



# AGENDA

17<sup>th</sup> of NOVEMBER 2021

## AUDIT COMMITTEE MEETING

To be held at the Shires Administration Building situated at Gascoyne Junction  
commencing at 8:30am

### DISCLAIMER

#### Disclaimer

The advice and information contained herein is given by and to the Council without liability or responsibility for its accuracy. Before placing any reliance on this advice or information, a written inquiry should be made to the Council giving entire reasons for seeking the advice or information and how it is proposed to be used.

Please note this agenda contains recommendations which have not yet been adopted by Council.

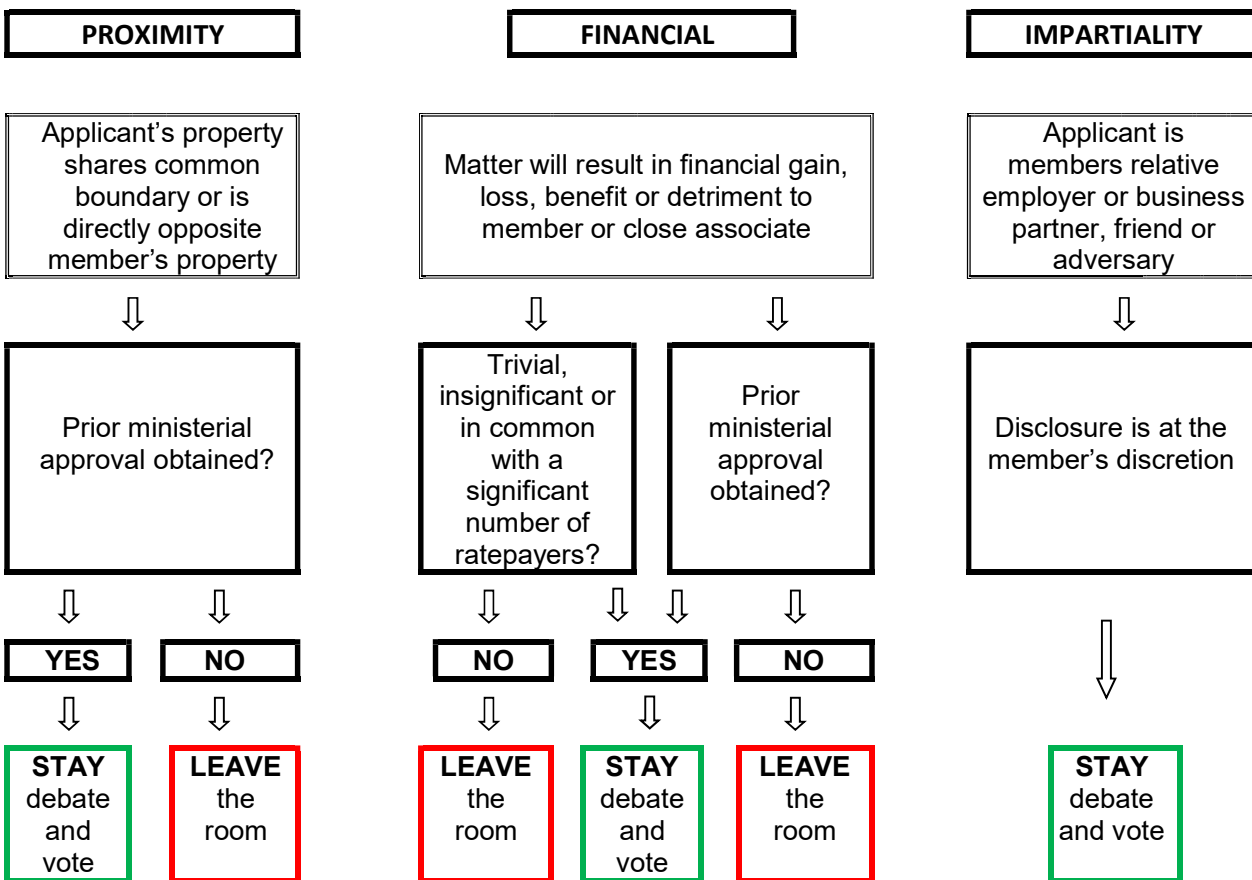
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In particular and without derogating in any way from the broader disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or limitation of approval made by a member or officer of the Shire of Upper Gascoyne during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Upper Gascoyne. The Shire of Upper Gascoyne warns that anyone who has an application lodged with the Shire of Upper Gascoyne must obtain and should only rely on written confirmation of the outcome of the application, and any conditions attached to the decision made by the Shire of Upper Gascoyne in respect of the application.



John McCleary, JP  
CHIEF EXECUTIVE OFFICER

## \* Declaring an Interest



### Local Government Act 1995 - Extract

#### 5.65 - Members' interests in matters to be discussed at meetings to be disclosed.

(1) A member who has an interest in any matter to be discussed at a council or committee meeting that will be attended by the member must disclose the nature of the interest:

(a) in a written notice given to the CEO before the meeting; or (b) at the meeting immediately before the matter is discussed. (Penalties apply).

(2) It is a defense to a prosecution under this section if the member proves that he or she did not know:

(a) that he or she had an interest in the matter; or (b) that the matter in which he or she had an interest would be discussed at the meeting.

(3) This section does not apply to a person who is a member of a committee referred to in section 5.9(2)(f).

#### 5.70 - Employees to disclose interests relating to advice or reports.

(1) In this section: 'employee' includes a person who, under a contract for services with the local government, provides advice or a report on a matter.

(2) An employee who has an interest in any matter in respect of which the employee is providing advice or a report directly to the council or a committee must disclose the nature of the interest when giving the advice or report.

(3) An employee who discloses an interest under this section must, if required to do so by the council or committee, as the case may be, disclose the extent of the interest. (Penalties apply).

#### 5.71 - Employees to disclose interests relating to delegated functions.

If, under Division 4, an employee has been delegated a power or duty relating to a matter and the employee has an interest in the matter, the employee must not exercise the power or discharge the duty and:

(a) in the case of the CEO, must disclose to the mayor or president the nature of the interest as soon as practicable after becoming aware that he or she has the interest in the matter; and (b) in the case of any other employee, must disclose to the CEO the nature of the interest as soon as practicable after becoming aware that he or she has the interest in the matter. (Penalties apply).

### 'Local Government (Administration) Regulations 1996 - Extract

In this clause and in accordance with Regulation 34C of the Local Government (Administration) Regulations 1996:

"Interest" means an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person having the interest and includes an interest arising from kinship, friendship or membership of an association.



**SHIRE OF UPPER GASCOYNE**  
**AGENDA FOR THE AUDIT MEETING OF COUNCIL TO BE HELD AT GASCOYNE JUNCTION**  
**SHIRE OFFICES ON WEDNESDAY THE 17<sup>th</sup> of NOVEMBER 2021 8:30AM**

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**SHIRE OF UPPER GASCOYNE**  
**AGENDA FOR THE AUDIT MEETING OF COUNCIL TO BE HELD AT GASCOYNE JUNCTION SHIRE**  
**OFFICES ON WEDNESDAY THE 17<sup>th</sup> of NOVEMBER 2021 8:30AM**

**1. DECLARATION OF OPENING / ANNOUNCEMENTS OF VISITORS**

The President welcomed those present and declared the meeting open at \_\_am

**2. APOLOGIES AND APPROVED LEAVE OF ABSENCE**

**2.1 Councillors**

Cr D. Hammarquist OAM JP	Shire President
Cr A. McKeough	Councillor
Cr J. Caunt	Councillor

Staff

John McCleary JP	Chief Executive Officer
Sa Toomalatai	Manager of Finance and Corporate Services

Visitors

Conley Manifis	Auditor Director, William Buck
Travis Bate	Principal Accountant, RSM Australia Pty Ltd

\*Note: both visitors are attending via teleconference

**2.2 Absentees**

Nil

**2.3 Leave of Absence previously approved**

Cr B. Walker	Councillor
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**3. APPLICATION FOR LEAVE OF ABSENCE**

Nil

**4. PUBLIC QUESTION TIME**

**4.1 Questions on Notice**

Nil

**4.2 Questions without Notice**

Nil

**5. DISCLOSURE OF INTEREST**

Nil

**6. PETITIONS/DEPUTATIONS/PRESENTATIONS**

Nil

7. **ANNOUNCEMENTS BY THE PERSON PRESCIDING WITHOUT DISCUSSION**

Nil

8. **MATTERS FOR WHICH THE MEETING MAY GO BEHIND CLOSED DOORS**

Nil

9. **CONFIRMATION OF MINUTES FROM PREVIOUS MEETINGS**

**Committee Resolution No: AC 01112021**

**MOVED:**

**SECONDED:**

That the minutes from previous Audit Committee Meeting held on 20<sup>th</sup> October 2021 are a true and correct record.

F/A 0/0

10. **REPORTS OF OFFICERS**

**10.1 2020/2021 ANNUAL FINANCIAL REPORT**

<b>Applicant:</b>	Shire of Upper Gascoyne
<b>Disclosure of Interest:</b>	Nil
<b>Author:</b>	Sa Toomalatai – Manager of Finance & Corporate Services
<b>Date:</b>	11 <sup>th</sup> November 2021
<b>Matters for Consideration:</b>	<ul style="list-style-type: none"><li>To accept the Annual Financial Report for the year ended 30 June 2021 containing the Independent Auditors Report from the Office of the Auditor General (OAG), as contained in <a href="#">Appendix 1</a>.</li><li>Management Control Issues – To accept the attached Final Management Letter under <a href="#">Appendix 2</a> and note that these matters have already been discussed with and addressed by Shire management staff.</li></ul>

**Background:**

At the previous Audit Committee Meeting held on the 20<sup>th</sup> October 2021 an Exit Meeting was conducted between the committee, the Office of the Auditor General (OAG) and the Auditors from William Buck to discuss the following matters:

- The draft Financial Statements for the Year ended 30 June 2021.
- The Shire of Upper Gascoyne Report to the Audit Committee from William Buck for the Year ended 30 June 2021.
- The draft Interim and Final Management Letter
- Other pending audit matters.

The Auditors updated the committee on the progress of the 2020/21 End of Year audit and working on completing the Annual Financial Report. The general advice received was that the Auditors were happy with how the audit process was tracking and the recommendation was to issue Council with an Unqualified Opinion.

Given the compliance timeframe, it was agreed that staff and the Auditors would work towards having the final draft of the financial report completed and signed off as soon as possible.

<p><b>Comments:</b></p>	<p>I am pleased to advise the Audit Committee that the End of Year Audit for 2020/21 is now complete and the following reports have been finalised –</p> <ul style="list-style-type: none"> <li>• The audited 2020/2021 Annual Financial Report signed by the CEO on the 9<sup>th</sup> November 2021</li> <li>• The OAG’s Independent Auditors Report issued on the 11<sup>th</sup> November 2021</li> </ul> <p>Both reports have been combined to form one document and are attached to this agenda under <a href="#">Appendix 1</a>.</p> <p>Furthermore, a Final copy of the Final Management Letter has been issued by the Auditors and is provided to the Audit Committee for review under <a href="#">Appendix 2</a>. The Management Letter identifies some areas that require improvement with regard to the Shire’s internal controls process and procedures.</p> <p>These areas have been discussed at length by staff and the Auditors, and were also raised at the Exit Meeting last month. During these discussions at the Exit Meeting, staff were able to confirm that changes had already been implemented to immediately address these areas of risk or concern –this has been noted in the attached report.</p> <p>In addition, it must also be noted that during the Directors Report presented by Conley Manifis from William Buck which was given at the Exit Meeting, reference was made to the “Emphasis of Matter – Basis of Accounting” reported in the 2019/20 Auditors Independent Report. The Emphasis of Matter (EOM) statement was a standard disclosure included in the previous year’s report and referred specifically to changes in regulations that impacted on the previous financial year.</p> <p>The OAG has recently made the decision to remove the <i>Emphasis of Matter – Basis of Accounting</i> for all local government entities reporting in 2021. The consideration to remove the EOM was made on the basis that it’s no longer the first year of the change in regulations.</p> <p>Regulation 51 (2) of Section 6.4 of the Local Government Financial Management Regulations 1996, states that after the Annual Financial Report has been audited in accordance with the Act and is signed by the CEO, a copy of the report is to be provided to the Department of Local Government within 30 days of the Local Government receiving the Auditors Report.</p>
<p><b>Statutory Environment:</b></p>	<p>Local Government Act 1995 – Division 3 – Conduct of Audit  Local Government Act 1995 – Division 3 – Financial Audit  Local Government (Financial Management) Regulations 1996, Part 4, section 6.4</p>

<b>Policy Implications:</b>		Nil			
<b>Financial Implications:</b>		Nil			
<b>Strategic Implications:</b>		Civic Leadership – To responsibly manage Council’s financial resources to ensure optimum value for money and sustainable asset management.			
<b>Risk:</b>					
Risk	Risk Likelihood (based on history and with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk	Risk Action Plan (Controls or Treatment proposed)
Not meeting Statutory Compliance	Rare (1)	Moderate (3)	Low (1-4)	Failure to meet Statutory, Regulatory or Compliance Requirements	Accept Officer Recommendation
<b>Consultation:</b>		Nil			
<b>Voting requirement:</b>		Simple Majority			
<b>Officer’s Recommendation:</b>		<p><i>That the Audit Committee –</i></p> <ol style="list-style-type: none"> <li><i>1. Receive the audited and signed Annual Financial Report for the year ended 30 June 2021 as contained in <a href="#">Appendix 1</a>.</i></li> <li><i>2. Receive the Final Management Letter for the year ended 30 June 2021 as contained in <a href="#">Appendix 2</a>.</i></li> <li><i>3. By way of delegation to the CEO, forwards a copy of the audited and signed 2020/2021 Annual Financial Report, to the Department of Local Government, Sport and Cultural Industries within 30 Days of receiving the report.</i></li> <li><i>4. Recommends that a copy of the audited and signed 2020/2021 Annual Financial Report be presented and received at the next Ordinary Meeting of Council to be held on the 17<sup>th</sup> November 2021.</i></li> </ol>			
<b>Council Resolution No: AC02112021</b>					
<b>MOVED:</b>		<b>SECONDED:</b>			
<b>CARRIED: 0/0</b>					



**11. MEETING CLOSURE**

The Shire President closed the meeting at \_\_\_\_pm.

# **APPENDIX 1**

**(2020/2021 Annual Financial Report)**

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

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**COMMUNITY VISION**

The Shire of Upper Gascoyne will be a sustainable service base supporting the pastoral, tourism sector, mining industries and the local community.

Principal place of business:  
4 Scott Street  
Gascoyne Junction, WA 6705

**SHIRE OF UPPER GASCOYNE  
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 Upper Gascoyne 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 Upper Gascoyne 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 Ninth day of November 2021



Chief Executive Officer

John McCleary

Name of Chief Executive Officer

11/11/21

11/11/21

**William Buck Audit (WA) Pty Ltd**

11/11/21

11/11/21



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

	NOTES	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Revenue</b>				
Rates	28(a)	417,881	457,919	388,578
Operating grants, subsidies and contributions	2(a)	18,146,539	16,580,568	17,500,347
Fees and charges	2(a)	31,694	37,297	36,148
Interest earnings	2(a)	16,290	27,420	36,004
Other revenue	2(a)	264,716	83,636	388,543
		<u>18,877,120</u>	<u>17,186,840</u>	<u>18,349,620</u>
<b>Expenses</b>				
Employee costs		(1,125,687)	(1,179,418)	(1,269,297)
Materials and contracts		(16,797,800)	(14,520,970)	(15,102,073)
Utility charges		(148,154)	(154,081)	(154,816)
Depreciation on non-current assets	10(d)	(3,149,104)	(3,285,511)	(3,097,868)
Interest expenses	2(b)	(47,360)	(49,168)	(54,422)
Insurance expenses		(228,448)	(237,697)	(213,682)
Other expenditure		(79,185)	(66,429)	(72,911)
		<u>(21,575,738)</u>	<u>(19,493,274)</u>	<u>(19,965,069)</u>
		<u>(2,698,618)</u>	<u>(2,306,434)</u>	<u>(1,615,449)</u>
Non-operating grants, subsidies and contributions	2(a)	3,421,669	8,106,802	1,909,163
Loss on asset disposals	10(a)	(9,852)	(10,806)	(18,469)
		<u>3,411,817</u>	<u>8,095,996</u>	<u>1,890,694</u>
<b>Net result for the period</b>		<b>713,199</b>	<b>5,789,562</b>	<b>275,245</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	-	-	11,934,332
<b>Total other comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>11,934,332</b>
<b>Total comprehensive income for the period</b>		<b>713,199</b>	<b>5,789,562</b>	<b>12,209,577</b>

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

**William Buck Audit (WA) Pty Ltd**



**SHIRE OF UPPER GASCOYNE**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**William Buck Audit (WA) Pty Ltd**

	NOTES	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Revenue</b>				
Governance		124,103	20,000	127,289
General purpose funding		3,330,043	1,859,917	3,235,922
Law, order, public safety		14,279	17,156	153,487
Health		236	1,000	-
Education and welfare		145,380	132,600	140,195
Housing		570	-	-
Community amenities		4,200	4,400	4,200
Recreation and culture		17,741	16,100	13,264
Transport		15,094,548	15,030,281	14,514,301
Economic services		85,573	40,136	87,533
Other property and services		60,447	65,250	73,429
		<b>18,877,120</b>	<b>17,186,840</b>	<b>18,349,620</b>
<b>Expenses</b>				
Governance		(460,119)	(438,249)	(534,778)
General purpose funding		(144,156)	(146,131)	(78,919)
Law, order, public safety		(213,997)	(237,562)	(372,405)
Health		(21,364)	(26,330)	(22,643)
Education and welfare		(261,966)	(291,126)	(257,801)
Housing		(326,205)	(364,703)	(397,904)
Community amenities		(144,961)	(173,807)	(119,066)
Recreation and culture		(291,383)	(285,120)	(262,983)
Transport		(19,279,808)	(17,010,102)	(16,984,311)
Economic services		(356,933)	(470,976)	(389,913)
Other property and services		(27,486)	-	(489,924)
		<b>(21,528,378)</b>	<b>(19,444,106)</b>	<b>(19,910,647)</b>
<b>Finance Costs</b>				
General purpose funding		(36,560)	(15,000)	(20,827)
Housing		(10,800)	(7,930)	(8,626)
Recreation and culture		-	(7,055)	-
Economic services		-	(19,183)	(24,969)
		<b>(47,360)</b>	<b>(49,168)</b>	<b>(54,422)</b>
		<b>(2,698,618)</b>	<b>(2,306,434)</b>	<b>(1,615,449)</b>
Non-operating grants, subsidies and contributions	2(a)	3,421,669	8,106,802	1,909,163
Loss on disposal of assets	10(a)	(9,852)	(10,806)	(18,469)
		<b>3,411,817</b>	<b>8,095,996</b>	<b>1,890,694</b>
<b>Net result for the period</b>		<b>713,199</b>	<b>5,789,562</b>	<b>275,245</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	-	-	11,934,332
<b>Total other comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>11,934,332</b>
<b>Total comprehensive income for the period</b>		<b>713,199</b>	<b>5,789,562</b>	<b>12,209,577</b>

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



**SHIRE OF UPPER GASCOYNE  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021**

	NOTES	2021 \$	2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	5,273,970	8,091,380
Trade and other receivables	6	778,311	801,849
Inventories	7	102,670	137,223
Contract assets	2(a)	2,631,539	2,706,429
<b>TOTAL CURRENT ASSETS</b>		<b>8,786,490</b>	<b>11,736,881</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	5(a)	35,610	35,610
Property, plant and equipment	8	11,284,648	10,947,159
Infrastructure	9	82,023,230	78,110,434
<b>TOTAL NON-CURRENT ASSETS</b>		<b>93,343,488</b>	<b>89,093,203</b>
<b>TOTAL ASSETS</b>		<b>102,129,978</b>	<b>100,830,084</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	2,549,395	1,443,345
Short term borrowings	13	1,887,991	-
Contract liabilities	14	2,788,897	5,585,814
Borrowings	15(a)	133,365	87,387
Employee related provisions	16	207,948	187,842
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,567,596</b>	<b>7,304,388</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	15(a)	985,267	679,638
Employee related provisions	16	63,045	45,187
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,048,312</b>	<b>724,825</b>
<b>TOTAL LIABILITIES</b>		<b>8,615,908</b>	<b>8,029,213</b>
<b>NET ASSETS</b>		<b>93,514,070</b>	<b>92,800,871</b>
<b>EQUITY</b>			
Retained surplus		39,446,185	39,400,577
Reserves - cash backed	4	2,037,129	1,369,538
Revaluation surplus	11	52,030,756	52,030,756
<b>TOTAL EQUITY</b>		<b>93,514,070</b>	<b>92,800,871</b>

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

**William Buck Audit (WA) Pty Ltd**



**SHIRE OF UPPER GASCOYNE  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2021**

	NOTES	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2019</b>		<b>38,819,976</b>	<b>1,674,894</b>	<b>40,096,424</b>	<b>80,591,294</b>
Comprehensive income					
Net result for the period		275,245	-	-	275,245
Other comprehensive income	11	-	-	11,934,332	11,934,332
Total comprehensive income for the period		275,245	-	11,934,332	12,209,577
Transfers from reserves	4	825,000	(825,000)	-	-
Transfers to reserves	4	(519,644)	519,644	-	-
<b>Balance as at 30 June 2020</b>		<b>39,400,577</b>	<b>1,369,538</b>	<b>52,030,756</b>	<b>92,800,871</b>
Comprehensive income					
Net result for the period		713,199	-	-	713,199
Total comprehensive income for the period		713,199	-	-	713,199
Transfers from reserves	4	100,000	(100,000)	-	-
Transfers to reserves	4	(767,591)	767,591	-	-
<b>Balance as at 30 June 2021</b>		<b>39,446,185</b>	<b>2,037,129</b>	<b>52,030,756</b>	<b>93,514,070</b>

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

**William Buck Audit (WA) Pty Ltd**





**SHIRE OF UPPER GASCOYNE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2021**

	NOTES	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		411,367	457,919	374,207
Operating grants, subsidies and contributions		15,218,502	19,425,599	16,169,588
Fees and charges		126,838	37,297	36,148
Interest received		16,290	27,420	36,004
Goods and services tax received		136,232	-	-
Other revenue		264,716	83,636	411,150
		16,173,945	20,031,871	17,027,097
<b>Payments</b>				
Employee costs		(1,063,941)	(1,179,418)	(1,237,153)
Materials and contracts		(15,676,293)	(20,219,781)	(8,892,812)
Utility charges		(148,154)	(154,081)	(154,816)
Interest expenses		(47,670)	(49,168)	(55,586)
Insurance paid		(228,448)	(237,697)	(213,682)
Goods and services tax paid		-	-	(50,951)
Other expenditure		(79,185)	(66,429)	(72,911)
		(17,243,691)	(21,906,574)	(10,677,911)
<b>Net cash provided by / (used in) operating activities</b>	17	(1,069,746)	(1,874,703)	6,349,186
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	8(a)	(935,049)	(1,501,459)	(1,043,578)
Payments for construction of infrastructure	9(a)	(6,499,419)	(10,833,272)	(2,482,555)
Non-operating grants, subsidies and contributions	2(a)	3,421,669	8,106,802	1,909,163
Proceeds from sale of property, plant & equipment	10(a)	25,227	30,000	172,455
<b>Net cash provided by / (used in) investment activities</b>		(3,987,572)	(4,197,929)	(1,444,515)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	15(b)	(98,083)	(97,380)	(73,642)
Proceeds from new borrowings	15(b)	450,000	450,000	-
<b>Net cash provided by / (used in) financing activities</b>		351,917	352,620	(73,642)
<b>Net increase / (decrease) in cash held (net of overdraft)</b>		(4,705,401)	(5,720,012)	4,831,029
Cash at beginning of year (net of overdraft)		8,091,380	8,091,381	3,260,351
<b>Cash and cash equivalents at the end of the year (net of overdraft)</b>	17	3,385,979	2,371,369	8,091,380

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

**William Buck Audit (WA) Pty Ltd**



**SHIRE OF UPPER GASCOYNE  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2021**

**William Buck Audit (WA) Pty Ltd**

	NOTES	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>OPERATING ACTIVITIES</b>				
Net current assets at start of financial year - surplus/(deficit)	29 (b)	3,232,910	3,291,207	2,931,301
		3,232,910	3,291,207	2,931,301
<b>Revenue from operating activities (excluding rates)</b>				
Governance		124,103	20,000	127,289
General purpose funding		2,878,413	1,399,797	2,850,052
Law, order, public safety		14,279	17,156	153,487
Health		236	1,000	-
Education and welfare		145,380	132,600	140,195
Housing		570	-	-
Community amenities		4,200	4,400	4,200
Recreation and culture		17,741	16,100	13,264
Transport		15,094,548	15,030,281	14,514,301
Economic services		85,573	40,136	87,533
Other property and services		60,447	65,250	73,429
		18,425,490	16,726,720	17,963,750
<b>Expenditure from operating activities</b>				
Governance		(460,119)	(438,249)	(534,779)
General purpose funding		(180,716)	(161,131)	(99,746)
Law, order, public safety		(213,997)	(237,562)	(372,405)
Health		(21,364)	(26,330)	(22,643)
Education and welfare		(261,966)	(291,126)	(257,801)
Housing		(337,005)	(372,633)	(406,529)
Community amenities		(144,961)	(173,807)	(119,066)
Recreation and culture		(291,383)	(292,175)	(262,983)
Transport		(19,289,660)	(17,020,908)	(17,002,780)
Economic services		(356,933)	(490,159)	(414,882)
Other property and services		(27,486)	-	(489,924)
		(21,585,590)	(19,504,080)	(19,983,538)
Non-cash amounts excluded from operating activities	29(a)	3,201,610	3,327,265	3,148,329
<b>Amount attributable to operating activities</b>		3,274,420	3,841,112	4,059,842
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	3,421,669	8,106,802	1,909,163
Proceeds from disposal of assets	10(a)	25,227	30,000	172,455
Purchase of property, plant and equipment	8(a)	(935,049)	(1,501,459)	(1,043,578)
Purchase and construction of infrastructure	9(a)	(6,499,419)	(10,833,272)	(2,482,555)
		(3,987,572)	(4,197,929)	(1,444,515)
<b>Amount attributable to investing activities</b>		(3,987,572)	(4,197,929)	(1,444,515)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	15(b)	(98,083)	(97,380)	(73,642)
Proceeds from borrowings	15(c)	450,000	450,000	-
Transfers to reserves (restricted assets)	4	(767,591)	(606,623)	(519,644)
Transfers from reserves (restricted assets)	4	100,000	150,700	825,000
<b>Amount attributable to financing activities</b>		(315,674)	(103,303)	231,714
<b>Surplus/(deficit) before imposition of general rates</b>		(1,028,826)	(460,120)	2,847,041
<b>Total amount raised from general rates</b>	28(a)	451,630	460,120	385,869
<b>Surplus/(deficit) after imposition of general rates</b>	29(b)	(577,196)	-	3,232,910

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



**SHIRE OF UPPER GASCOYNE**  
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**FOR THE YEAR ENDED 30 JUNE 2021**

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# SHIRE OF UPPER GASCOYNE

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2021

#### 1. BASIS OF PREPARATION

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

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

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

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the 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 27 of this financial report.

#### 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.

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- Employee expenses
- Depreciation on non-current assets
- Land held for resale
- Other financial assets
- Property, plant and equipment
- Infrastructure
- Borrowing liabilities

# SHIRE OF UPPER GASCOYNE

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2021

#### 2. REVENUE AND EXPENSES

##### (a) Grant revenue

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Operating grants, subsidies and contributions</b>			
General purpose funding	2,888,552	1,369,578	2,804,612
Law, order, public safety	4,052	5,209	143,689
Education and welfare	109,667	103,500	97,000
Transport	15,084,483	15,027,281	14,382,447
Economic services	-	10,000	-
Other property and services	59,785	65,000	72,599
	<b>18,146,539</b>	<b>16,580,568</b>	<b>17,500,347</b>
<b>Non-operating grants, subsidies and contributions</b>			
Recreation and culture	276,656	104,873	52,805
Transport	2,581,644	5,081,929	1,841,963
Economic services	563,369	2,920,000	14,395
	<b>3,421,669</b>	<b>8,106,802</b>	<b>1,909,163</b>
<b>Total grants, subsidies and contributions</b>	<b>21,568,208</b>	<b>24,687,370</b>	<b>19,409,510</b>
<b>Fees and charges</b>			
Governance	200	5,000	6,200
General purpose funding	246	-	1,365
Law, order, public safety	8,253	7,947	7,828
Health	236	1,000	-
Education and welfare	186	-	-
Housing	570	-	-
Community amenities	4,200	4,400	4,200
Recreation and culture	17,240	16,100	13,264
Economic services	563	2,600	3,066
Other property and services	-	250	225
	<b>31,694</b>	<b>37,297</b>	<b>36,148</b>

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

#### SIGNIFICANT ACCOUNTING POLICIES

##### Grants, subsidies and contributions

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

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

##### Fees and Charges

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

# SHIRE OF UPPER GASCOYNE

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2021

#### 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:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions	14,035,164	14,528,281	13,207,382
Fees and charges	31,694	37,297	-
Other revenue	108,624	76,636	-
Non-operating grants, subsidies and contributions	3,421,669	8,106,802	1,909,163
	17,597,151	22,749,016	15,116,545

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

Revenue from contracts with customers included as a contract liability at the start of the period	5,585,814	5,585,814	52,378
Revenue recognised in the current period from performance obligations satisfied in previous periods	-	-	(52,378)
Revenue from contracts with customers recognised during the year	8,589,668	9,056,400	15,116,545
Revenue from transfers intended for acquiring or constructing recognisable non-financial assets during the year	3,421,669	8,106,802	-
	17,597,151	22,749,016	15,116,545

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	828,437	-	833,550
Contract assets	2,631,539	-	2,706,429
Contract liabilities from contracts with customers	(2,788,897)	-	(5,585,814)

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

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.

# SHIRE OF UPPER GASCOYNE

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2021

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

##### (a) Revenue (Continued)

###### Revenue from statutory requirements

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

###### General rates

	451,630	460,120	385,869
	451,630	460,120	385,869

###### Other revenue

Reimbursements and recoveries	156,092	7,000	208,845
Other	108,624	76,636	179,698
	264,716	83,636	388,543

###### Interest earnings

Interest on reserve funds	1,796	14,420	17,644
Rates instalment and penalty interest (refer Note 28(d))	7,929	3,000	9,027
Other interest earnings	6,565	10,000	9,333
	16,290	27,420	36,004

#### 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.

##### (b) Expenses

###### Auditors remuneration

Audit of the annual financial report	45,000	38,000	37,675
	45,000	38,000	37,675

###### Interest expenses (finance costs)

Borrowings	33,814	25,018	33,595
WA Treasury loan guarantee fee	6,984	9,150	5,429
ATO	191	-	-
Interest on overdraft	6,371	15,000	15,398
	47,360	49,168	54,422

###### Other expenditure

Impairment loss on trade and other receivables	20,254	-	23,183
Sundry expenses	58,931	66,429	49,728
	79,185	66,429	72,911

# SHIRE OF UPPER GASCOYNE

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2021

#### 2. REVENUE AND EXPENSES

##### REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General rates.	Over time.	Payment dates adopted by Council during the year.	None.	Adopted by Council annually.	When taxable event occurs.	Not applicable.	When rates notice is issued.
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services.	Over time.	Fixed terms transfer of funds based on agreed milestones and reporting.	Contract obligation if project not complete.	Set by mutual agreement with the customer.	Based on the progress of works to match performance obligations.	Returns limited to repayment of transaction price of terms breached.	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared.
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government.	Over time .	Fixed terms transfer of funds based on agreed milestones and reporting.	Contract obligation if project not complete.	Set by mutual agreement with the customer.	Based on the progress of works to match performance obligations.	Returns limited to repayment of transaction price of terms breached.	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared.
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment.	No obligations.	Not applicable.	Not applicable.	Cash received.	On receipt of funds.	Not applicable.	When assets are controlled.
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time.	Full payment prior to issue.	None.	Set by State legislation or limited by legislation to the cost of provision.	Based on timing of issue of the associated rights.	No refunds.	On payment and issue of the licence, registration or approval.
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 collection	Kerbside collection service.	Over time.	Payment on an annual basis in advance.	None.	Adopted by council annually.	Apportioned equally across the collection period.	Not applicable.	Output method based on regular weekly and fortnightly period as proportionate to collection service.
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites.	Single point in time.	Payment in advance at gate or on normal trading terms if credit provided.	None.	Adopted by council annually.	Based on timing of entry to facility.	Not applicable.	On entry to facility.
Property hire and entry	Use of halls and facilities.	Single point in time.	In full in advance.	Refund if event cancelled within 7 days.	Adopted by council annually.	Based on timing of entry to facility.	Returns limited to repayment of transaction price.	On entry or at conclusion of hire.
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.



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

**3. CASH AND CASH EQUIVALENTS**

NOTE	2021	2020
	\$	\$
Cash at bank and on hand	3,236,843	6,721,842
Term deposits	2,037,127	1,369,538
<b>Total cash and cash equivalents</b>	<b>5,273,970</b>	<b>8,091,380</b>
<b>Restrictions</b>		
Cash and cash equivalents	5,171,147	7,005,994
	<b>5,171,147</b>	<b>7,005,994</b>

**Restrictions**

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

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

Reserves - cash backed	4	2,037,129	1,369,538
Contract liabilities from contracts with customers	14	2,788,897	5,585,814
Bonds and deposits held		50,642	50,642
Unspent loans	15(d)	294,479	-
<b>Total restricted assets</b>		<b>5,171,147</b>	<b>7,005,994</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

**Restricted assets**

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

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

**4. RESERVES - CASH BACKED**

	2021 Actual Opening Balance \$	2021 Actual Transfer to \$	2021 Actual Transfer (from) \$	2021 Actual Closing Balance \$	2021 Budget Opening Balance \$	2021 Budget Transfer to \$	2021 Budget Transfer (from) \$	2021 Budget Closing Balance \$	2020 Actual Opening Balance \$	2020 Actual Transfer to \$	2020 Actual Transfer (from) \$	2020 Actual Closing Balance \$
(a) Leave reserve	90,068	20,106	-	110,174	90,068	30,948	-	121,016	89,028	1,040	-	90,068
(b) Plant replacement reserve	353,076	214,186	-	567,262	353,076	148,718	-	501,794	744,656	133,420	(525,000)	353,076
(c) Airport reserve	41,013	54	-	41,067	41,013	432	-	41,445	40,539	474	-	41,013
(d) Tourism precinct reserve	379,862	498	(100,000)	280,360	379,862	4,000	-	383,862	375,474	304,388	(300,000)	379,862
(e) Building reserve	53,866	100,019	-	153,885	53,866	100,567	-	154,433	53,705	161	-	53,866
(f) Works reserve	14,223	230,718	-	244,941	14,223	230,797	-	245,020	13,599	624	-	14,223
(g) Economic development reserve	263,985	176,782	-	440,767	263,985	64,335	-	328,320	260,936	3,049	-	263,985
(h) Roads flood damage reserve	152,795	200	-	152,995	152,795	1,609	(150,700)	3,704	76,545	76,250	-	152,795
(i) Bridge maintenance reserve	20,650	25,028	-	45,678	20,650	25,217	-	45,867	20,412	238	-	20,650
	1,369,538	767,591	(100,000)	2,037,129	1,369,538	606,623	(150,700)	1,825,461	1,674,894	519,644	(825,000)	1,369,538

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

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

Name of Reserve	Anticipated Date of Use	Purpose of the Reserve
(a) Leave reserve	as required	to be used to fund annual and long service leave requirements.
(b) Plant replacement reserve	as required	to be used for the purchase of major plant and also to fund major mechanical breakdowns.
(c) Airport reserve	30-Jun-25	to fund the resealing of the Gascoyne Junction Airport.
(d) Tourism precinct reserve	as required	to be used for future significant repairs or upgrades as required basis.
(e) Building reserve	as required	to be used for new buildings, future repairs or upgrades as required basis (excluding the Tourism Precinct).
(f) Works reserve	as required	to be used to support funding of major infrastructure projects.
(g) Economic development reserve	as required	to set aside funds for economic development initiatives.
(h) Roads flood damage reserve	as required	to be used towards the required Shire contribution for Western Australia Natural Disaster Relief and Recovery funding.
(i) Bridge maintenance reserve	as required	to be used for repairs and maintenance of Killili Bridge as required.

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

**5. OTHER FINANCIAL ASSETS**

**(a) Non-current assets**

Financial assets at fair value through profit and loss

**Financial assets at amortised cost**

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

Units in Local Government House Trust

	2021	2020
	\$	\$
	35,610	35,610
	35,610	35,610
	35,610	35,610
	35,610	35,610

**SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 30.

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

**6. TRADE AND OTHER RECEIVABLES**

**Current**

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

**Rates outstanding**

Past due and not impaired  
 Impaired

Allowance for impairment of receivables  
 Movement in allowance for the impairment of receivables  
 Carrying amount at 30 June

**Sundry debtors**

Past due and not impaired  
 Impaired

Allowance for impairment of receivables  
 Movement in allowance for the impairment of receivables  
 Carrying amount at 30 June

**Allowance for impairment of receivables**

Rates receivable  
 Sundry receivables

	2021	2020
	\$	\$
Rates receivable	66,317	64,488
Trade and other receivables	777,052	645,933
GST receivable	51,385	187,617
Allowance for impairment of receivables	(116,443)	(96,189)
	<u>778,311</u>	<u>801,849</u>
Past due and not impaired	53,758	58,118
Impaired	12,559	6,370
	<u>66,317</u>	<u>64,488</u>
Allowance for impairment of receivables	6,370	42,060
Movement in allowance for the impairment of receivables	6,189	(35,690)
Carrying amount at 30 June	<u>12,559</u>	<u>6,370</u>
Past due and not impaired	673,168	556,114
Impaired	103,884	89,819
	<u>777,052</u>	<u>645,933</u>
Allowance for impairment of receivables	89,819	30,946
Movement in allowance for the impairment of receivables	14,065	58,873
Carrying amount at 30 June	<u>103,884</u>	<u>89,819</u>
Rates receivable	12,559	6,370
Sundry receivables	103,884	89,819
	<u>116,443</u>	<u>96,189</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other receivables**

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

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

**Impairment and risk exposure**

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 30.

**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.

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

**7. INVENTORIES**

**Current**

Fuel and materials  
Land held for resale - cost  
Cost of acquisition

The following movements in inventories occurred during the year:

**Balance at beginning of year**  
Inventories expensed during the year  
**Balance at end of year**

	2021	2020
	\$	\$
	100,170	129,723
	2,500	7,500
	102,670	137,223
	137,223	144,245
	(34,553)	(7,022)
	102,670	137,223

**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.

**Land held for resale**

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

**Land held for resale (Continued)**

Borrowing costs and holding charges incurred after development is completed are expensed.

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

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

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

**8. 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 buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
<b>As at 1 July 2019</b>								
Gross balance at 1 July 2019	834,000	1,603,158	6,403,124	8,006,282	8,840,282	71,450	2,270,603	11,182,335
Accumulated depreciation at 1 July 2019	-	(46,202)	(193,800)	(240,002)	(240,002)	-	-	(240,002)
<b>Balance at 1 July 2019</b>	834,000	1,556,956	6,209,324	7,766,280	8,600,280	71,450	2,270,603	10,942,333
Additions	-	13,567	199,052	212,619	212,619	34,433	796,526	1,043,578
Disposals	-	-	-	-	-	-	(190,923)	(190,923)
Depreciation expense	-	(25,197)	(103,088)	(128,285)	(128,285)	(36,511)	(683,033)	(847,829)
<b>Balance at 30 June 2020</b>	834,000	1,545,326	6,305,288	7,850,614	8,684,614	69,372	2,193,173	10,947,159
<b>Comprises:</b>								
Gross balance at 30 June 2020	834,000	1,616,726	6,602,176	8,218,902	9,052,902	105,883	2,872,129	12,030,914
Accumulated depreciation at 30 June 2020	-	(71,400)	(296,888)	(368,288)	(368,288)	(36,511)	(678,956)	(1,083,755)
<b>Balance at 30 June 2020</b>	834,000	1,545,326	6,305,288	7,850,614	8,684,614	69,372	2,193,173	10,947,159
Additions	-	195,953	213,278	409,231	409,231	-	525,818	935,049
Disposals	-	-	-	-	-	-	(35,079)	(35,079)
Depreciation expense	-	(17,154)	(116,173)	(133,327)	(133,327)	(23,531)	(405,623)	(562,481)
<b>Balance at 30 June 2021</b>	834,000	1,724,125	6,402,393	8,126,518	8,960,518	45,841	2,278,289	11,284,648
<b>Comprises:</b>								
Gross balance at 30 June 2021	834,000	1,812,678	6,815,454	8,628,132	9,462,132	105,883	3,346,948	12,914,963
Accumulated depreciation at 30 June 2021	-	(88,553)	(413,061)	(501,614)	(501,614)	(60,042)	(1,068,659)	(1,630,315)
<b>Balance at 30 June 2021</b>	834,000	1,724,125	6,402,393	8,126,518	8,960,518	45,841	2,278,289	11,284,648

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

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

**(b) Carrying Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>(i) Fair Value</b>					
<b>Land and buildings</b>					
<b>Land</b>	2	Market approach using recent observable market data for similar properties	Independent registered valuer	2017	Price per hectare or sales comparison
<b>Buildings - specialised</b>	3	Cost approach using depreciated replacement cost	Independent registered valuer	2017	Construction costs and current condition, residual values and remaining useful life assessments inputs
<b>Buildings - non-specialised</b>	2	Market approach using recent observable market data for similar properties	Independent registered valuer	2017	Price per square metre / market borrowing rate
<b>(ii) Cost</b>					
<b>Furniture and equipment</b>		Cost	Cost		Purchase cost
<b>Plant and equipment</b>		Cost	Cost		Purchase cost

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

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

**9. 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	Other infrastructure	Works in progress	Total Infrastructure
	\$	\$	\$	\$
<b>As at 1 July 2019</b>				
Gross balance at 1 July 2019	89,927,559	4,839,585	122,931	94,890,075
Accumulated depreciation at 1 July 2019	(28,816,023)	(130,466)	-	(28,946,489)
<b>Balance at 1 July 2019</b>	61,111,536	4,709,119	122,931	65,943,586
Additions	2,327,469	155,086	-	2,482,555
Revaluation increments / (decrements) transferred to revaluation surplus	11,934,332	-	-	11,934,332
Depreciation expense	(2,116,333)	(133,706)	-	(2,250,039)
<b>Balance at 30 June 2020</b>	73,257,004	4,730,499	122,931	78,110,434
<b>Comprises:</b>				
Gross balance at 30 June 2020	119,185,636	4,994,671	122,931	124,303,238
Accumulated depreciation at 30 June 2020	(45,928,632)	(264,172)	-	(46,192,804)
<b>Balance at 30 June 2020</b>	73,257,004	4,730,499	122,931	78,110,434
Additions	4,934,480	1,564,939	-	6,499,419
Depreciation expense	(2,444,358)	(142,265)	-	(2,586,623)
<b>Balance at 30 June 2021</b>	75,747,126	6,153,173	122,931	82,023,230
<b>Comprises:</b>				
Gross balance at 30 June 2021	124,120,115	6,559,610	122,931	130,802,656
Accumulated depreciation at 30 June 2021	(48,372,989)	(406,437)	-	(48,779,426)
<b>Balance at 30 June 2021</b>	75,747,126	6,153,173	122,931	82,023,230



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

**9. INFRASTRUCTURE (Continued)**

**(b) Carrying Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>(i) Fair Value</b>					
<b>Infrastructure - roads</b>	3	Cost approach using depreciated replacement cost (gross valuation method)	Management valuation	2020	Construction costs and current condition, residual values and remaining useful life assessments inputs
<b>Other infrastructure</b>	3	Cost approach using depreciated replacement cost (gross valuation method)	Independent registered value	2018	Construction costs and current condition, residual values and remaining useful life assessments inputs

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

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

# SHIRE OF UPPER GASCOYNE

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2021

#### 10. 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

###### 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.

##### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

###### 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.

# SHIRE OF UPPER GASCOYNE

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2021

#### 10. FIXED ASSETS

##### (a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and equipment	\$ 35,079	\$ 25,227	\$ -	\$ (9,852)	\$ 40,806	\$ 30,000	\$ -	\$ (10,806)	\$ 190,923	\$ 172,455	\$ -	\$ (18,469)
	35,079	25,227	-	(9,852)	40,806	30,000	-	(10,806)	190,923	172,455	-	(18,469)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
<b>Plant and Equipment</b>				
<b>Transport</b>				
Utility (Mazda) 2018 BT50 4WD	30,079	22,727	-	(7,352)
Utility (Toyota) Hilux - P66	5,000	2,500	-	(2,500)
	35,079	25,227	-	(9,852)
	35,079	25,227	-	(9,852)

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

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

	2021	2020
	\$	\$
Buildings - non-specialised	393	393
Furniture and equipment	24,950	21,850
Plant and equipment	201,203	148,803
	226,546	171,046

##### (c) Temporarily Idle Assets

The Shire did not hold any temporarily idle or retired from active use assets not classified as held for sale at balance date.

# SHIRE OF UPPER GASCOYNE

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2021

#### 10. FIXED ASSETS

##### (d) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	17,154	-	25,197
Buildings - specialised	116,173	165,298	103,088
Furniture and equipment	23,531	35,950	36,511
Plant and equipment	405,623	668,590	683,033
Infrastructure - roads	2,444,358	2,331,321	2,116,333
Other infrastructure	142,265	84,352	133,706
	<b>3,149,104</b>	<b>3,285,511</b>	<b>3,097,868</b>

#### 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	20 to 50 years
Furniture and equipment	1 to 20 years
Plant and equipment	1 to 25 years
Other Infrastructure	5 to 50 years
Sealed roads and streets:	
formation	not depreciated
pavement	39 years
seal	20 years
Formed subgrade	not depreciated
Unformed subgrade	not depreciated
Gravel roads:	
formation	not depreciated
pavement	28 years
Footpaths - slab	40 years
Drainage	30 - 108 years
Bridges	100 years

##### Depreciation on revaluation

When an item of property, plant and equipment is revalued, 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.

##### 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.

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

**11. REVALUATION SURPLUS**

	2021 Opening Balance	2021 Change in Accounting Policy	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	293,272	-	-	-	-	293,272	293,272	-	-	-	-	293,272
Buildings	122,287	-	-	-	-	122,287	122,287	-	-	-	-	122,287
Furniture and equipment	-	-	-	-	-	-	7,080	(7,080)	-	-	-	-
Plant and equipment	-	-	-	-	-	-	494,792	(494,792)	-	-	-	-
Infrastructure - roads	51,132,688	-	-	-	-	51,132,688	39,198,356	-	11,934,332	-	11,934,332	51,132,688
Other infrastructure	482,509	-	-	-	-	482,509	482,509	-	-	-	-	482,509
	52,030,756	-	-	-	-	52,030,756	40,598,296	(501,872)	11,934,332	-	11,934,332	52,030,756

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 AUS 40.1

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

**12. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors	
Prepaid rates	
Accrued salaries and wages	
Bonds and deposits held	
Retentions held for the Gascoyne River Bridge Project	
Accrued expenses	

2021	2020
\$	\$
2,229,472	1,080,468
212	4,897
50,456	26,674
50,642	50,642
6,171	6,171
212,442	274,493
<b>2,549,395</b>	<b>1,443,345</b>

**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.

**13. SHORT-TERM BORROWINGS**

**Unsecured**

Bank overdraft	
Represented by:	
Unrestricted – WANDRRA* overdraft <sup>(a)</sup>	
Restricted funds held	

2021	2020
\$	\$
1,887,991	-
1,887,991	-
-	-
<b>1,887,991</b>	<b>-</b>

\* Western Australia Natural Disaster Relief and Recovery

(a) The bank overdraft is repayable on demand and forms an integral part of the Shire's cash management. The overdraft was established for the purpose of managing cash flow for road flood damage repairs in 2017. The amount of the overdraft brought forward on 1 July 2020 was \$0. The overdraft has increased by \$1,887,991 during the financial year. At 30 June 2021 the balance of the overdraft was \$1,887,991. The interest rate on the overdraft at 30 June 2021 was 6.53%.

**Sensitivity analysis**

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

Impact of a 1% movement in interest rates on profit and loss and equity\*

\* Holding all other variables constant

2021	2020
\$	\$
18,880	-

**SIGNIFICANT ACCOUNTING POLICIES**

Bank overdrafts that form an integral part of the Shire's cash management are included as a component of cash and cash equivalents. Cash flows exclude movements between items that

constitute cash or cash equivalents because these components are part of the cash management of the Shire rather than part of its operating, investing and financing activities. The reconciliation of cash and cash equivalents is outlined in Note 17.

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

**14. CONTRACT LIABILITIES**

**Current**  
Contract liabilities

2021	2020
\$	\$
2,788,897	5,585,814
2,788,897	5,585,814

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

Contract liabilities	Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
\$	\$
2,788,897	-
2,788,897	-

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

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

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

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

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

Grant liabilities represent the 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.

# SHIRE OF UPPER GASCOYNE

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2021

#### 15. INFORMATION ON BORROWINGS

##### (a) Borrowings

	2021	2020
	\$	\$
Current	133,365	87,387
Non-current	985,267	679,638
	1,118,632	767,025

##### (b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2021	
				Actual Principal 1 July 2020	Actual Interest expense	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2020	Budget Interest expense	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2019	Actual Interest expense	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
<b>Housing</b>				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Staff housing	29	WATC*	2.99%	278,990	7,223	-	(33,333)	(7,612)	245,268	275,870	4,880	-	(33,333)	(4,880)	242,537	311,700	8,275	-	(32,359)	(8,626)	278,990
Staff housing	30	WATC*	1.09%	-	3,928	450,000	(21,360)	(3,187)	429,381	-	4,005	450,000	(20,657)	(4,005)	429,343	-	-	-	-	-	-
<b>Economic services</b>																					
Tourism precinct	28	WATC*	5.04%	488,035	22,353	-	(43,390)	(23,015)	443,983	480,491	16,133	-	(43,390)	(16,133)	437,101	530,133	24,154	-	(41,283)	(24,969)	488,035
				767,025	33,504	450,000	(98,083)	(33,814)	1,118,632	756,361	25,018	450,000	(97,380)	(25,018)	1,108,981	841,833	32,429	-	(73,642)	(33,595)	767,025

\* WA Treasury Corporation

All loan repayments were financed by general purpose revenue.



# SHIRE OF UPPER GASCOYNE

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2021

#### 15. 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 30 - Staff Housing	WATC*	Semi-annual	10	1.09%	\$ 450,000	\$ 450,000	\$ 155,521	\$ 450,000	\$ 2,447	\$ 294,479
* WA Treasury Corporation					\$ 450,000	\$ 450,000	\$ 155,521	\$ 450,000	\$ 2,447	\$ 294,479

##### (d) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance 1 July 2020	Borrowed	Expended	Unspent
			During Year	During Year	Balance 30 June 2021
Loan 30 - Staff Housing	02-Nov-20	\$ -	\$ 450,000	\$ 155,521	\$ 294,479
		\$ -	\$ 450,000	\$ 155,521	\$ 294,479

##### (e) Undrawn Borrowing Facilities

	2021	2020
<b>Credit Standby Arrangements</b>	\$	\$
Bank overdraft limit <sup>(a)</sup>	4,200,000	4,200,000
Bank overdraft at balance date <sup>(a)</sup>	(1,887,991)	-
WATC short term lending facility limit	3,000,000	-
WATC short term lending facility at balance date	-	-
Credit card limit	10,000	10,000
Credit card balance at balance date	(9,763)	(5,045)
<b>Total amount of credit unused</b>	<b>5,312,246</b>	<b>4,204,955</b>
<b>Loan facilities</b>		
Loan facilities - current	133,365	87,387
Loan facilities - non-current	985,267	679,638
<b>Total facilities in use at balance date</b>	<b>1,118,632</b>	<b>767,025</b>
<b>Unused loan facilities at balance date</b>	<b>NIL</b>	<b>NIL</b>

<sup>(a)</sup> Bank overdrafts are categorised as a component of cash and cash equivalents as outlined in Note 13.

#### 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.

##### Risk

Information regarding exposure to risk can be found at Note 30.

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

**16. EMPLOYEE RELATED PROVISIONS**

**(a) Employee Related Provisions**

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
<b>Opening balance at 1 July 2020</b>			
Current	97,451	90,391	187,842
Non-current	-	45,187	45,187
	97,451	135,578	233,029
<b>Additional provision</b>			
<b>Balance at 30 June 2021</b>	26,215	11,749	37,964
	123,666	147,327	270,993
<b>Comprises</b>			
Current	123,666	84,282	207,948
Non-current	-	63,045	63,045
	123,666	147,327	270,993

	2021	2020
	\$	\$
Less than 12 months after the reporting date	207,948	187,842
More than 12 months from reporting date	86,127	76,720
Expected reimbursements from other WA local governments	(23,082)	(31,533)
	270,993	233,029

**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

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 and salaries. 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.

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

**17. 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 and bank overdrafts.

	Notes	2021 Actual \$	2021 Budget \$	2020 Actual \$
Cash and cash equivalents	3	5,273,970	2,371,369	8,091,380
Short-term borrowings - bank overdraft	13	(1,887,991)	-	-
Cash and cash equivalents (net of overdraft)		3,385,979	2,371,369	8,091,380

**Reconciliation of Net Result to Cash Provided By /  
(Used In) Operating Activities**

Net result for the period		713,199	5,789,562	275,245
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**Non-cash items:**

Depreciation on non-current assets		3,149,104	3,285,511	3,097,868
(Profit)/loss on sale of assets		9,852	10,806	18,469

**Changes in assets and liabilities:**

(Increase)/decrease in trade and other receivables		23,537	2,845,031	1,381,013
(Increase)/decrease in other financial assets		-	-	(576)
(Increase)/decrease in inventories		34,553	-	7,022
(Increase)/decrease in contract assets		74,890	-	(2,706,429)
Increase/(decrease) in trade and other payables		1,106,050	(5,698,811)	582,250
Increase/(decrease) in employee related provisions		37,964	-	18,839
Increase/(decrease) in accrued interest		(310)	-	(1,166)
Increase/(decrease) in other liabilities		(2,796,916)	-	5,585,814
Non-operating grants, subsidies and contributions		(3,421,669)	(8,106,802)	(1,909,163)
<b>Net cash provided by / (used in) operating activities</b>		<b>(1,069,746)</b>	<b>(1,874,703)</b>	<b>6,349,186</b>

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

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

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Governance	1,032,610	1,003,708
General purpose funding	3,272,968	6,757,452
Education and welfare	620,128	630,689
Housing	2,047,010	1,753,192
Community amenities	106,862	109,015
Recreation and culture	1,600,225	1,202,447
Transport	82,911,073	80,211,259
Economic services	7,714,209	6,659,202
Other property and services	2,824,893	2,503,120
	<b>102,129,978</b>	<b>100,830,084</b>

**19. CONTINGENT LIABILITIES**

The Shire does not have any contingent liabilities.

**20. CAPITAL COMMITMENTS**

**(a) Capital Expenditure Commitments**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Contracted for:		
- capital expenditure projects	3,171,245	220,447
	<b>3,171,245</b>	<b>220,447</b>
Payable:		
- not later than one year	3,171,245	220,447

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

**21. ELECTED MEMBERS REMUNERATION**

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
<b>Cr. Donald Hammarquist</b>			
President's annual allowance	20,063	19,091	19,570
Meeting attendance fees	19,534	19,534	19,055
Other expenses	177	572	-
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	159	500	1,664
Annual allowance for travel and accommodation expenses	5,861	3,500	8,490
	49,294	46,697	52,279
<b>Cr. James Caunt</b>			
Deputy President's annual allowance	5,015	5,008	4,893
Meeting attendance fees	9,504	9,247	9,270
Other expenses	-	572	-
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	133	500	317
Annual allowance for travel and accommodation expenses	974	3,500	980
	19,126	22,327	18,960
<b>Cr. Blanche Walker</b>			
Meeting attendance fees	9,504	9,247	9,270
Other expenses	177	571	-
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	133	500	-
	13,314	13,818	12,770
<b>Cr. Gregory Watters</b>			
Meeting attendance fees	9,504	9,247	9,270
Other expenses	177	572	-
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	981	500	422
Annual allowance for travel and accommodation expenses	5,638	3,500	5,275
	19,800	17,319	18,467
<b>Cr. Raymond Hoseason-Smith</b>			
Meeting attendance fees	9,504	9,252	6,953
Other expenses	-	571	-
Annual allowance for ICT expenses	3,500	3,500	2,625
Travel and accommodation expenses	380	500	1,743
Annual allowance for travel and accommodation expenses	1,727	3,500	1,511
	15,111	17,323	12,832
<b>Cr. Leane Alys McKeough</b>			
Meeting attendance fees	9,504	9,252	9,270
Other expenses	22	571	-
ICT expenses	257	-	-
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	3,883	500	-
Annual allowance for travel and accommodation expenses	1,980	3,500	1,980
	19,146	17,323	14,750

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

**21. ELECTED MEMBERS REMUNERATION (Cont)**

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
<b>Cr. Hamish McTaggart</b>			
Meeting attendance fees	9,504	9,247	9,270
Other expenses	585	571	-
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	133	500	-
Annual allowance for travel and accommodation expenses	178	3,500	218
	13,900	17,318	12,988
<b>Cr. Ross John Collins (Jnr)</b>			
Meeting attendance fees	-	-	773
Annual allowance for ICT expenses	-	-	292
Travel and accommodation expenses	-	-	218
	-	-	1,283
	149,691	152,125	144,329
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	20,063	19,091	19,570
Deputy President's allowance	5,015	5,008	4,893
Meeting attendance fees	76,558	75,026	73,131
Other expenses	1,138	4,000	-
ICT expenses	257	-	-
Annual allowance for ICT expenses	24,500	24,500	23,917
Travel and accommodation expenses*	5,802	3,500	4,364
Annual allowance for travel and accommodation expenses	16,358	21,000	18,454
	149,691	152,125	144,329

\*2020 travel and accommodation expenses disclosed above is \$400 less than reported in the 2020 financial statements. This is due to expenses being identified in 2020 which did not relate to elected members travel and accommodation.

# SHIRE OF UPPER GASCOYNE

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2021

#### 22. 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	456,691	471,317
Post-employment benefits	51,521	53,353
Other long-term benefits	72,200	23,419
	580,412	548,089

##### Short-term employee benefits

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

##### Post-employment benefits

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

##### Other long-term benefits

These amounts represent long service benefits accruing during the year.

##### Transactions with related parties

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

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

The following transactions occurred with related parties:

	2021 Actual \$	2020 Actual \$
Sale of goods and services		
- Key management personnel	-	183
- Other related parties	400	400
	400	583
Purchase of goods and services		
- Other related parties	302,094	216,129
Amounts outstanding from related parties:		
Trade and other payables		
- Other related parties	-	5,948

Purchase of goods and services from other related parties, relate to five (2020: five) companies controlled by related parties of elected members contracted on terms and conditions equivalent for those that prevail in arm's length transactions under the Shire's procurement processes. Details in relation to these transactions are as follows:

A company controlled by a related party of an elected member was awarded a contract under a tender process for bull dozer services and plant hire with a value of \$247,156 (2020: \$141,569).

A company controlled by a related party of an elected member provided labour hire grader operator services and road signage installation with a value of \$44,679 (2020: \$31,210).

A company controlled by a related party of an elected member provided machinery hire services with a value of \$5,227 (2020: \$9,418). At 30 June 2020 \$5,948 was payable to this company.

A company controlled by a related party of an elected member provided accommodation and catering with a value of \$2,922 (2020: \$1,145).

A company controlled by a related party of an elected member provided catering services with a value of \$2,110 (2020: \$-).

A company controlled by a related party of an elected member provided grader hire services for road maintenance and repairs with a value of \$32,787 in 2020. No services were provided by this company in 2021.

##### 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 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.

# SHIRE OF UPPER GASCOYNE

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

### 23. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

The Shire is not involved in any joint venture arrangements and did not have any investments in associates at the reporting date.

### 24. MAJOR LAND TRANSACTIONS

The Shire did not have any major land transactions during the financial year.

### 25. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire was not involved in any trading undertakings or major trading undertakings or major trading undertakings during the financial year.

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

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

### 27. TRUST FUNDS

The Shire did not have any funds held at balance date over which it has no control.



# SHIRE OF UPPER GASCOYNE

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2021

#### 28. RATING INFORMATION

##### (a) Rates

RATE TYPE	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Back Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Back Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$
<b>Differential general rate / general rate</b>												
<b>Gross rental valuations</b>												
GRV - Gascoyne Junction	0.0872	19	147,258	12,847	-	-	12,847	12,848	4,000	-	16,848	12,847
<b>Unimproved valuations</b>												
UV - Pastoral	0.0469	27	2,725,380	127,725	-	-	127,725	127,725	-	-	127,725	68,054
UV - Mining	0.1393	114	2,026,672	282,315	-	(2,256)	280,059	282,315	-	-	282,315	271,324
<b>Sub-Total</b>		160	4,899,310	422,887	-	(2,256)	420,631	422,888	4,000	-	426,888	352,225
<b>Minimum payment</b>												
<b>Gross rental valuations</b>												
GRV - Gascoyne Junction	200	4	2,495	800	-	-	800	800	-	-	800	800
<b>Unimproved valuations</b>												
UV - Pastoral	412	11	19,660	4,532	-	-	4,532	4,532	-	-	4,532	4,944
UV - Mining	450	63	84,089	28,350	(2,683)	-	25,667	27,900	-	-	27,900	27,900
<b>Sub-Total</b>		78	106,244	33,682	(2,683)	-	30,999	33,232	-	-	33,232	33,644
<b>Total amount raised from general rate</b>		238	5,005,554	456,569	(2,683)	(2,256)	451,630	456,120	4,000	-	460,120	385,869
Ex-gratia rates							451,630				460,120	385,869
Rates written-off							2,884				2,800	2,883
<b>Totals</b>							(36,633)				(5,000)	(174)
							417,881				457,920	388,578

#### 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.

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

**28. RATING INFORMATION (Continued)**

**(b) Specified Area Rate**

The Shire did not impose any specified area rates during the 2020/2021 financial year.

**(b) Service Charges**

The shire did not impose any service charges during the 2020/2021 financial year.

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

The Shire did not grant any discounts, waivers, or concessions during the 2020/2021 financial year.

**(d) Interest Charges & Instalments**

<b>Instalment Options</b>	<b>Date Due</b>	<b>Instalment Plan Admin Charge</b>	<b>Instalment Plan Interest Rate</b>	<b>Unpaid Rates Interest Rate</b>
		\$	%	%
<b>Option One</b>				
Single full payment	05-Oct-20	-	-	8.00%
<b>Option Two</b>				
First instalment	05-Oct-20	-	-	8.00%
Second instalment	07-Dec-20	2.00	3.00%	8.00%
Third instalment	08-Feb-21	2.00	3.00%	8.00%
Fourth instalment	05-Apr-21	2.00	3.00%	8.00%

	<b>2021 Actual</b>	<b>2021 Budget</b>	<b>2020 Actual</b>
	\$	\$	\$
Interest on unpaid rates	7,110	2,500	5,893
Interest on instalment plan	819	500	3,134
Charges on instalment plan	246	1,000	1,365
	<b>8,175</b>	<b>4,000</b>	<b>10,392</b>

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

**29. RATE SETTING STATEMENT INFORMATION**

		2020/21 Budget	2020/21	2019/20
	2020/21 (30 June 2021 Carried Forward)	(30 June 2021 Carried Forward)	(1 July 2020 Brought Forward)	(30 June 2020 Carried Forward)
Note	\$	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
	Less: Movement in financial assets	-	(576)	(576)
	Movement in land held for resale	5,000	2,500	2,500
	Movement in employee benefit provisions (non-current)	17,858	18,364	18,364
	Movement in employee benefit provisions (current)	20,106	1,040	1,040
	Add / (Less): Reclassification of accrued interest on borrowings	(310)	10,664	-
10(a)	Add: Loss on disposal of assets	9,852	18,469	18,469
10(d)	Add: Depreciation on non-current assets	3,149,104	3,097,868	3,097,868
	<b>Non cash amounts excluded from operating activities</b>	<b>3,201,610</b>	<b>3,148,329</b>	<b>3,137,665</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
4	Less: Reserves - cash backed	(2,037,129)	(1,369,538)	(1,369,538)
7	Less: Current assets not expected to be received at end of year - Land held for resale	(2,500)	(7,500)	(7,500)
15(a)	Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings - Leave Reserve	133,365 110,174	97,380 121,016 90,068	76,723 90,068
	<b>Total adjustments to net current assets</b>	<b>(1,796,090)</b>	<b>(1,199,583)</b>	<b>(1,210,247)</b>
<b>Net current assets used in the Rate Setting Statement</b>				
	Total current assets	8,786,490	11,736,881	11,736,881
	Less: Total current liabilities	(7,567,596)	(7,304,388)	(7,304,388)
	Less: Total adjustments to net current assets	(1,796,090)	(1,199,583)	(1,210,247)
	<b>Net current assets used in the Rate Setting Statement</b>	<b>(577,196)</b>	<b>3,232,910</b>	<b>3,222,246</b>

# SHIRE OF UPPER GASCOYNE

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2021

#### 30. FINANCIAL RISK MANAGEMENT

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

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

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

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as 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	0.13%	5,273,970	-	5,273,070	900
<b>2020</b>					
Cash and cash equivalents	0.30%	8,091,380	-	8,090,480	900

##### Sensitivity analysis

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*	52,740	80,914

\* 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 15(b) and Note 13.

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

**30. 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. The Shire is able to charge interest on overdue rates and annual charges, which further encourages payment.

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

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

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

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2021</b>					
Rates receivable					
Expected credit loss	18.94%	18.94%	18.94%	18.94%	
Gross carrying amount	44,049	11,073	6,095	5,100	66,317
Loss allowance	8,342	2,097	1,154	966	12,559
<b>30 June 2020</b>					
Rates receivable					
Expected credit loss	9.88%	9.88%	9.88%	9.88%	
Gross carrying amount	4,756	26,870	15,958	16,904	64,488
Loss allowance	470	2,655	1,577	1,668	6,370

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2021</b>					
Trade and other receivables					
Expected credit loss	1.69%	0.00%	100.00%	99.44%	
Gross carrying amount	468,706	211,862	6,552	89,932	777,052
Loss allowance	7,900	-	6,552	89,432	103,884
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	99.66%	
Gross carrying amount	431,156	-	124,650	90,127	645,933
Loss allowance	-	-	-	89,819	89,819

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

**30. 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.

**(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 15(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>					
Trade and other payables	2,549,395	-	-	2,549,395	2,549,395
Short-term borrowings	1,887,991	-	-	1,887,991	1,887,991
Borrowings	156,014	624,057	477,462	1,257,533	1,118,632
Contract liabilities	2,788,897	-	-	2,788,897	2,788,897
	<b>7,382,297</b>	<b>624,057</b>	<b>477,462</b>	<b>8,483,816</b>	<b>8,344,915</b>
<b>2020</b>					
Trade and other payables	1,454,009	-	-	1,454,009	1,443,345
Borrowings	108,401	433,605	371,604	913,610	767,025
Contract liabilities	5,585,814	-	-	5,585,814	5,585,814
	<b>7,148,224</b>	<b>433,605</b>	<b>371,604</b>	<b>7,953,433</b>	<b>7,796,184</b>

# SHIRE OF UPPER GASCOYNE

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2021

#### 31. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

During the 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.

##### (a) AASB 1059 Service Concession Arrangements: Grantors

Service concession assets are those assets where a third-party operator constructs assets for the Shire, upgrades existing assets of the Shire or uses existing assets of the Shire to operate and maintain the assets to provide a public service, for a specified period of time.

The Shire has considered the requirements of AASB 1059 *Service Concession Arrangements: Grantors* and confirms that the Shire has no existing arrangements that fall within the scope of this standard.

# SHIRE OF UPPER GASCOYNE

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2021

#### 32. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

##### c) Rounding off figures

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

##### d) Comparative figures

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

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

##### e) Budget comparative figures

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

##### f) Superannuation

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

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

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

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

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

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

##### h) Fair value hierarchy

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

###### Level 1

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

###### Level 2

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

###### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

##### Valuation techniques

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

###### Market approach

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

###### Income approach

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

###### Cost approach

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

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

##### i) Impairment of assets

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

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

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

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



# SHIRE OF UPPER GASCOYNE

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2021

#### 33. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<b>GOVERNANCE</b> To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and rate payers on matters which do not concern specific council services.
<b>GENERAL PURPOSE FUNDING</b> To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b> To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention animal control and other aspects of public safety including emergency services.
<b>HEALTH</b> Monitoring and control health standards within the community.	Control the quality of food and water. Environmental Health Officer twice per year.
<b>EDUCATION AND WELFARE</b> To provide services to disadvantaged persons, the elderly, children and youth.	Provide a range of appropriate services via the Community Resource Centre.
<b>HOUSING</b> Maintain staff housing to facilitate attraction and retention of staff in this remote areas.	Provide housing for staff.
<b>COMMUNITY AMENITIES</b> To provide services required by the community.	Rubbish collection services, operation of rubbish disposal sites, litter control, protection of the environment and administration of town planning schemes, cemetery and public conveniences.
<b>RECREATION AND CULTURE</b> To establish and effectively manage infrastructure and resources which will help the social well-being of the community.	Maintenance of public use buildings and areas including various sporting facilities Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.
<b>TRANSPORT</b> Facilitate safe, effective and efficient transport options for the community.	Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
<b>ECONOMIC SERVICES</b> To help promote the shire and its economic well-being.	Tourism and area promotion. Building control.
<b>OTHER PROPERTY AND SERVICES</b> To monitor and control council's overheads operating accounts.	Private works operation, plant repaired operation costs and engineering operation costs.

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

**34. FINANCIAL RATIOS**

	2021 Actual	2020 Actual	2019 Actual
Current ratio	0.49	0.66	4.07
Asset consumption ratio	0.65	0.65	0.73
Asset renewal funding ratio	0.69	0.70	0.71
Asset sustainability ratio	0.55	1.01	0.99
Debt service cover ratio	3.53	12.38	10.47
Operating surplus ratio	(4.36)	(2.37)	(0.16)
Own source revenue coverage ratio	0.03	0.03	0.09

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



# Auditor General

## INDEPENDENT AUDITOR'S REPORT 2021 Shire of Upper Gascoyne

To the Councillors of the Shire of Upper Gascoyne

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

#### Opinion

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

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

In my opinion the financial report of the Shire of Upper Gascoyne:

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

#### Basis for opinion

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

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

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

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

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

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

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

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

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

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

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
  - a) The Operating Surplus Ratio and Own Source Revenue Coverage Ratio are below the Department of Local Government, Sport and Cultural Industries standard for the past 3 years. The financial ratios are reported at Note 34 of the annual financial report.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

## Other information

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

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

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

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



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

# **APPENDIX 2**

**(Final Management Letter 30 June 2021)**

**SHIRE OF UPPER GASCOYNE**  
**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021**  
**FINDINGS IDENTIFIED DURING THE AUDIT**

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Records of Verbal Quotes		✓	
2. Records of Employee Deductions		✓	
3. Accounts Payable Suspense Accounts		✓	
4. Risk Management Policy			✓

**KEY TO RATINGS**

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

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

## SHIRE OF UPPER GASCOYNE

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021

### FINDINGS IDENTIFIED DURING THE AUDIT

#### 1. Records of Verbal Quotes

##### **Finding**

We noted that verbal quotations only record a general note saying that a verbal quotation was obtained.

##### **Rating: Moderate**

##### **Implication**

Without appropriate recording of quotation information, there is an increased risk that the obtained verbal quotes may not be value for money.

##### **Recommendation**

The records of verbal quotes should comprise key information of the quotation conversation, such as the date of the conversation, the name of the person providing the quote, and the quote amount.

##### **Management Comment**

*Management have acknowledged the comments and recommendation from the Auditors and since receiving the report, have created a verbal quotation form. The form is designed for purchasing officers to record all verbal quotes received. The form will be included with the relevant PO for internal reference and to demonstrate adherence to our Purchasing Policy.*

**Responsible Person:** Sa Toomalatai – Manager, Finance & Corporate Services

**Completion Date:** 31 August 2021



## SHIRE OF UPPER GASCOYNE

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021

### FINDINGS IDENTIFIED DURING THE AUDIT

#### 2. Records of Employee Deductions

##### **Finding**

We noted that the signed social club form for one employee was not filed in their employee personal file. Management could not locate the signed form.

##### **Rating: Moderate**

##### **Implication**

There is a risk that deductions are made without appropriate authorisation from employees.

##### **Recommendation**

We recommend that all signed employee deduction forms are kept in the respective employee file and obtain a signed social club form from the noted employee.

##### **Management Comment**

*Management acknowledges the unfortunate misplacement of the form mentioned above, we advise that the deduction form was completed and submitted by the staff member at the time of request – it is our strong belief that the form has been misfiled.*

*We note the Auditors recommendation and can confirm that it is our standard practice for all employee forms, upon receipt and action, to be recorded against the relevant personnel file both in soft copy and hard copy form. Management will ensure that this process is followed by applying further checks and balances when staff files are updated to ensure all records are maintained accurately.*

**Responsible Person:** Sa Toomalatai – Manager, Finance & Corporate Services

**Completion Date:** 8 July 2021

## SHIRE OF UPPER GASCOYNE

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021

### FINDINGS IDENTIFIED DURING THE AUDIT

#### 3. Accounts Payable Suspense Accounts

##### **Finding**

As at 30 June 2021, the Shire had numerous suspense accounts amounting to \$15,246 which arose mainly from unreconciled rates and/or other collections received. The suspense accounts have yet to be reconciled as at 16 September 2021 due to staff vacancies.

##### **Rating: Moderate**

##### **Implication**

The suspense account balance will continue to grow and there is an increased risk that the reconciliation will become onerous. Consequently, the payments owed will be further delayed if the reconciliation is not performed.

##### **Recommendation**

We recommend that the reconciliation of the reconciliation of accounts payable suspense account be performed on a timely basis.

##### **Management Comment**

*Reconciling the Suspense account is part of our standard End of Month procedures and we recognise the importance of clearing this account on a regular basis due to the reasons highlighted by the Auditors. Unfortunately, due to staff shortages we were unable to maintain this monthly process consistently for a period of time, however we now have a full complement of staff in the corporate team and since July have once again, commenced regular reviews and reconciliations of the Suspense account.*

**Responsible Person:** Sa Toomalatai – Manager, Finance & Corporate Services

**Completion Date:** 31 October 2021

## SHIRE OF UPPER GASCOYNE

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021

### FINDINGS IDENTIFIED DURING THE AUDIT

#### 4. Risk Management Policy

##### **Finding**

During our review of the Risk Management Policy, we note that the Policy is referenced to AS/ISO 31000:2009 instead of AS/ISO 31000:2018.

##### **Rating: Minor**

##### **Implication**

There is a risk that the Risk Management Policy is not up to date with the latest guidelines.

##### **Recommendation**

We recommend that management updates their Risk Management Policy to AS/ISO 31000:2018.

##### **Management Comment**

*Management is currently in the process of reviewing the Risk Management Policy and will update it accordingly as per the recommendation.*

**Responsible Person:** John McCleary - CEO

**Completion Date:** 30 November 2021