

# Annual Report 2015/16



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# 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 2017.

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

## President

Cr Rachel Kirby

## Deputy President

Cr Stuart Faulkner

## Elected Members

Name	Contact	Years of Service	Term Expires
Cr John BEAGLEY	T: 08 9685 1247 <a href="mailto:crbeagley@mtmarshall.wa.gov.au">crbeagley@mtmarshall.wa.gov.au</a>	6	2017
Cr Stuart FAULKNER	T : 08 9686 1050 <a href="mailto:crfaulkner@mtmarshall.wa.gov.au">crfaulkner@mtmarshall.wa.gov.au</a>	1	2019
Cr Paul GILLET	T: 08 9686 2055 <a href="mailto:crgillett@mtmarshall.wa.gov.au">crgillett@mtmarshall.wa.gov.au</a>	13	2017
Cr Rachel KIRBY	T: 08 9686 1160 <a href="mailto:crkirby@mtmarshall.wa.gov.au">crkirby@mtmarshall.wa.gov.au</a>	1	2019
Cr Callum LUMSDEN	T: 08 9686 1100 <a href="mailto:crlumsden@mtmarshall.wa.gov.au">crlumsden@mtmarshall.wa.gov.au</a>	1	2017
Cr Tony SACHSE	T: 08 9685 1257 <a href="mailto:crsachse@mtmarshall.wa.gov.au">crsachse@mtmarshall.wa.gov.au</a>	1	2019
Cr Helen SHEMELD	T: 08 9686 1054 <a href="mailto:crshemeld@mtmarshall.wa.gov.au">crshemeld@mtmarshall.wa.gov.au</a>	1	2017

**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: Mt Marshall Safety Committee; Bush Fire Advisory Committee; The Gimlet Newspaper Committee; Beacon Bulletin Committee; History 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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I am pleased to be able to deliver my inaugural President's Report, for the 2015/2016 reporting year. It has been a challenging year, however, a great deal has been achieved despite the steep learning curves for many new faces amongst Council and staff.

I'd like to acknowledge retiring Councillor Rob Breakell, who served eight years on council, the final two years as President; Des Miguel, who also served on council for eight years; Ian Sanders, who served on council for four years, two as Deputy President; Andrew Dunne, who served on council for two years and Jeff Munns who also served on council for two years. On behalf of the community, I extend thanks to each of you for the contribution you have made to council and the communities of the Shire of Mt Marshall during your tenure.

The October 2015 election resulted in myself and other new councillors Cr Stuart Faulkner, Cr Tony Sachse, Cr Helen Shemeld and Cr Callum Lumsden joining Cr Paul Gillett and Cr John Beagley. The members of this new look council have actively participated in many training opportunities to be equipped to face the challenges of making responsible decisions for the community.

The major priority of the Shire continues to be the road program, with the Transport portfolio representing approximately 50% of expenditure for the year. The program was completed under the capable guidance of Works Supervisors Allan Monson and more recently Andrew Johnson. I would like to commend Allan, Andrew and all of the works crew on the pride that they take in their roles and the quality of the roads that they deliver for the community. With agriculture as the major industry of the Shire and the challenges of increased grain on roads, the importance of the role of Local Governments in maintaining and upgrading our roads cannot be overstated.

In addition to the road program, the Shire have delivered a number of significant capital projects this year including construction of a workers' camp at the Bencubbin caravan park; renovation of the kitchen at the Beacon Complex; improvements to Lot 166 and 167 Collins St, Bencubbin; installation of a public toilet and sullage point at the Beacon information bay; installation of a skate park, Bencubbin and resurfacing of a basketball court, Beacon. The Bencubbin Recreation Complex upgrade and projects to improve the capture of storm water for use on sporting grounds in Beacon and Bencubbin are ongoing.

Healthcare and aged care are challenging areas for service delivery and it is encouraging to see great results being achieved through the Shire's participation in regional collaboration. Two notable outcomes this year have been the successful appointment of Dr Brian Walker to manage the Kununoppin Medical Practice and the funding success of CEACA who will be delivering aged care units across the region in the future.

Telecommunication remains an important issue for our Shire. The Shire have liaised with Telstra throughout the year regarding the Beacon tower that is due for construction in 2017



and continue to work with other Shires to deliver improved internet services through the NEWROC telecommunications project.

Thank you to all of the Shire staff. I would like to acknowledge Dirk Sellenger for his contribution to the Shire as CEO and Eddie Piper for his time as Acting CEO. Although it is outside this reporting year, I would also like to thank Stephen Tindale for the professionalism, experience and wisdom he has offered during his time as Acting CEO. As mentioned previously, I would like to express appreciation to the outside crew who have worked hard to deliver the road program and maintain our towns to a high standard. My gratitude also to the administration and other staff for their professional and competent delivery of services to the community.

I would like to sincerely thank my fellow councillors for their dedication and commitment to the Shire and for their support. In particular, thank you to my Deputy Cr Faulkner for your valuable input and advice.

Finally, thank you to the volunteers whose efforts enrich our communities. It is a great privilege to experience the community spirit of the small towns in our Shire. Passionate volunteers along with motivated and engaged community members are our greatest asset. I encourage all community members to engage with Council and provide feedback to assist the decision making process so that we can all work together to achieve outcomes that benefit the community as a whole.

Cr Rachel Kirby  
President  
2016

# CEO's Report

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As the Acting Chief Executive Officer of the Shire of Mt Marshall since July 2016, reporting on the operations of the Shire for the 2015/16 financial year presents a challenge.

Two significant events in 2015/16 were undoubtedly the election of an almost entirely new Council in October 2015 and the resignation of former Chief Executive Officer, Dirk Sellenger, in early 2016. The loss of corporate knowledge arising from both events can be hugely destabilising to any local government let alone a small Wheatbelt shire. However I am very pleased to report that staff and Councillors alike have risen to the challenge and are dealing effectively and efficiently with the business of delivering local government works and services to the community.

As has always been the case, the reconstruction and maintenance of the Shire's road network continues to be the primary operational focus of the Shire with well over 50% of the total expenditure effort being attributed to the Transport portfolio. The road network is critical to the viability of the agricultural sector and in turn, the livelihoods of all local community members. Comprehensive plant and equipment means that the Shire's road network is in much better shape than that of many surrounding shires. When coupled with improved road construction techniques and falling bitumen prices, the challenge now confronting staff is to acquit grant funds for the full amounts of the grants rather than lesser amounts as cost savings are found.

The Management Report of the auditors accompanying the 2015/16 Annual Report, makes reference to seven financial ratios intended to disclose the Shire's financial viability relative to other local governments. Unfortunately (and like many other Wheatbelt shires) the Shire's heavy reliance on grant income and the lack of income from other sources (e.g. parking fines) makes it appear financially vulnerable – at least on paper. Without overly discounting the validity of the financial ratios, it should be noted that the Shire is doing relatively well and is trending in the right direction. The roads are good and the books are balanced. All things being equal and subject to the Shire retaining competent staff who are prepared to keep the Council and the community fully informed, the Shire is in good shape.

There will be challenges ahead. Ever since the 1930's a related and recurrent theme in the development of the Shire is the application of new technology leading to population loss. Whether it be the loss of the year 7 cohort from the local primary schools, the construction of new telecommunications facilities or improved primary health care, the Shire's efforts in obtaining and providing relevant works and services is heavily influenced by other government agendas. A further complication arises with Mt Marshall's relative isolation on the boundary of the Wheatbelt which can lead to an 'out-of-sight, out-of-mind' attitude by external decision makers. Throw in differences of approach between the communities of Beacon and Bencubbin and it is inevitable that significant differences of opinion will occur within the community from time to time.

However I have been impressed by the 'can-do' attitude, the innovation, the openness, the sense of place, the caring and the strong sense of family that is evident throughout the community. It all makes for a strong future for the Shire of Mt Marshall.

Stephen Tindale  
Acting Chief Executive Officer  
24 January 2017

# Annual Financial Report

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## **SHIRE OF MT MARSHALL**

### **FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2016**

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Principal place of business:

80 Monger Street  
Bencubbin  
WA 6477

**SHIRE OF MT MARSHALL  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

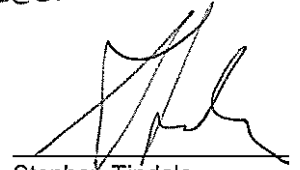
**LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

**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 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2016 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 9<sup>th</sup> day of

December 2016



Stephen Tindale  
Chief Executive Officer

**SHIRE OF MT MARSHALL**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>				
Rates	22	1,200,513	1,238,141	1,198,101
Operating grants, subsidies and contributions	29	1,266,081	1,389,678	3,546,880
Fees and charges	28	706,713	495,000	318,211
Interest earnings	2(a)	114,262	68,939	89,825
Other revenue	2(a)	<u>113,222</u>	<u>85,028</u>	<u>147,414</u>
		3,400,791	3,276,786	5,300,431
<b>Expenses</b>				
Employee costs		(1,526,589)	(1,568,865)	(1,283,414)
Materials and contracts		(1,261,549)	(1,408,086)	(1,412,786)
Utility charges		(175,324)	(173,190)	(172,508)
Depreciation on non-current assets	2(a)	(2,857,711)	(2,850,550)	(2,834,160)
Interest expenses	2(a)	(16,575)	(17,867)	(23,673)
Insurance expenses		(155,338)	(144,495)	(199,843)
Other expenditure		<u>(162,138)</u>	<u>(80,344)</u>	<u>(116,275)</u>
		<u>(6,155,224)</u>	<u>(6,243,397)</u>	<u>(6,042,659)</u>
		(2,754,433)	(2,966,611)	(742,228)
Non-operating grants, subsidies and contributions	29	1,866,046	2,832,113	1,101,230
Profit on asset disposals	20	4,568	5,100	20,118
(Loss) on asset disposals	20	(21,623)	(229,552)	(6,499)
(Loss) on revaluation of motor vehicles	6(b)	(43,017)	0	0
Reversal of prior year loss on revaluation of plant and equipment	6(b)	<u>43,194</u>	<u>0</u>	<u>0</u>
		<u>177</u>	<u>0</u>	<u>0</u>
<b>Net result</b>		<b>(905,265)</b>	<b>(358,950)</b>	<b>372,621</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	<u>0</u>	<u>0</u>	<u>22,592,410</u>
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>22,592,410</b>
<b>Total comprehensive income</b>		<b><u>(905,265)</u></b>	<b><u>(358,950)</u></b>	<b><u>22,965,031</u></b>

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

**SHIRE OF MT MARSHALL**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>	2(a)			
Governance		25,154	8,950	9,088
General purpose funding		2,393,345	2,449,992	4,654,357
Law, order, public safety		18,885	19,307	26,493
Education and welfare		62,202	57,912	107,775
Housing		161,945	112,200	109,050
Community amenities		174,703	186,425	119,997
Recreation and culture		73,967	70,700	51,763
Transport		2,555	10,000	12,997
Economic services		376,163	240,400	90,130
Other property and services		<u>111,874</u>	<u>120,901</u>	<u>118,781</u>
		3,400,793	3,276,787	5,300,431
<b>Expenses</b>	2(a)			
Governance		(422,497)	(441,868)	(466,819)
General purpose funding		(102,059)	(99,200)	(88,473)
Law, order, public safety		(51,728)	(61,334)	(56,400)
Health		(139,240)	(130,859)	(137,274)
Education and welfare		(268,518)	(263,472)	(191,399)
Housing		(265,235)	(300,031)	(130,235)
Community amenities		(279,094)	(282,995)	(289,168)
Recreation and culture		(878,554)	(863,190)	(1,148,730)
Transport		(3,322,066)	(3,379,259)	(3,142,087)
Economic services		(345,969)	(336,628)	(261,554)
Other property and services		<u>(63,691)</u>	<u>(66,694)</u>	<u>(106,847)</u>
		(6,138,651)	(6,225,530)	(6,018,986)
<b>Finance costs</b>	2(a)			
General purpose funding		(1,946)	(1,928)	(2,448)
Housing		(13,450)	(14,215)	(18,760)
Economic services		<u>(1,179)</u>	<u>(1,725)</u>	<u>(2,465)</u>
		<u>(16,575)</u>	<u>(17,868)</u>	<u>(23,673)</u>
		(2,754,433)	(2,966,611)	(742,228)
Non-operating grants, subsidies and contributions	29	1,866,046	2,832,113	1,101,230
Profit on disposal of assets	20	4,568	5,100	20,118
(Loss) on disposal of assets	20	(21,623)	(229,552)	(6,499)
(Loss) on revaluation of motor vehicles	6(b)	(43,017)	0	0
Reversal of prior year loss on revaluation of plant and equipment	6(b)	<u>43,194</u>	<u>0</u>	<u>0</u>
		<u>177</u>	<u>0</u>	<u>0</u>
<b>Net result</b>		<b>(905,265)</b>	<b>(358,950)</b>	<b>372,621</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	<u>0</u>	<u>0</u>	<u>22,592,410</u>
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>22,592,410</b>
<b>Total comprehensive income</b>		<b><u>(905,265)</u></b>	<b><u>(358,950)</u></b>	<b><u>22,965,031</u></b>

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



**SHIRE OF MT MARSHALL  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2016**

	NOTE	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	2,770,734	4,089,239
Trade and other receivables	4	518,933	238,407
Inventories	5	<u>19,388</u>	<u>10,749</u>
<b>TOTAL CURRENT ASSETS</b>		<u>3,309,055</u>	<u>4,338,395</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	19,499	29,831
Property, plant and equipment	6	14,048,254	13,850,344
Infrastructure	7	<u>90,854,221</u>	<u>91,148,157</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>104,921,974</u>	<u>105,028,332</u>
<b>TOTAL ASSETS</b>		<u>108,231,029</u>	<u>109,366,727</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	318,655	399,198
Current portion of long term borrowings	9	74,272	113,145
Provisions	10	<u>215,624</u>	<u>257,074</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>608,551</u>	<u>769,417</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	9	134,271	208,542
Provisions	10	<u>15,745</u>	<u>11,041</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>150,016</u>	<u>219,583</u>
<b>TOTAL LIABILITIES</b>		<u>758,567</u>	<u>989,000</u>
<b>NET ASSETS</b>		<u>107,472,462</u>	<u>108,377,727</u>
<b>EQUITY</b>			
Retained surplus		77,294,455	78,226,222
Reserves - cash backed	11	2,123,521	2,097,019
Revaluation surplus	12	<u>28,054,486</u>	<u>28,054,486</u>
<b>TOTAL EQUITY</b>		<u>107,472,462</u>	<u>108,377,727</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 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 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		372,621	0	0	372,621
Changes on revaluation of assets	12	<u>0</u>	<u>0</u>	<u>22,592,410</u>	<u>22,592,410</u>
Total comprehensive income		372,621	0	22,592,410	22,965,031
Transfers from/(to) reserves		(307,019)	307,019	0	0
<b>Balance as at 30 June 2015</b>		<b>78,226,222</b>	<b>2,097,019</b>	<b>28,054,486</b>	<b>108,377,727</b>
Comprehensive income					
Net result		(905,265)	0	0	(905,265)
Changes on revaluation of assets	12	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total comprehensive income		(905,265)	0	0	(905,265)
Transfers from/(to) reserves		(26,502)	26,502	0	0
<b>Balance as at 30 June 2016</b>		<b><u>77,294,455</u></b>	<b><u>2,123,521</u></b>	<b><u>28,054,486</u></b>	<b><u>107,472,462</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 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,168,494	1,244,089	1,194,747
Operating grants, subsidies and contributions		992,631	1,392,052	3,619,343
Fees and charges		706,713	495,000	318,211
Interest earnings		116,727	68,939	89,825
Goods and services tax		0	10,053	19,595
Other revenue		<u>73,552</u>	<u>108,848</u>	<u>147,414</u>
		3,058,117	3,318,981	5,389,135
<b>Payments</b>				
Employee costs		(1,577,850)	(1,578,893)	(1,261,733)
Materials and contracts		(1,334,923)	(1,359,495)	(1,397,637)
Utility charges		(175,324)	(173,190)	(172,508)
Interest expenses		(17,868)	(17,639)	(25,346)
Insurance expenses		(155,338)	(144,495)	(199,843)
Goods and services tax		19,884	0	0
Other expenditure		<u>(162,135)</u>	<u>(80,344)</u>	<u>(116,276)</u>
		<u>(3,403,554)</u>	<u>(3,354,056)</u>	<u>(3,173,343)</u>
<b>Net cash provided by (used in) operating activities</b>	13(b)	(345,437)	(35,075)	2,215,792
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(824,417)	(3,597,900)	(354,152)
Payments for construction of infrastructure		(2,032,085)	(2,592,339)	(1,348,954)
Non-operating grants, subsidies and contributions		1,866,046	2,832,113	1,101,230
Proceeds from sale of fixed assets		77,937	226,000	142,034
<b>Net cash provided by (used in) investment activities</b>		(912,519)	(3,132,126)	(459,842)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(113,145)	(113,145)	(122,742)
Proceeds from self supporting loans		12,926		9,262
Proceeds from new debentures		0	1,300,000	0
<b>Net cash provided by (used in) financing activities</b>		(100,219)	1,186,855	(113,480)
<b>Net increase (decrease) in cash held</b>		(1,358,175)	(1,980,346)	1,642,470
Cash at beginning of year		4,089,239	4,089,239	2,446,769
<b>Cash and cash equivalents at the end of the year</b>	13(a)	<u>2,731,064</u>	<u>2,108,893</u>	<u>4,089,239</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 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>		<u>1,663,480</u> 1,663,480	<u>1,640,146</u> 1,640,146	<u>477,345</u> 477,345
<b>Revenue from operating activities (excluding rates)</b>				
Governance		25,154	8,950	12,018
General purpose funding		1,185,135	1,225,451	3,477,342
Law, order, public safety		18,885	19,307	26,493
Education and welfare		62,202	57,912	107,775
Housing		161,945	112,200	109,050
Community amenities		174,703	186,425	119,997
Recreation and culture		73,967	70,700	51,763
Transport		7,065	15,100	30,185
Economic services		376,163	240,400	90,130
Other property and services		<u>111,874</u>	<u>120,625</u>	<u>118,781</u>
		2,197,093	2,057,070	4,143,534
<b>Expenditure from operating activities</b>				
Governance		(422,497)	(441,868)	(472,792)
General purpose funding		(104,005)	(101,128)	(90,921)
Law, order, public safety		(51,728)	(61,334)	(56,400)
Health		(139,240)	(130,859)	(137,274)
Education and welfare		(268,518)	(263,472)	(191,399)
Housing		(278,685)	(368,642)	(148,995)
Community amenities		(279,094)	(282,995)	(289,168)
Recreation and culture		(878,554)	(863,190)	(1,148,730)
Transport		(3,343,689)	(3,426,071)	(3,142,613)
Economic services		(347,148)	(466,697)	(261,554)
Other property and services		<u>(63,690)</u>	<u>(66,419)</u>	<u>(109,312)</u>
		(6,176,848)	(6,472,675)	(6,049,158)
<b>Operating activities excluded from budget</b>				
(Profit) on disposal of assets	20	(4,568)	(5,100)	(20,119)
Loss on disposal of assets	20	21,623	229,552	6,499
Movement in deferred pensioner rates (non-current)		0	0	(2,970)
Movement in employee benefit provisions (non-current)		7,985	344	(22,485)
Depreciation and amortisation on assets	2(a)	<u>2,857,711</u>	<u>2,850,550</u>	<u>2,834,160</u>
<b>Amount attributable to operating activities</b>		566,476	299,887	1,366,806
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		1,866,046	2,832,113	1,101,230
Proceeds from disposal of assets	20	77,937	226,000	142,034
Purchase of land held for resale		0	0	0
Purchase of property, plant and equipment	6(b)	(824,417)	(3,597,900)	(354,152)
Purchase and construction of infrastructure	7(b)	<u>(2,032,085)</u>	<u>(2,592,339)</u>	<u>(1,348,954)</u>
<b>Amount attributable to investing activities</b>		(912,519)	(3,132,126)	(459,842)

**SHIRE OF MT MARSHALL  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2016 (continued)**

**FINANCING ACTIVITIES**

Proceeds from new debentures	21(a)	0	1,300,000	0
Proceeds from self supporting loans		12,926	9,783	9,262
Repayment of debentures	21(a)	(113,145)	(113,145)	(122,742)
Transfers to reserves (restricted assets)	11	(226,502)	(195,940)	(411,701)
Transfers from reserves (restricted assets)	11	200,000	607,000	104,682
<b>Amount attributable to financing activities</b>		<b>(126,721)</b>	<b>1,607,698</b>	<b>(420,499)</b>
<b>Surplus(deficiency) before general rates</b>		<b>(472,764)</b>	<b>(1,224,541)</b>	<b>486,465</b>
<b>Total amount raised from general rates</b>	22	<b>1,208,210</b>	<b>1,224,541</b>	<b>1,177,015</b>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	23	<b>735,446</b>	<b>0</b>	<b>1,663,480</b>

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 2016**

**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 2016**

**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.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

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 2016**

**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 2016**

**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	30 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 2016**

**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 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 liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing 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 market are determined using one or more valuation techniques. These valuation techniques 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 liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in 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 account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's to use the asset in its highest and best use or to sell it to another market participant that would use 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 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 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 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 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 liability is included in Level 2. If one or more significant inputs are not based on observable market 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 data is available to measure fair value. The availability of sufficient and relevant data primarily the specific characteristics of the asset or liability being measured. The valuation techniques 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 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 2016**

**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 in accordance with the regulatory framework.

**(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 2016**

**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 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 2016**

**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 2016**

**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 2016**

**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 2016**

**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 2016**

**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 15 Revenue from Contracts with Customers	December 2014	1 January 2018	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.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**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
(iv) 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	<p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p> <p>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.</p> <p>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.</p>
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation  [AASB 116 & 138]	August 2014	1 January 2016	<p>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.</p>

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**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
			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.
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15.
(vii) AASB 2015-2 Amendments to Australian	January 2015	1 January 2016	<p>It will require changes to reflect the impact of AASB 15. This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB101. 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. It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation. 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.</p>
(viii) AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities	March 2015	1 July 2016	<p>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.</p>
[AASB 10, 124 & 1049]			

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

**SHIRE OF MT MARSHALL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(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 as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**2. REVENUE AND EXPENSES**

**(a) Net Result**

The Net result includes:

(i) Charging as an expense:

**Significant expense and revenue**

**Auditors remuneration**

- Audit of the Annual Financial Report	30,340	23,530
- Other services	<u>11,290</u>	<u>22,175</u>
	<u>41,630</u>	<u>45,705</u>

**Depreciation**

Buildings - non-specialised	90,095	82,304
Buildings - specialised	190,128	183,225
Furniture and equipment	9,273	9,910
Plant and equipment	204,079	221,882
Motor Vehicles	38,116	43,866
Infrastructure - roads	2,205,349	2,205,600
Infrastructure - footpaths	14,953	9,106
Infrastructure - drainage - Included in Roads	0	8,189
Infrastructure - parks and ovals	37,085	15,944
Infrastructure - other	46,725	45,699
Playground Equipment	6,100	6,100
Airports	15,808	0
Sewage	0	164
Waste	<u>0</u>	<u>2,171</u>
	<u>2,857,711</u>	<u>2,834,160</u>

**Interest expenses (finance costs)**

Debentures (refer Note 21 (a))	<u>16,575</u>	<u>23,673</u>
	<u>16,575</u>	<u>23,673</u>

(ii) Crediting as revenue:

**Significant revenue**

Income from Workers Camp Rental (refer Note 33)	<u>207,735</u>	<u>0</u>
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**Other revenue**

Reimbursements and recoveries	39,670	54,558
Other	<u>73,552</u>	<u>92,856</u>
	<u>113,222</u>	<u>147,414</u>

	<b>2016 Actual \$</b>	<b>2016 Budget \$</b>	<b>2015 Actual \$</b>
<b>Interest earnings</b>			
- Reserve funds	66,501	41,939	57,576
- Other funds	30,217	15,000	20,197
Other interest revenue (refer note 27)	<u>17,544</u>	<u>12,000</u>	<u>12,052</u>
	<u>114,262</u>	<u>68,939</u>	<u>89,825</u>

**SHIRE OF MT MARSHALL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**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:**

**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 2016**

**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 2016**

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

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

<b>Grant/Contribution</b>	<b>Function/ Activity</b>	<b>Opening Balance <sup>(1)</sup> 1/07/14 \$</b>	<b>Received <sup>(2)</sup> 2014/15 \$</b>	<b>Expended <sup>(3)</sup> 2014/15 \$</b>	<b>Closing Balance <sup>(1)</sup> 30/06/15 \$</b>	<b>Received <sup>(2)</sup> 2015/16 \$</b>	<b>Expended <sup>(3)</sup> 2015/16 \$</b>	<b>Closing Balance 30/06/16 \$</b>
Royalties CLGF Funding - Local 12/13 - Beacon Bowling Green	General Purpose Funding	309,831	0	(309,831)	0			0
State NRM Grant - Biodiversity Project	Community Amenities	14,375	0	(14,375)	0			0
CBH Contribution - Bushfire Brigades	Governance	3,750	0	(3,750)	0			0
Department of Water Water Collection Projects	Community Amenities	0	53,825	0	53,825	99,598	(40,771)	112,652
Department of Regional Development Aged Friendly Communities Grant	Education and Welfare	0	40,000	0	40,000		(40,000)	0
Federal Government - Roads to Recovery Funding	Transport	0	396,516	(331,306)	65,210	1,133,121	(1,115,825)	82,506
State Government - Blackspot Funding	Transport	0	0	0	0	16,880	0	16,880
<b>Total</b>		<b>327,956</b>	<b>490,341</b>	<b>(659,262)</b>	<b>159,035</b>	<b>1,249,599</b>	<b>(1,196,596)</b>	<b>212,038</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 2016**

	Note	2016 \$	2015 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		435,175	1,833,185
Restricted		<u>2,335,559</u>	<u>2,256,054</u>
		<u>2,770,734</u>	<u>4,089,239</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	11	91,379	88,157
Plant Replacement Reserve	11	414,163	321,880
Aged Care Units Reserve	11	66,563	64,386
Community Housing Reserve	11	38,250	37,001
Council Staff Housing Reserve	11	32,771	31,158
Public Amenities & Bldgs Reserve	11	539,973	621,406
Bencubbin Aquatic Centre Developm Reserve	11	740,930	641,044
Community Bus Reserve	11	112,565	108,974
Bencubbin Recreation Complex Reserve	11	7,967	7,537
Office Equipment Reserve	11	15,594	15,085
Integrated Plann/Financial Reporting Reserve	11	16,571	16,029
Beacon Barracks Replacement Reserve	11	42,639	41,244
Economic Development Reserve	11	4,156	103,116
Unspent grants	2(c)	<u>212,038</u>	<u>159,035</u>
		<u>2,335,559</u>	<u>2,256,052</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates outstanding		121,543	89,524
Sundry debtors		390,032	116,582
GST receivable		169	20,053
Loans receivable - clubs/institutions		7,189	9,783
Accrued Income		<u>0</u>	<u>2,465</u>
		<u>518,933</u>	<u>238,407</u>
<b>Non-current</b>			
Loans receivable - clubs/institutions		<u>19,499</u>	<u>29,831</u>
		<u>19,499</u>	<u>29,831</u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and materials		<u>19,388</u>	<u>10,749</u>
		<u>19,388</u>	<u>10,749</u>

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Land - freehold 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>
Buildings - non-specialised at:		
- Independent valuation 2014 - level 2	2,418,000	2,418,000
- Additions after valuation - cost	148,479	111,943
Less: accumulated depreciation	<u>(172,399)</u>	<u>(82,304)</u>
	<u>2,394,080</u>	<u>2,447,639</u>
Buildings - specialised at:		
- Independent valuation 2014 - level 3	8,057,550	8,057,550
- Additions after valuation - cost	474,733	0
Less: accumulated depreciation	<u>(373,353)</u>	<u>(183,225)</u>
	<u>8,158,930</u>	<u>7,874,325</u>
	<u>10,553,010</u>	<u>10,321,964</u>
Total land and buildings	<u>11,802,067</u>	<u>11,571,021</u>
Furniture and equipment at:		
- Management valuation 2015 - level 3	246,309	246,309
- Additions after valuation - cost	0	0
Less accumulated depreciation	<u>(198,922)</u>	<u>(189,649)</u>
	47,387	56,660
Plant and equipment at:		
- Independent valuation 2016 - level 2	1,578,000	0
- Independent valuation 2016 - level 3	270,800	0
- Independent valuation 2013 - level 2	0	1,642,273
- Management valuation 2013 - level 3	0	28,173
- Additions after valuation - cost	0	538,497
Less accumulated amortisation	<u>0</u>	<u>(368,173)</u>
	1,848,800	1,840,770
Motor Vehicles at:		
- Independent valuation 2016 - level 2	350,000	0
- Independent valuation 2013 - level 2	0	188,182
- Additions after valuation - cost	0	207,255
Less accumulated amortisation	<u>0</u>	<u>(61,240)</u>
	350,000	334,197
Work in Progress at:		
- Additions after valuation - cost	<u>0</u>	<u>47,696</u>
	0	47,696
	<u>14,048,254</u>	<u>13,850,344</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. 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 2016**

**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) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold	877,000	0	0	0	0	0	0	0	877,000
Land - vested in and under the control of Council	372,057	0	0	0	0	0	0	0	372,057
<b>Total land</b>	<b>1,249,057</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,249,057</b>
Buildings - non-specialised	2,447,640	36,536	0	0	0	0	(90,095)	0	2,394,080
Buildings - specialised	7,874,325	427,037	0	0	0	0	(190,128)	47,696	8,158,930
<b>Total buildings</b>	<b>10,321,965</b>	<b>463,573</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(280,223)</b>	<b>47,696</b>	<b>10,553,010</b>
<b>Total land and buildings</b>	<b>11,571,022</b>	<b>463,573</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(280,223)</b>	<b>47,696</b>	<b>11,802,067</b>
Furniture and equipment	56,660	0	0	0	0	0	(9,273)	0	47,387
Plant and equipment	1,840,770	222,284	(53,369)	0	43,194	0	(204,079)	0	1,848,800
Motor Vehicles	334,196	138,560	(41,623)	0	(43,017)	0	(38,116)	0	350,000
Work in Progress	47,696	0	0	0	0	0	0	(47,696)	0
<b>Total property, plant and equipment</b>	<b>13,850,343</b>	<b>824,417</b>	<b>(94,992)</b>	<b>0</b>	<b>177</b>	<b>0</b>	<b>(531,691)</b>	<b>0</b>	<b>14,048,253</b>

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**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>					
Land - freehold	Level 3	Sighted by valuers: Griffin Advisory	See below	June 2014	Assets sighted by valuers, knowledge of industry average cost to replace
Land - vested in and under the control of Council	Level 3	Sighted by valuers: Griffin Advisory	See below	June 2014	Assets sighted by valuers, knowledge of industry average cost to replace
Buildings - non-specialised	Levels 2&3	Sighted by valuers: Griffin Advisory	See below	June 2014	Assets sighted by valuers, knowledge of industry average cost to replace
Buildings - specialised	Levels 2&3	Sighted by valuers: Griffin Advisory	See below	June 2014	Assets sighted by valuers, knowledge of industry average cost to replace
<b>Furniture and equipment</b>	Level 3	Management Valuation	See below	June 2015	Visual inspection, market knowledge
<b>Plant and equipment</b>	Levels 2&3	Sighted by valuers: Griffin Advisory	Market price	June 2015	Assets sighted by valuers, knowledge of industry average cost to replace
<b>Motor Vehicles</b>	Level 3	Sighted by valuers: Griffin Advisory	Market price	June 2015	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 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**  
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	2016 \$	2015 \$
<b>7 (a). INFRASTRUCTURE</b>		
Infrastructure - roads		
FV Valuation Roads 2015 - Independent Level 3	108,016,733	108,016,733
- Additions after valuation - cost	1,955,252	0
Less accumulated depreciation	<u>(23,886,443)</u>	<u>(21,681,094)</u>
	86,085,542	86,335,639
Infrastructure - footpaths		
FV Valuation - 2015 - Independent Level 3	1,091,023	1,091,024
- Additions after valuation - Cost	548	0
Less accumulated depreciation	<u>(506,387)</u>	<u>(491,433)</u>
	585,184	599,591
Infrastructure - parks and ovals		
FV Valuation - 2014 - Independent Level 3	1,050,000	1,050,000
Less accumulated depreciation	<u>(37,085)</u>	<u>0</u>
	1,012,915	1,050,000
Infrastructure - other		
FV Valuation - 2014 - Independent Level 3	2,352,500	2,352,500
- Additions after valuation - cost	89,012	12,726
Less accumulated depreciation	<u>(92,425)</u>	<u>(45,699)</u>
	2,349,087	2,319,527
Playground Equipment		
Independent valuation 2014 - level 3	59,500	59,500
Less accumulated depreciation	<u>(12,199)</u>	<u>(6,100)</u>
	47,301	53,400
Airports		
FV Valuation - 2015 - Independent Level 3	790,000	790,000
Less accumulated depreciation	<u>(15,808)</u>	<u>0</u>
	774,192	790,000
	<u>90,854,221</u>	<u>91,148,157</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. 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**  
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**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.

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - roads	86,335,639	1,955,251	0	0	0	0	(2,205,349)	0	86,085,542
Infrastructure - footpaths	599,591	548	0	0	0	0	(14,953)	0	585,184
Infrastructure - parks and ovals	1,050,000	0	0	0	0	0	(37,085)	0	1,012,915
Infrastructure - other	2,319,527	76,286	0	0	0	0	(46,725)	0	2,349,087
Playground Equipment	53,400	0	0	0	0	0	(6,100)	0	47,301
Airports	790,000	0	0	0	0	0	(15,808)	0	774,192
<b>Total infrastructure</b>	<b><u>91,148,157</u></b>	<b><u>2,032,085</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>(2,326,020)</u></b>	<b><u>0</u></b>	<b><u>90,854,221</u></b>

**SHIRE OF MT MARSHALL  
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**7. INFRASTRUCTURE (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>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 and 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>Airports</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**  
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**2016**                      **2015**  
**\$**                              **\$**

**8. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors	283,929	348,664
Accrued interest on debentures	479	1,772
Accrued salaries and wages	34,247	23,130
ATO liabilities	0	22,887
Accrued FBT	0	2,745
	<u>318,655</u>	<u>399,198</u>

**9. LONG-TERM BORROWINGS**

**Current**

Secured by floating charge		
Debentures	<u>74,272</u>	<u>113,145</u>
	<u>74,272</u>	<u>113,145</u>

**Non-current**

Secured by floating charge		
Debentures	<u>134,271</u>	<u>208,542</u>
	<u>134,271</u>	<u>208,542</u>

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Total \$</b>
<b>Opening balance at 1 July 2015</b>			
Current provisions	133,874	123,200	257,074
Non-current provisions	<u>0</u>	<u>11,041</u>	<u>11,041</u>
	133,874	134,241	268,115
Additional provision	74,198	17,825	92,023
Amounts used	(99,167)	(29,602)	(128,769)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	<u>0</u>	<u>0</u>	<u>0</u>
<b>Balance at 30 June 2016</b>	<u>108,905</u>	<u>122,464</u>	<u>231,369</u>
<b>Comprises</b>			
Current	108,905	106,719	215,624
Non-current	<u>0</u>	<u>15,745</u>	<u>15,745</u>
	<u>108,905</u>	<u>122,464</u>	<u>231,369</u>

**SHIRE OF MT MARSHALL**  
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**11. RESERVES - CASH BACKED**

	<b>Actual 2016 Opening Balance \$</b>	<b>Actual 2016 Transfer to \$</b>	<b>Actual 2016 Transfer (from) \$</b>	<b>Actual 2016 Closing Balance \$</b>	<b>Budget 2016 Opening Balance \$</b>	<b>Budget 2016 Transfer to \$</b>	<b>Budget 2016 Transfer (from) \$</b>	<b>Budget 2016 Closing Balance \$</b>	<b>Actual 2015 Opening Balance \$</b>	<b>Actual 2015 Transfer to \$</b>	<b>Actual 2015 Transfer (from) \$</b>	<b>Actual 2015 Closing Balance \$</b>
Employee Entitlements	88,157	3,222	0	91,379	88,157	1,763	0	89,920	110,645	3,444	(25,932)	88,157
Plant Replacement	321,880	92,283	0	414,163	321,880	86,438	0	408,318	253,971	67,909	0	321,880
Aged Care Units	64,386	2,177	0	66,563	64,386	1,288	0	65,674	62,441	1,945	0	64,386
Community Housing	37,001	1,249	0	38,250	37,001	740	0	37,741	35,887	1,114	0	37,001
Council Staff Housing	31,158	1,613	0	32,771	31,158	623	0	31,781	88,404	2,754	(60,000)	31,158
Public Amentities & Bldgs	621,407	18,566	(100,000)	539,973	621,407	12,428	(500,000)	133,835	602,641	18,766	0	621,407
Bencubbin Aquatic Centre Development	641,045	99,885	0	740,930	641,045	86,819	0	727,864	344,356	296,689	0	641,045
Community Bus	108,974	3,591	0	112,565	108,974	2,179	0	111,153	95,986	12,988	0	108,974
Bencubbin Recreation Complex	7,537	430	0	7,967	7,537	151	(7,000)	688	25,496	791	(18,750)	7,537
Office Equipment	15,085	509	0	15,594	15,085	303	0	15,388	14,628	457	0	15,085
Integrated Plann/Financial Reporting	16,029	542	0	16,571	16,029	321	0	16,350	15,545	484	0	16,029
Beacon Barracks Replacement	41,244	1,395	0	42,639	41,244	825	0	42,069	40,000	1,244	0	41,244
Economic Development	103,116	1,040	(100,000)	4,156	103,116	2,062	(100,000)	5,178	100,000	3,116	0	103,116
	<u>2,097,019</u>	<u>226,502</u>	<u>(200,000)</u>	<u>2,123,521</u>	<u>2,097,019</u>	<u>195,940</u>	<u>(607,000)</u>	<u>1,685,959</u>	<u>1,790,000</u>	<u>411,701</u>	<u>(104,682)</u>	<u>2,097,019</u>

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.

**SHIRE OF MT MARSHALL  
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In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

<b>Name of Reseve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
Employee Entitlements	Note 1	to fund Long Service Leave required/other accrued leave.
Plant Replacement	Note 1	to fund the purchase of road construction plant, so as to avoid undue heavy burden in a single year.
Aged Care Units	Note 1	to be used for future maintenance costs (Funds of \$500 per unit per year).
Community Housing	Note 1	to fund future maintenance of Homeswest Joint Venture/Community Housing projects.
Council Staff Housing	Note 1	to fund the replacement of staff housing and any major maintenance.
Public Amentities & Bldgs	30/Jun/17	to help fund future building maintenance requirements to the shire's buildings.
Bencubbin Aquatic Centre Development	30/Jun/19	to finance future capital and maintenance upgrades for the Bencubbin Aquatic centre.
Community Bus	30/Jun/18	to finance the replacement of the community bus.
Bencubbin Recreation Complex	30/Jun/17	to provide funding for future extensions to the Bencubbin Complex.
Office Equipment	Note 1	to replace office equipment as required.
Integrated Plannn/Financial Reporting	30/Jun/17	to set aside funds for expenditure on Council's integrated planning process.
Beacon Barracks Replacement	30/Jun/19	to set aside funds for reconstruction or major maintenance on the Beacon Barracks.
Economic Development	Note 1	to set aside funds for Economic Development initiatives.

Note 1 Reserve 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**  
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**12. REVALUATION SURPLUS**

	2016	2016	2016	2016	2016	2015	2015	2015	2015	2015
	Opening	Revaluation	Revaluation	Total	Closing	Opening	Revaluation	Revaluation	Total	Closing
	Balance	Increment	Decrement	Revaluation	Balance	Balance	Increment	Decrement	Revaluation	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land and buildings	4,429,175	0	0	0	4,429,175	4,429,175	0	0	0	4,429,175
Infrastructure - roads	20,756,279	0	0	0	20,756,279	0	20,756,279	0	20,756,279	20,756,279
Infrastructure - footpaths	196,272	0	0	0	196,272	0	196,272	0	196,272	196,272
Infrastructure - parks and ovals	849,859	0	0	0	849,859	0	849,859	0	849,859	849,859
Infrastructure - other	981,992	0	0	0	981,992	981,992	0	0	0	981,992
Playground Equipment	50,909	0	0	0	50,909	50,909	0	0	0	50,909
Airports	790,000	0	0	0	790,000	0	790,000	0	790,000	790,000
	28,054,485	0	0	0	28,054,485	5,462,076	22,592,410	0	22,592,410	28,054,485

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**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>2016</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	<u>2,770,734</u>	<u>2,108,893</u>	<u>4,089,239</u>

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

Net result	(905,265)	(358,950)	372,620
Non-cash flows in Net result:			
Depreciation	2,857,711	2,850,550	2,834,160
(Profit)/Loss on sale of asset	17,055	224,452	(13,619)
Fair value adjustments to fixed assets			
at fair value through profit or loss	(177)	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(283,120)	42,195	88,704
(Increase)/Decrease in inventories	(8,639)	0	1,257
Increase/(Decrease) in payables	(80,540)	52,802	14,517
Increase/(Decrease) in provisions	(36,746)	(14,011)	19,383
Grants contributions for			
the development of assets	<u>(1,866,046)</u>	<u>(2,832,113)</u>	<u>(1,101,230)</u>
Net cash from operating activities	<u>(305,767)</u>	<u>(35,075)</u>	<u>2,215,792</u>

	<b>2016</b>	<b>2015</b>
	<b>\$</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>(690)</u>	<u>(1,319)</u>
<b>Total amount of credit unused</b>	<u>19,310</u>	<u>18,681</u>
<b>Loan facilities</b>		
Loan facilities - current	74,272	113,145
Loan facilities - non-current	<u>134,271</u>	<u>208,542</u>
<b>Total facilities in use at balance date</b>	<u>208,543</u>	<u>321,687</u>
<b>Unused loan facilities at balance date</b>	<u>NIL</u>	<u>NIL</u>

**SHIRE OF MT MARSHALL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**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**

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

**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 \$27,425 in 2015/16.

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 \$55,240 in 2015/16.

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Governance	787,775	314,841
General purpose funding	583,406	2,585,860
Law, order, public safety	435,357	453,141
Health	73,984	76,992
Education and welfare	1,267,086	1,324,036
Housing	2,276,088	2,221,118
Community amenities	1,105,283	640,621
Recreation and culture	8,944,123	9,395,333
Transport	85,536,963	84,840,661
Economic services	1,276,504	1,067,891
Other property and services	1,901,441	1,826,048
Unallocated	4,043,019	4,620,185
	<u>108,231,029</u>	<u>109,366,727</u>

**SHIRE OF MT MARSHALL**  
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	2016	2015	2014
<b>18. FINANCIAL RATIOS</b>			
Current ratio	1.88	3.06	1.06
Asset sustainability ratio	0.96	0.58	0.82
Debt service cover ratio	0.49	14.54	(1.59)
Operating surplus ratio	(1.36)	(0.43)	(1.72)
Own source revenue coverage ratio	0.33	0.28	0.29

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 57 of this document.

Two of the 2016 and three 2015 ratios disclosed above are distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$1,139,984.

The early payment was considered to be "one-off" and if recognised in the year to which the allocation related the calculations in the 2016 and 2015 columns above would be as follows:

	2016	2015
Current Ratio	No Change	1.38
Debt service cover ratio	9.28	6.76
Operating surplus ratio	(0.81)	(1.11)

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**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>1 July 2015 \$</b>	<b>Amounts Received \$</b>	<b>Amounts Paid (\$)</b>	<b>30 June 2016 \$</b>
Police Licensing	1,157	238,253	(229,895)	9,515
Aged Care Beautification	829			829
Unclaimed Monies	159			159
Tree Planting Nursery	1,000			1,000
Sundry Creditors	745			745
Housing Bonds	10,500	3,440	(2,880)	11,060
Staff Social Club	971	7,174	(2,413)	5,732
Deposit on Land	1,000			1,000
Nomination Deposits	<u>0</u>	880	(880)	<u>0</u>
	<u>16,361</u>			<u>30,040</u>

**20. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR**

The following assets were disposed of during the year.

	<b>Actual Net Book Value \$</b>	<b>Actual Sale Proceeds \$</b>	<b>Actual Profit \$</b>	<b>Actual Loss \$</b>	<b>Budget Net Book Value \$</b>	<b>Budget Sale Proceeds \$</b>	<b>Budget Profit \$</b>	<b>Budget Loss \$</b>
<b>Governance</b>								
100KVA Generator	2,669	2,727	58		0	0		
<b>Housing</b>								
House Lot 168 Collin St Bencubbin		0			74,396	20,000		(54,396)
<b>Transport</b>								
Backhoe Volvo BL71 2008	42,700	29,700		(13,000)	49,440	30,000		(19,440)
Mitsubishi 4x4 Crew Cab Utilit	0	0			24,500	18,000		(6,500)
Mitsubishi Triton Utility	0	0			14,500	15,000	500	
Mitsubishi Triton MM279	0	0			19,091	15,000		(4,091)
Mitsubishi Triton MM271	21,623	21,000		(623)	18,181	8,000		(10,181)
Nissan Navara 4x4 Dual Cab	20,000	24,510	4,510		20,400	25,000	4,600	
Free Roll Roller	8,000	0		(8,000)				
Effluent Tank for Truck	0	0			11,600	5,000		(6,600)
<b>Economic services</b>								
Bencubbin - Industrial Shed	<u>0</u>	<u>0</u>			<u>218,344</u>	<u>90,000</u>		<u>(128,344)</u>
	<u>94,992</u>	<u>77,937</u>	<u>4,568</u>	<u>(21,623)</u>	<u>450,452</u>	<u>226,000</u>	<u>5,100</u>	<u>(229,552)</u>



**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1 July	New Loans		Principal Repayments		Principal 30 June 2016		Interest Repayments	
	2015 \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Housing</b>									
Loan 111 - House 229 Murray St	0	0	0	0	0	0	0	0	0
Loan 115 - Housing Upgrade	31,916	0	0	31,916	31,916	0	0	643	1,397
Loan 118 - Staff Housing	216,193	0	0	49,143	49,143	167,050	167,050	12,807	12,817
<b>Recreation and culture</b>									
Loan 120 - Bencubbin Rec Complex S	0	0	1,000,000	0	0	0	1,000,000	0	0
Loan 121 - Bencubbin Rec Complex C	0	0	300,000	0	0	0	300,000	0	0
<b>Economic services</b>									
Loan 117 - Accommodation Units	33,964	0	0	22,303	22,303	11,661	11,661	1,179	1,725
	282,073	0	1,300,000	103,362	103,362	178,711	1,478,711	14,629	15,939
<b>Self Supporting Loans</b>									
<b>General purpose funding</b>									
Loan 119 - Benny-Mart*	39,614			9,783	9,783	29,831	29,831	1,946	1,928
	39,614	0	0	9,783	9,783	29,831	29,831	1,946	1,928
	321,687	0	1,300,000	113,145	113,145	208,542	1,508,542	16,575	17,867

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

**21. INFORMATION ON BORROWINGS (continued)**

- |                              |  |
|------------------------------|--|
| (b) New Debentures - 2015/16 | The Shire did not take up any new debentures during the year ended 30 June 2016. |
| (c) Unspent Debentures       | The Shire did not have any unspent debentures as at 30 June 2016.                |

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**22. RATING INFORMATION - 2015/16 FINANCIAL YEAR**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>Differential general rate / general rate</b>											
<b>General Rate</b>											
GRV	0.1129	131	797,910	90,106	(1,226)	0	88,880	93,184			93,184
UV	0.0194	317	60,521,810	1,173,155	(3,727)	79	1,169,507	1,170,077			1,170,077
Mining	0.0194	1	117,216	2,272	0		2,272	0			0
<b>Sub-Total</b>		449	61,436,936	1,265,533	(4,953)	79	1,260,659	1,263,261	0	0	1,263,261
<b>Minimum Rate</b>	<b>Minimum \$</b>										
GRV	360	41	87,361	14,760			14,760	14,400			14,400
UV	360	25	43,833	9,000			9,000	11,880			11,880
Mining	360	7	12,274	2,520			2,520	0			0
<b>Sub-Total</b>		73	143,468	26,280	0	0	26,280	26,280	0	0	26,280
		<b>522</b>	<b>61,580,404</b>	<b>1,291,813</b>	<b>(4,953)</b>	<b>79</b>	<b>1,286,939</b>	<b>1,289,541</b>	<b>0</b>	<b>0</b>	<b>1,289,541</b>
Discounts/concessions (refer note 26)							(76,901)				(65,000)
Rates Write Off (refer note 26)							(1,828)				(200)
<b>Total amount raised from general rate</b>							<b>1,208,210</b>				<b>1,224,541</b>
Movement in Excess Rates							(21,548)				0
Ex-gratia rates							13,851				13,600
<b>Totals</b>							<b>1,200,513</b>				<b>1,238,141</b>

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**23. NET CURRENT ASSETS**

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 15 brought forward</b>	<u>735,446</u>	<u>1,663,480</u>	<u>1,663,480</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	435,175	1,833,185	1,833,185
Restricted	2,335,559	2,256,054	2,256,054
Receivables			
Rates outstanding	121,543	89,524	89,524
Sundry debtors	390,032	116,584	116,584
GST receivable	169	20,053	20,053
Loans receivable - clubs/institutions	10,332	9,783	9,783
Accrued Income	0	2,465	2,465
Inventories			
Fuel and materials	19,388	10,749	10,749
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(284,201)	(348,664)	(348,664)
Accrued interest on debentures	(479)	(1,772)	(1,772)
Accrued salaries and wages	(34,247)	(23,130)	(23,130)
ATO liabilities	0	(22,887)	(22,887)
Accrued FBT	0	(2,745)	(2,745)
ESL Levied (Net of Payments to FESA)	272	0	0
Current portion of long term borrowings			
Secured by floating charge	(74,272)	(113,145)	(113,145)
Provisions			
Provision for annual leave	(108,905)	(133,874)	(133,874)
Provision for long service leave	(106,719)	(123,200)	(123,200)
<b>Unadjusted net current assets</b>	<b><u>2,703,647</u></b>	<b><u>3,568,980</u></b>	<b><u>3,568,980</u></b>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(2,123,520)	(2,097,019)	(2,097,019)
Less: Loans receivable - clubs/institutions	(10,332)	(9,783)	(9,783)
Add: Current portion of long term borrowings			
Secured by floating charge	74,272	113,145	113,145
Add: Employee Liabilities supported by Cash Backed Reserves	91,379	88,157	88,157
<b>Adjusted net current assets - surplus/(deficit)</b>	<b><u><u>735,446</u></u></b>	<b><u><u>1,663,480</u></u></b>	<b><u><u>1,663,480</u></u></b>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.

**SHIRE OF MT MARSHALL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**24. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR**

The Shire did not levy Specified Area Rates.

**25. SERVICE CHARGES - 2015/16 FINANCIAL YEAR**

The Shire did not impose any service charges.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2015/16 FINANCIAL YEAR**

**Rates Discounts**

Rate or Fee Discount Granted	Discount % or \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
		76,901	65,000	Rates payment received within the period specified on the Rates Notice.
		<u>76,901</u>	<u>65,000</u>	
<b>Rates Discounts</b>				
Rates Write offs		1,828	200	
		<u>1,828</u>	<u>200</u>	

**Waivers or Concessions**

The Shire did not provide any waivers or concessions.

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**27. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR**

<b>Instalment Option</b>	<b>Date Due</b>	<b>Instalment Plan Admin Charge \$</b>	<b>Instalment Plan Interest Rate %</b>	<b>Unpaid Rates Interest Rate %</b>
First Instalment	15-Oct-15	10	0.00%	11.00%
Second Instalment	17-Dec-15	10	0.00%	11.00%
Third Instalment	18-Feb-16	10	0.00%	11.00%
Fourth Instalment	22-Apr-16	10	0.00%	11.00%

	<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on unpaid rates	17,544	12,000
Interest on instalment plan	0	0
Charges on instalment plan	870	1,200
	<u>18,414</u>	<u>13,200</u>

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

<b>28. FEES &amp; CHARGES</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Governance	870	966
General purpose funding	1,851	1,190
Law, order, public safety	1,226	1,536
Education and welfare	21,390	18,300
Housing	158,803	107,171
Community amenities	73,438	64,506
Recreation and culture	27,768	7,795
Transport	0	3,293
Economic services	375,763	86,432
Other property and services	<u>45,604</u>	<u>27,022</u>
	<u><u>706,713</u></u>	<u><u>318,211</u></u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

**29. GRANT REVENUE**

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature or Type:</b>		
<b>By Program:</b>		
Governance	0	0
General purpose funding	1,075,640	3,363,144
Law, order, public safety	17,031	21,495
Education and welfare	40,812	77,936
Housing	0	0
Community amenities	99,598	53,825
Recreation and culture	33,000	30,480
Other property and services	<u>0</u>	<u>0</u>
	<u>1,266,081</u>	<u>3,546,880</u>
<b>Non-operating grants, subsidies and contributions</b>		
General purpose funding	0	14,675
Transport	<u>1,866,046</u>	<u>1,086,555</u>
	<u>1,866,046</u>	<u>1,101,230</u>
	<u><u>3,132,127</u></u>	<u><u>4,648,110</u></u>

**30. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>24</u>	<u>25</u>
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**31. ELECTED MEMBERS REMUNERATION**

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

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Meeting Fees	30,515	32,500	30,277
President's allowance	5,250	5,250	5,000
Deputy President's allowance	1,313	1,313	1,275
Travelling expenses	8,071	5,280	3,317
Telecommunications allowance	<u>11,128</u>	<u>12,250</u>	<u>7,159</u>
	<u>56,277</u>	<u>56,593</u>	<u>47,028</u>

**SHIRE OF MT MARSHALL  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**32. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2015/16.

**33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

**Workers Camp located at Bencubbin Caravan Park**

**(a) Background**

Construction of the Workers Camp was 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.

Watercorp is currently undertaking considerable repairs maintenance and development work in relation to water collection, storage and transfer in the Eastern Wheatbelt. Council has taken the opportunity to fill a gap by providing accommodation for this and other future projects in the area. This will generate and support additional economic activity in the Shire of Mt Marshall. Council is confident that this facility will continue to provide a much needed service for the region in years to come.

The Workers Camp comprises cabins, camp kitchen and storage and accommodates up to 21 people. Construction and development cost \$340,121.

**(b) Income & Expenditure**

	<b>2015/16 Actual \$</b>	<b>2015/16 Budget \$</b>
Rental Income	301,505	147,600
Cleaning Expenses - Workers Camp	38,335	26,235
Insurance Workers Camp	0	1,000
Repairs & Maintenance	35,007	10,000
Utilities Workers Camp	12,536	25,000
Depreciation Workers Camp	<u>7,892</u>	<u>14,000</u>
	93,770	76,235
Net Income from Activity	<u>207,735</u>	<u>71,365</u>



**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**34. 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:*

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	2,770,734	4,089,239	2,770,734	4,089,239
Receivables	<u>538,432</u>	<u>268,238</u>	<u>538,432</u>	
	<u>3,309,166</u>	<u>4,357,477</u>	<u>3,309,166</u>	<u>4,357,4</u>
<b>Financial liabilities</b>				
Payables	318,655	399,198	318,655	399,198
Borrowings	<u>208,543</u>	<u>321,687</u>	<u>222,679</u>	
	<u>527,198</u>	<u>720,885</u>	<u>541,334</u>	<u>720,885</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 2016**

**34. 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>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	37,246	16,412
- Statement of Comprehensive Income	37,246	16,412

**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 2016**

**34. 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>2016</b>	<b>2015</b>
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	69%	60%
- Overdue	31%	40%

**SHIRE OF MT MARSHALL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**34. 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:

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<b><u>Year ended 30 June 2016</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	(11,661)	0	(196,882)	0	0	(208,543)	6.15%
Weighted average Effective interest rate		6.06%		6.16%				
<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	(321,687)	6.11%
Weighted average Effective interest rate	5.81%	6.06%		6.16%				

**SHIRE OF MT MARSHALL  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2016**

**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>2016</b>	<b>2015</b>	<b>2014</b>
Asset consumption ratio	0.69	0.57	0.54
Asset renewal funding ratio	0.98	1.02	1.02

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	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

# Auditor's Report

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## MOORE STEPHENS

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

#### **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 2016, 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. These 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 and fair presentation 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 Council, 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 2016 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**

**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 57p of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is 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

Date: 9 December 2016  
Perth, WA

# 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 14 February 2017, 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 22 March 2016
3. Reading of the Auditors Report for 2015/2016.
4. Reading of the President's Report for the year ended 30 June 2016.
5. Receiving of the Annual Report for 2015/2016.
6. General Business as the President thinks fit or as the majority of the electors present may decide.

By order of Council

Stephen Tindale  
Acting Chief Executive Officer



# Minutes of the Annual General Meeting of Electors

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## SHIRE OF MT MARSHALL



## MINUTES

## Electors' General Meeting

**Minutes of Annual General Meeting of Electors  
held on Tuesday 22 March 2016,  
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 Tuesday 17 March 2015**
- 4. Receiving of Annual Report for the year ending 30 June 2015**
- 5. General business as the President thinks fit or as the majority of the electors present may decide**
- 6. Closure of Meeting**

<b>1.0 Declaration of Opening / Announcement of Visitors</b>
--

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

<b>2.0 Record of Attendance / Apologies / Approved Leave of Absence</b>
---

**In Attendance**

Cr RM Kirby	President / Presiding Member/Elector
Cr SE Faulkner	Deputy President/Elector
Cr ARC Sachse	Councillor/Elector
Cr WJ Beagley	Councillor/Elector
Cr HJ Shemeld	Councillor/Elector
Mr Eddie Piper	Acting Chief Executive Officer
Ms Nadine Richmond	Executive Assistant / Elector
Ms Tanika McLennan	Finance Administration Manager / Elector
Mr Len Cargeeg	Elector
Mrs Karley Dunne	Elector
Mr David Dunne	Elector
Mr Stuart Putt	Elector
Mrs Megan Beagley	Elector
Mr Peter Waters	Elector
Mrs Michelle Faulkner	Elector
Mrs Tanya Gibson	Elector

**Apologies**

Cr PA Gillett	Councillor/Elector
Cr CT Lumsden	Councillor/Elector
Mrs Petrina Poole	Elector
Mr Clint Poole	Elector
Mrs Diane Morgan	Elector
Mrs Marian Kirby	Elector
Mrs Celine Murray	Elector
Mr Daniel Miguel	Elector
Mr Nigel Beagley	Elector
Mr Andrew Gibson	Elector

<b>3.0</b>	<b>Confirmation of Minutes of Previous Electors' General Meeting</b>
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<b>3.1</b>	<b>Minutes of the Electors' General Meeting held 17 March 2015</b>
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<b>2016/058</b>	<b>ELECTORS RESOLUTION:</b>
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That the Minutes of the Electors' General Meeting held on Tuesday 17 March 2015 be confirmed as a true and correct record of proceedings.

<b>Moved Mrs Tanya Gibson</b>	<b>Seconded Mrs Megan Beagley</b>	<b>Carried</b>
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<b>4.0</b>	<b>Receiving of Annual Report for the year ending 30 June 2015</b>
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<b>2016/059</b>	<b>ELECTORS RESOLUTION:</b>
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That the Annual Report for the year ended 30 June 2015 as previously adopted by Council incorporating;

- The Financial Statements
- Auditors Report
- President's Report
- CEO's Report

Be received by the Electors of the Shire of Mt Marshall.

<b>Moved Mr L Cargeeg</b>	<b>Seconded Mr SE Faulkner</b>	<b>Carried</b>
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<b>5.0</b>	<b>General business as the President thinks fit or as the majority of the Electors present may decide</b>
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The Presiding Member allowed for general discussion amongst Council and Electors and took questions covering the following topics:

- Specified Area Rates in relation to the redevelopment of the Bencubbin Multipurpose Complex;
- Tender process in relation to the redevelopment of the Bencubbin Multipurpose Complex;
- The Shire's social media page;
- Financial figures relating to the departure of the former CEO; and
- Elected Members attending confidential Council meetings via teleconference

<b>6.0</b>	<b>Closure of Meeting</b>
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The Presiding Member thanked everyone for their attendance and declared the meeting closed at 6:22pm.

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

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Date

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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 2016, one (1) Freedom of Information application was 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 Acting Chief Executive Officer received a salary between \$130,000 and \$140,000 during the year ended 30 June 2016.

Two employees, the Chief Executive Officer and Acting Chief Executive Officer received a salary between \$140,000 and \$150,000 during the year ended 30 June 2016.