



**AUDIT AND RISK COMMITTEE MEETING
16 May 2023**

AGENDA ATTACHMENTS

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ATTACHMENT – ITEM 5.1
Minutes – Audit and Risk Committee Meeting
– 21 March 2023



COUNCIL CALENDAR		
Date	Time	Meeting
21 March 2023	2.00pm	Audit and Risk Meeting
21 March 2023	2:30pm	Council Forum
21 March 2023	5:00pm	Ordinary Council Meeting

MEETING GUESTS

Nil

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MINUTES

Shire of Narembeen Audit and Risk Committee Meeting Thursday 21 March 2023, commencing at 2.00pm

1.0 Opening & Welcome

Presiding Person, Cr Scott Stirrat welcomed everyone to the meeting and declared the meeting open at 2:02pm

2.0 Attendance & Apologies

Attendance

Councillors

Cr Scott Stirrat	Deputy Shire President, Presiding Person
Cr Chris Bray	Member
Cr Trevor Cole	Member
Cr Michael Currie	Member
Cr Warren Milner	Member

Staff

Paul Sheedy	Acting Chief Executive Officer
Ben Forbes	Executive Manager Corporate Services
Kathryn Conopo	Administration Officer (Minute Taker)

Apologies

Cr Kellie Mortimore
Cr Amy Hardham

3.0 Declarations of Interest

Nil

4.0 Public Question Time & Deputations (15 min)

Nil

5.0 Minutes of Previous Meetings

5.1 Confirmation of Minutes of Audit Committee Meeting – 19 July 2022

5.1.1 Confirmation of Minutes

Confirmation of Minutes from the Shire of Narembeen Audit and Risk Committee Meeting held on 19 July 2022.

RECOMMENDATION:

That the minutes of the Shire of Narembeen Audit Committee Meeting held on 19 July 2022 be confirmed as a true and accurate record of the proceedings.

COUNCIL RESOLUTION

MIN 7556/23

MOTION - Moved Cr. Cole

Seconded Cr. Currie

CARRIED 5 / 0

Cr Cusack entered the meeting at 2:10pm

6.0 REPORTS

AGENDA ITEM: 6.1 - Compliance Audit Return 2022

Subject:	Compliance Audit Return 2022
Applicant:	Not applicable
File Ref:	ADM129
Disclosure of Interest:	Nil
Author:	Ben Forbes, Executive Manager Corporate Services
Date:	13 March 2023
Attachments:	Compliance Audit Return 2022

PURPOSE

Committee to review and promote to Council for endorsement the Compliance Audit Return for the year ended 31 December 2022.

BACKGROUND

All local governments across the State are required by legislation to undertake a compliance audit for the period 1 January to 31 December 2022.

This audit is performed against the requirements of the Compliance Audit Return prepared by the Department of Local Government, Sport and Cultural Industries (the Department) covering the following business areas considered to be 'high risk'.

- Commercial Enterprises by Local Government
- Delegation of Power / Duty
- Disclosure of Interest
- Disposal of Property
- Elections
- Finance
- Integrate Planning and Reporting
- Local Government Employees
- Official Conduct
- Tendering for Providing Goods and Services

A completed Compliance Audit Return must be submitted to the Department by 31 March of the reporting year.

CONSULTATION

Chief Executive Officer

STATUTORY IMPLICATIONS

Local Government Act 1995

Local Government (Audit) Regulations 1996

14. Compliance audits by local governments

- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.
- (3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —
 - (a) presented to the council at a meeting of the council; and
 - (b) adopted by the council; and
 - (c) recorded in the minutes of the meeting at which it is adopted.

[Regulation 14 inserted: Gazette 23 Apr 1999 p. 1724-5; amended: Gazette 30 Dec 2011 p. 5580-1.]

15. Certified copy of compliance audit return and other documents to be given to Departmental CEO

- (1) After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —
 - (a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and
 - (b) any additional information explaining or qualifying the compliance audit, is to be submitted to the Departmental CEO by 31 March next following the period to which the return relates.
- (2) In this regulation —
certified in relation to a compliance audit return means signed by —
 - (a) the mayor or president; and
 - (b) the CEO.

[Regulation 15 inserted: Gazette 23 Apr 1999 p. 1725; amended: Gazette 26 Jun 2018 p. 2386.]

FINANCIAL IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

RISK MANAGEMENT IMPLICATIONS

The Compliance Audit Return ensures legislative compliance and internal controls are suitable.

STRATEGIC PLAN REFERENCE

Nil

VOTING REQUIREMENTS

Simple Majority

COMMENT

Management notes the following area of non-compliance, as per subsection *Finance*, question 3.

In accordance with section 7.9(1) of the Local Government Act 1995, Council did not receive and adopt the Annual Report for the year ended 30 June 2022 by 31 December 2022

OFFICER RECOMMENDATION/ AUDIT COMMITTEE RECOMMENDATION

That the Audit and Risk Committee recommend that Council endorse the 2022 Compliance Audit Return, as attached.

MIN 7557/23

MOTION - Moved Cr. Bray

Seconded Cr. Milner

CARRIED 6 / 0

7.0 Other Business

Nil

8.0 Next Meeting

To be advised.

9.0 Closure

There being no further business the Chair declared the meeting closed at 2:12pm.

ATTACHMENT – ITEM 6.1
Audit Report – Shire of Narembeen – 30 June
2022



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 Shire of Narembeen

To the Councillors of the Shire of Narembeen

Opinion

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

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, and Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2022 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for preparing and the Council for overseeing, the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

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

The Chief Executive Officer of the Shire is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

Auditor's responsibilities for the audit of the financial report

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

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

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

My independence and quality control relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Narembeen for the year ended 30 June 2022 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Mark Ambrose
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
20 April 2023

ATTACHMENT – ITEM 6.1
Interim Management Letter – Shire of
Narembeen – 30 June 022

SHIRE OF NAREMBEEN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Lack of Supporting Quotes for Expenditure	✓		
2. Supplier Master File Amendments	✓		
3. ICT Disaster Recovery Plan	✓		
4. Purchase Orders dated after Invoice Date		✓	
5. Employee pay rates were not always supported by an employment contract or letter of employment		✓	
6. Review of Bank Reconciliations		✓	
7. Asset Management Plan and Workforce Plan Outdated		✓	
8. Procurement Policy Not Updated		✓	
9. Invoices for Credit Card Transactions			✓

KEY TO RATINGS

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

Significant

- Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.

Moderate

- Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

Minor

- Those findings that are not of primary concern but still warrant action being taken.

SHIRE OF NAREMBEEN**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****1. Lack of Supporting Quotes for Expenditure****Finding**

The Shire's purchasing policy states that where a purchase is not made with the express approval of Council or made through WALGA E-Quotes system, quotes are to be obtained in accordance with the following purchasing threshold bands:

Value of purchase:

\$0 to \$999	- at least one verbal or written quote is to be obtained;
\$1,000 to \$4,999	- at least one written quote is to be obtained;
\$5,000 to \$24,999	- request at least 2 written quotes with at least 1 to be obtained;
\$25,000 to \$49,999	- request at least 3 written quotes with at least 2 to be obtained;
\$50,000 to \$149,000	- 3 written quotes with formal quote process & selection criteria;
\$150,000 and above	- tender unless classified as tender-exempt

As part of our payments testing, we noted that the required number of quotes was not obtained prior to payment on 5 occasions in the first band; 2 occasions in the third band and 2 occasions in the fourth band with both of these occasions being where only 1 quote was received from a local supplier. The occurrence was for a total of 9 occasions out of a sample of 45 payments tested.

Rating: Significant Implication

The Shire has not adhered to its purchasing policy and as a result may commit to expenditure which has not been appropriately procured by management, in line with the budget representing a competitive price and value for money to the Shire. This may potentially result in financial loss to the Shire.

Recommendation

We recommend that management ensure the purchasing policy is adhered to and the necessary quotes are obtained before a decision is made to contract a supplier. This will make certain a competitive price representing value for money is obtained.

Management Comment

Verbal quotes have not traditionally been recorded or noted in Council's synergy system as a purchase order is usually made out based on the verbal quote received. It could be argued that the purchase order itself represents the record of verbal quote received in this circumstance.

The Council's procurement system is setup to allow the CEO to override staff purchases which do not meet policy and a reason must be documented as part of the process. This is recorded and saved in the Council's Altus system.

It should be noted that the policy extract quoted above is from the Executive Policy – Procurement which is a management policy rather than a Council Policy. Having purchasing thresholds in a management policy does not meet industry best practice and as an outcome it is recommended that both policies are reviewed.

Responsible Person: Chief Executive Officer
Completion Date: August 2022

SHIRE OF NAREMBEEN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

2. Supplier Master File Amendments**Finding**

Management uses New Supplier Forms to authorize amendments to the supplier database. We noted that in 6 instances out of a sample of 6 New Supplier Forms examined, there was no evidence of a telephonic call with suppliers recorded to verify changes to supplier details. Furthermore, we identified 2 instances where ABN checks were not documented as having been performed for new suppliers.

Rating: Significant**Implication**

This may result in unauthorised or inaccurate supplier information being processed to the supplier database giving rise to a risk of payments not being made to the appropriate supplier.

Recommendation

We recommend that evidence of telephonic calls to suppliers to confirm changes to supplier details be recorded on the New Supplier Form and that ABN checks are performed and recorded on the New Supplier Form for all new suppliers.

Management Comment

Management disagree that this is a significant finding.

Adding a phone call to the process of adding a new supplier can be implemented, however, this will not eliminate the risk of fraud.

The ABN checking process may have been missed for some creditors with a changeover of staff, however management are confident that it is undertaken for all new creditors at present.

Responsible Person: Executive Manager Corporate Services

Completion Date: July 2022

SHIRE OF NAREMBEEN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

3. ICT Disaster Recovery Plan

Finding

The Shire does not have an ICT Disaster Recovery Plan in place or a policy regarding cyber security threats and responses to attacks.

Rating: Significant

Implication

Without a plan or policy in place, key risks to electronic data may not be identified and safeguards not put in place to minimise risks. This may ultimately lead to loss of electronic data through cyber threats, damage to backed-up data and damage to equipment.

Recommendation

We recommend that management:

- Develop an ICT Disaster Recovery Plan and Cyber Security Policy.
- Identify and document key ICT risks, along with the treatments to reduce the risk to an acceptable level.
- Test the plan to ensure validity.

Management Comment

Management agree. To be implemented by Cohesis / Qbit.

Responsible Person: Executive Manager Corporate Services

Completion Date: August 2022

SHIRE OF NAREMBEEN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

4. Purchase Orders dated after Invoice Date**Finding**

During our purchases testing, we identified 1 out of 45 payments where the authorised purchase order (PO 1860) was dated after the date of the corresponding supplier's invoice.

Rating: Moderate**Implication**

The Shire has not adhered to the purchasing policy and as a result may commit to expenditure which has not been appropriately authorised by management, in line with the budget or representing valid business-related expenditure of the Shire. This may potentially result in financial loss to the Shire.

Recommendation

We recommend that management ensure purchase orders are obtained per the purchasing policy prior to the acquisition of goods and services and payments made to suppliers.

Management's Comments

Support recommendation. Staff will be reminded of the importance of ensuring a PO is generated prior to the works being undertaken.

Responsible Person: Executive Manager Corporate Services
Completion Date: August 2022

SHIRE OF NAREMBEEN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

5. Employee pay rates were not always supported by an employment contract or letter of employment**Finding**

Our testing of payroll noted 3 instances out of a sample of 24 where employees' pay rates could not be verified to a signed employment contract or letter of employment. In one of the instances, the Works Manager's employment contract was not retained on file.

We also noted that increment letters do not specify the additional amounts to be paid to employees above the award rates.

Rating: Moderate**Implication**

Without a properly signed contract or letter of employment, there is an increased risk that employees may not be legally bound and as a result, disputes could occur in relation to employment entitlements, including pay rates and leave. There is also an increased risk that errors may occur within payroll transactions which could go undetected.

Recommendation

To help ensure the accuracy and validity of payroll transactions, all employees should be supported with an employment contract or letter of employment which details all necessary terms of employment including pay rates and leave entitlements. These contracts should be retained within the employee personnel files.

Management Comment

HR processes including record keeping has been identified by Management as an area requiring improvement. Recommendation supported.

Responsible Person: Executive Manager Corporate Services
Completion Date: September 2022

SHIRE OF NAREMBEEN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

6. Review of Bank Reconciliations

Finding

We noted that bank reconciliations for the months of December 2021 and April 2022 were signed and dated by the preparer but not by the reviewer.

Rating: Moderate

Implication

Without a review of bank reconciliations, errors may not be detected and resolved.

Recommendation

We recommend that management ensure bank reconciliations are either physically printed and signed or alternatively authorised through a digital signature as adequate evidence of an independent review by senior management.

Management's comments

Recommendation supported. EMCS to ensure bank reconciliations are reviewed monthly.

Responsible Person: Executive Manager Corporate Services

Completion Date: July 2022

SHIRE OF NAREMBEEN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

7. Asset Management Plan and Workforce Plan Outdated**Finding**

We noted that the Shire's Workforce Plan 2014 – 2023 had not been reviewed and updated since 2014. We further note that the Shire's Asset Management Plan 2014 – 2023 had not been reviewed and updated since 2013.

Rating: Moderate**Implication**

The Shire has no current plan to follow in respect of matters relating to employment and the management and renewal of assets.

Recommendation

We recommend that the Workforce Plan and Asset Management Plan is reviewed, updated and approved by Council to provide the Shire with a plan to follow in respect of matters relating to employment and the management and renewal of assets.

Management's comments

Review of the Workforce Plan has been held off until the adoption of the Community Strategic Plan which is due for adoption July 2022. Council's asset management plans requiring updating and the process has commenced for land and building and infrastructure.

Responsible person: Chief Executive Officer

Completion date: January 2023

SHIRE OF NAREMBEEN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

8. Procurement Policy Not Updated**Finding**

Per the Procurement Policy we noted that the maximum authority limit granted to management before the requirement to conduct a tender process is \$150,000.

The Local Government (Functions and General) Regulations 1996 has been amended to increase the maximum authority limit before the requirement to conduct a tender process from \$150,000 to \$250,000. The Shire's Procurement Policy has not been updated in line with the amendments to the Local Government (Functions and General) Regulations 1996.

We further noted that the authority limit granted to management to authorise payments without conducting a tender process per the Altus procurement system is \$200,000.

Rating: Moderate**Implication**

Management's delegation limits are not internally consistent and do not comply with the Local Government (Functions and General) Regulations 1996 and increase the risk of the authorisation of payments outside a level that meets the acceptable risk of the Shire.

Recommendation

The Shire should review its procurement policies and procedures with a view to updating a maximum authority limit as part of the local government's delegation to management and to comply with the amendments to the Local Government (Functions and General) Regulations 1996.

Management's comments

Management support a review of Council's procurement policies including an increase in tender threshold to \$250,000 as per the regulations.

Responsible person: Chief Executive Officer
Completion date: August 2022

SHIRE OF NAREMBEEN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

9. Invoices for Credit Card Transactions**Finding**

We noted that in 4 instances out of a sample of 41 credit card payments, the credit card EFTpos receipt was retained on file but the supplier's invoice for the purchase could not be provided.

Rating: Minor**Implication**

Accepting a credit card transaction without the supplier's invoice increases the risk of unauthorised payments.

Recommendation

We recommend that where an employee could not obtain or retain the supplier's invoice for a credit card purchase, the employee must complete and sign a statutory declaration confirming the reason for the purchase and not obtaining the supporting supplier's invoice.

Management Comment

Staff already complete a statutory declaration when an invoice is lost or misplaced. It is acknowledged that EFT pos receipts may have been confused with invoices during the year. Management will remind staff of the need to present invoice as evidence.

Responsible Person: Executive Manager Corporate Services

Completion Date: July 2022

ATTACHMENT – ITEM 6.1
Final Management Letter – Shire of
Narembeen – 30 June 2023

SHIRE OF NAREMBEEN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Rating		
	Significant	Moderate	Minor
1. Disposal of fixed assets		✓	
2. Excessive annual leave balances		✓	
3. Lack of purchase orders for expenditure			✓

Key to ratings

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

Significant - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.

Moderate - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

Minor - Those findings that are not of primary concern but still warrant action being taken.

SHIRE OF NAREMBEEN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Disposal of fixed assets

Finding

We noted that a vehicle was traded in during the financial year however, the Shire did not comply with the *Local Government Act 1995* Section 3.58(3)(a) which requires public notice to be given before an asset is disposed of.

Rating: Moderate

Implication

There is a risk that the disposal of assets is affected without proper authorisation and not at the best price obtainable by the Shire. This may potentially result in financial loss to the Shire.

Recommendation

The Shire ensures compliance with the *Local Government Act 1995* Section 3.58(3)(a) in relation to the disposal of qualifying assets going forward by giving public notice before disposal.

The Shire ensures all disposals are authorised and that the best price is obtained.

Management comment

Management are aware of the oversight in the lack of local public notice and have educated all associated staff of the correct approach to the disposal of assets going forward.

Responsible person: CEO/EMCS

Completion date: Ongoing

SHIRE OF NAREMBEEN**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****2. Excessive annual leave balances****Finding**

During our testing of employee leave provisions, we noted that 2 out of 31 employees had annual leave balances in excess of 8 weeks (40 days) at year end.

The Local Government Officers' (Western Australia) Award 2021 & Municipal Employees (Western Australia) Award 2021 deem an employee's leave accrual to be excessive if the employee has accrued more than 8 weeks.

Rating: Moderate

Implication

Excessive annual leave balances may have adverse effects on the Shire including:

- key staff not being rotated, a preventive control against fraud
- health and safety concerns with staff members not taking their annual leave entitlements
- increase the Shire's costs given salary rises and increments over time.

Recommendation

The Shire should ensure that employees take leave in a timely manner and excessive leave balances are cleared to a level below what is deemed to be excessive per the Local Government Officers' (Western Australia) Award 2021 & Municipal Employees (Western Australia) Award 2021.

Management comment

Employees with excess leave balances will be liaised with to ensure that they are reduced to acceptable levels.

Responsible person: CEO/EMCS/WM

Completion date: Ongoing

SHIRE OF NAREMBEEN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. Lack of purchase orders for expenditure**Finding**

The Shire's purchasing policy states that where the value of a purchase exceeds \$99 an official purchase order is to be issued.

As part of our payments testing, from a sample of 15 payments tested, we noted that one purchase order where a purchase order was required per the purchasing policy, did not appear to have been prepared.

Rating: Minor

Implication

The Shire has not adhered to the purchasing policy and as a result may commit to expenditure which has not been appropriately authorised by management, in line with the budget or represent valid business-related expenditure of the Shire. This may potentially result in financial loss to the Shire.

Recommendation

We recommend that management ensure that purchase orders are obtained prior to the purchase of goods and services for all payments as required per the purchasing policy.

Management comment

As noted previously, management is cognisant of the deficiencies in the existing procurement practices and is actively working towards educating all staff of best-practice principles, as well as putting additional control measures in place to safeguard against purchases being made without a PO.

Responsible person: CEO/EMCS
Completion date: Ongoing

ATTACHMENT – ITEM 6.1
Annual Report 2021/2022

ANNUAL REPORT

2021/2022

SHIRE OF NAREMBEEN



1 Longhurst Street
Narembreen WA 6369
Phone (08) 9064 7308
Fax: (08) 9064 7037
Email: admin@narembreen.wa.gov.au

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Photo Credit: Angie Roe Images

ABOUT US

Narembeen is located in the heart of the Wheatbelt, 286km east of Perth. The town has evolved from its traditional rural history and today plays an important role within the Wheatbelt in cereal cropping, cattle and sheep production, agricultural innovation as well as support from industry such as engineering, auto works and tourism.

Narembeen is a vibrant community offering high quality infrastructure, fantastic services and endless opportunities.



Photo credit: Angie Roe Images

A MESSAGE FROM THE SHIRE PRESIDENT & CHIEF EXECUTIVE OFFICER

We are pleased to present the Shire of Narembeen's Annual Report for the year ended 30 June 2022.

Like many other communities throughout Western Australia and in fact the whole of Australia the Covid 19 pandemic created a whole new range of challenges for the Council and community, from people having to isolate, reduction of services and in some cases temporary closure and supply issues. Our community appeared to cope reasonably well as it banded together as usual to assist when required.

The financial year has again been a particularly busy year for the Shire and its staff with the flood of Federal and State Covid funding for various initiatives, whilst being welcomed in the community it has certainly created its own set of challenges as the Shire found it very difficult to source tradespeople to complete all the projects identified for completion with the Federal Community Drought and Local Roads and Community Infrastructure funding. Further funding \$1,093,684 was also provided by the Federal government. As a result, many of the projects from 2020-21 have been carried over into this financial year.

Community projects continued during the financial year included:

- Town Hall upgrades
- Old Church restoration
- Apex Park precinct upgrade
- Main street upgrades
- Walker Lake dual use path and exercise equipment
- Dual Use Path in Brown and Ada Streets

Major road works commenced and completed during the year included:

- Soldiers Road gravel re-sheet
- South Road upgrade
- Narembeen - Kondinin Road widen and overlay to 10 metres
- Latham Road improvements

In addition to the above construction works, the small, but efficient, outside work crew continued working hard to keep our roads, sporting facilities and gardens in good condition throughout the heat of summer and wet of winter.

There is always pressure on the crew to get as much grading done as possible as soon as the wet weather commences and to ensure our roads continue to be safe during the summer period, especially when the carting of grain to the bins is in full swing and the dry summer conditions makes it very difficult to maintain the gravel roads in a suitable state.

Shire staff and especially the outside staff continue to support the community in their own time at community events such as ANZAC Day, Australia Day and the Triathlon. Thank you to you all, we appreciate your work.

The Community Resource Centre (CRC) continues to represent the Shire in an outstanding manner to support a wide range of community focused events and activities. The CRC continued to oversee the running of SOCK week (Save Our Country Kids) which is a local initiative developed to raise awareness of the impacts of road trauma.

A MESSAGE FROM THE SHIRE PRESIDENT & CHIEF EXECUTIVE OFFICER CONT

With the support of the Road Safety Commission, this year's SOCK week program was extended to other Wheatbelt communities.

At the highly successful Australia day event held at the Narembeen swimming pool, enjoyed by all those who attended, including the announcements of Brittany Duncan as Citizen of the Year and the Narembeen Netball Club receiving the Active Citizenship award.


The local government elections were held in October 2021 with five (5) vacancies, one (1) being for a two (2) year term. Eight (8) nominations were received, with Scott Stirrat re-elected for a further term and Chris Bray, Trevor Cole, Holly Cusack and Michael Currie being elected for the first time. Congratulations to Scott for being re-elected and to first time Councillors Chris, Trevor, Holly, and Michael. Alan Wright chose not to renominate after serving one four (4) term and Regina DeLuis resigned after serving two (2) years, with previous Councillor Peter Lines not being re-elected. On behalf of Council and the community our appreciation is extended to Alan, Regina and Peter for their commitment to serve the community.

Special acknowledgment to former Shire President Rhonda Cole, who has worked tirelessly for the Narembeen community over the past sixteen (16) years, including five (5) years as Shire President,

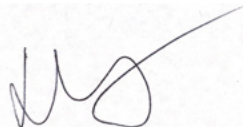
Rhonda decided not to renominate for Council in October 2021.

Rhonda's efforts were recognised by receiving the Eminent Service Award at the 2021 WALGA convention which was well deserved. Finally, to all the Councillors, thank you for your dedication, support and commitment to the Shire of Narembeen and its community over the past twelve months.

Thank you also to all the staff who work tirelessly for our community. We look forward to a positive future for Narembeen and "Together We will continue to Grow".



.....
Cr Kellie Mortimore
Shire President



.....
David Blurton
Chief Executive Officer





Photo Credit: Angie Roe Images

PROJECTS 2021/2022

APEX PARK UPGRADE

Cost: \$337,051

Narembeen Apex Park beautification and increased accessibility to this area included:

- New Entrance Statement and Signage for Caravan and Apex Park
- New Nature Play Area made from Timber and other Natural Materials
- Enhanced landscaping surrounding high-activity areas
- Improved lighting, including solar lighting around high-trafficked areas
- Signage for Caravan Park using QR code technology to ensure information remains current
- Information Bay with Shire and Town Maps
- Astrotourism stargazing area

The improvements compliment the Caravan Park and Tourist Precinct.



MAIN STREET IMPROVEMENTS STAGE 2

Cost: \$146,000

As part of a two-staged development to improve the main street and pedestrian access. Additional landscaping and a new crossover paved by Reality Landscapes. The contrasting levels and coloured pavers help to slow down vehicles travelling through the main street making it safer for pedestrians and traffic.



PROJECTS 2021/2022

TOWN HALL RESTORATION STAGE 1

Cost: \$159,773

Restoration of the Town Hall preserves the building in line with its historical significance in Narembeen and State Heritage Listing. The Hall was constructed in 1939 and has been a landmark and place of gathering for the community since. Structural Engineers and Architects were engaged to develop a Conservation Plan which informed the process. The plan addresses issues such as rising dampness and electrical work being a priority to make certain the building is safe for the community to continue enjoying the facilities. The next stage is to undertake works that will ensure the building retains its contemporary modern art deco façade, historical aesthetics, and interior design.

A specialist restorative builder from Perth engaged to provide a high standard of work as per the National Trust requirements.



ST PAULS CHURCH MUSEUM STAGE 1

Cost: \$131,577

Formerly St Paul's Anglican Church presently a Church Museum was in much need of repair and maintenance. A Conservation Management Plan has now been developed for the 1928 building according to its State Heritage Listing restoration requirements, which identifies priority works to preserve its condition.

Specialist builders have been engaged to carry out the works, including electrical works, the removal of asbestos, re-stumping, replacement of wall panelling, and restoration of windows and doors.



PROJECTS 2021/2022

WALKER LAKE DUAL – USE PATH

Cost: \$405,084

The construction of an approximately 1.5km dual-use concrete path around Walker Lake replaced an existing gravel path. The original path posed a fall hazard for users and restricted the use for some residents in Narembeen and visitors to the area. The path has been well received and used regularly by community members. To further enhance the use of the path two exercise areas with outdoor equipment will be added, thanks to MACA sponsoring one of the stations. A water fountain has also been installed for both walkers and 4 legged companions.



BROWN AND ADA ST FOOTPATH

Cost: \$90,424

The Council adopted a pathway network priority for Narembeen in 2019. It was identified as important for locals as it allows path users to follow a continuous cycle/walk path from the residential areas of town through to key amenities, including children going to school and other recreational users. A major priority for the Shire is to keep bikes/pedestrians/gophers off the road and away from traffic. The improvement of the pathways is also an initiative to promote physical activity for those living in the community.



Some of the benefits include:-

- Narembeen District High School students - better and safer connectivity from the school north to Brown Street (residential area) and vice versa.
- Tourists - better access to and from the Caravan Park through to the Avoca Farm Walk Trail
- Recreational users - provide a connection to the existing shared pathway network.
- Elderly - safer access along Brown & Ada Street for those using gophers.

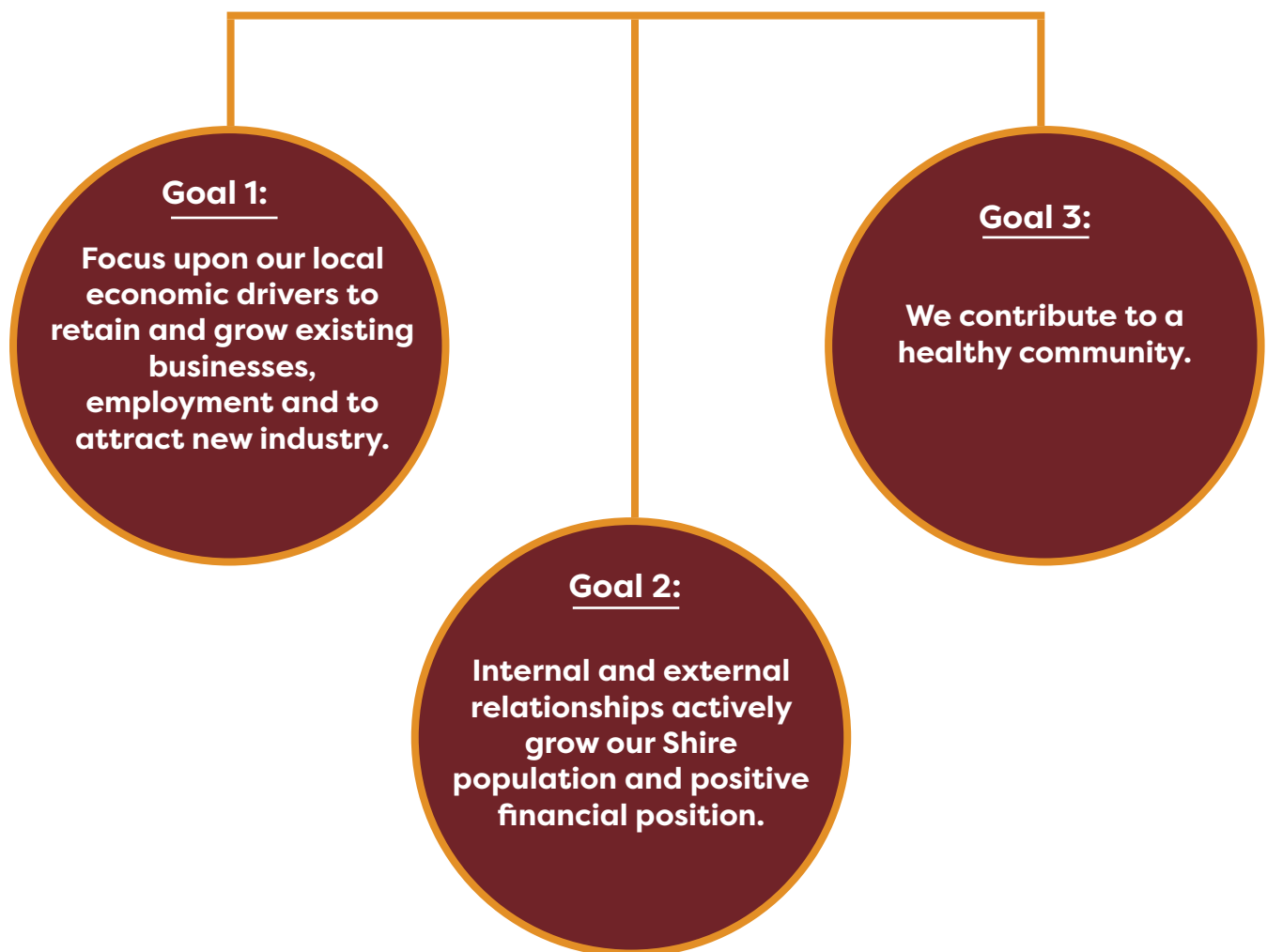
ROADS 2021/2022



PLANNING FOR OUR FUTURE

The Shire's Strategic Community Plan together with other integrated planning documents, which include the Business Plan and Long-Term Financial Plan, provides a guide for Council's operations towards the year 2032.

The Strategic Community Plan Vision: Together we create the opportunity to grow, is underpinned by three main goals:



The Shire is continuing along a positive trajectory towards achieving its goals and working towards the community's vision whilst maintaining financial functionality into the future.

STRATEGIC COMMUNITY PLAN

The Shire of Narembeen developed its Strategic Community Plan for the community – electors, ratepayers, permanent residents and temporary visitors. The Strategic Community Plan was developed hand in hand with the community. It has a key place in the Shire’s delivery and management of services and infrastructure, and it is important to our community because it:

- Includes a revised vision for the Shire of Narembeen which Council feels is more reflective of their direction, priorities and how they will achieve them
- Includes a clear direction for Council using a decision making criteria developed by Council
- Identifies the risks and opportunities for Council
- Establishes the direction of other integrated planning documents
- Is an easy to access and understand document that is in direct response to what Council and staff require in planning and delivering services and infrastructure, with clear targets and points of measurement
- Identifies the important role not for profit organisations in our community will play in helping the Shire to achieve its strategic goals and community outcomes as well as how the Shire will help not for profit organisations achieve their goals – it is a mutually beneficial partnership.



MAJOR PROJECTS PLANNED FOR 2022/2023

TRANSPORT CAPITAL WORKS

The Shire will be undertaking a number of road infrastructure improvement projects totalling some \$5.2m with funding from Federal, State and Shire, including Regional Road Group, Wheatbelt Secondary Freight Network and Roads to Recovery, some of the major ones being:

MAJOR PROJECTS

The Local Roads & Community Infrastructure stimulus funding afforded the Shire \$1,093,684 which will be spent as follows: -

FINANCIAL PERFORMANCE

The Shire of Narembeen finished the financial year in a strong financial position with a surplus of \$2.56m for the 2022 financial year, after transfers of \$1.32m to reserves.

A good indicator of an organisations financial health are the financial ratios, which are tabled below. All ratios for the 2022 financial year meet or exceed the Department of Local Government Sport and Cultural Industries' benchmarks, except for the Operating Surplus ratio which measures 0.18 for the year ended 30 June 2022. It is not unusual for a Local Government to record a weak result in this metric and is indicative of Council's financial planning being reliant on securing sufficient grant funding to maintain its operations.

As at 30 June 2022 Council has \$4,133,569 in reserves which is anticipates using on several key strategic projects in future years. Total cash held at year end is \$6,887,323 which includes reserves and \$1,001,460 of unspent grant funds.

Financial ratios for the year ended 30 June 2022

Ratio Type	2022	2021	2020
Current ratio	2.32	6.91	5.60
Asset consumption ratio	0.92	0.92	0.95
Asset renewal funding ratio	0.81	0.81	0.81
Asset sustainability ratio	0.96	1.25	1.02
Debt service cover ratio	27.98	9.36	15.20
Operating surplus ratio	0.18	(0.75)	(0.51)
Own source revenue coverage ratio	0.37	0.36	0.38

GOVERNANCE & STATUTORY REPORTING STANDARDS

The Shire of Narembeen has a number of other Acts and Regulations that requires it to provide statutory reporting.

Freedom of Information Act 1982

The Freedom of Information Act 1992 gives an applicant a legally enforceable right to access records held by both State and Local Government agencies, subject to exemptions.

Council maintains several records and registers including but not exclusive of; Town Planning Schemes, Financial Interest Registers, Delegated Authority Register, Cemetery Register, Insurance Register, Rate Book, Tender Register, Electoral Roll, Asset Register etc.

Nominated documents can be inspected free of charge upon application to the Office of Council located at 1 Longhurst Street, Narembeen during normal business hours.

During the year of review, there were no requests for Freedom of Information. Any application received will be considered, subject to the request not contravening the privacy rights of individuals, and may be subjected to a small administrative charge for the enquiry.

Public Interest Disclosure

The Public Interest Disclosure Act 2003 (PID) enables individuals to make disclosures about wrongdoings within the public sector without fear of reprisal. The legislation is commonly referred to as the 'whistle-blower' Act. Individuals can report present or proposed future wrongdoing by a public body when performing a public function to the Shire's Chief Executive Officer. The Shire of Narembeen received no PID applications in for the 2022 financial year.

Register of certain complaints and minor breaches

Section 5.121 of the Local Government Act 1995 requires a local government to maintain a register of complaints that result in an action or a finding under section 5.110(2)(a) LG Act. An up-to-date register is available on our website at narembeen.wa.gov.au. The Shire of Narembeen did not receive any minor breach complaints for the 2022 financial year.

National Competition Policy (NCP)

In 1995 the Council of Australian Government entered into a number of agreements known as the National Competition Policy.

The policy is a whole of Government approach to bring about reform in the public sector to encourage Government to become more competitive.

Local Government will mainly be affected where it operates significant business activities that compete or could compete with private sector business. Local Government will also be impacted where its local laws unnecessarily affect competition.

Local Government and more particularly the Shire of Narembeen is required to comply with certain policies within the National Competition Policy Statement and report on progress in connection with Competitive Neutrality Principles and review of Local Laws.

Competitive Neutrality (CN)

The principle of “Competitive Neutrality” is that government businesses should not enjoy a competitive advantage, or suffer a disadvantage, simply as a result of their public sector ownership.

Measures should be introduced to effectively neutralise any net competitive advantage flowing from government ownership.

Competitive Neutrality should apply to all business activities that generate a user pays income of over \$200,000 per annum, unless it can be shown it is not in the Public Interest. A Public Benefit test is used to determine if competitive neutrality is in the public interest.

The Shire of Narembeen does not control any business activity with a user pays income in excess of \$200,000.

Record Keeping Plan (RKP)

The State Records Act 2000 is an Act to provide for the keeping of State Records and for related purposes. Section 19 of the Act requires that every government organisation must have a record keeping plan that has been approved by the State Records Commission. A government’s organisation, including local governments, record keeping plan sets out matters about which records are to be created by the organisation and how it is to keep its record.

The Record Keeping Plan comprises of a range of documents which, when assessed as a whole, provides an accurate reflection of the record keeping program within the organisation. More specifically, documentation regarding the organisation’s record keeping system/s, disposal arrangements, policies and practices and processes will be essential components of the record keeping plan held by a local government. The inclusion of such documentation will constitute evidence of compliance.

The Shire's Record Keeping Plan has been adopted by Council and approved by the State Records Commission.

Disability Access Inclusion Plan

Under Section 29 (2) of the Disability Services Act 1993 the Shire is required to provide an annual summary report on its approach to assisting people with disabilities in our community as part of its inclusiveness planning, which is guided by seven (7) key outcomes.

Outcome 1: People with disability have the same opportunities as other people to access the services of, and any events organised by, a public authority.

Council continues to consider the need of people with disabilities wherever possible.

Outcome 2: People with disability have the same opportunities as other people to access the buildings and other facilities of the Shire of Narembeen.

Access standards to all of Council's public buildings remain a priority for people with disabilities to access these public buildings.

Outcome 3: People with disability receive information from the Shire of Narembeen in a format that will enable them to access the information as readily as other people are able to access it.

Council remains mindful of communicating at the simplest and easy to read formats for all its residents.

Outcome 4: People with disability receive the same level and quality of service from the employees of the Shire of Narembeen as other people receive.

Staff remain aware to offer the appropriate assistance and advice to its residents on all occasions.

Outcome 5: People with disability have the same opportunities as other people to make complaints to the Shire of Narembeen.

Staff will ensure that grievance mechanisms are accessible for people with disability and are acted upon.

Outcome 6: People with disability have the same opportunities as other people to participate in any public consultation by the Shire of Narembeen.

Ensure that people with disability are actively consulted about the DAIP and any other significant planning processes and that people with disability are aware of and can access other established consultative processes.

Outcome 7: People with disability have the same opportunities as other people to obtain and maintain employment with the Shire of Narembeen.

The Shire of Narembeen continuously reviews its Disability Access Inclusion Plan, the next major review is scheduled for 2022.

Strategic Community Plan 2017-2027

Council has adopted a “Strategic Community Plan” that outlines Council’s continued progress towards the aims and objectives of the district to maintain the overall vision that “Together we create the opportunity to grow”.

With Shire priorities being:

1. Growing our community and visitor population
2. Creating and capturing positive economic opportunities
3. Our partnerships and networks return us tangible financial, economic, social and environmental benefits.

The Strategic Community Plan is due for major review in 2022.

Corporate Business Plan 2018 - 2022

Council adopted a Corporate Business Plan for the period 2018/19 to 2021/22. The Plan sets out a range of actions, measures and targets that reflect Council’s Strategic Community Plan’s goals:

Goal 1: Focus upon local economic drivers to retain and grow existing businesses employment and to attract new industry.

Goal 2: Internal and external relationships actively grow our Shire population and positive financial position.

Goal 3: We contribute to a healthy community.

The Corporate Business Plan is due for review in 2022.

Employee Payments

Regulations 19B (2) (b) of the Local Government (Administration) Regulations 1996 requires details of the number of employees of the Shire entitled to an annual salary of \$130,000 or more and the number of those employees with an annual salary entitlement that falls within each band of \$10,000 over \$130,000 to be included in the Annual Report

Set out below, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$130,000 or more for the 2021 and 2022 financial year:

Salary Range	2021	2022
\$140,000 - \$149,999	1	1

Regulation 19B (2) (e) of the Local Government (Administration) Regulations requires details of the remuneration paid or provided to the CEO the financial year to be included in the annual report, which was \$198,492.

Councillor meeting attendance

Regulation 19B (2) (f) of the Local Government (Administration) Regulations requires details of the number of council and committee meetings attended by each council member during the financial year.

The number of meetings attended by Councillors during the period 1 July 2021 to 30 June 2022 is tabled below.

Councillor	Total Meetings	Council Attendance	Committee Attendance
Cr Mortimore	18	13	5
Cr Stirrat	15	13	2
Cr Milner	18	12	5
Cr Hardham	15	9	1
Cr T Cole	12	10	2
Cr Currie	15	10	5
Cr Bray	12	10	2
Cr Cusack	12	9	2
Cr R Cole	3	3	
Cr Lines	3	3	
Cr Wright	3	3	
Cr DeLuis	3	1	

Council Allowance

Councillors are paid an annual allowance in recognition of carrying out their civic and statutory duties, work on policy development and as spokespeople on community matters. Councillors incur expenses in the course of fulfilling their roles and are reimbursed for incurred expenses.

Total payments to Councillors for the period 1 July 2021 to 30 June 2022 are tabled below:

Description	Amount
Meeting Fees	\$20,480
Presidential Allowance	\$7,581
Deputy President's Allowance	\$1,752
Travel Expenses	\$4,388
Total	\$34,201



NAREMBEEN HAWK
DONATED BY THE PEOPLE OF
WESTERN AUSTRALIA
1988
HON MIA DAVIS MIA
MINISTER FOR SACRED AND HERITAGE
MEMBER FOR CENTRAL DISTRICT
1997-2000
THE HAWK WAS COMMISSIONED BY THE PEOPLE OF WESTERN AUSTRALIA
AND WAS THE FIRST OF ITS KIND IN THE WORLD. THE HAWK WAS
DONATED TO THE STATE OF WESTERN AUSTRALIA BY THE PEOPLE OF
WESTERN AUSTRALIA IN 1988. THE HAWK WAS COMMISSIONED BY
THE PEOPLE OF WESTERN AUSTRALIA AND WAS THE FIRST OF ITS KIND
IN THE WORLD. THE HAWK WAS DONATED TO THE STATE OF WESTERN
AUSTRALIA BY THE PEOPLE OF WESTERN AUSTRALIA IN 1988.

1988



FINANCIAL REPORT 2021/2022

SHIRE OF NAREMBEEN
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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The Shire of Narembeen conducts the operations of a local government with the following community vision:

"Together we grow"

Principal place of business:
1 Longhurst Street
Narembeen WA 6369

**SHIRE OF NAREMBEEN
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

*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 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Narembeen at 30 June 2022 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 17th day of April 2023

Paul Sheedy

Acting Chief Executive Officer

Paul Sheedy



SHIRE OF NAREMBEEN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
Revenue				
Rates	24(a),2(a)	1,878,801	1,870,450	1,815,905
Operating grants, subsidies and contributions	2(a)	5,121,459	1,930,586	2,725,676
Fees and charges	2(a)	629,747	570,097	641,498
Interest earnings	2(a)	27,239	43,059	39,152
Other revenue	2(a)	207,620	74,885	92,820
		7,864,866	4,489,077	5,315,051
Expenses				
Employee costs		(2,187,485)	(2,030,431)	(1,933,896)
Materials and contracts		(1,549,908)	(1,474,803)	(1,248,462)
Utility charges		(264,971)	(251,750)	(303,904)
Depreciation	9(a)	(3,106,232)	(2,989,264)	(3,047,559)
Finance costs	2(b)	(42,784)	(44,108)	(47,078)
Insurance		(204,741)	(199,607)	(185,939)
Other expenditure	2(b)	(44,709)	(56,500)	(12,955)
		(7,400,830)	(7,046,463)	(6,779,793)
		464,036	(2,557,386)	(1,464,742)
Capital grants, subsidies and contributions	2(a)	1,390,774	5,261,461	3,292,700
Profit on asset disposals	9(b)	43,331	62,968	10,610
Loss on asset disposals	9(b)	(22,290)	(98,536)	(436,125)
Fair value adjustments to financial assets at fair value through profit or loss		3,997	0	2,586
Share of result in associate	20(a)	21,899	0	(59,823)
		1,437,711	5,225,893	2,809,948
Net result for the period	23(b)	1,901,747	2,668,507	1,345,206
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	14	1,895,386	0	0
Total other comprehensive income for the period	14	1,895,386	0	0
Total comprehensive income for the period		3,797,133	2,668,507	1,345,206

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



SHIRE OF NAREMBEEN
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	NOTE	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	3	6,887,323	6,240,029
Trade and other receivables	5	312,377	220,358
Other financial assets	4(a)	1,775,937	15,264
Inventories	6	13,372	13,372
TOTAL CURRENT ASSETS		8,989,009	6,489,023
NON-CURRENT ASSETS			
Trade and other receivables	5	0	3,959
Other financial assets at amortised cost	4(b)	90,300	105,847
Other financial assets at fair value	4(b)	77,804	73,807
Inventories	6	236,300	303,628
Investment in associate	20(a)	48,097	0
Property, plant and equipment	7	23,060,685	21,883,227
Infrastructure	8	78,184,102	77,110,166
TOTAL NON-CURRENT ASSETS		101,697,288	99,480,634
TOTAL ASSETS		110,686,297	105,969,657
CURRENT LIABILITIES			
Trade and other payables	10	723,705	292,116
Other liabilities	11	1,206,955	627,900
Borrowings	12	74,875	86,671
Employee related provisions	13	340,620	309,959
TOTAL CURRENT LIABILITIES		2,346,155	1,316,646
NON-CURRENT LIABILITIES			
Borrowings	12	742,285	817,161
Employee related provisions	13	14,417	49,542
TOTAL NON-CURRENT LIABILITIES		756,702	866,703
TOTAL LIABILITIES		3,102,857	2,183,349
NET ASSETS		107,583,440	103,786,308
EQUITY			
Retained surplus		51,505,194	50,923,692
Reserve accounts	27	4,133,569	2,813,325
Revaluation surplus	14	51,944,677	50,049,291
TOTAL EQUITY		107,583,440	103,786,308

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 2022**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2020		49,591,604	2,800,207	50,049,291	102,441,102
Comprehensive income for the period					
Net result for the period		1,345,206	0	0	1,345,206
Total comprehensive income for the period		1,345,206	0	0	1,345,206
Transfers to reserves	27	(13,118)	13,118	0	0
Balance as at 30 June 2021		50,923,692	2,813,325	50,049,291	103,786,308
Comprehensive income for the period					
Net result for the period		1,901,747	0	0	1,901,747
Other comprehensive income for the period	14	0	0	1,895,386	1,895,386
Total comprehensive income for the period		1,901,747	0	1,895,386	3,797,133
Transfers to reserves	27	(1,320,244)	1,320,244	0	0
Balance as at 30 June 2022		51,505,194	4,133,569	51,944,677	107,583,440

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 2022**

NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	1,893,957	1,870,449	1,802,532
Operating grants, subsidies and contributions	5,151,753	225,058	3,219,963
Fees and charges	624,143	1,313,626	818,042
Interest received	27,239	43,059	39,152
Goods and services tax received	0	0	553,775
Other revenue	209,713	74,885	92,820
	7,906,805	3,527,077	6,526,284
Payments			
Employee costs	(2,231,786)	(2,030,431)	(1,949,092)
Materials and contracts	(1,013,419)	(1,474,803)	(1,297,071)
Utility charges	(264,971)	(251,750)	(303,904)
Finance costs	(44,107)	(44,108)	(47,078)
Insurance paid	(204,741)	(199,607)	(185,939)
Goods and services tax paid	27,331	0	(567,110)
Other expenditure	(44,709)	(56,500)	(12,955)
	(3,776,402)	(4,057,199)	(4,363,149)
Net cash provided by (used in) operating activities	15(b) 4,130,403	(530,122)	2,163,135
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for loans - clubs/institutions current	0	(15,264)	(98,790)
Payments for purchase of property, plant & equipment	7(a) (799,209)	(2,186,365)	(542,939)
Payments for construction of infrastructure	8(a) (3,079,345)	(5,401,489)	(3,524,231)
Non-operating grants, subsidies and contributions	1,816,085	5,261,461	3,292,700
Proceeds from for loans - clubs/institutions current	15,267	15,264	7,410
Proceeds from sale of property, plant & equipment	9(b) 411,156	721,664	86,123
	(3,396,437)	(1,604,729)	(779,727)
Net cash provided by (used in) investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	26(a) (86,672)	(86,671)	(75,451)
Proceeds from new borrowings	26(a) 0	0	80,000
	(86,672)	(86,671)	4,549
Net cash provided by (used in) financing activities			
Net increase (decrease) in cash held	647,294	(2,221,522)	1,387,957
Cash at beginning of year	6,240,029	6,239,714	4,852,072
Cash and cash equivalents at the end of the year	15(a) 6,887,323	4,018,192	6,240,029

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

**SHIRE OF NAREMBEEN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
NET CURRENT ASSETS - At start of financial year - surplus/(deficit)	25(b)	2,430,458	2,363,237	1,709,673
OPERATING ACTIVITIES				
Revenue from operating activities (excluding general rate)				
Rates (excluding general rate)	24(a)	21,385	21,385	21,385
Operating grants, subsidies and contributions		5,121,459	1,930,586	2,725,676
Fees and charges		629,747	570,097	641,498
Interest earnings		27,239	43,059	39,152
Other revenue		207,620	74,885	92,820
Profit on asset disposals	9(b)	43,331	62,968	10,610
Fair value adjustments to financial assets at fair value through profit or loss		3,997	0	2,586
Share of net profit of associates accounted for using the equity method	20(a)	21,899	0	0
		6,076,677	2,702,980	3,533,727
Expenditure from operating activities				
Employee costs		(2,187,485)	(2,030,431)	(1,933,896)
Materials and contracts		(1,549,908)	(1,474,803)	(1,248,461)
Utility charges		(264,971)	(251,750)	(303,904)
Depreciation	9(a)	(3,106,232)	(2,989,264)	(3,047,559)
Finance costs		(42,784)	(44,108)	(47,078)
Insurance		(204,741)	(199,607)	(185,939)
Other expenditure		(44,709)	(56,500)	(12,955)
Loss on asset disposals	9(b)	(22,290)	(98,536)	(436,125)
Loss on revaluation of investment in associate	20(a)	0	0	(59,823)
		(7,423,120)	(7,144,999)	(7,275,740)
Non-cash amounts excluded from operating activities	25(a)	3,095,455	3,024,832	3,456,566
Amount attributable to operating activities		1,749,012	(1,417,187)	(285,447)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,390,774	5,261,461	3,292,700
Proceeds from disposal of assets	9(b)	411,156	721,664	86,123
Proceeds from financial assets at amortised cost - self supporting loans	26(a)	15,267	15,264	7,410
Purchase of property, plant and equipment	7(a)	(799,209)	(2,186,365)	(542,931)
Purchase and construction of infrastructure	8(a)	(3,079,345)	(5,401,489)	(3,524,231)
		(2,061,357)	(1,589,465)	(680,929)
Amount attributable to investing activities		(2,061,357)	(1,589,465)	(680,929)
FINANCING ACTIVITIES				
Repayment of borrowings	26(a)	(86,672)	(86,671)	(75,451)
Proceeds from borrowings	26(a)	0	0	80,000
Payments for financial assets at amortised cost - self supporting loans		0	0	(98,790)
Transfers to reserves (restricted assets)	27	(1,320,244)	(1,118,979)	(13,118)
Amount attributable to financing activities		(1,406,916)	(1,205,650)	(107,359)
Surplus/(deficit) before imposition of general rates		711,197	(1,849,065)	635,938
Total amount raised from general rates	24(a)	1,857,416	1,849,065	1,794,520
Surplus/(deficit) after imposition of general rates	25(b)	2,568,613	0	2,430,458

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

**SHIRE OF NAREMBEEN
FOR THE YEAR ENDED 30 JUNE 2022
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**SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

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, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for 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.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 28 of the financial report.

Judgements and estimates

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.

SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature or types of goods or services is provided in the table below:

For the year ended 30 June 2022

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	1,878,801	0	1,878,801
Operating grants, subsidies and contributions	5,121,459	0	0	0	5,121,459
Fees and charges	629,747	0	0	0	629,747
Interest earnings	0	0	0	27,239	27,239
Other revenue	207,620	0	0	0	207,620
Non-operating grants, subsidies and contributions	0	1,390,774	0	0	1,390,774
Total	5,958,826	1,390,774	1,878,801	27,239	9,255,640

For the year ended 30 June 2021

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	1,815,905	0	1,815,905
Operating grants, subsidies and contributions	2,725,676	0	0	0	2,725,676
Fees and charges	641,498	0	0	0	641,498
Interest earnings	0	0	0	39,152	39,152
Other revenue	92,820	0	0	0	92,820
Non-operating grants, subsidies and contributions	0	3,292,700	0	0	3,292,700
Total	3,459,994	3,292,700	1,815,905	39,152	8,607,751

SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES (Continued)

	Note	2022 Actual	2022 Budget	2021 Actual
Interest earnings				
Financial assets at amortised cost - self supporting loans		1,975	1,059	1,414
Interest on reserve funds		5,599	13,500	13,119
Rates instalment and penalty interest (refer Note 23(b))		14,154	14,500	11,975
Other interest earnings		5,511	14,000	12,644
		27,239	43,059	39,152
(b) Expenses				
Auditors remuneration				
- Audit of the Annual Financial Report		46,500	60,000	46,500
- Other services		1,800	0	2,000
		48,300	60,000	48,500
Finance costs				
Borrowings	26(a)	42,784	44,108	47,078
		42,784	44,108	47,078
Other expenditure				
Sundry expenses		44,709	56,500	12,955
		44,709	56,500	12,955

SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

3. CASH AND CASH EQUIVALENTS

Cash at bank and on hand
Short term deposits
Total cash and cash equivalents

Held as
- Unrestricted cash and cash equivalents
- Restricted cash and cash equivalents

Note	2022	2021
	\$	\$
	2,753,756	3,426,704
	4,133,567	2,813,325
15(a)	6,887,323	6,240,029
	2,753,754	3,426,704
15(a)	4,133,569	2,813,325
	6,887,323	6,240,029

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.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

Details of restrictions on financial assets can be found at Note 15.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Financial assets at amortised cost

Self supporting loans receivable
Term deposits

Held as
- Unrestricted other financial assets at amortised cost

(b) Non-current assets

Financial assets at amortised cost
Financial assets at fair values through other comprehensive income - Units in Local Government House Trust

Financial assets at amortised cost

Self supporting loans receivable

	2022	2021
	\$	\$
	1,775,937	15,264
25(b)	15,546	15,264
	1,760,391	0
	1,775,937	15,264
	1,775,937	15,264
	90,300	105,847
	77,804	73,807
	90,300	105,847
	90,300	105,847

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.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 22 (i)) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

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 21.

**SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

5. TRADE AND OTHER RECEIVABLES

Current

Rates receivable
Trade and other receivables
GST receivable
Allowance for credit losses of trade and other receivables

Note	2022	2021
	\$	\$
	100,264	109,968
	159,460	36,010
	54,667	81,998
21(b)	(2,014)	(7,618)
	312,377	220,358
	0	3,959
	0	3,959

Non-current

Pensioner's rates and ESL deferred

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 grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

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 21.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Shire 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 value is considered immaterial.

SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

6. INVENTORIES

Note	2022	2021
	\$	\$
Current		
Fuel and materials	13,372	13,372
	13,372	13,372
Non-current		
Land held for resale	236,300	303,628
	236,300	303,628

The following movements in inventories occurred during the year:

Balance at beginning of year		317,000	311,951
Inventories expensed during the year		(191,258)	(165,124)
Land sold during the year	25(a)	(67,328)	0
Additions to inventory		191,258	170,173
Balance at end of year		249,672	317,000

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 charges incurred after development is completed are expensed.

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 2022

7. 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.

Note	Land	Buildings - non specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant And Equipment	Other property, plant and equipment - works in progress	Investment in Associate - RoE/ROC	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	2,329,000	2,765,020	13,414,114	16,179,134	18,508,134	441,291	3,932,233	115,780	79,823	23,077,261
Additions	0	0	273,949	273,949	273,949	33,937	235,045	0	0	542,931
Disposals	0	0	(77,070)	(77,070)	(77,070)	0	(434,568)	0	0	(511,638)
Impairment (losses) / reversals	0	0	0	0	0	0	0	0	(59,823)	(59,823)
Depreciation	9(a)	(86,502)	(429,316)	(515,818)	(515,818)	(100,081)	(450,357)	0	0	(1,066,256)
Transfers		0	(26,591)	(26,591)	(26,591)	0	0	(72,657)	0	(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	43,123	20,000	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	43,123	20,000	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	43,123	20,000	21,883,227
Additions	0	5,850	337,512	343,362	343,362	28,518	427,329	0	0	799,209
Disposals	(45,000)	(253,360)	0	(253,360)	(298,360)	0	(91,756)	0	0	(390,116)
Revaluation increments / (decrements) transferred to revaluation surplus	(365,806)	(296,536)	2,557,728	2,261,192	1,895,386	0	0	0	0	1,895,386
Adjustment of share of assets transferred to investment in associate	20	0	0	0	0	0	0	0	(20,000)	(20,000)
Depreciation	9(a)	(86,502)	(432,726)	(519,228)	(519,228)	(101,056)	(443,614)	0	0	(1,063,898)
Transfers		0	0	0	0	0	0	(43,123)	0	(43,123)
Balance at 30 June 2022	1,918,194	2,047,970	15,617,600	17,665,570	19,583,764	302,609	3,174,312	0	0	23,060,685
Comprises:										
Gross balance amount at 30 June 2022	1,918,194	2,047,970	15,617,600	17,665,570	19,583,764	508,310	3,996,306	0	0	24,088,380
Accumulated depreciation at 30 June 2022	0	0	0	0	0	(205,701)	(821,994)	0	0	(1,027,695)
Balance at 30 June 2022	1,918,194	2,047,970	15,617,600	17,665,570	19,583,764	302,609	3,174,312	0	0	23,060,685

**SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

7. 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 2022	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 2022	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 2022	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 by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

(ii) Cost					
Furniture and equipment	3	N/A	Cost	N/A	N/A
Plant and equipment	3	N/A	Cost	N/A	N/A

SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

8. 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.

	Note	Infrastructure - roads	Other infrastructure - foopaths	Other infrastructure - parks and ovals	Other infrastructure - drainage	Other infrastructure - works in progress	Total Infrastructure
		\$	\$	\$	\$	\$	\$
Balance at 1 July 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	9(a)	(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
Additions		2,080,342	509,786	489,217	0	0	3,079,345
Adjustment of share of assets transferred to investment in associate	20	0	0	(6,198)	0	0	(6,198)
Depreciation	9(a)	(1,651,886)	(9,035)	(372,848)	(8,565)	0	(2,042,334)
Transfers		0	0	43,123	0	0	43,123
Balance at 30 June 2022		72,151,473	1,044,954	4,418,720	568,955	0	78,184,102
Comprises:							
Gross balance at 30 June 2022		78,456,225	1,081,093	5,823,715	603,217	0	85,964,250
Accumulated depreciation at 30 June 2022		(6,304,752)	(36,139)	(1,404,995)	(34,262)	0	(7,780,148)
Balance at 30 June 2022		72,151,473	1,044,954	4,418,720	568,955	0	78,184,102

**SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

8. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	3	Cost approach using depreciated replacement cost	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.

SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. FIXED ASSETS

(a) Depreciation

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Buildings - non specialised	7(a)	86,502	108,593	86,502
Buildings - specialised	7(a)	432,726	394,717	429,316
Furniture and equipment	7(a)	101,056	37,969	100,081
Plant And Equipment	7(a)	443,614	503,135	450,357
Infrastructure - roads	8(a)	1,651,886	1,631,951	1,597,897
Other infrastructure - drainage	8(a)	8,565	7,862	8,565
Other infrastructure - footpaths	8(a)	9,035	8,292	9,036
Other infrastructure - parks and ovals	8(a)	372,848	296,745	365,805
		3,106,232	2,989,264	3,047,559

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	50 years
seal	
- 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

SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. FIXED ASSETS (Continued)

(b) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land held for resale	0	0	0	0	78,664	33,664	0	(45,000)	0	0	0	0
Land	45,000	45,000	0	0	0	0	0	0	0	0	0	0
Buildings - non specialised	253,360	252,883	21,813	(22,290)	401,951	440,000	42,833	(4,784)	0	0	0	0
Buildings - specialised	0	0	0	0	0	0	0	0	77,070	0	0	(77,070)
Plant And Equipment	91,756	113,273	21,517	0	276,617	248,000	20,135	(48,752)	434,568	86,123	10,610	(359,055)
	390,116	411,156	43,330	(22,290)	757,232	721,664	62,968	(98,536)	511,638	86,123	10,610	(436,125)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Governance				
Toyota Kluger GX 2017	24,391	25,454	1,063	0
Lexus ES300H F Sport	33,398	36,364	2,966	0
Housing				
10 Ada St	158,485	180,298	21,813	0
Health				
Toyota Kluger GLX 2016	13,500	25,455	11,955	0
Economic services				
26 Thomas St Lot 37 Stanley St	139,875	117,585	0	(22,290)
Other property and services				
Case 580SP Backhoe	20,466	26,000	5,534	0
	390,115	411,156	43,331	(22,290)
	390,115	411,156	43,331	(22,290)

SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

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 and infrastructure acquired between scheduled revaluation dates 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 revaluation date in accordance with the mandatory measurement framework.

Revaluation

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

Revaluation (continued)

At the end of each period the carrying amount for each asset class 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.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, 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 on revaluation

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

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

SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

10. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued payroll liabilities
 PAYG Liabilities
 Bonds and deposits held
 Licensing
 Accrued Interest on loans
 FBT Liabilities

	2022	2021
	\$	\$
Sundry creditors	577,081	111,733
Prepaid rates	18,461	16,968
Accrued payroll liabilities	58,213	95,738
PAYG Liabilities	30,010	32,322
Bonds and deposits held	19,490	17,396
Licensing	361	0
Accrued Interest on loans	9,393	10,716
FBT Liabilities	10,696	7,243
	723,705	292,116

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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.

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 usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

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.

SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

11. OTHER LIABILITIES

Current

Contract liabilities
 Capital grant/contributions liabilities

Reconciliation of changes in contract liabilities

Opening balance
 Additions
 Revenue from contracts with customers included as a contract liability at the start of the period

The Shire expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period to be satisfied within the next 12 months.

Reconciliation of changes in capital grant/contribution liabilities

Opening balance
 Additions
 Revenue from capital grant/contributions held as a liability at the start of the period

Expected satisfaction of capital grant/contribution liabilities

Less than 1 year

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

	2022	2021
	\$	\$
Contract liabilities	205,495	51,751
Capital grant/contributions liabilities	1,001,460	576,149
	1,206,955	627,900
Opening balance	51,751	0
Additions	205,495	51,751
Revenue from contracts with customers included as a contract liability at the start of the period	(51,751)	0
	205,495	51,751
Opening balance	576,149	0
Additions	1,001,460	576,149
Revenue from capital grant/contributions held as a liability at the start of the period	(576,149)	0
	1,001,460	576,149
Less than 1 year	1,001,460	576,149

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.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 22(i)) due to the unobservable inputs, including own credit risk.

**SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

12. BORROWINGS

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		74,875	742,285	817,160	86,671	817,161	903,832
Total secured borrowings	26(a)	74,875	742,285	817,160	86,671	817,161	903,832

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Naremben. Other loans relate to transferred receivables. Refer to Note 5.

The Shire of Naremben has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 years.

SIGNIFICANT ACCOUNTING POLICIES

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.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 22(i)) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 21.

Details of individual borrowings required by regulations are provided at Note 26(a).

SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

13. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions

Employee benefit provisions

Annual Leave

Long Service Leave

Non-current provisions

Long Service Leave

	2022	2021
	\$	\$
Annual Leave	168,720	150,296
Long Service Leave	171,900	159,663
	340,620	309,959
Long Service Leave	14,417	49,542
	14,417	49,542
	355,037	359,501

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

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

Note	2022	2021
	\$	\$
Less than 12 months after the reporting date	171,588	342,353
More than 12 months from reporting date	183,449	17,148
	355,037	359,501

Expected reimbursements of employee related provisions from other WA local governments included within other receivables

5	0	0
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SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related 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 provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

**SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

14. REVALUATION SURPLUS

	2022 Opening Balance	2022 Revaluation Increment	2022 Revaluation (Decrement)	Total Movement on Revaluation	2022 Closing Balance	2021 Opening Balance	2021 Closing Balance
	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	1,428,163	0	(365,806)	(365,806)	1,062,357	1,428,163	1,428,163
Revaluation surplus - Buildings	5,339,026	2,557,728	(296,536)	2,261,192	7,600,218	5,339,026	5,339,026
Revaluation surplus - Furniture and equipment	53,279	0	0	0	53,279	53,279	53,279
Revaluation surplus - Plant And Equipment	1,435,049	0	0	0	1,435,049	1,435,049	1,435,049
Revaluation surplus - Infrastructure - roads	39,478,393	0	0	0	39,478,393	39,478,393	39,478,393
Revaluation surplus - Other infrastructure - drainage	388,212	0	0	0	388,212	388,212	388,212
Revaluation surplus - Other infrastructure - footpaths	345,070	0	0	0	345,070	345,070	345,070
Revaluation surplus - Other infrastructure - works in progress	1,582,099	0	0	0	1,582,099	1,582,099	1,582,099
	50,049,291	2,557,728	(662,342)	1,895,386	51,944,677	50,049,291	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.

SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	6,887,323	4,018,192	6,240,029
Term deposits	4(a)	1,760,391	0	0
		<u>8,647,714</u>	<u>4,018,192</u>	<u>6,240,029</u>

Restrictions

The following classes of financial 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	5,344,468	3,932,302	3,443,357
- Financial assets at amortised cost	4	15,546	0	15,264
		<u>5,360,014</u>	<u>3,932,302</u>	<u>3,458,621</u>

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

Reserve accounts	27	4,133,569	3,932,302	2,813,325
Bonds and deposits held		19,490	17,396	17,396
Contract liabilities from contracts with customers		1,206,955	0	627,900
Total restricted financial assets		<u>5,360,014</u>	<u>3,949,698</u>	<u>3,458,621</u>

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

Net result		1,901,747	2,668,507	1,345,206
Non-cash items:				
Adjustments to fair value of financial assets at fair value through profit and loss		(3,997)	0	(2,586)
Write down of assets		0	0	59,823
Depreciation/amortisation		3,106,232	2,989,264	3,047,559
(Profit)/loss on sale of asset		(21,041)	35,568	425,515
Share of result in associates		(21,899)	0	0
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		(88,062)	250,000	45,612
(Increase)/decrease in other assets		0	0	176,544
(Increase)/decrease in inventories		67,328	0	(5,049)
Increase/(decrease) in trade and other payables		431,589	0	20,808
Increase/(decrease) in employee related provisions		(4,464)	0	(88,996)
Increase/(decrease) in contract liabilities		153,744	(1,212,000)	431,399
Non-operating grants, subsidies and contributions		(1,390,774)	(5,261,461)	(3,292,700)
Net cash provided by/(used in) operating activities		<u>4,130,403</u>	<u>(530,122)</u>	<u>2,163,135</u>

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

Bank overdraft limit		200,000		200,000
Bank overdraft at balance date		0		0
Credit card limit		50,000		50,000
Credit card balance at balance date		(3,220)		(17,825)
Total amount of credit unused		<u>246,780</u>		<u>232,175</u>

Loan facilities

Loan facilities - current		74,875		86,671
Loan facilities - non-current		742,285		817,161
Total facilities in use at balance date		<u>817,160</u>		<u>903,832</u>

Unused loan facilities at balance date		0		0
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**SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

16. CONTINGENT LIABILITIES

As disclosed in Note 20, the Shire has a 25% interest in the Bendering Landfill Site (the Site). The Site has been registered as a Category 89 Prescribed Premises under Part V of the Environmental Protection Act 1968.

The Environmental Protection (Rural Landfill) Regulations 2002 apply to Category 89, Prescribed Premises in Schedule 1 Part 2 of the Environmental Protection Regulations for a putrescible landfill site that accepts between 20 and 5,000 tonnes of waste per year. These regulations outline the requirements for the Site, including a post-closure plan.

A Landfill Management Plan (the Plan) was prepared by Tallis Consultants outlining the post-closure rehabilitation requirements for the Site. The Plan was received by the members of the Roe Regional Organisation of Councils at their meeting in July 2022. The Plan estimates the remaining life of Stage 1 of the Site to be approximately four years and the closure cost for Stage 1 will be \$514,337. The Shire's share of this cost will be 128,584.

The Shire currently has \$28,652 in the Bendering Landfill Renewal Reserve account by way of Council Resolution in 2016/17. The Shire will transfer the balance of \$99,932 for the next three financial years to cover the costs of rehabilitation of Stage 1 of the Site.

17. CAPITAL COMMITMENTS

	2022	2021
	\$	\$
Contracted for:		
- capital expenditure projects	344,323	1,210,093
- plant & equipment purchases	706,905	0
	1,051,228	1,210,093
Payable:		
- not later than one year	1,051,228	1,210,093

SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Elected member Cr RM Cole			
President's annual allowance	2,333	7,000	7,000
Meeting attendance fees	1,350	4,500	5,100
Annual allowance for travel and accommodation expenses	540	0	1,428
	4,223	11,500	13,528
Elected member Cr KM Mortimore			
President's annual allowance	5,248	0	0
Deputy President's annual allowance	438	1,750	1,750
Meeting attendance fees	4,090	3,528	2,610
Annual allowance for travel and accommodation expenses	432	0	648
	10,208	5,278	5,008
Elected member Cr PD Lines			
Meeting attendance fees	560	2,480	2,560
Annual allowance for travel and accommodation expenses	0	0	168
	560	2,480	2,728
Elected member Cr SW Stirrat			
Deputy President's annual allowance	1,314	0	0
Meeting attendance fees	2,400	2,400	2,400
Annual allowance for travel and accommodation expenses	2,700	2,700	2,700
	6,414	5,100	5,100
Elected member Cr AB Wright			
Meeting attendance fees	560	2,480	2,480
	560	2,480	2,480
Elected member Cr W Milner			
Meeting attendance fees	2,320	2,560	2,560
Annual allowance for travel and accommodation expenses	0	0	134
	2,320	2,560	2,694
Elected member Cr RD DeLuis			
Meeting attendance fees	160	2,640	2,320
Annual allowance for travel and accommodation expenses	120	1,700	1,880
	280	4,340	4,200
Elected member Cr AM Hardham			
Meeting attendance fees	1,680	2,640	2,640
	1,680	2,640	2,640
Elected member Cr HA Cusack			
Meeting attendance fees	1,680	0	0
Annual allowance for travel and accommodation expenses	144	0	0
	1,824	0	0
Elected member Cr DA Bray			
Meeting attendance fees	1,840	0	0
	1,840	0	0
Elected member Cr MJ Currie			
Meeting attendance fees	1,920	0	0
Annual allowance for travel and accommodation expenses	14	0	0
	1,934	0	0
Elected member Cr TW Cole			
Meeting attendance fees	1,920	0	0
Annual allowance for travel and accommodation expenses	438	0	0
	2,358	0	0

**SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

18. Elected Member Remuneration (Continued)

TOTAL	34,201	36,378	38,378
Fees, expenses and allowances to be paid or reimbursed to elected council members.	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
President's annual allowance	7,581	7,000	7,875
Deputy President's annual allowance	1,752	1,750	875
Meeting attendance fees	20,480	23,228	22,670
Travel and accommodation expenses	4,388	4,400	6,958
18(b)	34,201	36,378	38,378

(b) Key Management Personnel (KMP) Compensation

The total of compensation paid to KMP of the Shire during the year are as follows:

	2022 Actual	2021 Actual
	\$	\$
Short-term employee benefits	442,771	418,177
Post-employment benefits	55,356	52,639
Employee - other long-term benefits	22,198	12,401
Employee - termination benefits	0	1,834
Council member costs	34,201	38,378
18(a)	554,526	523,429

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

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

Other long-term benefits

These amounts represent annual leave and long service leave entitlements 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).

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

(c) 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 guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:

	2022 Actual	2021 Actual
	\$	\$
Purchase of goods and services	161,181	164,272
Post employee benefits - other related parties		
Amounts outstanding from related parties:		
Loans to associated entities	72,343	80,000

**SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

18. RELATED PARTY TRANSACTIONS

(d) 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 council 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.

**SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

19. JOINT ARRANGEMENTS

(a) Share of joint operations - Department of Housing

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, Narembreen. The Shire's share of the housing units is included in Property, Plant & Equipment.

Statement of Financial Position

	2022 Actual	2021 Actual
	\$	\$
Land	10,694	150,000
Buildings - non specialised	142,071	996,075
Less:accumulated depreciation	0	(85,191)
Total assets	152,765	1,060,884

SIGNIFICANT ACCOUNTING POLICIES

Joint operations

A joint operation is a joint arrangement where the Shire has joint control with another party to the joint arrangement. All parties to joint arrangements have rights to the assets, and obligations for the liabilities relating to the arrangement.

Assets, liabilities, revenues and expenses relating to the Shire's interest in the joint operation are accounted for in accordance with the relevant Australian Accounting Standard.

(b) Share of joint operations - Roe Environmental Health Services

The Shire has a 15.38% interest in Roe Environmental Health Services (RoeEHS).

The Shire's interest in the revenue and expenses have been included in the respective line items of the financial statements.

Statement of Comprehensive Income

	2022 Actual	2021 Actual
	\$	\$
Materials and Contracts	(22,700)	(32,928)
Profit/(loss) for the period	(22,700)	(32,928)

SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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20. INVESTMENT IN ASSOCIATES

(a) Investment in associate

Set out in the table below are the associates of the Shire. All associates are measured using the equity method. Western Australia is the principal place of business for all associates.

Name of entity	% of ownership interest		2022	2021
	2022	2021	Actual	Actual
			\$	\$
Roe Regional Organisation of Councils (RoeROC)	25.00%	25.00%	48,097	0
Total equity-accounted investments			48,097	0
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 has a 25% interest in RoeROC assets at the Bendering Landfill site.				
The Shire's share in the assets for 2022 are based on the audited results of the Roe Regional Organisation of Councils as follows:				
Current assets			0	0
Non-current assets			192,386	0
Total assets			192,386	0
Liabilities			0	0
Net assets			192,386	0
Shire's 1/4th interest in associate			48,097	
Opening Balance			0	0
Movement in infrastructure previously recorded as a joint operation			6,198	0
Movement in land previously not recorded as a joint operation			20,000	0
Movement in share of result in associate			21,899	0
Closing balance			48,097	0

In 2021, the Shire's interest in RoeROC was reported as a joint arrangement without reference to RoeROC's audited financial statements.

SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

An associate is an entity over which the Shire has the power to participate in the financial and operating policy decisions of the investee but not control or joint control of those policies.

Investments in associates are accounted for using the equity method. The equity method of accounting, is whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

21. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds 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
	%	\$	\$	\$	\$
2022					
Cash and cash equivalents	0.69%	6,887,323	0	6,887,323	0
Term deposits	2.14%	1,775,937	1,775,937	0	0

2021

Cash and cash equivalents	0.51%	6,240,029	0	3,426,704	2,813,325
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Sensitivity

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

	2022	2021
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	68,873	34,267

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 26(a).

SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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21. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

The Shire 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 2021 or 1 July 2022 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 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
30 June 2022						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	7,541	27,712	18,500	46,511	100,264	
Loss allowance	0	0	0	0	0	5
30 June 2021						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	45,000	24,910	13,010	31,006	113,926	
Loss allowance	0	0	0	0	0	5

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Less than 30 year past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total	
30 June 2022						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	0.00%	1.00%		
Gross carrying amount	153,329	2,221	1,900	2,010	159,460	
Loss allowance	0	0	0	2,014	2,014	5
30 June 2021						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	0.00%	0.56%		
Gross carrying amount	5,018	16,957	321	13,714	36,010	
Loss allowance	0	0	0	7,618	7,618	5

**SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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21. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

The loss allowances for trade receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	Rates receivable		Trade and other receivables		Contract Assets	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual	2022 Actual	2021 Actual
	\$	\$	\$	\$	\$	\$
Opening loss allowance as at 1 July	0	0	7,618	4,156	0	0
Increase in loss allowance recognised in profit or loss during the year	0	0	0	5,603	0	0
Receivables written off during the year as uncollectible	0	0	(5,604)	(2,141)	0	0
Closing loss allowance at 30 June	0	0	2,014	7,618	0	0

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Shire, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

21. 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 15(c).

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
	\$	\$	\$	\$	\$
<u>2022</u>					
Trade and other payables	723,705	0	0	723,705	723,705
Borrowings	115,077	452,565	489,651	1,057,292	817,160
	<u>838,782</u>	<u>452,565</u>	<u>489,651</u>	<u>1,780,997</u>	<u>1,540,865</u>
<u>2021</u>					
Trade and other payables	292,116	0	0	292,116	292,116
Borrowings	15,682	15,239	1,056,436	1,087,357	903,832
	<u>307,798</u>	<u>15,239</u>	<u>1,056,436</u>	<u>1,379,473</u>	<u>1,195,948</u>

22. 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) Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost 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).

i) 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.

j) Impairment of assets

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

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

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

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

k) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

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
- AASB 2021-7 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

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

SHIRE OF NAREMBEEN
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FOR THE YEAR ENDED 30 JUNE 2022

23. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Income excluding grants, subsidies and contributions			
Governance	53,356	38,937	50,157
General purpose funding	1,917,679	1,922,450	1,869,707
Law, order, public safety	55,464	55,093	52,589
Health	14,100	12,691	172
Housing	109,507	105,274	66,187
Community amenities	269,438	182,604	206,958
Recreation and culture	68,626	57,350	54,654
Transport	62,317	4,000	3,664
Economic services	122,162	91,350	152,565
Other property and services	137,316	151,710	145,918
	2,809,965	2,621,459	2,602,571
Grants, subsidies and contributions			
Governance	2,160	0	391
General purpose funding	2,981,627	1,004,589	2,349,634
Law, order, public safety	12,801	16,000	14,172
Community amenities	273,606	1,252,683	223,192
Recreation and culture	302,042	737,464	367,353
Transport	2,770,290	4,003,699	2,884,385
Economic services	172,376	177,612	179,249
	6,514,902	7,192,047	6,018,376
Total Income	9,324,867	9,813,506	8,620,947
Expenses			
Governance	(324,692)	(231,829)	(242,417)
General purpose funding	(155,016)	(168,579)	(210,816)
Law, order, public safety	(160,034)	(193,937)	(533,695)
Health	(176,117)	(184,767)	(172,610)
Housing	(179,323)	(211,652)	(150,127)
Community amenities	(964,486)	(1,145,726)	(875,210)
Recreation and culture	(1,474,516)	(1,402,107)	(1,297,293)
Transport	(3,312,905)	(2,970,183)	(3,030,424)
Economic services	(533,206)	(509,424)	(501,387)
Other property and services	(142,825)	(126,795)	(261,762)
Total expenses	(7,423,120)	(7,144,999)	(7,275,741)
Net result for the period	1,901,747	2,668,507	1,345,206

SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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23. FUNCTION AND ACTIVITY (Continued)

(c) Fees and Charges (including Service Charges)

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Governance	14,199	18,000	14,887
General purpose funding	9,617	10,000	13,186
Law, order, public safety	55,464	55,093	52,588
Health	2,145	0	172
Housing	86,635	74,902	64,244
Community amenities	213,087	172,219	188,309
Recreation and culture	16,788	16,850	18,806
Transport	4,080	4,000	3,663
Economic services	100,263	91,350	152,565
Other property and services	127,469	127,683	133,078
	629,747	570,097	641,498

(d) Total Assets

	2022	2021
	\$	\$
Governance	908,388	1,120,238
General purpose funding	9,274,195	2,611,470
Law, order, public safety	782,209	755,148
Health	186,433	273,898
Housing	3,062,244	3,092,268
Community amenities	2,560,492	2,272,246
Recreation and culture	12,525,805	12,627,211
Transport	79,985,907	75,823,402
Economic services	1,387,252	1,549,074
Other property and services	13,372	5,764,702
Unallocated	0	80,000
	110,686,297	105,969,657

**SHIRE OF NAREMBEEN
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022**

23. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

Shire operations as disclosed in this financial report encompass the following service orientated functions and activities.

PROGRAM NAME AND OBJECTIVES	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.

SHIRE OF NAREMBEEN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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24. RATING INFORMATION

(a) General Rates

RATE TYPE		2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2020/21	
Rate Description	Basis of valuation	Rate in \$	Number of Properties	Actual Rateable Value *	Actual Rate Revenue	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue
Town	Gross rental valuation	0.12015	224	1,690,085	229,673	3,357	0	233,030	229,665	0	0	229,665	208,973
Rural	Unimproved valuation	0.01427	320	112,653,000	1,607,558	464	0	1,608,022	1,606,995	0	0	1,606,995	1,574,871
Mining	Unimproved valuation	0.01427	3	129,332	1,878	881	0	2,759	1,845	0	0	1,845	1,336
Sub-Total			547	114,472,417	1,839,109	4,702	0	1,843,811	1,838,505	0	0	1,838,505	1,785,180
Minimum payment													
Town	Gross rental valuation	478	14	8,210	6,692	0	0	6,692	6,692	0	0	6,692	6,510
Rural	Unimproved valuation	478	41	640,300	19,598	0	0	19,598	19,598	0	0	19,598	19,530
Mining	Unimproved valuation	478	26	245,150	12,428	0	0	12,428	12,428	0	0	12,428	9,300
Sub-Total			81	893,660	38,718	0	0	38,718	38,718	0	0	38,718	35,340
			628	115,366,077	1,877,827	4,702	0	1,882,529	1,877,223	0	0	1,877,223	1,820,520
Discounts on general rates (Refer note 24(d))								(25,113)				(28,158)	(26,000)
Total amount raised from general rates								1,857,416				1,849,065	1,794,520
Rates (excluding general rates)													
Ex-gratia Rates													
Ex-gratia Rates								21,385	21,385	0	0	21,385	21,385
Sub-Total			0	0	0	0	0	21,385	21,385	0	0	21,385	21,385
Total amount raised from rates (excluding general rates)								21,385				21,385	21,385
Total Rates								1,878,801				1,870,450	1,815,905

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities*.

SHIRE OF NAREMBEEN
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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24. RATING INFORMATION (Continued)

(b) Specified Area Rate

The Shire did not levy a specified are rate during the current reporting period

(c) Service Charges

The Shire did not levy a service charge during the current reporting period

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

Rates Discounts

Rate or Fee Discount Granted	Type	Discount %	Discount \$	2022 Actual \$	2022 Budget \$	2021 Actual \$	Circumstances in which Discount is Granted
Early Payment		2.00%		25,113	28,158	26,000	Full payment received by the due date.
				25,113	28,158	26,000	

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24. RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	3/09/2021	0.0	0.00%	7.00%
Option Two				
First instalment	3/09/2021	0.0	0.00%	7.00%
Second instalment	5/11/2021	10.0	5.50%	7.00%
Third instalment	7/01/2022	10.0	5.50%	7.00%
Fourth instalment	8/03/2022	10.0	5.50%	7.00%

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Charges on instalment plan	2,360	2,400	2,350
Interest on installment plan	5,323	5,000	4,271
Interest on unpaid rates	8,831	10,000	7,704
	16,514	17,400	14,325

SHIRE OF NAREMBEEN
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25. RATE SETTING STATEMENT INFORMATION

		2021/22 Budget	2021/22	2020/21		
	2021/22	(30 June 2022	(1 July 2021	(30 June 2021		
Note	Carried Forward)	Carried Forward)	Brought Forward)	Carried Forward		
	\$	\$	\$	\$		
(a) Non-cash amounts excluded from operating activities						
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .						
Adjustments to operating activities						
	Less: Profit on asset disposals	9(b)	(43,331)	(62,968)	(10,610)	(10,610)
	Less: Fair value adjustments to financial assets at fair value through profit and loss		(3,997)	0	(2,586)	(2,586)
	Movement in pensioner deferred rates (non-current)		3,957	0	(3,959)	(3,959)
	Movement in employee benefit provisions (non-current)		(35,125)	0	(69,786)	(69,786)
	Less: Share of net profit of associates and joint ventures accounted for using the equity method		(21,899)	0	0	0
	Add: Loss on disposal of assets	9(b)	22,290	98,536	436,125	436,125
	Add: Loss on revaluation of fixed assets	8(a)	0	0	59,823	59,823
	Add: Depreciation	9(a)	3,106,232	2,989,264	3,047,559	3,047,559
	Non-cash movements in non-current assets and liabilities:					
	Inventory	6	67,328	0	0	0
	Non-cash amounts excluded from operating activities		3,095,455	3,024,832	3,456,566	3,456,566
(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: Reserve accounts	27	(4,133,569)	(3,932,302)	(2,813,326)	(2,813,326)
	Less: Financial assets at amortised cost - self supporting loans	4(a)	(15,547)	0	(15,264)	(15,264)
	Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings	12	74,875	0	86,671	86,671
	Total adjustments to net current assets		(4,074,241)	(3,932,302)	(2,741,919)	(2,741,919)
Net current assets used in the Rate Setting Statement						
	Total current assets		8,989,009	4,385,152	6,489,023	6,489,023
	Less: Total current liabilities		(2,346,155)	(452,850)	(1,316,646)	(1,316,646)
	Less: Total adjustments to net current assets		(4,074,241)	(3,932,302)	(2,741,919)	(2,741,919)
	Net current assets used in the Rate Setting Statement		2,568,613	0	2,430,458	2,430,458

SHIRE OF NAREMBEEN
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26. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual						Budget				
		Principal at 1 July 2020	New Loans During 2020-21	Principal Repayments During 2020-21	Principal at 30 June 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Solar Panels		30,375	0	(14,985)	15,390	0	(15,390)	0	15,390	0	(15,390)	0
Swimming Pool		180,467	0	(20,987)	159,480	0	(22,412)	137,068	159,480	0	(22,412)	137,068
Recreation Centre		639,921	0	(32,069)	607,852	0	(33,604)	574,248	607,850	0	(33,604)	574,246
Total		850,763	0	(68,041)	782,722	0	(71,406)	711,316	782,720	0	(71,406)	711,314
Self Supporting Loans												
Aged Homes		29,730	0	(3,733)	25,997	0	(3,892)	22,105	25,998	0	(3,892)	22,106
Mt Walker Tennis Club		18,790	0	(3,677)	15,113		(3,717)	11,396	15,113	0	(3,717)	11,396
Bowling Club		0	80,000	0	80,000		(7,657)	72,343	80,000	0	(7,655)	72,345
Total Self Supporting Loans		48,520	80,000	(7,410)	121,110	0	(15,266)	105,844	121,111	0	(15,264)	105,847
Total Borrowings	12	899,283	80,000	(75,451)	903,832	0	(86,672)	817,160	903,831	0	(86,670)	817,161

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost.

All other loan repayments were financed by general purpose revenue.

Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021
						\$	\$	\$
Solar Panels		Governance	129	WATC *	2.69%	311	311	717
Swimming Pool		Recreation and culture	125	WATC *	6.68%	10,285	10,285	11,710
Recreation Centre		Recreation and culture	128	WATC *	5.26%	31,537	31,537	33,237
Total						42,133	42,133	45,664
Self Supporting Loans Interest Repayments								
Aged Homes		Housing	127	WATC	4.23%	1,059	1,059	1,219
Mt Walker Tennis Club		Recreation and culture	130	WATC	1.09%	155	155	195
Bowling Club		Recreation and culture	131	WATC	0.97%	761	761	0
Total Self Supporting Loans Interest Repayments						1,975	1,975	1,414
Total Interest Repayments	2(b)					44,108	44,108	47,078

* WA Treasury Corporation

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27. RESERVE ACCOUNTS

	2022 Actual Opening Balance \$	2022 Actual Transfer to \$	2022 Actual Transfer (from) \$	2022 Actual Closing Balance \$	2022 Budget Opening Balance \$	2022 Budget Transfer to \$	2022 Budget Transfer (from) \$	2022 Budget Closing Balance \$	2021 Actual Opening Balance \$	2021 Actual Transfer to \$	2021 Actual Transfer (from) \$	2021 Actual Closing Balance \$
Restricted by council												
(a) Leave reserve	263,476	538	0	264,014	263,476	0	0	263,476	262,248	1,228	0	263,476
(b) Plant Reserve	567,212	18,728	0	585,940	567,212	17,580	0	584,792	564,567	2,645	0	567,212
(c) Infrastructure Reseve	1,383,640	248,170	0	1,631,810	1,383,640	346,260	0	1,729,900	1,377,188	6,452	0	1,383,640
(d) Recreation Reserve	168,508	445,472	0	613,980	168,508	445,174	0	613,682	167,723	785	0	168,508
(e) Housing Reserve	182,517	296,992	0	479,509	182,517	0	0	182,517	181,666	851	0	182,517
(f) Land Developement	71,660	301,594	0	373,254	71,659	301,550	0	373,209	71,326	334	0	71,660
(g) Avoca Farm/Wadderin Reserve	45,666	95	0	45,761	45,666	0	0	45,666	45,453	213	0	45,666
(h) Heritage Reserve	20,263	21	0	20,284	20,262	0	0	20,262	20,168	95	0	20,263
(i) Medical Rererve Funds	90,188	177	0	90,365	90,188	0	0	90,188	89,767	421	0	90,188
(j) Bendinger Landfill Renewal Reserve	20,195	8,457	0	28,652	20,195	8,415	0	28,610	20,101	94	0	20,195
	2,813,325	1,320,244	0	4,133,569	2,813,323	1,118,979	0	3,932,302	2,800,207	13,118	0	2,813,325

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets 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 Developement	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 Reserve Funds	Ongoing	To be used to assist in the future attraction and retention of medical services
(j) Bendinger Landfill Renewal Reserve	Ongoing	To be used to assist in the future upgrade of plant, machinery and other requirements at the Bendinger Landfill Site

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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 2021	Amounts Received	Amounts Paid	30 June 2022
	\$	\$	\$	\$
Wheatbelt Railway Retention Alliance	6,272	0	(3,000)	3,272
Building Services Levy	501	1,075	(1,481)	95
	6,773	1,075	(4,481)	3,367