>                                        |       |                    |                    |
| Cash and cash equivalents                                    | 3     | 2,788,706          | 2,898,521          |
| Trade and other receivables                                  | 6     | 456,672            | 504,024            |
| Other financial assets                                       | 5(a)  | 52,444             | 34,794             |
| Inventories                                                  | 7     | 244,514            | 243,023            |
| <b>TOTAL CURRENT ASSETS</b>                                  |       | <b>3,542,336</b>   | <b>3,680,362</b>   |
| <b>NON-CURRENT ASSETS</b>                                    |       |                    |                    |
| Trade and other receivables                                  | 6     | 79,636             | 68,370             |
| Other financial assets                                       | 5(b)  | 616,400            | 654,387            |
| Other financial assets at fair value through profit and loss | 5(b)  | 70,068             | 70,068             |
| Property, plant and equipment                                | 8     | 28,433,105         | 30,357,005         |
| Infrastructure                                               | 9     | 96,426,844         | 95,128,984         |
| <b>TOTAL NON-CURRENT ASSETS</b>                              |       | <b>125,626,053</b> | <b>126,278,814</b> |
| <b>TOTAL ASSETS</b>                                          |       | <b>129,168,389</b> | <b>129,959,176</b> |
| <b>CURRENT LIABILITIES</b>                                   |       |                    |                    |
| Trade and other payables                                     | 12    | 477,282            | 743,372            |
| Contract liabilities                                         | 13    | 88,223             | 0                  |
| Borrowings                                                   | 14(a) | 190,417            | 157,324            |
| Employee related provisions                                  | 15    | 787,109            | 735,158            |
| <b>TOTAL CURRENT LIABILITIES</b>                             |       | <b>1,543,031</b>   | <b>1,635,854</b>   |
| <b>NON-CURRENT LIABILITIES</b>                               |       |                    |                    |
| Borrowings                                                   | 14(a) | 1,578,677          | 1,429,095          |
| Employee related provisions                                  | 15    | 64,646             | 48,350             |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                         |       | <b>1,643,323</b>   | <b>1,477,445</b>   |
| <b>TOTAL LIABILITIES</b>                                     |       | <b>3,186,354</b>   | <b>3,113,299</b>   |
| <b>NET ASSETS</b>                                            |       | <b>125,982,035</b> | <b>126,845,877</b> |
| <b>EQUITY</b>                                                |       |                    |                    |
| Retained surplus                                             |       | 84,397,679         | 83,450,432         |
| Reserves - cash/financial asset backed                       | 4     | 965,039            | 926,128            |
| Revaluation surplus                                          | 11    | 40,619,317         | 42,469,317         |
| <b>TOTAL EQUITY</b>                                          |       | <b>125,982,035</b> | <b>126,845,877</b> |

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



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

|                                             |             | <b>RESERVES<br/>CASH/FINANCIAL</b> |                         |                                |
|---------------------------------------------|-------------|------------------------------------|-------------------------|--------------------------------|
|                                             | <b>NOTE</b> | <b>RETAINED<br/>SURPLUS</b>        | <b>ASSET<br/>BACKED</b> | <b>REVALUATION<br/>SURPLUS</b> |
|                                             |             | \$                                 | \$                      | \$                             |
|                                             |             | \$                                 | \$                      | \$                             |
| <b>Balance as at 1 July 2018</b>            |             | <b>81,998,078</b>                  | <b>937,841</b>          | <b>42,469,317</b>              |
| Comprehensive income                        |             |                                    |                         |                                |
| Net result for the period                   |             | 1,440,641                          | 0                       | 0                              |
| Total comprehensive income                  |             | 1,440,641                          | 0                       | 0                              |
| Transfers from reserves                     | 4           | 168,370                            | (168,370)               | 0                              |
| Transfers to reserves                       | 4           | (156,657)                          | 156,657                 | 0                              |
| <b>Balance as at 30 June 2019</b>           |             | <b>83,450,432</b>                  | <b>926,128</b>          | <b>42,469,317</b>              |
| Change in accounting policy                 | 26(b)       | 0                                  | 0                       | (1,850,000)                    |
| <b>Restated total equity at 1 July 2019</b> |             | <b>83,450,432</b>                  | <b>926,128</b>          | <b>40,619,317</b>              |
| Comprehensive income                        |             |                                    |                         |                                |
| Net result for the period                   |             | 986,158                            | 0                       | 0                              |
| Total comprehensive income                  |             | 986,158                            | 0                       | 0                              |
| Transfers from reserves                     | 4           | 58,694                             | (58,694)                | 0                              |
| Transfers to reserves                       | 4           | (97,605)                           | 97,605                  | 0                              |
| <b>Balance as at 30 June 2020</b>           |             | <b>84,397,679</b>                  | <b>965,039</b>          | <b>40,619,317</b>              |

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



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

|                                                                          | NOTE  | 2020<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|--------------------------------------------------------------------------|-------|----------------------|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                              |       |                      |                      |                      |
| <b>Receipts</b>                                                          |       |                      |                      |                      |
| Rates                                                                    |       | 4,738,694            | 4,703,547            | 4,603,545            |
| Operating grants, subsidies and contributions                            |       | 2,817,291            | 1,557,893            | 2,493,484            |
| Fees and charges                                                         |       | 1,258,415            | 1,280,648            | 1,390,861            |
| Interest received                                                        |       | 75,737               | 106,450              | 108,101              |
| Other revenue                                                            |       | 0                    | 0                    | 366,288              |
|                                                                          |       | 8,890,137            | 7,648,538            | 8,962,279            |
| <b>Payments</b>                                                          |       |                      |                      |                      |
| Employee costs                                                           |       | (3,256,844)          | (3,365,648)          | (3,194,899)          |
| Materials and contracts                                                  |       | (2,619,049)          | (2,164,572)          | (2,912,110)          |
| Utility charges                                                          |       | (402,004)            | (320,250)            | (390,064)            |
| Interest expenses                                                        |       | (68,090)             | (64,877)             | (47,549)             |
| Insurance paid                                                           |       | (177,465)            | (209,440)            | (276,465)            |
| Goods and services tax paid                                              |       | (21,167)             | 0                    | 7,029                |
| Other expenditure                                                        |       | (546,118)            | (466,509)            | (431,712)            |
|                                                                          |       | (7,090,737)          | (6,591,296)          | (7,245,770)          |
| <b>Net cash provided by (used in) operating activities</b>               | 16    | 1,799,400            | 1,057,242            | 1,716,509            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                              |       |                      |                      |                      |
| Payments for financial assets at fair values through profit and loss     |       | 0                    | 0                    | (70,068)             |
| Payments for purchase of property, plant & equipment                     | 8(a)  | (1,099,601)          | (1,626,935)          | (1,144,987)          |
| Payments for construction of infrastructure                              | 9(a)  | (2,649,683)          | (2,907,901)          | (2,870,550)          |
| Non-operating grants, subsidies and contributions                        | 2(a)  | 1,519,153            | 1,500,386            | 1,559,037            |
| Proceeds from financial assets at amortised cost - term deposits         |       | (16,053)             | 0                    | 0                    |
| Proceeds from financial assets at amortised cost - self supporting loans |       | 36,391               | 36,391               | 34,794               |
| Proceeds from sale of property, plant & equipment                        | 10(a) | 117,905              | 116,900              | 135,318              |
| <b>Net cash provided by (used in) investment activities</b>              |       | (2,091,888)          | (2,881,159)          | (2,356,456)          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                              |       |                      |                      |                      |
| Repayment of borrowings                                                  | 14(b) | (157,325)            | (157,325)            | (134,246)            |
| Proceeds from new borrowings                                             | 14(b) | 340,000              | 365,000              | 500,000              |
| <b>Net cash provided by (used in) financing activities</b>               |       | 182,675              | 207,675              | 365,754              |
| <b>Net increase (decrease) in cash held</b>                              |       | (109,813)            | (1,616,242)          | (274,193)            |
| Cash at beginning of year                                                |       | 2,898,521            | 2,880,313            | 3,172,714            |
| <b>Cash and cash equivalents at the end of the year</b>                  | 16    | 2,788,706            | 1,264,071            | 2,898,521            |

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

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

|                                                                          | NOTE   | 2020<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|--------------------------------------------------------------------------|--------|----------------------|----------------------|----------------------|
| <b>OPERATING ACTIVITIES</b>                                              |        |                      |                      |                      |
| <b>Net current assets at start of financial year - surplus/(deficit)</b> | 23 (b) | 1,763,871            | 1,734,648            | 1,745,371            |
|                                                                          |        | 1,763,871            | 1,734,648            | 1,745,371            |
| <b>Revenue from operating activities (excluding rates)</b>               |        |                      |                      |                      |
| Governance                                                               |        | 102,552              | 71,434               | 56,948               |
| General purpose funding                                                  |        | 1,822,016            | 987,778              | 1,767,220            |
| Law, order, public safety                                                |        | 180,964              | 73,383               | 554,097              |
| Health                                                                   |        | 32,564               | 40,112               | 39,789               |
| Education and welfare                                                    |        | 224,288              | 226,362              | 246,957              |
| Housing                                                                  |        | 67,851               | 53,436               | 59,682               |
| Community amenities                                                      |        | 887,642              | 886,277              | 923,656              |
| Recreation and culture                                                   |        | 93,438               | 81,418               | 82,505               |
| Transport                                                                |        | 182,975              | 189,166              | 178,712              |
| Economic services                                                        |        | 310,602              | 274,600              | 273,889              |
| Other property and services                                              |        | 173,633              | 122,565              | 252,915              |
|                                                                          |        | 4,078,525            | 3,006,531            | 4,436,370            |
| <b>Expenditure from operating activities</b>                             |        |                      |                      |                      |
| Governance                                                               |        | (937,381)            | (896,152)            | (859,198)            |
| General purpose funding                                                  |        | (268,589)            | (220,112)            | (264,237)            |
| Law, order, public safety                                                |        | (434,169)            | (338,993)            | (531,108)            |
| Health                                                                   |        | (200,788)            | (168,239)            | (204,837)            |
| Education and welfare                                                    |        | (266,349)            | (314,994)            | (355,732)            |
| Housing                                                                  |        | (101,727)            | (100,877)            | (104,802)            |
| Community amenities                                                      |        | (1,584,757)          | (1,584,857)          | (1,493,896)          |
| Recreation and culture                                                   |        | (1,556,507)          | (1,650,663)          | (1,701,598)          |
| Transport                                                                |        | (3,119,542)          | (2,986,155)          | (2,935,477)          |
| Economic services                                                        |        | (545,256)            | (467,989)            | (466,485)            |
| Other property and services                                              |        | (265,992)            | (40,565)             | (171,559)            |
|                                                                          |        | (9,281,057)          | (8,769,596)          | (9,088,929)          |
| Non-cash amounts excluded from operating activities                      | 23(a)  | 2,412,450            | 2,041,120            | 2,045,817            |
| <b>Amount attributable to operating activities</b>                       |        | (1,026,211)          | (1,987,297)          | (861,371)            |
| <b>INVESTING ACTIVITIES</b>                                              |        |                      |                      |                      |
| Non-operating grants, subsidies and contributions                        | 2(a)   | 1,519,153            | 1,500,386            | 1,559,037            |
| Proceeds from disposal of assets                                         | 10(a)  | 117,905              | 116,900              | 135,318              |
| Proceeds from financial assets at amortised cost - self supporting loans |        | 36,391               | 36,391               | 34,794               |
| Purchase of property, plant and equipment                                | 8(a)   | (1,099,601)          | (1,626,935)          | (1,144,987)          |
| Purchase and construction of infrastructure                              | 9(a)   | (2,649,683)          | (2,907,901)          | (2,870,550)          |
| <b>Amount attributable to investing activities</b>                       |        | (2,075,835)          | (2,881,159)          | (2,286,388)          |
| <b>FINANCING ACTIVITIES</b>                                              |        |                      |                      |                      |
| Repayment of borrowings                                                  | 14(b)  | (157,325)            | (157,325)            | (134,246)            |
| Proceeds from borrowings                                                 | 14(b)  | 340,000              | 365,000              | 500,000              |
| Transfers to reserves (restricted assets)                                | 4      | (97,605)             | (60,200)             | (156,657)            |
| Transfers from reserves (restricted assets)                              | 4      | 58,694               | 58,694               | 168,370              |
| <b>Amount attributable to financing activities</b>                       |        | 143,764              | 206,169              | 377,467              |
| <b>Surplus/(deficit) before imposition of general rates</b>              |        | (2,958,282)          | (4,662,287)          | (2,770,292)          |
| <b>Total amount raised from general rates</b>                            | 22(a)  | 4,669,537            | 4,662,287            | 4,534,163            |
| <b>Surplus/(deficit) after imposition of general rates</b>               | 23(b)  | <b>1,711,253</b>     | <b>0</b>             | <b>1,763,871</b>     |

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

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

|         |                                                        |    |
|---------|--------------------------------------------------------|----|
| Note 1  | Basis of Preparation                                   | 10 |
| Note 2  | Revenue and Expenses                                   | 11 |
| Note 3  | Cash and Cash Equivalents                              | 15 |
| Note 4  | Reserves - Cash backed                                 | 16 |
| Note 5  | Other Financial Assets                                 | 17 |
| Note 6  | Trade and Other Receivables                            | 18 |
| Note 7  | Inventories                                            | 19 |
| Note 8  | Property, Plant and Equipment                          | 20 |
| Note 9  | Infrastructure                                         | 22 |
| Note 10 | Fixed Assets                                           | 24 |
| Note 11 | Revaluation Surplus                                    | 27 |
| Note 12 | Trade and Other Payables                               | 28 |
| Note 13 | Contract Liabilities                                   | 29 |
| Note 14 | Information on Borrowings                              | 30 |
| Note 15 | Employee Provisions                                    | 32 |
| Note 16 | Notes to the Statement of Cash Flows                   | 33 |
| Note 17 | Total Assets Classified by Function and Activity       | 34 |
| Note 18 | Contingent Liabilities                                 | 35 |
| Note 19 | Commitments                                            | 36 |
| Note 20 | Related Party Transactions                             | 37 |
| Note 21 | Investment in Associates                               | 39 |
| Note 22 | Rating Information                                     | 40 |
| Note 23 | Rate Setting Statement Information                     | 44 |
| Note 24 | Financial Risk Management                              | 45 |
| Note 25 | Initial Application of Australian Accounting Standards | 48 |
| Note 26 | Change in Accounting Policies                          | 50 |
| Note 27 | Bonds and Deposits                                     | 51 |
| Note 28 | Other Significant Accounting Policies                  | 52 |
| Note 29 | Activites/Programs                                     | 53 |
| Note 30 | Financial Ratios                                       | 54 |

## **1. BASIS OF PREPARATION**

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

### **AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

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

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

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

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

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

### **NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS**

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

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

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

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

### **CRITICAL ACCOUNTING ESTIMATES**

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

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

### **THE LOCAL GOVERNMENT REPORTING ENTITY**

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

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

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

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

**2. REVENUE AND EXPENSES**

**REVENUE RECOGNITION POLICY**

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

| Revenue Category                                                                | Nature of goods and services                                                                                     | When obligations typically satisfied | Payment terms                                                          | Returns/Refunds/Warranties                  | Determination of transaction price                                          | Allocating transaction price                                    | Measuring obligations for returns                                   | Timing of revenue recognition                                                                                            |
|---------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|--------------------------------------|------------------------------------------------------------------------|---------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Rates - general rates                                                           | General rates                                                                                                    | Over time                            | Payment dates adopted by council during the year                       | None                                        | Adopted by council annually                                                 | When taxable event occurs                                       | Not applicable                                                      | When rates notice is issued                                                                                              |
| Rates - specified area rates                                                    | Rates charge for specific defined purpose                                                                        | Over time                            | Payment dates adopted by council during the year                       | Refund in event monies are unspent          | Adopted by council annually                                                 | When taxable event occurs                                       | Not applicable                                                      | When rates notice is issued                                                                                              |
| 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 funding body                               | 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                      |
| Grants, subsidies or contributions with no contractual commitments              | General appropriations and contributions with no reciprocal commitment                                           | No obligations                       | Not applicable                                                         | Not applicable                              | Cash received                                                               | On receipt of funds                                             | Not applicable                                                      | When assets are controlled                                                                                               |
| Fees and charges - licences, registrations, approvals                           | Building, planning, development and animal management, having the same nature as a licence regardless of naming. | Single point in time                 | Full payment prior to issue                                            | None                                        | Set by State legislation or limited by legislation to the cost of provision | Based on timing of issue of the associated rights               | No refunds                                                          | On payment of the licence, registration or approval                                                                      |
| Fees and charges - pool inspections                                             | Compliance safety check                                                                                          | Single point in time                 | Equal proportion based on an equal annually fee                        | None                                        | Set by State legislation                                                    | Apportioned equally across the inspection cycle                 | No refunds                                                          | After inspection complete based on a 4 year cycle                                                                        |
| Fees and charges - other inspections                                            | Regulatory food, health and safety                                                                               | Single point in time                 | Full payment prior to inspection                                       | None                                        | Set by State legislation or limited by legislation to the cost of provision | Applied fully on timing of inspection                           | Not applicable                                                      | Revenue recognised after inspection event occurs                                                                         |
| Fees and charges - waste management collections                                 | Kerbside collection service                                                                                      | Over time                            | Payment on an annual basis in advance                                  | None                                        | Adopted by council annually                                                 | Apportioned equally across the collection period                | Not applicable                                                      | Output method based on regular weekly and fortnightly period as proportionate to collection service                      |
| Fees and charges - waste management tipping fees                                | Waste treatment, recycling and disposal service at disposal sites                                                | Single point in time                 | Payment at site or on normal trading terms if credit provided          | None                                        | Adopted by council annually                                                 | Based on timing of entry to facility                            | Not applicable                                                      | On entry to facility                                                                                                     |
| Fees and charges - 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                                                                                               |
| Fees and charges -property hire and entry                                       | Use of halls and facilities                                                                                      | Single point in time                 | In full in advance                                                     | Refund if event cancelled within 7 days     | Adopted by council annually                                                 | Based on timing of entry to facility                            | Returns limited to repayment of transaction                         | On entry or at conclusion of hire                                                                                        |
| Fees and charges - child care                                                   | Childcare fees and membership                                                                                    | Over time                            | Payment in full in advance                                             | Refund for unused portion on application    | Adopted by council annually                                                 | Apportioned equally across the access period                    | Returns limited to repayment of transaction                         | Output method over 12 months matched to access right                                                                     |
| Fees and charges for other goods and services                                   | Cemetery services, photocopying, library fees, reinstatements and private works                                  | Single point in time                 | Payment in full in advance                                             | None                                        | Adopted by council annually                                                 | Applied fully based on timing of provision                      | Not applicable                                                      | Output method based on provision of service or completion of works                                                       |
| Fees and charges - sale of stock (Hats, Caps etc)                               | Merchandise stock                                                                                                | Single point in time                 | In full in advance, on 30 day credit                                   | Refund for faulty goods                     | Adopted by council annually, set by mutual agreement                        | Applied fully based on timing of provision                      | Returns limited to repayment of transaction                         | Output method based on goods                                                                                             |
| Fees and charges - fines                                                        | Fines issued for breaches of local laws                                                                          | Single point in time                 | Payment in full within defined time                                    | None                                        | Adopted by council through local law                                        | When taxable event occurs                                       | Not applicable                                                      | When fine notice is issued                                                                                               |
| Other revenue - commissions                                                     | Commissions on licencing                                                                                         | Over time                            | Payment in arrears                                                     | None                                        | Set by mutual agreement with the customer                                   | On receipt of funds                                             | Not applicable                                                      | When assets are controlled                                                                                               |
| Other revenue - reimbursements                                                  | Insurance claims                                                                                                 | Single point in time                 | Payment in arrears for claimable event                                 | None                                        | Set by mutual agreement with the customer                                   | When claim is agreed                                            | Not applicable                                                      | When claim is agreed                                                                                                     |

**SHIRE OF NORTHAMPTON**  
**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<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|----------------------------------------------------------|----------------------|----------------------|----------------------|
| <b>Operating grants, subsidies and contributions</b>     |                      |                      |                      |
| Governance                                               | 78,301               | 48,854               | 45,615               |
| General purpose funding                                  | 1,748,221            | 881,328              | 1,659,119            |
| Law, order, public safety                                | 166,763              | 58,883               | 244,788              |
| Health                                                   | 20,912               | 28,500               | 28,172               |
| Education and welfare                                    | 168,925              | 119,236              | 93,655               |
| Housing                                                  | 8,165                | 7,000                | 13,476               |
| Community amenities                                      | 51,901               | 58,200               | 64,039               |
| Recreation and culture                                   | 81,179               | 68,502               | 67,086               |
| Transport                                                | 178,072              | 176,325              | 164,315              |
| Economic services                                        | 34,239               | 8,500                | 8,002                |
| Other property and services                              | 154,086              | 102,565              | 134,037              |
|                                                          | 2,690,764            | 1,557,893            | 2,522,304            |
| <b>Non-operating grants, subsidies and contributions</b> |                      |                      |                      |
| Law, order, public safety                                | 10,000               | 0                    | 0                    |
| Education and welfare                                    | 0                    | 0                    | 53,276               |
| Recreation and culture                                   | 165,895              | 146,910              | 262,083              |
| Transport                                                | 1,343,258            | 1,353,476            | 1,243,678            |
|                                                          | 1,519,153            | 1,500,386            | 1,559,037            |
| <b>Total grants, subsidies and contributions</b>         | 4,209,917            | 3,058,279            | 4,081,341            |
| <b>Fees and charges</b>                                  |                      |                      |                      |
| Governance                                               | 12,407               | 11,300               | 11,333               |
| Law, order, public safety                                | 14,200               | 14,500               | 15,088               |
| Health                                                   | 11,652               | 11,612               | 11,617               |
| Education and welfare                                    | 55,363               | 107,126              | 153,302              |
| Housing                                                  | 59,686               | 46,436               | 46,206               |
| Community amenities                                      | 835,741              | 828,077              | 859,618              |
| Recreation and culture                                   | 12,259               | 12,916               | 15,419               |
| Transport                                                | 2,741                | 3,841                | 3,848                |
| Economic services                                        | 234,819              | 224,840              | 225,620              |
| Other property and services                              | 19,547               | 20,000               | 48,810               |
|                                                          | 1,258,415            | 1,280,648            | 1,390,861            |

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

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

**Contracts with customers and transfers for recognisable non-financial assets**

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:

|                                                   | 2020<br>Actual   | 2020<br>Budget   | 2019<br>Actual   |
|---------------------------------------------------|------------------|------------------|------------------|
|                                                   | \$               | \$               | \$               |
| Operating grants, subsidies and contributions     | 2,690,764        | 1,557,893        | 2,522,304        |
| Non-operating grants, subsidies and contributions | 1,519,153        | 1,500,386        | 1,559,037        |
|                                                   | <b>4,209,917</b> | <b>3,058,279</b> | <b>4,081,341</b> |

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

|                                                                                                                                                |                  |                  |                  |
|------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|
| Other revenue from contracts with customers recognised during the year                                                                         | 2,690,764        | 1,557,893        | 2,522,304        |
| Transfers intended for acquiring or constructing recognisable non financial assets included as a contract liability at the start of the period | 148,431          | 0                | 0                |
| Other revenue from performance obligations satisfied during the year                                                                           | 1,370,722        | 1,500,386        | 1,559,037        |
|                                                                                                                                                | <b>4,209,917</b> | <b>3,058,279</b> | <b>4,081,341</b> |

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 | 84,131   | 0 | 108,859 |
| Contract liabilities from contracts with customers        | (88,223) | 0 | 0       |

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.

**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        | 4,669,537        | 4,662,287        | 4,567,316        |
| Specified area rates | 41,543           | 41,260           | 40,267           |
|                      | <b>4,711,080</b> | <b>4,703,547</b> | <b>4,607,583</b> |

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

**2. REVENUE AND EXPENSES (Continued)**

**Other revenue**

|       |   |   |         |
|-------|---|---|---------|
| Other |   |   | 366,288 |
|       | 0 | 0 | 366,288 |

**Interest earnings**

|                                                          |               |                |                |
|----------------------------------------------------------|---------------|----------------|----------------|
| Interest on reserve funds                                | 12,605        | 25,200         | 23,173         |
| Rates instalment and penalty interest (refer Note 22(d)) | 39,650        | 51,450         | 53,119         |
| Other interest earnings                                  | 23,482        | 29,800         | 31,809         |
|                                                          | <u>75,737</u> | <u>106,450</u> | <u>108,101</u> |

**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**

**Auditors remuneration**

- Audit of the Annual Financial Report
- Other services

**Interest expenses (finance costs)**

Borrowings

| Note  | 2020<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|-------|----------------------|----------------------|----------------------|
|       | 40,000               | 40,000               | 40,000               |
|       | 0                    | 3,900                | 0                    |
|       | <u>40,000</u>        | <u>43,900</u>        | <u>40,000</u>        |
| 14(b) | 68,090               | 64,877               | 46,990               |
|       | <u>68,090</u>        | <u>64,877</u>        | <u>46,990</u>        |

**SHIRE OF NORTHAMPTON**  
**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               | 1,823,667        | 1,826,125        |
| Term deposits                          | 965,039          | 1,072,396        |
| <b>Total cash and cash equivalents</b> | <b>2,788,706</b> | <b>2,898,521</b> |

**Restrictions**

The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

|                                      |                  |                |
|--------------------------------------|------------------|----------------|
| - Cash and cash equivalents          | 1,037,209        | 926,128        |
| - Financial assets at amortised cost | 16,053           | 0              |
|                                      | <b>1,053,262</b> | <b>926,128</b> |

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

|                                                    |    |                  |                |
|----------------------------------------------------|----|------------------|----------------|
| Reserves - cash/financial asset backed             | 4  | 965,039          | 926,128        |
| Contract liabilities from contracts with customers | 13 | 88,223           | 0              |
| <b>Total restricted assets</b>                     |    | <b>1,053,262</b> | <b>926,128</b> |

**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.

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

**4. RESERVES - CASH/FINANCIAL ASSET**

|                                                 | 2020<br>Actual<br>Opening<br>Balance | 2020<br>Actual<br>Transfer<br>to | 2020<br>Actual<br>Transfer<br>(from) | 2020<br>Actual<br>Closing<br>Balance | 2020<br>Budget<br>Opening<br>Balance | 2020<br>Budget<br>Transfer<br>to | 2020<br>Budget<br>Transfer<br>(from) | 2020<br>Budget<br>Closing<br>Balance | 2019<br>Actual<br>Opening<br>Balance | 2019<br>Actual<br>Transfer<br>to | 2019<br>Actual<br>Transfer<br>(from) | 2019<br>Actual<br>Closing<br>Balance |
|-------------------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|
| (a) Leave Reserve                               | \$ 246,008                           | \$ 7,503                         |                                      | \$ 253,511                           | \$ 246,008                           | \$ 10,000                        | \$ 0                                 | \$ 256,008                           | \$ 237,544                           | \$ 8,464                         |                                      | \$ 246,008                           |
| (b) Roadworks Reserve                           | 27,641                               | 998                              |                                      | 28,639                               | 27,641                               | 2,000                            | 0                                    | 29,641                               | 26,250                               | 1,391                            |                                      | 27,641                               |
| (c) Kalbarri Airport Reserve                    | 65,315                               | 20,107                           |                                      | 85,422                               | 65,315                               | 20,200                           | 0                                    | 85,515                               | 45,172                               | 20,143                           |                                      | 65,315                               |
| (d) Build/Housing Reserve                       | 109,865                              | 10,998                           |                                      | 120,863                              | 109,865                              | 12,000                           | 0                                    | 121,865                              | 98,118                               | 11,747                           |                                      | 109,865                              |
| (e) Kalbarri Aged Persons Accommodation Reserve | 58,694                               |                                  | (58,694)                             | 0                                    | 58,694                               | 0                                | (58,694)                             | 0                                    | 227,064                              |                                  | (168,370)                            | 58,694                               |
| (f) Tourism Infrastructure Reserve              | 100,000                              |                                  |                                      | 100,000                              | 100,000                              | 0                                | 0                                    | 100,000                              | 0                                    | 100,000                          |                                      | 100,000                              |
| (g) Computer Office Equipment Reserve           | 32,944                               | 502                              |                                      | 33,446                               | 32,945                               | 1,000                            | 0                                    | 33,945                               | 31,905                               | 1,039                            |                                      | 32,944                               |
| (h) Land Development Reserve                    | 249,161                              | 57,497                           |                                      | 306,658                              | 249,161                              | 15,000                           | 0                                    | 264,161                              | 235,288                              | 13,873                           |                                      | 249,161                              |
| (i) Port Gregory Water Supply Reserve           | 36,500                               |                                  |                                      | 36,500                               | 36,500                               | 0                                | 0                                    | 36,500                               | 36,500                               |                                  |                                      | 36,500                               |
|                                                 | 926,128                              | 97,605                           | (58,694)                             | 965,039                              | 926,129                              | 60,200                           | (58,694)                             | 927,635                              | 937,841                              | 156,657                          | (168,370)                            | 926,128                              |

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

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

| Name of Reserve                                 | Anticipated date of use | Purpose of the reserve                                                                                                    |
|-------------------------------------------------|-------------------------|---------------------------------------------------------------------------------------------------------------------------|
| (a) Leave Reserve                               | Ongoing                 | To be used to fund annual and long service leave requirements                                                             |
| (b) Roadworks Reserve                           | Ongoing                 | To be used to fund major reseals of bitumen roads and other major road construction works including footpath construction |
| (c) Kalbarri Airport Reserve                    | Ongoing                 | To be used for the maintenance and construction of the Kalbarri Airport                                                   |
| (d) Build/Housing Reserve                       | Ongoing                 | To be used for the construction of new housing and upgrades to buildings under Council control                            |
| (e) Kalbarri Aged Persons Accommodation Reserve | 2019/2020               | To be used for the construction of live in aged care facilities in Kalbarri                                               |
| (f) Tourism Infrastructure Reserve              | Ongoing                 | To be used to for the development of tourism infrastructure                                                               |
| (g) Computer Office Equipment Reserve           | Ongoing                 | To be used to for the purchase and upgrade of office equipment and computers                                              |
| (h) Land Development Reserve                    | Ongoing                 | To be used for the development of Council land for sale on the open market.                                               |
| (i) Port Gregory Water Supply Reserve           | Ongoing                 | To be used for the replacement of the Port Gregory pipeline.                                                              |

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

**5. OTHER FINANCIAL ASSETS**

|                                                                                 | 2020           | 2019           |
|---------------------------------------------------------------------------------|----------------|----------------|
|                                                                                 | \$             | \$             |
| <b>(a) Current assets</b>                                                       |                |                |
| Financial assets at amortised cost                                              | 52,444         | 34,794         |
|                                                                                 | <u>52,444</u>  | <u>34,794</u>  |
| <b>Other financial assets at amortised cost</b>                                 |                |                |
| Term deposits                                                                   | 16,053         | 0              |
| Self supporting loans                                                           | 36,391         | 34,794         |
|                                                                                 | <u>52,444</u>  | <u>34,794</u>  |
| <b>(b) Non-current assets</b>                                                   |                |                |
| Financial assets at amortised cost                                              | 616,400        | 654,387        |
| Financial assets at fair value through profit and loss - Local Government House | 70,068         | 70,068         |
|                                                                                 | <u>686,468</u> | <u>724,455</u> |
| <b>Financial assets at amortised cost</b>                                       |                |                |
| Financial assets at amortised cost                                              | 616,400        | 654,387        |
|                                                                                 | <u>616,400</u> | <u>654,387</u> |
| <b>Financial assets at fair value through profit and loss</b>                   |                |                |
| Units in Local Government House Trust                                           | 70,068         | 70,068         |
|                                                                                 | <u>70,068</u>  | <u>70,068</u>  |

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 14(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 24.

## 6. TRADE AND OTHER RECEIVABLES

### Current

|                             |
|-----------------------------|
| Rates receivable            |
| Trade and other receivables |
| GST receivable              |
| Other receivables - rubbish |
| Emergency Services Levy     |
| Accrued Income              |

### Non-current

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

| 2020    | 2019    |
|---------|---------|
| \$      | \$      |
| 270,165 | 300,380 |
| 84,131  | 108,859 |
| 21,167  | 0       |
| 37,216  | 38,218  |
| 43,993  | 42,009  |
| 0       | 14,558  |
| 456,672 | 504,024 |
| 79,636  | 68,370  |
| 79,636  | 68,370  |

### 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 24.

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Classification and subsequent measurement

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

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

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

## 7. INVENTORIES

### Current

Fuel and materials  
 Land Held for Resale

|  | 2020           | 2019           |
|--|----------------|----------------|
|  | \$             | \$             |
|  | 9,514          | 8,023          |
|  | 235,000        | 235,000        |
|  | <u>244,514</u> | <u>243,023</u> |
|  | 243,023        | 246,778        |
|  | 279,778        | (326,341)      |
|  | (278,287)      | 322,586        |
|  | <u>244,514</u> | <u>243,023</u> |

The following movements in inventories occurred during the year:

### Carrying amount at beginning of period

Inventories expensed during the year

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.

## 8. 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 -<br>freehold<br>land | Land -<br>vested in<br>and under<br>the control<br>of Council | Total land  | Buildings   | Total<br>buildings | Total land<br>and<br>buildings | Furniture<br>and<br>equipment | Plant and<br>equipment | Total<br>property,<br>plant and<br>equipment |
|------------------------------------------|----------------------------|---------------------------------------------------------------|-------------|-------------|--------------------|--------------------------------|-------------------------------|------------------------|----------------------------------------------|
|                                          | \$                         | \$                                                            | \$          | \$          | \$                 | \$                             | \$                            | \$                     | \$                                           |
| <b>Balance at 1 July 2018</b>            | 4,174,076                  | 1,850,000                                                     | 6,024,076   | 21,312,380  | 21,312,380         | 27,336,456                     | 52,439                        | 2,790,875              | 30,179,770                                   |
| Additions                                | 9,101                      |                                                               | 9,101       | 246,034     | 246,034            | 255,135                        | 31,653                        | 858,199                | 1,144,987                                    |
| (Disposals)                              | 0                          | 0                                                             | 0           | 0           | 0                  | 0                              | 0                             | (129,454)              | (129,454)                                    |
| Depreciation (expense)                   |                            |                                                               | 0           | (399,298)   | (399,298)          | (399,298)                      | (13,143)                      | (425,857)              | (838,298)                                    |
| <b>Carrying amount at 30 June 2019</b>   | 4,183,177                  | 1,850,000                                                     | 6,033,177   | 21,159,116  | 21,159,116         | 27,192,293                     | 70,949                        | 3,093,763              | 30,357,005                                   |
| <b>Comprises:</b>                        |                            |                                                               |             |             |                    |                                |                               |                        |                                              |
| Gross carrying amount at 30 June 2019    | 4,183,177                  | 1,850,000                                                     | 6,033,177   | 21,957,104  | 21,957,104         | 27,990,281                     | 113,478                       | 4,291,159              | 32,394,918                                   |
| Accumulated depreciation at 30 June 2019 | 0                          | 0                                                             | 0           | (797,988)   | (797,988)          | (797,988)                      | (42,529)                      | (1,197,396)            | (2,037,913)                                  |
| <b>Carrying amount at 30 June 2019</b>   | 4,183,177                  | 1,850,000                                                     | 6,033,177   | 21,159,116  | 21,159,116         | 27,192,293                     | 70,949                        | 3,093,763              | 30,357,005                                   |
| Change in Accounting Policy              | 0                          | (1,850,000)                                                   | (1,850,000) | 0           | 0                  | (1,850,000)                    | 0                             | 0                      | (1,850,000)                                  |
| <b>Carrying amount at 1 July 2019</b>    | 4,183,177                  | 0                                                             | 4,183,177   | 21,159,116  | 21,159,116         | 25,342,293                     | 70,949                        | 3,093,763              | 28,507,005                                   |
| Additions                                |                            |                                                               | 0           | 698,106     | 698,106            | 698,106                        | 18,705                        | 382,790                | 1,099,601                                    |
| (Disposals)                              | (55,000)                   | 0                                                             | (55,000)    | (150,830)   | (150,830)          | (205,830)                      | (3,143)                       | (77,879)               | (286,852)                                    |
| Depreciation (expense)                   |                            |                                                               | 0           | (408,963)   | (408,963)          | (408,963)                      | (15,446)                      | (462,240)              | (886,649)                                    |
| <b>Carrying amount at 30 June 2020</b>   | 4,128,177                  | 0                                                             | 4,128,177   | 21,297,429  | 21,297,429         | 25,425,606                     | 71,065                        | 2,936,434              | 28,433,105                                   |
| <b>Comprises:</b>                        |                            |                                                               |             |             |                    |                                |                               |                        |                                              |
| Gross carrying amount at 30 June 2020    | 4,128,177                  | 0                                                             | 4,128,177   | 22,498,140  | 22,498,140         | 26,626,317                     | 127,221                       | 4,531,652              | 31,285,190                                   |
| Accumulated depreciation at 30 June 2020 | 0                          | 0                                                             | 0           | (1,200,711) | (1,200,711)        | (1,200,711)                    | (56,156)                      | (1,595,218)            | (2,852,085)                                  |
| <b>Carrying amount at 30 June 2020</b>   | 4,128,177                  | 0                                                             | 4,128,177   | 21,297,429  | 21,297,429         | 25,425,606                     | 71,065                        | 2,936,434              | 28,433,105                                   |



## 8. 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                                                                                                                                                                           |
|---------------------------------------------------|----------------------|--------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Land and buildings</b>                         |                      |                                                                                                        |                                                                    |                        |                                                                                                                                                                                       |
| Land - freehold land                              | 2/3                  | Market approach using recent observable market data for similar properties                             | Independent registered valuers                                     | June 2017              | Price per hectare/ market borrowing rate                                                                                                                                              |
| Land - vested in and under the control of Council | 3                    | Crown or other vested land will be valued at zero using the cost model effective 1 July 2019.          | Local Government (Financial Management) Amendment Regulations 2020 | June 2020              | In accordance with AASB 16 Leases, Crown or other land vested in the local government is now considered a concessionary right-of-use asset that is to be valued using the cost model. |
| Buildings                                         | 2/3                  | Market approach using recent observable market data for similar properties                             | Independent registered valuers                                     | June 2017              | Replacement cost, residual value, short life/long life split, pattern of consumption and consumption score.                                                                           |
| <b>Furniture and equipment</b>                    | 3                    | Cost approach using depreciated replacement cost                                                       | Management Valuation                                               | June 2016              | Residual values and remaining useful life                                                                                                                                             |
| <b>Plant and equipment</b>                        |                      |                                                                                                        |                                                                    |                        |                                                                                                                                                                                       |
| - Management valuation 2016                       | 2/3                  | Market approach using recent observable market data & cost approach using depreciated replacement cost | Management Valuation                                               | June 2016              | Price per item                                                                                                                                                                        |

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

9. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

|                                          | Infrastructure -<br>Roads | Other<br>infrastructure -<br>Footpaths &<br>Carparks | Other<br>infrastructure -<br>Drainage | Other<br>infrastructure -<br>Parks & Ovals | Other<br>infrastructure -<br>Airport | Other<br>infrastructure -<br>Water & Sewer<br>Reticulation | Total<br>Infrastructure |
|------------------------------------------|---------------------------|------------------------------------------------------|---------------------------------------|--------------------------------------------|--------------------------------------|------------------------------------------------------------|-------------------------|
|                                          | \$                        | \$                                                   | \$                                    | \$                                         | \$                                   | \$                                                         | \$                      |
| <b>Balance at 1 July 2018</b>            | 78,466,839                | 2,422,307                                            | 5,706,258                             | 5,026,049                                  | 1,930,816                            | 0                                                          | 93,552,269              |
| Additions                                | 2,255,989                 | 455,289                                              | 0                                     | 159,272                                    | 0                                    |                                                            | 2,870,550               |
| Depreciation (expense)                   | (1,003,795)               | (46,407)                                             | (71,328)                              | (130,020)                                  | (42,285)                             |                                                            | (1,293,835)             |
| <b>Carrying amount at 30 June 2019</b>   | 79,719,033                | 2,831,189                                            | 5,634,930                             | 5,055,301                                  | 1,888,531                            | 0                                                          | 95,128,984              |
| <b>Comprises:</b>                        |                           |                                                      |                                       |                                            |                                      |                                                            |                         |
| Gross carrying amount at 30 June 2019    | 80,722,828                | 2,877,596                                            | 5,706,258                             | 5,185,321                                  | 1,930,816                            | 0                                                          | 96,422,819              |
| Accumulated depreciation at 30 June 2019 | (1,003,795)               | (46,407)                                             | (71,328)                              | (130,020)                                  | (42,285)                             | 0                                                          | (1,293,835)             |
| <b>Carrying amount at 30 June 2019</b>   | 79,719,033                | 2,831,189                                            | 5,634,930                             | 5,055,301                                  | 1,888,531                            | 0                                                          | 95,128,984              |
| Additions                                | 1,901,317                 | 332,450                                              |                                       | 372,595                                    |                                      | 43,321                                                     | 2,649,683               |
| Depreciation (expense)                   | (1,048,964)               | (55,336)                                             | (71,328)                              | (133,910)                                  | (42,285)                             |                                                            | (1,351,823)             |
| <b>Carrying amount at 30 June 2020</b>   | 80,571,386                | 3,108,303                                            | 5,563,602                             | 5,293,986                                  | 1,846,246                            | 43,321                                                     | 96,426,844              |
| <b>Comprises:</b>                        |                           |                                                      |                                       |                                            |                                      |                                                            |                         |
| Gross carrying amount at 30 June 2020    | 82,624,145                | 3,210,046                                            | 5,706,258                             | 5,557,916                                  | 1,930,816                            | 43,321                                                     | 99,072,502              |
| Accumulated depreciation at 30 June 2020 | (2,052,759)               | (101,743)                                            | (142,656)                             | (263,930)                                  | (84,570)                             | 0                                                          | (2,645,658)             |
| <b>Carrying amount at 30 June 2020</b>   | 80,571,386                | 3,108,303                                            | 5,563,602                             | 5,293,986                                  | 1,846,246                            | 43,321                                                     | 96,426,844              |

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

9. 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                    | All assets inspected with inventory and condition survey results applied to industry replacement costs unit rates.                  | Management Valuation | June 2018              | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Other infrastructure - Footpaths & Carp | 3                    | All assets inspected with inventory and condition survey results applied to industry replacement costs unit rates.                  | Management Valuation | June 2018              | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Other infrastructure - Drainage         | 3                    | All assets inspected with inventory and condition survey results applied to industry replacement costs unit rates.                  | Management Valuation | June 2018              | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Other infrastructure - Parks & Ovals    | 3                    | Recurring and non-recurring fair value measurements based on physical inspection of assets capturing asset age, type and condition. | Management Valuation | June 2018              | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Other infrastructure - Airport          | 3                    | Recurring and non-recurring fair value measurements based on physical inspection of assets capturing asset age, type and condition. | Management Valuation | June 2018              | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |

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

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

## 10. FIXED ASSETS

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

#### Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

At the end of each period the 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 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 NORTHAMPTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**10. FIXED ASSETS**

(a) Disposals of Assets

|                         | 2020<br>Actual<br>Net Book<br>Value | 2020<br>Actual<br>Sale<br>Proceeds | 2020<br>Actual<br>Profit | 2020<br>Actual<br>Loss | 2020<br>Budget<br>Net Book<br>Value | 2020<br>Budget<br>Sale<br>Proceeds | 2020<br>Budget<br>Profit | 2020<br>Budget<br>Loss | 2019<br>Actual<br>Net Book<br>Value | 2019<br>Actual<br>Sale<br>Proceeds | 2019<br>Actual<br>Profit | 2019<br>Actual<br>Loss |
|-------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
|                         | \$                                  | \$                                 | \$                       | \$                     | \$                                  | \$                                 | \$                       | \$                     | \$                                  | \$                                 | \$                       | \$                     |
| Land - freehold land    | 55,000                              | 49,186                             |                          | (5,814)                |                                     |                                    |                          |                        |                                     |                                    |                          |                        |
| Buildings               | 150,830                             | 0                                  | 0                        | (150,830)              |                                     |                                    |                          |                        |                                     |                                    |                          |                        |
| Furniture and equipment | 3,143                               | 0                                  |                          | (3,143)                |                                     |                                    |                          |                        |                                     |                                    |                          |                        |
| Plant and equipment     | 77,879                              | 68,719                             | 14,007                   | (23,167)               |                                     |                                    |                          |                        |                                     |                                    |                          |                        |
|                         | 286,852                             | 117,905                            | 14,007                   | (182,954)              | 125,620                             | 116,900                            | 20,280                   | (29,000)               | 129,454                             | 135,318                            | 8,549                    | (2,685)                |

The following assets were disposed of during the year.

|                                            | 2020<br>Actual<br>Net Book<br>Value | 2020<br>Actual<br>Sale<br>Proceeds | 2020<br>Actual<br>Profit | 2020<br>Actual<br>Loss |
|--------------------------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
|                                            | \$                                  | \$                                 | \$                       | \$                     |
| <b>Plant and Equipment</b>                 |                                     |                                    |                          |                        |
| <b>Governance</b>                          |                                     |                                    |                          |                        |
| P265 - Ford Everest (CEO)                  | 16,519                              | 28,364                             | 11,844                   | 0                      |
| Office Airconditioner - N'thampton         | 3,143                               |                                    | 0                        | (3,143)                |
| <b>Education and welfare</b>               |                                     |                                    |                          |                        |
| Aged Care Units Kalbarri                   | 150,830                             | 0                                  | 0                        | (150,830)              |
| <b>Community amenities</b>                 |                                     |                                    |                          |                        |
| Sale of Lot 82 Kitson Court - Northampton  | 55,000                              | 49,186                             | 0                        | (5,814)                |
| <b>Transport</b>                           |                                     |                                    |                          |                        |
| P244 - Ford Ranger 2.2 T/D (M'tce Cleaner) | 7,555                               | 227                                | 0                        | (7,328)                |
| P236 - Isuzu Dmax (Horrocks)               | 10,420                              | 6,400                              | 0                        | (4,020)                |
| P204 - Dynapac Vibe Roller                 | 25,337                              | 27,500                             | 2,163                    | 0                      |
| P275 - Mitsubishi Triton (Lucky Bay)       | 10,481                              | 5,500                              | 0                        | (4,981)                |
| P202 - Ford Ranger 2WD - Kal'b Tip         | 3,864                               | 727                                | 0                        | (3,137)                |
| Metro Road Counter                         | 534                                 | 0                                  | 0                        | (534)                  |
| Kalbarri - Toro Titan Mower ZX8420         | 1,267                               | 0                                  | 0                        | (1,267)                |
| Northampton - Toro Timecutter Mower        | 1,901                               | 0                                  | 0                        | (1,901)                |
|                                            | 286,851                             | 117,904                            | 14,007                   | (182,954)              |
|                                            | 286,851                             | 117,904                            | 14,007                   | (182,954)              |

## 10. FIXED ASSETS

### (b) Depreciation

|                                            | 2020<br>Actual | 2020<br>Budget | 2019<br>Actual |
|--------------------------------------------|----------------|----------------|----------------|
|                                            | \$             | \$             | \$             |
| Buildings                                  | 408,963        | 400,000        | 399,298        |
| Furniture and equipment                    | 15,447         | 19,300         | 13,143         |
| Plant and equipment                        | 462,241        | 440,000        | 425,857        |
| Infrastructure - Roads                     | 1,048,963      | 1,005,000      | 1,003,795      |
| Other infrastructure - Footpaths & Carpark | 55,336         | 45,000         | 46,407         |
| Other infrastructure - Drainage            | 71,328         | 70,000         | 71,328         |
| Other infrastructure - Parks & Ovals       | 133,910        | 130,000        | 130,020        |
| Other infrastructure - Airport             | 42,285         | 40,000         | 42,285         |
|                                            | 2,238,473      | 2,149,300      | 2,132,133      |

### 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                                     | 30 to 50 years  |
| Furniture & Equipment                         | 4 to 10 years   |
| Plant & Equipment                             | 5 to 15 years   |
| Road Formation                                | Not Depreciated |
| Road Pavement                                 | 40 - 50 years   |
| Bituminous Seal                               | 20 - 30 years   |
| Asphalt Seal                                  | 20 - 30 Years   |
| Gravel Road Formation                         | Not Depreciated |
| Gravel Road Pavement                          | 40 - 50 Years   |
| Gravel Sheet                                  | 10 - 20 Years   |
| Formed Roads Pavement                         | 40 - 50 Years   |
| Footpaths                                     | 40 - 50 Years   |
| Drainage                                      | 50 - 75 Years   |
| Parks and Ovals                               | 40 - 50 Years   |
| Airport                                       | 40 - 50 Years   |
| Water Supply Piping and Drainage              | 50 - 75 Years   |
| Right of use (buildings)                      | N/A             |
| Right of use (plant and equipment)            | N/A             |
| Intangible assets - computer software licence | N/A             |

#### Depreciation on revaluation

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

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

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

**11. REVALUATION SURPLUS**

|                                                                         | 2020<br>Opening<br>Balance | 2020<br>Change in<br>Accounting Policy | 2020<br>Revaluation<br>Increment | 2020<br>Revaluation<br>(Decrement) | Total<br>Movement on<br>Revaluation | 2020<br>Closing<br>Balance | 2019<br>Opening<br>Balance | 2019<br>Revaluation<br>Increment | 2019<br>Revaluation<br>(Decrement) | Total<br>Movement on<br>Revaluation | 2019<br>Closing<br>Balance |
|-------------------------------------------------------------------------|----------------------------|----------------------------------------|----------------------------------|------------------------------------|-------------------------------------|----------------------------|----------------------------|----------------------------------|------------------------------------|-------------------------------------|----------------------------|
|                                                                         | \$                         |                                        | \$                               | \$                                 | \$                                  | \$                         | \$                         | \$                               | \$                                 | \$                                  | \$                         |
| Revaluation surplus - Land - vested in and under the control of Council | 1,850,000                  | (1,850,000)                            | 0                                |                                    | 0                                   | 0                          | 1,850,000                  | 0                                | 0                                  | 0                                   | 1,850,000                  |
| Revaluation surplus -Land & Buildings                                   | 11,032,201                 |                                        | 0                                | 0                                  | 0                                   | 11,032,201                 | 11,032,201                 | 0                                | 0                                  | 0                                   | 11,032,201                 |
| Revaluation surplus - Infrastructure - Roads                            | 21,121,451                 |                                        | 0                                | 0                                  | 0                                   | 21,121,451                 | 21,121,451                 | 0                                | 0                                  | 0                                   | 21,121,451                 |
| Revaluation surplus - Other infrastructure - Footpaths & Carparks       | 774,377                    |                                        | 0                                | 0                                  | 0                                   | 774,377                    | 774,377                    | 0                                | 0                                  | 0                                   | 774,377                    |
| Revaluation surplus - Other infrastructure - Drainage                   | 5,673,060                  |                                        | 0                                | 0                                  | 0                                   | 5,673,060                  | 5,673,060                  | 0                                | 0                                  | 0                                   | 5,673,060                  |
| Revaluation surplus - Other infrastructure - Parks & Ovals              | 812,189                    |                                        | 0                                | 0                                  | 0                                   | 812,189                    | 812,189                    | 0                                | 0                                  | 0                                   | 812,189                    |
| Revaluation surplus - Other infrastructure - Airport                    | 1,206,039                  |                                        | 0                                | 0                                  | 0                                   | 1,206,039                  | 1,206,039                  | 0                                | 0                                  | 0                                   | 1,206,039                  |
|                                                                         | 42,469,317                 | (1,850,000)                            | 0                                | 0                                  | 0                                   | 40,619,317                 | 42,469,317                 | 0                                | 0                                  | 0                                   | 42,469,317                 |

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.

## 12. TRADE AND OTHER PAYABLES

### Current

|                                          |  |
|------------------------------------------|--|
| Sundry creditors                         |  |
| Prepaid rates                            |  |
| Accrued salaries and wages               |  |
| Bonds and deposits held                  |  |
| Accrued Expenditure                      |  |
| Revenue Received in Advance              |  |
| Accrued Interest on Long term Borrowings |  |

| 2020    | 2019    |
|---------|---------|
| \$      | \$      |
| 265,317 | 476,241 |
| 59,152  | 48,546  |
| 78,130  | 18,755  |
| 30,561  | 18,007  |
| 34,193  | 25,635  |
| 0       | 146,267 |
| 9,929   | 9,921   |
| 477,282 | 743,372 |

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other payables

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

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

#### Prepaid rates

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



### 13. CONTRACT LIABILITIES

#### Current

Contract liabilities from contracts with customers

|                                                    | 2020          | 2019     |
|----------------------------------------------------|---------------|----------|
|                                                    | \$            | \$       |
| Contract liabilities from contracts with customers | 88,223        | 0        |
|                                                    | <u>88,223</u> | <u>0</u> |

Performance obligations from contracts with customers are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

88,223

1 to 2 years

0

2 to 3 years

0

3 to 4 years

0

4 to 5 years

0

> 5 years

0

88,223

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

**14. INFORMATION ON BORROWINGS**

| (a) Borrowings | 2020             | 2019             |
|----------------|------------------|------------------|
|                | \$               | \$               |
| Current        | 190,417          | 157,324          |
| Non-current    | 1,578,677        | 1,429,095        |
|                | <u>1,769,094</u> | <u>1,586,419</u> |

**(b) Repayments - Borrowings**

| Particulars                        | Loan Number | Institution | Interest Rate | 30 June 2020                 |                  |                             |                            |                              | 30 June 2020                 |                  |                             |                            |                              | 30 June 2019                 |                  |                             |                            |                              |
|------------------------------------|-------------|-------------|---------------|------------------------------|------------------|-----------------------------|----------------------------|------------------------------|------------------------------|------------------|-----------------------------|----------------------------|------------------------------|------------------------------|------------------|-----------------------------|----------------------------|------------------------------|
|                                    |             |             |               | Actual Principal 1 July 2019 | Actual New Loans | Actual Principal repayments | Actual Interest repayments | Actual Principal outstanding | Budget Principal 1 July 2019 | Budget New Loans | Budget Principal repayments | Budget Interest repayments | Budget Principal outstanding | Actual Principal 1 July 2018 | Actual New Loans | Actual Principal repayments | Actual Interest repayments | Actual Principal outstanding |
|                                    |             |             |               | \$                           | \$               | \$                          | \$                         | \$                           | \$                           | \$               | \$                          | \$                         | \$                           | \$                           | \$               | \$                          | \$                         |                              |
| <b>Housing</b>                     |             |             |               |                              |                  |                             |                            |                              |                              |                  |                             |                            |                              |                              |                  |                             |                            |                              |
| Staff Housing                      | 154         | WATC        | 3.27%         | 223,447                      |                  | 34,288                      | 8,397                      | 189,159                      | 223,447                      |                  | 34,288                      | 8,497                      | 189,159                      | 256,641                      |                  | 33,194                      | 8,844                      | 223,447                      |
| <b>Recreation and culture</b>      |             |             |               |                              |                  |                             |                            |                              |                              |                  |                             |                            |                              |                              |                  |                             |                            |                              |
| Kalbarri Library Ext               | 148A        | WATC        | 4.09%         | 0                            |                  |                             |                            | 0                            | 0                            |                  | 0                           | 0                          | 26,733                       |                              | 26,733           | (108)                       | 0                          |                              |
| RSL Hall Extensions                | 156         | WATC        | 2.06%         | 500,000                      |                  | 45,516                      | 13,431                     | 454,484                      | 500,000                      |                  | 45,516                      | 10,771                     | 454,484                      | 0                            | 500,000          | 0                           | 717                        | 500,000                      |
| <b>Transport</b>                   |             |             |               |                              |                  |                             |                            |                              |                              |                  |                             |                            |                              |                              |                  |                             |                            |                              |
| Plant Purchases                    | 153         | WATC        | 5.02%         | 174,814                      |                  | 41,130                      | 7,464                      | 133,684                      | 174,814                      |                  | 41,130                      | 7,716                      | 133,684                      | 214,339                      |                  | 39,525                      | 4,247                      | 174,814                      |
| Plant Purchases                    | 149         | WATC        | 7.26%         | 0                            |                  |                             | 0                          | 0                            | 0                            | 365,000          | 0                           | 0                          | 365,000                      | 0                            |                  | 0                           | (365)                      | 0                            |
| Plant Purchases                    | 157         | WATC        |               | 0                            | 340,000          |                             | 1,130                      | 340,000                      | 0                            |                  |                             |                            | 0                            |                              |                  |                             |                            | 0                            |
|                                    |             |             |               | <u>898,261</u>               | <u>340,000</u>   | <u>120,934</u>              | <u>30,422</u>              | <u>1,117,327</u>             | <u>898,261</u>               | <u>365,000</u>   | <u>120,934</u>              | <u>26,984</u>              | <u>1,142,327</u>             | <u>497,713</u>               | <u>500,000</u>   | <u>99,452</u>               | <u>13,335</u>              | <u>898,261</u>               |
| <b>Self Supporting Loans</b>       |             |             |               |                              |                  |                             |                            |                              |                              |                  |                             |                            |                              |                              |                  |                             |                            |                              |
| <b>Education and welfare</b>       |             |             |               |                              |                  |                             |                            |                              |                              |                  |                             |                            |                              |                              |                  |                             |                            |                              |
| Pioneer Lodge                      | 155         | WATC        | 3.95%         | 372,568                      | 0                | 14,543                      | 16,920                     | 358,025                      | 372,568                      | 0                | 14,542                      | 17,126                     | 358,026                      | 386,552                      | 0                | 13,984                      | 11,634                     | 372,568                      |
| <b>Recreation and culture</b>      |             |             |               |                              |                  |                             |                            |                              |                              |                  |                             |                            |                              |                              |                  |                             |                            |                              |
| Kalbarri Bowling Club              | 151         | WATC        | 5.92%         | 3,838                        | 0                | 3,838                       | 184                        | 0                            | 3,838                        | 0                | 3,839                       | 202                        | (1)                          | 7,459                        | 0                | 3,621                       | 373                        | 3,838                        |
| <b>Other property and services</b> |             |             |               |                              |                  |                             |                            |                              |                              |                  |                             |                            |                              |                              |                  |                             |                            |                              |
| CEO House Loan                     | 152         | NAB         | 5.24%         | 311,752                      | 0                | 18,010                      | 20,564                     | 293,742                      | 311,752                      | 0                | 18,010                      | 20,565                     | 293,742                      | 328,941                      | 0                | 17,189                      | 21,648                     | 311,752                      |
|                                    |             |             |               | <u>688,158</u>               | <u>0</u>         | <u>36,391</u>               | <u>37,668</u>              | <u>651,767</u>               | <u>688,158</u>               | <u>0</u>         | <u>36,391</u>               | <u>37,893</u>              | <u>651,767</u>               | <u>722,952</u>               | <u>0</u>         | <u>34,794</u>               | <u>33,655</u>              | <u>688,158</u>               |
|                                    |             |             |               | <u>1,586,419</u>             | <u>340,000</u>   | <u>157,325</u>              | <u>68,090</u>              | <u>1,769,094</u>             | <u>1,586,419</u>             | <u>365,000</u>   | <u>157,325</u>              | <u>64,877</u>              | <u>1,794,094</u>             | <u>1,220,665</u>             | <u>500,000</u>   | <u>134,246</u>              | <u>46,990</u>              | <u>1,586,419</u>             |

\* WA Treasuries Corporation

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

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

**14. INFORMATION ON BORROWINGS (Continued)**

|                                                | 2020             | 2019             |
|------------------------------------------------|------------------|------------------|
|                                                | \$               | \$               |
| <b>(c) Undrawn Borrowing Facilities</b>        |                  |                  |
| <b>Credit Standby Arrangements</b>             |                  |                  |
| Bank overdraft limit                           |                  |                  |
| Bank overdraft at balance date                 |                  |                  |
| Credit card limit                              | 10,000           | 10,000           |
| Credit card balance at balance date            | (798)            | (1,852)          |
| <b>Total amount of credit unused</b>           | <b>9,202</b>     | <b>8,148</b>     |
| <br>                                           |                  |                  |
| <b>Loan facilities</b>                         |                  |                  |
| Loan facilities - current                      | 190,417          | 157,324          |
| Loan facilities - non-current                  | 1,578,677        | 1,429,095        |
| <b>Total facilities in use at balance date</b> | <b>1,769,094</b> | <b>1,586,419</b> |
| <br>                                           |                  |                  |
| <b>Unused loan facilities at balance date</b>  | <b>0</b>         | <b>412,100</b>   |

**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 24.

## 15. EMPLOYEE RELATED PROVISIONS

|                                       | Provision for<br>Annual<br>Leave | Provision for<br>Long Service<br>Leave | Total   |
|---------------------------------------|----------------------------------|----------------------------------------|---------|
|                                       | \$                               | \$                                     | \$      |
| <b>Opening balance at 1 July 2019</b> |                                  |                                        |         |
| Current provisions                    | 273,210                          | 461,948                                | 735,158 |
| Non-current provisions                |                                  | 48,350                                 | 48,350  |
|                                       | 273,210                          | 510,298                                | 783,508 |
| Additional provision                  | 22,839                           | 45,408                                 | 68,247  |
| <b>Balance at 30 June 2020</b>        | 296,049                          | 555,706                                | 851,755 |
| <b>Comprises</b>                      |                                  |                                        |         |
| Current                               | 296,049                          | 491,060                                | 787,109 |
| Non-current                           | 0                                | 64,646                                 | 64,646  |
|                                       | 296,049                          | 555,706                                | 851,755 |

|                                                         | 2020    | 2019    |
|---------------------------------------------------------|---------|---------|
|                                                         | \$      | \$      |
| Less than 12 months after the reporting date            | 787,109 | 735,158 |
| More than 12 months from reporting date                 | 54,279  | 36,310  |
| Expected reimbursements from other WA local governments | 10,367  | 12,040  |
|                                                         | 851,755 | 783,508 |

### Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date  
 More than 12 months from reporting date  
 Expected reimbursements from other WA local governments

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 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.

##### Other long-term employee benefits (Continued)

Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

##### Provisions

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

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

## 16. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

|                                                                                  | 2020<br>Actual | 2020<br>Budget | 2019<br>Actual |
|----------------------------------------------------------------------------------|----------------|----------------|----------------|
|                                                                                  | \$             | \$             | \$             |
| Cash and cash equivalents                                                        | 2,788,706      | 1,264,071      | 2,898,521      |
| <b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b> |                |                |                |
| Net result                                                                       | 986,158        | 399,608        | 1,440,641      |
| Non-cash flows in Net result:                                                    |                |                |                |
| Depreciation on non-current assets                                               | 2,238,473      | 2,149,300      | 2,132,133      |
| (Profit)/loss on sale of asset                                                   | 168,947        | 8,720          | (5,864)        |
| Changes in assets and liabilities:                                               |                |                |                |
| (Increase)/decrease in receivables                                               | 21,528         | 0              | 20,674         |
| (Increase)/decrease in inventories                                               | (1,491)        | 0              | 3,755          |
| Increase/(decrease) in payables                                                  | (266,090)      | 0              | (290,089)      |
| Increase/(decrease) in provisions                                                | 68,247         | 0              | (25,704)       |
| Increase/(decrease) in accrued income                                            | 14,558         |                |                |
| Increase/(decrease) in contract liabilities                                      | 88,223         |                |                |
| Non-operating grants, subsidies and contributions                                | (1,519,153)    | (1,500,386)    | (1,559,037)    |
| Net cash from operating activities                                               | 1,799,400      | 1,057,242      | 1,716,509      |

## 17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

|                             | 2020               | 2019               |
|-----------------------------|--------------------|--------------------|
|                             | \$                 | \$                 |
| Governance                  | 822,991            | 828,521            |
| General purpose funding     | 412,972            | 410,759            |
| Law, order, public safety   | 859,581            | 894,937            |
| Health                      | 614,558            | 638,900            |
| Education and welfare       | 534,684            | 714,426            |
| Housing                     | 1,975,879          | 2,007,954          |
| Community amenities         | 2,708,708          | 2,701,079          |
| Recreation and culture      | 22,359,575         | 21,480,970         |
| Transport                   | 92,794,874         | 92,258,371         |
| Economic services           | 1,392,888          | 1,334,562          |
| Other property and services | 528,506            | 547,932            |
| Unallocated                 | 4,163,173          | 6,140,765          |
|                             | <u>129,168,389</u> | <u>129,959,176</u> |

## 18. CONTINGENT LIABILITIES

The Shire of Northampton has identified the following sites , in relation to land owned, vested or leased, that is known to be, or suspected of being contaminated. At the date of this report the value and timing of remediation has not been ascertained.

### Current Landfill Sites

Crown Reserve 25328 Northampton - Lot 10603 on Plan 168471 and Lot 300 on Plan 50239.

Crown Reserve 48527, Kalbarri - Lot 12927 on Plan 41490.

Crown Reserve Lot 210, Port Gregory Road

Crown Reserve 49086 Lot 501, Binu

### Shire Depots

Old Northampton Works Depot - 57 / Lot 14 Stephen Street, Northampton

Kalbarri Works Depot - 141 / Lot 558 & 1009 Porter Street, Kalbarri

## 19. CAPITAL COMMITMENTS

### Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

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

|  | 2020    | 2019    |
|--|---------|---------|
|  | \$      | \$      |
|  |         |         |
|  | 0       | 610,100 |
|  | 221,540 | 0       |
|  | 221,540 | 610,100 |
|  |         |         |
|  | 221,540 | 610,000 |
|  | 0       | 0       |
|  | 0       | 0       |
|  | 221,540 | 610,000 |



## 20. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

|                              | 2020<br>Actual | 2020<br>Budget | 2019<br>Actual |
|------------------------------|----------------|----------------|----------------|
|                              | \$             | \$             | \$             |
| Meeting fees                 | 30,400         | 29,350         | 22,800         |
| President's allowance        | 14,000         | 14,000         | 12,000         |
| Deputy President's allowance | 3,500          | 3,500          | 2,500          |
| Travelling expenses          | 23,698         | 10,000         | 19,644         |
| Telecommunications allowance | 4,500          | 4,500          | 4,500          |
|                              | <u>76,098</u>  | <u>61,350</u>  | <u>61,444</u>  |

### Key Management Personnel (KMP) Compensation Disclosure

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

|                              | 2020<br>Actual | 2019<br>Actual |
|------------------------------|----------------|----------------|
|                              | \$             | \$             |
| Short-term employee benefits | 603,959        | 615,538        |
| Post-employment benefits     | 73,241         | 81,396         |
| Other long-term benefits     | 13,364         | 26,916         |
|                              | <u>690,564</u> | <u>723,850</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.

## 20. RELATED PARTY TRANSACTIONS (Continued)

### Transactions with related parties

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

| The following transactions occurred with related parties: | 2020<br>Actual | 2019<br>Actual |
|-----------------------------------------------------------|----------------|----------------|
|                                                           | \$             | \$             |
| Purchase of goods and services                            | 69,694         | 65,964         |
| <b>Amounts outstanding from related parties:</b>          |                |                |
| Loans to key management personnel                         | 293,742        | 311,752        |
| <b>Amounts payable to related parties:</b>                |                |                |
| Trade and other payables                                  | 6,147          | 0              |

### Related Parties

#### The Shire's main related parties are as follows:

##### *i. Key management personnel*

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

##### *ii. Other Related Parties*

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

##### *iii. Entities subject to significant influence by the Shire*

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

## 21. JOINT ARRANGEMENTS

### Carrying amount of investment in associate

The joint venture with the Department of Housing for the provision of aged care units in Kalbarri ceased during 2019/2020 and the assets values comprising 11 two bedroom units which the Shire had an equity of 11.3% which was written off in 2019/2020. A Deed of Termination and Release was enacted on 28th October 2019 to cease the joint venture arrangement and transfer ownership of the aged care units to Community Housing Ltd.

### Non-Current assets

Land & Building  
 Less: Accumulated Depreciation  
 Total assets

### Carrying amount at beginning of period

- Write-off of share in joint venture during the period
- Less share of depreciation of assets during the period

### Carrying amount at end of period

|  | 2020      | 2019    |
|--|-----------|---------|
|  | \$        | \$      |
|  | 0         | 157,070 |
|  | 0         | (5,340) |
|  | 0         | 151,730 |
|  | 151,730   | 154,400 |
|  | (150,830) | 0       |
|  | (900)     | (2,670) |
|  | 0         | 151,730 |

## SIGNIFICANT ACCOUNTING POLICIES

### Interests in joint arrangements

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

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

### Interests in joint arrangements (Continued)

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

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

**22. RATING INFORMATION**

(a) Rates

| <b>RATE TYPE</b>                                | <b>Rate in<br/>\$</b> | <b>Number<br/>of<br/>Properties</b> | <b>2019/20<br/>Actual<br/>Rateable<br/>Value<br/>\$</b> | <b>2019/20<br/>Actual<br/>Rate<br/>Revenue<br/>\$</b> | <b>2019/20<br/>Actual<br/>Interim<br/>Rates<br/>\$</b> | <b>2019/20<br/>Actual<br/>Back<br/>Rates<br/>\$</b> | <b>2019/20<br/>Actual<br/>Total<br/>Revenue<br/>\$</b> | <b>2019/20<br/>Budget<br/>Rate<br/>Revenue<br/>\$</b> | <b>2019/20<br/>Budget<br/>Interim<br/>Rate<br/>\$</b> | <b>2019/20<br/>Budget<br/>Back<br/>Rate<br/>\$</b> | <b>2019/20<br/>Budget<br/>Total<br/>Revenue<br/>\$</b> | <b>2018/19<br/>Actual<br/>Total<br/>Revenue<br/>\$</b> |
|-------------------------------------------------|-----------------------|-------------------------------------|---------------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|
| <b>Differential general rate / general rate</b> |                       |                                     |                                                         |                                                       |                                                        |                                                     |                                                        |                                                       |                                                       |                                                    |                                                        |                                                        |
| <b>Gross rental valuations</b>                  |                       |                                     |                                                         |                                                       |                                                        |                                                     |                                                        |                                                       |                                                       |                                                    |                                                        |                                                        |
| General GRV                                     | 0.079912              | 1,557                               | 21,291,108                                              | 1,701,415                                             |                                                        |                                                     | 1,701,415                                              | 1,688,420                                             |                                                       |                                                    | 1,688,420                                              | 1,632,394                                              |
| <b>Unimproved valuations</b>                    |                       |                                     |                                                         |                                                       |                                                        |                                                     |                                                        |                                                       |                                                       |                                                    |                                                        |                                                        |
| General UV                                      | 0.01261               | 438                                 | 186,816,574                                             | 2,355,757                                             |                                                        |                                                     | 2,355,757                                              | 2,355,757                                             |                                                       |                                                    | 2,355,757                                              | 2,344,222                                              |
| <b>Sub-Total</b>                                |                       | 1,995                               | 208,107,682                                             | 4,057,172                                             | 0                                                      | 0                                                   | 4,057,172                                              | 4,044,177                                             | 0                                                     | 0                                                  | 4,044,177                                              | 3,976,616                                              |
| <b>Minimum payment</b>                          |                       |                                     |                                                         |                                                       |                                                        |                                                     |                                                        |                                                       |                                                       |                                                    |                                                        |                                                        |
| <b>Gross rental valuations</b>                  |                       |                                     |                                                         |                                                       |                                                        |                                                     |                                                        |                                                       |                                                       |                                                    |                                                        |                                                        |
| General GRV                                     | 565                   | 1,010                               | 1,688,420                                               | 570,650                                               | 6,013                                                  |                                                     | 576,663                                                | 577,995                                               |                                                       |                                                    | 577,995                                                | 565,950                                                |
| <b>Unimproved valuations</b>                    |                       |                                     |                                                         |                                                       |                                                        |                                                     |                                                        |                                                       |                                                       |                                                    |                                                        |                                                        |
| General UV                                      | 565                   | 61                                  | 2,733,148                                               | 34,465                                                |                                                        | 1,237                                               | 35,702                                                 | 40,115                                                |                                                       |                                                    | 40,115                                                 | 24,750                                                 |
| <b>Sub-Total</b>                                |                       | 1,071                               | 4,421,568                                               | 605,115                                               | 6,013                                                  | 1,237                                               | 612,365                                                | 618,110                                               | 0                                                     | 0                                                  | 618,110                                                | 590,700                                                |
| <b>Total amount raised from general rate</b>    |                       | 3,066                               | 212,529,250                                             | 4,662,287                                             | 6,013                                                  | 1,237                                               | 4,669,537                                              | 4,662,287                                             | 0                                                     | 0                                                  | 4,662,287                                              | 4,567,316                                              |
| Concessions (Note 22(c))                        |                       |                                     |                                                         |                                                       |                                                        |                                                     | 4,669,537                                              |                                                       |                                                       |                                                    | 4,662,287                                              | 4,567,316                                              |
| Specified Area Rate (Note 22(b))                |                       |                                     |                                                         |                                                       |                                                        |                                                     | (1,941)                                                |                                                       |                                                       |                                                    | 0                                                      | (33,153)                                               |
| <b>Totals</b>                                   |                       |                                     |                                                         |                                                       |                                                        |                                                     | 41,543                                                 |                                                       |                                                       |                                                    | 41,260                                                 | 40,267                                                 |
|                                                 |                       |                                     |                                                         |                                                       |                                                        |                                                     | 4,709,139                                              |                                                       |                                                       |                                                    | 4,703,547                                              | 4,574,430                                              |

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

22. RATING INFORMATION (Continued)

(b) Specified Area Rate

| Specified Area Rate | Basis of Valuation | Rate in \$ | 2019/20 Rateable Value | 2019/20 Rate Revenue | 2019/20 Interim Rate Revenue | 2019/20 Back Rate Revenue | 2019/20 Total Specified Area Rate Revenue | 2019/20 Budget Rate Revenue | 2019/20 Budget Back Rate Revenue | 2019/20 Budget Interim Rate Revenue | 2019/20 Total Budget Revenue | 2018/19 Total Actual Revenue |
|---------------------|--------------------|------------|------------------------|----------------------|------------------------------|---------------------------|-------------------------------------------|-----------------------------|----------------------------------|-------------------------------------|------------------------------|------------------------------|
| Port Gregory WS     | GRV                | 0.001733   | 17,324,563             | 11,217               | 0                            | 0                         | 11,217                                    | 11,260                      | 0                                | 0                                   | 11,260                       | 10,612                       |
| Kalbarri Tourism    | GRV                | 0.019819   | 568,148                | 30,246               | 80                           | 0                         | 30,326                                    | 30,000                      | 0                                | 0                                   | 30,000                       | 29,655                       |
|                     |                    |            | 17,892,711             | 41,463               | 80                           | 0                         | 41,543                                    | 41,260                      | 0                                | 0                                   | 41,260                       | 40,267                       |

  

| Specified Area Rate | Purpose of the rate                | Area/properties Rate Imposed | 2019/20 Actual Rate Applied to Costs | 2019/20 Actual Rate Set Aside to Reserve | 2019/20 Actual Reserve Applied to Costs | 2019/20 Budget Rate Applied to Costs | 2019/20 Budget Rate Set Aside to Reserve | 2019/20 Budget Reserve Applied to Costs |
|---------------------|------------------------------------|------------------------------|--------------------------------------|------------------------------------------|-----------------------------------------|--------------------------------------|------------------------------------------|-----------------------------------------|
| Port Gregory WS     | Revenue to cover operational costs | Port Gregory Properties      | 11,217                               | 0                                        | 0                                       | 11,260                               | 0                                        | 0                                       |
| Kalbarri Tourism    | Revenue to cover advertising costs | Kalbarri Properties          | 30,326                               | 0                                        | 0                                       | 30,000                               | 0                                        | 0                                       |
|                     |                                    |                              | 41,543                               | 0                                        | 0                                       | 41,260                               | 0                                        | 0                                       |

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

**22. RATING INFORMATION (Continued)**

**(c) Discounts, Incentives, Concessions, & Write-offs  
 Waivers or Concessions**

| Rate or Fee and<br>Charge to which<br>the Waiver or<br>Concession is Granted | Type       | Discount |    | 2020   | 2020   | 2019   |
|------------------------------------------------------------------------------|------------|----------|----|--------|--------|--------|
|                                                                              |            | %        | \$ | Actual | Budget | Actual |
|                                                                              |            |          |    | \$     | \$     | \$     |
| Write-Offs                                                                   | Rates      |          |    | 1,941  | 0      | 0      |
| Waiver                                                                       | Legal Fees |          |    | 0      | 0      | 33,153 |
|                                                                              |            |          |    | 1,941  | 0      | 33,153 |
| Total discounts/concessions (Note 22(a))                                     |            |          |    | 1,941  | 0      | 33,153 |

## 22. RATING INFORMATION (Continued)

### (d) Interest Charges & Instalments

| Instalment Options  | Date Due | Instalment Plan Admin Charge<br>\$ | Instalment Plan Interest Rate<br>% | Unpaid Rates Interest Rate<br>% |
|---------------------|----------|------------------------------------|------------------------------------|---------------------------------|
| <b>Option Two</b>   |          |                                    |                                    |                                 |
| First instalment    | 04-10-19 | 5.00                               | 5.0%                               | 10.0%                           |
| Second instalment   | 06-12-19 | 5.00                               | 5.0%                               | 10.0%                           |
| <b>Option Three</b> |          |                                    |                                    |                                 |
| First instalment    | 04-10-19 | 5.00                               | 5.0%                               | 10.0%                           |
| Second instalment   | 06-12-19 | 5.00                               | 5.0%                               | 10.0%                           |
| Third instalment    | 07-02-20 | 5.00                               | 5.0%                               | 10.0%                           |
| Fourth instalment   | 03-04-20 | 5.00                               | 5.0%                               | 10.0%                           |

|                             | 2020 Actual<br>\$ | 2020 Budget<br>\$ | 2019 Actual<br>\$ |
|-----------------------------|-------------------|-------------------|-------------------|
| Interest on unpaid rates    | 20,030            | 31,450            | 29,913            |
| Interest on instalment plan | 19,620            | 20,000            | 23,206            |
|                             | 39,650            | 51,450            | 53,119            |

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

23. RATE SETTING STATEMENT INFORMATION

|                                                                                                                                                                                                                                                                  |                                                                                        | 2019/20<br>Budget                    | 2019/20                             | 2018/19                              |                  |                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|------------------|------------------|
|                                                                                                                                                                                                                                                                  | 2019/20<br>(30 June 2020<br>Carried<br>Forward)                                        | (30 June 2020<br>Carried<br>Forward) | (1 July 2019<br>Brought<br>Forward) | (30 June 2019<br>Carried<br>Forward) |                  |                  |
| Note                                                                                                                                                                                                                                                             | \$                                                                                     | \$                                   | \$                                  | \$                                   |                  |                  |
| <b>(a) Non-cash amounts excluded from operating activities</b>                                                                                                                                                                                                   |                                                                                        |                                      |                                     |                                      |                  |                  |
| 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> .                                               |                                                                                        |                                      |                                     |                                      |                  |                  |
| <b>Adjustments to operating activities</b>                                                                                                                                                                                                                       |                                                                                        |                                      |                                     |                                      |                  |                  |
|                                                                                                                                                                                                                                                                  | Less: Profit on asset disposals                                                        | 10(a)                                | (14,007)                            | (20,280)                             | (8,549)          | (8,549)          |
|                                                                                                                                                                                                                                                                  | Less: Movement in liabilities associated with restricted cash                          |                                      | 0                                   | (116,900)                            | 0                | 0                |
|                                                                                                                                                                                                                                                                  | Less: Fair value adjustments to financial assets at fair value through profit and loss |                                      | 0                                   | 0                                    | (70,068)         | (70,068)         |
|                                                                                                                                                                                                                                                                  | Movement in pensioner deferred rates (non-current)                                     |                                      | (11,266)                            | 0                                    | (7,483)          | (7,483)          |
|                                                                                                                                                                                                                                                                  | Movement in employee benefit provisions (non-current)                                  |                                      | 16,296                              | 0                                    | (2,901)          | (2,901)          |
|                                                                                                                                                                                                                                                                  | Add: Loss on disposal of assets                                                        | 10(a)                                | 182,954                             | 29,000                               | 2,685            | 2,685            |
|                                                                                                                                                                                                                                                                  | Add: Depreciation on non-current assets                                                | 10(b)                                | 2,238,473                           | 2,149,300                            | 2,132,133        | 2,132,133        |
|                                                                                                                                                                                                                                                                  | <b>Non cash amounts excluded from operating activities</b>                             |                                      | <b>2,412,450</b>                    | <b>2,041,120</b>                     | <b>2,045,817</b> | <b>2,045,817</b> |
| <b>(b) Surplus/(deficit) after imposition of general rates</b>                                                                                                                                                                                                   |                                                                                        |                                      |                                     |                                      |                  |                  |
| 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. |                                                                                        |                                      |                                     |                                      |                  |                  |
| <b>Adjustments to net current assets</b>                                                                                                                                                                                                                         |                                                                                        |                                      |                                     |                                      |                  |                  |
|                                                                                                                                                                                                                                                                  | Less: Reserves - cash/financial asset backed                                           | 4                                    | (965,039)                           | (927,635)                            | (926,128)        | (926,128)        |
|                                                                                                                                                                                                                                                                  | Less: Financial assets at amortised cost - self supporting loans                       | 5(a)                                 | (36,391)                            | 0                                    | (34,794)         | (34,794)         |
|                                                                                                                                                                                                                                                                  | Less: Current assets not expected to be received at end of year                        |                                      |                                     |                                      |                  |                  |
|                                                                                                                                                                                                                                                                  | - Land held for resale                                                                 | 7                                    | (235,000)                           | (235,000)                            | (235,000)        | (235,000)        |
|                                                                                                                                                                                                                                                                  | - Accruals                                                                             |                                      | 0                                   | (125,162)                            | 0                | 0                |
|                                                                                                                                                                                                                                                                  | Add: Current liabilities not expected to be cleared at end of year                     |                                      |                                     |                                      |                  |                  |
|                                                                                                                                                                                                                                                                  | - Current portion of borrowings                                                        | 14(a)                                | 190,417                             | 157,324                              | 157,324          | 157,324          |
|                                                                                                                                                                                                                                                                  | - Employee benefit provisions                                                          |                                      | 757,961                             | 757,961                              | 757,961          | 757,961          |
|                                                                                                                                                                                                                                                                  | <b>Total adjustments to net current assets</b>                                         |                                      | <b>(288,052)</b>                    | <b>(372,512)</b>                     | <b>(280,637)</b> | <b>(280,637)</b> |
| <b>Net current assets used in the Rate Setting Statement</b>                                                                                                                                                                                                     |                                                                                        |                                      |                                     |                                      |                  |                  |
|                                                                                                                                                                                                                                                                  | Total current assets                                                                   |                                      | 3,542,336                           | 1,953,493                            | 3,680,362        | 3,680,362        |
|                                                                                                                                                                                                                                                                  | Less: Total current liabilities                                                        |                                      | (1,543,031)                         | (1,580,981)                          | (1,635,854)      | (1,635,854)      |
|                                                                                                                                                                                                                                                                  | Less: Total adjustments to net current assets                                          |                                      | (288,052)                           | (372,512)                            | (280,637)        | (280,637)        |
|                                                                                                                                                                                                                                                                  | <b>Net current assets used in the Rate Setting Statement</b>                           |                                      | <b>1,711,253</b>                    | <b>0</b>                             | <b>1,763,871</b> | <b>1,763,871</b> |



## 24. FINANCIAL RISK MANAGEMENT

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

| Risk                        | Exposure arising from                                              | Measurement                       | Management                                                         |
|-----------------------------|--------------------------------------------------------------------|-----------------------------------|--------------------------------------------------------------------|
| Market risk - interest rate | Long term borrowings at variable rates                             | Sensitivity analysis              | Utilise fixed interest rate borrowings                             |
| Credit risk                 | Cash and cash equivalents, trade receivables, financial assets and | Aging analysis<br>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 |
|----------------------------------------------------|--------------------------------|------------------|---------------------|------------------------|----------------------|
|                                                    | %                              | \$               | \$                  | \$                     | \$                   |
| <b>2020</b>                                        |                                |                  |                     |                        |                      |
| Cash and cash equivalents                          | 0.79%                          | 2,788,706        | 965,039             | 1,823,667              | 0                    |
| Financial assets at amortised cost - term deposits | 1.02%                          | 16,053           | 16,053              |                        |                      |
| <b>2019</b>                                        |                                |                  |                     |                        |                      |
| Cash and cash equivalents                          | 1.14%                          | 2,898,521        | 1,072,396           | 1,826,125              | 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* | 18,236 | 18,261 |

\* Holding all other variables constant

#### Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 14(b).

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

24. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

**Trade and Other Receivables**

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<br>year past due | More than 2<br>years past due | More than 3<br>years past due | Total   |
|-----------------------|---------|------------------------------|-------------------------------|-------------------------------|---------|
| <b>30 June 2020</b>   |         |                              |                               |                               |         |
| Rates receivable      |         |                              |                               |                               |         |
| Expected credit loss  | 0.00%   | 0.00%                        | 0.00%                         | 0.00%                         | 0.00%   |
| Gross carrying amount | 76,730  | 84,569                       | 43,728                        | 65,138                        | 270,165 |
| <b>30 June 2019</b>   |         |                              |                               |                               |         |
| Rates receivable      |         |                              |                               |                               |         |
| Expected credit loss  | 0.00%   | 0.00%                        | 0.00%                         | 0.00%                         | 0.00%   |
| Gross carrying amount | 156,201 | 70,191                       | 47,289                        | 26,699                        | 300,380 |

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

|                             | Current | More than 30<br>days past due | More than 60<br>days past due | More than 90<br>days past due | Total   |
|-----------------------------|---------|-------------------------------|-------------------------------|-------------------------------|---------|
| <b>30 June 2020</b>         |         |                               |                               |                               |         |
| Trade and other receivables |         |                               |                               |                               |         |
| Expected credit loss        | 0.00%   | 0.00%                         | 0.00%                         | 0.00%                         | 0.00%   |
| Gross carrying amount       | 43,275  | 32,115                        | 1,076                         | 7,664                         | 84,131  |
| <b>30 June 2019</b>         |         |                               |                               |                               |         |
| Trade and other receivables |         |                               |                               |                               |         |
| Expected credit loss        | 0.00%   | 0.00%                         | 0.00%                         | 0.00%                         | 0.00%   |
| Gross carrying amount       | 101,541 | 1,260                         | 370                           | 5,688                         | 108,859 |

## 24. 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<br>within<br>1 year | Due<br>between<br>1 & 5 years | Due<br>after<br>5 years | Total<br>contractual<br>cash flows | Carrying<br>values |
|--------------------|-------------------------|-------------------------------|-------------------------|------------------------------------|--------------------|
|                    | \$                      | \$                            | \$                      | \$                                 | \$                 |
| <b><u>2020</u></b> |                         |                               |                         |                                    |                    |
| Payables           | 477,282                 | 0                             | 0                       | 477,282                            | 477,282            |
| Borrowings         | 0                       | 355,495                       | 1,776,666               | 2,132,161                          | 1,769,094          |
|                    | <u>477,282</u>          | <u>355,495</u>                | <u>1,776,666</u>        | <u>2,609,443</u>                   | <u>2,246,376</u>   |
| <b><u>2019</u></b> |                         |                               |                         |                                    |                    |
| Payables           | 743,372                 | 0                             | 0                       | 743,372                            | 743,372            |
| Borrowings         | 4,041                   | 193,711                       | 1,764,234               | 1,961,986                          | 1,586,419          |
|                    | <u>747,413</u>          | <u>193,711</u>                | <u>1,764,234</u>        | <u>2,705,358</u>                   | <u>2,329,791</u>   |

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

**25. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS**

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

**(a) AASB 15: Revenue from Contracts with Customers**

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. 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  | AASB 118<br>carrying amount<br>30 June 2019<br>\$ | Reclassification<br>\$ | AASB 15<br>carrying amount<br>01 July 2019<br>\$ |
|---------------------------------------------------------|-------|---------------------------------------------------|------------------------|--------------------------------------------------|
| <b>Contract liabilities - current</b>                   |       |                                                   |                        |                                                  |
| Contract liabilities from contracts and customers       | 13    | 0                                                 | (148,431)              | (148,431)                                        |
| Adjustment to retained surplus from adoption of AASB 15 | 26(b) | 0                                                 | (148,431)              | (148,431)                                        |

**(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.

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

**25. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)**

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

|                                                   |       | 2020<br>\$                                    |                                                                 | 2020<br>\$                               |
|---------------------------------------------------|-------|-----------------------------------------------|-----------------------------------------------------------------|------------------------------------------|
|                                                   | Note  | As reported<br>under AASB 15<br>and AASB 1058 | Adjustment due<br>to application<br>of AASB 15 and<br>AASB 1058 | Compared to<br>AASB 118 and<br>AASB 1004 |
| <b>Statement of Comprehensive Income</b>          |       |                                               |                                                                 |                                          |
| <b>Revenue</b>                                    |       |                                               |                                                                 |                                          |
| Rates                                             | 22(a) | 4,709,139                                     | 59,152                                                          | 4,768,291                                |
| Operating grants, subsidies and contributions     | 2(a)  | 2,690,764                                     | 88,223                                                          | 2,778,987                                |
| Fees and charges                                  | 2(a)  | 1,258,415                                     | 0                                                               | 1,258,415                                |
| Non-operating grants, subsidies and contributions | 2(a)  | 1,519,153                                     | 0                                                               | 1,519,153                                |
| Net result                                        |       | 0                                             | 147,375                                                         | 147,375                                  |
| <b>Statement of Financial Position</b>            |       |                                               |                                                                 |                                          |
| Trade and other payables                          | 12    | 477,282                                       | (59,152)                                                        | 418,130                                  |
| Contract liabilities                              | 13    | 88,223                                        | (88,223)                                                        | 0                                        |
| Net assets                                        |       | 125,982,035                                   | 147,375                                                         | 126,129,410                              |
| <b>Statement of Changes in Equity</b>             |       |                                               |                                                                 |                                          |
| Net result                                        |       | 986,158                                       | 147,375                                                         | 1,133,533                                |
| Retained surplus                                  |       | 84,397,679                                    | 147,375                                                         | 84,545,054                               |

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

## 26. CHANGE IN ACCOUNTING POLICIES

### (a) Change in Accounting Policies due to regulation changes

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

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

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

|                               | Note | Carrying amount<br>30 June 2019<br>\$ | Reclassification<br>\$ | Carrying amount<br>01 July 2019<br>\$ |
|-------------------------------|------|---------------------------------------|------------------------|---------------------------------------|
| Property, plant and equipment | 8    | 30,357,005                            | (1,850,000)            | 28,507,005                            |
| Revaluation surplus           | 11   | 42,469,317                            | (1,850,000)            | 40,619,317                            |

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 City'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<br>\$ |
|-----------------------------------------------------------|-------|-------------|------------|
| Retained surplus - 30 June 2019                           |       |             | 83,450,432 |
| Adjustment to retained surplus from adoption of AASB 15   | 25(a) | (148,431)   | (148,431)  |
| Adjustment to retained surplus from adoption of AASB 1058 | 25(b) | 0           | 0          |
| Retained surplus - 1 July 2019                            |       |             | 83,302,001 |

The impact on the Shires 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<br>\$  |
|--------------------------------------------------------------|-------|-------------|-------------|
| Revaluation surplus - 30 June 2019                           |       |             | 42,469,317  |
| Adjustment to revaluation surplus from deletion of FM Reg 16 | 26(a) | (1,850,000) | (1,850,000) |
| Revaluation surplus - 1 July 2019                            |       |             | 40,619,317  |

## 27. BONDS AND DEPOSITS

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 |
|------------------------------------|-------------|------------------|--------------|--------------|
|                                    | \$          | \$               | \$           | \$           |
| Building Levies (BCITF & BRB)      | 183         | 31,212           | (31,212)     | 183          |
| Community Bus Bond                 | 4,800       | 2,000            | (2,200)      | 4,600        |
| Unclaimed Monies                   | 4,045       | 3,036            | (3,036)      | 4,045        |
| Council Housing Bonds              | 0           | 1,400            | (1,400)      | 0            |
| RSL Hall Key Bond                  | 420         | 690              | (880)        | 230          |
| Special Series Plates              | 770         | 1,240            | (2,010)      | 0            |
| Northampton Child Care Association | 22,235      | 16,547           | (22,235)     | 16,547       |
| Horrocks Memorial Wall             | 0           | 1,000            | (1,000)      | 0            |
| One Life                           | 1,939       | 0                | (500)        | 1,439        |
| Rubbish Tip Key Bond               | 1,400       | 400              | -            | 1,800        |
| Horrocks - Skatepark               | 1,050       | 0                | -            | 1,050        |
| RSL - Kalbarri Memorial            | 0           | 19,342           | (2,016)      | 17,326       |
| DOT - Department of Transport      | 0           | 48,730           | (48,730)     | 0            |
|                                    | 36,842      | 125,597          | (115,219)    | 47,220       |

# SHIRE OF NORTHAMPTON

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

### 28. OTHER SIGNIFICANT ACCOUNTING POLICIES

#### a) Goods and services tax (GST)

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

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

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

#### b) Current and non-current classification

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

#### c) Rounding off figures

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

#### d) Comparative figures

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

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

#### e) Budget comparative figures

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

#### f) Superannuation

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

#### g) Fair value of assets and liabilities

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

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

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

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

#### h) Fair value hierarchy

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

##### Level 1

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

##### Level 2

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

##### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation techniques

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

##### Market approach

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

##### Income approach

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

##### Cost approach

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

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

#### i) Impairment of assets

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

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

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

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



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

**29. ACTIVITIES/PROGRAMS**

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

| <b>PROGRAM NAME AND OBJECTIVES</b>                                                                                                                              | <b>ACTIVITIES</b>                                                                                                                                                                                                                                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>GOVERNANCE</b><br/>To provide a decision making process for the efficient allocation of scarce resources.</p>                                             | Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district.                                                                                                   |
| <p><b>GENERAL PURPOSE FUNDING</b><br/>To collect revenue to allow for the provision of services.</p>                                                            | Rates, general purpose government grants and interest revenue.                                                                                                                                                                                           |
| <p><b>LAW, ORDER, PUBLIC SAFETY</b><br/>To provide services to help ensure a safer and environmentally conscious community.</p>                                 | Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.                                                                                           |
| <p><b>HEALTH</b><br/>To provide an operational framework for environmental and community health.</p>                                                            | Inspection of food outlets and their control, administration of health local laws and maintenance                                                                                                                                                        |
| <p><b>EDUCATION AND WELFARE</b><br/>To provide services to disadvantaged persons, the elderly, children and youth.</p>                                          | Maintenance of child minding centre's, operational costs associated with Northampton Child Care Association.                                                                                                                                             |
| <p><b>HOUSING</b><br/>To provide and maintain shire housing.</p>                                                                                                | Provision and maintenance of shire housing.                                                                                                                                                                                                              |
| <p><b>COMMUNITY AMENITIES</b><br/>To provide services required by the community.</p>                                                                            | Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences. |
| <p><b>RECREATION AND CULTURE</b><br/>To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.</p> | Maintenance of public halls and buildings, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, other cultural facilities.                                             |
| <p><b>TRANSPORT</b><br/>To provide safe, effective and efficient transport services to the community.</p>                                                       | Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.                                                         |
| <p><b>ECONOMIC SERVICES</b><br/>To help promote the shire and its economic wellbeing.</p>                                                                       | Tourism and area promotion including the maintenance and operation of camping facilities. Provision of Building Services and Port Gregory Water Supply.                                                                                                  |
| <p><b>OTHER PROPERTY AND SERVICES</b><br/>To monitor and control Shire's overheads operating accounts.</p>                                                      | Private works operation, plant repair and operation costs and engineering operation costs.                                                                                                                                                               |

### 30. FINANCIAL RATIOS

|                                   | 2020<br>Actual | 2019<br>Actual | 2018<br>Actual |
|-----------------------------------|----------------|----------------|----------------|
| Current ratio                     | 1.93           | 1.58           | 1.95           |
| Asset consumption ratio           | 0.94           | 0.93           | 0.75           |
| Asset renewal funding ratio       | 1.00           | 1.00           | 1.00           |
| Asset sustainability ratio        | 1.31           | 0.79           | 1.01           |
| Debt service cover ratio          | 7.87           | 11.37          | 5.90           |
| Operating surplus ratio           | (0.09)         | (0.02)         | (0.35)         |
| Own source revenue coverage ratio | 0.65           | 0.67           | 0.55           |

The above ratios are calculated as follows:

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



# Auditor General

## INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Northampton

### Report on the Audit of the Financial Report

#### **Opinion**

I have audited the annual financial report of the Shire of Northampton 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 Northampton:

- (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 Note 1 and 10 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.

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](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. 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 matter indicates a significant adverse trend in the financial position of the Shire:
  - a. The Operating Surplus Ratio as reported in Note 30 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the past 3 financial years.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
  - a. For approximately 29% of purchase transactions sampled, there was purchase orders that did not state a dollar value, inadequate or no evidence that a sufficient number of quotations were obtained, to test the market, and no documentation to explain why other quotes were not sought. This practice increases the likelihood of not receiving value for money in procurement and could also result in favoritism of suppliers.
  - b. Internal controls relating to debtors and staff discounts at the Northampton Child Care were inadequate during the period.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the 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 Northampton 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.*

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