

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

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**COMMUNITY VISION**

A connected community that is as rich and diverse as its heritage and landscape

Principal place of business:  
87 Throssell Street  
COLLIE, WA 6225

**SHIRE OF COLLIE  
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 Collie 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 Collie 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 15 day of February 2022

  
\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Stuart Devenish  
Name of Chief Executive Officer



	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Revenue</b>				
Rates	27(a)	6,173,714	6,188,125	6,177,956
Operating grants, subsidies and contributions	2(a)	3,307,558	3,055,285	2,385,608
Fees and charges	2(a)	2,102,176	2,110,586	2,047,699
Interest earnings	2(a)	122,918	153,935	122,870
Other revenue	2(a)	353,567	0	0
		12,059,933	11,507,931	10,734,133
<b>Expenses</b>				
Employee costs		(5,627,203)	(5,822,816)	(5,560,917)
Materials and contracts		(3,942,863)	(4,928,815)	(2,830,956)
Utility charges		(468,275)	(507,036)	(502,148)
Depreciation on non-current assets	11(b)	(2,920,706)	(3,075,517)	(3,089,974)
Interest expenses	2(b)	(58,511)	(54,231)	(54,320)
Insurance expenses		(513,138)	(504,583)	(474,148)
Other expenditure	2(b)	(169,019)	(107,168)	(272,912)
		(13,699,715)	(15,000,166)	(12,785,375)
		(1,639,782)	(3,492,235)	(2,051,242)
Non-operating grants, subsidies and contributions	2(a)	2,027,462	4,568,269	2,923,766
Profit on asset disposals	11(a)	262,276	51,000	27,759
(Loss) on asset disposals	11(a)	(81,833)	0	(93,059)
Reversal of prior year loss on revaluation of plant and equipment	9(a)	0	0	82,504
		2,207,905	4,619,269	2,940,970
<b>Net result for the period</b>		<b>568,123</b>	<b>1,127,034</b>	<b>889,728</b>
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>568,123</b>	<b>1,127,034</b>	<b>889,728</b>

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



	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Revenue</b>				
Governance		381,023	62,100	226,043
General purpose funding		8,430,181	7,601,990	8,016,401
Law, order, public safety		415,217	559,417	577,593
Health		13,872	11,000	11,914
Housing		14,571	12,420	10,429
Community amenities		2,316,733	2,730,175	1,498,907
Recreation and culture		226,928	236,483	232,020
Transport		0	46,000	0
Economic services		87,336	70,150	62,369
Other property and services		174,072	178,196	98,457
		<b>12,059,933</b>	<b>11,507,931</b>	<b>10,734,133</b>
<b>Expenses</b>				
Governance		(497,985)	(416,109)	(645,182)
General purpose funding		(124,371)	(144,027)	(135,641)
Law, order, public safety		(869,566)	(1,065,973)	(1,047,634)
Health		(271,876)	(264,866)	(247,262)
Education and welfare		(106,612)	(83,254)	(175,692)
Housing		(6,377)	(9,917)	(13,802)
Community amenities		(3,670,323)	(4,769,752)	(3,031,098)
Recreation and culture		(3,352,786)	(3,607,550)	(3,664,873)
Transport		(3,399,448)	(3,665,642)	(2,785,157)
Economic services		(746,019)	(773,173)	(767,104)
Other property and services		(595,841)	(145,672)	(217,610)
		<b>(13,641,204)</b>	<b>(14,945,935)</b>	<b>(12,731,055)</b>
<b>Finance Costs</b>	2(b)			
Governance		(1,414)	(819)	(1,742)
Law, order, public safety		0	(378)	0
Health		(4,386)	0	(176)
Community amenities		(5,927)	(8,964)	(6,569)
Recreation and culture		(7,579)	(3,954)	(3,368)
Transport		(39,205)	(40,116)	(42,465)
		<b>(58,511)</b>	<b>(54,231)</b>	<b>(54,320)</b>
		<b>(1,639,782)</b>	<b>(3,492,235)</b>	<b>(2,051,242)</b>
Non-operating grants, subsidies and contributions	2(a)	2,027,462	4,568,269	2,923,766
Profit on disposal of assets	11(a)	262,276	51,000	27,759
(Loss) on disposal of assets	11(a)	(81,833)	0	(93,059)
Reversal of prior year loss on revaluation of plant and equipment	9(a)	0	0	82,504
		<b>2,207,905</b>	<b>4,619,269</b>	<b>2,940,970</b>
<b>Net result for the period</b>		<b>568,123</b>	<b>1,127,034</b>	<b>889,728</b>
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>568,123</b>	<b>1,127,034</b>	<b>889,728</b>

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



	NOTE	2021 \$	2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	4,952,278	2,982,749
Trade and other receivables	6	1,624,328	1,663,359
Other financial assets	5(a)	109,928	115,689
Inventories	7	8,950	8,421
Contract assets	2(a)	391,634	54,270
Other assets	8	59,479	29,303
<b>TOTAL CURRENT ASSETS</b>		<b>7,146,597</b>	<b>4,853,791</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	6	506,382	460,427
Other financial assets	5(b)	41,420	63,763
Property, plant and equipment	9	28,554,348	29,080,898
Infrastructure	10	146,199,463	145,803,489
Right-of-use assets	12(a)	57,516	69,910
<b>TOTAL NON-CURRENT ASSETS</b>		<b>175,359,129</b>	<b>175,478,487</b>
<b>TOTAL ASSETS</b>		<b>182,505,726</b>	<b>180,332,278</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	1,795,349	2,118,242
Other liabilities	15	3,100,675	1,447,234
Lease liabilities	16(a)	21,192	49,740
Borrowings	17(a)	207,048	147,914
Employee related provisions	18	958,711	1,064,393
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,082,975</b>	<b>4,827,523</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	16(a)	36,471	20,170
Borrowings	17(a)	1,535,742	1,300,987
Employee related provisions	18	145,758	46,941
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,717,971</b>	<b>1,368,098</b>
<b>TOTAL LIABILITIES</b>		<b>7,800,946</b>	<b>6,195,621</b>
<b>NET ASSETS</b>		<b>174,704,780</b>	<b>174,136,657</b>
<b>EQUITY</b>			
Retained surplus		41,119,117	40,933,672
Reserves - cash backed	4	1,313,659	930,982
Revaluation surplus	13	132,272,004	132,272,004
<b>TOTAL EQUITY</b>		<b>174,704,780</b>	<b>174,136,657</b>

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



	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2019</b>		<b>40,110,729</b>	<b>864,197</b>	<b>132,272,004</b>	<b>173,246,930</b>
Comprehensive income					
Net result for the period		889,728	0	0	889,728
Other comprehensive income	13	0	0	0	0
Total comprehensive income		889,728	0	0	889,728
Transfers from reserves	4	218,754	(218,754)	0	0
Transfers to reserves	4	(285,539)	285,539	0	0
<b>Balance as at 30 June 2020</b>		<b>40,933,672</b>	<b>930,982</b>	<b>132,272,004</b>	<b>174,136,658</b>
Comprehensive income					
Net result for the period		568,123	0	0	568,123
Other comprehensive income	13	0	0	0	0
Total comprehensive income		568,123	0	0	568,123
Transfers from reserves	4	545,354	(545,354)	0	0
Transfers to reserves	4	(928,031)	928,031	0	0
<b>Balance as at 30 June 2021</b>		<b>41,119,117</b>	<b>1,313,659</b>	<b>132,272,004</b>	<b>174,704,780</b>

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		6,045,952	6,088,125	6,227,532
Operating grants, subsidies and contributions		3,112,529	3,055,285	2,957,008
Fees and charges		1,807,419	2,110,586	2,047,699
Interest received		122,918	153,936	122,870
Goods and services tax received		0	0	(21,498)
Other revenue		353,566	0	0
		11,442,384	11,407,932	11,333,611
<b>Payments</b>				
Employee costs		(5,616,866)	(5,822,816)	(5,433,530)
Materials and contracts		(3,996,630)	(4,928,815)	(1,548,704)
Utility charges		(468,275)	(507,036)	(502,147)
Interest expenses		(58,511)	(54,231)	(54,320)
Insurance paid		(513,138)	(504,583)	(474,148)
Goods and services tax paid		(20,214)	0	0
Other expenditure		(169,019)	(107,168)	(272,912)
		(10,842,653)	(11,924,649)	(8,285,761)
<b>Net cash provided by (used in) operating activities</b>	19	599,731	(516,717)	3,047,851
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	9(a)	(455,108)	(2,907,464)	(1,409,565)
Payments for construction of infrastructure	10(a)	(2,673,867)	(2,536,642)	(3,986,488)
Non-operating grants, subsidies and contributions	2(a)	3,657,344	4,568,269	2,923,766
Proceeds from financial assets at amortised cost - advance		5,000	5,000	0
Proceeds from financial assets at amortised cost - self supporting loans		23,104	23,103	23,103
Proceeds from financial assets at amortised cost - advance		1,410	0	0
Proceed from trust transfer		0	0	300,517
Proceeds from sale of property, plant & equipment	11(a)	563,396	72,000	89,036
<b>Net cash provided by (used in) investment activities</b>		1,121,279	(775,734)	(2,059,631)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	17(b)	(171,396)	(147,914)	(112,174)
Payments for principal portion of lease liabilities	16(b)	(45,369)	(37,788)	(49,437)
Proceeds from new borrowings	17(b)	465,285	465,285	335,000
<b>Net cash provided by (used in) financing activities</b>		248,520	279,583	173,389
<b>Net increase (decrease) in cash held</b>		1,969,529	(1,012,868)	1,161,609
Cash at beginning of year		2,982,749	1,759,165	1,821,140
<b>Cash and cash equivalents at the end of the year</b>	19	4,952,278	746,297	2,982,749

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

	NOTE	2021 Actual \$	2021 Original Budget \$	2020 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	28 (b)	91,489	2,344,461	1,397,602
		91,489	2,344,461	1,397,602
<b>Revenue from operating activities (excluding rates)</b>				
Governance		643,299	74,100	231,683
General purpose funding		2,256,467	1,374,635	1,838,445
Law, order, public safety		415,217	572,417	577,593
Health		13,872	24,000	11,914
Housing		14,571	12,420	10,429
Community amenities		2,316,733	2,658,959	1,498,907
Recreation and culture		226,928	232,026	232,020
Transport		0	46,000	20,528
Economic services		87,336	60,150	62,369
Other property and services		174,072	191,197	100,048
		6,148,495	5,245,904	4,583,936
<b>Expenditure from operating activities</b>				
Governance		(581,232)	(380,538)	(646,924)
General purpose funding		(124,371)	(144,027)	(135,641)
Law, order, public safety		(869,566)	(1,077,847)	(1,118,506)
Health		(276,262)	(264,867)	(247,438)
Education and welfare		(106,612)	(83,255)	(175,692)
Housing		(6,377)	(9,917)	(13,802)
Community amenities		(3,676,250)	(4,831,848)	(3,037,667)
Recreation and culture		(3,360,365)	(3,641,870)	(3,668,241)
Transport		(3,438,653)	(3,681,738)	(2,841,683)
Economic services		(746,019)	(773,173)	(767,104)
Other property and services		(595,841)	(145,673)	(225,736)
		(13,781,548)	(15,034,753)	(12,878,434)
Non-cash amounts excluded from operating activities	28(a)	2,793,125	3,084,517	3,058,973
<b>Amount attributable to operating activities</b>		(4,748,439)	(4,359,871)	(3,837,923)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	2,027,462	3,114,414	2,923,766
Proceeds from disposal of assets	11(a)	563,396	72,000	89,036
Proceeds from financial assets at amortised cost - self supporting loans		23,104	23,103	23,103
Proceeds from financial assets at amortised cost - advance to community group		5,000	5,000	5,000
Purchase of property, plant and equipment	9(a)	(455,108)	(2,837,464)	(1,409,565)
Purchase and construction of infrastructure	10(a)	(2,673,867)	(2,536,642)	(3,986,488)
		(510,013)	(2,159,589)	(2,355,148)
<b>Amount attributable to investing activities</b>		(510,013)	(2,159,589)	(2,355,148)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	17(b)	(171,396)	(147,914)	(112,174)
Proceeds from borrowings	17(c)	465,285	395,285	335,000
Payments for principal portion of lease liabilities	16(b)	(45,369)	(37,788)	(49,437)
Transfers to reserves (restricted assets)	4	(928,031)	(446,673)	(285,539)
Transfers from reserves (restricted assets)	4	545,354	423,151	218,754
<b>Amount attributable to financing activities</b>		(134,157)	186,061	106,604
<b>Surplus/(deficit) before imposition of general rates</b>		(5,392,609)	(6,333,399)	(6,086,467)
<b>Total amount raised from general rates</b>	27(a)	6,173,714	6,188,125	6,177,956
<b>Surplus/(deficit) after imposition of general rates</b>	28(b)	<b>781,105</b>	<b>(145,274)</b>	<b>91,489</b>

This statement is to be read in conjunction with the accompanying notes.  
The budget stated in this document is the original budget adopted by Council.



## 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 measurement at fair value of selected non-current assets, financial assets and liabilities.

### THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

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

### INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

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

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

### NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

### CRITICAL ACCOUNTING ESTIMATES

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

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

## 2. REVENUE AND EXPENSES

### (a) Grant revenue

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Operating grants, subsidies and contributions</b>			
Governance	124,700	50,000	84,248
General purpose funding	2,085,825	1,170,327	1,648,273
Law, order, public safety	308,047	451,917	448,059
Housing	10,228	7,920	10,429
Community amenities	717,119	1,131,218	76,302
Recreation and culture	5,618	5,707	5,781
Transport	0	60,000	0
Economic services	14,152	0	13,557
Other property and services	41,869	178,196	98,959
	3,307,558	3,055,285	2,385,608
<b>Non-operating grants, subsidies and contributions</b>			
General purpose funding	290,814	0	94,000
Law, order, public safety	22,021	0	682,189
Community amenities	366,290	1,121,478	286,138
Recreation and culture	489,133	2,441,167	293,810
Transport	800,482	752,037	1,463,002
Economic services	58,722	253,587	104,627
	2,027,462	4,568,269	2,923,766
<b>Total grants, subsidies and contributions</b>	5,335,020	7,623,554	5,309,374
<b>Fees and charges</b>			
Governance	27,908	12,100	17,280
General purpose funding	49,906	91,893	70,596
Law, order, public safety	107,171	107,500	129,533
Health	13,872	11,000	11,914
Housing	4,343	4,500	0
Community amenities	1,598,204	1,588,958	1,547,121
Recreation and culture	220,535	228,485	222,945
Transport	0	1,000	0
Economic services	73,184	65,150	48,811
Other property and services	7,053	0	(501)
	2,102,176	2,110,586	2,047,699

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

### SIGNIFICANT ACCOUNTING POLICIES

#### Grants, subsidies and contributions

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

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

#### Fees and Charges

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

## 2. REVENUE AND EXPENSES (Continued)

### (a) Revenue (Continued)

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

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

Non-operating grants, subsidies and contributions

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

Revenue from contracts with customers recognised during the year

Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year

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

Contract assets

Contract liabilities from contracts with customers

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Non-operating grants, subsidies and contributions	2,027,462	4,568,269	2,923,766
	2,027,462	4,568,269	2,923,766
Revenue from contracts with customers included as a contract liability at the start of the period	1,223,801	0	412,684
Revenue from contracts with customers recognised during the year	(1,223,801)	0	(412,684)
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	1,804,029	4,568,269	2,923,766
	2,027,462	4,568,269	2,923,766
Trade and other receivables from contracts with customers	162,434		341,205
Contract assets	391,634		54,270
Contract liabilities from contracts with customers	(1,247,360)		(1,223,801)

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2020.

Assets associated with contracts with customers were not subject to an impairment charge.

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)

#### 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 (Refer Note 27)  
Service charges  
Statutory permits and licences  
Fines

#### Other revenue

Reimbursements and recoveries

#### Interest earnings

Financial assets at amortised cost - self supporting loans  
Interest on reserve funds  
Rates instalment and penalty interest (refer Note 27(c))  
Other interest earnings

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates (Refer Note 27)	6,204,131	6,197,325	6,187,022
Service charges	1,836,235	1,907,936	1,807,763
Statutory permits and licences	233,959	172,650	209,386
Fines	31,982	30,000	30,550
	8,306,307	8,307,911	8,234,721
Other revenue			
Reimbursements and recoveries	353,567	0	0
	353,567	0	0
Interest earnings			
Financial assets at amortised cost - self supporting loans	2,182	2,291	3,231
Interest on reserve funds	883	5,000	4,504
Rates instalment and penalty interest (refer Note 27(c))	117,327	126,645	104,885
Other interest earnings	2,526	20,000	10,250
	122,918	153,936	122,870

### 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 \$
<b>Auditors remuneration</b>				
Audit of financial report		9,000	22,000	11,700
Other services		1,990	2,000	3,090
		10,990	24,000	14,790
<b>Interest expenses (finance costs)</b>				
Borrowings	17(b)	57,302	52,902	52,578
Lease liabilities	16(b)	1,210	1,329	1,742
		58,512	54,231	54,320
Sundry expenses		126,412	107,168	272,912
		169,019	107,168	272,912

## 2. REVENUE AND EXPENSES

### REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contractual commitments	General appropriations and contributions with no specific contractual commitments	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

## NOTE

2021 \$	2020 \$
4,952,278	2,982,749
4,952,278	2,982,749
4,691,169	2,713,216
4,691,169	2,713,216
1,313,659	930,982
1,247,360	1,223,801
276,835	0
0	335,000
4,691,169	2,713,216

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 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.

<b>4. RESERVES - CASH BACKED</b>	<b>2021 Actual Opening Balance \$</b>	<b>2021 Actual Transfer to \$</b>	<b>2021 Actual Transfer (from) \$</b>	<b>2021 Actual Closing Balance \$</b>	<b>2021 Budget Opening Balance \$</b>	<b>2021 Budget Transfer to \$</b>	<b>2021 Budget Transfer (from) \$</b>	<b>2021 Budget Closing Balance \$</b>	<b>2020 Actual Opening Balance \$</b>	<b>2020 Actual Transfer to \$</b>	<b>2020 Actual Transfer (from) \$</b>	<b>2020 Actual Closing Balance \$</b>
(a) Leave Reserve	34,133	40,036	(25,222)	48,947	22,752	40,134	0	62,886	62,480	327	(28,674)	34,133
(b) Building Reserve	0	550,021	0	550,021	0	0	0	0	0	0	0	0
(c) Plant Reserve	170,344	180,170	(164,206)	186,308	140,000	180,823	(169,862)	150,961	132,462	52,795	(14,913)	170,344
(d) Waste Reserve	577,585	60,512	(330,689)	307,408	570,000	127,876	(497,941)	199,935	410,792	166,793	0	577,585
(e) Revaluation Reserve	26,577	25,027	0	51,604	26,500	25,156	0	51,656	1,514	25,063	0	26,577
(f) Airstrip Reserve	2,248	2	0	2,250	2,245	13	0	2,258	2,236	12	0	2,248
(g) Election Reserve	6,696	18,009	0	24,705	6,700	18,039	0	24,739	18,099	69	(11,472)	6,696
(h) River Revitalisation Reserve	71,898	64	0	71,962	71,835	423	0	72,258	71,523	375	0	71,898
(i) Roche Park Reserve	2,038	2	0	2,040	2,035	12	0	2,047	2,027	11	0	2,038
(j) Legal Reserve	0	0	0	0	0	0	0	0	0	0	0	0
(k) Collie Mineworkers Swimming Pool Reserve	5,237	20,003	(25,237)	3	6,274	20,037	(26,274)	37	0	5,237	0	5,237
(l) Parks & Gardens Reserve	34,226	34,185	0	68,411	1,700	34,160	0	35,860	0	34,226	0	34,226
(m) Swimming Pool Heat Pump Reserve	0	0	0	0	0	0	0	0	123,503	476	(123,979)	0
(n) Swimming Pool Reserve	0	0	0	0	0	0	0	0	37,353	144	(37,497)	0
(o) MSW Upgrade Reserve	0	0	0	0	0	0	0	0	2,208	11	(2,219)	0
(p) Public Open Space Reserve	0	0	0	0	0	0	0	0	0	0	0	0
(q) Unspent Grant Reserve	0	0	0	0	0	0	0	0	0	0	0	0
(r) Unspent Loan Reserve	0	0	0	0	0	0	0	0	0	0	0	0
(s) Infrastructure Reserve	0	0	0	0	0	0	0	0	0	0	0	0
	930,982	928,031	(545,354)	1,313,659	850,041	446,673	(694,077)	602,637	864,197	285,539	(218,754)	930,982

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	Purpose of the reserve
(a) Leave Reserve	To be used to assist in the funding of annual leave and long service leave. The reserve is not expected to be utilised within a set period as further transfers to the reserve account will be made as the funds are utilised
(b) Building Reserve	To be used to assist in the maintenance of Council owned buildings. The reserve is not expected to be utilised within a set period as further transfers to the reserve account will be made as the funds are utilised. This reserve is designed to spread the impact on rates over future financial years.
(c) Plant Reserve	To be used to assist the plant replacement program as established in Council's Plant Replacement Program. The reserve is not expected to be utilised within a set period as further transfers to the reserve account will be made as the funds are utilised.
(d) Waste Reserve	To be used to assist Council's Waste Management Program. The reserve is not expected to be utilised within a set period as further transfers to the reserve account will be made as the funds are utilised
(e) Revaluation Reserve	Established to minimise the impact of the Valuers General's cost associated with rates revaluation every 3 years. This reserve is to ensure the impact is spread over 3 years.
(f) Airstrip Reserve	To be used to conduct maintenance works as required at the Collie Airstrip. It is indefinite when this will be utilised
(g) Election Reserve	Established to even out the impact of Local Government elections.
(h) River Revitalisation Reserve	Established to fund recommendations emanating from Council's Collie River Revitalisation plan.
(i) Roche Park Reserve	To be used for capital improvements at Roche Park
(j) Legal Reserve	Established to minimise the impact of legal proceedings
(k) Collie Mineworkers Swimming Pool Reserve	Replacement of major swimming pool infrastructure and equipment
(l) Parks & Gardens Reserve	Replacement of major parks and gardens infrastructure and equipment
(m) Swimming Pool Heat Pump Reserve	This reserve hold public open space funds received on or after 12 September 2020.
(n) Swimming Pool Reserve	Established to fund the Swimming Pool Redevelopment Project.
(o) MSW Upgrade Reserve	This reserve hold funds received for the upgrade of the Motoring South West Complex.
(p) Public Open Space Reserve	This reserve hold public open space funds received on or after 12 September 2020.
(q) Unspent Grant Reserve	This reserve hold unspent grant funds.
(r) Unspent Loan Reserve	This reserve hold unspent loan funds.
(s) Infrastructure Reserve	To be used to assist renewal of infrastructure. The reserve is not expected to be utilised within a set period as further transfers to the reserve account will be

## 5. OTHER FINANCIAL ASSETS

### (a) Current assets

Financial assets at amortised cost  
Financial assets at fair values through other comprehensive income

#### Other financial assets at amortised cost

Self supporting loans  
Advance to community group

#### Financial assets at fair values through other comprehensive income

Units held in Local Government House Trust

### (b) Non-current assets

Financial assets at amortised cost

#### Financial assets at amortised cost

Self supporting loans  
Advance to community group

2021	2020
\$	\$
22,342	28,103
87,586	87,586
109,928	115,689
17,342	23,103
5,000	5,000
22,342	28,103
87,586	87,586
87,586	87,586
41,420	63,763
41,420	63,763
8,920	26,263
32,500	37,500
41,420	63,763

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.

### Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 29.

## 6. TRADE AND OTHER RECEIVABLES

### Current

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

### Non-current

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

2021	2020
\$	\$
1,462,789	1,300,656
162,434	341,205
41,712	21,498
(42,607)	0
1,624,328	1,663,359
506,382	460,427
506,382	460,427

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other receivables

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

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

#### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 29.

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Classification and subsequent measurement

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

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

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

## 7. INVENTORIES

### Current

Fuel and materials  
Kiosk Supplies- Roche Park

The following movements in inventories occurred during the year:

### Balance at beginning of year

Inventories expensed during the year  
Additions to inventory

### Balance at end of year

2021	2020
\$	\$
7,324	7,249
1,626	1,172
8,950	8,421
8,421	11,763
96,854	(181,230)
(96,325)	177,888
8,950	8,421

## 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

### Other assets - current

Prepayments  
Accrued income

2021	2020
\$	\$
28,991	28,991
30,488	312
59,479	29,303

### SIGNIFICANT ACCOUNTING POLICIES

#### Other current assets

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

## 9. PROPERTY, PLANT AND EQUIPMENT

### (a) Movements in Balances

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

	Land	Buildings - non- specialised	Buildings - specialised	Total land and buildings	Land and buildings leased	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$		\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	3,315,000	135,578	21,239,023	24,689,601	0	24,689,601	98,165	3,949,096	28,736,862
Additions	0	0	889,878	889,878	0	889,878	130,372	389,315	1,409,565
(Disposals)	0	0	0	0	0	0	0	(154,335)	(154,335)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	82,504	82,504
Depreciation (expense)	0	(1,572)	(346,844)	(348,416)	0	(348,416)	(7,466)	(637,816)	(993,698)
<b>Balance at 30 June 2020</b>	3,315,000	134,006	21,782,057	25,231,063	0	25,231,063	221,071	3,628,764	29,080,898
<b>Comprises:</b>									
Gross balance amount at 30 June 2020	3,315,000	138,608	22,817,826	26,271,434	0	26,271,434	221,071	3,628,764	30,121,269
Accumulated depreciation at 30 June 2020	0	(4,602)	(1,035,769)	(1,040,371)	0	(1,040,371)	0	0	(1,040,371)
<b>Balance at 30 June 2020</b>	3,315,000	134,006	21,782,057	25,231,063	0	25,231,063	221,071	3,628,764	29,080,898
Additions	0	0	252,941	252,941	0	252,941	147,943	54,224	455,108
(Disposals)	(290,000)	0	(81,833)	(371,833)	0	(371,833)	0	(11,120)	(382,953)
Depreciation (expense)	0	(1,507)	(352,762)	(354,269)	0	(354,269)	(20,970)	(360,704)	(735,943)
Transfers		1,572	(1,573)	(1)		(1)	124,516	12,723	137,238
<b>Balance at 30 June 2021</b>	3,025,000	134,071	21,598,830	24,757,901	0	24,757,901	472,560	3,323,888	28,554,348
<b>Comprises:</b>									
Gross balance amount at 30 June 2021	3,025,000	138,608	22,985,765	26,149,373	0	26,149,373	493,530	3,681,767	30,324,670
Accumulated depreciation at 30 June 2021	0	(4,537)	(1,386,936)	(1,391,473)	0	(1,391,473)	(20,970)	(357,879)	(1,770,322)
<b>Balance at 30 June 2021</b>	3,025,000	134,071	21,598,829	24,757,900	0	24,757,900	472,560	3,323,888	28,554,348

## 9. PROPERTY, PLANT AND EQUIPMENT (Continued)

### (b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>(i) Fair Value</b>					
<b>Land and buildings</b>					
Land	3	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	External Valuation	June 2017	Price per hectare/market borrowing rate
Buildings - non-specialised	3	Cost approach using depreciated replacement cost	External Valuation	June 2017	Construction costs (Level 2) Current condition (Level 3) Residual values and remaining useful life assessment (Level 3)
Buildings - specialised	3	Cost approach using depreciated replacement cost	External Valuation	June 2017	Construction costs (Level 2) Current condition (Level 3) Residual values and remaining useful life assessment (Level 3)
<b>(ii) Cost</b>					
<b>Furniture and equipment</b>					
	3	Cost	Internal Valuation	June 2020	Purchase costs
<b>Plant and equipment</b>					

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 - footpaths	Infrastructure - drainage	Infrastructure - parks and ovals	Infrastructure - bridges	Infrastructure - other	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	110,538,066	3,499,594	7,092,278	8,519,568	5,718,108	8,496,226	143,863,840
Additions	1,412,279	750,367	28,907	104,626	583,818	1,106,491	3,986,488
Depreciation (expense)	(1,299,218)	(78,476)	(80,634)	(364,806)	(64,883)	(158,822)	(2,046,839)
<b>Balance at 30 June 2020</b>	110,651,127	4,171,485	7,040,551	8,259,388	6,237,043	9,443,895	145,803,489
<b>Comprises:</b>							
Gross balance at 30 June 2020	114,460,164	4,388,702	7,281,706	9,318,238	6,429,221	9,863,585	151,741,616
Accumulated depreciation at 30 June 2020	(3,809,037)	(217,217)	(241,155)	(1,058,850)	(192,178)	(419,690)	(5,938,127)
<b>Balance at 30 June 2020</b>	110,651,127	4,171,485	7,040,551	8,259,388	6,237,043	9,443,895	145,803,489
Additions	951,349	107,691	110,992	69,612	384,814	1,049,409	2,673,867
Depreciation (expense)	(1,306,303)	(87,939)	(79,361)	(325,673)	(69,601)	(270,531)	(2,139,408)
Transfers	(16,388)	0	0	0	0	(122,097)	(138,485)
<b>Balance at 30 June 2021</b>	110,279,785	4,191,237	7,072,182	8,003,327	6,552,256	10,100,676	146,199,463
<b>Comprises:</b>							
Gross balance at 30 June 2021	115,395,122	4,496,393	7,392,698	9,387,850	6,814,035	10,790,898	154,276,996
Accumulated depreciation at 30 June 2021	(5,115,339)	(305,156)	(320,516)	(1,384,522)	(261,779)	(690,221)	(8,077,533)
<b>Balance at 30 June 2021</b>	110,279,785	4,191,237	7,072,182	8,003,327	6,552,256	10,100,676	146,199,463



## 10. INFRASTRUCTURE (Continued)

### (b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>(i) Fair Value</b>					
Infrastructure - roads	3	Cost approach using depreciated replacement cost	External Valuation	June 2017	Construction costs (Level 2) Current condition (Level 3) Residual values and remaining useful life assessment (Level 3)
Infrastructure - footpaths	3	Cost approach using depreciated replacement cost	External Valuation	June 2017	Construction costs (Level 2) Current condition (Level 3) Residual values and remaining useful life assessment (Level 3)
Infrastructure - drainage	3	Cost approach using depreciated replacement cost	External Valuation	June 2017	Construction costs (Level 2) Current condition (Level 3) Residual values and remaining useful life assessment (Level 3)
Infrastructure - parks and ovals	3	Cost approach using depreciated replacement cost	External Valuation	June 2017	Construction costs (Level 2) Current condition (Level 3) Residual values and remaining useful life assessment (Level 3)
Infrastructure - bridges	3	Cost approach using depreciated replacement cost	External Valuation	June 2017	Construction costs (Level 2) Current condition (Level 3) Residual values and remaining useful life assessment (Level 3)
Infrastructure - other	3	Cost approach using depreciated replacement cost	External Valuation	June 2017	Construction costs (Level 2) Current condition (Level 3) Residual values and remaining useful life assessment (Level 3)

## 11. FIXED ASSETS

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

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

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

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

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

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

#### Revaluation

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

### 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 from 1 July 2019

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

#### Vested improvements from 1 July 2019

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

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

## 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	290,000	550,000	260,000	0	0	0	0	0	0	0	0	0
Buildings - specialised	81,833	0	0	(81,833)	0	0	0	0	0	0	0	0
Plant and equipment	11,120	13,396	2,276	0	21,000	72,000	51,000	0	154,335	89,036	27,759	(93,059)
	382,953	563,396	262,276	(81,833)	21,000	72,000	51,000	0	154,335	89,036	27,759	

The following assets were disposed of during the year.

	2021 Actual Net Book Value \$	2021 Actual Sale Proceeds \$	2021 Actual Profit \$	2021 Actual Loss \$
<b>Plant and Equipment</b>				
<b>Governance</b>				
Volkswagen Golf 110TDI	11,120	13,396	2,276	0
Railway Institute Building	81,833	0	0	(81,833)
Railway Institute Land - 118 Throssell St	290,000	550,000	260,000	0
	382,953	563,396	262,276	(81,833)
	382,953	563,396	262,276	(81,833)

## 11. FIXED ASSETS

### (b) Depreciation

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Buildings - non-specialised	1,507		1,572
Buildings - specialised	352,762	377,690	346,844
Furniture and equipment	20,970	21,244	7,466
Plant and equipment	360,704	588,048	637,816
Infrastructure - roads	1,306,303	1,604,792	1,299,218
Infrastructure - footpaths	87,939	98,354	78,476
Infrastructure - drainage	79,361	103,357	80,634
Infrastructure - parks and ovals	325,673	166,226	364,806
Infrastructure - bridges	69,601	78,019	64,883
Infrastructure - other	270,531	0	158,822
Right-of-use assets - plant and equipment	45,355	37,788	49,437
	2,920,705	3,075,518	3,089,974

### SIGNIFICANT ACCOUNTING POLICIES

#### Depreciation

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

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

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

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

#### Depreciation rates

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

Asset Class	Useful life
Buildings	30 to 70 years
Furniture and Equipment	4 to 15 years
Plant and Equipment	5 to 15 years
Sealed roads and streets:	
Formation	not depreciated
Pavement	65 years
Seal	
- Bituminous seal	20 years
- Asphalt surfaces	25 years
Gravel roads	
Formation	not depreciated
Pavement	65 years
Gravel sheet	12 years
Formed roads	
Formation	not depreciated
Pavement	50 years
Footpaths- Slab	50 years
Sewerage piping	100 years
Water Supply piping and drainage systems	90-100 years
Bridges	90-100 years
Others	10- 50 years
Park and Ovals	7- 44 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.

#### Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

## 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 - plant and equipment	Right-of-use assets Total
	\$	
<b>Balance at 1 July 2019</b>	0	0
Additions	119,347	119,347
Depreciation (expense)	(49,437)	(49,437)
<b>Balance at 30 June 2020</b>	69,910	69,910
Gains/(losses) from sale and leaseback transactions	32,961	32,961
Depreciation (expense)	(45,355)	(45,355)
<b>Balance at 30 June 2021</b>	57,516	57,516
	<b>2021 Actual \$</b>	<b>2020 Actual \$</b>
Depreciation expense on lease liabilities	(45,355)	(49,437)
Interest expense on lease liabilities	(1,209)	(1,742)
Low-value asset lease payments recognised as expense	(952)	(867)
<b>Total amount recognised in the statement of comprehensive income</b>	<b>(47,516)</b>	<b>(52,046)</b>
Total cash outflow from leases	(46,579)	(51,179)

### SIGNIFICANT ACCOUNTING POLICIES

#### Leases

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

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

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

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

#### Right-of-use assets - valuation

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

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

#### Right-of-use assets - depreciation

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

### 13. REVALUATION SURPLUS

	2021 Opening Balance \$	2021 Change in Accounting Policy \$	2021 Revaluation Increment \$	2021 Revaluation (Decrement) \$	Total Movement on Revaluation \$	2021 Closing Balance \$	2020 Opening Balance \$	2020 Revaluation Increment \$	2020 Revaluation (Decrement) \$	Total Movement on Revaluation \$	2020 Closing Balance \$
Revaluation surplus - Land and building	17,331,528	0	0	0	0	17,331,528	17,331,528	0	0	0	17,331,528
Revaluation surplus - Furniture and equipment	85,189	0	0	0	0	85,189	85,189	0	0	0	85,189
Revaluation surplus - Plant and equipment	1,069,680	0	0	0	0	1,069,680	987,176	82,504	0	82,504	1,069,680
Revaluation surplus - Infrastructure - roads	92,426,069	0	0	0	0	92,426,069	92,426,069	0	0	0	92,426,069
Revaluation surplus - Infrastructure - footpaths	444,588	0	0	0	0	444,588	444,588	0	0	0	444,588
Revaluation surplus - Infrastructure - drainage	7,672,439	0	0	0	0	7,672,439	7,672,439	0	0	0	7,672,439
Revaluation surplus - Infrastructure - parks and ovals	3,944,925	0	0	0	0	3,944,925	3,944,925	0	0	0	3,944,925
Revaluation surplus - Infrastructure - bridges	9,055,080	0	0	0	0	9,055,080	9,055,080	0	0	0	9,055,080
Revaluation surplus - Infrastructure - other	242,506	0	0	0	0	242,506	242,506	0	0	0	242,506
	132,272,004	0	0	0	0	132,272,004	132,189,500	82,504	0	82,504	132,272,004

## 14. TRADE AND OTHER PAYABLES

### Current

Sundry creditors
Prepaid rates
Accrued salaries and wages
Bonds and deposits held
Accrued Expenses
Staff Salary Sacrifice
Accrued Interest on long term borrowings

2021	2020
\$	\$
743,889	690,575
418,261	337,935
113,949	96,747
276,835	355,751
234,136	631,495
6,568	4,013
1,711	1,726
1,795,349	2,118,242

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other payables

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

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

#### Prepaid rates

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

## 15. OTHER LIABILITIES

### Current

Contract liabilities

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

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

Less than 1 year

### SIGNIFICANT ACCOUNTING POLICIES

#### Contract liabilities

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

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

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

2021 \$	2020 \$
1,247,360	1,223,801
1,853,315	223,433
3,100,675	1,447,234
3,100,675	1,447,234

#### Contract liabilities

\$  
1,247,360

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

\$  
1,853,315

#### 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	21,192	49,740
Non-current	36,471	20,170
	<u>57,663</u>	<u>69,910</u>

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual Lease Principal 1 July 2020 \$	30 June 2021 Actual New Leases \$	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 New Leases \$	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 New Leases \$	30 June 2020 Actual Lease Principal Repayments \$	30 June 2020 Actual Lease Principal Outstanding \$	30 June 2020 Actual Lease Interest Repayments \$
<b>Governance</b>																			
Admin Colour Photocopier	2	DLL Financial	2.20%	60	5,976	(3,925)	(2,051)	0	(9)	11,952	0	(5,976)	5,976	(204)	11,952	0	(5,976)	5,976	(204)
Admin Plotter	5	SOS Finance	2.20%	60	7,200	390	(4,352)	3,238	(124)	11,520	0	(4,320)	7,200	(156)	11,520	0	(4,320)	7,200	(156)
Computer	6	BOQ Finance	2.20%	15	13,104	3,607	(13,331)	3,380	(232)	26,208	0	(13,104)	13,104	(459)	26,208	0	(13,104)	13,104	(459)
Admin Colour Photocopier	1	3E Advantage	1.30%	60	0	29,927	(2,925)	27,002	(165)	0	0	0	0	0	0	0	0	0	0
<b>Law, order, public safety</b>																			
CESM-Vehicle	9	SG Fleet	2.20%	36	15,552	(2,270)	(13,282)	0	(131)	15,552	0	(7,776)	7,776	(272)	31,104	0	(15,552)	15,552	(544)
CESM-Pod	10	SG Fleet	2.20%	72	23,218	(1,130)	(5,234)	16,854	(393)	14,573	0	(2,964)	11,609	(106)	29,146	0	(5,928)	23,218	(211)
<b>Recreation and culture</b>																			
Roche Park Photocopier	7	DLL Financial	2.20%	60	1,212	3,897	(1,160)	3,949	(100)	0	0	0	0	0	2,121	0	(909)	1,212	(36)
Library Photocopier	3	DLL Financial	2.20%	36	2,436	(1,600)	(836)	0	(4)	4,872	0	(2,436)	2,436	(84)	4,872	0	(2,436)	2,436	(84)
Library Photocopier	2	3E Advantage	1.30%	36	0	3,886	(960)	2,926	(30)	0	0	0	0	0	0	0	0	0	0
<b>Transport</b>																			
Depot Photocopier	8	DLL Financial	2.20%	60	1,212	340	(1,238)	314	(22)	2,525	0	(1,212)	1,313	(48)	2,424	0	(1,212)	1,212	(48)
					<u>69,910</u>	<u>33,122</u>	<u>(45,369)</u>	<u>57,663</u>	<u>(1,210)</u>	<u>87,202</u>	<u>0</u>	<u>(37,788)</u>	<u>49,414</u>	<u>(1,329)</u>	<u>119,347</u>	<u>0</u>	<u>(49,437)</u>	<u>69,910</u>	<u>(1,742)</u>

17. INFORMATION ON BORROWINGS

(a) Borrowings	2021 \$	2020 \$
Current	207,048	147,914
Non-current	1,535,742	1,300,987
	1,742,790	1,448,901

(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
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Governance</b>																		
Loan 124	124	*	0.50%	0	70,000	0	(205)	70,000	0	70,000	0	0	70,000	0	0	0	0	0
Server Upgrade																		
<b>Community amenities</b>																		
Loan 118	118	*	3.14%	71,685	0	(8,020)	(2,657)	63,665	71,685	0	(8,020)	(2,744)	63,665	79,461	0	(7,776)	(2,958)	71,685
Truck Bay Toilet (Throssell St) & Caravan Park Facilities																		
Loan 119	119	*	1.97%	126,288	0	(12,962)	(3,269)	113,326	126,288	0	(12,963)	(3,390)	113,325	139,000	0	(12,712)	(3,611)	126,288
Weighbridge Modifications, Irrigation Audit and Bore Development Strategy, Open Space Strategy & Roche Park Wall Stabilisation																		
Loan 121	121	*	1.26%	230,000	0	(21,722)	(4,386)	208,278	230,000	0	(21,722)	(2,830)	208,278	0	230,000	0	(176)	230,000
Construction of Venn Street River Stop																		
Loan 122	122	*	0.95%	0	305,285	(14,583)	(2,619)	290,702	0	305,285	0	0	305,285					0
Building Capital Works																		
Loan 123	123	*	0.50%	0	90,000	(8,899)	(567)	81,101	0	90,000	0	0	90,000					0
Solar Panels																		
<b>Recreation and culture</b>																		
Loan 120	120	*	1.54%	105,000	0	(9,790)	(2,285)	95,210	105,000	0	(9,790)	(1,579)	95,210	0	105,000	0	(137)	105,000
Roche Park Court 3 timber overlay and floor treatment																		
<b>Transport</b>																		
Loan 117	117	*	3.96%	866,563	0	(72,316)	(39,207)	794,247	866,563	0	(72,316)	(40,068)	794,247	936,126	0	(69,563)	(42,465)	866,563
Shire Depot Relocation																		
				1,399,536	465,285	(148,292)	(55,195)	1,716,529	1,399,536	465,285	(124,811)	(50,611)	1,740,010	1,154,587	335,000	(90,051)	(49,347)	1,399,536
<b>Self Supporting Loans</b>																		
<b>Recreation and culture</b>																		
Loan 115	115	*	5.98%	6,404	0	(6,404)	(325)	0	6,403	0	(6,403)	(384)	0	12,446	0	(6,042)	(731)	6,404
Collie Race Club (self supporting loan)																		
Loan 116	116	*	3.85%	42,962	0	(16,700)	(1,782)	26,262	58,448	0	(16,700)	(1,907)	41,748	59,043	0	(16,081)	(2,500)	42,962
Coalfields Hockey Council (self supporting loan)																		
				49,366	0	(23,104)	(2,107)	26,262	64,851	0	(23,103)	(2,291)	41,748	71,489	0	(22,123)	(3,231)	49,366
				1,448,902	465,285	(171,396)	(57,302)	1,742,790	1,464,387	465,285	(147,914)	(52,902)	1,781,758	1,226,076	335,000	(112,174)	(52,578)	1,448,902

\* 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		Amount (Used)		Total Interest & Charges \$	Actual Balance Unspent \$
					2021 Actual \$	2021 Budget \$	2021 Actual \$	2021 Budget \$		
Loan 122	*	Fixed	10	0.95%	305,285	305,285	(305,285)	(305,285)	4,166	0
Building Capital Works										
Loan 123	*	Fixed	5	0.50%	90,000	90,000	(90,000)	(90,000)	1,250	0
Solar Panels										
Loan 124	*	Fixed	5	0.50%	70,000	70,000	(70,000)	(70,000)	969	0
Server Upgrade										
* WA Treasury Corporation					465,285	465,285	(465,285)	(465,285)	6,385	0

### (d) Unspent Borrowings

		Date Borrowed	Unspent Balance 1 July 2020 \$	Borrowed During Year \$	Expended During Year \$	Unspent Balance 30 June 2021 \$
Particulars						
Loan 120						
Roche Park Court 3 timber overlay and floor treatment	*	April 2020	105,000	0	(105,000)	0
Loan 121						
Construction of Venn Street River Stop	*	May 2020	230,000	0	(230,000)	0
* WA Treasury Corporation			335,000	0	(335,000)	0

### (e) Undrawn Borrowing Facilities

#### Credit Standby Arrangements

	2021 \$	2020 \$
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	5,000	5,000
Credit card balance at balance date	(2,986)	(325)
<b>Total amount of credit unused</b>	<b>2,014</b>	<b>4,675</b>

#### Loan facilities

Loan facilities - current	207,048	147,914
Loan facilities - non-current	1,535,742	1,300,987
Lease liabilities - current	21,192	49,740
Lease liabilities - non-current	36,471	20,170
<b>Total facilities in use at balance date</b>	<b>1,800,453</b>	<b>1,518,811</b>

#### Unused loan facilities at balance date

NIL NIL

## SIGNIFICANT ACCOUNTING POLICIES

### Financial liabilities

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

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

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

### Borrowing costs

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

### Risk

Information regarding exposure to risk can be found at Note 29.

## 18. EMPLOYEE RELATED PROVISIONS

### (a) Employee Related Provisions

#### Opening balance at 1 July 2020

Current provisions  
Non-current provisions

Additional provision  
Amounts used

#### Balance at 30 June 2021

#### Comprises

Current  
Non-current

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

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

Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
512,833	551,560	1,064,393
0	46,941	46,941
512,833	598,501	1,111,334
395,070	50,368	445,438
(365,045)	(87,258)	(452,303)
542,858	561,611	1,104,469
542,858	415,853	958,711
0	145,758	145,758
542,858	561,611	1,104,469
<b>2021 \$</b>	<b>2020 \$</b>	
542,858	60,019	
558,391	942,938	
3,220	108,377	
1,104,469	1,111,334	

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	4,952,278	746,297	2,982,749
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	568,123	1,127,034	889,728
Non-cash flows in Net result:			
Depreciation on non-current assets	2,920,705	3,075,518	3,089,974
(Profit)/loss on sale of asset	(180,443)	(51,000)	65,299
Reversal of loss on revaluation of fixed assets	0	0	(82,501)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(6,924)	(2,737,804)	(488,267)
(Increase)/decrease in other assets	(30,176)	0	6,650
(Increase)/decrease in inventories	(529)	0	3,342
(Increase)/decrease in contract assets	(337,364)	0	(54,270)
Increase/(decrease) in payables	(322,893)	(1,870,464)	1,425,812
Increase/(decrease) in employee provisions	(6,865)	(60,000)	81,300
Increase/(decrease) in other liabilities	23,559	0	1,034,550
Non-operating grants, subsidies and contributions	(2,027,462)	0	(2,923,766)
Net cash from operating activities	599,730	(516,716)	3,047,851

## 20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021 \$	2020 \$
Governance	2,336,588	1,792,886
General purpose funding	6,878,842	3,655,917
Law, order, public safety	1,933,659	1,426,555
Health	10,560	26,505
Education and welfare	3,179,594	3,363,052
Community amenities	5,817,294	6,191,080
Recreation and culture	9,965,673	10,238,783
Transport	149,380,219	150,172,921
Other property and services	2,962,061	3,464,579
	<u>182,505,726</u>	<u>180,332,278</u>

## 21. CONTINGENT LIABILITIES

The Shire does not have any contingent liabilities.

## 22. CAPITAL AND LEASING COMMITMENTS

### (a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

2021	2020
\$	\$
208,148	0
0	0
208,148	0
0	0

Payable:

- not later than one year

The capital expenditure commitments relates to building improvements, indoor swimming pool, vehicle purchase, river rehabilitation, drainage improvements and capital asset purchase for the Bush Fire Brigades

### (b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts (short term and low value leases).

Payable:

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

2021	2020
\$	\$
900	884
5,552	6,467
0	0
6,452	7,351

### SIGNIFICANT ACCOUNTING POLICIES

#### Leases

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

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

#### Leases (Continued)

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

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



## 23. ELECTED MEMBERS REMUNERATION

	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Elected member- Cr Sarah Stanley</b>			
President's annual allowance	4,000	4,000	4,000
Meeting attendance fees	7,764	7,688	7,612
Training & conferences	183	636	2,057
Annual allowance for ICT expenses	600	600	600
Travel expenses	1,702	3,500	2,811
	14,249	16,424	17,080
<b>Elected member- Cr Ian Miffling</b>			
Deputy President's annual allowance	1,000	1,000	1,000
Meeting attendance fees	7,764	7,688	7,612
Training & conferences	719	636	2,170
Annual allowance for ICT expenses	600	600	600
Travel expenses	380	500	356
	10,463	10,424	11,738
<b>Elected member- Cr Gary Faries</b>			
Meeting attendance fees	7,764	7,688	7,612
Training & conferences	504	636	328
Annual allowance for ICT expenses	600	600	600
	8,868	8,924	8,540
<b>Elected member- Cr Brett Hansen</b>			
Meeting attendance fees	7,764	7,688	7,612
Training & conferences	355	636	328
Annual allowance for ICT expenses	600	600	600
	8,719	8,924	8,540
<b>Elected member- Cr Elysia Harverson</b>			
Meeting attendance fees	7,764	7,688	7,612
Training & conferences	177	636	505
Annual allowance for ICT expenses	600	600	600
	8,541	8,924	8,717
<b>Elected member- Cr Joe Italiano</b>			
Meeting attendance fees	7,764	7,688	7,612
Training & conferences	177	636	505
Annual allowance for ICT expenses	600	600	600
	8,541	8,924	8,717
<b>Elected member- Cr John Kearney</b>			
Meeting attendance fees	7,764	7,688	7,612
Training & conferences	355	636	328
Annual allowance for ICT expenses	600	600	600
	8,719	8,924	8,540
<b>Elected member- Cr Leonie Scoffern</b>			
Meeting attendance fees	7,764	7,688	7,612
Training & conferences	132	636	0
Annual allowance for ICT expenses	600	600	600
	8,496	8,924	8,212
<b>Elected member- Cr Michelle Smith</b>			
Meeting attendance fees	7,764	7,688	7,612
Training & conferences	0	636	390
Annual allowance for ICT expenses	600	600	600
	8,364	8,924	8,602

## 23. ELECTED MEMBERS REMUNERATION

	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Elected member- Cr Brent White</b>			
Meeting attendance fees	7,764	7,688	7,612
Training & conferences	355	636	328
Annual allowance for ICT expenses	600	600	600
	8,719	8,924	8,540
<b>Elected member- Cr Rebecca Woods</b>			
Meeting attendance fees	7,764	7,688	7,612
Training & conferences	177	636	2,018
Annual allowance for ICT expenses	600	600	600
Travel expenses	0	0	272
	8,541	8,924	10,502
	102,220	107,164	107,728
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	4,000	4,000	4,000
Deputy President's allowance	1,000	1,000	1,000
Meeting attendance fees	85,404	84,568	83,732
Training & conferences	3,134	6,996	8,957
Annual allowance for ICT expenses	6,600	6,600	6,600
Travel expenses	2,082	4,000	3,439
	102,220	107,164	107,728

## 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	521,675	644,153
Post-employment benefits	67,194	78,590
Other long-term benefits	53,665	64,194
	<u>642,534</u>	<u>786,937</u>

#### *Short-term employee benefits*

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

#### *Post-employment benefits*

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

#### *Other long-term benefits*

These amounts represent long service benefits accruing during the year.

## 24. RELATED PARTY TRANSACTIONS (Continued)

### Transactions with related parties

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

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

The following transactions occurred with related parties:

Purchase of goods and services

2021 Actual \$	2020 Actual \$
37,680	831,999

### Related Parties

The Shire's main related parties are as follows:

#### i. Key management personnel

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

#### ii. Other Related Parties

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

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

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

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

## 25. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

The Shire does not have any joint arrangements.

## 26. MAJOR LAND TRANSACTIONS

The Shire did not participate in any trading undertakings or major trading undertaking during the 2020/21 financial year.

## 27. RATING INFORMATION

### (a) Rates

RATE TYPE	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Back Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Back Rate \$	2020/21 Budget Total Revenue \$	2020/21 Actual Total Revenue \$
Differential general rate / general rate												
<b>Gross rental valuations</b>												
Gross Rental Valuation- Developed	0.094667	2,378	39,687,343	3,747,168	0	0	3,747,168	3,747,168	0	0	3,747,168	3,757,081
Gross Rental Valuation- Vacant	0.094667	211	260,440	24,655	0	0	24,655	24,655	0	0	24,655	23,838
Interim & Back Rates					33,806		33,806	0	27,000	0	27,000	6,784
<b>Unimproved valuations</b>												
Unimproved Valuation	0.005656	366	100,721,292	569,680			569,680	569,680			569,680	534,549
<b>Sub-Total</b>		2,955	140,669,075	4,341,503	33,806	0	4,375,309	4,341,503	27,000	0	4,368,503	4,322,252
<b>Minimum payment</b>	<b>Minimum \$</b>											
<b>Gross rental valuations</b>												
Gross Rental Valuation- Developed	970	1,535	13,760,015	1,488,950	0	0	1,488,950	1,488,950	0	0	1,488,950	1,488,950
Gross Rental Valuation- Vacant	817	199	432,808	162,583	0	0	162,583	162,583	0	0	162,583	163,400
<b>Unimproved valuations</b>												
Unimproved Valuation	817	217	8,193,840	177,289	0	0	177,289	177,289	0	0	177,289	212,420
<b>Sub-Total</b>		1,951	22,386,663	1,828,822	0	0	1,828,822	1,828,822	0	0	1,828,822	1,864,770
<b>Total amount raised from general rate</b>		4,906	163,055,738	6,170,325	33,806	0	6,204,131	6,170,325	27,000	0	6,197,325	6,187,022
Specified Area Rate (Note 27(b))							6,204,131				6,197,325	6,187,022
Ex-gratia rates							0				0	0
Rates Written Off							817				800	817
<b>Totals</b>							(31,234)				(10,000)	(9,883)
							6,173,714				6,188,125	6,177,956

### 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.

## 27. RATING INFORMATION (Continued)

### (b) Discounts, Incentives, Concessions, & Write-offs

	Type	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$
A987-Ngalang Boodja Aboriginal Corporation	Concession	100%	2,806	2,806	2,806	2,806
A4295, A5219, A5833 & A5838 -Alliance Housing	Concession	100%	4,027	4,027	4,027	4,207
A3977- RSL Collie	Concession	100%	970	970	970	970
A3990-Country Women's Association	Concession	100%	970	970	970	970
A4337 &A5321- Riverview Residence	Concession	100%	42,630	42,630	42,630	42,630
A4779-North Collie Hall	Concession	100%	970	970	970	970
A150-Collie Pioneer Lodge	Concession	100%	970	970	970	970
A5043-Collie Italian Club	Concession	100%	8,638	8,638	8,638	8,638
A995-Energy West Hall	Concession	100%	2,166	2,166	2,166	2,166
A4813-Red Cross Shop	Concession	100%	1,674	1,674	1,674	1,674
				65,821	65,821	66,001
				65,821	65,821	66,001

Rate or fee and charge to which waiver or concession is granted	Circumstances in which waiver or concession is granted	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
A987-Ngalang Boodja Aboriginal Corporation	100% Concession	Community Benefit	Charitable Organisation
A4295, A5219, A5833 & A5838 -Alliance Housing			
A3977- RSL Collie			
A3990-Country Women's Association			
A4337 &A5321- Riverview Residence			
A4779-North Collie Hall			
A150-Collie Pioneer Lodge			
A5043-Collie Italian Club			
A995-Energy West Hall			
A4813-Red Cross Shop			
			Community Benefit



## 27. RATING INFORMATION (Continued)

### (c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	15 September 2020	0.00	0.00%	8.00%
<b>Option Three</b>				
First instalment	15 September 2020	0.00	3.00%	8.00%
Second instalment	16 November 2020	5.00	3.00%	8.00%
Third instalment	18 January 2021	5.00	3.00%	8.00%
Fourth instalment	19 March 2021	5.00	3.00%	8.00%
		<b>2021 Actual \$</b>	<b>2021 Budget \$</b>	<b>2020 Actual \$</b>
Interest on unpaid rates		107,814	104,000	104,885
Interest on instalment plan		9,513	22,645	16,533
Charges on instalment plan		14,335	16,893	21,065
		131,662	143,538	142,483

## 28. RATE SETTING STATEMENT INFORMATION

		2020/21	Original Budget	2019/20
		(30 June 2021	(30 June 2021	(30 June 2020
		Carried	Carried	Carried
Note		Forward)	Forward)	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 <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
	11(a)	(262,276)	(51,000)	(27,759)
		(45,955)	0	(33,798)
		98,817	60,000	(62,503)
	11(a)	81,833	0	93,059
	11(b)	2,920,706	3,075,517	3,089,974
Non cash amounts excluded from operating activities				
		2,793,125	3,084,517	3,058,973
(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 <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
	4	(1,313,659)	(873,563)	(930,982)
	5(a)	(17,342)	0	(23,103)
		(5,000)	0	0
		(87,586)	0	0
				19,037
		0	0	(261,778)
	17(a)	207,048	694,545	147,914
		21,192	37,788	49,740
		912,828	60,000	1,064,393
Total adjustments to net current assets				
		(282,519)	(81,230)	65,221
Net current assets used in the Rate Setting Statement				
		7,146,597	2,616,999	4,853,791
		(6,082,975)	(2,681,045)	(4,827,523)
		(282,519)	(81,230)	65,221
Net current assets used in the Rate Setting Statement				
		781,103	(145,276)	91,489

The budget stated in this document is the original budget adopted by Council.

## 29. FINANCIAL RISK MANAGEMENT

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

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

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

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

### (a) Interest rate risk

#### Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
<b>2021</b>					
Cash and cash equivalents	0.01%	4,952,278	0	4,952,278	0
<b>2020</b>					
Cash and cash equivalents	0.01%	2,982,749	0	2,982,749	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*	49,523	29,827

\* Holding all other variables constant

#### Borrowings

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

## 29. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

#### *Trade and Other Receivables*

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

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

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

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

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

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2021</b>					
Rates receivable	282,211	333,456	231,419	615,703	
Expected credit loss	0%	0%	0%	0%	
Gross carrying amount	282,211	333,456	231,419	615,703	1,462,789
Loss allowance					0
<b>30 June 2020</b>					
Rates receivable	482,276	356,740	133,453	489,804	
Expected credit loss	0%	0%	0%	33%	
Gross carrying amount	482,276	356,740	133,453	489,804	1,462,273
Loss allowance	0	0	0	161,617	161,617

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2021</b>					
Trade and other receivables	37,333	4,169	4,045	116,888	
Expected credit loss	0%	0%	0%	36%	
Gross carrying amount	37,333	4,169	4,045	116,888	162,434
Loss allowance	0	0	0	42,607	42,607
<b>30 June 2020</b>					
Trade and other receivables	247,054	13,780	1,489	122,487	
Expected credit loss	0%	0%	0%	0%	
Gross carrying amount	247,054	13,780	1,489	122,487	384,810
Loss allowance	0	0	0	43,605	43,605

## 29. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk (Continued)

#### **Contract Assets**

The Shire's contract assets represent work completed, which have not been invoiced at year end. This is due to the Shire not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Shire applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Shire has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

## 29. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 17(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 \$
<b>2021</b>					
Payables	1,795,349	0	0	1,795,349	1,795,349
Borrowings	207,049	604,821	930,921	1,742,791	1,742,790
Contract liabilities	3,100,675	0	0	3,100,675	3,100,675
Lease liabilities	21,192	36,561	0	57,753	57,663
	5,124,265	641,382	930,921	6,696,568	6,696,477
<b>2020</b>					
Payables	2,118,242	0	0	2,118,242	2,118,242
Borrowings	147,913	564,811	736,177	1,448,901	1,448,901
Contract liabilities	1,447,234	0	0	1,447,234	1,447,234
Lease liabilities	49,740	20,170	0	69,910	69,910
	3,763,129	584,981	736,177	5,084,287	5,084,287

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

There were no events occurring after balance date

## 31. TRUST FUNDS

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

	1 July 2020	Amounts Received	Amounts Paid	30 June 2021
	\$	\$	\$	\$
Public Open Spaces	42,686	0	(488)	42,198
Non Council Control	111	0	(111)	0
	42,797	0	(599)	42,198



## 32. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

### b) Current and non-current classification

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

### c) Rounding off figures

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

### d) Comparative figures

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

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

### e) Budget comparative figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the revised 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.

### 33. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<b>GOVERNANCE</b>	Provision of financial, administration and compliance services to the Shire. The costs and revenues associated with this function are those associated with the governing of the Shire. The financial and administration services have been allocated to other functions, recognising that these services are attributable to a range of Shire functions.
<b>GENERAL PURPOSE FUNDING</b>	This function records the revenues raised and expenditures incurred resultant from the levying of land rates and grants received from the State Government through the Local Government Grants Commission. These grants relate to both local roads and untied grant funds.
<b>LAW, ORDER, PUBLIC SAFETY</b>	The Shire is committed to providing excellent service in the provision of animal and bushfire control. The Shire has two full time rangers to service the animal control for Collie, while our community has seven active Bushfire Brigades which the Shire has a proven dedication to assisting.
<b>HEALTH</b>	The Shire places an emphasis on proactive health services within our community. The Shire's Health Officer has implemented many new strategies, such as the State Government food safe program, which encourages local food handling businesses to meet compliance standards set and display this fact on their premises.
<b>EDUCATION AND WELFARE</b>	The Shire assists in the building maintenance of the Collie Margaretta Wilson Centre, which provides services to a range of residents in our community from the aged, youth and disadvantaged.
<b>HOUSING</b>	The provision and maintenance of Shire owned property.
<b>COMMUNITY AMENITIES</b>	Comprised of the Shire's waste management, planning and environmental functions. In recent years, major focuses include the river revitalisation and waste pickup contracts
<b>RECREATION AND CULTURE</b>	This function incorporates activities such as library services, public swimming pool, recreational facilities, parks and gardens.
<b>TRANSPORT</b>	This function covers the area of road constructions and maintenance. The Shire has utilised software package known as ROMAN, which is widely used in the Local Government sector. This package takes the guess work out of deciding which roads should be included on the Annual Construction Program
<b>ECONOMIC SERVICES</b>	This function of the Shire provides for statutory building services as well as tourism services.
<b>OTHER PROPERTY AND SERVICES</b>	This function covers the cost of engineering and plant administration. These costs are fully allocated throughout the various schedules as overheads on Shire works.

### 34. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	0.41	0.45	1.27
Asset consumption ratio	0.95	0.94	0.95
Asset renewal funding ratio	N/A	N/A	0.92
Asset sustainability ratio	0.88	1.62	0.05
Debt service cover ratio	6.65	6.74	11.69
Operating surplus ratio	(0.16)	(0.25)	(0.11)
Own source revenue coverage ratio	0.65	0.65	0.67

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