

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

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COMMUNITY VISION

A great place to live with a well-connected, strong, healthy and friendly community

Principal place of business:
21 Railway Avenue
Nungarin WA 6490

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the _____ day of _____ 2021

Chief Executive Officer

LEONARD LONG

Name of Chief Executive Officer

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	23(a)	575,632	576,698	573,830
Operating grants, subsidies and contributions	2(a)	1,457,278	788,312	1,460,590
Fees and charges	2(a)	111,792	116,369	115,252
Interest earnings	2(a)	9,068	10,654	19,516
Other revenue	2(a)	109,811	95,505	142,390
		<u>2,263,581</u>	<u>1,587,538</u>	<u>2,311,578</u>
Expenses				
Employee costs		(717,167)	(993,547)	(787,892)
Materials and contracts		(499,319)	(790,215)	(542,910)
Utility charges		(126,042)	(125,768)	(131,887)
Depreciation on non-current assets	11(b)	(1,073,477)	(1,018,532)	(1,020,909)
Interest expenses	2(b)	(24,596)	(25,228)	(27,035)
Insurance expenses		(105,240)	(89,910)	(90,929)
Other expenditure	2(b)	(169,647)	(151,673)	(164,721)
		<u>(2,715,488)</u>	<u>(3,194,873)</u>	<u>(2,766,283)</u>
		<u>(451,907)</u>	<u>(1,607,335)</u>	<u>(454,705)</u>
Non-operating grants, subsidies and contributions	2(a)	748,540	932,769	404,225
Profit on asset disposals	11(a)	462,547	0	0
(Loss) on asset disposals	11(a)	0	0	(8,616)
Fair value adjustments to financial assets at fair value through profit or loss		1,294	0	576
		<u>1,212,381</u>	<u>932,769</u>	<u>396,185</u>
Net result for the period		760,474	(674,566)	(58,520)
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		760,474	(674,566)	(58,520)

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

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
	2(a)			
Governance		44,997	8,390	30,643
General purpose funding		1,573,360	1,069,870	1,563,771
Law, order, public safety		10,638	10,600	9,702
Health		2,490	160	160
Education and welfare		8,082	9,565	36,289
Housing		44,174	46,774	49,112
Community amenities		19,711	32,924	20,770
Recreation and culture		33,110	23,714	59,487
Transport		397,884	221,273	400,695
Economic services		55,338	82,633	65,850
Other property and services		73,797	81,635	75,099
		2,263,581	1,587,538	2,311,578
Expenses				
	2(b)			
Governance		(432,557)	(457,753)	(333,987)
General purpose funding		(17,726)	(18,183)	(104,894)
Law, order, public safety		(32,455)	(44,570)	(33,028)
Health		(32,342)	(49,301)	(31,796)
Education and welfare		(9,349)	(7,124)	(7,383)
Housing		(198,445)	(187,708)	(180,604)
Community amenities		(133,308)	(134,586)	(166,408)
Recreation and culture		(631,091)	(670,133)	(700,193)
Transport		(999,595)	(1,383,276)	(964,665)
Economic services		(91,285)	(115,376)	(106,306)
Other property and services		(112,739)	(101,635)	(109,984)
		(2,690,892)	(3,169,645)	(2,739,248)
Finance Costs				
	2(b)			
Governance		(2,486)	(2,721)	(3,045)
Recreation and culture		(12,826)	(13,042)	(14,237)
Transport		(9,284)	(9,465)	(9,753)
		(24,596)	(25,228)	(27,035)
		(451,907)	(1,607,335)	(454,705)
Non-operating grants, subsidies and contributions	2(a)	748,540	932,769	404,225
Profit on disposal of assets	11(a)	462,547	0	0
(Loss) on disposal of assets	11(a)	0	0	(8,616)
Fair value adjustments to financial assets at fair value through profit or loss		1,294	0	576
		1,212,381	932,769	396,185
Net result for the period		760,474	(674,566)	(58,520)
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		760,474	(674,566)	(58,520)

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

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

	NOTE	2021	2020
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	2,015,174	1,712,205
Trade and other receivables	6	184,076	105,679
Other financial assets	5(a)	2,275	8,466
Inventories	7	4,587	32,984
Other assets	8	2,129	3,008
TOTAL CURRENT ASSETS		2,208,241	1,862,342
NON-CURRENT ASSETS			
Trade and other receivables	6	3,512	3,512
Other financial assets	5(b)	40,519	41,499
Property, plant and equipment	9	7,641,205	7,109,169
Infrastructure	10	44,301,483	44,267,797
TOTAL NON-CURRENT ASSETS		51,986,719	51,421,977
TOTAL ASSETS		54,194,960	53,284,319
CURRENT LIABILITIES			
Trade and other payables	13	121,177	113,691
Contract liabilities	14	247,665	62,005
Borrowings	15(a)	42,661	46,524
Employee related provisions	16	71,623	74,498
TOTAL CURRENT LIABILITIES		483,126	296,718
NON-CURRENT LIABILITIES			
Borrowings	15(a)	398,990	441,651
Employee related provisions	16	19,938	13,518
TOTAL NON-CURRENT LIABILITIES		418,928	455,169
TOTAL LIABILITIES		902,054	751,887
NET ASSETS		53,292,906	52,532,432
EQUITY			
Retained surplus		13,758,349	13,017,248
Reserves - cash backed	4	646,952	627,579
Revaluation surplus	12	38,887,605	38,887,605
TOTAL EQUITY		53,292,906	52,532,432

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

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2019		13,227,257	476,090	38,887,605	52,590,952
Comprehensive income					
Net result for the period		(58,520)	0	0	(58,520)
Total comprehensive income		(58,520)	0	0	(58,520)
Transfers to reserves	4	(151,489)	151,489	0	0
Balance as at 30 June 2020		13,017,248	627,579	38,887,605	52,532,432
Restated balance at 1 July 2020		13,017,248	627,579	38,887,605	52,532,432
Comprehensive income					
Net result for the period		760,474	0	0	760,474
Total comprehensive income		760,474	0	0	760,474
Transfers to reserves	4	(19,373)	19,373	0	0
Balance as at 30 June 2021		13,758,349	646,952	38,887,605	53,292,906

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

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		556,959	586,698	652,483
Operating grants, subsidies and contributions		1,492,468	779,394	1,475,057
Fees and charges		113,213	116,369	111,192
Interest received		9,068	10,654	19,516
Goods and services tax received		64,614	0	72,823
Other revenue		109,811	95,505	139,382
		2,346,133	1,588,620	2,470,453
Payments				
Employee costs		(714,181)	(993,547)	(801,881)
Materials and contracts		(462,182)	(790,215)	(535,304)
Utility charges		(126,042)	(125,768)	(131,887)
Interest expenses		(24,131)	(25,228)	(27,473)
Insurance paid		(105,240)	(89,910)	(90,929)
Goods and services tax paid		(77,017)	0	(4,050)
Other expenditure		(151,404)	(151,673)	(241,987)
		(1,660,197)	(2,176,341)	(1,833,511)
Net cash provided by (used in) operating activities	17	685,936	(587,721)	636,942
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for financial assets at amortised cost - self supporting loans		8,465	8,465	9,557
Payments for purchase of property, plant & equipment	9(a)	(900,101)	(725,700)	(81,118)
Payments for construction of infrastructure	10(a)	(784,504)	(744,185)	(575,387)
Non-operating grants, subsidies and contributions		831,744	932,769	404,225
Proceeds from sale of property, plant & equipment	11(a)	507,953	20,000	20,729
Net cash provided by (used in) investment activities		(336,443)	(508,651)	(221,994)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	15(b)	(46,524)	(46,524)	(45,430)
Proceeds from new borrowings	15(b)	0	85,000	0
Net cash provided by (used in) financing activities		(46,524)	38,476	(45,430)
Net increase (decrease) in cash held		302,969	(1,057,896)	369,518
Cash at beginning of year		1,712,205	1,712,130	1,342,687
Cash and cash equivalents at the end of the year	17	2,015,174	654,234	1,712,205

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

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	24 (b)	1,052,761	1,078,351	899,227
		1,052,761	1,078,351	899,227
Revenue from operating activities (excluding rates)				
Governance		50,409	8,390	30,643
General purpose funding		996,161	493,172	989,890
Law, order, public safety		467,773	10,600	9,702
Health		2,490	160	160
Education and welfare		8,082	9,565	36,289
Housing		44,174	46,774	49,112
Community amenities		19,711	32,924	20,770
Recreation and culture		33,110	23,714	59,487
Transport		397,884	221,273	400,695
Economic services		55,338	82,633	65,850
Other property and services		75,091	81,635	75,675
		2,150,223	1,010,840	1,738,273
Expenditure from operating activities				
Governance		(435,043)	(460,474)	(337,032)
General purpose funding		(17,726)	(18,183)	(104,894)
Law, order, public safety		(32,455)	(44,570)	(33,028)
Health		(32,342)	(49,301)	(31,796)
Education and welfare		(9,349)	(7,124)	(7,383)
Housing		(198,445)	(187,708)	(180,604)
Community amenities		(133,308)	(134,586)	(166,408)
Recreation and culture		(643,917)	(683,175)	(714,430)
Transport		(1,008,879)	(1,392,741)	(983,034)
Economic services		(91,285)	(115,376)	(106,306)
Other property and services		(112,739)	(101,635)	(109,984)
		(2,715,488)	(3,194,873)	(2,774,899)
Non-cash amounts excluded from operating activities	24(a)	643,351	1,018,532	1,035,192
Amount attributable to operating activities		1,130,847	(87,150)	897,793
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	748,540	932,769	404,225
Proceeds from disposal of assets	11(a)	507,953	20,000	20,729
Payments for financial assets at amortised cost - self supporting loans		8,465	8,465	9,557
Purchase of property, plant and equipment	9(a)	(900,101)	(725,700)	(81,118)
Purchase and construction of infrastructure	10(a)	(784,504)	(744,185)	(575,387)
		(419,647)	(508,651)	(221,994)
Amount attributable to investing activities		(419,647)	(508,651)	(221,994)
FINANCING ACTIVITIES				
Repayment of borrowings	15(b)	(46,524)	(46,524)	(45,430)
Proceeds from borrowings	15(c)	0	85,000	0
Transfers to reserves (restricted assets)	4	(19,373)	(19,373)	(151,489)
Amount attributable to financing activities		(65,897)	19,103	(196,919)
Surplus/(deficit) before imposition of general rates		645,303	(576,698)	478,880
Total amount raised from general rates	23(a)	577,199	576,698	573,881
Surplus/(deficit) after imposition of general rates	24(b)	1,222,502	0	1,052,761

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

SHIRE OF NUNGARIN
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FOR THE YEAR ENDED 30 JUNE 2021

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

1. BASIS OF PREPARATION

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

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

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

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

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

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

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

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

- Employee Expenses
- Property, Plant and Equipment
- Infrastructure
- Employee Related Provisions

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

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions			
Governance	14,873	0	182
General purpose funding	987,830	482,322	970,312
Law, order, public safety	2,862	6,000	4,262
Education and welfare	4,285	0	1,140
Community amenities	6,709	19,994	4,630
Recreation and culture	3,750	0	25,220
Transport	393,479	218,063	396,821
Economic services	32,238	61,933	58,023
Other property and services	11,252	0	0
	1,457,278	788,312	1,460,590
Non-operating grants, subsidies and contributions			
Law, order, public safety	7,682	323,700	0
Housing	19,800	0	0
Community amenities	99,794	0	0
Recreation and culture	187,377	230,826	0
Transport	403,395	378,243	404,225
Economic services	30,492	0	0
	748,540	932,769	404,225
Total grants, subsidies and contributions	2,205,818	1,721,081	1,864,815
Fees and charges			
Governance	6,447	6,490	6,976
General purpose funding	1,100	650	595
Law, order, public safety	1,617	600	1,440
Health	364	160	160
Housing	43,610	46,604	48,008
Community amenities	12,969	12,930	16,141
Recreation and culture	29,048	23,260	25,173
Economic services	9,745	20,700	7,827
Other property and services	6,892	4,975	8,932
	111,792	116,369	115,252

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

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions	135,991	163,487	62,653
Fees and charges	109,306	114,409	111,907
Other revenue	28,874	21,110	22,927
Non-operating grants, subsidies and contributions	748,540	932,769	404,225
	1,022,711	1,231,775	601,712

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

Revenue from contracts with customers included as a contract liability at the start of the period	62,005	62,005	52,798
Revenue from contracts with customers recognised during the year	212,166	237,001	144,689
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	748,540	932,769	404,225
	1,022,711	1,231,775	601,712

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

Trade and other receivables from contracts with customers	107,820		41,975
Contract liabilities from contracts with customers	(48,905)		(62,005)
Financial assets held from transfers for recognisable financial assets	198,760		0
Grant liabilities from transfers for recognisable non financial assets	(198,760)		0

Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'.

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

Consideration from contracts with customers is included in the transaction price.

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services

Interest expenses (finance costs)

- Borrowings

Other expenditure

- Impairment loss on trade and other receivables
- Sundry expenses

Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
	35,700	35,000	35,000
	2,800	0	0
	<u>38,500</u>	<u>35,000</u>	<u>35,000</u>
15(b)	24,596	25,228	27,035
	<u>24,596</u>	<u>25,228</u>	<u>27,035</u>
	18,243	0	62,907
	151,404	151,673	101,814
	<u>169,647</u>	<u>151,673</u>	<u>164,721</u>

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees and charges	Building, cemetery services, library fees, property hire, private works, planning, development, animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Adopted by Council annually or Set by State legislation or limited by legislation to the cost of provision	Applied fully based on timing of provision/entry, or based on timing of issue of the associated rights	Not applicable	Output method based on provision of service or completion of works, or on payment and issue of the licence, registration or approval
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims and reimbursable expenses	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed or expense is incurred	Not applicable	When claim is agreed or when expense is incurred

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

3. CASH AND CASH EQUIVALENTS

NOTE	2021	2020
	\$	\$
Cash at bank and on hand	2,015,174	1,712,205
Total cash and cash equivalents	2,015,174	1,712,205

Restrictions

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

- Cash and cash equivalents	905,481	700,550
	905,481	700,550

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

Reserves - cash backed	4	646,952	627,579
Contract liabilities from contracts with customers	14	48,905	62,005
Grants for transfers for recognisable non financial assets	14	198,760	0
Bonds and deposits	13	10,864	10,966
Total restricted assets		905,481	700,550

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

SHIRE OF NUNGARIN
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4. RESERVES - CASH BACKED

	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Transfer (from)	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Reserves cash backed - Leave Reserve	103,953	0	0	103,953	103,953	0	0	103,953	103,643	310	0	103,953
(b) Reserves cash backed - Plant	253,888	19,373	0	273,261	253,887	19,373	0	273,260	153,429	100,459	0	253,888
(c) Reserves cash backed - Office Building	37,909	0	0	37,909	37,909	0	0	37,909	37,828	81	0	37,909
(d) Reserves cash backed - Swimming Pool	45,220	0	0	45,220	45,219	0	0	45,219	45,085	135	0	45,220
(e) Reserves cash backed - Land Development	2,085	0	0	2,085	2,086	0	0	2,086	2,079	6	0	2,085
(f) Reserves cash backed - Building	71,354	0	0	71,354	71,355	0	0	71,355	21,259	50,095	0	71,354
(g) Reserves cash backed - Community Bus	111,307	0	0	111,307	111,306	0	0	111,306	110,975	332	0	111,307
(h) Reserves cash backed - Computer Equipment/Software	1,863	0	0	1,863	1,863	0	0	1,863	1,792	71	0	1,863
	627,579	19,373	0	646,952	627,578	19,373	0	646,951	476,090	151,489	0	627,579

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Reserves cash backed - Leave Reserve	Ongoing	to be used to fund annual and long service leave requirements.
(b) Reserves cash backed - Plant	Ongoing	to be used for the purchase of major plant.
(c) Reserves cash backed - Office Building	Ongoing	to be used for the construction of a new administration centre.
(d) Reserves cash backed - Swimming Pool	Ongoing	to be used for the refurbishment of the swimming pool.
(e) Reserves cash backed - Land Development	Ongoing	to be used to fund the development of a light industrial area.
(f) Reserves cash backed - Building	Ongoing	to be used for the future building needs of the Shire.
(g) Reserves cash backed - Community Bus	Ongoing	to be used to restrict the excess monies from the Community Bus hire for maintenance.
(h) Reserves cash backed - Computer Equipment/Software	Ongoing	to be used for major upgrades of Council's computer system.

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

2021	2020
\$	\$
2,275	8,466
2,275	8,466

Other financial assets at amortised cost

Self supporting loans

2,275	8,466
2,275	8,466

(b) Non-current assets

Financial assets at amortised cost

3,615	5,889
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Financial assets at fair value through profit and loss

36,904	35,610
40,519	41,499

Financial assets at amortised cost

Self supporting loans

3,615	5,889
3,615	5,889

Financial assets at fair value through profit and loss

Units in Local Government House Trust

36,904	35,610
36,904	35,610

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 15(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

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

6. TRADE AND OTHER RECEIVABLES

Current

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

Non-current

Pensioner's rates and ESL deferred	
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	2021	2020
	\$	\$
	121,959	103,567
	107,820	41,975
	35,447	23,044
	(81,150)	(62,907)
	184,076	105,679
	3,512	3,512
	3,512	3,512

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 25.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

7. INVENTORIES

Current

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

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year	
Write down of inventories to net realisable value	
Additions to inventory	

Balance at end of year

	2021	2020
	\$	\$
	740	1,733
	3,847	3,956
	0	27,295
	4,587	32,984
	32,984	37,323
	(66,392)	(4,230)
	(109)	(109)
	38,104	0
	4,587	32,984

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

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

Land held for resale (Continued)

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

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

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

8. OTHER ASSETS

Other assets - current

Accrued income

	2021	2020
	\$	\$
	2,129	3,008
	2,129	3,008

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land freehold	Buildings - non- specialised	Buildings - specialised	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$
Adjusted balance at 1 July 2019	749,360	1,759,750	4,237,033	42,069	551,551	7,339,763
Additions	0	0	0	15,459	65,659	81,118
(Disposals)	0	0	0	0	(29,345)	(29,345)
Depreciation (expense)	0	(54,955)	(123,188)	(12,277)	(91,947)	(282,367)
Balance at 30 June 2020	749,360	1,704,795	4,113,845	45,251	495,918	7,109,169
Comprises:						
Gross balance amount at 30 June 2020	749,360	1,897,000	4,474,000	68,210	802,721	7,991,291
Accumulated depreciation at 30 June 2020	0	(192,205)	(360,155)	(22,959)	(306,803)	(882,122)
Balance at 30 June 2020	749,360	1,704,795	4,113,845	45,251	495,918	7,109,169
Additions	6,157	226,015	36,367	0	631,562	900,101
(Disposals)	0	0	0	0	(45,406)	(45,406)
Depreciation (expense)	0	(80,541)	(133,639)	(9,412)	(99,067)	(322,659)
Balance at 30 June 2021	755,517	1,850,269	4,016,573	35,839	983,007	7,641,205
Comprises:						
Gross balance amount at 30 June 2021	755,517	2,123,015	4,510,367	68,210	1,334,800	8,791,909
Accumulated depreciation at 30 June 2021	0	(272,746)	(493,794)	(32,371)	(351,793)	(1,150,704)
Balance at 30 June 2021	755,517	1,850,269	4,016,573	35,839	983,007	7,641,205

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

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

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

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

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

10. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - drainage	Infrastructure - parks & ovals	Infrastructure - dams	Infrastructure - refuse	Infrastructure - other	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	42,087,237	154,667	127,590	72,578	386,393	8,926	1,593,561	44,430,952
Additions	530,256	0	0	0	0	43,451	1,680	575,387
Depreciation (expense)	(548,924)	(4,984)	(6,705)	(12,211)	(16,804)	(1,287)	(147,627)	(738,542)
Balance at 30 June 2020	42,068,569	149,683	120,885	60,367	369,589	51,090	1,447,614	44,267,797
Comprises:								
Gross balance at 30 June 2020	52,255,360	375,225	298,000	256,000	737,000	76,451	4,058,500	58,056,536
Accumulated depreciation at 30 June 2020	(10,186,791)	(225,542)	(177,115)	(195,633)	(367,411)	(25,361)	(2,610,886)	(13,788,739)
Balance at 30 June 2020	42,068,569	149,683	120,885	60,367	369,589	51,090	1,447,614	44,267,797
Additions	416,227	0	115,114	193,178	0	328	59,657	784,504
Depreciation (expense)	(559,807)	(4,983)	(6,705)	(12,212)	(16,803)	(2,981)	(147,327)	(750,818)
Balance at 30 June 2021	41,924,989	144,700	229,294	241,333	352,786	48,437	1,359,944	44,301,483
Comprises:								
Gross balance at 30 June 2021	52,671,587	375,225	413,114	449,178	737,000	76,779	4,118,157	58,841,040
Accumulated depreciation at 30 June 2021	(10,746,598)	(230,525)	(183,820)	(207,845)	(384,214)	(28,342)	(2,758,213)	(14,539,557)
Balance at 30 June 2021	41,924,989	144,700	229,294	241,333	352,786	48,437	1,359,944	44,301,483

SHIRE OF NUNGARIN
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FOR THE YEAR ENDED 30 JUNE 2021

10. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2019	Construction costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2019	Construction costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - drainage	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - parks & ovals	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - dams	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - refuse	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - other	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs

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

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

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

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

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

SHIRE OF NUNGARIN
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11. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and equipment	\$ 45,406	\$ 507,953	\$ 462,547	\$ 0	\$ 20,000	\$ 20,000	\$ 0	\$ 0	\$ 29,345	\$ 20,729	\$ 0	\$ (8,616)
	45,406	507,953	462,547	0	20,000	20,000	0	0	29,345	20,729	0	(8,616)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
Plant and Equipment				
Governance				
Nissan Xtrail	16,406	21,818	5,412	0
Law, order, public safety				
Isuzu NPF Fire Truck	29,000	486,135	457,135	0
	45,406	507,953	462,547	0
	45,406	507,953	462,547	0

SHIRE OF NUNGARIN
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11. FIXED ASSETS

(b) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	80,541	54,827	54,955
Buildings - specialised	133,639	122,901	123,188
Furniture and equipment	9,412	12,249	12,277
Plant and equipment	99,067	91,733	91,947
Infrastructure - roads	559,807	547,646	548,924
Infrastructure - footpaths	4,983	4,971	4,984
Infrastructure - drainage	6,705	6,689	6,705
Infrastructure - parks & ovals	12,212	12,183	12,211
Infrastructure - dams	16,803	16,765	16,804
Infrastructure - refuse	2,981	1,284	1,287
Infrastructure - other	147,327	147,284	147,627
	1,073,477	1,018,532	1,020,909

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings non-specialised	30 to 50 years
Buildings specialised	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Infrastructure - roads	35 to 85 years
Infrastructure - footpaths	20 to 75 years
Infrastructure - drainage	5 to 75 years
Infrastructure -parks & ovals	5 to 75 years
Infrastructure - dams	5 to 75 years
Infrastructure - refuse	5 to 75 years
Infrastructure - other	5 to 75 years

Depreciation on revaluation

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated as follows:

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

12. REVALUATION SURPLUS

	2021 Opening Balance	2021 Closing Balance	2020 Opening Balance	2020 Change in Accounting Policy	2020 Closing Balance
	\$	\$	\$		\$
Revaluation surplus - Land - freehold land	532,706	532,706	543,706	(11,000)	532,706
Revaluation surplus - Buildings - non-specialised	2,193,153	2,193,153	2,193,153	0	2,193,153
Revaluation surplus - Furniture and equipment	0	0	5,898	(5,898)	0
Revaluation surplus - Plant and equipment	0	0	554,050	(554,050)	0
Revaluation surplus - Infrastructure - roads	34,488,823	34,488,823	34,488,823	0	34,488,823
Revaluation surplus - Infrastructure - footpaths	42,951	42,951	42,951	0	42,951
Revaluation surplus - Infrastructure - drainage	78,795	78,795	78,795	0	78,795
Revaluation surplus - Infrastructure - dams	420,686	420,686	420,686	0	420,686
Revaluation surplus - Infrastructure - refuse	1,532	1,532	1,532	0	1,532
Revaluation surplus - Infrastructure - other	1,128,959	1,128,959	1,128,959	0	1,128,959
	38,887,605	38,887,605	39,458,553	(570,948)	38,887,605

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 NUNGARIN
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13. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Prepaid rates
Accrued salaries and wages
ATO liabilities
Bonds and deposits held
Accrued interest on borrowings
Accrued expenditure
ESL Liability

2021	2020
\$	\$
37,215	29,195
1,830	2,111
14,690	12,635
15,794	18,408
10,864	10,966
4,696	5,161
37,093	36,863
(1,005)	(1,648)
121,177	113,691

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

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

Prepaid rates

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

14. CONTRACT LIABILITIES

Current

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

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

Less than 1 year

2021	2020
\$	\$
48,905	62,005
198,760	0
247,665	62,005

Contract liabilities	Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
\$	\$
48,905	198,760

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

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

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

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

SHIRE OF NUNGARIN
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FOR THE YEAR ENDED 30 JUNE 2021

15. INFORMATION ON BORROWINGS

(a) Borrowings

	2021	2020
	\$	\$
Current	42,661	46,524
Non-current	398,990	441,651
	<u>441,651</u>	<u>488,175</u>

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2021	30 June 2021	30 June 2021	Budget	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Actual	30 June 2020	30 June 2020	30 June 2020
				Principal 1 July 2020	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Principal 1 July 2020	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Principal 1 July 2019	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance																
Lot 191 Staff House	63	WATC	6.39%	44,773	(8,884)	(2,486)	35,889	44,773	0	(8,884)	(2,721)	35,889	53,116	(8,343)	(3,045)	44,773
Housing																
Aged Units Effluent System	70	WATC	1.70%	0	0	0	0	0	85,000	0	0	85,000	0	0	0	0
Recreation and culture																
Community Recreation Centre	65	WATC	7.32%	178,270	(17,051)	(12,561)	161,219	178,270	0	(17,051)	(12,588)	161,219	194,128	(15,858)	(13,756)	178,270
Transport																
Shire Depot	68	WATC	3.82%	250,778	(12,124)	(9,284)	238,654	250,778	0	(12,124)	(9,465)	238,654	262,451	(11,673)	(9,753)	250,778
				<u>473,821</u>	<u>(38,059)</u>	<u>(24,331)</u>	<u>435,762</u>	<u>473,821</u>	<u>85,000</u>	<u>(38,059)</u>	<u>(24,774)</u>	<u>520,762</u>	<u>509,695</u>	<u>(35,874)</u>	<u>(26,554)</u>	<u>473,821</u>
Self Supporting Loans																
Recreation and culture																
Nungarin Golf Club	66	WATC	6.36%	0	0	0	0	0	0	0	0	0	1,325	(1,325)	(30)	0
Nungarin Museum	67	WATC	4.64%	8,062	(2,173)	(165)	5,889	8,062	0	(2,173)	(349)	5,889	10,138	(2,076)	(214)	8,062
Nungarin Football Clut	69	WATC	2.21%	6,292	(6,292)	(100)	0	6,292	0	(6,292)	(105)	0	12,447	(6,155)	(237)	6,292
				<u>14,354</u>	<u>(8,465)</u>	<u>(265)</u>	<u>5,889</u>	<u>14,354</u>	<u>0</u>	<u>(8,465)</u>	<u>(454)</u>	<u>5,889</u>	<u>23,910</u>	<u>(9,556)</u>	<u>(481)</u>	<u>14,354</u>
				<u>488,175</u>	<u>(46,524)</u>	<u>(24,596)</u>	<u>441,651</u>	<u>488,175</u>	<u>85,000</u>	<u>(46,524)</u>	<u>(25,228)</u>	<u>526,651</u>	<u>533,605</u>	<u>(45,430)</u>	<u>(27,035)</u>	<u>488,175</u>

* WA Treasury Corporation

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

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15. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2020/21

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2021 Actual	2021 Budget	2021 Actual	2021 Budget		
Grangarin units effluent system	WATC*	Debenture	10	1.7%	\$ 0	\$ 85,000	\$ 0	\$ 85,000	\$ 0	\$ 0
* WA Treasury Corporation					0	85,000	0	85,000	0	0

(d) Undrawn Borrowing Facilities

	2021	2020
Credit Standby Arrangements	\$	\$
Bank overdraft limit	0	200,000
Total amount of credit unused	0	200,000

Loan facilities

Loan facilities - current	42,661	46,524
Loan facilities - non-current	398,990	441,651
Total facilities in use at balance date	441,651	488,175

Unused loan facilities at balance date

NIL NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

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

16. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2020			
Current provisions	63,862	10,636	74,498
Non-current provisions	0	13,518	13,518
	63,862	24,154	88,016
Additional provision	38,595	7,806	46,401
Amounts used	(42,856)	0	(42,856)
Balance at 30 June 2021	59,601	31,960	91,561
Comprises			
Current	59,601	12,022	71,623
Non-current	0	19,938	19,938
	59,601	31,960	91,561

	2021	2020
	\$	\$
Less than 12 months after the reporting date	42,011	41,776
More than 12 months from reporting date	49,550	46,240
	91,561	88,016

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

17. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	2,015,174	654,234	1,712,205
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	760,474	(674,566)	(58,520)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(1,294)	0	(576)
Depreciation on non-current assets	1,073,477	1,018,532	1,020,909
(Profit)/loss on sale of asset	(462,547)	0	8,616
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(78,397)	35,626	72,776
(Increase)/decrease in other assets	879	0	(3,008)
(Increase)/decrease in inventories	28,397	0	4,339
Increase/(decrease) in payables	7,486	0	3,231
Increase/(decrease) in employee provisions	3,545	0	(15,627)
Increase/(decrease) in other liabilities	185,660	(34,544)	9,027
Non-operating grants, subsidies and contributions	(831,744)	(932,769)	(404,225)
Net cash from operating activities	685,936	(587,721)	636,942

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	453,665	453,704
General purpose funding	1,616,170	1,117,831
Law, order, public safety	498,704	39,688
Health	30,880	31,479
Education and welfare	5,914	11,140
Housing	1,845,549	1,758,729
Community amenities	541,126	462,221
Recreation and culture	4,872,014	4,856,596
Transport	43,923,325	44,013,020
Economic services	146,391	115,463
Other property and services	261,222	288,105
Unallocated	0	136,343
	54,194,960	53,284,319

19. CONTINGENT LIABILITIES

The Shire is not aware of any reportable contingent liabilities as at 30 June 2021.
The Shire had no reportable contingent liabilities as at 30 June 2020.

20. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- plant & equipment purchases

2021	2020
\$	\$
77,342	0
77,342	0

Payable:

- not later than one year

Plant and equipment purchase commitments for 2021 consist of the following:

Skid steer loader and attachments

77,342

(b) Operating Lease Commitments

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

Payable:

- not later than one year

- later than one year but not later than five years

2021	2020
\$	\$
1,703	1,703
1,704	3,407
3,407	5,110

21. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Elected member Cr P de Lacy			
President's annual allowance	4,000	4,000	2,667
Meeting attendance fees	1,570	1,620	1,405
Travel and accommodation expenses	629	1,000	175
	6,199	6,620	4,247
Elected member Cr G Coumbe			
Deputy President's annual allowance	1,000	0	0
Meeting attendance fees	1,256	1,350	2,195
Travel and accommodation expenses	225	400	122
	2,481	1,750	2,317
Elected member Cr E O'Connell			
Presidents annual allowance	0	0	1,333
Meeting attendance fees	1,350	1,350	1,305
Travel and accommodation expenses	1,254	2,625	2,625
	2,604	3,975	5,263
Elected member Cr K Dayman			
Meeting attendance fees	1,350	1,350	1,195
Travel and accommodation expenses	262	400	225
	1,612	1,750	1,420
Elected member Cr J Davis			
Meeting attendance fees	1,150	1,150	1,095
Travel and accommodation expenses	297	450	406
	1,447	1,600	1,501
Elected member Cr W Lee			
Meeting attendance fees	1,244	1,250	700
Travel and accommodation expenses	187	525	334
	1,431	1,775	1,034
Elected member Cr R Mizia			
Meeting attendance fees	1,250	1,250	750
	1,250	1,250	750
Elected member Cr B Palmer			
Meeting attendance fees	0	0	400
Travel and accommodation expenses	0	0	62
	0	0	462
	17,024	18,720	16,994
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	4,000	4,000	4,000
Deputy President's allowance	1,000	0	0
Meeting attendance fees	9,170	9,320	9,045
Travel and accommodation expenses	2,854	5,400	3,949
	17,024	18,720	16,994

22. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2021 Actual	2020 Actual
The total of remuneration paid to KMP of the Shire during the year are as follows:	\$	\$
Short-term employee benefits	144,197	162,702
Post-employment benefits	17,782	18,955
Other long-term benefits	3,000	3,250
	164,979	184,907

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

22. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

The following transactions occurred with related parties:

	2021 Actual	2020 Actual
	\$	\$
Sale of goods and services (property rental, private works and plant & equipment hire)	9,692	0
Purchase of goods and services (catering, newspapers and gardening supplies)	7,959	18,728
Amounts payable to related parties:		
Trade and other payables	1,168	0

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

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

iii. Entities subject to significant influence by the Shire

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

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23. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Back Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Back Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$
Uniform general rate												
Gross rental valuations												
GRV Townsites	0.123105	48	325,988	40,131	0	0	40,131	40,130	0	0	40,130	39,298
Unimproved valuations												
UV Rural	0.021021	105	24,645,004	518,062	489	0	518,551	518,062	0	0	518,062	513,228
UV Mining	0.021021	3	89,578	1,883	0	0	1,883	1,883	0	0	1,883	1,713
Sub-Total		156	25,060,570	560,076	489	0	560,565	560,075	0	0	560,075	554,239
Minimum payment	Minimum \$											
Gross rental valuations												
GRV Townsites	427	24	15,595	10,248	0	0	10,248	10,248	0	0	10,248	9,821
Unimproved valuations												
UV Rural	427	15	163,096	6,405	0	0	6,405	6,405	0	0	6,405	5,551
UV Mining	427	10	25,796	4,270	0	0	4,270	4,270	0	0	4,270	4,270
Sub-Total		49	204,487	20,923	0	0	20,923	20,923	0	0	20,923	19,642
		205	25,265,057	580,999	489	0	581,488	580,998	0	0	580,998	573,881
Discounts/concessions (Note 23(b))							(4,289)				(4,300)	0
Total amount raised from general rate							577,199				576,698	573,881
Write-off of rates (Note 23(b))							(1,567)				0	(51)
Totals							575,632				576,698	573,830

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer.

Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

SHIRE OF NUNGARIN
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23. RATING INFORMATION (Continued)

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

Waivers or Concessions or Write-offs

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$
General Rates for Assessment A1018	Concession	100.0%		2,369	2,374	0
General Rates for Assessment A1057	Concession	100.0%		1,440	1,444	0
General Rates for Assessment A1068	Concession	100.0%		480	482	0
Total discounts/concessions (Note 23(a))				4,289	4,300	0
Write-off of small balances	Waiver			1,567	0	51
Total write-offs (Note 23(a))				1,567	0	51

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
General Rates for Assessment A1018	Full payment of rates within 35 days of date of issue of rate notice	To help reduce the financial impacts of the COVID-19 crisis on local small businesses.	
General Rates for Assessment A1057	Full payment of rates within 35 days of date of issue of rate notice	To help reduce the financial impacts of the COVID-19 crisis on local small businesses.	
General Rates for Assessment A1068	Full payment of rates within 35 days of date of issue of rate notice	To help reduce the financial impacts of the COVID-19 crisis on local small businesses.	

23. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	01-10-20	0.00	0.00%	8.00%
Option Two				
First instalment	01-10-20	0.00	0.00%	8.00%
Second instalment	02-02-21	5.00	3.00%	8.00%
Option Three				
First instalment	01-10-20	0.00	0.00%	8.00%
Second instalment	02-12-20	5.00	3.00%	8.00%
Third instalment	02-02-21	5.00	3.00%	8.00%
Fourth instalment	02-04-21	5.00	3.00%	8.00%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	8,160	9,500	13,534
Interest on instalment plan	638	700	749
Charges on instalment plan	350	250	295
	9,148	10,450	14,578

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24. RATE SETTING STATEMENT INFORMATION

	2020/21 (30 June 2021 Carried Forward)	2020/21 Budget (30 June 2021 Carried Forward)	2019/20 (30 June 2020 Carried Forward)
Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	11(a) (462,547)	0	0
Less: Fair value adjustments to financial assets at fair value through profit and loss	(1,294)	0	(576)
Movement in pensioner deferred rates (non-current)	0	0	(680)
Movement in employee benefit provisions (non-current)	6,420	0	6,612
Movement in cash backed leave reserve	0	0	311
Add: Loss on disposal of assets	11(a) 0	0	8,616
Add: Loss on disposal of land held for resale assets	27,295	0	0
Add: Depreciation on non-current assets	11(b) 1,073,477	1,018,532	1,020,909
Non cash amounts excluded from operating activities	643,351	1,018,532	1,035,192
(b) Surplus/(deficit) after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserves - cash backed	4 (646,952)	(646,951)	(627,579)
Less: Financial assets at amortised cost - self supporting loans	5(a) (2,275)	(2,275)	(8,466)
Less: Current assets not expected to be received at end of year - Land held for resale	7 0	(27,295)	(27,295)
Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings	15(a) 42,661	50,528	46,524
- Employee benefit provisions	103,953	103,953	103,953
Total adjustments to net current assets	(502,613)	(522,040)	(512,863)
Net current assets used in the Rate Setting Statement			
Total current assets	2,208,241	762,969	1,862,342
Less: Total current liabilities	(483,126)	(240,929)	(296,718)
Less: Total adjustments to net current assets	(502,613)	(522,040)	(512,863)
Net current assets used in the Rate Setting Statement	1,222,502	0	1,052,761

25. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2021					
Cash and cash equivalents	0.0002%	2,015,174	0	2,014,774	400
2020					
Cash and cash equivalents	0.2775%	1,712,205	0	1,712,205	0

Sensitivity

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

	2021	2020
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	20,148	17,122

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 15(b)

25. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
Rates receivable					
Expected credit loss	0.00%	49.26%	69.52%	88.29%	
Gross carrying amount	33,669	19,927	9,726	62,150	125,472
Loss allowance	9,701	9,817	6,762	54,870	81,150
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	26.49%	55.48%	76.09%	
Gross carrying amount	2,336	29,282	12,997	62,464	107,079
Loss allowance	0	7,757	7,211	47,529	62,497

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	107,051	550	0	219	107,820
Loss allowance	0	0	0	0	0
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	65.29%	
Gross carrying amount	40,961	386	0	628	41,975
Loss allowance	0	0	0	410	410

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended.

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2021					
Payables	121,177	0	0	121,177	121,177
Borrowings	71,753	237,708	264,371	573,832	441,651
Contract liabilities	247,665	0	0	247,665	247,665
	440,595	237,708	264,371	942,674	810,493
2020					
Payables	113,691	0	0	113,691	113,691
Borrowings	73,119	258,233	315,599	646,951	488,175
Contract liabilities	62,005	0	0	62,005	62,005
	248,815	258,233	315,599	822,647	663,871

26. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire did not have any events occurring after the reporting date that have a significant effect on the financial statements.

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27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 1059 Service Concession Arrangements: Grantors

The Shire adopted AASB 1059 Service Concession Arrangements: Grantors on 1 July 2020, which resulted in no changes in accounting disclosures.

28. TRUST FUNDS

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

	1 July 2020	Amounts Received	Amounts Paid	30 June 2021
	\$	\$	\$	\$
Nomination & Other Deposits	221	0	0	221
	221	0	0	221

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29. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient 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.

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30. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.</p>	<p>Administration and operation of facilities and services to members of Council, and other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.</p>
<p>GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.</p>	<p>Rates, general purpose government grants and interest revenue.</p>
<p>LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.</p>
<p>HEALTH To provide an operational framework for environmental and community health.</p>	<p>Food quality and pest control, assistance with operation of maternal and infant health clinic.</p>
<p>EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.</p>	<p>Operation of Home and Community Care program, and financial and family counselling programs.</p>
<p>HOUSING To provide and maintain staff and elderly residents housing.</p>	<p>Control and maintenance of staff and other rental housing, including aged accommodation units.</p>
<p>COMMUNITY AMENITIES To provide services required by the community.</p>	<p>Rubbish collection services, operation of tips, landcare programs, administration of the town planning scheme and other community amenities.</p>
<p>RECREATION AND CULTURE To establish and effectively manage infrastructure and resource which will help the social well being of the community.</p>	<p>Control and maintenance of public halls, swimming pool, recreation facilities and the library, Operation of the television rebroadcasting service.</p>
<p>TRANSPORT To provide safe, effective and efficient transport services to the community.</p>	<p>Construction and maintenance of streets, roads and bridges; cleaning and lighting of streets; depot maintenance.</p>
<p>ECONOMIC SERVICES To help promote the shire and its economic wellbeing.</p>	<p>Tourism and area promotion, and regulation of buildings.</p>
<p>OTHER PROPERTY AND SERVICES To monitor and control council's overheads operating accounts.</p>	<p>Private works operation, plant repair and operation costs and engineering operation costs.</p>

31. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	3.70	5.23	6.60
Asset consumption ratio	0.61	0.62	0.63
Asset renewal funding ratio*	N/A	0.65	0.68
Asset sustainability ratio	0.84	0.62	0.38
Debt service cover ratio	15.61	8.08	5.43
Operating surplus ratio	0.01	(0.56)	(0.82)
Own source revenue coverage ratio	0.46	0.30	0.29

* Note: The Asset Renewal Funding Ratio has not been calculated as the Shire's Long Term Financial Plan and Asset Management Plans are outdated.

The above ratios are calculated as follows:

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