

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

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**COMMUNITY VISION**

Build an active, safe and vibrant community with shared social values based on mutual respect and fairness.

Principal place of business:  
80 Monger Street  
Bencubbin  
WA 6477

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

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Mt Marshall for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the Shire of Mt Marshall at 30 June 2021 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the [redacted] day of [redacted] 2021

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Chief Executive Officer

John Nuttal  

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Name of Chief Executive Officer

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Revenue</b>				
Rates	27(a)	1,452,598	1,474,508	1,497,428
Operating grants, subsidies and contributions	2(a)	2,724,514	1,313,668	2,891,077
Fees and charges	2(a)	727,945	526,405	498,551
Interest earnings	2(a)	33,902	44,954	70,204
Other revenue	2(a)	181,235	299,563	289,358
		5,120,194	3,659,098	5,246,618
<b>Expenses</b>				
Employee costs		(1,595,377)	(1,799,986)	(1,589,503)
Materials and contracts		(1,279,999)	(1,392,608)	(1,182,472)
Utility charges		(243,628)	(253,357)	(234,060)
Depreciation on non-current assets	11(d)	(3,093,486)	(2,826,170)	(2,834,573)
Interest expenses	2(b)	(41,927)	(41,993)	(43,448)
Insurance expenses		(190,786)	(184,763)	(215,788)
Other expenditure		(145,495)	(96,100)	(113,208)
		(6,590,698)	(6,594,977)	(6,213,052)
		(1,470,504)	(2,935,879)	(966,434)
Non-operating grants, subsidies and contributions	2(a)	1,795,873	2,005,996	1,544,266
Profit on asset disposals	11(a)	52,369	0	14,373
(Loss) on asset disposals	11(a)	(65,859)	(2,000)	(16,933)
Fair value adjustments to financial assets at fair value through profit or loss		2,586	0	1,153
		1,784,969	2,003,996	1,542,859
<b>Net result for the period</b>		<b>314,465</b>	<b>(931,883)</b>	<b>576,425</b>
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>314,465</b>	<b>(931,883)</b>	<b>576,425</b>

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

**SHIRE OF MT MARSHALL**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		28,914	34,299	33,223
General purpose funding		3,903,957	2,691,948	4,092,306
Law, order, public safety		47,474	34,845	50,448
Health		71,984	200,740	175,945
Education and welfare		119,266	106,194	101,529
Housing		145,943	123,800	127,006
Community amenities		114,858	166,419	148,362
Recreation and culture		33,677	45,928	47,427
Transport		222,974	28,800	215,790
Economic services		371,459	174,225	187,976
Other property and services		59,688	51,900	66,606
		5,120,194	3,659,098	5,246,618
<b>Expenses</b>				
	2(b)			
Governance		(360,448)	(417,708)	(382,521)
General purpose funding		(77,243)	(79,901)	(76,415)
Law, order, public safety		(202,160)	(191,911)	(186,204)
Health		(178,825)	(329,206)	(318,219)
Education and welfare		(313,798)	(369,373)	(293,045)
Housing		(312,915)	(289,845)	(257,450)
Community amenities		(262,585)	(318,312)	(265,760)
Recreation and culture		(1,204,652)	(1,210,868)	(1,074,716)
Transport		(3,080,043)	(2,828,152)	(2,818,748)
Economic services		(541,909)	(497,138)	(455,585)
Other property and services		(14,193)	(20,570)	(40,941)
		(6,548,771)	(6,552,984)	(6,169,604)
<b>Finance Costs</b>				
	2(b)			
Governance		(359)	(124)	(50)
Community amenities		(1,888)	(1,888)	(2,034)
Recreation and culture		(39,680)	(39,981)	(41,364)
		(41,927)	(41,993)	(43,448)
		(1,470,504)	(2,935,879)	(966,434)
Non-operating grants, subsidies and contributions	2(a)	1,795,873	2,005,996	1,544,266
Profit on disposal of assets	11(a)	52,369	0	14,373
(Loss) on disposal of assets	11(a)	(65,859)	(2,000)	(16,933)
Fair value adjustments to financial assets at fair value through profit or loss		2,586	0	1,153
		1,784,969	2,003,996	1,542,859
<b>Net result for the period</b>		<b>314,465</b>	<b>(931,883)</b>	<b>576,425</b>
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>314,465</b>	<b>(931,883)</b>	<b>576,425</b>

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

**SHIRE OF MT MARSHALL**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	NOTE	2021	2020
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	2,627,918	3,595,948
Trade and other receivables	6	219,496	188,186
Other financial assets	5(a)	9,894	9,524
Inventories	7	5,582	14,385
Contract assets	2(a)	155,001	0
Other assets	8	14,551	5,476
<b>TOTAL CURRENT ASSETS</b>		<b>3,032,442</b>	<b>3,813,519</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	6	1,737	1,078
Other financial assets	5(b)	277,903	285,211
Property, plant and equipment	9	19,250,639	19,480,669
Infrastructure	10	91,536,262	90,217,920
Right-of-use assets	12(a)	130,861	148,098
<b>TOTAL NON-CURRENT ASSETS</b>		<b>111,197,402</b>	<b>110,132,976</b>
<b>TOTAL ASSETS</b>		<b>114,229,844</b>	<b>113,946,495</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	531,812	455,245
Other liabilities	15	17,418	5,129
Lease liabilities	16(a)	10,932	10,533
Borrowings	17(a)	46,458	44,720
Employee related provisions	18	207,109	249,325
<b>TOTAL CURRENT LIABILITIES</b>		<b>813,729</b>	<b>764,952</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	16(a)	76,089	87,021
Borrowings	17(a)	958,353	1,004,811
Employee related provisions	18	15,617	38,120
Other provisions	19	52,530	52,530
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,102,589</b>	<b>1,182,482</b>
<b>TOTAL LIABILITIES</b>		<b>1,916,318</b>	<b>1,947,434</b>
<b>NET ASSETS</b>		<b>112,313,526</b>	<b>111,999,061</b>
<b>EQUITY</b>			
Retained surplus		83,249,236	82,120,454
Reserves - cash backed	4	644,246	1,458,563
Revaluation surplus	13	28,420,044	28,420,044
<b>TOTAL EQUITY</b>		<b>112,313,526</b>	<b>111,999,061</b>

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

SHIRE OF MT MARSHALL  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2019</b>		<b>80,639,457</b>	<b>2,363,135</b>	<b>28,420,044</b>	<b>111,422,636</b>
Comprehensive income					
Net result for the period		576,425	0	0	576,425
Total comprehensive income		576,425	0	0	576,425
Transfers from reserves	4	940,688	(940,688)	0	0
Transfers to reserves	4	(36,116)	36,116	0	0
<b>Balance as at 30 June 2020</b>		<b>82,120,454</b>	<b>1,458,563</b>	<b>28,420,044</b>	<b>111,999,061</b>
Comprehensive income					
Net result for the period		314,465	0	0	314,465
Total comprehensive income		314,465	0	0	314,465
Transfers from reserves	4	819,996	(819,996)	0	0
Transfers to reserves	4	(5,679)	5,679	0	0
<b>Balance as at 30 June 2021</b>		<b>83,249,236</b>	<b>644,246</b>	<b>28,420,044</b>	<b>112,313,526</b>

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

**SHIRE OF MT MARSHALL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,469,772	1,494,508	1,453,499
Operating grants, subsidies and contributions		2,758,503	1,312,994	2,997,194
Fees and charges		727,945	526,405	498,551
Interest received		33,902	44,954	70,204
Goods and services tax received		148,372	438,390	438,390
Other revenue		181,235	299,563	289,358
		<b>5,319,729</b>	<b>4,116,814</b>	<b>5,747,196</b>
<b>Payments</b>				
Employee costs		(1,678,341)	(1,799,986)	(1,507,064)
Materials and contracts		(1,200,609)	(805,538)	(1,584,086)
Utility charges		(243,628)	(253,357)	(234,060)
Interest expenses		(42,229)	(41,993)	(43,448)
Insurance paid		(190,786)	(184,763)	(215,788)
Goods and services tax paid		(208,982)	(438,390)	(425,167)
Other expenditure		(145,495)	(96,100)	(113,208)
		<b>(3,710,070)</b>	<b>(3,620,127)</b>	<b>(4,122,821)</b>
<b>Net cash provided by (used in) operating activities</b>	20	<b>1,609,659</b>	<b>496,687</b>	<b>1,624,375</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	9(a)	(2,342,282)	(3,301,696)	(1,381,031)
Payments for construction of infrastructure	10(a)	(2,139,687)	(1,987,211)	(2,659,859)
Non-operating grants, subsidies and contributions	20	1,646,091	2,005,996	1,544,266
Proceeds from financial assets at amortised cost - self supporting loans		9,524	9,524	9,167
Proceeds from sale of property, plant & equipment	11(a)	303,918	383,000	190,053
<b>Net cash provided by (used in) investment activities</b>		<b>(2,522,436)</b>	<b>(2,890,387)</b>	<b>(2,297,404)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	17(b)	(44,720)	(44,720)	(43,047)
Payments for principal portion of lease liabilities	16(b)	(10,533)	(10,532)	(8,698)
Proceeds from new borrowings	17(b)	0	450,000	0
<b>Net cash provided by (used in) financing activities</b>		<b>(55,253)</b>	<b>394,748</b>	<b>(51,745)</b>
<b>Net increase (decrease) in cash held</b>		<b>(968,030)</b>	<b>(1,998,952)</b>	<b>(724,774)</b>
Cash at beginning of year		3,595,948	3,582,256	4,320,722
<b>Cash and cash equivalents at the end of the year</b>	20	<b>2,627,918</b>	<b>1,583,304</b>	<b>3,595,948</b>

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

**SHIRE OF MT MARSHALL**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	28 (b)	1,735,348	1,795,546	1,295,961
		1,735,348	1,795,546	1,295,961
<b>Revenue from operating activities (excluding rates)</b>				
Governance		51,286	34,299	43,566
General purpose funding		2,505,837	1,270,089	2,647,062
Law, order, public safety		47,474	34,845	50,448
Health		71,984	200,740	175,945
Education and welfare		119,266	106,194	101,529
Housing		145,943	123,800	127,006
Community amenities		114,858	166,419	148,362
Recreation and culture		33,677	45,928	47,427
Transport		255,557	28,800	220,973
Economic services		371,459	174,225	187,976
Other property and services		59,688	51,900	66,606
		3,777,029	2,237,239	3,816,900
<b>Expenditure from operating activities</b>				
Governance		(360,807)	(419,832)	(383,583)
General purpose funding		(77,243)	(79,901)	(76,415)
Law, order, public safety		(202,160)	(191,911)	(186,204)
Health		(219,457)	(329,206)	(321,026)
Education and welfare		(313,798)	(369,373)	(300,867)
Housing		(312,915)	(289,845)	(257,450)
Community amenities		(264,473)	(320,200)	(267,794)
Recreation and culture		(1,244,332)	(1,250,849)	(1,116,080)
Transport		(3,105,270)	(2,828,152)	(2,824,040)
Economic services		(541,909)	(497,138)	(455,585)
Other property and services		(14,193)	(20,570)	(40,941)
		(6,656,557)	(6,596,977)	(6,229,985)
Non-cash amounts excluded from operating activities	28(a)	3,081,665	2,828,917	2,851,805
<b>Amount attributable to operating activities</b>		1,937,485	264,725	1,734,681
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	1,795,873	2,005,996	1,544,266
Proceeds from disposal of assets	11(a)	303,918	383,000	190,053
Proceeds from financial assets at amortised cost - self supporting loans		9,524	9,524	9,167
Purchase of property, plant and equipment	9(a)	(2,342,282)	(3,301,696)	(1,381,031)
Purchase and construction of infrastructure	10(a)	(2,139,687)	(1,987,211)	(2,659,859)
		(2,372,654)	(2,890,387)	(2,297,404)
<b>Amount attributable to investing activities</b>		(2,372,654)	(2,890,387)	(2,297,404)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	17(b)	(44,720)	(44,720)	(43,047)
Proceeds from borrowings	17(c)	0	450,000	0
Payments for principal portion of lease liabilities	16(b)	(10,533)	(10,532)	(8,698)
Transfers to reserves (restricted assets)	4	(5,679)	(10,941)	(36,116)
Transfers from reserves (restricted assets)	4	819,996	819,996	940,688
<b>Amount attributable to financing activities</b>		759,064	1,203,803	852,827
<b>Surplus/(deficit) before imposition of general rates</b>		323,895	(1,421,859)	290,104
<b>Total amount raised from general rates</b>	27(a)	1,398,120	1,421,859	1,445,244
<b>Surplus/(deficit) after imposition of general rates</b>	28(b)	<b>1,722,015</b>	<b>0</b>	<b>1,735,348</b>

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



**SHIRE OF MT MARSHALL**  
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**FOR THE YEAR ENDED 30 JUNE 2021**

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

**1. BASIS OF PREPARATION**

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

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

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

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

**THE LOCAL GOVERNMENT REPORTING ENTITY**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 31 to these financial statements.

**INITIAL APPLICATION OF ACCOUNTING STANDARDS**

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

These were:

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

The adoption of these standards had no material impact on the financial report.

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

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

- *AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- *AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- *AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

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

**CRITICAL ACCOUNTING ESTIMATES**

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

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

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

**2. REVENUE AND EXPENSES**

**(a) Grant revenue**

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Operating grants, subsidies and contributions</b>			
Governance	1,000	2,000	1,459
General purpose funding	2,411,244	1,170,000	2,521,430
Law, order, public safety	44,481	32,345	47,975
Education and welfare	41,194	41,194	40,517
Housing	0	2,500	0
Community amenities	6,184	39,674	27,960
Recreation and culture	3,500	0	0
Transport	216,457	25,000	211,659
Economic services	454	955	0
Other property and services	0	0	40,077
	<b>2,724,514</b>	<b>1,313,668</b>	<b>2,891,077</b>
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	11,666	0	0
Community amenities	4,000	0	0
Recreation and culture	515,161	670,161	366,481
Transport	1,265,046	1,315,835	1,177,785
Economic services	0	20,000	0
	<b>1,795,873</b>	<b>2,005,996</b>	<b>1,544,266</b>
<b>Total grants, subsidies and contributions</b>	<b>4,520,387</b>	<b>3,319,664</b>	<b>4,435,343</b>
<b>Fees and charges</b>			
Governance	1,252	1,500	1,566
General purpose funding	1,836	1,500	1,548
Law, order, public safety	2,371	2,000	2,154
Health	16,430	8,840	8,974
Education and welfare	78,073	65,000	61,012
Housing	137,942	121,300	120,894
Community amenities	108,675	125,245	120,402
Recreation and culture	14,606	18,750	8,374
Economic services	365,337	173,270	171,293
Other property and services	1,423	9,000	2,334
	<b>727,945</b>	<b>526,405</b>	<b>498,551</b>

There were no changes to the amounts of fees or charges detailed in the original budget.

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, subsidies and contributions**

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

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

**Fees and Charges**

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

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

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

(a) Revenue (Continued)	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
<b>Contracts with customers and transfers for recognisable non-financial assets</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 was recognised during the year for the following nature or types of goods or services:			
Operating grants, subsidies and contributions	92,579	111,213	117,911
Fees and charges	717,958	524,905	496,057
Other revenue	49,053	46,199	7,773
Non-operating grants, subsidies and contributions	1,795,873	2,005,996	1,544,266
	<u>2,655,463</u>	<u>2,688,313</u>	<u>2,166,007</u>
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:			
Revenue from contracts with customers included as a contract liability at the start of the period	5,129	0	28,634
Revenue from contracts with customers recognised during the year	854,461	682,317	593,107
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	1,795,873	2,005,996	1,544,266
	<u>2,655,463</u>	<u>2,688,313</u>	<u>2,166,007</u>
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	14,342		39,248
Contract assets	155,001		0
Contract liabilities from contracts with customers	(12,199)		(5,129)
Financial assets held from transfers for recognisable financial assets	5,219		0
Grant liabilities from transfers for recognisable non financial assets	(5,219)		0

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2021.

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

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

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

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

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

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

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

**(a) Revenue (Continued)**

**Revenue from statutory requirements**

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	1,398,120	1,421,859	1,445,244
Specified area rates	37,706	35,449	35,412
Statutory permits and licences	9,775	1,500	2,290
Fines	212	0	204
	<b>1,445,813</b>	<b>1,458,808</b>	<b>1,483,150</b>
<b>Other revenue</b>			
Reimbursements and recoveries	132,182	253,364	281,585
Sale of inventory	545	500	0
Other	48,508	45,699	7,773
	<b>181,235</b>	<b>299,563</b>	<b>289,358</b>
<b>Interest earnings</b>			
Financial assets at amortised cost - self supporting loans	8,450	8,515	8,809
Interest on reserve funds	5,678	10,939	36,116
Rates instalment and penalty interest (refer Note 27(d))	12,898	13,600	13,427
Other interest earnings	6,876	11,900	11,852
	<b>33,902</b>	<b>44,954</b>	<b>70,204</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

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

**Interest earnings (continued)**

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

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

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

**(b) Expenses**

Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Auditors remuneration</b>			
Office Of The Auditor General			
- Audit of the Annual Financial Report	46,500	40,000	45,620
- Other services	1,800	0	0
Moore Australia (WA) Pty Ltd			
- Other services	0	0	1,550
	48,300	40,000	47,170
<b>Interest expenses (finance costs)</b>			
Borrowings	39,680	39,981	41,364
Lease liabilities	2,247	2,012	2,084
	41,927	41,993	43,448
<b>Other expenditure</b>			
Impairment loss on trade and other receivables	2,013	0	815
Sundry expenses	143,482	96,100	112,393
	145,495	96,100	113,208

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

**2. REVENUE AND EXPENSES**

**REVENUE RECOGNITION POLICY**

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
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
Service charges	Charge for specific service	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 customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	History book	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
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 MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**3. CASH AND CASH EQUIVALENTS**

NOTE	2021	2020
	\$	\$
Cash at bank and on hand	1,983,672	2,137,385
Term deposits	644,246	1,458,563
<b>Total cash and cash equivalents</b>	<b>2,627,918</b>	<b>3,595,948</b>
<b>Restrictions</b>		
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	675,569	1,477,385
	<b>675,569</b>	<b>1,477,385</b>

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

Reserves - cash backed	4	644,246	1,458,563
Contract liabilities from contracts with customers	15	12,199	5,129
Grants for transfers for recognisable non financial assets	15	5,219	0
Bonds and deposits held	14	13,905	13,693
<b>Total restricted assets</b>		<b>675,569</b>	<b>1,477,385</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 and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

**Restricted assets**

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



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

**4. RESERVES - CASH BACKED**

	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Transfer (from)	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Employee entitlements	99,615	437	0	100,052	99,615	747	0	100,362	98,011	1,604	0	99,615
(b) Plant Replacement	353,280	1,293	(107,400)	247,173	353,280	2,650	(107,400)	248,530	420,497	6,067	(73,284)	353,280
(c) Aged Care Units	45,170	198	0	45,368	45,170	339	0	45,509	44,443	727	0	45,170
(d) Housing	8,532	37	0	8,569	8,532	64	0	8,596	403,138	5,394	(400,000)	8,532
(e) Public Amenities & Buildings	161,939	709	0	162,648	161,939	1,215	0	163,154	209,073	2,866	(50,000)	161,939
(f) Mt Marshall Aquatic Centre Development	674,642	2,594	(672,596)	4,640	674,642	5,060	(672,596)	7,106	1,074,448	17,598	(417,404)	674,642
(g) Community Bus	20,468	89	0	20,557	20,468	154	0	20,622	20,138	330	0	20,468
(h) Bencubbin Recreation Complex	4,252	19	0	4,271	4,252	32	0	4,284	4,182	70	0	4,252
(i) Economic Development	78,720	251	(40,000)	38,971	78,720	590	(40,000)	39,310	77,451	1,269	0	78,720
(j) Beacon Accommodation	3,703	16	0	3,719	3,703	28	0	3,731	3,644	59	0	3,703
(k) Medical Enhancement	7,946	35	0	7,981	7,946	60	0	8,006	7,818	128	0	7,946
(l) Bencubbin Community Resource Centre	296	1	0	297	296	2	0	298	292	4	0	296
	1,458,563	5,679	(819,996)	644,246	1,458,563	10,941	(819,996)	649,508	2,363,135	36,116	(940,688)	1,458,563

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Employee entitlements	Ongoing	to fund Long Service Leave required/other accrued leave.
(b) Plant Replacement	Ongoing	to fund the purchase of road construction plant, so as to avoid undue heavy burden in a single year.
(c) Aged Care Units	Ongoing	to fund capital works on existing Aged Care Units or construction of new Aged Care Units.
(d) Housing	Ongoing	to fund the replacement of housing and any major maintenance.
(e) Public Amenities & Buildings	Ongoing	to help fund future building maintenance requirements to the shire's buildings.
(f) Mt Marshall Aquatic Centre Development	June 2022	to finance future capital and maintenance upgrades for the Bencubbin Aquatic centre.
(g) Community Bus	Ongoing	to finance the replacement of the community bus.
(h) Bencubbin Recreation Complex	Ongoing	to provide funding for future extensions to the Bencubbin Complex.
(i) Economic Development	Ongoing	to set aside funds for Economic Development initiatives.
(j) Beacon Accommodation	Ongoing	to set aside funds for reconstruction or major maintenance on the Beacon Barracks.
(k) Medical Enhancement	Ongoing	to be used for projects that may arise through the NEWROC Health Strategy.
(l) Bencubbin Community Resource Centre	Ongoing	to be used for refurbishment of the Bencubbin Community Resource Centre.

## 5. OTHER FINANCIAL ASSETS

### (a) Current assets

Financial assets at amortised cost

	2021	2020
	\$	\$
	9,894	9,524
	9,894	9,524

#### Other financial assets at amortised cost

Self supporting loans

	9,894	9,524
	9,894	9,524

### (b) Non-current assets

Financial assets at amortised cost

Financial assets at fair value through profit and loss

	204,096	213,990
	73,807	71,221
	277,903	285,211

#### Financial assets at amortised cost

Self supporting loans

	204,096	213,990
	204,096	213,990

#### Financial assets at fair value through profit and loss

Units in Local Government House Trust

	73,807	71,221
	73,807	71,221

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 17(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 29.

## 6. TRADE AND OTHER RECEIVABLES

### Current

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

### Non-current

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

	2021	2020
	\$	\$
	121,511	123,892
	14,342	39,248
	86,471	25,861
	(2,828)	(815)
	<u>219,496</u>	<u>188,186</u>
	1,737	1,078
	<u>1,737</u>	<u>1,078</u>

### 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 29.

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Classification and subsequent measurement

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

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

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

## 7. INVENTORIES

### Current

Fuel and materials

The following movements in inventories occurred during the year:

### Balance at beginning of year

Inventories expensed during the year

Additions to inventory

### Balance at end of year

	2021	2020
	\$	\$
	5,582	14,385
	5,582	14,385
	14,385	11,396
	(8,803)	0
	0	2,989
	5,582	14,385

## SIGNIFICANT ACCOUNTING POLICIES

### General

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

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

## 8. OTHER ASSETS

	2021	2020
	\$	\$
Other assets - current		
Prepayments	9,407	295
Accrued income	5,144	5,181
	14,551	5,476

### SIGNIFICANT ACCOUNTING POLICIES

#### Other current assets

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

## 9. PROPERTY, PLANT AND EQUIPMENT

### (a) Movements in Balances

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

	Land	Buildings - non- specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Motor vehicles	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	736,489	2,319,654	12,439,534	15,495,677	15,438	3,244,202	431,462	19,186,779
Additions	0	551,549	149,750	701,299	0	439,417	240,315	1,381,031
(Disposals)	0	0	0	0	0	(22,920)	(169,693)	(192,613)
Depreciation (expense)	0	(98,057)	(362,190)	(460,247)	(3,859)	(373,046)	(57,376)	(894,528)
<b>Balance at 30 June 2020</b>	736,489	2,773,146	12,227,094	15,736,729	11,579	3,287,653	444,708	19,480,669
<b>Comprises:</b>								
Gross balance amount at 30 June 2020	736,489	3,042,271	13,211,364	16,990,124	186,861	4,216,507	531,427	21,924,919
Accumulated depreciation at 30 June 2020	0	(269,125)	(984,270)	(1,253,395)	(175,282)	(928,854)	(86,719)	(2,444,250)
<b>Balance at 30 June 2020</b>	736,489	2,773,146	12,227,094	15,736,729	11,579	3,287,653	444,708	19,480,669
Additions	0	1,864,112	0	1,864,112	0	249,155	229,015	2,342,282
(Disposals)	0	0	0	0	0	(111,856)	(205,552)	(317,408)
Depreciation (expense)	0	(115,530)	(369,700)	(485,230)	(3,860)	(465,615)	(52,096)	(1,006,801)
Transfers	0	(1,713,394)	465,291	(1,248,103)	0	0	0	(1,248,103)
<b>Balance at 30 June 2021</b>	736,489	2,808,334	12,322,685	15,867,508	7,719	2,959,337	416,075	19,250,639
<b>Comprises:</b>								
Gross balance amount at 30 June 2021	736,489	3,192,989	13,676,656	17,606,134	186,861	4,269,662	491,680	22,554,337
Accumulated depreciation at 30 June 2021	0	(384,655)	(1,353,971)	(1,738,626)	(179,142)	(1,310,325)	(75,605)	(3,303,698)
<b>Balance at 30 June 2021</b>	736,489	2,808,334	12,322,685	15,867,508	7,719	2,959,337	416,075	19,250,639

SHIRE OF MT MARSHALL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>(i) Fair Value</b>					
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per hectare
Land - freehold land	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per square metre
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Improvements to buildings using 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 by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

**(ii) Cost**

<b>Furniture and equipment</b>	Cost	Cost	Purchase Cost
<b>Plant and equipment</b>	Cost	Cost	Purchase Cost

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

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**10. INFRASTRUCTURE**

**(a) Movements in Balances**

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

	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - parks and ovals	Infrastructure - playground equipment	Infrastructure - airports	Infrastructure - other	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	84,192,050	857,001	396,907	120,354	1,047,384	2,873,726	89,487,422
Additions	1,827,627	13,613	0	0	19,978	798,641	2,659,859
Depreciation (expense)	(1,702,011)	(21,607)	(63,470)	(5,149)	(20,070)	(117,054)	(1,929,361)
<b>Balance at 30 June 2020</b>	84,317,666	849,007	333,437	115,205	1,047,292	3,555,313	90,217,920
<b>Comprises:</b>							
Gross balance at 30 June 2020	118,705,143	1,213,551	945,450	190,934	1,073,096	6,558,121	128,686,295
Accumulated depreciation at 30 June 2020	(34,387,477)	(364,544)	(612,013)	(75,729)	(25,804)	(3,002,808)	(38,468,375)
<b>Balance at 30 June 2020</b>	84,317,666	849,007	333,437	115,205	1,047,292	3,555,313	90,217,920
Additions	1,898,893	20,160	200,853	0	19,781	0	2,139,687
Depreciation (expense)	(1,824,305)	(21,891)	(63,470)	(5,149)	(20,868)	(133,765)	(2,069,448)
Transfers	0	0	0	0	0	1,248,103	1,248,103
<b>Balance at 30 June 2021</b>	84,392,254	847,276	470,820	110,056	1,046,205	4,669,651	91,536,262
<b>Comprises:</b>							
Gross balance at 30 June 2021	120,604,036	1,233,711	1,146,304	190,934	1,092,878	7,806,224	132,074,087
Accumulated depreciation at 30 June 2021	(36,211,782)	(386,435)	(675,484)	(80,878)	(46,673)	(3,136,573)	(40,537,825)
<b>Balance at 30 June 2021</b>	84,392,254	847,276	470,820	110,056	1,046,205	4,669,651	91,536,262



SHIRE OF MT MARSHALL  
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10. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>(i) Fair Value</b>					
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - parks and ovals	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - playground equipment	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - airports	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - other	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

## 11. FIXED ASSETS

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

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

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

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

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

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

#### Revaluation

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

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

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

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### Land under control prior to 1 July 2019

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

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

#### Land under roads prior to 1 July 2019

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008.

This accords with the treatment available in *Australian Accounting Standard AASB 1051 Land Under Roads* and the then *Local Government (Financial Management) Regulation 16(a)(i)* which arbitrarily prohibited local governments from recognising such land as an asset. This regulation has now been deleted.

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

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

#### Land under roads from 1 July 2019

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

#### Vested improvements from 1 July 2019

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

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

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**11. FIXED ASSETS**

**(a) Disposals of Assets**

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and equipment	\$ 111,856	\$ 127,037	\$ 28,513	\$ (13,332)	\$ 240,000	\$ 240,000	\$ 0	\$ 0	\$ 22,920	\$ 26,099	\$ 5,183	\$ (2,004)
Motor vehicles	205,552	176,881	23,856	(52,527)	145,000	143,000	0	(2,000)	169,693	163,954	9,190	(14,929)
	317,408	303,918	52,369	(65,859)	385,000	383,000	0	(2,000)	192,613	190,053	14,373	(16,933)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
<b>Plant and Equipment</b>				
<b>Transport</b>				
Volvo L90F Wheel Loader With Rhino Buckets And H/D Scrub Grapple	85,124	113,636	28,513	0
2004 Hino Ranger Primemover	26,733	13,400	0	(13,332)
	111,856	127,037	28,513	(13,332)
<b>Motor Vehicles</b>				
<b>Governance</b>				
Toyota Prado 2019	50,727	51,364	637	0
2019 Toyota Landcruiser 200 GLX	55,396	74,545	19,149	0
<b>Health</b>				
New Health Toyota Fortuner 2019	40,632	0	0	(40,632)
<b>Transport</b>				
2014 Mitsubishi Triton Utility With Tipping Tray (Bencubbin P & G) Mm286	11,539	15,609	4,071	0
2013 Mitsubishi Triton GLX 4X2	10,407	7,273	0	(3,134)
Mitsubishi Mn Triton 4X2X GL	11,065	8,182	0	(2,883)
Mitsubishi Triton GLX 4X2 Diesel	16,106	10,909	0	(5,197)
Suzuki APV - Cleaner	9,681	9,000	0	(681)
	205,551	176,882	23,857	(52,526)
	317,408	303,918	52,369	(65,859)

**(b) Fully Depreciated Assets in Use**

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

	2021	2020
	\$	\$
Furniture and equipment	148,268	148,268
	148,268	148,268

**(c) Temporarily Idle Assets**

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

	2021	2020
	\$	\$
Furniture and equipment	14,999	14,999
	14,999	14,999

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**11. FIXED ASSETS**

**(d) Depreciation**

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	115,530	97,887	98,057
Buildings - specialised	369,700	361,560	362,190
Furniture and equipment	3,860	3,852	3,859
Plant and equipment	465,615	372,398	373,046
Motor vehicles	52,096	57,277	57,376
Infrastructure - roads	1,824,305	1,699,053	1,702,011
Infrastructure - footpaths	21,891	21,569	21,607
Infrastructure - parks and ovals	63,470	63,360	63,470
Infrastructure - playground equipment	5,149	5,140	5,149
Infrastructure - airports	20,868	20,035	20,070
Infrastructure - other	133,765	116,850	117,054
Right-of-use assets - land	14,972	6,433	9,927
Right-of-use assets - furniture and equipment	2,265	756	757
	3,093,486	2,826,170	2,834,573

**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	Asset Class	Useful life
Buildings	3 to 50 years	Parks and ovals	8 to 30 years
Furniture and equipment	4 to 10 years	Playground equipment	10 to 50 years
Plant and equipment	4 to 15 years	Airstrips	25 to 50 years
Sealed roads and streets		Other infrastructure	10 to 50 years
formation	not depreciated		
pavement	50 to 60 years		
seal			
- bituminous seals	20 years		
- asphalt surfaces	25 years		
Gravel roads			
formation	not depreciated		
pavement	40 years		
Road signs	15 years		
Footpaths - slab	56 years		
Sewerage piping	100 to 110 years		
Water supply piping and drainage systems	20 to 120 years		
Right of use (land)	Based on the remaining lease		
Right of use (furniture and equipment)	Based on the remaining lease		

**Depreciation on revaluation**

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

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

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

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**12. LEASES**

**(a) Right-of-Use Assets**

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

	Right-of-use assets - land \$	Right-of-use assets - furniture and equipment \$	Right-of-use assets Total
<b>Balance at 1 July 2019</b>	97,190	9,062	106,252
Additions	52,530	0	52,530
Depreciation (expense)	(9,927)	(757)	(10,684)
<b>Balance at 30 June 2020</b>	139,793	8,305	148,098
Depreciation (expense)	(14,972)	(2,265)	(17,237)
<b>Balance at 30 June 2021</b>	124,821	6,040	130,861

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

	2021 Actual \$	2020 Actual \$
Depreciation expense on lease liabilities	(17,237)	(10,684)
Interest expense on lease liabilities	(2,247)	(2,084)
<b>Total amount recognised in the statement of comprehensive income</b>	(19,484)	(12,768)
Total cash outflow from leases	(12,780)	(10,782)

The Shire has 2 leases relating to landfill sites. The lease term for both leases is 5 years with an option of an additional 5 years.

The Shire has a lease relating to a photocopier. The lease term for this lease is 4 years.

The Shire has recognised a provision for the rehabilitation of the 2 landfill sites as part of the right of use assets. The right of use assets relating the rehabilitation of the landfill sites will be depreciated over a 10 year period, similar to the treatment for the right of use assets relating to the leases recognised above.

The measurement of lease liabilities does not include any future cash outflows associated with leases not yet commenced to which the Shire is committed.

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

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

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

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

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

**Right-of-use assets - valuation**

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

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

**Right-of-use assets - depreciation**

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

## 12. LEASES (CONTINUED)

### (b) Property, Plant and Equipment Subject to Lease

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Less than 1 year	32,254	0	46,396
1 to 2 years	17,512	0	24,699
2 to 3 years	15,012	0	17,512
3 to 4 years	6,969	0	15,012
4 to 5 years	4,056	0	6,969
> 5 years	9,443	0	13,499
	85,246	0	124,087

### SIGNIFICANT ACCOUNTING POLICIES

#### The Shire as Lessor

Upon entering into each contract as a lessor, the Shire assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Entity applies AASB 15 to allocate the consideration under the contract to each component.

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**13. REVALUATION SURPLUS**

	2021 Opening Balance	2021 Change in Accounting Policy	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and Buildings	6,412,600	0	0	0	0	6,412,600	6,784,657	(372,057)	0	0	0	6,412,600
Revaluation surplus - Infrastructure - roads	18,941,495	0	0	0	0	18,941,495	18,941,495	0	0	0	0	18,941,495
Revaluation surplus - Infrastructure - footpaths	431,791	0	0	0	0	431,791	431,791	0	0	0	0	431,791
Revaluation surplus - Infrastructure - parks and ovals	369,597	0	0	0	0	369,597	369,597	0	0	0	0	369,597
Revaluation surplus - Infrastructure - playground equipment	141,311	0	0	0	0	141,311	141,311	0	0	0	0	141,311
Revaluation surplus - Infrastructure - airports	692,373	0	0	0	0	692,373	692,373	0	0	0	0	692,373
Revaluation surplus - Infrastructure - other	1,430,877	0	0	0	0	1,430,877	1,430,877	0	0	0	0	1,430,877
	28,420,044	0	0	0	0	28,420,044	28,792,101	(372,057)	0	0	0	28,420,044

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.

#### 14. TRADE AND OTHER PAYABLES

##### Current

Sundry creditors
Prepaid rates
Accrued salaries and wages
ATO liabilities
Bonds and deposits held
Accrued interest
Accrued expenses

2021	2020
\$	\$
412,181	293,644
24,304	8,852
(616)	54,010
75,274	38,893
13,905	13,693
6,764	7,066
0	39,087
531,812	455,245

#### SIGNIFICANT ACCOUNTING POLICIES

##### Trade and other payables

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

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

##### Prepaid rates

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



## 15. OTHER LIABILITIES

### Current

Contract liabilities  
 Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

### 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.

	2021	2020
	\$	\$
	12,199	5,129
	5,219	0
	<u>17,418</u>	<u>5,129</u>
		<b>Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity</b>
	<b>Contract liabilities</b>	<b>Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity</b>
	\$	\$
	12,199	5,219
	<u>12,199</u>	<u>5,219</u>

#### Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity

Grant liabilities represent the the Shire's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

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

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**16. LEASE LIABILITIES**

(a) Lease Liabilities

	2021	2020
	\$	\$
Current	10,932	10,533
Non-current	76,089	87,021
	87,021	97,554

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual	30 June 2021	30 June 2021	30 June 2021	Budget	30 June 2021	30 June 2021	30 June 2021	Actual	30 June 2020	30 June 2020	30 June 2020	30 June 2020	
					Lease Principal 1 July 2020	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	Lease Principal 1 July 2020	Budget Lease Principal Repayments	Budget Lease Principal Outstanding	Budget Lease Interest Repayments	Lease Principal 1 July 2019	Actual New Leases	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Governance</b>																		
Fuji Xerox Docucentre	1	BOQ Finance	1.70%	4 years	8,330	(2,221)	6,109	(359)	8,330	(2,221)	6,109	(124)	0	9,062	(732)	8,330	(50)	
<b>Community amenities</b>																		
Bencubbin Landfill Site	2	Paul Anthony Sar	2.00%	10 years	44,612	(4,156)	40,456	(944)	44,612	(4,156)	40,456	(944)	0	48,595	(3,983)	44,612	(1,017)	
Beacon Landfill Site	3	Faulkner Holding	2.00%	10 years	44,612	(4,156)	40,456	(944)	44,612	(4,156)	40,456	(944)	0	48,595	(3,983)	44,612	(1,017)	
					97,554	(10,533)	87,021	(2,247)	97,554	(10,533)	87,021	(2,012)	0	106,252	(8,698)	97,554	(2,084)	

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**17. INFORMATION ON BORROWINGS**

**(a) Borrowings**

	2021	2020
	\$	\$
Current	46,458	44,720
Non-current	958,353	1,004,811
	<u>1,004,811</u>	<u>1,049,531</u>

**(b) Repayments - Borrowings**

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2021	30 June 2021	30 June 2021	Budget	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Actual	30 June 2020	30 June 2020	30 June 2020
				Principal	Actual	Actual	Actual	Principal	Budget	Budget	Budget	Budget	Principal	Actual	Actual	Actual
				1 July 2020	repayments	repayments	Principal	Principal	New	Principal	Interest	Principal	1 July 2019	Principal	repayments	repayments
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Housing</b>																
Staff Housing	124	WATC*	1.70%	0	0	0	0	0	410,000	0	0	410,000	0	0	0	0
<b>Recreation and culture</b>																
Bencubbin Rec Complex Shire	120	WATC*	3.85%	386,768	(16,480)	(14,623)	370,288	386,768	0	(16,480)	(14,733)	370,288	402,632	(15,864)	(15,243)	386,768
Bencubbin Rec SAR	121	WATC*	3.85%	439,249	(18,716)	(16,607)	420,533	439,249	0	(18,716)	(16,733)	420,533	457,265	(18,016)	(17,312)	439,249
Aquatic Centre	123	WATC*	1.70%	0	0	0	0	0	40,000	0	0	40,000	0	0	0	0
				<u>826,017</u>	<u>(35,196)</u>	<u>(31,230)</u>	<u>790,821</u>	<u>826,017</u>	<u>450,000</u>	<u>(35,196)</u>	<u>(31,466)</u>	<u>1,240,821</u>	<u>859,897</u>	<u>(33,880)</u>	<u>(32,555)</u>	<u>826,017</u>
<b>Self Supporting Loans</b>																
<b>Recreation and culture</b>																
Bencubbin Recreation Complex CRC	122	WATC*	3.85%	223,514	(9,524)	(8,450)	213,990	223,514	0	(9,524)	(8,515)	213,990	232,681	(9,167)	(8,809)	223,514
				<u>223,514</u>	<u>(9,524)</u>	<u>(8,450)</u>	<u>213,990</u>	<u>223,514</u>	<u>0</u>	<u>(9,524)</u>	<u>(8,515)</u>	<u>213,990</u>	<u>232,681</u>	<u>(9,167)</u>	<u>(8,809)</u>	<u>223,514</u>
				<u>1,049,531</u>	<u>(44,720)</u>	<u>(39,680)</u>	<u>1,004,811</u>	<u>1,049,531</u>	<u>450,000</u>	<u>(44,720)</u>	<u>(39,981)</u>	<u>1,454,811</u>	<u>1,092,578</u>	<u>(43,047)</u>	<u>(41,364)</u>	<u>1,049,531</u>

\* WA Treasury Corporation

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

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

	2021	2020
<b>(c) Undrawn Borrowing Facilities</b>	<b>\$</b>	<b>\$</b>
<b>Credit Standby Arrangements</b>		
Credit card limit	20,000	20,000
Credit card balance at balance date	(1,929)	(1,815)
<b>Total amount of credit unused</b>	<b>18,071</b>	<b>18,185</b>
<b>Loan facilities</b>		
Loan facilities - current	46,458	44,720
Loan facilities - non-current	958,353	1,004,811
Lease liabilities - current	10,932	10,533
Lease liabilities - non-current	76,089	87,021
<b>Total facilities in use at balance date</b>	<b>1,091,832</b>	<b>1,147,085</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 29.

## 18. EMPLOYEE RELATED PROVISIONS

### (a) Employee Related Provisions

#### Opening balance at 1 July 2020

Current provisions  
Non-current provisions

Additional provision  
Amounts used

#### Balance at 30 June 2021

#### Comprises

Current  
Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2020			
Current provisions	135,494	113,831	249,325
Non-current provisions	0	38,120	38,120
	135,494	151,951	287,445
Additional provision	137,105	29,742	166,847
Amounts used	(184,183)	(47,383)	(231,566)
Balance at 30 June 2021	88,416	134,310	222,726
Comprises			
Current	88,416	118,693	207,109
Non-current	0	15,617	15,617
	88,416	134,310	222,726

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

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

	2021	2020
	\$	\$
Less than 12 months after the reporting date	85,443	111,515
More than 12 months from reporting date	122,050	160,697
Expected reimbursements from other WA local governments	15,233	15,233
	222,726	287,445

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

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

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

#### Short-term employee benefits

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

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

#### Other long-term employee benefits

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

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

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

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

#### Provisions

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

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

## 19. OTHER PROVISIONS

	Provision for remediation costs	Total
	\$	\$
<b>Opening balance at 1 July 2020</b>		
Non-current provisions	52,530	52,530
<b>Balance at 30 June 2021</b>	52,530	52,530
<b>Comprises</b>		
Non-current	52,530	52,530
	52,530	52,530

### Provision for remediation costs

Under the licence for the operation of the Bencubbin and Beacon landfill sites, the Shire has a legal obligation to restore the sites.

A provision for remediation is recognised when:

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

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

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

Amounts which are reliably expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on the remaining life of the waste facility.

## 20. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	2,627,918	1,583,304	3,595,948
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	314,465	(931,883)	576,425
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(2,586)	0	(1,153)
Depreciation on non-current assets	3,093,486	2,826,170	2,834,573
(Profit)/loss on sale of asset	13,490	2,000	2,560
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(31,969)	20,000	121,643
(Increase)/decrease in other assets	(9,075)	0	(1,232)
(Increase)/decrease in inventories	8,803	2,020	(2,989)
(Increase)/decrease in contract assets	(155,001)	0	0
Increase/(decrease) in payables	76,567	585,050	(399,199)
Increase/(decrease) in employee provisions	(64,719)	0	61,518
Increase/(decrease) in other liabilities	12,289	(674)	(23,505)
Non-operating grants, subsidies and contributions	(1,646,091)	(2,005,996)	(1,544,266)
Net cash from operating activities	1,609,659	496,687	1,624,375

## 21. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	912,230	1,066,988
General purpose funding	123,248	124,970
Law, order, public safety	1,170,119	1,233,330
Health	91,217	117,937
Education and welfare	1,262,661	1,250,519
Housing	2,245,291	2,245,536
Community amenities	807,665	917,569
Recreation and culture	13,934,014	12,771,789
Transport	87,483,689	88,390,935
Economic services	1,426,987	1,487,189
Other property and services	2,502,656	1,966,403
Unallocated	2,270,067	2,373,330
	<u>114,229,844</u>	<u>113,946,495</u>



## 22. CONTINGENT ASSETS AND LIABILITIES

The Shire does not have any contingent assets or contingent liabilities to report as at 30 June 2021. (30 June 2020 Nil).

## 23. CAPITAL COMMITMENTS

### (a) Capital Expenditure Commitments

Contracted for:

	2021	2020
	\$	\$
- capital expenditure projects	0	788,281
- plant & equipment purchases	0	0
	0	788,281

Payable:

- not later than one year	0	788,281
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The capital expenditure project outstanding at the end of the previous reporting period represents the upgrade of the Shire's aquatic facilities.

## 24. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
<b>Elected member - Tony Sachse</b>			
President's allowance	4,773	5,500	5,250
Meeting attendance fees	10,977	10,950	10,500
Annual allowance for ICT expenses	1,750	2,432	1,750
Travel and accommodation expenses	1,174	2,148	1,361
	18,674	21,030	18,861
<b>Elected member - Nick Gillett</b>			
Deputy President's allowance	1,312	1,500	1,312
Meeting attendance fees	3,675	3,675	3,675
Annual allowance for ICT expenses	1,750	2,428	1,750
Travel and accommodation expenses	858	2,142	652
	7,595	9,745	7,389
<b>Elected member - Tanya Gibson</b>			
Meeting attendance fees	3,645	3,675	2,642
Annual allowance for ICT expenses	1,735	2,428	1,258
Travel and accommodation expenses	3,048	2,142	2,847
	8,428	8,245	6,747
<b>Elected member - Leanne Gobbart</b>			
Meeting attendance fees	3,675	3,675	3,675
Annual allowance for ICT expenses	1,750	2,428	1,750
Travel and accommodation expenses	516	2,142	546
	5,941	8,245	5,971
<b>Elected member - Stuart Putt</b>			
Meeting attendance fees	3,675	3,675	3,675
Annual allowance for ICT expenses	1,750	2,428	1,750
Travel and accommodation expenses	416	2,142	572
	5,841	8,245	5,997
<b>Elected member - Ian Sanders</b>			
Meeting attendance fees	3,675	3,675	3,675
Annual allowance for ICT expenses	1,750	2,428	1,750
Travel and accommodation expenses	0	2,142	159
	5,425	8,245	5,584
<b>Elected member - Vacant/Geraghty</b>			
Meeting attendance fees	668	3,675	4,678
Annual allowance for ICT expenses	318	2,428	2,068
Travel and accommodation expenses	0	2,142	2,056
	986	8,245	8,802
	52,890	72,000	59,351
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	4,773	5,500	5,250
Deputy President's allowance	1,312	1,500	1,312
Meeting attendance fees	29,990	33,000	32,520
Annual allowance for ICT expenses	10,803	17,000	12,076
Travel and accommodation expenses	6,012	15,000	8,193
	52,890	72,000	59,351

## 25. RELATED PARTY TRANSACTIONS

### Key Management Personnel (KMP) Compensation Disclosure

	2021 Actual	2020 Actual
The total of remuneration paid to KMP of the Shire during the year are as follows:	\$	\$
Short-term employee benefits	456,309	457,484
Post-employment benefits	57,062	56,123
Other long-term benefits	11,163	52,966
	524,534	566,573

#### *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.

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**25. RELATED PARTY TRANSACTIONS (Continued)**

**Transactions with related parties**

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

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

The following transactions occurred with related parties:

	2021 Actual	2020 Actual
	\$	\$
Purchase of goods and services	10,380	0
Building maintenance contract	416,706	240,057
Lease of the rubbish tip	5,055	5,000
<b>Amounts payable to related parties:</b>		
Trade and other payables	6,094	12,099

**Related Parties**

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

*i. Key management personnel*

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

*ii. Other Related Parties*

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

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

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

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

## 26. INVESTMENT IN ASSOCIATE

The Shire of Mt Marshall has 2 arrangements with the following Shires:-

### NEW Health Group

The Shire of Mt Marshall is part of the NEW Health group which provides health services in the North Eastern Wheatbelt. From 1 July 2017, the Shire of Mt Marshall has managed the income and expenditure for this arrangement.

NEW Health group employs an Environmental Health/Building Surveyor to provide regulatory health and building assessment services to member shires: Wyalkatchem, Trayning, Mukinbudin, Koorda, Nungarin and Mt Marshall.

All associated expenses are attributed to member Shires on the following basis:

Wyalkatchem	18.8%
Trayning	18.8%
Mukinbudin	18.8%
Koorda	18.8%
Nungarin	6.0%
Mt Marshall	18.8%

The Shire of Mt Marshall's share of expenses in relation to this arrangement amounted to \$24,909 in 2020/21 and \$32,498 in 2019/20. This arrangement ceased on 31 December 2020.

### Kununoppin Medical Practice

The Kununoppin Medical Practice employs a General Practitioner to provide medical consultation and accident and emergency services to the member shires: Mount Marshall, Trayning, Mukinbudin and Nungarin. Shire of Mt Marshall's share of expenses in relation to this arrangement amounted to \$27,144 in 2020/21 and \$41,848 in 2019/20. The Shire of Mt Marshall contribute 30% of the total expenses of the Medical Practice.

### **SIGNIFICANT ACCOUNTING POLICIES**

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investments 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.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of the investment, is recognised in profit or loss in the period in which the investment is acquired.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

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27. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Back Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Back Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$
<b>Differential general rate / general rate</b>												
<b>Gross rental valuations</b>												
Residential	0.133328	106	569,520	75,933	4,522	0	80,455	75,933	0	0	75,933	96,867
<b>Unimproved valuations</b>												
Rural	0.018350	311	74,587,587	1,368,682	(3,585)	(23,995)	1,341,102	1,368,682	0	0	1,368,682	1,369,711
Mining	0.018350	1	47,718	876	925	0	1,801	876	0	0	876	1,009
<b>Sub-Total</b>		418	75,204,825	1,445,491	1,862	(23,995)	1,423,358	1,445,491	0	0	1,445,491	1,467,587
<b>Minimum payment</b>												
<b>Gross rental valuations</b>												
Residential	416	38	28,033	15,808	0	0	15,808	15,808	0	0	15,808	17,888
<b>Unimproved valuations</b>												
Rural	416	24	164,160	9,984	0	0	9,984	9,984	0	0	9,984	9,984
Mining	416	11	45,907	4,576	0	0	4,576	4,576	0	0	4,576	3,744
<b>Sub-Total</b>		73	238,100	30,368	0	0	30,368	30,368	0	0	30,368	31,616
		491	75,442,925	1,475,859	1,862	(23,995)	1,453,726	1,475,859	0	0	1,475,859	1,499,203
Discounts/concessions (Note 27(c))							(55,606)				(54,000)	(53,959)
<b>Total amount raised from general rate</b>							1,398,120				1,421,859	1,445,244
Specified Area Rate (Note 27(b))							37,706				35,449	35,412
Ex-gratia rates							16,772				17,200	16,772
<b>Totals</b>							1,452,598				1,474,508	1,497,428

**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.

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27. RATING INFORMATION (Continued)

(b) Specified Area Rate

Specified Area Rate	Basis of Valuation	Rate in \$	2020/21 Rateable Value	2020/21 Rate Revenue	2020/21 Interim Rate Revenue	2020/21 Back Rate Revenue	2020/21 Total Specified Area Rate Revenue	2020/21 Budget Rate Revenue	2020/21 Budget Back Rate Revenue	2020/21 Budget Interim Rate Revenue	2020/21 Total Budget Revenue	2019/20 Total Actual Revenue	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Bencubbin Multipurpose Complex Redevelopment</b>							0						
	GRV	0.005759	482,008	2,776	0	0	2,776	2,776	0	0	2,776	2,776	
	UV	0.000959	36,384,776	34,893	37	0	34,930	32,673	0	0	32,673	32,636	
			36,866,784	37,669	37	0	37,706	35,449	0	0	35,449	35,412	

  

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	2020/21 Actual Rate Applied to Costs	2020/21 Actual Rate Set Aside to Reserve	2020/21 Actual Reserve Applied to Costs	2020/21 Budget Rate Applied to Costs	2020/21 Budget Rate Set Aside to Reserve	2020/21 Budget Reserve Applied to Costs
			\$	\$	\$	\$	\$	\$
<b>Bencubbin Multipurpose Complex Redevelopment</b>	Servicing a loan for the redevelopment of the Bencubbin Multipurpose Complex	The area to which Specified Area Rates apply is identified on a map of the Shire.	37,706	0	0	35,449	0	35,449
			37,706	0	0	35,449	0	35,449



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27. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$	Circumstances in which Discount is Granted
General Rates	5.00%	0	54,098	53,300	53,290	Discount applies if rates, (including arrears, waste and service charges) are paid in full within 21 days of the issue date of the rate notice.
			54,098	53,300	53,290	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$
General Rates	Write off	0.00%	0	1,508	700	669
				1,508	700	669
Total discounts/concessions (Note 27(a))				55,606	54,000	53,959

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
General Rates	Small balances appearing on rates debtor accounts	Write off of small balances on rates debtor accounts	Difficult to recover small balances and administratively expensive

## 27. RATING INFORMATION (Continued)

### (d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	4/09/2020	0.00	0.00%	8.00%
<b>Option Two</b>				
First instalment	4/09/2020	0.00	0.00%	8.00%
Second instalment	4/11/2020	12.00	5.00%	8.00%
Third instalment	4/02/2021	12.00	5.00%	8.00%
Fourth instalment	4/04/2021	12.00	5.00%	8.00%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	10,069	11,600	11,086
Interest on instalment plan	2,469	2,000	2,022
Charges on instalment plan	1,836	1,500	1,548
DFES penalty interest	360	0	319
	14,734	15,100	14,975

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28. RATE SETTING STATEMENT INFORMATION

Note	2020/21	2020/21	2020/21	2019/20
	(30 June 2021 Carried Forward)	Budget (30 June 2021 Carried Forward)	(1 July 2020 Brought Forward)	(30 June 2020 Carried Forward)
	\$	\$	\$	\$
<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	11(a)	(52,369)	0	(14,373)
Less: Movement in liabilities associated with restricted cash		437	747	1,604
Less: Fair value adjustments to financial assets at fair value through profit and loss		(2,586)	0	(1,153)
Movement in pensioner deferred rates (non-current)		(659)	0	(305)
Movement in employee benefit provisions (non-current)		(22,503)	0	14,526
Add: Loss on disposal of assets	11(a)	65,859	2,000	16,933
Add: Depreciation on non-current assets	11(d)	3,093,486	2,826,170	2,834,573
<b>Non cash amounts excluded from operating activities</b>		<b>3,081,665</b>	<b>2,828,917</b>	<b>2,851,805</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 backed	4	(644,246)	(649,508)	(1,458,563)
Less: Financial assets at amortised cost - self supporting loans	5(a)	(9,894)	0	(9,524)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	17(a)	46,458	0	44,720
- Current portion of lease liabilities		10,932	0	10,533
- Employee benefit provisions		100,052	100,362	99,615
<b>Total adjustments to net current assets</b>		<b>(496,698)</b>	<b>(549,146)</b>	<b>(1,313,219)</b>
<b>Net current assets used in the Rate Setting Statement</b>				
Total current assets		3,032,442	1,787,289	3,813,519
Less: Total current liabilities		(813,729)	(1,238,143)	(764,952)
Less: Total adjustments to net current assets		(496,698)	(549,146)	(1,313,219)
<b>Net current assets used in the Rate Setting Statement</b>		<b>1,722,015</b>	<b>0</b>	<b>1,735,348</b>

## 29. 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
<b>Market risk - interest rate</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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

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

### (a) Interest rate risk

#### Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
<b>2021</b>					
Cash and cash equivalents	0.15%	2,627,918	644,246	494,676	1,488,996
<b>2020</b>					
Cash and cash equivalents	0.37%	3,595,948	1,458,563	1,190,799	946,586

#### Sensitivity

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

	2021	2020
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	4,947	11,908

\* 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 17(b).

## 29. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

#### **Trade and Other Receivables**

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2021</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	68,854	29,120	12,349	12,925	123,248
Loss allowance	0	0	0	0	0
<b>30 June 2020</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	90,566	21,114	8,000	5,290	124,970
Loss allowance	0	0	0	0	0

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2021</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	87.69%	
Gross carrying amount	9,725	1,012	380	3,225	14,342
Loss allowance	0	0	0	2,828	2,828
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss	0.05%	0.00%	3.08%	46.85%	
Gross carrying amount	30,167	4,983	2,556	1,542	39,248
Loss allowance	14	0	79	722	815

## 29. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 17(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2021</b>					
Payables	531,812	0	0	531,812	531,812
Borrowings	84,701	338,803	931,708	1,355,212	1,004,811
Contract liabilities	12,199	0	0	12,199	12,199
Other liabilities	5,219	0	0	5,219	5,219
Lease liabilities	12,749	47,647	35,154	95,550	87,021
	<u>646,680</u>	<u>386,450</u>	<u>966,862</u>	<u>1,999,992</u>	<u>1,641,062</u>
<b>2020</b>					
Payables	455,245	0	0	455,245	455,245
Borrowings	84,701	338,803	1,016,409	1,439,913	1,049,531
Contract liabilities	5,129	0	0	5,129	5,129
Lease liabilities	12,545	49,135	46,416	108,096	97,554
	<u>557,620</u>	<u>387,938</u>	<u>1,062,825</u>	<u>2,008,383</u>	<u>1,607,459</u>

### 30. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire does not have any subsequent events after balance sheet date.

### 31. TRUST FUNDS

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

	1 July 2020	Amounts Received	Amounts Paid	30 June 2021
	\$	\$	\$	\$
Housing Bonds	11,800	1,140	(2,920)	10,020
Staff Social Club	2,114	2,719	(3,629)	1,204
Other	10,700	320	(70)	10,950
	24,614	4,179	(6,619)	22,174



# SHIRE OF MT MARSHALL

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

### 32. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

#### c) Rounding off figures

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

#### d) Comparative figures

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

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

#### e) Budget comparative figures

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

#### f) Superannuation

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

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

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

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

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

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

#### h) Fair value hierarchy

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

##### Level 1

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

##### Level 2

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

##### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation techniques

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

##### Market approach

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

##### Income approach

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

##### Cost approach

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

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

#### i) Impairment of assets

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

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

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

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

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

**33. 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></p> <p>To provide a decision making process for the efficient allocation of scarce resources</p>	Administration and operation of facilities and services to members of the Council. Other costs that relate to the tasks of assisting elected members and ratepayers on matters which are not directly related to specific shire services.
<p><b>GENERAL PURPOSE FUNDING</b></p> <p>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></p> <p>To provide services to help ensure a safer community.</p>	Supervision of various by-laws, fire prevention, emergency services and animal control.
<p><b>HEALTH</b></p> <p>To provide an operational framework for good community health.</p>	Food and water quality, pest control, immunisation services, child health services and health education.
<p><b>EDUCATION AND WELFARE</b></p> <p>To meet the needs of the community in these areas.</p>	Management and support for families, children, youth and the aged within the community by providing Youth, Aged and Family Centres, Home and Community Aged Care Programs and assistance to schools.
<p><b>HOUSING</b></p> <p>To help ensure adequate housing.</p>	Provision of residential housing for council staff. Provision of housing for aged persons, low income families, government and semi government employees.
<p><b>COMMUNITY AMENITIES</b></p> <p>Provide services required by the community.</p>	Rubbish collection services and disposal of waste, stormwater drainage, protection of the environment, town planning and regional development and other community amenities (cemeteries and public toilets).
<p><b>RECREATION AND CULTURE</b></p> <p>To establish and manage efficiently infrastructure and resources which will help the social wellbeing of the community.</p>	Public halls, recreation and aquatic centres, parks and reserves, libraries, heritage and culture.
<p><b>TRANSPORT</b></p> <p>To provide effective and efficient transport services to the community.</p>	Construction and maintenance of roads, footpaths, bridges, street cleaning and lighting, road verges, streetscaping and depot maintenance.
<p><b>ECONOMIC SERVICES</b></p> <p>To help promote the Municipality and improve its economic wellbeing.</p>	The regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control and standpipes.
<p><b>OTHER PROPERTY AND SERVICES</b></p> <p>To monitor and control the Shire's overhead operating accounts.</p>	Private works, public works overheads, plant and equipment operations, town planning schemes and activities not reported in the above programs.

### 34. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	3.45	3.61	2.39
Asset consumption ratio	0.57	0.58	0.60
Asset renewal funding ratio	N/A *	N/A *	N/A *
Asset sustainability ratio	1.15	0.97	1.04
Debt service cover ratio	17.02	20.07	9.71
Operating surplus ratio	(0.62)	(0.41)	(0.53)
Own source revenue coverage ratio	0.36	0.38	0.37

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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

\* The Shire is unable to calculate the Asset Renewal Funding Ratio at this time as the information is unavailable.



# Auditor General

## INDEPENDENT AUDITOR'S REPORT 2021 Shire of Mt Marshall

To the Councillors of the Shire of Mt Marshall

### Report on the audit of the annual financial report

#### Opinion

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

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

In my opinion the financial report of the Shire of Mt Marshall:

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

#### Basis for opinion

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

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

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

In preparing the financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

### **Auditor's responsibility for the audit of the financial report**

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

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

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

### **Report on other legal and regulatory requirements**

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
  - a) The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries' standard for the past 3 years.
- (ii) The following material matter(s) indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
  - a) The Shire has not reported the Asset Renewal Funding Ratio for 2021, 2020 and 2019 in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996 as the information required by management on planned capital renewals and required capital expenditure is unavailable.
- (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 included in the financial report was supported by verifiable information and reasonable assumptions.

### **Other matter**

The financial ratios for 2019 in Note 34 of the financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2019. The auditor expressed an unmodified opinion on the financial report for that year.

## **Other information**

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

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

## **Matters relating to the electronic publication of the audited financial report**

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

Grant Robinson  
Assistant Auditor General Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
November 2021

## SHIRE OF MT MARSHALL

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
<b>Finding from prior year audits</b>			
1. Asset Renewal Funding Ratio	✓		

**KEY TO RATINGS**

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating may be reported as a matter of non-compliance in the audit report in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

## SHIRE OF MT MARSHALL

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 1. Asset Renewal Funding Ratio

**Finding**

The Shire has not reported the Asset Renewal Funding Ratio (ARFR) for 2021, 2020 and 2019 in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulation 1996, as the Asset Management Plan (AMP) has not been updated since 2013. The latest Long-Term Financial Plan (LTFP) adopted in 2017 does not have the planned capital renewals for the next 10 years for the calculation of the 2019, 2020 and 2021 Asset Renewal Funding Ratio.

A similar finding was raised in the 2019-20 financial year and the following management comment was received:

**2019-20 Management Comment**

*The Shire has reported the ARFR in the annual financial reports for 2018 and 2019 those reports being previously accepted by the Audit Team at Moore Stephens. They were also prepared and provided in an original management report for 2020 showing a moderate rating. This rating was challenged (as the AMP is not a document required by current legislation) and subsequently the AG department has determined; we are now unable to calculate the ratios based upon old documentation, they require the removal of all previously calculated ARFR's and they now assess this finding as significant.*

*It is (and has always been) accepted that an AMP is an important document and the process of preparing a new one is already underway. A new SCP was adopted by council recently, upon which new CBP, AMP and LTFP will be based.*

*Whilst it is acknowledged that a new AMP and LTFP are required, it is not accepted that the finding relating to the ARFR should be rated significant given, as previously stated, that an AMP is not a legislated document. Additionally, it is important to stress the absence of an ARFR does not in any way adversely affect the Shire's financial operations nor its day-to-day functions.*

**Responsible Person:** John Nuttall  
**Completion Date:** 17 February 2021

**Rating: Significant (2020: Significant)****Implication**

Non-compliance with regulation 50(1)(c) of the Local Government (Financial Management) Regulations 1996 as the Shire did not report the ARFR in its annual financial report.

**Recommendation**

We recommend that, for future years, the asset renewal funding ratio be calculated based on verifiable information and reasonable assumptions, and included in the financial report. Both plans should also be reviewed regularly to ensure that they remain relevant to the Shire's operational needs and for the calculation of the ARFR ratio every year.

**Management Comment**

*Comments from 17 February 2021 are repeated.*



**SHIRE OF MT MARSHALL**

**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021**

**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

*By way of update work has already started (utilising 'Asset Infrastructure Management') on the AMP. Additionally we are awaiting information as to when our chosen contractor can start work on the LTFP.*

**Responsible Person: John Nuttall**

**Completion Date: 30.06.22**

DRAFT