



# Annual Report 2014/15

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# Contents

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	Page
General Information	1
Shire History	2
The Council	3
President's Report	5
Chief Executive Officer's Report	7
Annual Financial Report	8
Auditor's Report	64
Notice of Meeting – Annual General Meeting of Electors	66
Minutes of Annual General Meeting of Electors	67
Freedom of Information Statement	71
National Competition Policy	72
Disability Access & Inclusion Plan	73
Record Keeping Plan	74
Employee Remuneration	75

# General Information

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## Administration Office

Office Hours: Monday – Friday, 9:00am – 4:00pm

### Street Address

80 Monger St  
BENCUBBIN WA 6477

### Postal Address

PO Box 20  
BENCUBBIN WA 6477

Tel: 08 9685 1202

Fax: 08 9685 1299

Email: [admin@mtmarshall.wa.gov.au](mailto:admin@mtmarshall.wa.gov.au)  
Website: [www.mtmarshall.wa.gov.au](http://www.mtmarshall.wa.gov.au)  
Facebook: [www.facebook.com/ShireMtMarshall](https://www.facebook.com/ShireMtMarshall)  
Twitter: <https://twitter.com/MtMarshallShire>

## Localities

Bencubbin, Beacon, Cleary, Gabbin, Welbungin and Wialki.

## Economy

The economic activity of the Shire is dominated by agriculture, including the growing of wheat, lupins, barley, peas, oats, canola and the breeding of sheep, pigs and cattle.

Local industries include retail, shearing, grain cleaning and servicing of farm machinery.

## Significant Local Events

- Australia Day Community Breakfast and Shire Citizen of the Year presentation, held at the aquatic centre in Bencubbin;
- Australia Day Community BBQ held in Beacon;
- Mt Marshall & Districts Agricultural Show held annually in March.
- WAORRA Off Road Rally held annually on the June long weekend.

## Tourist Attractions

Marshall Rock; Pergandes Granite Sheep Yards; Datjoin Well; Billiburning Rock; Wildflower season (August – September); Heritage Walk Trail (Bencubbin), Sandalwood Interpretation Centre (Bencubbin).

## Statistics (2013/14)

Distance from Perth (km)	273
Area (sq km)	10,134
Length of Sealed Roads (km)	307
Length of Unsealed Roads (km)	1,440
Population	486
Number of Electors	389
Number of Dwellings	357
Total Rates Levied (\$)	1,169,610
Total Revenue (\$)	5,317,089
Number of Employees (FTE)	23

# Shire History

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## **The Sandalwood Shire**

In September and November 1836 the Surveyor General Captain John Septimus Roe led a forty-day expedition out to the unknown east of the settled districts of the Avon Valley. Mt Marshall and Lake McDermott were named after Captain Marshall McDermott, an early settler to the Swan River Colony. Captain Roe was loathe to give any native names as he considered them unpronounceable and impossible to spell.

In 1889 Surveyor HS King fixed Trigg Station at Mt Marshall. When the Wyalkatchem-Mt Marshall Railway Line was built, the siding was not named as there was already a Mt Marshall in Tasmania.

Sandalwooders and graziers were the early settlers in the Mt Marshall area. The first grazing lease was taken up in 1868. Sandalwood was removed from this area from the 1880's through to the 1920's. Permanent settlement and the development and clearing of the land for farms commenced around 1910.

The Mt Marshall Roads Board was formed in 1923.



# The Council

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The Shire of Mt Marshall Council has an elected body of seven Councillors. The Council: govern the affairs of the shire; is responsible for the performance of the shire's functions; oversee the allocation of the shire's finances and resources; and determine the shire's policies.

Council is committed to providing open and accountable government that meets the needs of the community and protects and improves the shire's assets and resources.

The Chief Executive Officer has the responsibility for ensuring all decisions of Council comply with the Local Government Act, other relevant legislation and local laws. The Chief Executive Officer and staff undertake the tasks necessary to implement the decisions of the Council.

## Elections

Elections for Councillors are conducted in October every second year with the term of office being four years. Approximately one half of Council's membership vacates each election. The next election is to be held in October 2015.

The President is elected by the members following each Local Government election, for a two year term.

## President

Cr Robert Breakell

## Deputy President

Cr Ian Sanders

## Elected Members

Name	Contact	Years of Service	Term Expires
Cr John BEAGLEY	T: 08 9685 1247 <a href="mailto:john.beagley@mtmarshall.wa.gov.au">john.beagley@mtmarshall.wa.gov.au</a>	5	2017
Cr Robert BREAKELL	T: 08 9685 1315 <a href="mailto:robert.breakell@mtmarshall.wa.gov.au">robert.breakell@mtmarshall.wa.gov.au</a>	8	2015
Cr Andrew DUNNE	T: 08 9686 1095 <a href="mailto:andrew.dunne@mtmarshall.wa.gov.au">andrew.dunne@mtmarshall.wa.gov.au</a>	2	2017
Cr Paul GILLETT	T: 08 9686 2055 <a href="mailto:paul.gillett@mtmarshall.wa.gov.au">paul.gillett@mtmarshall.wa.gov.au</a>	12	2017
Cr Des MIGUEL	T: 08 9048 6010 <a href="mailto:desmiguel@westnet.com.au">desmiguel@westnet.com.au</a>	8	2015
Cr Jeff MUNNS	T: 08 9048 6050 <a href="mailto:jeff.munns@mtmarshall.wa.gov.au">jeff.munns@mtmarshall.wa.gov.au</a>	2	2017
Cr Ian SANDERS	T: 08 9685 1213 <a href="mailto:ian.sanders@mtmarshall.wa.gov.au">ian.sanders@mtmarshall.wa.gov.au</a>	4	2015

## **Wards**

The Shire of Mt Marshall does not operate a ward structure ensuring all Councillors represent the whole of the shire instead of any particular ward which is considered outdated in modern local government environment.

## **Council Meetings**

Ordinary meetings of Council are held on the third Tuesday of every month except January, and these meetings are open to the public. Meetings commence at the advertised times (generally 3:00pm) with a period of 15 minutes at the start of the meeting being set aside as public question time as required by the Local Government Act 1995.

## **Electors' General Meeting**

An Electors' General Meeting is held each financial year typically in February with notification being provided in the local newspapers, shire notice boards and libraries.

## **Committees**

The Shire of Mt Marshall has two standing committees: The Mt Marshall Audit Committee as required by the Local Government Act; and the Local Emergency Management Committee as required by the Emergency Management Act.

The Council has formally resolved to establish the following committees and working groups: Natural Resource Management Committee; Mt Marshall Safety Committee; Bush Fire Advisory Committee; The Gimlet Newspaper Committee; Beacon Bulletin Committee; History Working Group; Beacon Lifestyle Retirement Units Working Group; and Junior Council.

## **Representation on External Organisations**

There are a number of external organisations on which the shire is represented including: Great Eastern Zone of WALGA; North Eastern Wheatbelt Organisation of Councils (NEWROC); North Eastern Wheatbelt Health Group Scheme; Wheatbelt North East Sub Regional Road Group; Rural Water Council; Kununoppin Medical Practice; Kununoppin Local Health Advisory Group; and Mt Marshall Land Conservation District Committee.

# President's Report

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In the reporting year 2014/2015 the Shire of Mt Marshall continues to provide excellent governance to the community.

A priority for Council this financial year has been the recruitment of a quality CEO that could stabilise and correct some concerning financial ratios highlighted by our auditor's mainly as a result of spending capital on non-shire assets.



The Shire has been very fortunate to have secured Mr Dirk Sellenger, a very experienced and proven performer in local government, in what is an extremely competitive market. Dirk immediately set about rectifying many long overdue staff structural issues in both the administration and works department. Most notably his appointment of a quality works supervisor in Allan Monson. I would like to commend Allan and his team, which have made considerable and immediate improvements to the works areas of the Shire and a large number of capital and maintenance projects have been completed in the past financial year under Allan's management totalling \$1,460,897.00.

Council has a number of exciting new initiatives continuing in the coming financial year including the construction of the 12 bedroom, 12 bathroom Workers Camp with large industrial kitchen complete with a corporate client willing to commit to almost \$400k of rental income to the Shire within the first 12 months of operating. Little Bees Day-care is another exciting initiative and I am confident that under the management of Dirk and his team this will prove to be another successful project to provide much needed and overdue day-care within our Shire and region.

The securing of \$1 million dollar grant from the highly competitive National Stronger Regions Fund has been another huge effort for Dirk and his team. This funding is for the much needed redevelopment of the Bencubbin Recreation Complex to improve the aging and vital Shire facility which has serviced the Mt Marshall community so well for the past 30 years. This project is a result of many years of hard work and much planning.

This year has also seen the end of the long ongoing issue of local government reform. However, I hope that in the upcoming years it will be revisited by the State Government as I believe it's necessary in a region such as ours due to populations declining and where finding people with the necessary skills to run our shires is becoming increasingly difficult.

I would like to take this opportunity to acknowledge the contributions made by the Councillors, particularly Deputy President, Ian Sanders who puts in a high volume of work largely behind the scenes. Thanks again to all the Staff and community volunteers for their contribution to the well-being of our Shire.

Cr Robert Breakell  
President  
2014/2015

# CEO's Report

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The 2014/2015 year saw some very challenging times for the Shire of Mt Marshall.

During the year we experienced a very low turnover of staff including senior and middle management. This has been essential to get some much needed continuity and stability back into the workforce which has experienced some of the highest turnovers in the state within the local government industry of staff at an upper Management / CEO level. Whilst some long term employees moved on to new positions within the Shire, others moved on for personal endeavours.



The challenge faced by all staff at the shire was further exacerbated by some budgetary restrictions and cutbacks required throughout the year.

As with the 2013/2014 year, we have had to dedicate a large amount of staff time to legislative requirements of compliance and integrated planning. While a lot of the criteria is making sure boxes are checked and transparency is obvious, these demands have created continued extra burdens on administrative operations.

The shire has always placed a large emphasis on road works and 2014/2015 was no different in this regard, while 2015/2016 will see the shire embark on an ambitious sealing and re-sealing programme. The forecasted works will take place concurrently with our already busy construction works and maintenance programme.

Sport and recreation remains an important element in our small communities with some of our various sporting clubs within the Shire experiencing long sought success in 2014/2015. The Shire looks forward to continuing to work closely with our clubs and community groups in 2015/2016 with the proposed implementation of a master sport and recreation plan across the district.

In conclusion I would like to thank Council for their support and direction, particularly our President, Cr Robert Breakell. Thanks also goes to all the administrative staff, the construction, maintenance and town staff for their dedication and hard work over the past twelve months. This commitment ensures the delivery of the shire's activities and services in an effective manner.

Dirk Sellenger  
Chief Executive Officer



## SHIRE OF MT MARSHALL

### FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2015

#### TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9
Independent Audit Report	56
Supplementary Ratio Information	58

Principal place of business:

80 Monger St  
Bencubbin WA 6477

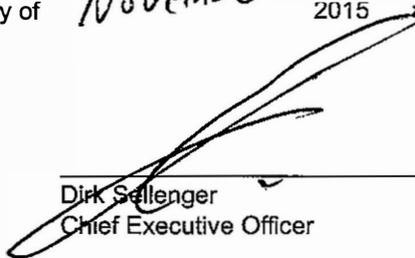
**SHIRE OF MT MARSHALL  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2015 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the *26<sup>th</sup>* day of *November* 2015

  
\_\_\_\_\_  
Dirk Sellenger  
Chief Executive Officer

**SHIRE OF MT MARSHALL**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Revenue</b>				
Rates	22	1,198,101	1,125,761	1,095,451
Operating grants, subsidies and contributions	28	3,546,880	2,384,326	1,178,424
Fees and charges	27	318,211	246,800	278,892
Interest earnings	2(a)	89,825	105,724	125,837
Other revenue	2(a)	147,414	195,230	119,305
		<u>5,300,431</u>	<u>4,057,841</u>	<u>2,797,909</u>
<b>Expenses</b>				
Employee costs		(1,283,414)	(1,342,811)	(1,180,600)
Materials and contracts		(1,412,786)	(1,319,052)	(1,355,944)
Utility charges		(172,508)	(164,382)	(185,384)
Depreciation on non-current assets	2(a)	(2,834,160)	(2,623,182)	(2,529,417)
Interest expenses	2(a)	(23,673)	(25,346)	(30,986)
Insurance expenses		(199,843)	(130,475)	(136,077)
Other expenditure		(116,276)	(117,538)	(43,428)
		<u>(6,042,660)</u>	<u>(5,722,786)</u>	<u>(5,461,836)</u>
		(742,229)	(1,664,945)	(2,663,927)
Non-operating grants, subsidies and contributions	28	1,101,230	1,228,757	2,514,244
Profit on asset disposals	20	20,118	21,934	1,221
Loss on asset disposals	20	(6,499)	(17,819)	(132,477)
<b>Net result</b>		<b>372,620</b>	<b>(432,073)</b>	<b>(280,939)</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets	12	22,592,410	0	5,462,076
<b>Total other comprehensive income</b>		<u><b>22,592,410</b></u>	<u><b>0</b></u>	<u><b>5,462,076</b></u>
<b>Total comprehensive income</b>		<u><u><b>22,965,030</b></u></u>	<u><u><b>(432,073)</b></u></u>	<u><u><b>5,181,137</b></u></u>

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 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Revenue</b>	2(a)			
Governance		9,088	41,618	12,002
General purpose funding		4,654,357	3,463,621	2,313,802
Law, order, public safety		26,493	22,300	24,365
Education and welfare		107,775	52,600	52,557
Housing		109,050	86,000	100,110
Community amenities		119,997	63,910	91,626
Recreation and culture		51,763	17,090	21,314
Transport		12,997	67,000	18,385
Economic services		90,130	164,853	70,966
Other property and services		118,781	78,849	92,782
		<u>5,300,431</u>	<u>4,057,841</u>	<u>2,797,909</u>
<b>Expenses</b>	2(a)			
Governance		(466,819)	(423,743)	(368,630)
General purpose funding		(88,473)	(86,423)	(82,413)
Law, order, public safety		(56,400)	(55,330)	(44,460)
Health		(137,274)	(134,700)	(102,748)
Education and welfare		(191,399)	(176,797)	(173,656)
Housing		(130,235)	(84,104)	(160,667)
Community amenities		(289,168)	(326,060)	(291,651)
Recreation and culture		(1,148,730)	(738,875)	(802,774)
Transport		(3,142,087)	(3,311,949)	(3,135,360)
Economic services		(259,089)	(295,402)	(211,956)
Other property and services		(109,313)	(64,057)	(56,535)
		<u>(6,018,987)</u>	<u>(5,697,440)</u>	<u>(5,430,850)</u>
<b>Finance costs</b>	2(a)			
General purpose funding		(2,448)	(942)	(2,941)
Housing		(18,760)	(18,938)	(24,282)
Economic services		(2,465)	(5,466)	(3,763)
		<u>(23,673)</u>	<u>(25,346)</u>	<u>(30,986)</u>
<b>Non-operating grants, subsidies and contributions</b>				
General purpose funding		14,675	0	1,159,583
Law, order, public safety		0	0	3,750
Recreation and culture		0	0	145,585
Transport		1,086,555	1,228,757	1,205,326
	28	<u>1,101,230</u>	<u>1,228,757</u>	<u>2,514,244</u>
<b>Profit/(Loss) on disposal of assets</b>				
Governance		(3,043)	(2,214)	(5,383)
Community amenities		0	0	(158)
Recreation and culture		0	0	(24,728)
Transport		16,662	6,329	(9,685)
Economic services		0	0	(91,302)
	20	<u>13,619</u>	<u>4,115</u>	<u>(131,256)</u>
<b>Net result</b>		<u>372,620</u>	<u>(432,073)</u>	<u>(280,939)</u>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets	12	22,592,410	0	5,462,076
<b>Total other comprehensive income</b>		<u>22,592,410</u>	<u>0</u>	<u>5,462,076</u>
<b>Total comprehensive income</b>		<u>22,965,030</u>	<u>(432,073)</u>	<u>5,181,137</u>

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

**SHIRE OF MT MARSHALL  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	4,089,239	2,446,769
Trade and other receivables	4	238,409	326,592
Inventories	5	<u>10,749</u>	<u>12,006</u>
<b>TOTAL CURRENT ASSETS</b>		<u>4,338,397</u>	<u>2,785,367</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	29,831	39,614
Property, plant and equipment	6	13,850,344	14,165,795
Infrastructure	7	<u>91,148,156</u>	<u>69,499,765</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>105,028,331</u>	<u>83,705,174</u>
<b>TOTAL ASSETS</b>		<u>109,366,728</u>	<u>86,490,541</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	399,201	384,684
Current portion of long term borrowings	9	113,145	122,742
Provisions	10	<u>257,074</u>	<u>234,721</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>769,420</u>	<u>742,147</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	9	208,542	321,688
Provisions	10	<u>11,040</u>	<u>14,010</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>219,582</u>	<u>335,698</u>
<b>TOTAL LIABILITIES</b>		<u>989,002</u>	<u>1,077,845</u>
<b>NET ASSETS</b>		<u>108,377,726</u>	<u>85,412,696</u>
<b>EQUITY</b>			
Retained surplus		78,226,221	78,160,620
Reserves - Cash Backed	11	2,097,019	1,790,000
Revaluation surplus	12	<u>28,054,486</u>	<u>5,462,076</u>
<b>TOTAL EQUITY</b>		<u>108,377,726</u>	<u>85,412,696</u>

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 30TH JUNE 2015**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2013</b>		<b>78,670,146</b>	<b>1,561,413</b>	<b>0</b>	<b>80,231,559</b>
Comprehensive income					
Net result		(280,939)	0	0	(280,939)
Changes on revaluation of non-current assets	12	<u>0</u>	<u>0</u>	<u>5,462,076</u>	<u>5,462,076</u>
Total comprehensive income		(280,939)	0	5,462,076	5,181,137
Transfers from/(to) reserves		(228,587)	228,587	0	0
		<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Balance as at 30 June 2014</b>		<b>78,160,620</b>	<b>1,790,000</b>	<b>5,462,076</b>	<b>85,412,696</b>
Comprehensive income					
Net result		372,620	0	0	372,620
Changes on revaluation of non-current assets	12	<u>0</u>	<u>0</u>	<u>22,592,410</u>	<u>22,592,410</u>
Total comprehensive income		372,620	0	22,592,410	22,965,030
Transfers from/(to) reserves		(307,019)	307,019	0	0
		<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Balance as at 30 June 2015</b>		<b><u>78,226,221</u></b>	<b><u>2,097,019</u></b>	<b><u>28,054,486</u></b>	<b><u>108,377,726</u></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 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,194,747	1,125,761	1,111,120
Operating grants, subsidies and contributions		3,619,343	2,429,413	1,183,656
Fees and charges		318,211	246,800	243,033
Interest earnings		89,825	105,724	125,837
Goods and services tax		19,595	292,300	362,590
Other revenue		147,414	195,230	102,363
		<u>5,389,135</u>	<u>4,395,228</u>	<u>3,128,599</u>
<b>Payments</b>				
Employee costs		(1,261,733)	(1,342,811)	(1,163,195)
Materials and contracts		(1,397,637)	(1,317,949)	(1,750,352)
Utility charges		(172,508)	(164,382)	(185,384)
Interest expenses		(25,346)	(25,346)	(32,684)
Insurance expenses		(199,843)	(130,475)	(136,077)
Goods and services tax		0	(292,300)	(330,882)
Other expenditure		(116,276)	(117,538)	(43,428)
		<u>(3,173,343)</u>	<u>(3,390,801)</u>	<u>(3,642,002)</u>
<b>Net cash provided by (used in) operating activities</b>	13(b)	<u>2,215,792</u>	<u>1,004,427</u>	<u>(513,403)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	6(b)	(354,152)	(498,403)	(2,364,411)
Payments for construction of infrastructure	7(b)	(1,348,954)	(1,796,100)	(1,526,195)
Non-operating grants, Subsidies and contributions		1,101,230	1,228,757	2,514,244
Proceeds from sale of fixed assets	20	142,034	129,318	157,327
<b>Net cash provided by (used in) investment activities</b>		<u>(459,842)</u>	<u>(936,428)</u>	<u>(1,219,035)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(122,742)	(122,740)	(115,404)
Proceeds from self supporting loans		9,262	9,260	8,769
<b>Net cash provided by (used in) financing activities</b>		<u>(113,480)</u>	<u>(113,480)</u>	<u>(106,635)</u>
<b>Net increase (decrease) in cash held</b>		1,642,470	(45,481)	(1,839,073)
Cash at beginning of year		2,446,769	2,446,769	4,285,842
<b>Cash and cash equivalents at the end of the year</b>	13(a)	<u><u>4,089,239</u></u>	<u><u>2,401,288</u></u>	<u><u>2,446,769</u></u>

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

**SHIRE OF MT MARSHALL  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
<b>Revenue</b>				
Governance		12,018	46,770	12,002
General purpose funding		3,492,017	2,337,860	2,385,611
Law, order, public safety		26,493	22,300	28,115
Education and welfare		107,775	52,600	52,557
Housing		109,050	86,000	100,110
Community amenities		119,997	63,910	91,626
Recreation and culture		51,763	17,090	166,899
Transport		1,116,740	1,312,539	1,224,932
Economic services		90,130	164,853	70,966
Other property and services		118,780	79,191	92,782
		<u>5,244,763</u>	<u>4,183,113</u>	<u>4,225,600</u>
<b>Expenses</b>				
Governance		(472,792)	(431,109)	(374,013)
General purpose funding		(90,921)	(87,365)	(85,355)
Law, order, public safety		(56,400)	(55,330)	(44,460)
Health		(137,274)	(134,700)	(102,748)
Education and welfare		(191,399)	(176,797)	(173,655)
Housing		(148,995)	(103,042)	(184,949)
Community amenities		(289,168)	(326,060)	(291,809)
Recreation and culture		(1,148,730)	(738,875)	(827,502)
Transport		(3,142,613)	(3,322,402)	(3,146,266)
Economic services		(261,554)	(300,868)	(307,021)
Other property and services		(109,312)	(64,399)	(56,535)
		<u>(6,049,158)</u>	<u>(5,740,947)</u>	<u>(5,594,313)</u>
<b>Net result excluding rates</b>		(804,395)	(1,557,834)	(1,368,713)
<b>Adjustments for cash budget requirements:</b>				
<b>Non-cash expenditure and revenue</b>				
(Profit)/Loss on asset disposals	20	(13,619)	(4,115)	131,256
Movement in employee benefit provisions (non-current)		(2,970)	0	(9,333)
Movement in employee benefit reserve (Added Back)		(22,485)	0	3,886
Depreciation and amortisation on assets	2(a)	2,834,160	2,623,182	2,529,417
<b>Capital Expenditure and Revenue</b>				
Purchase of land and buildings	6(b)	(111,943)	(100,000)	(1,762,730)
Purchase furniture & equipment		0	(20,000)	0
Purchase motor vehicles	6(b)	(193,773)	0	0
Purchase plant & equipment	6(b)	(17,740)	(378,403)	(584,681)
Purchase work in progress	6(b)	(30,696)	0	(17,000)
Purchase roads	7(b)	(1,296,286)	(1,419,869)	(1,518,592)
Purchase footpaths	7(b)	(39,942)	0	(4,910)
Purchase other infrastructure	7(b)	(12,726)	(376,231)	(2,693)
Proceeds from disposal of fixed assets	20	142,034	129,318	157,327
Repayment of debentures	21(a)	(122,742)	(122,740)	(115,404)
Proceeds from self supporting loans		9,262	9,260	8,769
Transfers to reserves (restricted assets)	11	(411,701)	(649,024)	(420,787)
Transfers from reserves (restricted assets)	11	104,682	60,000	192,200
ADD Estimated surplus/(deficit) July 1 b/fwd	22(b)	477,345	702,961	2,171,559
LESS Estimated surplus/(deficit) June 30 c/fwd	22(b)	1,663,480	22,266	477,345
<b>Total amount raised from general rate</b>	22(a)	<u>(1,177,015)</u>	<u>(1,125,761)</u>	<u>(1,087,774)</u>

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

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) 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), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**Critical accounting estimates**

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

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

**The local government reporting entity**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19 to these financial statements.

**(b) 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.

**(c) 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 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.

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) 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.

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.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

**(e) Inventories**

**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.

**Land held for sale**

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

**(f) Fixed Assets**

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

**Mandatory requirement to revalue non-current assets**

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
- (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
  - (i) that are plant and equipment; and
  - (ii) that are -
    - (I) land and buildings; or-
    - (II) Infrastructure;

and

- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Land under control***

In accordance with Local Government (Financial Management) Regulation 16(a), the Shire was required to include as an asset (by 30 June 2013), 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 in accordance with the other policies detailed in this Note.

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

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

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 no cost or for nominal consideration, 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 acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

***Revaluation***

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 asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

***Land under roads***

In Western Australia, all 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 fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits 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 is not included as an asset of the Shire.

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Depreciation***

The depreciable amount of all fixed assets including buildings but excluding freehold 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.

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) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

Buildings	20 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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.

***Capitalisation threshold***

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fair Value of Assets and Liabilities**

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

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.

***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.

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fair Value of Assets and Liabilities (Continued)**

**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 an asset at its current service capacity.

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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

**(h) Financial Instruments**

***Initial recognition and measurement***

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

***Classification and subsequent measurement***

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Classification and subsequent measurement (continued)***

*(i) Financial assets at fair value through profit and loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in non-current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

*(v) Financial liabilities*

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

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Impairment***

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

***Derecognition***

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

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.

**(i) Impairment of Assets**

In accordance with Australian Accounting Standards the Shire's 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 assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

**(j) 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.

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Employee Benefits**

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. 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.

**(l) 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.

**(m) 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.

**(n) Leases**

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

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

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) Investment in Associates**

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 investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

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 investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

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.

**(p) Interests in Joint Arrangements**

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

**(q) Rates, Grants, Donations and Other Contributions**

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

**(r) 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.

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(s) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

**(t) Rounding Off Figures**

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

**(u) 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 statement, 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.

**(v) 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.

**SHIRE OF MT MARSHALL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Shire.

Management's assessment of the new and amended pronouncements that are relevant to the Shire, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)  [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	September 2012	1 January 2018	Nil - The revisions embodied in this Standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Shire (refer (i) above).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.

**SHIRE OF MT MARSHALL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(iv)	AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments  [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.  As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Shire.
(v)	AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations  [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.  Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.
(vi)	AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation  [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.  Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.

**SHIRE OF MT MARSHALL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101  [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures.</p>
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	<p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn.</p> <p>It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.</p>

**SHIRE OF MT MARSHALL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities  [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.  The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**(x) Adoption of New and Revised 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 new and revised Standards were:

- AASB 2011-7
- AASB 2012-3
- AASB 2013-3
- AASB 2013-8
- AASB 2013-9 Parts A & B

Most of the Standards adopted had a minimal effect on the accounting and reporting practices of the Shire as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.



**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(b) Statement of Objective**

In order to discharge its responsibilities to the community, the Shire has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

**COMMUNITY VISION**

The Shire of Mt Marshall is an active, safe and vibrant community that works together with honesty and is respectful of the values of all. We are committed to a progressive, diverse and profitable community that supports healthy lifestyles sustained by positive social values and engaged youth. Our natural assets are valued, protected and enhanced for future generations.

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

**GOVERNANCE**

**Objective:** To provide a decision making process for the efficient allocation of scarce resources.

**Activities:**

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.

**GENERAL PURPOSE FUNDING**

**Objective:** To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:** To provide services to help ensure a safer community.

**Activities:**

Supervision of various by-laws, fire prevention, emergency services and animal control.

**HEALTH**

**Objective:** To provide an operational framework for good community health.

**Activities:**

Food and water quality, pest control, immunisation services, child health services and health education.

**EDUCATION AND WELFARE**

**Objective:** To meet the needs of the community in these areas.

**Activities:**

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.

**HOUSING**

**Objective:** To help ensure adequate housing.

**Activities:**

Provision of residential housing for council staff. Provision of housing for aged persons, low income families, government and semi government employees.

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(b) Statement of Objective (Continued)**

**COMMUNITY AMENITIES**

**Objective:** Provide services required by the community.

**Activities:**

Rubbish collection services and disposal of waste, stormwater drainage, protection of environment, town planning & regional development and other community amenities (cemeteries and public toilets).

**RECREATION AND CULTURE**

**Objective:** To establish and manage efficiently infrastructure and resources which will help the social wellbeing of the community.

**Activities:**

Public halls, recreation and aquatic centres, parks and reserves, libraries, heritage and culture.

**TRANSPORT**

**Objective:** To provide effective and efficient transport services to the community.

**Activities:**

Construction and maintenance of roads, footpaths, bridges; street cleaning and lighting, road verges, streetscaping and depot maintenance.

**ECONOMIC SERVICES**

**Objective:** To help promote the Municipality and improve its economic wellbeing.

**Activities:**

The regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control and standpipes.

**OTHER PROPERTY AND SERVICES**

**Activities:**

Private works, public works overheads, plant and equipment operations, town planning schemes and activities not reported in the above programs.

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(c) Conditions Over Grants/Contributions**

Grant/Contribution	Function/ Activity	Opening Balance <sup>(1)</sup> 1/07/13 \$	Received <sup>(2)</sup> 2013/14 \$	Expended <sup>(3)</sup> 2013/14 \$	Closing Balance <sup>(1)</sup> 30/06/14 \$	Received <sup>(2)</sup> 2014/15 \$	Expended <sup>(3)</sup> 2014/15 \$	Closing Balance 30/06/15 \$
Royalties CLGF Funding - Local 11/12 - Upgrade Shire Office	General Purpose Funding	178,088	0	(178,088)	0	0	0	0
Royalties CLGF Funding - Local 11/12 - Bencubbin Bowling Green	General Purpose Funding	231,910	0	(231,910)	0	0	0	0
Dept of Regional Development & Lands - Workforce Planning Grant	Governance	5,675	0	(5,675)	0	0	0	0
Dept of Agriculture & Food - Dry Season Assistance Grant	Governance	10,000	0	(10,000)	0	0	0	0
Royalties CLGF Funding - Local 12/13 - Beacon Bowling Green	General Purpose Funding	0	381,059	(71,228)	<b>309,831</b>	0	(309,831)	0
State NRM Grant - Biodiversity Project	Community Amenities	0	25,000	(10,625)	<b>14,375</b>	0	(14,375)	0
CBH Contribution - Bushfire Brigades	Governance	0	3,750	0	<b>3,750</b>	0	(3,750)	0
Department of Water Water Collection Projects	Community Amenities	0	0	0	0	53,825	0	<b>53,825</b>
Department of Regional Development Aged Friendly Communities Grant	Education and Welfare	0	0	0	0	40,000	0	<b>40,000</b>
Federal Government - Roads to Recovery Funding	Transport	0	0	0	0	396,516	(331,306)	<b>65,210</b>
<b>Total</b>		<b>425,673</b>	<b>409,809</b>	<b>(507,526)</b>	<b>327,956</b>	<b>490,341</b>	<b>(659,262)</b>	<b>159,035</b>

**Notes:**

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.  
(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.  
(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	Note	2015 \$	2014 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		1,833,185	328,813
Restricted		<u>2,256,054</u>	<u>2,117,956</u>
		<u>4,089,239</u>	<u>2,446,769</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	11	88,157	110,645
Plant Replacement Reserve	11	321,880	253,971
Aged Care Units Reserve	11	64,386	62,441
Community Housing Reserve	11	37,001	35,887
Council Staff Housing Reserve	11	31,158	88404
Public Amentities & Bldgs Reserve	11	621,407	602,641
Bencubbin Aquatic Centre Development Reserve	11	641,045	344,356
Community Bus Reserve	11	108,974	95,986
Bencubbin Recreation Complex Reserve	11	7,537	25,496
Office Equipment Reserve	11	15,085	14,628
Integrated Plann/Financial Reporting Reserve	11	16,029	15,545
Beacon Barracks Replacement Reserve	11	41,244	40,000
Economic Development Reserve	11	103,116	100,000
Unspent grants	2(c)	<u>159,035</u>	<u>327,956</u>
		<u>2,256,054</u>	<u>2,117,956</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates outstanding		89,524	86,170
Sundry debtors		173,052	217,333
Provision for doubtful debts		(56,468)	(51,895)
GST receivable		20,053	39,648
Loans - clubs/institutions		9,783	9,262
Accrued Income		2,465	2,664
Medical Practice Loan		<u>0</u>	<u>23,410</u>
		<u>238,409</u>	<u>326,592</u>
<b>Non-current</b>			
Loans - clubs/institutions		<u>29,831</u>	<u>39,614</u>
		<u>29,831</u>	<u>39,614</u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and materials		<u>10,749</u>	<u>12,006</u>
		<u>10,749</u>	<u>12,006</u>

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	2015 \$	2014 \$
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Freehold land at:		
- Independent valuation 2014 - level 2	876,000	876,000
- Independent valuation 2014 - level 3	<u>1,000</u>	<u>1,000</u>
	877,000	877,000
Land vested in and under the control of Council at:		
- Independent valuation 2014 - level 3	<u>372,057</u>	<u>372,057</u>
	<u>372,057</u>	<u>372,057</u>
	<u>1,249,057</u>	<u>1,249,057</u>
Non-specialised buildings at:		
- Independent valuation 2014 - level 2	2,418,000	2,418,000
- Additions after valuation - cost	111,943	0
Less: accumulated depreciation	<u>(82,304)</u>	<u>0</u>
	2,447,639	2,418,000
Specialised buildings at:		
- Independent valuation 2014 - level 3	8,057,550	8,057,550
Less: accumulated depreciation	<u>(183,225)</u>	<u>0</u>
	<u>7,874,325</u>	<u>8,057,550</u>
	<u>10,321,964</u>	<u>10,475,550</u>
<b>Total land and buildings</b>	<u>11,571,021</u>	<u>11,724,607</u>
Furniture & Equipment at:		
- Additions after valuation - cost	246,309	253,643
Less accumulated depreciation	<u>(189,649)</u>	<u>(187,073)</u>
	56,660	66,570
Motor Vehicles at:		
- Independent valuation 2013 - level 2	188,182	240,454
- Additions after valuation - cost	207,255	102,132
Less accumulated depreciation	<u>(61,240)</u>	<u>(37,827)</u>
	334,197	304,759
Plant & Equipment at:		
- Independent valuation 2013 - level 2	1,642,273	1,657,727
- Management valuation 2013 - level 3	28,173	28,174
- Additions after valuation - cost	538,497	520,757
Less accumulated amortisation	<u>(368,173)</u>	<u>(153,799)</u>
	1,840,770	2,052,859
Work in progress at:		
- Additions after valuation - cost	47,696	17,000
Less accumulated depreciation	<u>0</u>	<u>0</u>
	47,696	17,000
	<u>13,850,344</u>	<u>14,165,795</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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 property, plant and equipment to be shown at fair value.

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Movements in Carrying Amounts**

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Freehold land	0 877,000	0	0	0	0		0	877,000
Land vested in and under the control of Council	0 372,057	0	0	0	0	0	0	372,057
<b>Total land</b>	<b>0 1,249,057</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,249,057</b>
Non-specialised buildings	0 2,418,000	111,943	0	0	0	(82,304)	0	2,447,639
Specialised buildings	8,057,550	0	0	0	0	(183,225)	0	7,874,325
<b>Total buildings</b>	<b>10,475,550</b>	<b>111,943</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(265,529)</b>	<b>0</b>	<b>10,321,964</b>
<b>Total land and buildings</b>	<b>11,724,607</b>	<b>111,943</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(265,529)</b>	<b>0</b>	<b>11,571,021</b>
Furniture & Equipment	66,570	0		0	0	(9,910)	0	56,660
Motor Vehicles	304,759	193,773	(120,469)	0	0	(43,866)	0	334,197
Plant & Equipment	2,052,859	17,740	(7,947)	0	0	(221,882)	0	1,840,770
Work in progress	17,000	30,696	0	0	0	0	0	47,696
<b>Total property, plant and equipment</b>	<b>14,165,795</b>	<b>354,152</b>	<b>(128,416)</b>	<b>0</b>	<b>0</b>	<b>(541,187)</b>	<b>0</b>	<b>13,850,344</b>

**SHIRE OF MT MARSHALL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Land and buildings</b>					
Freehold land	Level 3	Independent Valuation	See below	June 2014	Visual inspection, market knowledge
Land vested in and under the	Level 3	Independent Valuation	See below	June 2014	Visual inspection, market knowledge
Non-specialised buildings	Levels 2&3	Independent Valuation	See below	June 2014	Visual inspection, market knowledge
Specialised buildings	Levels 2&3	Independent Valuation	See below	June 2014	Visual inspection, market knowledge
<b>Furniture &amp; Equipment</b>	Level 3	Management Valuation	See below	June 2015	Visual inspection, market knowledge
<b>Motor Vehicles</b>	Level 2	Independent Valuation	Market price	June 2014	Visual inspection, market knowledge
<b>Plant &amp; Equipment</b>	Level 2&3	Independent Valuation	Market price	June 2014	Visual inspection, market knowledge

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.

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>7 (a). INFRASTRUCTURE</b>		
Roads		
- Independent valuation 2015 - level 3	108,016,733	0
- Cost	0	101,464,014
Less accumulated depreciation	<u>(21,681,094)</u>	<u>(35,409,825)</u>
	86,335,639	66,054,189
Footpaths		
- Independent valuation 2015 - level 3	1,091,023	0
- Cost		549,653
Less accumulated depreciation	<u>(491,433)</u>	<u>(177,171)</u>
	599,590	372,482
Drainage		
- Cost	0	667,951
Less accumulated depreciation	<u>0</u>	<u>(225,277)</u>
	0	442,674
Parks & Ovals		
- Independent valuation 2015 - level 3	1,050,000	0
- Cost	0	272,761
Less accumulated depreciation	<u>0</u>	<u>(151,430)</u>
	1,050,000	121,331
Sewage		
- Cost	0	12,360
Less accumulated depreciation	<u>0</u>	<u>(493)</u>
	0	11,867
Playground Equipment		
- Independent valuation 2014 - level 3	59,500	59,500
Less accumulated depreciation	<u>(6,100)</u>	<u>0</u>
	53,400	59,500
Waste		
- Cost	0	108,579
Less accumulated depreciation	<u>0</u>	<u>(23,357)</u>
	0	85,222
Airstrips		
- Independent valuation 2015 - level 3	<u>790,000</u>	<u>0</u>
	790,000	0
Other Infrastructure		
FV Valuation Infra - Other - Independent Level 3	2,352,500	2,352,500
- Additions after valuation - cost	12,726	0
Less accumulated depreciation	<u>(45,699)</u>	<u>0</u>
	2,319,527	2,352,500
	<u>91,148,156</u>	<u>69,499,765</u>

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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 infrastructure to be shown at fair value.

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**7. INFRASTRUCTURE (Continued)**

**(b) Movements in Carrying Amounts**

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

	<b>Balance as at the Beginning of the Year</b>	<b>Additions</b>	<b>(Disposals)</b>	<b>Revaluation Increments/ (Decrements)</b>	<b>Impairment (Losses)/ Reversals</b>	<b>Depreciation (Expense)</b>	<b>Transfers</b>	<b>Carrying Amount at the End of the Year</b>
	\$	\$	\$	\$	\$	\$	\$	\$
Roads	66,054,189	1,296,286	0	20,756,279	0	(2,205,600)	434,485	86,335,639
Footpaths	372,482	39,942	0	196,272	0	(9,106)	0	599,590
Drainage	442,674	0	0	0	0	(8,189)	(434,485)	0
Parks & Ovals	121,331	0	0	849,859	0	(15,944)	94,754	1,050,000
Sewage	11,867	0	0	0	0	(164)	(11,703)	0
Playground Equipment	59,500	0	0	0	0	(6,100)	0	53,400
Waste	85,222	0	0	0	0	(2,171)	(83,051)	0
Airstrips	0	0	0	790,000	0	0	0	790,000
Other Infrastructure	2,352,500	12,726	0	0	0	(45,699)	0	2,319,527
<b>Total infrastructure</b>	<b><u>69,499,765</u></b>	<b><u>1,348,954</u></b>	<b><u>0</u></b>	<b><u>22,592,410</u></b>	<b><u>0</u></b>	<b><u>(2,292,973)</u></b>	<b><u>0</u></b>	<b><u>91,148,156</u></b>

The revaluation of infrastructure assets resulted in an increase on revaluation of \$22,592,410 in the net value of infrastructure.

All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

Waste and Sewage asset categories have been combined with Parks & Ovals to group like with like.

**SHIRE OF MT MARSHALL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
<b>Roads</b>	Level 3	Inventory and condition survey	Gross Replacement cost	June 2015	Complete Roads pick up carried out by consultants, Talis, unit costs advised by Shire
<b>Footpaths</b>	Level 3	Inventory and condition survey	Gross Replacement cost	June 2015	Complete Roads pick up carried out by consultants, Talis, unit costs advised by Shire
<b>Parks &amp; Ovals</b>	Level 3	Sighted by valuers: Griffin Advisory	Replacement with New Value and Fair Value	June 2015	Assets sighted by valuers, knowledge of industry average cost to replace
<b>Playground Equipment</b>	Level 3	Sighted by valuers: Griffin Advisory	Replacement with New Value and Fair Value	June 2014	Assets sighted by valuers, knowledge of industry average cost to replace
<b>Airstrips</b>	Level 3	Sighted by valuers: Griffin Advisory	Replacement with New Value and Fair Value	June 2015	Assets sighted by valuers, knowledge of industry average cost to replace
<b>Other Infrastructure</b>	Level 3	Sighted by valuers: Griffin Advisory	Replacement with New Value and Fair Value	June 2014	Assets sighted by valuers, knowledge of industry average cost to replace

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

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

**SHIRE OF MT MARSHALL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	348,667	328,590
Accrued interest on debentures	1,772	3,445
Accrued salaries and wages	23,130	23,426
ATO liabilities	22,887	20,293
Accrued FBT	2,745	3,698
Income Rec'd in Advance	0	5,232
Rates received in advance	0	0
	<u>399,201</u>	<u>384,684</u>

**9. LONG-TERM BORROWINGS**

**Current**

Secured by floating charge		
Debentures	113,145	122,742
	<u>113,145</u>	<u>122,742</u>

**Non-current**

Secured by floating charge		
Debentures	208,542	321,688
	<u>208,542</u>	<u>321,688</u>

Additional detail on borrowings is provided in Note 21.

The Shire did not have any long term borrowings at the reporting date.

**10. PROVISIONS**

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Total \$</b>
<b>Opening balance at 1 July 2014</b>	108,487	126,234	234,721
Non-current provisions	0	14,010	14,010
	<u>108,487</u>	<u>140,244</u>	<u>248,731</u>
Additional provision	118,584	39,067	157,651
Amounts used	(94,925)	(39,099)	(134,024)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	1,728	8,038	9,766
<b>Balance at 30 June 2015</b>	<u>133,874</u>	<u>134,240</u>	<u>282,124</u>
<b>Comprises</b>			
Current	133,874	123,200	257,074
Non-current	0	11,040	11,040
	<u>133,874</u>	<u>134,240</u>	<u>268,114</u>

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	2015 \$	2015 Budget \$	2014 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Leave Reserve</b>			
Opening balance	110,645	110,645	106,759
Amount set aside / transfer to reserve	3,444	4,884	3,886
Amount used / transfer from reserve	<u>(25,932)</u>	<u>0</u>	<u>0</u>
	<u>88,157</u>	<u>115,529</u>	<u>110,645</u>
<b>(b) Plant Replacement Reserve</b>			
Opening balance	253,971	253,971	310,668
Amount set aside / transfer to reserve	67,909	71,212	11,303
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>(68,000)</u>
	<u>321,880</u>	<u>325,183</u>	<u>253,971</u>
<b>(c) Aged Care Units Reserve</b>			
Opening balance	62,441	62,441	60,249
Amount set aside / transfer to reserve	1,945	2,757	2,192
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>64,386</u>	<u>65,198</u>	<u>62,441</u>
<b>(d) Community Housing Reserve</b>			
Opening balance	35,887	35,887	34,626
Amount set aside / transfer to reserve	1,114	1,583	1,261
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>37,001</u>	<u>37,470</u>	<u>35,887</u>
<b>(e) Council Staff Housing Reserve</b>			
Opening balance	88,404	88,404	170,213
Amount set aside / transfer to reserve	2,754	3,903	6,191
Amount used / transfer from reserve	<u>(60,000)</u>	<u>(60,000)</u>	<u>(88,000)</u>
	<u>31,158</u>	<u>32,307</u>	<u>88,404</u>
<b>(f) Public Amentities &amp; Bldgs Reserve</b>			
Opening balance	602,641	602,641	529,399
Amount set aside / transfer to reserve	18,766	276,605	73,242
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>621,407</u>	<u>879,246</u>	<u>602,641</u>
<b>(g) Bencubbin Aquatic Centre Development Reserve</b>			
Opening balance	344,356	344,356	187,540
Amount set aside / transfer to reserve	296,689	265,202	156,816
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>641,045</u>	<u>609,558</u>	<u>344,356</u>
<b>(h) Community Bus Reserve</b>			
Opening balance	95,986	95,986	73,316
Amount set aside / transfer to reserve	12,988	14,238	22,670
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>108,974</u>	<u>110,224</u>	<u>95,986</u>
<b>(i) Bencubbin Recreation Complex Reserve</b>			
Opening balance	25,496	25,496	24,599
Amount set aside / transfer to reserve	791	1,126	897
Amount used / transfer from reserve	<u>(18,750)</u>	<u>0</u>	<u>0</u>
	<u>7,537</u>	<u>26,622</u>	<u>25,496</u>

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	2015 \$	2015 Budget \$	2014 \$
<b>11. RESERVES - CASH BACKED (CONTINUED)</b>			
<b>(j) Office Equipment Reserve</b>			
Opening balance	14,628	14,628	14,117
Amount set aside / transfer to reserve	457	646	511
Amount used / transfer from reserve	0	0	0
	<u>15,085</u>	<u>15,274</u>	<u>14,628</u>
<b>(k) Integrated Planning Financial Reporting Reserve</b>			
Opening balance	15,545	15,545	15,000
Amount set aside / transfer to reserve	484	686	545
Amount used / transfer from reserve	0	0	0
	<u>16,029</u>	<u>16,231</u>	<u>15,545</u>
<b>(l) Beacon Barracks Replacement Reserve</b>			
Opening balance	40,000	40,000	0
Amount set aside / transfer to reserve	1,244	1,766	40,000
Amount used / transfer from reserve	0	0	0
	<u>41,244</u>	<u>41,766</u>	<u>40,000</u>
<b>(m) Economic Development Reserve</b>			
Opening balance	100,000	100,000	0
Amount set aside / transfer to reserve	3,116	4,415	100,000
Amount used / transfer from reserve	0	0	0
	<u>103,116</u>	<u>104,415</u>	<u>100,000</u>
<b>(n) Caravan Park Upgrade Reserve</b>			
Opening balance	0	0	640
Amount set aside / transfer to reserve	0	0	23
Amount used / transfer from reserve	0	0	(663)
	<u>0</u>	<u>0</u>	<u>0</u>
<b>(o) Land and Road Development Reserve</b>			
Opening balance	0	0	625
Amount set aside / transfer to reserve	0	0	23
Amount used / transfer from reserve	0	0	(648)
	<u>0</u>	<u>0</u>	<u>0</u>
<b>(p) Industrial Shed Reserve</b>			
Opening balance	0	0	23,056
Amount set aside / transfer to reserve	0	0	841
Amount used / transfer from reserve	0	0	(23,897)
	<u>0</u>	<u>0</u>	<u>0</u>
<b>(q) Television and Radio Rebroadcasting Reserve</b>			
Opening balance	0	0	10,606
Amount set aside / transfer to reserve	0	0	386
Amount used / transfer from reserve	0	0	(10,992)
	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL RESERVES</b>	<u>2,097,019</u>	<u>2,379,023</u>	<u>1,790,000</u>
Total Opening balance	1,790,000	1,790,000	1,561,413
Total Amount set aside / transfer to reserve	411,701	649,023	420,787
Total Amount used / transfer from reserve	(104,682)	(60,000)	(192,200)
<b>TOTAL RESERVES</b>	<u>2,097,019</u>	<u>2,379,023</u>	<u>1,790,000</u>

**SHIRE OF MT MARSHALL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**11. RESERVES - CASH BACKED (CONTINUED)**

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

In accordance with council resolutions in relation to each reserve account, the purpose for which the funds are set aside are as follows:

- (a) Leave Reserve**
  - to be used to fund Long Service Leave required/other accrued leave.
- (b) Plant Replacement Reserve**
  - to fund the purchase of road construction plant, so as to avoid undue heavy burden in a single year.
- (c) Aged Care Units Reserve**
  - to be used for future maintenance costs (Funds of \$500 per unit per year).
- (d) Community Housing Reserve**
  - to fund future maintenance of Homeswest Joint Venture/Community Housing projects.
- (e) Council Staff Housing Reserve**
  - to fund the replacement of staff housing and any major maintenance.
- (f) Public Amenities & Bldgs Reserve**
  - to help fund future building maintenance requirements to the shire's buildings.
- (g) Bencubbin Aquatic Centre Development Reserve**
  - to finance future capital and maintenance upgrades for the Bencubbin Aquatic centre.
- (h) Community Bus Reserve**
  - to finance the replacement of the community bus.
- (i) Bencubbin Recreation Complex Reserve**
  - to provide funding for future extensions to the Bencubbin Complex.
- (j) Office Equipment Reserve**
  - to replace office equipment as required.
- (k) Integrated Planning Financial Reporting Reserve**
  - to set aside funds for expenditure on Council's integrated planning process.
- (l) Beacon Barracks Replacement Reserve**
  - to set aside funds for reconstruction or major maintenance on the Beacon Barracks.
- (m) Economic Development Reserve**
  - to set aside funds for Economic Development initiatives.
- (n) Caravan Park Upgrade Reserve**
  - to be used

The Economic Development and Public Amenities & Building reserves are expected to be utilised in 2015/16.

All other reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**12. REVALUATION SURPLUS**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<p>Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:</p>		
<b>(a) Land and buildings</b>		
Opening balance	4,429,175	0
Revaluation increment	0	4,429,175
Revaluation decrement	0	0
	<u>4,429,175</u>	<u>4,429,175</u>
<b>(b) Roads</b>		
Opening balance	0	0
Revaluation increment	20,756,279	0
Revaluation decrement	0	0
	<u>20,756,279</u>	<u>0</u>
<b>(c) Footpaths</b>		
Opening balance	0	0
Revaluation increment	196,272	0
Revaluation decrement	0	0
	<u>196,272</u>	<u>0</u>
<b>(d) Parks &amp; Ovals</b>		
Opening balance	0	0
Revaluation increment	849,859	0
Revaluation decrement	0	0
	<u>849,859</u>	<u>0</u>
<b>(e) Playground Equipment</b>		
Opening balance	50,909	0
Revaluation increment	0	50,909
Revaluation decrement	0	0
	<u>50,909</u>	<u>50,909</u>
<b>(f) Airports</b>		
Opening balance	0	0
Revaluation increment	790,000	0
Revaluation decrement	0	0
	<u>790,000</u>	<u>0</u>
<b>(g) Other Infrastructure</b>		
Opening balance	981,992	0
Revaluation increment	0	981,992
Revaluation decrement	0	0
	<u>981,992</u>	<u>981,992</u>
<b>TOTAL ASSET REVALUATION SURPLUS</b>	<b>28,054,486</b>	<b>5,462,076</b>

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**13. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	<b>2015</b> <b>\$</b>	<b>2015</b> <b>Budget</b> <b>\$</b>	<b>2014</b> <b>\$</b>
Cash and cash equivalents	<u>4,089,239</u>	<u>2,401,288</u>	<u>2,446,769</u>

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

Net result	372,620	(432,073)	(280,939)
Non-cash flows in Net result:			
Depreciation	2,834,160	2,623,182	2,529,417
(Profit)/Loss on sale of asset	(13,619)	(4,115)	131,256
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	88,704	45,087	(5,424)
(Increase)/Decrease in inventories	1,257	(17,720)	(3,283)
Increase/(Decrease) in payables	14,517	18,823	(371,948)
Increase/(Decrease) in provisions	19,383	0	1,762
Grants contributions for the development of assets	<u>(1,101,230)</u>	<u>(1,228,757)</u>	<u>(2,514,244)</u>
Net cash from operating activities	<u>2,215,792</u>	<u>1,004,427</u>	<u>(513,403)</u>

	<b>2015</b> <b>\$</b>	<b>2014</b> <b>\$</b>
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Credit card limit	20,000	20,000
Credit card balance at balance date	<u>(1,319)</u>	<u>(274)</u>
<b>Total amount of credit unused</b>	<u>18,681</u>	<u>19,726</u>
<b>Loan facilities</b>		
Loan facilities - current	113,145	122,742
Loan facilities - non-current	<u>208,543</u>	<u>321,688</u>
<b>Total facilities in use at balance date</b>	<u>321,688</u>	<u>444,430</u>
<b>Unused loan facilities at balance date</b>	<u>0</u>	<u>0</u>

**SHIRE OF MT MARSHALL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**14. CONTINGENT LIABILITIES**

The Shire has no contingent liabilities as at the reporting date.

**15. CAPITAL AND LEASING COMMITMENTS**

**(a) Operating Lease Commitments**

The Shire did not have any future operating lease commitments at the reporting date.

**(b) Capital Expenditure Commitments**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Contracted for:		
- capital expenditure projects (Workers Camp)	249,526	0
Payable:		
- not later than one year	249,526	0

The Shire did not have any further capital expenditure commitments at the reporting date.

Construction of the Workers Camp will be completed in August 2015. Prior to the development of this camp, there was no accommodation available in the Shire of Mt Marshall or nearby for construction workers.

Over the next two or three years, Watercorp will be undertaking considerable repair, maintenance and development work in relation to water collection, storage and transfer in the Eastern Wheatbelt. Council will take the opportunity to fill the gap in provision of accommodation for this and other future projects in the area. This will generate and support additional economic activity in the Shire of Mt Marshall.

The workers camp comprises cabins, camp kitchen and storage and will accommodate up to 21 people.

**SHIRE OF MT MARSHALL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**16. JOINT VENTURE ARRANGEMENTS**

The Shire of Mt Marshall participates in the following two joint ventures:

1. NEW Health joint venture which employs an Environmental Health/Building Surveyor to provide regulatory health and building assessment services to the member shires.

NEW Health is made up of the Shires of Wyalkatchem, Trayning, Mukinbudin, Koorda, Nungarin and Mt Marshall. Expenses in relation to this joint venture amount to \$47,486 in 2014/15.

2. WA GP Network which employs a General Practitioner to provide medical consultation and accident and emergency services to the member shires. Expenses in relation to this joint venture amounts to \$44,198 in 2014/15.

**17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Governance	314,841	630,045
General purpose funding	2,585,860	86,170
Law, order, public safety	453,141	474,395
Health	76,992	103,410
Education and welfare	1,324,036	1,310,000
Housing	2,221,118	1,958,732
Community amenities	640,621	1,269,441
Recreation and culture	9,395,333	8,152,430
Transport	84,840,662	68,751,105
Economic services	1,067,891	1,089,581
Other property and services	1,826,048	2,018,424
Unallocated	4,620,185	646,808
	<u>109,366,728</u>	<u>86,490,541</u>

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	2015	2014	2013
<b>18. FINANCIAL RATIOS</b>			
Current ratio	3.06	1.06	2.66
Asset sustainability ratio	0.58	0.82	0.74
Debt service cover ratio	14.54	(1.59)	8.25
Operating surplus ratio	(0.43)	(1.72)	(0.75)
Own source revenue coverage ratio	0.28	0.29	0.31

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 sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

**Notes:**

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 58 of this document.

Some ratios are distorted by timing of receipt of Financial Assistance Grants (FAGS).

FAGS grants received by the Shire in 2012/13, 2013/14 and 2014/15 were as follows:

	General	Roads	Total
<b>FAGS received in</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
2012/13	1,225,554	744,820	1,970,374
2013/14	704,871	384,832	1,089,703
2014/15	2,077,267	1,285,877	3,363,144

Approximately 50% of the following financial year's FAGS grants were received in 2012/13 and 2014/15, but not in 2013/14.

	General	Roads	Total
<b>FAGS advance payments received in</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
2012/13 for 2013/14	620,623	446,754	1,067,377
2014/15 for 2015/16	692,157	447,827	1,139,984

In a Shire where FAGS represents such a significant proportion of operating revenue, variation in timing of receipts between financial reporting years makes it very difficult to achieve meaningful year on year ratio comparisons. Adjustments below reflect these variations.

In 2012/13, income relating to the recognition of Land Under the Shire's control, and expenses as a result of a reduction of the valuation of the Shire's Plant & Equipment on adoption of Fair Value for that asset category impacted ratios.

If these events were ignored, ratios for the three years would have been as follows:

	2015	2014	2013
Current ratio	1.38	No change	2.28
Debt service cover ratio	6.76	5.69	8.00
Operating surplus ratio	(1.11)	(1.10)	0.44
Own source revenue coverage ratio	No change	No change	0.33

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**19. TRUST FUNDS**

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

	<b>Balance 1 July 2014</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>Balance 30 June 2015</b>
	\$	\$	(\$)	\$
Police Licensing	5,062	233,321	(237,226)	1,157
Aged Care Beautification	829	0	0	829
Unclaimed Monies	159	0	0	159
Tree Planting Nursery	1,000	0	0	1,000
Sundry Creditors	745	0	0	745
Housing Bonds	8,500	3,560	(1,560)	10,500
Staff Social Club	0	1,835	(864)	971
Portable Toilet Bonds	0	100	(100)	0
Deposit on Land	1,500	0	(500)	1,000
Emergency Services Levy	3,062	0	(3,062)	0
Building Levy	541	0	(541)	0
Mt Marshall LCDC	10,454	0	(10,454)	0
	<u>31,852</u>			<u>16,361</u>

**19(a) NEWROC**

The North Eastern Wheatbelt Regional Organisation of Councils (NEWROC) is made up of the Shires of Wyalkatchem, Trayning, Mukinbudin, Koorda, Nungarin and Mt Marshall. The following is a summary of the NEWROC funds and investment bank accounts. NEWROC funds were held in separate bank accounts in the name of NEWROC. As at 30 June 2015, these were administered by the Shire of Mt Marshall.

	<b>Balance 1 July 2014</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>Balance 30 June 2015</b>
	\$	\$	(\$)	\$
NEWROC Funds Bank	14,331	218,331	(164,517)	68,145
NEWROC Investment Bank Account	300,000	106,940	(102,722)	304,218
	<u>314,331</u>			<u>372,363</u>

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**20. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Plant and Equipment</b>						
<b>Governance</b>						
CEO Vehicle x 3		44,184		36,818	0	(7,366)
Holden VF Caprice	38,626		41,397		2,772	
Holden VF Caprice	43,246		37,273		(5,973)	
Admin vehicle	19,097	19,097	19,255	22,000	158	2,903
Mitsubishi Triton		19,751		22,000	0	2,249
<b>Transport</b>						
Multipac Vibe Roller		13,218		30,000	0	16,782
Utility - PMO	14,500	17,109	14,818	10,000	318	(7,109)
Utility - Tipping	5,000	11,844	13,727	8,500	8,727	(3,344)
Lombardi Low Loader	6,421		12,000		5,579	
Toyota - MM215	1,526		1,000		(526)	
Fuel Tanker			2,200		2,200	
Box Trailer			364		364	
	128,416	125,203	142,034	129,318	13,619	4,115

Profit	20,118	21,934
Loss	(6,499)	(17,819)
	<u>13,619</u>	<u>4,115</u>

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>General purpose funding</b>								
Loan 119 - Benny-Mart*	48,876	0	9,262	9,260	39,614	39,616	2,448	2,448
<b>Housing</b>								
Loan 111 - House 229 Murray St	16,134	0	16,134	16,134	0	0	478	942
Loan 115 - Housing Upgrade	62,055	0	30,139	30,139	31,916	31,916	2,381	3,174
Loan 118 - Staff Housing	262,391	0	46,197	46,197	216,194	216,194	15,901	15,764
<b>Economic services</b>								
Loan 117 - Accommodation Units	54,974	0	21,010	21,010	33,964	33,964	2,465	3,018
	444,430	0	122,742	122,740	321,688	321,690	23,673	25,346

(\*) Self supporting loan financed by payments from third parties.  
All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2014/15

The Shire did not take up any new debentures during the year ended 30 June 2015.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2015.

(d) Overdraft

Council has not utilised an overdraft facility during the 2014/15 financial year and does not have an overdraft facility.

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**22. RATING INFORMATION - 2014/15 FINANCIAL YEAR**

**(a) Rates**

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations	0.107551	131	797,910	85,816	0	0	85,816	75,637	0	0	75,637
Unimproved value valuations	0.018461	306	60,586,376	1,121,435	0	0	1,121,435	1,112,009	0	0	1,112,009
<b>Sub-Totals</b>		437	61,384,286	1,207,251	0	0	1,207,251	1,187,646	0	0	1,187,646
<b>Minimum payment</b>	<b>Minimum \$</b>										
Gross rental value valuations	335	40	27,260	13,400	0	0	13,400	13,065	0	0	13,065
Unimproved value valuations	335	28	159,792	9,380	0	0	9,380	10,050	0	0	10,050
<b>Sub-Totals</b>		68	187,052	22,780	0	0	22,780	23,115	0	0	23,115
Discounts/concessions (refer note 25)							1,230,031				1,210,761
Movement in Excess Rates							(64,387)				(85,000)
<b>Total amount raised from general rate</b>							<b>1,177,015</b>				<b>1,125,761</b>
Ex Gratia Rates							13,192				13,192
Rates Write off/ Adjustments							(163)				(1,200)
Specified Area Rate (refer note 23)							8,057				8,055
<b>Totals</b>							<b>1,198,101</b>				<b>1,145,808</b>

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**22. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)**

**(b) Information on Surplus/(Deficit) Brought Forward**

	<b>2015</b> <b>(30 June 2015</b> <b>Carried Forward)</b> <b>\$</b>	<b>2015</b> <b>(1 July 2014</b> <b>Brought Forward)</b> <b>\$</b>	<b>2014</b> <b>(30 June 2014</b> <b>Carried Forward)</b> <b>\$</b>
<b>Surplus/(Deficit) 1 July 14 brought forward</b>	<u>1,663,480</u>	<u>477,345</u>	<u>477,345</u>
<b><u>Comprises:</u></b>			
Cash and cash equivalents			
Unrestricted	1,833,185	328,812	328,813
Restricted	2,256,054	2,117,957	2,117,956
Receivables			
Rates outstanding	89,524	86,170	86,170
Sundry debtors	116,584	165,438	165,438
GST receivable	20,053	39,648	39,648
Loans - clubs/institutions	9,783	9,262	9,262
Accrued Income	2,465	2,664	2,664
Medical Practice Loan	0	23,410	23,410
Inventories			
Fuel and materials	10,749	12,006	12,006
<b><u>Less:</u></b>			
Trade and other payables			
Sundry creditors	(348,664)	(328,590)	(328,590)
Accrued interest on debentures	(1,772)	(3,445)	(3,445)
Accrued salaries and wages	(23,130)	(23,426)	(23,426)
ATO liabilities	(22,887)	(20,293)	(20,293)
Accrued FBT	(2,745)	(3,698)	(3,698)
Income Rec'd in Advance	0	(5,232)	(5,232)
Current portion of long term borrowings			
Secured by floating charge	(113,145)	(122,742)	(122,742)
Provisions			
Provision for annual leave	(133,874)	(108,487)	(108,487)
Provision for long service leave	(123,200)	(126,234)	(126,234)
<b>Net current assets</b>	<u><b>3,568,980</b></u>	<u><b>2,043,220</b></u>	<u><b>2,043,220</b></u>
<b><u>Less:</u></b>			
Reserves - restricted cash	(2,097,019)	(1,790,000)	(1,790,000)
Loans - Clubs/Institutions	(9,783)	(9,262)	(9,262)
<b><u>Add:</u></b>			
Current portion of long term borrowings			
Secured by floating charge	113,145	122,742	122,742
Employee Liabilities supported by Cash Backed Reser	88,157	110,645	110,645
<b>Surplus/(deficit)</b>	<u><b>1,663,480</b></u>	<u><b>477,345</b></u>	<u><b>477,345</b></u>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2014 audited financial report.

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**23. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR**

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
<b>Beacon RTC Building</b>							
- Rate	0.4300	GRV	1,150	1,209	1,207	1,209	1,207
- Rate	0.0212	UV	6,525	6,848	6,848	6,848	6,848
				8,057	8,055	8,057	8,055

**24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR**

The Shire did not impose any service charges.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2014/15 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Discount on Early Payment of Rates	Discount	7.50%	64,387	85,000
Rates Write Off	Write Off		163	1,200
			64,550	86,200

**26. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates		0	11,651	7,000
Interest on instalments plan		0	0	1,400
Interest on ESL			401	300
Charges on instalment plan		0	1,190	950
			13,242	9,650

Ratepayers had the option of paying rates in four equal instalments, due on 8th October 2014, 10th December 2014, 11th February 2015, and 15th February 2015.

Administration charges and interest do not apply to the final three instalments.

**27. FEES & CHARGES**

	2015 \$	2014 \$
Governance	966	959
General purpose funding	1,190	0
Law, order, public safety	1,536	1,864
Education and welfare	18,300	15,600
Housing	107,171	97,870
Community amenities	64,506	61,684
Recreation and culture	7,795	8,470
Transport	3,293	9,332
Economic services	86,432	70,570
Other property and services	27,022	12,543
	<u>318,211</u>	<u>278,892</u>

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**28. GRANT REVENUE**

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature or Type:</b>		
Operating grants, subsidies and contributions	3,546,880	1,178,424
Non-operating grants, subsidies and contributions	1,101,230	2,514,244
	<u>4,648,110</u>	<u>3,692,668</u>
<b>By Program:</b>		
Governance	0	836
General purpose funding	3,377,819	2,249,277
Law, order, public safety	21,495	26,080
Education and welfare	77,936	36,957
Community amenities	53,825	28,607
Recreation and culture	30,480	145,585
Transport	1,086,555	1,205,326
	<u>4,648,110</u>	<u>3,692,668</u>

**29. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>25</u>	<u>26</u>
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**30. ELECTED MEMBERS REMUNERATION**

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

	<b>2015</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Meeting Fees	30,277	32,550	30,161
President's allowance	5,000	5,400	5,000
Deputy President's allowance	1,275	1,500	1,159
Travelling expenses	3,317	4,800	4,534
Telecommunications allowance	7,159	7,312	8,160
	<u>47,028</u>	<u>51,562</u>	<u>49,014</u>

**31. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2014/15.

**32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.

**SHIRE OF MT MARSHALL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**33. FINANCIAL RISK MANAGEMENT**

The Shire's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Shire's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Shire.

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 Shire held the following financial instruments at balance date:*

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>				
Cash and cash equivalents	4,089,239	2,446,769	4,089,239	2,446,769
Receivables	268,240	366,206	268,240	366,206
	<u>4,357,479</u>	<u>2,812,975</u>	<u>4,357,479</u>	<u>2,812,975</u>
<b>Financial liabilities</b>				
Payables	399,201	384,684	399,201	384,684
Borrowings	321,688	444,430	321,688	444,430
	<u>720,889</u>	<u>829,114</u>	<u>720,889</u>	<u>829,114</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

**SHIRE OF MT MARSHALL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

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

**Available-for-sale financial assets**

**Held-to-maturity investments**

The Shire's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	27,639	34,163
- Statement of Comprehensive Income	27,639	34,163

**Notes:**

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible market movements.

**SHIRE OF MT MARSHALL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**33. FINANCIAL RISK MANAGEMENT (Continued)**  
**(b) Receivables**

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

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

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

The Shire makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Shire's credit risk at balance date was:

	<b>2015</b>	<b>2014</b>
Percentage of rates and annual charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables		
- Current	59.87%	70.24%
- Overdue	40.13%	29.76%

**SHIRE OF MT MARSHALL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables**

**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.

The contractual undiscounted cash flows of the Shire's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2015</u></b>					
Payables	399,201	0	0	399,201	399,201
Borrowings	131,570	231,043	0	362,613	321,688
	<u>530,771</u>	<u>231,043</u>	<u>0</u>	<u>761,814</u>	<u>720,889</u>
<b><u>2014</u></b>					
Payables	384,684	0	0	384,684	384,684
Borrowings	148,646	362,642	0	511,288	444,430
	<u>533,330</u>	<u>362,642</u>	<u>0</u>	<u>895,972</u>	<u>829,114</u>

**SHIRE OF MT MARSHALL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables  
Borrowings (continued)**

Borrowings are also 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 following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<b>&lt;1 year</b>	<b>&gt;1&lt;2 years</b>	<b>&gt;2&lt;3 years</b>	<b>&gt;3&lt;4 years</b>	<b>&gt;4&lt;5 years</b>	<b>&gt;5 years</b>	<b>Total</b>	<b>Weighted Average Effective Interest Rate</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
<b><u>Year ended 30 June 2015</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	31,916	33,964	0	255,808	0	0	321,688	6.11%
Weighted average Effective interest rate	5.81%	6.06%		6.16%	6.16%			
<b><u>Year ended 30 June 2014</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	16,134	62,055	54,974	0	311,267	0	444,430	6.15%
Weighted average Effective interest rate	7.74%	5.81%	6.06%		6.15%			

**SHIRE OF MT MARSHALL  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2015**

**RATIO INFORMATION**

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	<b>2015</b>	<b>2014</b>	<b>2013</b>
Asset consumption ratio	<b>0.57</b>	<b>0.54</b>	<b>0.62</b>
Asset renewal funding ratio	<b>1.02</b>	<b>1.02</b>	<b>0.94</b>

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

## **INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF MOUNT MARSHALL**

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### **REPORT ON THE FINANCIAL REPORT**

We have audited the accompanying financial report of the Shire of Mount Marshall, which comprises the statement of financial position as at 30 June 2015, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

#### ***Management's Responsibility for the Financial Report***

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion, the financial report of the Shire of Mount Marshall is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a giving a true and fair view of the Shire's financial position as at 30 June 2015 and of its financial performance and its cash flows for the year ended on that date; and
- b complying with Australian Accounting Standards (including Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT  
TO THE ELECTORS OF THE SHIRE OF MOUNT MARSHALL (CONTINUED)**

***Report on other Legal and Regulatory Requirements***

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 58 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
  - i) reasonably calculated; and
  - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

MOORE STEPHENS  
CHARTERED ACCOUNTANTS

  
GREG GODWIN  
PARTNER

Signed at Perth this 2nd day of February 2016

# Notice of Meeting

## Annual General Meeting of Electors

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Notice is hereby given that the Annual General Meeting of Electors of the Shire of Mt Marshall will be held on Tuesday 22 March 2016, in the Council Chambers, Bencubbin, commencing at 6:00pm.

### Order of Business

1. Attendance and Apologies.
2. Confirmation of Minutes of the Annual General Meeting of electors held on 17 March 2015
3. Reading of the Auditors Report for 2014/2015.
4. Reading of the President's Report for the year ended 30 June 2015.
5. Receiving of the Annual Report for 2014/2015.
6. General Business as the President thinks fit or as the majority of the electors present may decide.

By order of Council

Dirk Sellenger  
Chief Executive Officer

# Minutes of the Annual General Meeting of Electors

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## SHIRE OF MT MARSHALL



### MINUTES OF MEETING

## Electors' General Meeting

**Minutes of Annual General Meeting of Electors  
held on Tuesday 17 March 2015,  
in Council Chambers, 80 Monger Street,  
Bencubbin commencing at 6:00pm**

## **TABLE OF CONTENTS**

- 1. Declaration Of Opening**
- 2. Attendance and Apologies**
- 3. Confirmation of Minutes of the Electors' General Meeting held on Wednesday 19 March 2014**
- 4. Receiving of Annual Report for the year ending 30 June 2014**
- 5. General business as the President thinks fit or as the majority of the electors present may decide**
- 6. Closure of Meeting**

## **1.0 Declaration of Opening / Announcement of Visitors**

The Presiding Member declared the meeting open at 6:00pm

## **2.0 Record of Attendance / Apologies / Approved Leave of Absence**

### **In Attendance**

Cr RN Breakell	President / Presiding Member
Cr IC Sanders	Deputy President
Cr PA Gillett	Councillor
Cr DA Miguel	Councillor
Cr WJ Beagley	Councillor
Cr AJ Dunne	Councillor
Cr JW Munns	Councillor

Mr Dirk Sellenger	Chief Executive Officer / Elector
Ms Nadine Richmond	Executive Assistant / Elector
Mr Jack Walker	Finance and Administration Manager / Elector

### **Apologies**

## **3.0 Confirmation of Minutes of Previous Electors' General Meeting**

### **3.1 Minutes of the Electors' General Meeting held 19 March 2014**

#### **2015/032 RESOLUTION:**

**That the Minutes of the Electors' General Meeting held on Wednesday 19 March 2014 be confirmed as a true and correct record of proceedings.**

**Moved Cr IC Sanders                      Seconded Cr WJ Beagley                      Carried**

## **4.0 Receiving of Annual Report for the year ending 30 June 2014**

The Presiding Member read aloud the President's report for the year ending 30 June 2014.

#### **2015/033 RESOLUTION:**

**That the Annual Report of the Shire of Mt Marshall for the period ended 30 June 2014 be endorsed.**

**Moved Cr JW Munns                      Seconded Cr DA Miguel                      Carried**

**5.0 General business as the President thinks fit or as the majority of the Electors present may decide**

Nil

**6.0 Closure of Meeting**

The Presiding Member thanked everyone for their attendance and declared the meeting closed at 6:04pm.

These Minutes were confirmed by the Council at the Electors' General Meeting held on

\_\_\_\_\_  
Date

\_\_\_\_\_  
President

# Freedom of Information Statement

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The Shire of Mt Marshall maintains records relating to each property within the Shire and also records relating to the function and administration of the Shire including minutes of meetings, a financial interests register, register of delegations, rates book, electoral roll, financial statements, and local laws. These documents amongst others, can be inspected (or copies of which may be made available for purchase) at the Shire Office, 80 Monger St, Bencubbin during business hours.

The Shire of Mt Marshall will provide information held by Council to people requesting it. Should a request not be met satisfactorily, then a more Freedom of Information Application can be lodged. Requests for information under the Freedom of Information Act can be lodged with the Freedom of Information Co-ordinator, Ms Nadine Richmond – Executive Assistant, Shire of Mt Marshall, 80 Monger St, Bencubbin.

Requests for changes to personal information must be made in writing.

The Shire's full Freedom of Information Statement may be found on the shire's website [www.mtmarshall.wa.gov.au](http://www.mtmarshall.wa.gov.au) or a copy may be obtained by contacting the Shire Office by telephone on 08 9685 1202 or via email to [admin@mtmarshall.wa.gov.au](mailto:admin@mtmarshall.wa.gov.au)

During the year ended 30 June 2015, no Freedom of Information applications were received.

# National Competition Policy

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National Competition Policy (NCP) is designed to enhance the effectiveness of public sector agencies and lead to more efficient use of all economic resources. There are a number of specific requirements placed on local government in the areas of competitive neutrality, legislation review and structural reform.

## **1. Competitive Neutrality**

The principle of competitive neutrality is that government businesses should not enjoy a competitive advantage, or disadvantage, simply as a result of their public sector ownership. Measures should be introduced to effectively neutralise any net competitive advantage flowing from government ownership.

Competitive neutrality should apply to all business activities, which generate a users-pay income of over \$200,000 unless it can be shown it is not in the public interest. Public benefit tests are used to determine if competitive neutrality is in the public interest.

The Shire of Mt Marshall does not operate a business activity, which generates a user-pays income over \$200,000 per annum.

Consequently, the Shire of Mt Marshall is not required to implement competitive neutrality.

## **2. Legislation Review**

All local governments are required to assess which of their local laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome.

Where necessary Clause 7 legislation review principles will be complied with and the Shire of Mt Marshall remains committed to reviewing its existing local laws, as well as proposed local laws.

## **3. Structural Reform**

Before local governments privatise a monopoly business or introduce competition into a sector dominated by a monopoly or near monopoly, the regulatory and commercial activities must be separated and a review undertaken.

The Shire of Mt Marshall did not privatise any activities in 2014/15, consequently there were no obligations for structural reform. Nevertheless, the Shire of Mt Marshall is committed to the principles of structural reform under National Competition Policy.

# Disability Access & Inclusion Plan

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The Shire of Mt Marshall Disability Plan has been in place since 1996. The Shire of Mt Marshall Disability Access & Inclusion Plan (DAIP) was adopted in June 2007. Review of the Plan commenced in mid 2012 leading to the adoption of the Shire of Mt Marshall Disability and Access Plan 2012-2017 in September 2012.

All Council's functions, facilities and services are reviewed annually to ensure they meet the needs of people with disabilities.

The Shire of Mt Marshall is committed to ensuring that the community is an accessible community for people with disabilities, their families and carers.

The Shire of Mt Marshall believes that people with disabilities, their families and carers who live in country areas should be supported to remain in the community of their choice.

The Shire of Mt Marshall is committed to consulting with people with disabilities, their families and carers and where required, disability organizations to ensure that barriers to access are addressed appropriately.

The Shire of Mt Marshall aims to ensure that all new constructions are designed incorporating disability access.

The Shire of Mt Marshall is committed to achieving the following outcomes:

- Outcome 1: Existing functions, facilities and services are adapted to meet the needs of people with disabilities.
- Outcome 2: Access to buildings and facilities is improved.
- Outcome 3: Information about functions, facilities and services is provided in formats, which meet the communication requirements of people with disabilities.
- Outcome 4: Staff awareness of the needs of people with disabilities and skill in delivering advice and services are improved.
- Outcome 5: Opportunities for people with disabilities to participate in public consultation, grievance mechanisms and decision-making processes are provided.
- Outcome 6: People with disabilities have the same opportunities as other people to participate in any public consultation by the Shire of Mt Marshall.
- Outcome 7: People with disabilities have the same opportunities as other people to obtain and maintain employment with a public authority.

Copies of the Disability Services Plan and the Disability Access & Inclusion Plan (DAIP) are available upon request by contacting the Shire Office by telephone on 08 9685 1202 or via email to [admin@mtmarshall.wa.gov.au](mailto:admin@mtmarshall.wa.gov.au)

# Record Keeping Plan

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The State Records Act 2000 requires that the Shire maintains and disposes of all records in the prescribed manner. The Shire of Mt Marshall maintains a Record Keeping Plan, approved by the State Records Office until March 2018.

## **Evaluation**

Evaluation of the efficiency and effectiveness of the shire's record keeping plan is ongoing and considered each time a function is carried out. Internal performance indicators such as spot checks for accuracy of stored records are undertaken, and on the basis of response times the record keeping system is assessed as being appropriate.

The Shire's Record Keeping Plan underwent a full review in March 2013 and will be fully reviewed again in 2017.

## **Staff Training**

Staff members responsible for the management of records receive external record keeping training with a focus on local government records, including the retention and disposal methods.

All administrative staff receive an introduction to record keeping and the shire's record keeping system as part of their induction program ensuring compliance with the record keeping plan. In addition, staff information sessions and presentations are conducted as required.

Internal performance indicators such as spot checks for accuracy of stored records are undertaken, and on the basis of response times the effectiveness of staff training is assessed as being appropriate.

# Employee Remuneration

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As per Section 19B of the Local Government (Administration) Regulations 1996, the annual report must contain information on the number of employees entitled to an annual salary of \$100,000 or more. It also must be reported the number of employees in each band of \$10,000 over \$100,000.

One employee, the Chief Executive Officer received a salary between \$140,000 and \$150,000 during the year ended 30 June 2015.