

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

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Index of Notes to the Financial Report	9
Independent Auditor's Report	56

COMMUNITY VISION

Together we create the opportunity to grow

Principal place of business:
1 Longhurst Street
Narembeen WA 6369

**SHIRE OF NAREMBEEN
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 Narembeen 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 Narembeen 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 14th day of December 2021



Chief Executive Officer

David Blurton

Name of Chief Executive Officer



BUTLER SETTINERI (AUDIT) PTY LTD

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	23(a)	1,815,905	1,812,034	1,756,394
Operating grants, subsidies and contributions	2(a)	2,725,676	1,695,704	2,790,501
Fees and charges	2(a)	641,498	487,665	512,761
Interest earnings	2(a)	39,152	58,219	57,071
Other revenue	2(a)	92,820	26,500	52,627
		5,315,051	4,080,122	5,169,354
Expenses				
Employee costs		(1,933,896)	(2,042,607)	(1,831,566)
Materials and contracts		(1,248,462)	(1,459,914)	(1,145,482)
Utility charges		(303,904)	(266,360)	(231,288)
Depreciation on non-current assets	10(b)	(3,047,559)	(2,994,990)	(3,013,290)
Interest expenses	2(b)	(47,078)	(47,078)	(48,977)
Insurance expenses		(185,939)	(183,936)	(182,673)
Other expenditure	2(b)	(12,955)	(19,500)	(5,274)
		(6,779,793)	(7,014,385)	(6,458,550)
		(1,464,742)	(2,934,263)	(1,289,196)
Non-operating grants, subsidies and contributions	2(a)	3,292,700	4,569,184	1,394,520
Profit on asset disposals	10(a)	10,610	14,500	104,105
(Loss) on asset disposals	10(a)	(436,125)	(26,390)	(6,093)
Fair value adjustments to financial assets at fair value through profit or loss		2,586	0	1,153
Write down of assets	8(a)	(59,823)	0	(66,372)
		2,809,948	4,557,294	1,427,313
Net result for the period		1,345,206	1,623,031	138,117
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	0	0	969,272
Total other comprehensive income for the period		0	0	969,272
Total comprehensive income for the period		1,345,206	1,623,031	1,107,389

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



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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Governance		50,548	38,000	33,607
General purpose funding		3,975,189	2,964,588	3,951,712
Law, order, public safety		66,761	69,500	77,889
Health		172	0	0
Housing		66,187	46,219	75,658
Community amenities		430,150	306,111	335,308
Recreation and culture		56,084	49,300	70,223
Transport		202,838	202,000	203,417
Economic services		331,814	312,450	324,945
Other property and services		135,308	91,954	96,595
		5,315,051	4,080,122	5,169,354
Expenses				
Governance		(241,700)	(220,378)	(224,489)
General purpose funding		(150,993)	(159,322)	(127,966)
Law, order, public safety		(174,640)	(218,827)	(217,848)
Health		(172,610)	(154,368)	(140,315)
Housing		(148,908)	(171,514)	(138,934)
Community amenities		(875,210)	(889,542)	(798,517)
Recreation and culture		(1,175,081)	(1,238,392)	(1,067,296)
Transport		(3,030,424)	(3,253,217)	(3,044,921)
Economic services		(501,387)	(532,337)	(459,815)
Other property and services		(261,762)	(129,410)	(189,472)
		(6,732,715)	(6,967,307)	(6,409,573)
Finance Costs				
Governance		(717)	(717)	(997)
Housing		(1,219)	(1,219)	(630)
Recreation and culture		(45,142)	(45,142)	(47,350)
	2(b)	(47,078)	(47,078)	(48,977)
		(1,464,742)	(2,934,263)	(1,289,196)
Non-operating grants, subsidies and contributions	2(a)	3,292,700	4,569,184	1,394,520
Profit on disposal of assets	10(a)	10,610	14,500	104,105
(Loss) on disposal of assets	10(a)	(436,125)	(26,390)	(6,093)
Fair value adjustments to financial assets at fair value through profit or loss		2,586	0	1,153
Write down of assets	8(a)	(59,823)	0	(66,372)
		2,809,948	4,557,294	1,427,313
Net result for the period		1,345,206	1,623,031	138,117
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	0	0	969,272
Total other comprehensive income for the period		0	0	969,272
Total comprehensive income for the period		1,345,206	1,623,031	1,107,389

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

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

	NOTE	2021	2020
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	6,240,029	4,852,072
Trade and other receivables	6	220,358	269,928
Other financial assets	5(a)	15,264	7,410
Inventories	7	13,372	8,323
Contract assets	2(a)	0	176,544
TOTAL CURRENT ASSETS		6,489,023	5,314,277
NON-CURRENT ASSETS			
Trade and other receivables	6	3,959	0
Other financial assets at amortised cost	5(b)	105,847	22,320
Other financial assets at fair value	5(b)	73,807	71,221
Inventories	7	303,628	303,628
Property, plant and equipment	8	21,883,227	23,077,261
Infrastructure	9	77,110,166	75,467,984
TOTAL NON-CURRENT ASSETS		99,480,634	98,942,414
TOTAL ASSETS		105,969,657	104,256,691
CURRENT LIABILITIES			
Trade and other payables	12	292,116	271,308
Other liabilities	13	627,900	196,501
Borrowings	14(a)	86,671	75,285
Employee related provisions	15	309,959	329,178
TOTAL CURRENT LIABILITIES		1,316,646	872,272
NON-CURRENT LIABILITIES			
Borrowings	14(a)	817,161	823,998
Employee related provisions	15	49,542	119,319
TOTAL NON-CURRENT LIABILITIES		866,703	943,317
TOTAL LIABILITIES		2,183,349	1,815,589
NET ASSETS		103,786,308	102,441,102
EQUITY			
Retained surplus		50,923,692	49,591,604
Reserves - cash backed	4	2,813,325	2,800,207
Revaluation surplus	11	50,049,291	50,049,291
TOTAL EQUITY		103,786,308	102,441,102

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



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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2019		49,653,986	2,599,708	50,950,019	103,203,713
Change in accounting policy		0	0	(1,870,000)	(1,870,000)
Restated balance at the beginning of the financial year		49,653,986	2,599,708	49,080,019	101,333,713
Comprehensive income					
Net result for the period		138,117	0	0	138,117
Other comprehensive income	11	0	0	969,272	969,272
Total comprehensive income		138,117	0	969,272	1,107,389
Transfers to reserves	4	(200,499)	200,499	0	0
Balance as at 30 June 2020		49,591,604	2,800,207	50,049,291	102,441,102
Comprehensive income					
Net result for the period		1,345,206	0	0	1,345,206
Total comprehensive income		1,345,206	0	0	1,345,206
Transfers to reserves	4	(13,118)	13,118	0	0
Balance as at 30 June 2021		50,923,692	2,813,325	50,049,291	103,786,308

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

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,802,532	1,812,034	1,744,860
Operating grants, subsidies and contributions		3,219,963	1,888,228	3,663,078
Fees and charges		818,042	487,665	512,761
Interest received		39,152	58,219	57,071
Goods and services tax received		553,775	500,000	483,235
Other revenue		92,820	33,910	52,627
		6,526,284	4,780,056	6,513,632
Payments				
Employee costs		(1,949,092)	(2,042,607)	(1,823,931)
Materials and contracts		(1,297,071)	(1,659,848)	(846,942)
Utility charges		(303,904)	(266,360)	(231,288)
Interest expenses		(47,078)	(47,078)	(50,380)
Insurance paid		(185,939)	(183,936)	(182,673)
Goods and services tax paid		(567,110)	(500,000)	(494,102)
Other expenditure		(12,955)	(19,500)	(5,274)
		(4,363,149)	(4,719,329)	(3,634,590)
Net cash provided by (used in) operating activities	16	2,163,135	60,727	2,879,042
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for financial assets at amortised cost - self supporting loans		(98,790)	0	0
Payments for purchase of property, plant & equipment	8(a)	(542,939)	(1,157,000)	(1,280,550)
Payments for construction of infrastructure	9(a)	(3,524,231)	(5,380,406)	(1,985,737)
Non-operating grants, subsidies and contributions	2(a)	3,292,700	4,569,184	1,394,520
Proceeds from financial assets at amortised cost - self supporting loans		7,410	7,410	5,314
Proceeds from financial assets at fair values through other comprehensive income		0	0	65,000
Proceeds from sale of property, plant & equipment	10(a)	86,123	148,999	190,182
Net cash provided by (used in) investment activities		(779,727)	(1,811,813)	(1,611,271)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(75,451)	(76,618)	(69,847)
Proceeds from new borrowings	14(b)	80,000	80,000	18,790
Net cash provided by (used in) financing activities		4,549	3,382	(51,057)
Net increase (decrease) in cash held		1,387,957	(1,747,704)	1,216,714
Cash at beginning of year		4,852,072	4,670,043	3,635,358
Cash and cash equivalents at the end of the year	16	6,240,029	2,922,339	4,852,072

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

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	24 (b)	1,709,673	1,477,705	1,892,362
		1,709,673	1,477,705	1,892,362
Revenue from operating activities (excluding rates)				
Governance		50,548	38,000	33,607
General purpose funding		2,183,255	1,173,918	2,217,749
Law, order, public safety		66,761	69,500	77,889
Health		172	14,000	0
Housing		66,187	46,219	75,658
Community amenities		430,150	306,111	335,308
Recreation and culture		56,084	49,300	70,223
Transport		202,838	202,000	203,417
Economic services		331,814	312,450	324,945
Other property and services		145,918	92,454	200,700
		3,533,727	2,303,952	3,539,496
Expenditure from operating activities				
Governance		(242,417)	(224,572)	(231,579)
General purpose funding		(210,816)	(159,322)	(194,338)
Law, order, public safety		(533,694)	(218,827)	(217,848)
Health		(172,610)	(154,368)	(140,315)
Housing		(150,127)	(172,733)	(139,564)
Community amenities		(875,210)	(889,542)	(798,517)
Recreation and culture		(1,297,293)	(1,283,534)	(1,114,646)
Transport		(3,030,424)	(3,253,217)	(3,044,921)
Economic services		(501,387)	(532,337)	(459,815)
Other property and services		(261,762)	(152,323)	(189,472)
		(7,275,740)	(7,040,775)	(6,531,015)
Non-cash amounts excluded from operating activities	24(a)	3,456,566	3,006,880	3,001,541
Amount attributable to operating activities		1,424,226	(252,238)	1,902,384
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	3,292,700	4,569,184	1,394,520
Proceeds from disposal of assets	10(a)	86,123	148,999	190,182
Proceeds from financial assets at amortised cost - self supporting loans		7,410	7,410	5,314
Proceeds from self supporting loans		0	80,000	0
Purchase of property, plant and equipment	8(a)	(542,931)	(1,157,000)	(1,280,550)
Purchase and construction of infrastructure	9(a)	(3,524,231)	(5,380,406)	(1,985,737)
Amount attributable to investing activities		(680,929)	(1,731,814)	(1,676,271)
FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(75,451)	(76,618)	(69,847)
Proceeds from borrowings	14(c)	80,000	80,000	18,790
Payments for financial assets at amortised cost - self supporting loans		(98,790)	(80,000)	0
Transfers to reserves (restricted assets)	4	(13,118)	(20,000)	(200,499)
Transfers from reserves (restricted assets)	4	0	290,000	0
Amount attributable to financing activities		(107,359)	193,382	(251,556)
Surplus/(deficit) before imposition of general rates		635,938	(1,790,670)	(25,443)
Total amount raised from general rates	23(a)	1,794,520	1,790,670	1,735,116
Surplus/(deficit) after imposition of general rates	24(b)	2,430,458	0	1,709,673

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

SHIRE OF NAREMBEEN
INDEX OF NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

Note 1	Basis of Preparation	10
Note 2	Revenue and Expenses	11
Note 3	Cash and Cash Equivalents	16
Note 4	Reserves - Cash backed	17
Note 5	Other Financial Assets	18
Note 6	Trade and Other Receivables	19
Note 7	Inventories	20
Note 8	Property, Plant and Equipment	21
Note 9	Infrastructure	23
Note 10	Fixed Assets	25
Note 11	Revaluation Surplus	28
Note 12	Trade and Other Payables	29
Note 13	Other Liabilities	30
Note 14	Information on Borrowings	31
Note 15	Employee Provisions	33
Note 16	Notes to the Statement of Cash Flows	34
Note 17	Total Assets Classified by Function and Activity	35
Note 18	Contingent Liabilities	36
Note 19	Capital Commitments	37
Note 20	Elected Members Remuneration	38
Note 21	Related Party Transactions	39
Note 22	Investment in Joint Arrangements	41
Note 23	Rating Information	42
Note 24	Rate Setting Statement Information	45
Note 25	Financial Risk Management	46
Note 26	Events occurring after the end of the Reporting Period	50
Note 27	Initial Application of Australian Accounting Standards	51
Note 28	Trust Funds	52
Note 29	Other Significant Accounting Policies	53
Note 30	Activities/Programs	54
Note 31	Financial Ratios	55

SHIRE OF NAREMBEEN
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 28 to these financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

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

The impact of adoption of these standards is described at Note 27.

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 affect 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.

SHIRE OF NAREMBEEN
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
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	391	0	0
General purpose funding	2,108,068	1,087,054	2,133,687
Law, order, public safety	14,172	16,000	24,765
Community amenities	223,192	128,650	142,777
Recreation and culture	1,430	35,000	39,559
Transport	199,174	198,000	194,092
Economic services	179,249	231,000	252,000
Other property and services	0	0	3,621
	2,725,676	1,695,704	2,790,501
Non-operating grants, subsidies and contributions			
General purpose funding	241,566	546,000	0
Recreation and culture	365,923	500,000	153,541
Transport	2,685,211	3,523,184	1,240,979
	3,292,700	4,569,184	1,394,520
	6,018,376	6,264,888	4,185,021
Total grants, subsidies and contributions			
Fees and charges			
Governance	14,887	18,000	16,457
General purpose funding	13,185	8,500	5,943
Law, order, public safety	52,588	53,500	53,124
Health	172	0	0
Housing	64,243	42,500	64,716
Community amenities	188,310	176,461	178,626
Recreation and culture	18,806	13,800	28,508
Transport	3,663	4,000	3,980
Economic services	152,566	81,450	72,945
Other property and services	133,078	89,454	88,462
	641,498	487,665	512,761

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 NAREMBEEN
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 \$
Fees and charges	609,240	484,915	504,336
Other revenue	92,820	0	22,480
Non-operating grants, subsidies and contributions	3,292,700	4,569,184	1,394,520
	<u>3,994,760</u>	<u>5,054,099</u>	<u>1,921,336</u>

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	196,501	0	0
Revenue from contracts with customers recognised during the year	505,559	484,915	526,816
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	3,292,700	4,569,184	1,394,520
	<u>3,994,760</u>	<u>5,054,099</u>	<u>1,921,336</u>

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

Trade and other receivables from contracts with customers	0		94,436
Contract assets	0		176,544
Contract liabilities from contracts with customers	(627,900)		(196,501)

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June of the reporting period. Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'.

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 NAREMBEEN
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
 Statutory permits and licences
 Fines

Other revenue

Reimbursements and recoveries
 Other

Interest earnings

Financial assets at amortised cost - self supporting loans
 Interest on reserve funds
 Rates instalment and penalty interest (refer Note 23(b))
 Other interest earnings

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
	1,794,520	1,790,670	1,735,116
	32,038	2,250	8,103
	220	500	322
	1,826,778	1,793,420	1,743,541
	74,340	26,500	30,146
	18,480	0	22,481
	92,820	26,500	52,627
	1,414	1,414	1,372
	13,119	20,000	20,498
	11,975	16,500	15,726
	12,644	20,305	19,475
	39,152	58,219	57,071

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.

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

Audit of the Annual Financial Report
 Other Services

Interest expenses (finance costs)

Borrowings

Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
	46,500	58,000	45,620
	2,000	2,000	846
	48,500	60,000	46,466
14(b)	47,078	47,078	48,977

SHIRE OF NAREMBEEN
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
Pool inspections	Compliance safety check	Single point in time	Payment in line with inspection	None	Set by State legislation	Applied fully on timing of inspection	No refunds	Revenue recognised after inspection event occurs
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refunds limited to exceptional circumstances - not usually provided	Adopted by council annually	Based on timing of issue of the associated access rights	Returns limited to repayment of transaction price	On payment and issue of access card
Fees and charges for other goods and services	Cemetery services, library fees, rental income, 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
Fees and Charges Fines	Fines issued for breaches of local laws	Single point in time	Payment in full within defined time	None	Adopted by Council through local law	When paid in full	Not applicable	When notice is issued
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	On- charge of expenses & Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

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

3. CASH AND CASH EQUIVALENTS

	<u>NOTE</u>	<u>2021</u>	<u>2020</u>
		\$	\$
Cash at bank and on hand		6,240,029	4,852,072
Total cash and cash equivalents		6,240,029	4,852,072

Restrictions

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

- Cash and cash equivalents		3,458,621	3,032,379
		3,458,621	3,032,379

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

Reserves - cash backed	4	2,813,325	2,800,207
Bonds and deposits held	12	17,396	35,671
Contract liabilities from contracts with customers	13	627,900	196,501
Total restricted assets		3,458,621	3,032,379

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

SHIRE OF NAREMBEEN
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	262,248	1,228	0	263,476	262,248	2,578	0	264,826	255,254	6,994	0	262,248
(b) Plant Reserve	564,567	2,645	0	567,212	564,567	4,058	(90,000)	478,625	545,304	19,263	0	564,567
(c) Infrastructure Reseve	1,377,188	6,452	0	1,383,640	1,377,188	8,436	(150,000)	1,235,624	1,326,812	50,376	0	1,377,188
(d) Recreation Reserve	167,723	785	0	168,508	167,723	1,430	0	169,153	141,597	26,125	0	167,723
(e) Housing Reserve	181,666	851	0	182,517	181,666	1,470	(50,000)	133,136	170,330	11,336	0	181,666
(f) Land Development	71,325	334	0	71,659	71,325	523	0	71,848	21,119	50,206	0	71,325
(g) Avoca Farm/Wadderin Reserve	45,453	213	0	45,666	45,453	456	0	45,909	45,103	351	0	45,453
(h) Heritage Reserve	20,168	95	0	20,263	20,168	102	0	20,270	10,081	10,087	0	20,168
(i) Medical Rererve Funds	89,768	421	0	90,189	89,768	849	0	90,617	84,108	5,660	0	89,768
(j) Bending Landfill Renewal Reserve	20,101	94	0	20,195	20,101	98	0	20,199	0	20,101	0	20,101
	2,800,207	13,118	0	2,813,325	2,800,207	20,000	(290,000)	2,530,207	2,599,708	200,499	0	2,800,207

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave reserve	Ongoing	To be used to fund annual and long service leave requirements
(b) Plant Reserve	Ongoing	To be used to assist in the replacement and upgrade of Shire plant and equipment
(c) Infrastructure Reseve	Ongoing	To be used for the construction of new or to significantly improve infrastructure
(d) Recreation Reserve	Ongoing	To be used to provide new or upgrade existing recreation facilities
(e) Housing Reserve	Ongoing	To be used for the construction of new Shire housing and refurbishment of existing houses
(f) Land Development	Ongoing	To be used to finance future development within the Shire
(g) Avoca Farm/Wadderin Reserve	Ongoing	To be used to develop Avoca Farm
(h) Heritage Reserve	Ongoing	To be used to finance the maintenance of historical buildings within the Shire
(i) Medical Rererve Funds	Ongoing	To be used to assist in the future attraction and retention of medical services
(j) Bending Landfill Renewal Reserve	Ongoing	To be used to assist in the future upgrade of plant, machinery and other requirements at the Bending Landfill Site

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Self supporting loans

(b) Non-current assets

Financial assets at amortised cost

Financial assets at fair value through profit and loss

Financial assets at amortised cost

Self supporting loans

Financial assets at fair value through profit and loss

Units in Local Government House Trust

	2021	2020
	\$	\$
	15,264	7,410
	15,264	7,410
	15,264	7,410
	15,264	7,410
	105,847	22,320
	73,807	71,221
	179,654	93,541
	105,847	22,320
	105,847	22,320
	73,807	71,221
	73,807	71,221

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 14(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 25.

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

6. TRADE AND OTHER RECEIVABLES

Current

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

Non-current

Pensioner's rates and ESL deferred

	2021	2020
	\$	\$
	109,967	109,985
	81,999	68,663
	36,010	95,436
	(7,618)	(4,156)
	<u>220,358</u>	<u>269,928</u>
	3,959	0
	<u>3,959</u>	<u>0</u>

Movement of the allowance for impairment of receivables
 Reconciliation of changes in the allowances for impairment of receivables:

Balance at start of period
 Doubtful debts expense
 Amounts written off during period
 Balance at end of period

	4,156	3,596
	3,462	560
	0	0
	<u>7,618</u>	<u>4,156</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 25.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

7. INVENTORIES

Current

Fuel and materials

Non-current

Land Held for Resale

Cost of acquisition

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year

Write down of inventories to net realisable value

Additions to inventory

Balance at end of year

	2021	2020
	\$	\$
	13,372	8,323
	13,372	8,323
	303,628	303,628
	303,628	303,628
	311,951	376,027
	(165,124)	(174,066)
	0	(66,372)
	170,173	176,362
	317,000	311,951

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 NAREMBEEN
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	ROEROC Joint Venture	Works in Progress	Total property, plant and equipment
	\$	\$	\$		\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	2,329,000	2,679,598	14,034,818	16,714,416	19,043,416	343,632	3,020,299	79,823	0	22,487,170
Additions	0	23,711	490,048	513,759	513,759	15,698	635,313	0	115,780	1,280,550
(Disposals)	0	0	0	0	0	0	(92,170)	0	0	(92,170)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	53,279	915,993	0	0	969,272
Depreciation (expense)	0	(86,093)	(427,156)	(513,249)	(513,249)	(43,300)	(547,202)	0	0	(1,103,751)
Transfers	0	147,804	(683,596)	(535,792)	(535,792)	71,982	0	0	0	(463,810)
Balance at 30 June 2020	2,329,000	2,765,020	13,414,114	16,179,134	18,508,134	441,291	3,932,233	79,823	115,780	23,077,261
Comprises:										
Gross balance amount at 30 June 2020	2,329,000	3,025,268	14,607,700	17,632,968	19,961,968	445,855	3,954,391	79,823	115,780	24,557,817
Accumulated depreciation at 30 June 2020	0	(260,248)	(1,193,586)	(1,453,834)	(1,453,834)	(4,564)	(22,158)	0	0	(1,480,556)
Balance at 30 June 2020	2,329,000	2,765,020	13,414,114	16,179,134	18,508,134	441,291	3,932,233	79,823	115,780	23,077,261
Additions	0	0	273,949	273,949	273,949	33,937	235,045	0		542,931
(Disposals)	0	0	(77,070)	(77,070)	(77,070)	0	(434,568)	0	0	(511,638)
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	0	0	0	(59,823)	0	(59,823)
Depreciation (expense)	0	(86,502)	(429,316)	(515,818)	(515,818)	(100,081)	(450,357)	0	0	(1,066,256)
Transfers	0	0	(26,591)	(26,591)	(26,591)	0	0	0	(72,657)	(99,248)
Balance at 30 June 2021	2,329,000	2,678,518	13,155,086	15,833,604	18,162,604	375,147	3,282,353	20,000	43,123	21,883,227
Comprises:										
Gross balance amount at 30 June 2021	2,329,000	3,025,268	14,766,057	17,791,325	20,120,325	479,792	3,726,431	20,000	43,123	24,389,671
Accumulated depreciation at 30 June 2021	0	(346,750)	(1,610,971)	(1,957,721)	(1,957,721)	(104,645)	(444,078)	0	0	(2,506,444)
Balance at 30 June 2021	2,329,000	2,678,518	13,155,086	15,833,604	18,162,604	375,147	3,282,353	20,000	43,123	21,883,227

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2/3	Market approach using recent or estimated observable market data for similar properties	Independent Registered Valuers/Management Valuation	June 2017	Observable or estimated open market values/price per hectare
Buildings - non-specialised	2/3	Market approach using recent or estimated observable market data for similar properties	Independent Registered Valuers	June 2017	Observable or estimated open market values/price per square metre
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent Registered Valuers/Management Valuation	June 2017	Construction costs and current conditions (level 2), residual values and remaining useful life assessments (level 3) inputs
(ii) Cost					
Furniture and equipment					
		Cost approach	Cost		Purchase Cost
Plant and equipment					
		Cost approach	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 NAREMBEEN
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	Infrastructure - Footpaths	Infrastructure - Parks and Ovals	Infrastructure - Drainage	Infrastructure works in progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	70,025,932	425,326	3,882,067	594,651	0	74,927,976
Additions	1,477,344		310,792		197,601	1,985,737
Depreciation (expense)	(1,560,021)	(9,035)	(331,917)	(8,566)		(1,909,539)
Transfers			463,810			463,810
Balance at 30 June 2020	69,943,255	416,291	4,324,752	586,085	197,601	75,467,984
Comprises:						
Gross balance at 30 June 2020	72,998,223	434,361	4,989,279	603,217	197,601	79,222,681
Accumulated depreciation at 30 June 2020	(3,054,968)	(18,070)	(664,527)	(17,132)	0	(3,754,697)
Balance at 30 June 2020	69,943,255	416,291	4,324,752	586,085	197,601	75,467,984
Additions	3,219,617	146,945	157,669	0	0	3,524,231
Depreciation (expense)	(1,597,897)	(9,036)	(365,805)	(8,565)	0	(1,981,303)
Transfers	158,042	(9,997)	148,810	0	(197,601)	99,254
Balance at 30 June 2021	71,723,017	544,203	4,265,426	577,520	0	77,110,166
Comprises:						
Gross balance at 30 June 2021	76,375,883	571,307	5,295,758	603,217	0	82,846,165
Accumulated depreciation at 30 June 2021	(4,652,866)	(27,104)	(1,030,332)	(25,697)	0	(5,735,999)
Balance at 30 June 2021	71,723,017	544,203	4,265,426	577,520	0	77,110,166

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

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
	Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current conditions (level 2), residual values and remaining useful life assessments (level 3) inputs
	Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current conditions (level 2), residual values and remaining useful life assessments (level 3) inputs
	Infrastructure - Parks and Ovals	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current conditions (level 2), residual values and remaining useful life assessments (level 3) inputs
	Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current conditions (level 2), residual values and remaining useful life assessments (level 3) inputs

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

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

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 - INCONSISTENCY

Revaluation (Continued)

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

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

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

Refer to Note 10 that details the significant accounting policies applying to leases (including right-of-use assets).

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

10. FIXED ASSETS

(a) Disposals and write offs 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - specialised	77,070	0	0	(77,070)	0	0	0	0	0	0	0	0
Plant and equipment	434,568	86,123	10,610	(359,055)	160,889	148,999	14,500	(26,390)	92,170	190,182	104,105	(6,093)
	511,638	86,123	10,610	(436,125)	160,889	148,999	14,500	(26,390)	92,170	190,182	104,105	(6,093)

The following assets were disposed of / written off during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
Plant and Equipment				
Law, order, public safety				
2012 Fire Truck	36,474	0	0	(36,474)
Isuzu Fire Truck	322,581	0	0	(322,581)
Other property and services				
2018 Toyota Prado	47,227	48,636	1,409	0
Tyre Roller	24,493	30,000	5,507	0
Ford Transit Van	3,793	7,487	3,694	0
	434,568	86,123	10,610	(359,055)
Buildings				
Recreation and Culture				
Apex Park Toilet Block	77,070	0	0	(77,070)
	77,070	0	0	(77,070)
	511,638	86,123	10,610	(436,125)

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

10. FIXED ASSETS

(b) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	86,502	108,593	86,093
Buildings - specialised	429,316	394,717	427,156
Furniture and equipment	100,081	37,969	43,300
Plant and equipment	450,357	503,135	547,202
Infrastructure - roads	1,597,897	1,637,677	1,560,021
Infrastructure - Footpaths	9,036	8,292	9,035
Infrastructure - Parks and Ovals	365,805	296,745	331,917
Infrastructure - Drainage	8,565	7,862	8,566
	3,047,559	2,994,990	3,013,290

Revision of useful lives of plant and equipment

Useful lives are assessed annually in line with insurance renewals.

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement seal	50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
Gravel sheet	12 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

Depreciation on revaluation

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

(a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or

(b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

11. REVALUATION SURPLUS

	2021 Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance	2020 Opening Balance	Change in accounting Polic	2020 Revaluation Increment	Total Movement on Revaluation	2020 Closing Balance
	\$	\$	\$	\$	\$	\$		\$	\$	\$
Revaluation surplus - Land - freehold land	1,428,163	0	0	0	1,428,163	1,428,163	0	0	0	1,428,163
Revaluation surplus - Land - vested in and under the control of Council	0	0	0	0	0	1,870,000	(1,870,000)	0	0	0
Revaluation surplus - Buildings - non-specialised	5,339,026	0	0	0	5,339,026	5,339,026	0	0	0	5,339,026
Revaluation surplus - Furniture and equipment	53,279	0	0	0	53,279	0	0	53,279	53,279	53,279
Revaluation surplus - Plant and equipment	1,435,049	0	0	0	1,435,049	519,056	0	915,993	915,993	1,435,049
Revaluation surplus - Infrastructure - roads	39,478,393	0	0	0	39,478,393	39,478,393	0	0	0	39,478,393
Revaluation surplus - Infrastructure - Footpaths	345,070	0	0	0	345,070	345,070	0	0	0	345,070
Revaluation surplus - Infrastructure - Parks and Ovals	1,582,099	0	0	0	1,582,099	1,582,099	0	0	0	1,582,099
Revaluation surplus - Infrastructure - Drainage	388,212	0	0	0	388,212	388,212	0	0	0	388,212
0	50,049,291	0	0	0	50,049,291	50,950,019	(1,870,000)	969,272	969,272	50,049,291

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.

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Accrued Interest on long term borrowings	
Accrued salaries and wages	
ATO liabilities	
Bonds and deposits held	
Pre paid rates	
FBT liability	

2021	2020
\$	\$
111,733	144,261
10,716	10,716
95,738	23,764
32,322	30,496
17,396	35,671
16,968	26,400
7,243	0
292,116	271,308

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. OTHER LIABILITIES

Current
 Contract Liability

	2021	2020
	\$	\$
	627,900	196,501
		Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
	Contract liabilities	Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
	\$	\$
	627,900	0

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

Less than 1 year

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

Contract liabilities represent the 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.

Service concession liabilities

Service concession liabilities relate to the grant of right to an operator in respect of an asset controlled by the Shire. They represent the unearned revenue related to the grant of right, and is recognised as revenue according to the economic substance of the service concession arrangement.

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

14. INFORMATION ON BORROWINGS

(a) Borrowings

	2021	2020
	\$	\$
Current	86,671	75,285
Non-current	817,161	823,998
	903,832	899,283

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Budget	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Actual	30 June 2020	30 June 2020	30 June 2020	30 June 2020
				Principal	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Principal	Actual	Actual	Actual	Actual	Principal	Actual
				1 July 2020	New Loans	Principal repayments	Interest repayments	Principal outstanding	Principal 1 July 2020	New Loans	Principal repayments	Interest repayments	Principal outstanding	1 July 2019	New Loans	Principal repayments	Interest repayments	Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance																		
Solar Panels	129	WATC	2.69%	30,375	0	(14,985)	(717)	15,390	29,252	0	(14,985)	(717)	14,267	44,965	0	(14,590)	(997)	30,375
Recreation and culture																		
Swimming Pool	125	WATC	6.68%	180,467	0	(20,987)	(11,710)	159,480	180,467	0	(20,987)	(11,710)	159,480	200,120	0	(19,653)	(12,824)	180,467
Recreation Centre	128	WATC	5.26%	639,921	0	(32,069)	(33,237)	607,852	639,755	0	(33,237)	(33,237)	606,518	670,211	0	(30,290)	(34,455)	639,921
				850,763	0	(68,041)	(45,664)	782,722	849,474	0	(69,209)	(45,664)	780,265	915,296	0	(64,533)	(48,276)	850,763
Self Supporting Loans																		
Housing																		
Aged Homes	127	WATC	4.23%	29,730	0	(3,733)	(1,219)	25,997	31,465	0	(3,733)	(1,219)	27,732	35,044	0	(5,314)	(630)	29,730
Recreation and culture																		
Mt Walker Tennis Club	130	WATC	1.09%	18,790	0	(3,677)	(195)	15,113	18,790	0	(3,677)	(195)	160,000	0	18,790	0	(71)	18,790
Bowling Club	131	WATC	1.60%	0	80,000	0	0	80,000	0	80,000	0	0	160,000	0	0	0	0	0
				48,520	80,000	(7,410)	(1,414)	121,110	50,255	80,000	(7,410)	(1,414)	202,845	35,044	18,790	(5,314)	(701)	48,520
				899,283	80,000	(75,451)	(47,078)	903,832	899,729	80,000	(76,618)	(47,078)	983,110	950,340	18,790	(69,847)	(48,977)	899,283

* WA Treasury Corporation

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

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

14. 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		
Bowling Club	WATC	SSL	10	1.60%	\$ 80,000	\$ 80,000	\$ (80,000)	\$ (80,000)	\$ 10,009	\$ 0
* WA Treasury Corporation					80,000	80,000	(80,000)	(80,000)	10,009	0

(d) Undrawn Borrowing Facilities

	2021	2020
Credit Standby Arrangements	\$	\$
Bank overdraft limit	200,000	200,000
Bank overdraft at balance date	0	0
Credit card limit	50,000	25,000
Credit card balance at balance date	(17,825)	(2,729)
Total amount of credit unused	232,175	222,271
Loan facilities		
Loan facilities - current	86,671	75,285
Loan facilities - non-current	817,161	823,998
Total facilities in use at balance date	903,832	899,283
Unused loan facilities at balance date	NIL	NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 25.

15. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2020

Current provisions
Non-current provisions

Additional provision
Amounts used

Balance at 30 June 2021

Comprises

Current
Non-current

Amounts are expected to be settled on the following basis:

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

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2020			
Current provisions	155,070	174,108	329,178
Non-current provisions	0	119,319	119,319
	155,070	293,427	448,497
Additional provision	141,857	78,551	220,408
Amounts used	(146,631)	(162,773)	(309,404)
Balance at 30 June 2021	150,296	209,205	359,501
Comprises			
Current	150,296	159,663	309,959
Non-current	0	49,542	49,542
	150,296	209,205	359,501

	2021	2020
	\$	\$
Less than 12 months after the reporting date	342,353	77,535
More than 12 months from reporting date	49,542	384,498
Expected reimbursements from other WA local governments	(32,394)	(13,536)
	359,501	448,497

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

16. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	6,240,029	2,922,339	4,852,072
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	1,345,206	1,623,031	138,117
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(2,586)	0	(1,153)
Write down of assets	59,823	0	66,372
Depreciation on non-current assets	3,047,559	2,994,990	3,013,290
(Profit)/loss on sale of asset	425,515	11,890	(98,012)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	45,611	0	(48,241)
(Increase)/decrease in other assets	0	0	1,048,561
(Increase)/decrease in inventories	(5,049)	0	(2,296)
(Increase)/decrease in contract assets	176,544	0	(176,544)
Increase/(decrease) in payables	20,808	(199,934)	335,279
Increase/(decrease) in employee provisions	(88,996)	199,934	0
Increase/(decrease) in other provisions	0	0	(1,811)
Increase/(decrease) in contract liabilities	431,399	0	0
Non-operating grants, subsidies and contributions	(3,292,700)	(4,569,184)	(1,394,520)
Net cash from operating activities	2,163,135	60,727	2,879,042

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	1,120,238	1,148,364
General purpose funding	2,611,470	2,125,292
Law, order, public safety	755,148	1,228,254
Health	273,898	310,979
Housing	3,092,268	3,194,578
Community amenities	2,272,246	2,562,238
Recreation and culture	12,627,211	12,449,823
Transport	75,823,402	73,825,165
Economic services	1,549,074	1,325,845
Other property and services	5,764,702	5,996,401
Unallocated	80,000	89,752
	105,969,657	104,256,691

18. CONTINGENT LIABILITIES

The Shire has a contingent liability relating to the future rehabilitation of the Bendering Landfill site. The Shire has a 1/4 share of the site with the Shires of Kondinin, Kulin and Corrigin and the site is currently managed by Avon Waste. A landfill management plan is currently being developed which will accurately determine future liabilities associated with the site.

19. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

Payable:

- not later than one year

	2021	2020
	\$	\$
- capital expenditure projects	1,210,093	101,818
- not later than one year	1,210,093	101,818

The capital expenditure project at the end of the current reporting period represents contractual arrangements in place at end of the reporting period.

The capital expenditure project outstanding at the end of the prior reporting period represents the resurfacing of the Bowling Greens. These were funded by the Bowling Club.

20. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Elected member - Rhonda Cole			
President's annual allowance	7,000	7,000	7,000
Meeting attendance fees	5,100	2,750	4,500
Allowance for travel and accommodation expenses	1,428	938	2,642
	13,528	10,688	14,142
Elected member - Kellie Mortimore			
Deputy President's annual allowance	1,750	1,750	1,750
Meeting attendance fees	2,610	2,750	2,400
Allowance for travel and accommodation expenses	648	938	317
	5,008	5,438	4,467
Elected member- Peter Lines			
Meeting attendance fees	2,560	2,750	2,480
Allowance for travel and accommodation expenses	168	938	516
	2,728	3,688	2,996
Elected member - Amy Hardham			
Meeting attendance fees	2,640	2,750	2,240
Allowance for travel and accommodation expenses	0	938	0
	2,640	3,688	2,240
Elected member - Alan Wright			
Meeting attendance fees	2,480	2,750	2,480
Allowance for travel and accommodation expenses	0	938	0
	2,480	3,688	2,480
Elected member - Gina DeLuis			
Meeting attendance fees	2,320	2,750	1,600
Allowance for travel and accommodation expenses	1,880	938	840
	4,200	3,688	2,440
Elected member - Scott Stiratt			
Meeting attendance fees	2,400	2,750	2,400
Allowance for travel and accommodation expenses	2,700	938	2,340
	5,100	3,688	4,740
Elected member - Warren Milner			
Meeting attendance fees	2,560	2,750	1,520
Allowance for travel and accommodation expenses	134	938	0
	2,694	3,688	1,520
	38,378	38,250	35,025
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	7,000	7,000	7,000
Deputy President's allowance	1,750	1,750	1,750
Meeting attendance fees	22,670	22,000	19,620
Allowance for travel and accommodation expenses	6,958	7,500	6,655
	38,378	38,250	35,025

21. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2021 Actual	2020 Actual
The total of remuneration paid to KMP of the Shire during the year are as follows:	\$	\$
Short-term employee benefits	418,177	384,872
Post-employment benefits	52,639	51,605
Other long-term benefits	12,401	15,341
Termination benefits	1,834	0
	485,051	451,818

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.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year.)

21. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

The following transactions occurred with related parties:	2021 Actual	2020 Actual
	\$	\$
Sale of goods and services	0	4,830
Purchase of goods and services	164,272	215,986
Amounts outstanding from related parties:		
Loans to associated entities	80,000	0

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

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

iii. Entities subject to significant influence by the Shire

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

22. INVESTMENT IN JOINT ARRANGEMENTS

- (a) The Shire together with the Department of Housing have a joint arrangement with regard to the provision of 9 housing units in Currall & Doreen Streets, Narembeen. The Shire's share of the housing units is included in Property, Plant & Equipment.

	2021	2020
	\$	\$
Non Current Assets		
Buildings - non specialised	1,146,075	1,133,700
Less: accumulated depreciation	(85,191)	(60,022)
	1,060,884	1,073,678

- (b) The Roe Regional Organisation of Councils (RoeROC) was formed to manage the provision of a Waste Facility and Environmental Health Services across four shires. The Shire of Narembeen has a 1/4th interest in RoeROC assets at the Bendering Landfill site and 15.38% interest in Environmental Health Services. The Shire has accounted for this as a joint arrangement with the Shire's share of the assets included in Property, Plant and Equipment.

	2021	2020
	\$	\$
Non Current Assets		
Freehold Land	20,000	79,823
Other Infrastructure	18,600	18,600
Less: accumulated depreciation	(9,302)	(6,202)
	29,298	92,221

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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

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

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

23. 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 \$
Differential general rate / general rate												
Gross rental valuations												
GRV - Town	0.116319	286	1,911,548	221,615	(12,642)	0	208,973	222,349	0	0	222,349	220,231
Unimproved valuations												
UV - Rural	1.4482	324	112,653,000	1,563,013	11,858	0	1,574,871	1,555,410	0	0	1,555,410	1,528,163
UV - Mining	1.4482	3	129,332	2,049	(340)	(373)	1,336	2,050	0	0	2,050	1,294
Sub-Total		613	114,693,880	1,786,677	(1,124)	(373)	1,785,180	1,779,809	0	0	1,779,809	1,749,688
Minimum payment												
Gross rental valuations												
GRV - Town	465	14	8,210	6,510	0	0	6,510	6,510	0	0	6,510	6,370
Unimproved valuations												
UV - Rural	465	42	646,800	19,530	0	0	19,530	20,460	0	0	20,460	20,930
UV - Mining	465	20	222,234	9,300	0	0	9,300	11,160	0	0	11,160	10,948
Sub-Total		76	877,244	35,340	0	0	35,340	38,130	0	0	38,130	38,248
		689	115,571,124	1,822,017	(1,124)	(373)	1,820,520	1,817,939	0	0	1,817,939	1,787,936
Discounts/concessions (Note 23(b))							(26,000)				(27,269)	(52,820)
Total amount raised from general rate							1,794,520				1,790,670	1,735,116
Ex-gratia rates							21,385				21,364	21,278
Totals							1,815,905				1,812,034	1,756,394

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

23. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$	Circumstances in which Discount is Granted
Early Payment	4.00%		26,000	27,269	52,820	Ratepayers were provided a discount for payment in full on or before due date.
			26,000	27,269	52,820	
Total discounts/concessions (Note 23(a))			26,000	27,269	52,820	

23. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One	31/08/2020	0	0.0%	8.0%
Single full payment				
Option Two				
First instalment	31/08/2020	0	0.0%	8.0%
Second instalment	3/11/2020	10	5.5%	8.0%
Third instalment	8/01/2021	10	5.5%	8.0%
Fourth instalment	26/03/2021	10	5.5%	8.0%

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Interest on unpaid rates	7,704	12,000	11,677
Interest on instalment plan	4,271	4,500	4,049
Charges on instalment plan	2,350	3,000	2,380
	14,325	19,500	18,106

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

24. RATE SETTING STATEMENT INFORMATION

		2020/21 Budget	2019/20
	2020/21 (30 June 2021 Carried Forward)	(30 June 2021 Carried Forward)	(30 June 2020 Carried Forward)
Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	10(a)	(10,610)	(14,500)
Less: Fair value adjustments to financial assets		(2,586)	0
Movement in pensioner deferred rates (non-current)		(3,959)	0
Movement in employee benefit provisions (non-current)		(69,786)	0
Add: Loss on disposal of assets	10(a)	436,125	26,390
Add: Write down of land held for resale		59,823	0
Add: Depreciation on non-current assets	10(b)	3,047,559	2,994,990
Non cash amounts excluded from operating activities		3,456,566	3,006,880
(b) Surplus/(deficit) after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserves - cash backed	4	(2,813,326)	(2,530,207)
Less: Financial assets at amortised cost - self supporting loans	5(a)	(15,264)	0
Less: Current assets not expected to be received at end of year			
- Land held for resale	7	0	(370,000)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	14(a)	86,671	6,763
Total adjustments to net current assets		(2,741,919)	(2,893,444)
Net current assets used in the Rate Setting Statement			
Total current assets		6,489,023	3,509,327
Less: Total current liabilities		(1,316,646)	(615,883)
Less: Total adjustments to net current assets		(2,741,919)	(2,732,332)
Net current assets used in the Rate Setting Statement		2,430,458	0

25. FINANCIAL RISK MANAGEMENT

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

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

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

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as 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
	%	\$	\$	\$	\$
2021					
Cash and cash equivalents	0.10%	6,240,029	0	3,426,063	2,813,966
2020					
Cash and cash equivalents	0.51%	4,852,072	0	4,852,072	0

Sensitivity

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

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

* Holding all other variables constant

	2021	2020
	\$	\$
	34,261	48,521

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 14(b).

25. 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 was historically able to charge interest on overdue rates and annual charges at higher than market rates, which further encouraged payment.

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

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

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

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
Rates receivable					
Expected credit loss	0%	0%	0%	0%	
Gross carrying amount	45,000	24,910	13,010	31,006	113,926
Loss allowance	0	0	0	0	0
30 June 2020					
Rates receivable					
Expected credit loss	0%	0%	0%	0%	
Gross carrying amount	39,190	27,738	26,449	16,608	109,985
Loss allowance	0	0	0	0	0

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables					
Expected credit loss	0%	0%	0%	56%	
Gross carrying amount	5,018	16,957	321	13,714	36,010
Loss allowance	0	0	0	7,618	7,618
30 June 2020					
Trade and other receivables					
Expected credit loss	1%	0%	0%	34%	
Gross carrying amount	84,799	12	0	10,625	95,436
Loss allowance	564	0	0	3,592	4,156

25. 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.

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 14(d).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2021					
Payables	252,551	0	0	252,551	252,551
Borrowings	15,682	15,239	1,056,436	1,087,357	903,832
	<u>268,233</u>	<u>15,239</u>	<u>1,056,436</u>	<u>1,339,908</u>	<u>1,156,383</u>
2020					
Payables	240,812	0	0	240,812	240,812
Borrowings	0	50,317	1,077,959	1,128,276	899,283
	<u>240,812</u>	<u>50,317</u>	<u>1,077,959</u>	<u>1,369,088</u>	<u>1,140,095</u>

26. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There have been no material events after the reporting period which would affect the financial report of the Shire for the year ended 30 June 2021 or which would require a separate disclosure.

27. 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

The Shire has assessed its potential Service Concession liabilities and has determined that no liabilities exist.

28. TRUST FUNDS

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

	1 July 2020	Amounts Received	Amounts Paid	30 June 2021
	\$	\$	\$	\$
Wheatbelt Railway Retention Alliance	6,481	0	(209)	6,272
Building Services Levy	0	38,417	(37,916)	501
	6,481	38,417	(38,125)	6,773

SHIRE OF NAREMBEEN

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

29. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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

30. ACTIVITIES/PROGRAMS

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

PROGRAM NAME	ACTIVITIES
GOVERNANCE	Administration and operation of facilities and dedicated to providing high quality services to members of Council, other costs that services to the community through relate to the tasks of assisting elected members the various service orientated and ratepayers on matters which do not programs which it has established. cover specific Council Services.
GENERAL PURPOSE FUNDING	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	Supervision of various by-laws, fire prevention, emergency services and animal control
HEALTH	Food quality and pest control, operation of child health clinic, dental surgery and medical centre.
HOUSING	Maintenance of staff and rental housing.
COMMUNITY AMENITIES	Rubbish collection services, operation of tip, noise control, administration of town planning scheme, maintenance of cemetery, conveniences, storm water drainage, protection of the environment and Community Resource Centre operations.
TRANSPORT	Construction and maintenance of streets, roads, bridges, cleaning and lighting of streets, depot maintenance and airfield maintenance
ECONOMIC SERVICES	The regulation and provision of tourism, area promotion, building control, saleyards, noxious weeds, vermin control, plant nursery and standpipes
OTHER PROPERTY AND SERVICES	Private Works operations, plant repairs and operation costs. Maintenance of commercial buildings

31. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	6.91	5.60	9.20
Asset consumption ratio	0.92	0.95	0.96
Asset renewal funding ratio	0.81	0.81	0.88
Asset sustainability ratio	1.25	1.02	1.68
Debt service cover ratio	9.36	15.20	22.17
Operating surplus ratio	(0.75)	(0.51)	0.11
Own source revenue coverage ratio	0.36	0.38	0.35

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