ORDINARY COUNCIL MEETING

26 April 2022

Attachment Booklet – April 2022 – Annual Report

ATTACHMENT: CEO01

Annual Report and Auditor's Report 2020/21

Attachment 1

Annual Report & Auditor's Report 2020/21

SHIRE OF IRWIN
DONGARA-PORT DENISON
A BRILLIANT BLEND

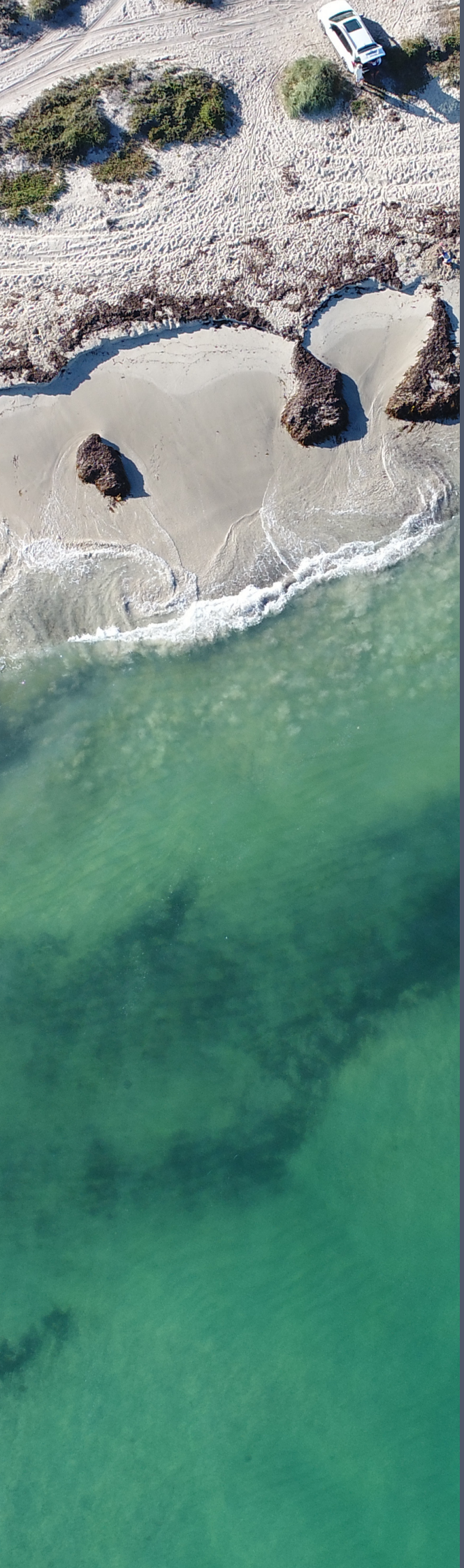






ANNUAL REPORT

2020/21



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The Shire of Irwin respectfully acknowledges the Southern Yamatji Peoples who are the Traditional Owners and First People of these lands. The Nhanhagardi, Wilunyu, Amangu. The Shire of Irwin would like to pay respect to the Elders past, present and future for they hold the memories, the traditions, the culture and hopes of the Southern Yamatji Peoples.

Shire President's Report



I am pleased to present the 2020/21 Shire of Irwin Annual Report. We, as a Shire, have been fortunate to stay out of harm's way on a couple of instances this financial period.

The first being able to secure rates revenue from a stable economic climate that was aided by good State Government policy. Without this stability we may have experienced some serious financial restraints. The second was the devastation neighbouring Shires experienced as a result of Tropical Cyclone Seroja. We were so fortunate that it just brushed our northern and eastern boundaries, impacting only a handful of properties. It was endearing to see our community come together in the aftermath of the cyclone, sharing resources during the extended power outage and stepping up to assist neighbours who were severely impacted.

During the 2020/21 period, Council were focused on working to achieve long term goals and priorities identified by the community.

The year started on a high with the completion and opening of the Pump Track and Skate Park Precinct. Funded through a $250,000 Lotterywest grant, the project has provided our young people and families another safe space to come together and enjoy.

Another highlight was the Shire's early adoption of the Containers for Change program. Through a partnership with Western Australia Return Recycle Renew, the Shire opened a Containers for Change Refund Point at the Shire of Irwin Transfer Station & Recycling Centre. The Shire of Irwin was one of the first local governments in the Midwest to embark on the Containers for Change scheme and its implementation has been hugely successful with at times up to 50,000 containers being processed per week.

In December 2020, Council adopted the Corporate Business Plan that will guide Shire activities over the next four years. The Plan outlines the agreed short-term goals and outcomes and highlights long-term aspirations. The Corporate Business Plan continues the ambitious path we are on, in line with Council aspirations as identified under the guidance of the community. Key priorities include economic development and tourism, addressing coastal erosion and continuing to develop the foreshore and recreation precincts.

Many works and projects undertaken by the Shire in 2020/21 have reflected these aspirations and include Surf Beach stabilisation works. Funded through a $250,000 Local Roads and Community Infrastructure grant secured in the 2020/21 Federal Budget, the Shire completed 150 meters of stabilisation thanks to In-Situ Construction and Maintenance. The works were completed using a unique local design that had never been attempted before, and local contractors. Following the stabilisation, rehabilitation works were undertaken with large quantities of sand brought in to help reshape the dune system. Planting of 2,500 young seedlings was then carried out, with matting to hold and condition the soil until the new vegetation naturally establishes into the dune system.

In addition, foreshore works included the replacement of bitumen with lawn and the installation of a wheelchair-friendly barbeque improving accessibility for the community and visitors to our region.

The Shire also commenced the Moreton Terrace Revitalisation Project involving the upgrade of Moreton Terrace drainage, footpaths, lighting and road surfaces.

Another key priority in the Shire's Corporate Business Plan is to ensure that our community has access to suitable and adequate support services. As such, the completion of Stage 1 of the Henry Road independent living units and commencement of Stage 2 Henry Road during this financial year, was very significant for Council.

Two Henry Road is an awarded, independent living community, designed to meet the needs of seniors. The facility features dementia-friendly design and is located opposite the Dongara Health Service, Accident and Emergency Department and visiting allied health rooms, to support ageing in place.

I would like to take this opportunity to thank my fellow Councillors, Shire of Irwin CEO Shane Ivers and his staff for delivering on so many fronts in 2020/21, when realistically, our revenue streams were severely restricted. Hence why the level of service delivery and new projects that we constantly strive for and achieve, consume significant time and effort. I would also like to thank the community for their ongoing support.



Chief Executive Officer's Report



The 2020/21 financial year was a year of significant challenges but also considerable delivery thanks to a dedicated team, strong leadership from Councillors and great community support.

The uncertainty of the COVID-19 pandemic led to a delayed start to the execution of the 2020/21 Budget, but this opportunity was used to focus on completing the following 2019/20 projects which were initially delayed as a result of the COVID-19 lockdowns:

- Pump Track completion and official opening
- Containers for Change Refund Point at the Dongara Transfer Station, which has been a tremendous success.
- Stage 1 Henry Road Independent Living Units (6 units) completion and official opening. The Stage 2 Henry Rd Independent Living Units (a further 6 units) tender was awarded December 2020 and contract signed in April 2021.

In response to the COVID-19 pandemic, the Federal Government released two Local Roads & Community Infrastructure (LRCI) stimulus packages, which were allocated as follows:

- LRCI Phase 1 $250,934 – cemetery revitalisation, Foreshore rehabilitation (Fisherman's Hall site) and the road signage renewal project
- LRCI Phase 2 $261,054 – Additional 150 metres of the Surf Beach stabilisations works

With Moreton Terrace between the roundabouts scheduled to be resurfaced under the Regional Road Group (RRG) program, Council approved the allocation of the $1M Drought Communities Programme grant to upgrade the street lighting and footpaths at the same time. Significant surveying works and engineering designs were undertaken in preparation to execute the project. With multiple funding sources all having strict completion dates, the delivery of this project became very complex plus contractor availability had begun to emerge as a significant challenge. Despite all the challenges, the project was tendered and contracts awarded early 2021 for a scheduled start in April 2021. Due to contractor availability issues, the project commenced in May 2021, and encountered further delays due to the very wet winter. However, the Moreton Terrace upgrade project was underway and whilst proving to be one of the most complex undertaken by the Shire in a very long time, it was on its way to delivering a pleasing result.

Whilst not directly impacted by Tropical Cyclone (TC) Seroja, the secondary impacts drew the Shire into the reality of this significant natural disaster. The secondary impacts such loss of power and communications were manageable when compared to the physical devastation to many parts of the Midwest region. It was great to see that our Shire was able to offer some support to neighbouring towns to clean up the debris left behind by TC Seroja.

The Surf Beach stabilisation work was seriously tested during a severe winter storm during May 2021 and, as per the design exposing the stabilisation work. The stabilisation work held up well and within a few weeks the stabilisation work was covered with beach sand again. The success of the stabilisation work is significant, as the Surf Beach carpark and Ocean Drive are now protected where the stabilisation work exists.

The Medical Centre proved to be critical during the COVID-19 pandemic. The Medical Centre only reopened as a community owned asset as few weeks before the COVID-19 pandemic but proved to be a critical service to the community under Five Gums Family Medical Practices' management.

The Shire thanks Five Gums Family Medical Practice for their significant contribution to our community. It was great to see the Medical Centre operational again including support services such as Pathology and Allied Health. At the October 2020 Ordinary Council Meeting, Council resolved by Absolute Majority to engage First Health to manage the Dongara Medical Centre alongside the Principal GP, for a period of 6 months. First Health was later awarded the Practice Management contract.

Local development saw quite a resurgence late in the financial year due to the Home Builder Grant and Building Bonus Grant housing stimulus packages released by both Federal and State Governments. The number of Building Permit Applications for new dwellings almost exceed all the activity for the past 4 years peaking from February through to June 2021.

The Shire assisted the Denison Bowling & Recreation Club (DB&RC) with their Community Sporting and Recreation Facilities Fund (CSRFF) funding application for the artificial bowling green surface project, which the Shire committed to finance two thirds of the project through a Self-Supporting Loan from the WA Treasury Corporation. DB&RC received confirmation in January 2021 that they were successful with their CSRFF funding application.

The COVID-19 pandemic led to the temporary closure of the Shire's Overnight and Cliff Head free camping facilities. At the 23 June 2020 Ordinary Council Meeting, Council adopted to introduce a paid camping operating model for the Southern Coastal Nodes (Cliff Head, Knobby Head and Freshwater Point). On 22 March 2021 the Shire commenced the paid camping system for the Southern Coastal Nodes. Council also resolved at its 23 June 2020 Ordinary Council Meeting to temporarily close the free 24-hour RV Overnight Stay at the Dongara Town Oval and the Seven Mile Beach site for a 12-month period in response to COVID-19 and to enable a review for the future use of these sites.

As part of reforming the Strategic Community Plan, the Shire undertook an ambitious community consultation program including a Drop-in Session at the Irwin Recreational Centre. We saw great participation by the community in the consultation process. While aspiring towards some population growth, the dominant themes voiced to the Shire by the community included coastal protection, Foreshore enhancement, economic development and tourism growth.

One of the exciting developments for the financial year was transitioning the Dongara Public Library to be operated by a dedicated group of volunteers from the community. The creativity and vision of the volunteers had begun the transition of this facility into a dynamic hub within the community.

The Shire also witnessed the unprecedented increase of tourist visitation to Dongara-Port Denison, which was largely made up of domestic travellers as a result of the 'hard border' introduced by the State Government. This was a refreshing change to see local businesses once again thriving. Unfortunately, the COVID-19 pandemic restrictions led to the cancelation of a number of community events including the Denison Foreshore Sprint and Midwest Show and Shine.

As per the audited financials, it was great to see a surplus in the Rate Setting Statement after imposition of general rates, reduced material and contracts expenditure and significant improvement in the Asset Sustainability Ratio from 0.26 to 0.71. Overall, a pleasing result financially despite the backdrop of the unprecedented challenges due to the declared global pandemic.

I would like to acknowledge the Shire President, Mike Smith and all the Councillors for their strategic oversight guiding the Shire into a strong position during unprecedented challenges. I also sincerely thank all staff for their hard work and dedication to the Shire and our community during this very challenging year.

Shane Ivers
Chief Executive Officer

Shire of Irwin Councillors



Cr Michael (Mike) Smith
Shire President
Elected 2017



Cr Barry Wyse
Deputy Shire President
Elected 2019



Cr Andrew Gillam
Councillor
Elected 2019



Cr Mark Leonard
Councillor
Elected 2017



Cr Hayley Palmer
Councillor
Elected 2019



Cr Isabelle Scott
Councillor
Elected 2017



Cr Grant Eva
Councillor
Elected 2019



Cr Ian West
Councillor
Elected 2017

Statutory Reporting

Councillor attendance at meetings

The table below shows Councillor attendance at Ordinary Council Meetings, Special Council Meetings and Committee Meetings of Council.

COUNCILLOR	ORDINARY MEETING	SPECIAL MEETING	COMMITTEE MEETING
Cr Michael Smith	12	1	5
Cr Barry Wyse	12	1	2
Cr Andrew Gillam	12	1	2
Cr Mark Leonard	10	1	2
Cr Hayley Palmer	10	1	6
Cr Isabelle Scott	12	1	0
Cr Grant Eva	12	1	6
Cr Ian West	10	0	2

No remuneration or allowance was paid by the Council to members of a standards panel under Schedule 5.1 and Clause 9 during the financial year.

Register of complaints

According with s5.120 of the Local Government Act 1995, the Shire does not have a designated Complaints Officer and the Chief Executive Officer fulfils this role in terms of subsection (2). The Shire reports no complaints that have resulted in a finding under section 5.110(2)(a) that a minor breach has occurred, for the period ending 30 June 2021.

Remuneration

Regulation 19B of the *Local Government (Administration) Regulations 1986*, requires the Annual Report of a local government to detail the number of employees of the local government entitled to an annual salary of $130,00 or more, and to break those employees down in to bands of $10,000.

As at the 30 June 2021, the Shire of Irwin had one (1) employee entitled to an annual salary between $180,000 - $189,999.

Remuneration paid or provided to the CEO is $188,455 calculated in accordance with Part 2: Total Reward Package of the Local Government Chief Executive Officers and Elected Members Determination No. 1 of 2021 under the *Western Australia Salaries and Allowances Act 1975.*

Freedom of Information

The Shire complies with the Freedom of Information Act 1992 which has as its intention another avenue to assist improving Local Government accountability to the public.

Recordkeeping

In accordance with legislative requirements, the Shire maintains its recordkeeping through the use of a corporate system. In addition, the Shire's Recordkeeping Policy outlines the process for management and disposal of records in accordance with the *State Records Act 2000*.



Plan for the Future

With reference to Planning for the future in Division 3 of the *Local Government (Administration) Regulations 1996*, the Shire is required to develop and maintain the following documents:

- Strategic Community Plan (10 year plan & reviewed every 4 years)
- Corporate Business Plan (4 year plan & review annually), which;

  i. sets out, consistently with any relevant priorities set out in the strategic community plan the Shire's priorities for dealing with the objectives and aspirations of the community.
  ii. governs internal business planning by expressing priorities by reference to operations that are within the capacity of the Shire's resources.
  iii. integrates matters relating to resources including asset management, workforce planning and long-term financial planning.

Strategic Community Plan

In early 2021, the Shire commenced a full review of the Strategic Community Plan (SCP). Extensive consultation with the community was undertaken with the opportunity to participate in a phone survey from 26 February to 14 March 2021 and attend one of two drop in sessions held Thursday 4 March at the Irwin Recreation Centre. The expanded community consultation process to update its 2017-2027 SCP assisted Council in gaining further insight into the communities expectations and better inform strategic decision making. The high level of community engagement undertaken to achieve the outcome of the SCP showed strong community spirit in the Shire of Irwin with a pleasing 8.5% of the population participating.

The community drop-in sessions attracted a total 127 attendees and the community survey was completed by 151 participants. The drop-in sessions identified what the Shire of Irwin residents appreciate most about living in this community, with beaches, community, safety and lifestyle being the most popular topics. The initial feedback included a focus on business expansion, increased tourism, enhanced facilities, activities and services, coastal protection and accessibility of natural areas. The community's input through this consultation will be used to develop the Strategic Community Plan, along with the remaining suite of integrated planning documents in 2021/22 and 2022/23.

Corporate Business Plan

In the 2018-19 Performance Audit Report, the Shire included a recommended action to adopt a Corporate Business Plan (CBP) by December 2020. A Councillor workshop was held on Wednesday 23 September 2020 with both Councillors and relevant staff and was facilitated by a consultant. This interactive workshop identified the key challenges and four year priorities for the Shire. A second Councillor workshop was held on Wednesday 25 November 2020 to present the draft Corporate Business Plan and then adopted by Council at the 8 December 2020 Ordinary Council Meeting.

This workshop identified some adjustments to the plan and provided clarity around the implementation of the plan and ongoing review.

The finished document is available on the Shire's website. The next step is to complete the Shire's integrated planning suite and update the following documents in alignment with the SCP and CBP:

- 2018-2028 Long Term Financial Plan
- Asset Management Plan
- Workforce Plan

The following is a list of major initiatives that are proposed to commence or to continue in the next financial year:

- Completion of Moreton Terrace improvement works including the renewal of the road, drainage, kerbing, footpath and street lighting.
- Construction of Stage 2 Henry Rd Independent Living Units (a further 6 units).


MAJOR PROJECTS
MAJOR PROJECTS
MAJOR PROJECTS





Disability Access and Inclusion Plan

The Western Australian *Disability Services Act 1993* requires all State and Local Government Authorities develop a Disability Access and Inclusion Plan (DAIP). DAIPs assist in the planning and implementation of improvements, outlining the Shires progressive approach to removing barriers and working towards a more accessible and inclusive community.

The Shire of Irwin is committed to enabling accessibility across its functions and providing equal access to opportunities, information, facilities and services for people with disability, their carers and families via Council's;

- Progressive modification of existing Public Building Facilities and Services within its control, to cater for the needs of people with disability, and others with accessibility needs;
- Ensuring all future Public Buildings, Facilities and Services, constructed or presented within the Shire are universally designed, to cater for the needs of people with disability; and
- Identification and support of services, events and programs for building capacity, social inclusion and wellbeing.

The DAIP is monitored regularly and progress reports are submitted to the Department of Communities to inform of any advancement made towards inclusive outcomes.

Consultants were engaged in 2020 to undertake the relevant community consultation processes to develop an updated Disability Access and Inclusion Plan. Review and ongoing consultation will continue into 2021/22.

The following projects were completed during the reporting period.

Wheelchair friendly barbeque
A wheelchair friendly access barbecue was installed under the pavilion on the Port Denison Foreshore. The barbecue features increased radial space below the benches offering full access to barbecue functions for wheelchair bound users.

Independent Living Units Stage 1 – Henry Road
To accommodate for senior residents and increase opportunities for our aged community to continue residing within the Shire of Irwin, September 2020 saw the successful completion of six (6) Independent Living Units. The units were designed to accommodate seniors with disabilities and/or dementia and have been awarded the Liveable Housing Australia's highest level of 'Platinum Certification' for their design






Thank you
NORDIC
BUILDERS
PTY LTD

SHIRE OF IRWIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 24 day of MARCH 2022

Chief Executive Officer

Shane Ivers

OAG AUDITED

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

	NOTE	2021 Actual $	2021 Budget $	2020 Actual $
Revenue				
Rates	26(a)	5,384,429	5,394,500	5,360,772
Operating grants, subsidies and contributions	2(a)	847,884	491,725	819,180
Fees and charges	2(a)	1,990,825	1,391,062	1,541,105
Interest earnings	2(a)	57,598	49,000	87,173
Other revenue	2(a)	235,319	273,517	300,054
		8,516,055	7,599,804	8,108,284
Expenses				
Employee costs		(2,956,052)	(2,403,645)	(2,718,377)
Materials and contracts		(3,183,806)	(2,541,343)	(3,251,820)
Utility charges		(516,330)	(346,700)	(483,180)
Depreciation on non-current assets	11(b)	(4,485,327)	(4,358,601)	(4,407,387)
Interest expenses	2(b)	(222,308)	(222,963)	(196,332)
Insurance expenses		(191,782)	(188,849)	(189,264)
Other expenditure		(211,475)	(1,037,288)	(339,931)
		(11,767,080)	(11,099,389)	(11,586,291)
		(3,251,025)	(3,499,585)	(3,478,007)
Non-operating grants, subsidies and contributions	2(a)	2,959,085	3,628,255	2,027,594
Profit on asset disposals	11(a)	12,524	1,176	25,349
(Loss) on asset disposals	11(a)	(189,002)	(10,796)	(478,686)
Fair value adjustments to financial assets at fair value through profit or loss		0	0	865
		2,782,607	3,618,635	1,575,122
Net result for the year		**(468,418)**	**119,050**	**(1,902,885)**
Total other comprehensive income for the year		**0**	**0**	**0**
Total comprehensive income for the year		**(468,418)**	**119,050**	**(1,902,885)**

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

OAG AUDITED

SHIRE OF IRWIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual $	2021 Budget $	2020 Actual $
Revenue	2(a)			
Governance		0	0	273
General purpose funding		6,016,929	5,711,141	6,030,284
Law, order, public safety		169,500	172,994	190,657
Health		91,744	60,700	59,698
Education and welfare		5,131	8,550	6,102
Housing		380,237	353,000	280,477
Community amenities		1,110,874	853,855	870,996
Recreation and culture		282,877	153,817	198,049
Transport		87,947	84,590	133,317
Economic services		259,643	131,657	221,923
Other property and services		111,172	69,500	116,508
		8,516,054	7,599,804	8,108,284
Expenses	2(b)			
Governance		(544,800)	(558,300)	(567,650)
General purpose funding		(621,664)	(1,460,715)	(644,910)
Law, order, public safety		(510,173)	(471,125)	(507,114)
Health		(450,723)	(306,761)	(565,054)
Education and welfare		(67,832)	(62,370)	(66,523)
Housing		(641,419)	(582,786)	(557,213)
Community amenities		(1,434,950)	(1,199,904)	(1,345,648)
Recreation and culture		(2,598,753)	(2,383,520)	(2,557,318)
Transport		(3,779,686)	(3,419,223)	(4,044,418)
Economic services		(433,670)	(383,644)	(469,681)
Other property and services		(461,102)	(48,078)	(64,430)
		(11,544,772)	(10,876,426)	(11,389,959)
Finance Costs	2(b)			
Health		(40,072)	(32,786)	(6,435)
Housing		(2,994)	(7,385)	0
Recreation and culture		(158,630)	(160,739)	(165,666)
Transport		(20,189)	(21,631)	(23,637)
Other property and services		(422)	(422)	(594)
		(222,307)	(222,963)	(196,332)
		(3,251,025)	(3,499,585)	(3,478,007)
Non-operating grants, subsidies and contributions	2(a)	2,959,085	3,628,255	2,027,594
Profit on disposal of assets	11(a)	12,524	1,176	25,349
(Loss) on disposal of assets	11(a)	(189,002)	(10,796)	(478,686)
Fair value adjustments to financial assets at fair value through profit or loss		0	0	865
		2,782,607	3,618,635	1,575,122
Net result for the year		**(468,418)**	**119,050**	**(1,902,885)**
Total other comprehensive income for the year		**0**	**0**	**0**
Total comprehensive income for the year		**(468,418)**	**119,050**	**(1,902,885)**

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

OAG AUDITED

SHIRE OF IRWIN
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	NOTE	2021	2020
		$	$
CURRENT ASSETS			
Cash and cash equivalents	3	5,014,331	3,505,502
Trade and other receivables	6	682,145	555,596
Other financial assets	5(a)	41,513	8,097
Inventories	7	28,018	18,521
Other assets	8	303,091	15,302
TOTAL CURRENT ASSETS		6,069,098	4,103,018
NON-CURRENT ASSETS			
Trade and other receivables	6	57,588	69,322
Other financial assets	5(b)	379,454	65,957
Property, plant and equipment	9	42,622,593	44,304,551
Infrastructure	10	53,096,281	52,876,708
Right-of-use assets	12(a)	86,484	90,455
TOTAL NON-CURRENT ASSETS		96,242,400	97,406,993
TOTAL ASSETS		102,311,498	101,510,011
CURRENT LIABILITIES			
Trade and other payables	14	1,609,703	1,141,360
Other liabilities	15	1,356,233	1,277,058
Lease liabilities	16(a)	20,474	19,930
Borrowings	17(a)	427,905	341,683
Employee related provisions	18	415,874	416,446
TOTAL CURRENT LIABILITIES		3,830,189	3,196,477
NON-CURRENT LIABILITIES			
Lease liabilities	16(a)	17,489	37,963
Borrowings	17(a)	4,732,208	4,105,104
Employee related provisions	18	107,091	77,528
TOTAL NON-CURRENT LIABILITIES		4,856,788	4,220,595
TOTAL LIABILITIES		8,686,977	7,417,072
NET ASSETS		93,624,521	94,092,939
EQUITY			
Retained surplus		41,482,269	42,138,469
Reserves - cash backed	4	1,480,545	1,292,763
Revaluation surplus	13	50,661,707	50,661,707
TOTAL EQUITY		93,624,521	94,092,939

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

OAG AUDITED

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

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		$	$	$	$
Balance as at 1 July 2019		**44,857,653**	**1,310,453**	**54,341,707**	**100,509,813**
Change in accounting policy		(833,989)	0	(3,680,000)	**(4,513,989)**
Restated balance at the beginning of the financial year		**44,023,664**	**1,310,453**	**50,661,707**	**95,995,824**
Comprehensive income					
Net result for the year		(1,902,885)	0	0	(1,902,885)
Total comprehensive income		(1,902,885)	0	0	(1,902,885)
Transfers from reserves	4	75,000	(75,000)	0	0
Transfers to reserves	4	(57,310)	57,310	0	0
Balance as at 30 June 2020		**42,138,469**	**1,292,763**	**50,661,707**	**94,092,939**
Restated balance at 1 July 2020		**42,138,469**	**1,292,763**	**50,661,707**	**94,092,939**
Comprehensive income					
Net result for the year		(468,418)	0	0	(468,418)
Total comprehensive income		(468,418)	0	0	(468,418)
Transfers from reserves	4	228,135	(228,135)	0	0
Transfers to reserves	4	(415,917)	415,917	0	0
Balance as at 30 June 2021		**41,482,269**	**1,480,545**	**50,661,707**	**93,624,521**

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

OAG AUDITED

SHIRE OF IRWIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual $	2021 Budget $	2020 Actual $
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		5,413,148	5,519,500	5,241,586
Operating grants, subsidies and contributions		827,282	491,930	1,334,558
Fees and charges		1,990,825	1,391,062	1,541,105
Interest received		57,598	49,000	87,168
Goods and services tax received		(613,474)	554,655	554,655
Other revenue		235,318	273,517	300,054
		7,910,697	8,279,664	9,059,126
Payments				
Employee costs		(2,925,813)	(2,403,645)	(2,615,943)
Materials and contracts		(3,016,660)	(2,334,293)	(3,795,365)
Utility charges		(516,330)	(346,700)	(483,180)
Interest expenses		(219,644)	(222,963)	(196,332)
Insurance paid		(191,782)	(188,849)	(189,264)
Goods and services tax paid		487,577	(554,655)	(418,094)
Other expenditure		(211,475)	(1,037,288)	(339,931)
		(6,594,127)	(7,088,393)	(8,038,109)
Net cash provided by operating activities	19	1,316,570	1,191,271	1,021,017
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for financial assets at amortised cost - self supporting loans		(355,010)	(395,010)	0
Payments for purchase of property, plant & equipment	9(a)	(703,634)	(2,421,427)	(3,372,137)
Payments for construction of infrastructure	10(a)	(2,946,776)	(2,286,127)	(1,248,004)
Non-operating grants, subsidies and contributions		3,041,225	2,473,610	2,027,594
Proceeds from financial assets at amortised cost - self supporting loans		8,098	25,942	7,894
Proceeds from sale of property, plant & equipment	11(a)	454,961	40,000	89,897
Net cash provided by (used in) investment activities		(501,136)	(2,563,012)	(2,494,756)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(341,684)	(391,149)	(271,888)
Payments for principal portion of lease liabilities	16(b)	(19,931)	(19,929)	(19,399)
Proceeds from new borrowings	17(b)	1,055,010	1,095,010	1,450,000
Net cash provided by financing activities		693,395	683,932	1,158,713
Net increase (decrease) in cash held		1,508,829	(687,809)	(315,026)
Cash at beginning of year		3,505,502	3,505,502	3,820,528
Cash and cash equivalents at the end of the year	19	5,014,331	2,817,693	3,505,502

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

OAG AUDITED

SHIRE OF IRWIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual $	2021 Budget $	2020 Actual $
OPERATING ACTIVITIES				
Net current assets at start of financial year - deficit	27 (b)	(272,395)	(168,015)	(890,837)
		(272,395)	(168,015)	(890,837)
Revenue from operating activities (excluding rates)				
Governance		0	0	273
General purpose funding		635,576	319,441	673,179
Law, order, public safety		169,500	172,994	190,657
Health		91,744	60,700	59,698
Education and welfare		5,131	8,550	6,102
Housing		380,237	353,000	280,477
Community amenities		1,110,874	853,855	870,996
Recreation and culture		282,877	153,817	207,867
Transport		100,471	85,766	148,848
Economic services		259,643	131,657	221,923
Other property and services		111,173	69,500	116,508
		3,147,226	2,209,280	2,776,528
Expenditure from operating activities				
Governance		(544,800)	(558,300)	(567,650)
General purpose funding		(621,664)	(1,460,715)	(644,910)
Law, order, public safety		(510,173)	(471,125)	(507,114)
Health		(490,795)	(339,547)	(571,489)
Education and welfare		(67,832)	(62,370)	(66,523)
Housing		(830,379)	(590,171)	(557,213)
Community amenities		(1,434,950)	(1,199,904)	(1,345,648)
Recreation and culture		(2,757,383)	(2,555,055)	(3,201,446)
Transport		(3,802,911)	(3,440,854)	(4,068,279)
Economic services		(433,670)	(383,644)	(469,681)
Other property and services		(461,524)	(48,500)	(65,024)
		(11,956,081)	(11,110,185)	(12,064,977)
Non-cash amounts excluded from operating activities	27(a)	4,703,664	4,369,555	4,862,337
Amount attributable to operating activities		(4,377,586)	(4,699,365)	(5,316,949)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	2,959,085	3,628,255	2,027,594
Proceeds from disposal of assets	11(a)	454,962	40,000	89,897
Proceeds from financial assets at amortised cost - self supporting loans		8,097	25,942	7,894
Payments for financial assets at amortised cost - self supporting loans		(355,010)	(395,010)	0
Purchase of property, plant and equipment	9(a)	(703,635)	(2,421,427)	(3,372,137)
Purchase and construction of infrastructure	10(a)	(2,946,776)	(2,286,127)	(1,248,004)
Amount attributable to investing activities		(583,277)	(1,408,367)	(2,494,756)
FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(341,684)	(391,149)	(271,888)
Proceeds from borrowings	17(c)	1,055,010	1,095,010	1,450,000
Payments for principal portion of lease liabilities	16(b)	(19,931)	(19,929)	(19,399)
Transfer from restricted cash - other		0	0	1,004,937
Transfers to reserves (restricted assets)	4	(415,917)	(14,000)	(57,310)
Transfers from reserves (restricted assets)	4	228,135	20,000	75,000
Amount attributable to financing activities		505,613	689,932	2,181,340
Deficit before imposition of general rates		(4,455,250)	(5,417,800)	(5,630,365)
Total amount raised from general rates	26(a)	5,381,353	5,391,700	5,357,970
Surplus/(deficit) after imposition of general rates	27(b)	**926,103**	**(26,100)**	**(272,395)**

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

SHIRE OF IRWIN
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FOR THE YEAR ENDED 30 JUNE 2021

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1. BASIS OF PREPARATION

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

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

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

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

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

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

All monies held in the Trust Fund are excluded from the financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS
During the current year, the Shire adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.
These were:
- *AASB 1059 Service Concession Arrangements: Grantors*
- *AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Materiality*

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS
The following new accounting standards will have application to local government in future years:
- *AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- *AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- *AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

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

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

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/ Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General rates	Overtime	Payment dates adopted by council each year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice issued
Grant contracts with customers	Community events, minor facilities, planning evaluation and services	Overtime	Fixed terms transfer of funds based on agreed milestones and reporting	Contract oligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants,subsidies or contributions for the construction of non-financial assets	Construction or acquistion of recognisable non-financial assets to be controlled by the local government	Overtime	Fixed terms transfer of funds based on agreed milestones and reporting	Contract oligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligation	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming. Compliance safety check	Single point in time	Full payment prior to issue	None	Set by state legislation or limited by legislation to the cost of provision	Based on the timing of the associated rights	Mno refunds	On payment of the licence, registration or approval
Fees and charges - waste management collections	Kerbside collection service	Overtime	Payment on an annual basis in advance	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice issued
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Full payment in advance	None	Adopted by council annually	When taxable event occurs	Not applicable	Output method based on provision of service or completion of works
Other revenue - reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2021 Actual $	2021 Budget $	2020 Actual $
Operating grants, subsidies and contributions			
General purpose funding	546,559	259,141	560,539
Law, order, public safety	150,857	147,994	160,784
Education and welfare	0	2,000	0
Housing	19,278	0	0
Community amenities	18,600	0	0
Recreation and culture	0	0	16,374
Transport	82,590	82,590	81,483
Other property and services	30,000	0	0
	847,884	491,725	819,180
Non-operating grants, subsidies and contributions			
Housing	499,587	1,559,327	1,652,276
Recreation and culture	250,000	250,000	0
Transport	2,209,498	1,818,928	375,318
	2,959,085	3,628,255	2,027,594
Total grants, subsidies and contributions	3,806,969	4,119,980	2,846,774
Fees and charges			
General purpose funding	24,294	8,500	16,460
Law, order, public safety	12,406	16,000	17,517
Health	6,110	5,700	5,808
Education and welfare	45	3,050	2,909
Housing	360,960	275,000	279,087
Community amenities	1,092,274	853,855	870,996
Recreation and culture	273,988	134,050	169,871
Transport	4,741	2,000	3,089
Economic services	210,919	86,407	174,083
Other property and services	5,088	6,500	1,285
	1,990,825	1,391,062	1,541,105

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

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

	2021 Actual $	2021 Budget $	2020 Actual $
Contracts with customers and transfers for recognisable non-financial assets			
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:			
Operating grants, subsidies and contributions	62,864	0	119,104
Fees and charges	1,987,905	1,385,062	1,501,170
Other revenue	53,538	53,917	106,052
Non-operating grants, subsidies and contributions	2,959,085	3,628,255	2,027,594
	5,063,392	5,067,234	3,753,920
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:			
Revenue from contracts with customers included as a contract liability at the start of the period	85,372	0	82,843
Revenue from contracts with customers recognised during the year	2,018,935	1,438,979	1,726,326
Revenue from transfers intended for acquiring or constructing recognisable non financial assets held as a liability at the start of the period	1,191,686	0	768,163
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	1,767,399	3,628,255	1,176,588
	5,063,392	5,067,234	3,753,920
Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:			
Trade and other receivables from contracts with customers	0	0	119,365
Contract liabilities from contracts with customers	(82,407)	0	(85,372)
Financial assets held from transfers for recognisable financial assets	1,273,826	0	1,191,686
Grant liabilities from transfers for recognisable non financial assets	(1,273,826)	0	(1,191,686)

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.
Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.
Consideration from contracts with customers is included in the transaction price.
Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

	2021 Actual $	2021 Budget $	2020 Actual $
Revenue from statutory requirements			
Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:			
General rates	5,381,353	5,391,700	5,357,970
Statutory permits and licences	0	0	33,820
Fines	2,920	6,000	6,115
	5,384,273	5,397,700	5,397,905
Significant revenue			
General Purpose Funding	296,597	259,141	301,396
Housing	499,587	1,559,327	1,652,276
Transport	447,345	1,000,000	0
	1,243,529	2,818,468	1,953,672
Other revenue			
Reimbursements and recoveries	181,781	219,600	194,002
Other	235,319	273,517	106,052
	417,100	493,117	300,054
Interest earnings			
Interest on reserve funds	5,916	14,000	13,377
Rates instalment and penalty interest (refer Note 26(b))	49,901	20,000	59,885
Other interest earnings	1,781	15,000	13,911
	57,598	49,000	87,173

The significant revenue in 2021 relates to the early payment of Financial Assistance Grants received in June 2021 comprising general purpose funding of $104,307 and Road Funding of $192,290. Capital grant funding of $499,587 for the SIHI Aged Accommodation units, funded by DPIRD. Moreton Terrace upgrade funding from Department of Infrastructure, Transport, Regional Development and Communications for $1,000,000.

The significant revenue in 2020 relates to the early payment of Financial Assistance Grants received on 27th May 2020 comprising general purpose funding of $108,793 and Road Funding of $192,605. Capital grant funding from Department of Primary Industries & Regional Devlopment (DPIRD) for the Funding of the SIHI aged persons units.

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

	Note	2021 Actual $	2021 Budget $	2020 Actual $
Auditors remuneration				
Annual Financial report		51,000	69,000	50,000
Other services		2,400	0	1,500
		53,400	69,000	51,500
Interest expenses (finance costs)				
Borrowings	17(b)	220,991	221,646	194,480
Lease liabilities	16(b)	1,317	1,317	1,852
		222,308	222,963	196,332
Sundry expenses		211,475	1,037,288	339,931
		211,475	1,037,288	339,931

3. CASH AND CASH EQUIVALENTS

	NOTE	2021 $	2020 $
Cash at bank and on hand		5,014,331	3,505,502
Total cash and cash equivalents		5,014,331	3,505,502

Restrictions

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

- Cash and cash equivalents		4,110,244	3,131,383
		4,110,244	3,131,383

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

Reserves - cash backed	4	1,480,545	1,292,763
Contract liabilities from contracts with customers	15	82,407	85,372
Grants for transfers for recognisable non financial assets	15	1,273,826	1,191,686
Bonds and desposits held		210,591	198,687
Village units surplus		362,875	362,875
Unspent loans	17(d)	700,000	0
Total restricted assets		4,110,244	3,131,383

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

4. RESERVES - CASH BACKED

	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Transfer (from)	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance
	$	$	$	$	$	$	$	$	$	$	$	$
(a) Leave Reserve	123,184	564	0	123,748	123,184	1,334	0	124,518	121,943	1,241	0	123,184
(b) Port Denison Foreshore Development Res	239,960	1,098	0	241,058	239,960	2,598	0	242,558	268,298	46,662	(75,000)	239,960
(c) Recreation Centre Equipment Reserve	52,183	239	0	52,422	52,183	565	0	52,748	51,657	526	0	52,183
(d) Sanitation Reserve	21,161	97	(20,000)	1,258	21,161	229	(20,000)	1,390	20,947	214	0	21,161
(e) Coastal Management Reserve	138,669	635	(108,135)	31,169	138,669	1,502	0	140,171	137,272	1,397	0	138,669
(f) Asset Management Reserve	584,401	412,674	0	997,075	584,401	6,329	0	590,730	578,481	5,920	0	584,401
(g) Plant Replacement Reserve	108,736	498	(100,000)	9,234	108,736	1,178	0	109,914	107,641	1,095	0	108,736
(h) Tourism and Area Promotion Reserve	24,469	112	0	24,581	24,469	265	0	24,734	24,214	255	0	24,469
	1,292,763	415,917	(228,135)	1,480,545	1,292,763	14,000	(20,000)	1,286,763	1,310,453	57,310	(75,000)	1,292,763

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave Reserve	Ongoing	- To fund leave requirements.
(b) Port Denison Foreshore Development Res	Ongoing	- To be used to fund the development works of the foreshore in Port Denison.
(c) Recreation Centre Equipment Reserve	Ongoing	- To be used to fund future equipment replacement.
(d) Sanitation Reserve	Ongoing	- To be used to develop facilities at the transfer station and future relocation.
(e) Coastal Management Reserve	Ongoing	- To be used to fund planning, research and project works in the management of coastline and adjacent areas within the Shire of Irwin.
(f) Asset Management Reserve	Ongoing	- To be used for the construction, major maintenance and retire debt associated with Council owned assets.
(g) Plant Replacement Reserve	Ongoing	- To be used for the purchase of plant and equipment as per plant replacement program.
(h) Tourism and Area Promotion Reserve	Ongoing	- To be used to fund future requirements of tourism promotions.

5. OTHER FINANCIAL ASSETS

	2021 $	2020 $
(a) Current assets		
Financial assets at amortised cost	41,513	8,097
	41,513	8,097
Other financial assets at amortised cost		
Self supporting loans	41,513	8,097
	41,513	8,097
(b) Non-current assets		
Financial assets at amortised cost	326,038	12,541
Financial assets at fair values through profit and loss	53,416	53,416
	379,454	65,957
Financial assets at amortised cost		
Self supporting loans	326,038	12,541
	326,038	12,541
Financial assets at fair values through profit and loss		
Units in Local Government House Trust	53,416	53,416
	53,416	53,416

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 17(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 28.

6. TRADE AND OTHER RECEIVABLES

	2021 $	2020 $
Current		
Rates receivable	376,015	393,000
Trade and other receivables	137,002	119,365
GST receivable	169,128	43,231
	682,145	555,596
Non-current		
Pensioner's rates and ESL deferred	57,588	69,322
	57,588	69,322

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 28.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

7. INVENTORIES

	2021 $	2020 $
Current		
Fuel and materials	28,018	18,521
	28,018	18,521
The following movements in inventories occurred during the year:		
Balance at beginning of year	18,521	20,118
Inventories expensed during the year	(25,815)	(1,597)
Additions to inventory	35,312	0
Balance at end of year	28,018	18,521

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

8. OTHER ASSETS

	2021	2020
	$	$
Other assets - current		
Accrued income	303,091	15,302
	303,091	15,302

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

Non-current assets held for sale

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

Non-current assets held for sale (Continued)

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

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

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - non-specialised	Buildings - specialised	Total land and buildings owned	Land and buildings - work in progress	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	$	$	$	$		$	$	$	$
Balance at 1 July 2019	5,021,300	3,549,330	31,586,541	40,157,171	0	40,157,171	309,150	2,731,664	43,197,985
Additions	400,000	5,394	2,570,210	2,975,604	0	2,975,604	113,024	283,509	3,372,137
(Disposals)	0	0	(478,462)	(478,462)	0	(478,462)	0	(64,772)	(543,234)
Depreciation (expense)		(229,986)	(925,362)	(1,155,348)		(1,155,348)	(67,846)	(499,143)	(1,722,337)
Balance at 30 June 2020	5,421,300	3,324,738	32,752,927	41,498,965	0	41,498,965	354,328	2,451,258	44,304,551
Comprises:									
Gross balance amount at 30 June 2020	5,421,300	3,982,081	35,502,446	44,905,827	0	44,905,827	691,026	3,664,914	49,261,767
Accumulated depreciation at 30 June 2020	0	(657,343)	(2,749,519)	(3,406,862)	0	(3,406,862)	(336,698)	(1,213,656)	(4,957,216)
Balance at 30 June 2020	5,421,300	3,324,738	32,752,927	41,498,965	0	41,498,965	354,328	2,451,258	44,304,551
Additions	0	0	59,640	59,640	566,812	626,452	46,107	31,075	703,634
(Disposals)	(160,000)	(435,966)	0	(595,966)	0	(595,966)	0	(35,472)	(631,438)
Depreciation (expense)	0	(223,641)	(991,498)	(1,215,139)	0	(1,215,139)	(66,336)	(472,679)	(1,754,154)
Balance at 30 June 2021	5,261,300	2,665,131	31,821,069	39,747,500	566,812	40,314,312	334,099	1,974,182	42,622,593
Comprises:									
Gross balance amount at 30 June 2021	5,261,300	3,515,179	35,562,086	44,338,565	566,812	44,905,377	737,133	3,631,921	49,274,431
Accumulated depreciation at 30 June 2021	0	(850,048)	(3,741,017)	(4,591,065)	0	(4,591,065)	(403,034)	(1,657,739)	(6,651,838)
Balance at 30 June 2021	5,261,300	2,665,131	31,821,069	39,747,500	566,812	40,314,312	334,099	1,974,182	42,622,593

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent observable market data for similar items	Independent Valuation	June 2017	Price per square metre
Buildings - non-specialised	2	Improvements to land valued using cost approach using depreciated replacement costs	Independent Valuation	June 2017	Improvements to buildings using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Buildings - specialised	3	Market approach using recent observable market data for similar properties	Independent Valuation	June 2017	Price per square metre
(ii) Cost					
Furniture and equipment	3	Cost approach using depreciated replacement cost (Net revaluation method)	Management Valuation	June 2016	Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Plant and equipment	3	Cost approach using depreciated replacement cost (Net revaluation method)	Independent Valuation	June 2016	Price per item

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

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

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

10. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Infrastructure - roads - work in progress	Other infrastructure	Other infrastructure - work in progress	Total Infrastructure
	$	$	$	$	$
Balance at 1 July 2019	50,199,008	0	4,110,892	0	54,309,900
Additions	907,598	0	340,406	0	1,248,004
Depreciation (expense)	(2,470,923)	0	(210,273)	0	(2,681,196)
Balance at 30 June 2020	48,635,683	0	4,241,025	0	52,876,708
Comprises:					
Gross balance at 30 June 2020	67,609,401	0	4,646,003	0	72,255,404
Accumulated depreciation at 30 June 2020	(18,973,718)	0	(404,978)	0	(19,378,696)
Balance at 30 June 2020	48,635,683	0	4,241,025	0	52,876,708
Additions	642,934	1,530,500	708,561	64,781	2,946,776
Depreciation (expense)	(2,501,744)	0	(225,459)	0	(2,727,203)
Balance at 30 June 2021	46,776,873	1,530,500	4,724,127	64,781	53,096,281
Comprises:					
Gross balance at 30 June 2021	68,252,334	1,530,500	5,354,564	64,781	75,202,179
Accumulated depreciation at 30 June 2021	(21,475,461)	0	(630,437)	0	(22,105,898)
Balance at 30 June 2021	46,776,873	1,530,500	4,724,127	64,781	53,096,281

10. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Management Valuation	June 2017	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Other infrastructure	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent valuation	June 2018	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.

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

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

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Revaluation (Continued)

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

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

Land under roads

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

Vested improvements

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

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

11. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	$	$	$	$	$	$	$	$	$	$	$	$
Land - freehold land	160,000	160,000	0	0	0	0	0	0	0	0	0	0
Buildings - non-specialised	435,966	250,000	0	(185,966)	0	0	0	0	0	0	0	0
Buildings - specialised	0	0	0	0	0	0	0	0	478,462	0	0	(478,462)
Plant and equipment	35,474	44,961	12,524	(3,036)	49,620	40,000	1,176	(10,796)	64,772	89,897	25,349	(224)
	631,440	454,961	12,524	(189,002)	49,620	40,000	1,176	(10,796)	543,234	89,897	25,349	(478,686)

The following assets were disposed of during the year.

Plant and Equipment	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
Transport				
Skid Steere Loader 226D	34,774	31,737	0	(3,036)
10 cubic metre Tipping Body	700	13,224	12,524	0
Other property and services				
Land - 4 Kennedy Heights	160,000	160,000	0	0
Duplex 4A Kennedy Heights	215,310	125,000	0	(90,310)
Duplex 4B Kennedy Heights	220,656	125,000	0	(95,656)
	631,440	454,961	12,524	(189,002)
	631,440	454,961	12,524	(189,002)

11. FIXED ASSETS

(b) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	$	$	$
Buildings - non-specialised	223,641	229,860	229,986
Buildings - specialised	991,498	923,716	925,362
Furniture and equipment	66,336	62,448	67,846
Plant and equipment	472,679	475,082	499,143
Infrastructure - roads	2,501,744	2,466,910	2,470,923
Other infrastructure	225,459	196,744	210,273
Right-of-use assets - buildings	3,970	3,841	3,854
	4,485,327	4,358,601	4,407,387

Revision of useful lives of plant and equipment
There were no changes or revision of estimated useful lives of any of the assets undertaken in 2020-21

SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

Asset Class	Useful life
Land	Not depreciated
Buildings - non-specialised	20 - 50 years
Buildings - specialised	15 - 50 years
Furniture and equipment	3 - 10 years
Plant and equipment	2 - 25 years
Infrastructure - Roads	12 - 50 years
Infrastructure - Other	10 - 75 years

Depreciation on revaluation
When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:
(a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
(b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

12. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.	Right-of-use assets - buildings	Right-of-use assets Total
	$	
Balance at 1 July 2019	94,309	94,309
Depreciation (expense)	(3,854)	(3,854)
Balance at 30 June 2020	90,455	90,455
Depreciation (expense)	(3,971)	(3,971)
Balance at 30 June 2021	86,484	86,484

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:	2021 Actual $	2020 Actual $
Interest expense on lease liabilities	1,317	1,852
Total amount recognised in the statement of comprehensive income	1,317	1,852
Total cash outflow from leases	(21,247)	(21,251)

The Shire has 1 lease relating to solar panels on buildings. The term of the lease is 5 years ending in April 2023. The Shire has not revalued the right of use assets relating to the solar panels on the buildings as the difference between the fair value and carrying amout is immaterial.

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - valuation

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

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

Right-of-use assets - depreciation

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

13. REVALUATION SURPLUS

	2021 Opening Balance	2021 Closing Balance	2020 Opening Balance	2020 Closing Balance
	$	$	$	$
Revaluation surplus - Furniture and equipment	380,764	380,764	380,764	380,764
Revaluation surplus - Plant and equipment	699,454	699,454	699,454	699,454
Revaluation surplus - Land and buildings	22,212,342	22,212,342	22,212,342	22,212,342
Revaluation surplus - Infrastructure - roads	25,917,653	25,917,653	25,917,653	25,917,653
Revaluation surplus - Other infrastructure	1,451,494	1,451,494	1,451,494	1,451,494
	50,661,707	50,661,707	50,661,707	50,661,707

14. TRADE AND OTHER PAYABLES

	2021	2020
	$	$
Current		
Sundry creditors	1,139,630	690,688
Accrued salaries and wages	56,892	44,770
ATO liabilities	40,828	39,581
Bonds and deposits held	210,591	198,687
Accrued Expenditure	0	8,536
Accrued Interest	21,254	18,590
Developer Contributions	140,508	140,508
	1,609,703	1,141,360

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services.
The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition

Prepaid rates

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

15. OTHER LIABILITIES

	2021	2020
	$	$
Current		
Contract Liabilities	82,407	85,372
Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity	1,273,826	1,191,686
	1,356,233	1,277,058

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

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

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

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

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

16. LEASE LIABILITIES

(a) Lease Liabilities

	2021	2020
	$	$
Current	20,474	19,930
Non-current	17,489	37,963
	37,963	57,893

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual Lease Principal 1 July 2020	30 June 2021 Actual Lease Principal Repayments	30 June 2021 Actual Lease Principal Outstanding	30 June 2021 Actual Lease Interest Repayments	Budget Lease Principal 1 July 2020	30 June 2021 Budget Lease Principal Repayments	30 June 2021 Budget Lease Principal Outstanding	30 June 2021 Budget Lease Interest Repayments	Actual Lease Principal 1 July 2019	30 June 2020 Actual Lease Principal Repayments	30 June 2020 Actual Lease Principal Outstanding	30 June 2020 Actual Lease Interest Repayments
					$	$	$	$	$	$	$	$	$	$	$	$
Recreation and culture																
Solar Panels	1	Macquire	2.70%	5	39,333	(13,541)	25,792	(895)	39,336	(13,540)	25,796	(895)	52,513	(13,180)	39,333	(1,258)
Other property and services																
Solar Panels	1	Macquire	2.70%	5	18,560	(6,389)	12,171	(422)	18,561	(6,389)	12,172	(422)	24,779	(6,219)	18,560	(594)
					57,893	(19,930)	37,963	(1,317)	57,897	(19,929)	37,968	(1,317)	77,292	(19,399)	57,893	(1,852)

17. INFORMATION ON BORROWINGS

(a) Borrowings

	2021	2020
	$	$
Current	427,905	341,683
Non-current	4,732,208	4,105,104
	5,160,113	4,446,787

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual Principal 1 July 2020	30 June 2021 Actual New Loans	30 June 2021 Actual Principal repayments	30 June 2021 Actual Interest repayments	30 June 2021 Actual Principal outstanding	Budget Principal 1 July 2020	30 June 2021 Budget New Loans	30 June 2021 Budget Principal repayments	30 June 2021 Budget Interest repayments	30 June 2021 Budget Principal outstanding	Actual Principal 1 July 2019	30 June 2020 Actual New Loans	30 June 2020 Actual Principal repayments	30 June 2020 Actual Interest repayments	30 June 2020 Actual Principal outstanding
				$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Health																		
Medical Centre	99	WATC	2.11%	1,450,000	0	(58,961)	(40,072)	1,391,039	1,450,000	0	(58,961)	(32,786)	1,391,039	0	1,450,000	0	(6,435)	1,450,000
Housing																		
SIHI Aged Housing	100	WATC	2.03%	0	700,000	0	(2,994)	700,000	0	700,000	(31,621)	(7,385)	668,379	0	0	0	0	0
Recreation and culture																		
Recreation Centre	93	WATC	6.80%	2,105,156	0	(109,992)	(153,471)	1,995,164	2,105,156	0	(109,992)	(152,737)	1,995,164	2,207,988	0	(102,832)	(159,995)	2,105,156
Tennis Courts Resurfacing	96	WATC	2.37%	79,897	0	(39,478)	(2,119)	40,419	79,896	0	(39,478)	(2,311)	40,418	118,455	0	(38,558)	(3,390)	79,897
Transport																		
Plant	98	WATC	2.07%	791,096	0	(125,155)	(20,189)	665,941	791,096	0	(125,155)	(21,631)	665,941	913,700	0	(122,604)	(23,637)	791,096
				4,426,149	700,000	(333,586)	(218,845)	4,792,563	4,426,148	700,000	(365,207)	(216,850)	4,760,941	3,240,143	1,450,000	(263,994)	(193,457)	4,426,149
Self Supporting Loans																		
Recreation and culture																		
Golf Club SSL	97	WATC	2.57%	20,638	0	(8,098)	(523)	12,540	20,639	0	(8,098)	(629)	12,546	28,532	0	(7,894)	(1,023)	20,638
Golf Club SSL	101	WATC	2.11%	0	0	0	0	0	0	40,000	(1,807)	(422)	38,193	0	0	0	0	0
Bowling Club SSL	102	WATC	1.47%	0	355,010	0	(1,623)	355,010	0	355,010	(16,037)	(3,745)	338,973	0	0	0	0	0
				20,638	355,010	(8,098)	(2,146)	367,550	20,639	395,010	(25,942)	(4,796)	389,712	28,532	0	(7,894)	(1,023)	20,638
				4,446,787	1,055,010	(341,684)	(220,991)	5,160,113	4,446,787	1,095,010	(391,149)	(221,646)	5,150,653	3,268,675	1,450,000	(271,888)	(194,480)	4,446,787

* WA Treasury Corporation

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

17. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2020/21

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed 2021 Actual	Amount Borrowed 2021 Budget	Amount (Used) 2021 Actual	Amount (Used) 2021 Budget	Total Interest & Charges	Actual Balance Unspent
				%	$	$	$	$	$	$
SIHI Aged Housing	WATC*	Debenture	15	2.03%	700,000	700,000	0	(700,000)	115,673	700,000
Golf Club SSL	WATC*	Debenture	0	0.00%	0	40,000	0	0	0	0
Bowling Club SSL	WATC*	Debenture	10	1.47%	355,010	355,010	(355,010)	(355,010)	28,043	0
* WA Treasury Corporation					1,055,010	1,095,010	(355,010)	(1,055,010)	143,716	700,000

(d) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance 1 July 2020	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2021
		$	$	$	$
SIHI Aged Housing	15/04/2021	0	700,000	0	700,000
* WA Treasury Corporation		0	700,000	0	700,000

(e) Undrawn Borrowing Facilities	2021 $	2020 $
Credit Standby Arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	15,000	20,000
Credit card balance at balance date	(4,855)	(1,164)
Total amount of credit unused	10,145	18,836
Loan facilities		
Loan facilities - current	427,905	341,683
Loan facilities - non-current	4,732,208	4,105,104
Lease liabilities - current	20,474	19,930
Lease liabilities - non-current	17,489	37,963
Total facilities in use at balance date	5,198,076	4,504,680
Unused loan facilities at balance date	0	0

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 28.

18. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	$	$	$
Opening balance at 1 July 2020			
Current provisions	211,873	204,573	416,446
Non-current provisions	0	77,528	77,528
	211,873	282,101	493,974
Additional provision	260,743	33,682	294,425
Provisions consumed	(261,223)	(4,211)	(265,434)
Balance at 30 June 2021	211,393	311,572	522,965
Comprises			
Current	211,393	204,481	415,874
Non-current	0	107,091	107,091
	211,393	311,572	522,965

	2021	2020
Amounts are expected to be settled on the following basis:	$	$
Less than 12 months after the reporting date	415,874	416,446
More than 12 months from reporting date	72,046	16,157
Expected reimbursements from other WA local governments	35,045	61,371
	522,965	493,974

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees.

Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

19. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2021 Actual $	2021 Budget $	2020 Actual $
Cash and cash equivalents	5,014,331	2,817,693	3,505,502
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(468,418)	119,050	(1,902,885)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	0	0	(865)
Depreciation on non-current assets	4,485,327	4,358,601	4,407,387
(Profit)/loss on sale of asset	176,478	9,620	453,337
Movement in fixed assets expensed to operating	0	0	119
Rounding adjustment	0	0	(5)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(114,815)	125,205	106,701
(Increase)/decrease in other assets	(287,789)	0	(14,167)
(Increase)/decrease in inventories	(9,497)	2,050	1,597
Increase/(decrease) in payables	468,343	205,000	(506,804)
Increase/(decrease) in employee provisions	28,991	0	78,144
Increase/(decrease) in other liabilities	79,175	(1,154,645)	426,052
Non-operating grants, subsidies and contributions	(3,041,225)	(2,473,610)	(2,027,594)
Net cash from operating activities	1,316,570	1,191,271	1,021,017

20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	$	$
Governance	4,996	7,263
General purpose funding	1,220,045	695,933
Law, order, public safety	510,725	576,491
Health	1,297,567	1,326,040
Education and welfare	597,594	642,071
Housing	10,860,504	10,940,978
Community amenities	578,160	686,766
Recreation and culture	23,655,049	24,186,436
Transport	51,282,232	51,153,876
Economic services	1,533,439	1,594,364
Other property and services	8,553,795	8,688,152
Unallocated	2,217,392	1,011,641
	102,311,498	101,510,011

21. CONTINGENT ASSETS AND LIABILITIES

The Shire is not aware of any reportable contingent assets or liabilities as at the reporting date.

22. CAPITAL COMMITMENTS

	2021	2020
	$	$
(a) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	2,802,134	383,599
- plant & equipment purchases	138,291	0
	2,940,425	383,599
Payable:		
- not later than one year	2,940,425	383,599

23. ELECTED MEMBERS REMUNERATION

	2021 Actual $	2021 Budget $	2020 Actual $
Cr Michael Smith			
President's annual allowance	10,000	10,000	10,000
Meeting attendance fees	10,000	10,000	10,000
Annual allowance for ICT expenses	90	375	0
Travel and accommodation expenses	0	125	0
	20,090	20,500	20,000
Cr Barry Wyse			
Deputy President's annual allowance	2,500	2,500	2,500
Meeting attendance fees	7,612	7,616	7,612
Annual allowance for ICT expenses	90	375	0
Travel and accommodation expenses	0	125	0
	10,202	10,616	10,112
Cr Grant Eva			
Meeting attendance fees	7,612	7,614	7,612
Annual allowance for ICT expenses	90	375	0
Travel and accommodation expenses	0	125	0
	7,702	8,114	7,612
Cr Andrew Gillam			
Meeting attendance fees	7,612	7,614	7,612
Annual allowance for ICT expenses	90	375	0
Travel and accommodation expenses	0	125	0
	7,702	8,114	7,612
Cr Mark Leonard			
Meeting attendance fees	7,612	7,614	7,612
Annual allowance for ICT expenses	90	375	0
Travel and accommodation expenses	0	125	0
	7,702	8,114	7,612
Cr Hayley Palmer			
Meeting attendance fees	7,612	7,614	7,612
Annual allowance for ICT expenses	89	375	0
Travel and accommodation expenses	0	125	0
	7,701	8,114	7,612
Cr Isabelle Scott			
Meeting attendance fees	7,612	7,614	7,612
Annual allowance for ICT expenses	89	375	0
Travel and accommodation expenses	0	125	0
	7,701	8,114	7,612
Cr Ian West			
Meeting attendance fees	7,612	7,614	7,612
Annual allowance for ICT expenses	89	375	0
Travel and accommodation expenses	0	125	0
	7,701	8,114	7,612
	76,501	79,800	75,784
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	10,000	10,000	10,000
Deputy President's allowance	2,500	2,500	2,500
Meeting attendance fees	63,284	63,300	63,284
Annual allowance for ICT expenses	717	3,000	0
Travel and accommodation expenses	0	1,000	0
	76,501	79,800	75,784

24. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Shire during the year are as follows:	2021 Actual $	2020 Actual $
Short-term employee benefits	630,996	452,874
Post-employment benefits	94,419	50,794
Other long-term benefits	36,821	11,458
	762,236	515,126

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

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

Other long-term benefits
These amounts represent long service benefits accruing during the year.

Transactions with related parties

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

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

The following transactions occurred with related parties:	2021 Actual $	2020 Actual $
Sale of goods and services	1,160	540
Purchase of goods and services	99,327	43,593
Amounts payable to related parties:		
Trade and other payables	14,985	6,012

Related Parties

The Shire's main related parties are as follows:

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

ii. Other Related Parties
An associate person of KMP was employed by the Shire under normal employement terms and conditions.

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

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

25. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

(a) Share of joint operations

In 1996/97 Council, in conjunction with Homeswest, constructed 10 Aged Persons Units in the Port Denison town site. The terms of the joint venture agreement provided for Council to contribute $103,330 which equated to an equity contribution of 19.18%. The fair value of the asset as at the 30 June 2021 has been applied below with accumulated depreciation as at 30 June 2021.

	2021 $	2020 $
Buildings - specialised	975,656	5,630,648
Less - accumulated depreciation	(139,049)	(475,007)
Total assets	836,607	5,155,641
Total comprehensive income for the year	63,609	0

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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

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

Interests in joint arrangements (Continued)

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

26. RATING INFORMATION

(a) Rates

RATE TYPE Differential general rate / general rate	Rate in $	Number of Properties	2020/21 Actual Rateable Value	2020/21 Actual Rate Revenue	2020/21 Actual Interim Rates	2020/21 Actual Back Rates	2020/21 Actual Total Revenue	2020/21 Budget Rate Revenue	2020/21 Budget Interim Rate	2020/21 Budget Back Rate	2020/21 Budget Total Revenue	2019/20 Actual Total Revenue
Gross rental valuations			$	$	$	$	$	$	$	$	$	$
GRV - Residential	0.111808	1,334	17,151,409	1,917,663	3,529	0	1,921,192	1,917,663	5,000	5,000	1,927,663	1,908,178
GRV - Commercial	0.111808	121	4,037,910	443,330	1,009	(2,327)	442,012	451,470	0	0	451,470	465,204
GRV - Undeveloped	0.111808	20	311,776	34,859	0	0	34,859	34,859	0	0	34,859	34,831
GRV - Residential - R50 Developed	0.111808	75	1,286,620	143,855	651	0	144,506	143,854	0	0	143,854	143,769
GRV - Residential - R50 Undeveloped	0.111808	12	166,050	18,566	0	0	18,566	18,566	0	0	18,566	18,566
Unimproved valuations												
UV - Policy Area A	0.014193	5	3,160,000	44,850	0	0	44,850	44,850	0	0	44,850	43,388
UV - Policy Area B	0.014193	13	4,451,902	63,186	(348)	(719)	62,119	63,186	0	0	63,186	68,006
UV - Policy Area C	0.014193	132	74,477,529	1,057,003	6,894	456	1,064,353	1,057,060	0	0	1,057,060	1,006,040
UV - Policy Area D	0.014193	109	14,172,852	201,155	29	368	201,552	201,155	0	0	201,155	216,982
UV - Policy Area E	0.014193	40	9,917,800	140,763	0	0	140,763	140,763	0	0	140,763	145,067
UV - Policy Area F	0.014193	24	5,209,350	73,936	0	0	73,936	73,936	0	0	73,936	80,872
UV - Policy Area G	0.014193	27	3,704,751	52,582	0	0	52,582	52,582	0	0	52,582	63,809
UV - Mining	0.189882	28	1,480,782	282,811	(645)	379	282,545	281,174	0	0	281,174	267,611
UV - Mining Developed	0.189882	9	887,524	168,524	0	0	168,524	168,525	0	0	168,525	164,394
Sub-Total		1,949	140,416,255	4,643,083	11,119	(1,843)	4,652,359	4,649,643	5,000	5,000	4,659,643	4,626,717
Minimum payment	**Minimum**											
Gross rental valuations	$											
GRV - Residential	1,021	98	760,027	100,058	0	0	100,058	100,058	0	0	100,058	100,058
GRV - Commercial	1,021	65	295,666	66,365	0	0	66,365	66,365	0	0	66,365	66,365
GRV - Undeveloped	1,021	457	1,310,417	466,597	0	0	466,597	466,597	0	0	466,597	474,765
GRV - Residential - R50 Developed	1,021	7	58,658	7,147	0	0	7,147	7,147	0	0	7,147	7,147
GRV - Residential - R50 Undeveloped	1,021	14	73,830	14,294	0	0	14,294	14,294	0	0	14,294	14,294
Unimproved valuations												
UV - Policy Area A	1,021	4	185,500	4,084	0	0	4,084	4,084	0	0	4,084	4,084
UV - Policy Area B	1,021	2	146,998	2,042	0	0	2,042	4,084	0	0	4,084	4,084
UV - Policy Area C	1,021	27	1,274,271	27,567	0	0	27,567	27,567	0	0	27,567	23,483
UV - Policy Area D	1,021	11	595,198	11,231	0	0	11,231	11,231	0	0	11,231	7,147
UV - Policy Area E	1,021	0	0	0	0	0	0	0	0	0	0	0
UV - Policy Area F	1,021	11	598,500	11,231	0	0	11,231	11,231	0	0	11,231	11,231
UV - Policy Area G	1,021	1	66,499	0	0	0	0	1,021	0	0	1,021	1,021
UV - Mining	1,021	18	46,545	18,378	0	0	18,378	18,378	0	0	18,378	17,574
UV - Mining Developed	1,021	0	0	0	0	0	0	0	0	0	0	0
Sub-Total		715	5,412,109	728,994	0	0	728,994	732,057	0	0	732,057	731,253
		2,664	145,828,364	5,372,077	11,119	(1,843)	5,381,353	5,381,700	5,000	5,000	5,391,700	5,357,970
Total amount raised from general rate							5,381,353				5,391,700	5,357,970
Ex-gratia rates							3,076				2,800	2,802
Totals							5,384,429				5,394,500	5,360,772

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

26. RATING INFORMATION (Continued)

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount $	2021 Actual $	2021 Budget $	2020 Actual $
General - Hall Hire	Waiver	0.00%	Various	318	0	0
Doctor's surgery	Waiver	0.00%	0.00	0	0	5,814
				318	0	5,814
Total discounts/concessions (Note 26(a))				318	0	5,814

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
General - Hall Hire	Provision of courts and kitchen for fundraising activities		This support is necessary for the overall benefit of the local community.
Doctor's surgery	Council resolution 24/5/2016 Minute no. 140516		This support is necessary for the overall benefit of the community to assist and support the doctors in town.

26. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		$	%	%
Option One				
Single full payment	15/09/2020	0.00	0.00%	8.00%
Option Two				
First instalment	15/09/2020	0.00	5.50%	8.00%
Second instalment	16/11/2020	5.00	5.50%	8.00%
Option Three				
First instalment	15/09/2020	0.00	5.50%	8.00%
Second instalment	16/11/2020	5.00	5.50%	8.00%
Third instalment	18/01/2021	5.00	5.50%	8.00%
Fourth instalment	18/03/2021	5.00	5.50%	8.00%

	2021 Actual	2021 Budget	2020 Actual
	$	$	$
Interest on unpaid rates	39,142	15,000	47,947
Interest on instalment plan	10,759	5,000	11,938
Charges on instalment plan	6,015	3,000	6,690
	55,916	23,000	66,575

27. RATE SETTING STATEMENT INFORMATION

	Note	2020/21 (30 June 2021 Carried Forward) $	2020/21 Budget (30 June 2021 Carried Forward) $	2019/20 (30 June 2020 Carried Forward $
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with *Financial Management Regulation 32.*				
Adjustments to operating activities				
Less: Profit on asset disposals	11(a)	(12,524)	(1,176)	(25,349)
Less: Fair value adjustments to financial assets at fair value through profit and loss		0	0	(865)
Movement in pensioner deferred rates (non-current)		11,734	0	(9,045)
Movement in employee benefit provisions (non-current)		29,563	0	10,163
Movement in leave reserve		562	1,334	1,241
Movement in fixed assets expensed to operating		0	0	119
Add: Loss on disposal of assets	11(a)	189,002	10,796	478,686
Add: Depreciation on non-current assets	11(b)	4,485,327	4,358,601	4,407,387
Non cash amounts excluded from operating activities		4,703,664	4,369,555	4,862,337
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves - cash backed	4	(1,480,545)	(1,286,763)	(1,292,763)
Less: Restricted cash - other		(362,875)	(376,298)	(362,875)
Less: Financial assets at amortised cost - self supporting loans	5(a)	(41,513)	4	(8,095)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	17(a)	427,905	0	341,683
- Current portion of lease liabilities		20,474	4	19,930
- Employee benefit provisions		123,748	124,518	123,184
Total adjustments to net current assets		(1,312,806)	(1,538,535)	(1,178,936)
Net current assets used in the Rate Setting Statement				
Total current assets		6,069,098	3,275,643	4,103,018
Less: Total current liabilities		(3,830,189)	(1,763,208)	(3,196,477)
Less: Total adjustments to net current assets		(1,312,806)	(1,538,535)	(1,178,936)
Net current assets used in the Rate Setting Statement		926,103	(26,100)	(272,395)

28. FINANCIAL RISK MANAGEMENT

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

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as Policy C15 Management of Investments.

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	$	$	$	$
2021					
Cash and cash equivalents	0.10%	5,014,331	0	5,014,331	0
2020					
Cash and cash equivalents	0.25%	3,505,502	0	3,505,502	0

Sensitivity

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

	2021	2020
	$	$
Impact of a 1% movement in interest rates on profit and loss and equity*	50,143	35,055

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 17(b).

28. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

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

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

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

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

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

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	3,709	157,404	109,433	174,429	444,975
Loss allowance	0	0	0	0	0
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	7,202	228,230	102,009	124,881	462,322
Loss allowance	0	0	0	0	0

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables					
Expected credit loss	0.01%	0.00%	1.07%	0.84%	
Gross carrying amount	84,689	17,145	2,217	33,285	137,336
Loss allowance	8	0	24	281	313
30 June 2020					
Trade and other receivables					
Expected credit loss	0.01%	0.00%	0.82%	1.03%	
Gross carrying amount	84,367	3,833	0	31,499	119,699
Loss allowance	8	0	0	326	334

28. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
2021	$	$	$	$	$
Payables	1,609,703	0	0	1,609,703	1,609,703
Borrowings	623,166	2,298,092	3,633,657	6,554,915	5,160,113
Contract liabilities	1,333,371	0	0	1,333,371	0
Lease liabilities	21,247	17,706	0	38,953	37,963
	3,587,487	2,315,798	3,633,657	9,536,942	6,807,779
2020					
Payables	1,141,360	0	0	1,141,360	1,141,360
Borrowings	530,483	2,457,845	2,899,464	5,887,792	4,446,787
Contract liabilities	1,277,058	0	0	1,277,058	1,277,058
Lease liabilities	21,247	38,953	0	60,200	57,893
	2,970,148	2,496,798	2,899,464	8,366,410	6,923,098

29. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Shire.

30. AASB 1059 SERVICE CONCESSION ARRANGEMENTS

Service concessions assets are those assets where a third-party operator constructs assets for the Shire, upgrades existing assets of the Shire or uses existing assets of the Shire to operate and maintain the assets to provide a public service, for a specified period of time. Where, in these circumstances, the third-party operator provides a public service on behalf of the Shire and is deemed to manage at least some of the services under its own discretion, the assets are classified as service concession assets.

The Shire does not have any service concession arrangements in place for the 2020/21 financial year.

30. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3
Measurements based on unobservable inputs for the asset or liability.

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

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

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

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

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

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

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

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

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

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

31. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE To provide a decision making process for the	Includes the activities of members of council and the administrative support available to the
GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and	Supervision and enforcement of various local laws relating to fire prevention, animal control and
HEALTH To provide an operational framework for	Inspection of food outlets and their control, provision of meat inspection services, noise control
EDUCATION AND WELFARE To provide services to the elderly, children and	Maintenance of playgroup centre and senior citizen centre. Provision of youth services.
HOUSING To provide and maintain elderly residents	Provision and maintenance of elderly residents housing.
COMMUNITY AMENITIES To provide services required by the community.	Rubbish collection services, operation of rubbish transfer site, litter control, protection of the
RECREATION AND CULTURE To establish and effectively manage	Maintenance of public halls, heritage buildings, civic centres, beaches, recreation centres and
TRANSPORT To provide safe, effective and efficient transport	Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities
ECONOMIC SERVICES To help promote the Shire and its economic	Tourism and area promotion. Provision of rural services including weed control, vermin control
OTHER PROPERTY AND SERVICES To monitor and control Shire's overheads	Private works operation, plant repair and operation costs and engineering operation costs.

32. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	1.36	0.61	0.77
Asset consumption ratio	0.77	0.80	0.69
Asset renewal funding ratio	1.31	1.41	1.34
Asset sustainability ratio	0.71	0.26	0.40
Debt service cover ratio	2.28	1.38	2.31
Operating surplus ratio	(0.45)	(0.55)	(0.53)
Own source revenue coverage ratio	0.64	0.60	0.59

The above ratios are calculated as follows:

Current ratio

$$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$$

Asset consumption ratio

$$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$$

Asset renewal funding ratio

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

Asset sustainability ratio

$$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$$

Debt service cover ratio

$$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$$

Operating surplus ratio

$$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$$

Own source revenue coverage ratio

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

Auditor General

INDEPENDENT AUDITOR'S REPORT
2021
Shire of Irwin

To the Councillors of the Shire of Irwin

Report on the audit of the annual financial report

Opinion

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

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

In my opinion the financial report of the Shire of Irwin:

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

Basis for opinion

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

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

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

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

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

Auditor's responsibility for the audit of the financial report

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

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

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

Report on other legal and regulatory requirements

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

(i) In my opinion, the following material matters indicate a significant adverse trend in the financial position of the Shire:

  a) The Operating Surplus Ratio as reported in Note 32 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' (DLGSCI's) standard of 0.01 for the last three financial years; and

  b) The Asset Sustainability Ratio as reported in Note 32 of the annual financial report is below the DLGSCI's standard of 0.90 for the last three financial years.

(i) All required information and explanations were obtained by me.

(ii) All audit procedures were satisfactorily completed.

(iii) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

Other information

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

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

Matters relating to the electronic publication of the audited financial report

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

Efthalia Samaras
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
28 March 2022



