

Annual Report for the year ended 30 June 2021



Shire of **Ngaanyatjaraku**
ON A JOURNEY



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Our Vision

The Shire of Ngaanyatjarraku – on a journey

During 2020/21 the shire undertook a full review of the Integrated Planning and Reporting (IPR) Framework suite of documents, including the Plan for the Future (including the Strategic Community Plan and Corporate Business Plan), Long Term Financial Plan and Workforce Plan, which were adopted in May 2021. Remaining is the Asset Management Plan that will be reviewed in 2021/22 after a comprehensive review of all the Shires Asset Conditions, Fair Value and the Road Asset Maintenance Management System. These plans shape the services the Shire of Ngaanyatjarraku will deliver over the next ten years and has been developed with our community's aspirations and needs at its heart. These have been gathered through an in-depth process of consultation and engagement.

It is apparent from the results of the community engagement process that there is an expectation for the Shire to provide a wide range of social services, when in fact the Shire doesn't have the resources to do this. Limited social services are provided by either the Ngaanyatjarra Council Aboriginal Corporation and / or State or Federal agencies or are not provided at all. Nonetheless, the Shire has a significant role to play in advocating for the provision of resources to provide basic services to the community.

The Shire has no freehold land and all social housing is owned and managed by the State Government, who are exempt from normal Shire Rating or the ability to charge Fees for Services such as Waste Management. As such, the Shire has limited capacity to raise income and is dependent upon State and Federal Grants to provide service delivery. Many of these grants are tied to specific purposes which limits the range of services the Shire can provide. The Shire receives adequate grants for the maintenance and renewal of the Shires' Road network and this connectivity is highly valued by the people of the lands as they travel the lands for social and cultural reasons.

The Plan for the Future provides a valuable management tool to allow the Shire to maintain focus on its primary role as a provider and manager of infrastructure, advocate for better social service provision and where capacity allows, to provide a limited range of social services to compliment services provided by others.

Community engagement has led to the development of three key strategic objectives which communicate the role of the Shire and underpin our Strategic Direction and Service Delivery. The following three key strategic objectives highlight our focus, in reflection of our communities hopes for the future:

- **Our People:** Looking after our people - our communities are healthy, happy and informed
- **Our Land:** Looking after our land - which we all depend upon and love living on, and want to keep good for our children and grandchildren; and
- **Our Leadership:** Showing the way for our communities - doing the right things to look after our people and land. The provision of a safe and reliable road network interconnecting our communities is paramount. Through the consultation process the Shire is now aware of several social issues affecting some townships. The Shire will work with all stakeholders to try and facilitate resolution of these issues.



President's Foreword

The Shire of Ngaanyatjarraku has been working toward achieving the aspirations of the community as identified within our Plan for the Future. Provision of financially sustainable services and infrastructure and the creation of opportunities to realise these goals, continue to be the prime focus of the Council. As such, it gives me great pleasure to present the Annual Report for the Shire of Ngaanyatjarraku for the 2020-2021 financial year.

The Shire has made considerable achievements in line with its strategic goals and our key IPRF Actions. As such, I am pleased to report that the shire's financial position is improving with the Shire achieving a surplus in 2020-2021 and a balanced budget has been adopted for 2021-2022. This has only been achieved by reducing services to the community in previous years, and hopefully this will be short term until the Shires advocacy for service provision by other levels of government can be resolved.

In 2020 the Minister for Local Government; Culture and the Arts initiated a Lands Service Review in response to the Shires advice that the Shire of Ngaanyatjarraku for some years now has been experiencing disadvantage from structural change when the Federal Government handed responsibility for aboriginal communities to the State Government. It is the Shires view that the states response in handling the changes in service delivery appear to be inconsistent across the regions of WA. The Shire is seeking the Minister's advocacy to try and resolve some major issues that the Shire has been unsuccessful in negotiation with other State Ministers. The Ministers' cross department advisory body to work through the Stage 1 'urgent' and Stage 2 'longer term' issues was delayed due to the Covid19 pandemic and eventually started meeting August 2020.

The year has been most remarkable for the Covid 19 pandemic. Whilst we had no cases in the Shire of Ngaanyatjarraku the pandemic has continued to re-shape life as it was before February 2020. Travel restrictions, social distancing, using hand sanitiser, wearing masks and testing have become a way of life. The Shire has continued to be further isolated by State border restrictions and the WA State Emergency Act provision to protect remote Indigenous Communities. Because of the isolation, there came a second wave of language. The new language included working from home, working remotely, essential service, video-conferencing and Covid19 G2G permits.

The application to the Australian Human Rights Commission to address discrimination for access to Income Support was referred to the Federal Court. Mediation with the Commonwealth under orders made by the Federal Court and a settlement has been agreed settling the matter on terms that are satisfactory to the Commonwealth and the complainants.

The level of compliance with the Local Government Act and associated Regulations as we enter a new period of audit and monitoring under the supervision of the WA Auditor General is a credit to the CEO and the administration team and secures the settings for the Shire of Ngaanyatjarraku into the future.

It has been a difficult year for many Councillors and has introduced the unfamiliar regime of compulsory online learning for Local Government members. As a group we are working our way through the requirements and finding satisfaction in the process.

I would like to thank our Deputy Shire President, Cr. Andrew Jones for his assistance and acknowledge that the support of my fellow Councillors over the last twelve months has been great. I would also like to thank all the Shire staff members for their efforts and dedication to the Shire of Ngaanyatjarraku.

**Cr. John Damian McLean
PRESIDENT**



Message from Chief Executive Officer

The Shire has been working through the Actions contained in the former Integrated Strategic Plan. In May 2021 the Shire adopted the Integrated Planning and Reporting (IPR) Framework suite of documents, including the Plan for the Future (including the Strategic Community Plan and Corporate Business Plan) Long Term Financial Plan and Workforce Plan. The Actions contained in these plans provide the strategic direction for the next 12 months.

Some road highlights from the Integrated Strategic Plan Actions are:

- Facilitate Upgrade and Seal Great Central Road with survey, planning and design around entries to Warburton and Warakurna are nearing completion and are planned to be done in early 2022.
- The Shire was also successful in gaining an additional \$674,957 from the State for sheeting of the community access road into Wingelina and an additional section of the Irrunytju Road.

The Shires Road network is fully dependent on Federal, and State Government Grants and we are thankful that at this point in time we receive enough funding to maintain and renew our road network in accordance with the Infrastructure Financial Ratios as detailed in the Annual Financial Statements.

As previously mentioned by the Shire President, the Minister for Local Government; Culture and the Arts has set up a cross department advisory body to work through the Stage 1 'urgent' and Stage 2 'longer term' issues as part of the Lands Service Review.

Stage 1 'urgent' services to be addressed are:

- Waste management – When responsibility for these services were transferred from the Federal Government to the State Government the Shire of Ngaanyatjarraku was not included in this transfer due to an administrative error. The Shire has developed a Waste Management Plan and is awaiting a response to funding by the State in its September 2021 Budget.
- Sport and Recreation – The Shire has developed a Sport & Recreation Plan which has been submitted to the State for consideration of funding.
- Swimming pools – operational funding to keep the 3 pools open is a priority. The State currently funds 8 remote communities pools across the state but not the 3 NG Lands community owned pools. The NIAA has funded Royal Life Saving WA to undertake a Swimming Pool Plan that has been submitted to the State and is awaiting a response to funding in the September 2021 Budget.

- Early Years Learning – The NIAA have undertaken a review of service provision for the NG Lands, and we are awaiting to see that report.
- Fire and Emergency Services – Like other local governments the Shire is charged the Emergency Services Levy. However, unlike other local governments the Shire has not been provided with the same service as neighbouring Shires, despite having twice the population. The Shire is awaiting a response from the FES Commissioner to address Fire & Emergency management issues across the Shire.

The Shire has recorded a financial surplus for the 2020/21 Financial Year End, mainly been due to a proportion of the Federal Financial Assistance Grants for 2021/22 being paid in advance. Other factors included savings from staff vacancies, and project funding being carried forward to the next financial year. The shire has adopted a balanced budget for FYE 2021/22, which includes funding for several Strategic Service Plans, in late 2021 the Shire will be commencing work on assessing the Condition and Fair Value of its Assets. This will assist in a review of our Asset Management Plan and Long-Term Financial Plan. The Shire is aware that the road seal network in our four main communities is well past its normal reseal period, as such we need to understand the long-term financial impacts of this as specific additional grants are not available for this work.

The Shire acknowledges the Federal & State Agencies who provide road funding grant programs such as Local Roads and Community Infrastructure Program, Roads to Recovery, Aboriginal Access Roads, Main Roads WA Regional Road Group and Direct Grants that contribute towards the Shire maintaining its road network connecting remote communities and support locations.

The 2020/21 FYE has been another especially challenging year for the Local Government industry and none more so than our Shire. The global Covid19 pandemic has kept the Shire isolated during much of the pandemic and has been successful in it not gaining a hold in our community. Whilst this has impacted the morale of staff, the shire has been generally able to provide services, business as usual.

I would like to thank staff at the Shire for their hard work and support during a year of major change during a pandemic, and the Elected Members for their dedication to ensuring the Shire maintains financial sustainability whilst trying to address service provision for the future.

Kevin Hannagan
Chief Executive Officer

Council member information

Councillors have a specific role in relation to developing the local government's vision and long-term goal setting with appropriate key performance indicators (KPIs). These are responsibilities that require specific skills and experience.

The Shire's eight Councillors facilitate the development and implementation of our community's aspirations and goals. The Councillors meet monthly to discuss issues and imperative areas arising in the community along with general council matters.

Mr (John) Damian McLean
PRESIDENT

Mrs Julie Porter
COUNCILLOR

Mr Andrew Jones
DEPUTY PRESIDENT

Ms Joylene Frazer
COUNCILLOR

Ms Lalla West
COUNCILLOR

Mr Alwyn Bates
COUNCILLOR

Ms Debra Frazer
COUNCILLOR

Vacant
COUNCILLOR

Shire snapshot

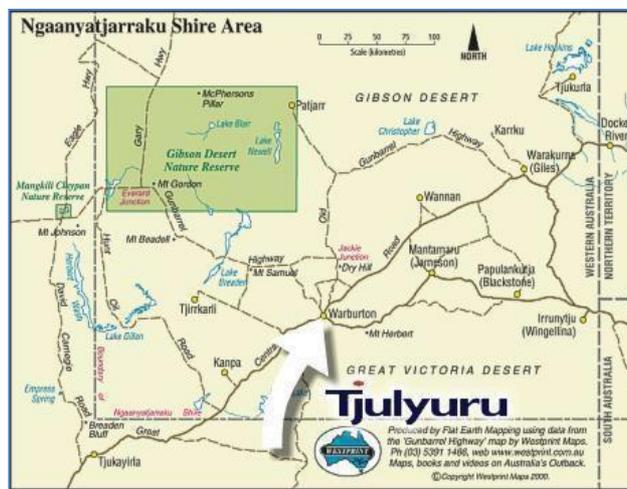
The Shire of Ngaanyatjarraku is responsible for the provision of "mainstream" local government and delivery of services to the ten communities and visitors within its boundaries.

The Shire encompasses an area of 159,948 square kilometres and is located approximately 1,542km from Perth. The region itself is diverse in natural beauty from the magnificent Rawlinson ranges to the red sandy plains of the Gibson Desert.

The Shire is a unique local government in that its community of interest is contained within the traditional lands of the Ngaanyatjarra people of the Central Desert of Western Australia. The 99 year leases held by the Ngaanyatjarra Land Council on behalf of the traditional owners also form the boundaries of the Shire of Ngaanyatjarraku.

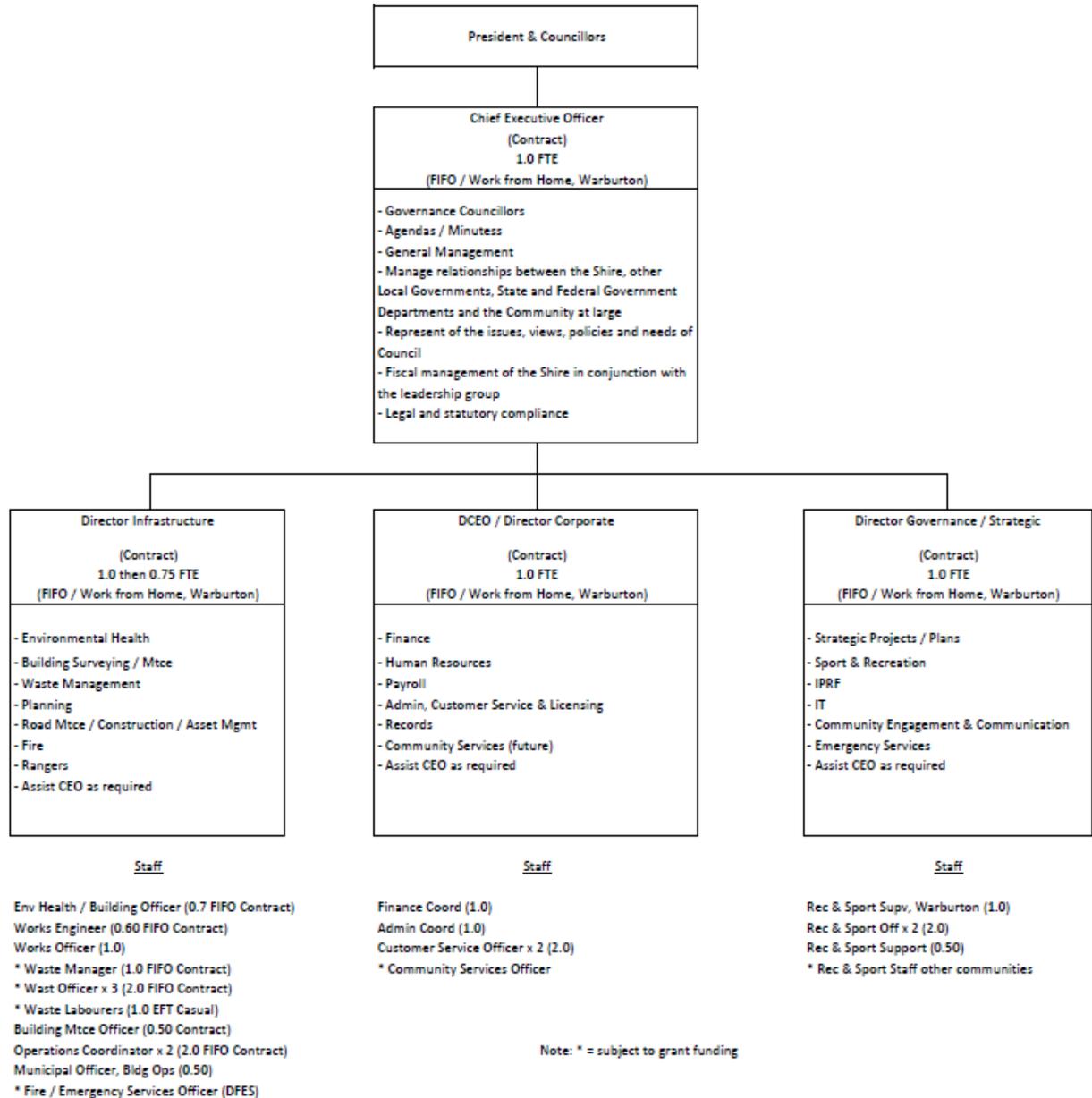
The Shire's main township is Warburton, which is also the largest of the 10 Indigenous communities within the Shire. Warburton is positioned 1,542kms north-east of Perth, 560kms of gravel road north-east of Laverton, 750kms north-east of Kalgoorlie and 1,050kms south-west of Alice Springs. Neighbouring shires include the Shire of Wiluna, Laverton, and East Pilbara. The Shire offices are located in the Tjulyuru Cultural and Civic Centre in Warburton.

In the 2011 local Census the Shire had an estimated residential population of 1,437 people, comprised of 49% male and 51% female residents and there are approximately 509 residential dwellings within the Shire. The Shire has a higher percentage of residents aged between 0-29 years and a lower proportion of residents aged 65+ years compared with the wider Australian population.



Organisation Structure 2020/21

Organisational Structure, 1 April 2021



Planning & Reporting

In 2011, the Department of Local Government introduced the Integrated Planning and Reporting Framework to encourage a movement towards best practice strategic planning and reporting standards across the Western Australian local government industry.

The Shire of Ngaanyatjarraku is building on a successful history of community engagement to ensure that the community can grow and thrive as a vibrant and attractive place to live, work and visit.

Developing our aspirations and plans for the future will shape the delivery of services to the community and the direction of economic development. This integration of community aspiration and service delivery is called the Integrated Planning and Reporting Framework (IPR). This will ensure that the Shire of Ngaanyatjarraku's policies and services are aligned to the community's aspirations.

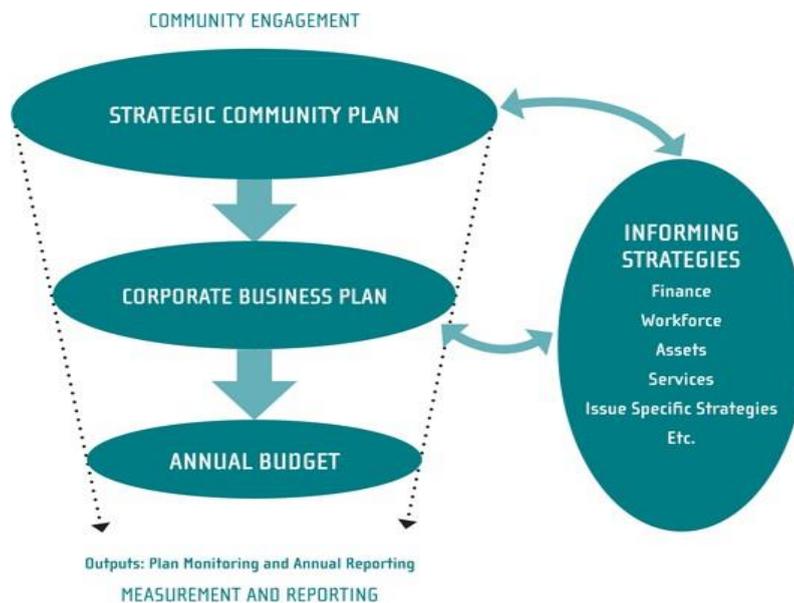
The process, driven by the 10-year Strategic Community Plan will create a 4-year Corporate Business Plan to ensure that we deliver the community's aspirations. This will:

- Strengthen our council’s strategic focus; and
- Streamline our reporting processes.

This Strategic Community Plan, which represents the needs and aspirations of the community, has been developed by the Shire’s Councillors and sets out the vision for the next 10 years.

The task of turning this vision into a reality rest with Shire’s Administration function. They will set out how this will be achieved in a 4-year Corporate Business Plan (“CBP”).

Alongside the CBP, the Shire has created a 15-year Long-Term Financial Plan and a 20-year Asset Management Plan and a 4-year Workforce Plan which will set out the resources needed to deliver the CBP. Copies of all plans are available on the Shires website.



IPR, Measuring and Reporting Framework

Statutory Reports

As a local government authority, the Shire is required to comply with a number of statutory regulations.

PAYMENT TO EMPLOYEES

In accordance with section 5.53 (2)(g) of the *Local Government Act* 1995 and the *Local Government (Administration) Regulations* 1996 reg. 19B, the following information is provided in relation to annual salary, remuneration and allowances (Total Remuneration Package) over \$130,000 paid to employees during the 2020-21 financial year:

| TRP Range (\$) | No. of Employees |
|-------------------|------------------|
| 130,000 – 139,999 | 0 |
| 150,000 – 159,999 | 2 |
| 180,000 – 189,999 | 2 |
| 190,000 -199,999 | 1 |
| 240,000 – 249,999 | 1 |

DISABILITY ACCESS AND INCLUSION PLAN

In accordance with Section 29 of the Disability Service Act 1993, Local Governments are required to report annually with regard to their Disability Access and Inclusion Plan and provide details addressing the plan's key outcomes within the Annual Report. For 2020-21 the Shire of Ngaanyatjarraku reports as follows:

Key Outcomes:

1. People with disability have the same opportunities as other people to access the services of, and any events organised by, the relevant public authority.
2. People with disability have the same opportunities as other people to access the buildings and other facilities of the relevant public authority.
3. People with disability receive information from the relevant public authority in a format that will enable them to access the information as readily as other people are able to access it.
4. People with disability receive the same level and quality of service from the staff of the relevant public authority.
5. People with disability have the same opportunities as other people to make complaints to the relevant public authority.
6. People with disability have the same opportunities as other people to participate in any public consultation by the relevant public authority.
7. People with disability have the same opportunities as other people to obtain and maintain employment with a public authority.

The Shire of Ngaanyatjarraku continues to ensure that the above key outcomes are addressed in order to meet the needs of people with disabilities.

The Shire of Ngaanyatjarraku Disability Access and Inclusion Plan 2019-2022 (DAIP) was reviewed by Council in 2019 and subsequently accepted by the Department of Communities.

COMPETITIVE NEUTRALITY

The Shire of Ngaanyatjarraku is classified as a Category 1 Local Government under the National Competition Policy. This principle deals with ensuring that government business operations have no advantage or disadvantage in comparison with the private sector.

The policy dictates that competitive neutrality should apply to all business activities which generate a user pays income of over \$200,000 unless it can be shown that it is not in the public interest. In this regard, no significant new business activities for the purposes of competitive neutrality were initiated or considered during the year and no non-compliance allegations were made.

FREEDOM OF INFORMATION

The Shire of Ngaanyatjarraku has a Freedom of Information (FOI) Statement prepared in accordance with the Freedom of Information Act 1992 which is available on the Shire website. It outlines the Shire's functions, the kind of documents held and how the documents can be accessed. There were no Freedom of Information applications or requests received during the 2020-21 reporting year.

RECORD KEEPING PLAN

The Shire of Ngaanyatjarraku has prepared a record keeping plan as required by the State Records Act 2000, and the Shire is committed to ensuring its record keeping practices comply with legislation. This plan was submitted to the SRO in December 2015 and approved by the State Records Commission at its meeting held in March 2016 for a five-year period to 2021.

Under section 60 of the State Records Act, the State Records Commission monitors the operation of and compliance with the Act and it is a requirement for every local government to comply with the Commission's Standard 2, Principle 6 in an appropriate section within its Annual Report. Accordingly, the Shire reports as follows:

1. The Shire accesses an on-line record keeping training program that allows staff to familiarize themselves with and be aware of their record keeping responsibilities, and to ensure that the record keeping system is being operated in accordance with the revised Shire of Ngaanyatjarraku Record Keeping Plan. Given the very remote and isolated location of this Shire, online record keeping training provides on-site training and advice as well as utilizing the assistance and expertise of the staff at Goldfields Records Storage (a GVROC enterprise of which the Shire of Ngaanyatjarraku is a partner).
2. The efficiency and effectiveness of the record keeping training program will be reviewed on an ongoing basis and subsequently actioned to ensure its currency and relevance.
3. The Shire's record keeping induction program is continually improving to ensure employee roles and responsibilities are promoted in accordance and compliance with the Shire of Ngaanyatjarraku Record Keeping Plan.

OFFICIAL CONDUCT – COMPLAINTS REGISTER

Pursuant to section 5.121 of the *Local Government Act 1995*, a complaints register has been maintained. As at the 30th June 2021 no complaint had been received, and therefore accordingly there has been no action required to deal with complaints.



Jackie Kurltjunyinta Giles (Dec.) 2008 'Tjamu Tjamu'

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

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COMMUNITY VISION

The Shire of Ngaanyatjarraku - On a journey

Our Land - Looking after our Land

Our People - Looking after our People

Leadership - Showing the way for our Community

Principal place of business:

Great Central Road

Warburton Aboriginal Community

Western Australia

**SHIRE OF NGAANYATJARRAKU
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 Ngaanyatjarraku 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 Ngaanyatjarraku 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 18 day of November 2021



Chief Executive Officer

Kevin Hannagan

Name of Chief Executive Officer



BUTLER SETTINERI

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

| | NOTES | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|--|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Rates | 23(a) | 172,589 | 197,656 | 260,272 |
| Operating grants, subsidies and contributions | 2(a) | 5,949,564 | 3,567,284 | 5,604,524 |
| Fees and charges | 2(a) | 543,481 | 416,055 | 488,860 |
| Interest earnings | 2(a) | 33,982 | 52,150 | 61,100 |
| Other revenue | 2(a) | 118,401 | 92,416 | 99,030 |
| | | 6,818,017 | 4,325,561 | 6,513,786 |
| Expenses | | | | |
| Employee costs | | (1,767,951) | (2,172,956) | (1,653,127) |
| Materials and contracts | | (2,076,295) | (3,304,215) | (2,178,796) |
| Utility charges | | (33,657) | (71,993) | (47,146) |
| Depreciation on non-current assets | 11(b) | (1,642,048) | (1,501,660) | (1,512,133) |
| Bank charges | 2(b) | (1,614) | (500) | - |
| Insurance expenses | | (108,928) | (168,121) | (153,038) |
| Other expenditure | 2(b) | (24,679) | (96,079) | (67,306) |
| | | (5,655,172) | (7,315,524) | (5,611,546) |
| | | 1,162,845 | (2,989,963) | 902,240 |
| Non-operating grants, subsidies and contributions | 2(a) | 2,472,913 | 3,408,055 | 2,755,744 |
| Profit on asset disposals | 11(a) | 60,572 | 1,000 | 20,630 |
| Loss on asset disposals | 11(a) | (21,610) | (23,500) | (57,282) |
| | | 2,511,875 | 3,385,555 | 2,719,092 |
| Net result for the period | | 3,674,720 | 395,592 | 3,621,332 |
| Total other comprehensive income for the period | | - | - | - |
| Total comprehensive income for the period | | 3,674,720 | 395,592 | 3,621,332 |

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



BUTLER SETTINERI

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

| | NOTES | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|--|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Governance | | 52,007 | 2,000 | 45,178 |
| General purpose funding | | 3,467,605 | 1,804,833 | 3,450,613 |
| Law, order, public safety | | 2,289 | 416 | 416 |
| Health | | 2,267 | 1,400 | 1,426 |
| Education and welfare | | 102,857 | 48,000 | 204,195 |
| Housing | | 180,418 | 95,590 | 147,854 |
| Community amenities | | 71,520 | 71,265 | 95,734 |
| Recreation and culture | | 248,571 | 230,000 | 241,158 |
| Transport | | 2,690,483 | 2,071,257 | 2,326,062 |
| Economic services | | - | 800 | 1,150 |
| | | 6,818,017 | 4,325,561 | 6,513,786 |
| Expenses | | | | |
| Governance | | (320,659) | (136,531) | (158,581) |
| General purpose funding | | (2,883) | - | (250) |
| Law, order, public safety | | (5,744) | (11,970) | (6,219) |
| Health | | (252,815) | (253,488) | (270,545) |
| Education and welfare | | (37,230) | (43,230) | (346,056) |
| Housing | | (241,645) | (266,875) | (339,255) |
| Community amenities | | (245,038) | (600,213) | (603,952) |
| Recreation and culture | | (539,429) | (774,516) | (623,525) |
| Transport | | (3,955,641) | (4,967,025) | (3,243,085) |
| Economic services | | (52,474) | (261,176) | (19,635) |
| Other property and services | | - | - | (101) |
| | | (5,653,558) | (7,315,024) | (5,611,204) |
| Finance Costs | | | | |
| Governance | 2(b) | (1,614) | (500) | (342) |
| | | (1,614) | (500) | (342) |
| | | 1,162,845 | (2,989,963) | 902,240 |
| Non-operating grants, subsidies and contributions | 2(a) | 2,472,913 | 3,408,055 | 2,755,744 |
| Profit on disposal of assets | 11(a) | 60,572 | 1,000 | 20,630 |
| Loss on disposal of assets | 11(a) | (21,610) | (23,500) | (57,282) |
| | | 2,511,875 | 3,385,555 | 2,719,092 |
| Net result for the period | | 3,674,720 | 395,592 | 3,621,332 |
| Total other comprehensive income for the period | | - | - | - |
| Total comprehensive income for the period | | 3,674,720 | 395,592 | 3,621,332 |

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



BUTLER SETTINERI

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

| | NOTES | 2021 | 2020 |
|--------------------------------------|-------|--------------------|--------------------|
| | | \$ | \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 10,059,898 | 6,902,571 |
| Trade and other receivables | 6 | 41,312 | 62,092 |
| Inventories | 7 | 57,029 | 50,497 |
| Other assets | 8 | 13,600 | 3,525 |
| TOTAL CURRENT ASSETS | | 10,171,839 | 7,018,685 |
| NON-CURRENT ASSETS | | | |
| Other financial assets | 5(a) | 36,903 | 35,034 |
| Property, plant and equipment | 9 | 7,424,104 | 7,505,771 |
| Infrastructure | 10 | 106,438,593 | 104,335,934 |
| TOTAL NON-CURRENT ASSETS | | 113,899,600 | 111,876,739 |
| TOTAL ASSETS | | 124,071,439 | 118,895,424 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 13 | 452,494 | 182,675 |
| Contract liabilities | 14 | 1,504,253 | 317,137 |
| Employee related provisions | 15 | 203,536 | 154,226 |
| TOTAL CURRENT LIABILITIES | | 2,160,283 | 654,038 |
| NON-CURRENT LIABILITIES | | | |
| Employee related provisions | 15 | 13,791 | 18,741 |
| TOTAL NON-CURRENT LIABILITIES | | 13,791 | 18,741 |
| TOTAL LIABILITIES | | 2,174,074 | 672,779 |
| NET ASSETS | | 121,897,365 | 118,222,645 |
| EQUITY | | | |
| Retained surplus | | 63,767,642 | 61,116,185 |
| Reserves - cash backed | 4 | 4,862,136 | 3,838,873 |
| Revaluation surplus | 12 | 53,267,587 | 53,267,587 |
| TOTAL EQUITY | | 121,897,365 | 118,222,645 |

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



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

| | NOTES | RETAINED SURPLUS \$ | RESERVES CASH BACKED \$ | REVALUATION SURPLUS \$ | TOTAL EQUITY \$ |
|---|-------|---------------------------|----------------------------------|------------------------------|-----------------------|
| Balance as at 1 July 2019 | | 59,289,789 | 2,043,937 | 53,267,587 | 114,601,313 |
| Comprehensive income | | | | | |
| Net result for the period | | 3,621,332 | - | - | 3,621,332 |
| Total comprehensive income for the period | | 3,621,332 | - | - | 3,621,332 |
| Transfers to reserves | 4 | (1,794,936) | 1,794,936 | - | - |
| Balance as at 30 June 2020 | | 61,116,185 | 3,838,873 | 53,267,587 | 118,222,645 |
| Comprehensive income | | | | | |
| Net result for the period | | 3,674,720 | - | - | 3,674,720 |
| Total comprehensive income for the period | | 3,674,720 | - | - | 3,674,720 |
| Transfers to reserves | 4 | (1,023,263) | 1,023,263 | - | - |
| Balance as at 30 June 2021 | | 63,767,642 | 4,862,136 | 53,267,587 | 121,897,365 |

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



BUTLER SETTINERI

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

| | NOTES | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Rates | | 177,422 | 197,656 | 255,439 |
| Operating grants, subsidies and contributions | | 7,129,165 | 3,250,147 | 5,900,644 |
| Fees and charges | | 543,481 | 416,055 | 488,860 |
| Interest received | | 33,982 | 52,150 | 61,100 |
| Goods and services tax received | | 23,462 | 330,422 | 124,908 |
| Other revenue | | 118,401 | 92,416 | 99,030 |
| | | 8,025,913 | 4,338,846 | 6,929,981 |
| Payments | | | | |
| Employee costs | | (1,679,619) | (2,172,956) | (1,715,528) |
| Materials and contracts | | (1,867,055) | (3,304,215) | (2,114,531) |
| Utility charges | | (33,657) | (71,993) | (47,146) |
| Bank charges | | (1,614) | (500) | - |
| Insurance paid | | (108,928) | (168,121) | (153,038) |
| Goods and services tax paid | | - | (330,422) | (100,208) |
| Other expenditure | | (24,679) | (96,079) | (67,306) |
| | | (3,715,552) | (6,144,286) | (4,197,757) |
| Net cash provided by / (used in) operating activities | 16 | 4,310,361 | (1,805,440) | 2,732,224 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for purchase of property, plant & equipment | 9(a) | (227,636) | (337,150) | (119,608) |
| Payments for construction of infrastructure | 10(a) | (3,489,396) | (4,162,605) | (3,540,022) |
| Non-operating grants, subsidies and contributions | 2(a) | 2,472,913 | 3,408,055 | 2,755,744 |
| Proceeds from financial assets at fair values through profit and loss | | (1,869) | - | - |
| Proceeds from sale of property, plant & equipment | 11(a) | 92,954 | 60,000 | 137,256 |
| Net cash provided by / (used in) investment activities | | (1,153,034) | (1,031,700) | (766,630) |
| Net increase / (decrease) in cash held | | 3,157,327 | (2,837,140) | 1,965,594 |
| Cash at beginning of year | | 6,902,571 | 6,903,500 | 4,936,977 |
| Cash and cash equivalents at the end of the year | 16 | 10,059,898 | 4,066,360 | 6,902,571 |

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



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

| | NOTES | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|--|--------|----------------------|----------------------|----------------------|
| OPERATING ACTIVITIES | | | | |
| Net current assets at start of financial year - surplus/(deficit) | | | | |
| | 24 (b) | 2,525,774 | 2,997,140 | 2,678,488 |
| | | 2,525,774 | 2,997,140 | 2,678,488 |
| Revenue from operating activities (excluding rates) | | | | |
| Governance | | 52,007 | 2,000 | 65,808 |
| General purpose funding | | 3,295,016 | 1,607,177 | 3,222,604 |
| Law, order, public safety | | 2,289 | 416 | 416 |
| Health | | 2,267 | 1,400 | 1,426 |
| Education and welfare | | 102,857 | 48,000 | 204,195 |
| Housing | | 180,418 | 95,590 | 147,854 |
| Community amenities | | 71,520 | 71,265 | 95,734 |
| Recreation and culture | | 248,571 | 230,000 | 241,158 |
| Transport | | 2,751,055 | 2,072,257 | 2,326,062 |
| Economic services | | - | 800 | 1,150 |
| | | 6,706,000 | 4,128,905 | 6,306,407 |
| Expenditure from operating activities | | | | |
| Governance | | (322,273) | (137,031) | (158,923) |
| General purpose funding | | (2,883) | - | (250) |
| Law, order, public safety | | (5,744) | (11,970) | (6,219) |
| Health | | (252,815) | (253,488) | (270,545) |
| Education and welfare | | (37,230) | (43,230) | (346,056) |
| Housing | | (241,645) | (266,875) | (339,255) |
| Community amenities | | (266,648) | (600,213) | (603,952) |
| Recreation and culture | | (539,429) | (774,516) | (623,525) |
| Transport | | (3,955,641) | (4,990,525) | (3,300,367) |
| Economic services | | (52,474) | (261,176) | (19,635) |
| Other property and services | | - | - | (101) |
| | | (5,676,782) | (7,339,024) | (5,668,828) |
| Non-cash amounts excluded from operating activities | 24(a) | 1,596,267 | 1,207,023 | 1,543,264 |
| Amount attributable to operating activities | | 5,151,259 | 994,044 | 4,859,331 |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | 2(a) | 2,472,913 | 3,408,055 | 2,755,744 |
| Proceeds from disposal of assets | 11(a) | 92,954 | 60,000 | 137,256 |
| Purchase of property, plant and equipment | 9(a) | (227,636) | (337,150) | (119,608) |
| Purchase and construction of infrastructure | 10(a) | (3,489,396) | (4,162,605) | (3,540,022) |
| | | (1,151,165) | (1,031,700) | (766,630) |
| Amount attributable to investing activities | | (1,151,165) | (1,031,700) | (766,630) |
| Transfers to reserves (restricted assets) | 4 | (1,023,263) | (160,000) | (1,794,936) |
| Surplus/(deficit) before imposition of general rates | | 2,976,831 | (197,656) | 2,297,765 |
| Total amount raised from general rates | 23(a) | 172,589 | 197,656 | 228,009 |
| Surplus/(deficit) after imposition of general rates | 24(b) | 3,149,420 | - | 2,525,774 |

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



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

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

1. BASIS OF PREPARATION

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

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

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. The trust banking account had a nil balance for the 2021 financial year.

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 26.

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.

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

| Revenue Category | Nature of goods and services | When obligations typically satisfied | Payment terms | Returns/Refunds/Warranties | Determination of transaction price | Allocating transaction price | Measuring obligations for returns | Timing of revenue recognition |
|---|---|--------------------------------------|--|---|--|---|---|--|
| Rates | General rates | Over time | Payment dates adopted by Council during the year | None | Adopted by Council annually | When taxable event occurs | Not applicable | When rates notice is issued |
| Grant contracts with customers | Community events, minor facilities, research, design, planning evaluation and services | Over time | Fixed terms transfer of funds based on agreed milestones and reporting | Contract obligation if project not complete | Set by mutual agreement with the customer | Based on the progress of works to match performance obligations | Returns limited to repayment of transaction price of terms breached | Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared |
| Grants, subsidies or contributions for the construction of non-financial assets | Construction or acquisition of recognisable non-financial assets to be controlled by the local government | Over time | Fixed terms transfer of funds based on agreed milestones and reporting | Contract obligation if project not complete | Set by mutual agreement with the customer | Based on the progress of works to match performance obligations | Returns limited to repayment of transaction price of terms breached | Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared |
| Grants with no contract commitments | General appropriations and contributions with no reciprocal commitment | No obligations | Not applicable | Not applicable | Cash received | On receipt of funds | Not applicable | When assets are controlled |
| Licences/ Registrations/ Approvals | Building, planning, development and animal management, having the same nature as a licence regardless of naming | Single point in time | Full payment prior to issue | None | Set by State legislation or limited by legislation to the cost of provision | Based on timing of issue of the associated rights | No refunds | On payment and issue of the licence, registration or approval |
| Pool inspections | Compliance safety check | Single point in time | Equal proportion based on an equal annually fee | None | Set by State legislation | Apportioned equally across the inspection cycle | No refunds | After inspection complete based on a 4 year cycle |
| Other inspections | Regulatory Food, Health and Safety | Single point in time | Full payment prior to inspection | None | Set by State legislation or limited by legislation to the cost of provision | Applied fully on timing of inspection | Not applicable | Revenue recognised after inspection event occurs |
| Waste management collections | Kerbside collection service | Over time | Payment on an annual basis in advance | None | Adopted by Council annually | Apportioned equally across the collection period | Not applicable | Output method based on regular weekly and fortnightly period as proportionate to collection service |
| Property hire and entry | Use of Shire's facilities | Single point in time | In full in advance | Refund if event cancelled | Adopted by Council annually | Based on timing of entry to facility | Returns limited to repayment of transaction price | On entry or at conclusion of hire |
| Fees and charges for other goods and services | Shire services, other fees, reinstatements and private works | Single point in time | Payment in full in advance | None | Adopted by Council annually | Applied fully based on timing of provision | Not applicable | Output method based on provision of service or completion of works |
| Sale of stock | Warta Shop and visitor centre stock | Single point in time | In full in advance | Refund for faulty goods | Adopted by Council annually | Applied fully based on timing of provision | Returns limited to repayment of transaction price | Output method based on goods |
| Commissions | Commissions on licencing and artist sales | Over time | Payment in full on sale | None | Adopted by Council annually, set by agreement with Department of Transport and Artists | On receipt of funds | Not applicable | When assets are controlled |
| Reimbursements | Insurance claims | Single point in time | Payment in arrears for claimable event | None | Set by mutual agreement with the customer | When claim is agreed | Not applicable | When claim is agreed |

SHIRE OF NGAANYATJARRAKU
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 | 1,991 | 2,000 | 2,094 |
| General purpose funding | 3,261,033 | 1,555,027 | 3,129,242 |
| Education and welfare | - | - | 154,686 |
| Community amenities | - | - | 10,000 |
| Recreation and culture | 30,994 | - | 371 |
| Transport | 2,655,546 | 2,010,257 | 2,308,131 |
| | 5,949,564 | 3,567,284 | 5,604,524 |
| Non-operating grants, subsidies and contributions | | | |
| Transport | 2,472,913 | 3,408,055 | 2,755,744 |
| | 2,472,913 | 3,408,055 | 2,755,744 |
| Total grants, subsidies and contributions | 8,422,477 | 6,975,339 | 8,360,268 |
| Fees and charges | | | |
| Governance | 500 | - | 562 |
| Health | 330 | 400 | 260 |
| Education and welfare | 102,857 | 48,000 | 48,000 |
| Housing | 180,418 | 95,590 | 147,854 |
| Community amenities | 71,520 | 71,265 | 85,734 |
| Recreation and culture | 187,856 | 200,000 | 205,300 |
| Economic services | - | 800 | 1,150 |
| | 543,481 | 416,055 | 488,860 |

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 NGAANYATJARRAKU
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 | 5,949,564 | 3,567,284 | 5,604,524 |
| Fees and charges | 543,481 | 416,055 | 488,860 |
| Other revenue | 1,869 | 61,000 | 36,219 |
| Non-operating grants, subsidies and contributions | 2,472,913 | 3,408,055 | 2,755,744 |
| | <u>8,967,827</u> | <u>7,452,394</u> | <u>8,885,347</u> |

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

| | | | |
|---|------------------|------------------|------------------|
| Revenue from contracts with customers included as a contract liability at the start of the period | 317,137 | 317,137 | 256,574 |
| Revenue from contracts with customers recognised during the year | 6,177,777 | 4,044,339 | 6,129,603 |
| Revenue from transfers intended for acquiring or constructing recognisable non-financial assets during the year | 2,472,913 | 3,090,918 | 2,499,170 |
| | <u>8,967,827</u> | <u>7,452,394</u> | <u>8,885,347</u> |

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

| | | | |
|---|-------------|---|-----------|
| Trade and other receivables from contracts with customers | 41,312 | - | 33,797 |
| Contract liabilities from contracts with customers | (1,504,253) | - | (317,137) |

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

Other revenue

Reimbursements and recoveries
 Other

Interest earnings

Interest on reserve funds
 Rates instalment and penalty interest (refer Note 23(b))
 Other interest earnings

| | 2021 Actual | 2021 Budget | 2020 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| General rates | 172,589 | 197,656 | 228,009 |
| | 172,589 | 197,656 | 228,009 |
| Reimbursements and recoveries | 116,532 | 31,416 | 36,219 |
| Other | 1,869 | 61,000 | 62,811 |
| | 118,401 | 92,416 | 99,030 |
| Interest on reserve funds | 21,183 | 40,000 | 32,152 |
| Rates instalment and penalty interest (refer Note 23(b)) | 145 | - | 1,311 |
| Other interest earnings | 12,654 | 12,150 | 27,637 |
| | 33,982 | 52,150 | 61,100 |

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest earnings (continued)

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report

Bank charges

Bank charges

Sundry expenses

| | 2021 Actual | 2021 Budget | 2020 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| - Audit of the Annual Financial Report | 24,715 | 38,000 | 24,160 |
| | 24,715 | 38,000 | 24,160 |
| Bank charges | 1,614 | 500 | - |
| | 1,614 | 500 | - |
| Sundry expenses | 24,679 | 96,079 | 67,306 |
| | 24,679 | 96,079 | 67,306 |

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

3. CASH AND CASH EQUIVALENTS

| NOTES | 2021 | 2020 |
|--|-------------------|------------------|
| | \$ | \$ |
| Cash at bank and on hand | 5,197,762 | 3,063,698 |
| Term deposits | 4,862,136 | 3,838,873 |
| Total cash and cash equivalents | 10,059,898 | 6,902,571 |
| 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 | 6,366,389 | 4,156,010 |
| | 6,366,389 | 4,156,010 |
| The restricted assets are a result of the following specific purposes to which the assets may be used: | | |
| Reserves - cash backed | 4 | 4,862,136 |
| Contract liabilities from contracts with customers | 14 | 3,838,873 |
| Total restricted assets | 1,504,253 | 317,137 |
| | 6,366,389 | 4,156,010 |

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.

Restricted assets

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

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

| 4. RESERVES - CASH BACKED | 2021 Actual | 2021 Actual | 2021 Actual | 2021 Actual | 2021 Budget | 2021 Budget | 2021 Budget | 2021 Budget | 2020 Actual | 2020 Actual | 2020 Actual | 2020 Actual |
|--|-----------------|-------------|-----------------|-----------------|-----------------|-------------|-----------------|-----------------|-----------------|-------------|-----------------|-----------------|
| | Opening Balance | Transfer to | Transfer (from) | Closing Balance | Opening Balance | Transfer to | Transfer (from) | Closing Balance | Opening Balance | Transfer to | Transfer (from) | Closing Balance |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| (a) Employee Entitlement Reserve | 309,822 | 1,710 | - | 311,532 | 309,822 | - | - | 309,822 | 304,650 | 5,172 | - | 309,822 |
| (b) Asset Replacement, Acquisition and Development Reserve | 3,522,013 | 571,514 | - | 4,093,527 | 3,522,013 | - | - | 3,522,013 | 1,732,367 | 1,789,646 | - | 3,522,013 |
| (c) Cultural Centre Reserve | 7,038 | 115,039 | - | 122,077 | 7,038 | 80,000 | - | 87,038 | 6,920 | 118 | - | 7,038 |
| (d) Strategic Reserve | - | 335,000 | - | 335,000 | - | 80,000 | - | 80,000 | - | - | - | - |
| | 3,838,873 | 1,023,263 | - | 4,862,136 | 3,838,873 | 160,000 | - | 3,998,873 | 2,043,937 | 1,794,936 | - | 3,838,873 |

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

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

| Name of Reserve | Anticipated date of use | Purpose of the reserve |
|--|-------------------------|---|
| (a) Employee Entitlement Reserve | Ongoing | Established to fund a portion of future commitments for employee entitlements incurred as a result of employing staff and workers in relation to leave entitlements. |
| (b) Asset Replacement, Acquisition and Development Reserve | Ongoing | To provide and replace the necessary equipment, furniture, plant, buildings and infrastructure comprising of roads, drains, footpaths and recreational reserves. |
| (c) Cultural Centre Reserve | Ongoing | To provide for the successful operation of the Cultural Centre as provided for in clause 8.2 of the management deed between the Shire of Ngaanyatjaraku, Warburton Community Incorporated and the Ngaanyatjarra Council (Aboriginal Corporation), transfers to the reserve represent surplus funds from the day to day operations of the Cultural Centre after deducting costs incurred by the Shire. |
| (d) Strategic Reserve | Ongoing | To provide for the reduction of financial risk of unanticipated events in the occurrence of a natural disaster. To provide for strategic actions in support of identified activities that cannot be funded in the one budget period. To provide for the capacity to take-up unanticipated strategic opportunities. |

5. OTHER FINANCIAL ASSETS

(a) Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

Units in Local Government House Trust

| | 2021 | 2020 |
|--|--------|--------|
| | \$ | \$ |
| | 36,903 | 35,034 |
| | 36,903 | 35,034 |
| | 36,903 | 35,034 |
| | 36,903 | 35,034 |

SIGNIFICANT ACCOUNTING POLICIES

Financial assets at fair value through profit and loss

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

- equity investments which the Shire has not elected to recognise fair value gains and losses through other comprehensive income.

6. TRADE AND OTHER RECEIVABLES

Current

| | |
|-----------------------------|--|
| Rates receivable | |
| Trade and other receivables | |
| GST receivable | |

| 2021 | 2020 |
|--------|--------|
| \$ | \$ |
| - | 4,833 |
| 41,312 | 33,797 |
| - | 23,462 |
| 41,312 | 62,092 |

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

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year

Additions to inventory

Balance at end of year

| | 2021 | 2020 |
|--|----------|----------|
| | \$ | \$ |
| | 57,029 | 50,497 |
| | 57,029 | 50,497 |
| | 50,497 | 71,223 |
| | (29,721) | (35,486) |
| | 36,253 | 14,760 |
| | 57,029 | 50,497 |

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

8. OTHER ASSETS

Other assets - current

Prepayments
 Accrued income

| | 2021 | 2020 |
|----------------|--------|-------|
| | \$ | \$ |
| Prepayments | 13,600 | - |
| Accrued income | - | 3,525 |
| | 13,600 | 3,525 |

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.

| | Buildings - non- specialised | Furniture and equipment | Plant and equipment | Total property, plant and equipment |
|--|---------------------------------|----------------------------|------------------------|---|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2019 | | | | |
| Comprises: | | | | |
| Gross balance at 1 July 2019 | 8,816,589 | 187,426 | 2,268,015 | 11,272,030 |
| Accumulated depreciation at 1 July 2019 | (1,532,937) | (159,428) | (1,746,713) | (3,439,078) |
| Balance at 1 July 2019 | 7,283,652 | 27,998 | 521,302 | 7,832,952 |
| Additions | 73,842 | - | 45,766 | 119,608 |
| Disposals | - | - | (173,908) | (173,908) |
| Depreciation expense | (151,607) | (10,389) | (110,885) | (272,881) |
| Balance at 30 June 2020 | 7,205,887 | 17,609 | 282,275 | 7,505,771 |
| Comprises: | | | | |
| Gross balance at 30 June 2020 | 8,890,432 | 187,426 | 2,024,125 | 11,101,983 |
| Accumulated depreciation at 30 June 2020 | (1,684,545) | (169,817) | (1,741,850) | (3,596,212) |
| Balance at 30 June 2020 | 7,205,887 | 17,609 | 282,275 | 7,505,771 |
| Additions | 32,902 | - | 194,734 | 227,636 |
| Disposals | - | - | (53,992) | (53,992) |
| Depreciation expense | (152,277) | (10,390) | (92,644) | (255,311) |
| Balance at 30 June 2021 | 7,086,512 | 7,219 | 330,373 | 7,424,104 |
| Comprises: | | | | |
| Gross balance at 30 June 2021 | 8,923,334 | 187,426 | 2,086,637 | 11,197,397 |
| Accumulated depreciation at 30 June 2021 | (1,836,822) | (180,207) | (1,756,264) | (3,773,293) |
| Balance at 30 June 2021 | 7,086,512 | 7,219 | 330,373 | 7,424,104 |

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 | | | | | |
| Buildings | | | | | |
| Buildings - non-specialised | 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2017 | Construction costs based on recent contract prices, current condition, residual values and remaining useful life assessments. |
| (ii) Cost | | | | | |
| Furniture and equipment | - | Cost | Cost | - | Purchase costs. |
| Plant and equipment | - | Cost | Cost | - | Purchase costs. |

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

10. INFRASTRUCTURE

(a) Movements in Balances

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

| | Infrastructure - roads \$ | Other infrastructure - Recreation Infrastructure \$ | Other infrastructure \$ | Total Infrastructure \$ |
|--|---------------------------------|---|-------------------------------|-------------------------------|
| Balance at 1 July 2019 | | | | |
| Comprises: | | | | |
| Gross balance at 1 July 2019 | 118,787,092 | 412,993 | - | 119,200,085 |
| Accumulated depreciation at 1 July 2019 | (16,860,733) | (304,188) | - | (17,164,921) |
| Balance at 1 July 2019 | 101,926,359 | 108,805 | - | 102,035,164 |
| Additions | 3,309,785 | 26,056 | 204,181 | 3,540,022 |
| Depreciation expense | (1,237,033) | (2,219) | - | (1,239,252) |
| Balance at 30 June 2020 | 103,999,111 | 132,642 | 204,181 | 104,335,934 |
| Comprises: | | | | |
| Gross balance at 30 June 2020 | 122,096,877 | 439,049 | 204,181 | 122,740,107 |
| Accumulated depreciation at 30 June 2020 | (18,097,766) | (306,407) | - | (18,404,173) |
| Balance at 30 June 2020 | 103,999,111 | 132,642 | 204,181 | 104,335,934 |
| Additions | 3,488,573 | 823 | - | 3,489,396 |
| Depreciation expense | (1,373,786) | (2,742) | (10,209) | (1,386,737) |
| Balance at 30 June 2021 | 106,113,898 | 130,723 | 193,972 | 106,438,593 |
| Comprises: | | | | |
| Gross balance at 30 June 2021 | 125,585,450 | 439,872 | 204,181 | 126,229,503 |
| Accumulated depreciation at 30 June 2021 | (19,471,552) | (309,149) | (10,209) | (19,790,910) |
| Balance at 30 June 2021 | 106,113,898 | 130,723 | 193,972 | 106,438,593 |

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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 | Management valuation | June 2018 | Construction costs based on recent contract prices, current condition, residual values and remaining useful life assessments. |
| Other infrastructure - recreation infrastructure | 3 | Cost approach using depreciated replacement cost | Management valuation | June 2018 | Construction costs based on recent contract prices, current condition, residual values and remaining useful life assessments. |
| Other infrastructure | 3 | Cost approach using depreciated replacement cost | Management valuation | June 2018 | Construction costs based on recent contract prices, current condition, residual values and remaining useful life assessments. |

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 property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

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

Revaluation (Continued)

At the end of each period the 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 buildings and infrastructure 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 NGAANYATJARRAKU
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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 | \$ 53,992 | \$ 92,954 | \$ 60,572 | \$ (21,610) | \$ 82,500 | \$ 60,000 | \$ 1,000 | \$ (23,500) | \$ 173,908 | \$ 137,256 | \$ 20,630 | \$ (57,282) |
| | 53,992 | 92,954 | 60,572 | (21,610) | 82,500 | 60,000 | 1,000 | (23,500) | 173,908 | 137,256 | 20,630 | (57,282) |

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 | \$ | \$ | \$ | \$ |
| PE018 2014 Toyota Prado | 12,010 | 33,182 | 21,172 | - |
| Health | | | | |
| PE072 2016 Toyota Landcruiser | 20,372 | 59,772 | 39,400 | - |
| Community amenities | | | | |
| PE066 2013 Isuzu NPR300 Truck | 21,610 | - | - | (21,610) |
| | 53,992 | 92,954 | 60,572 | (21,610) |

SHIRE OF NGAANYATJARRAKU
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11. FIXED ASSETS

(b) Depreciation

| | 2021 Actual | 2021 Budget | 2020 Actual |
|--|------------------|------------------|------------------|
| | \$ | \$ | \$ |
| Buildings - non-specialised | 152,277 | 151,607 | 151,607 |
| Furniture and equipment | 10,390 | 10,389 | 10,389 |
| Plant and equipment | 92,644 | 100,411 | 110,885 |
| Infrastructure - roads | 1,373,786 | 1,237,033 | 1,237,033 |
| Other infrastructure - recreation infrastructure | 2,742 | 2,220 | 2,219 |
| Other infrastructure | 10,209 | - | - |
| | 1,642,048 | 1,501,660 | 1,512,133 |

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 | 50 years |
| Furniture and equipment | 4 years |
| Plant and equipment | 5 to 7 years |
| Sealed roads and streets | |
| - formation | not depreciated |
| - pavement | 8 to 31 years |
| - seal | |
| - bituminous seals | 3 to 20 years |
| - asphalt surfaces | 3 to 20 years |
| Gravel roads | |
| - formation | not depreciated |
| - pavement | 8 to 31 years |
| - kerb | 6 to 14 years |

Depreciation on revaluation

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

12. REVALUATION SURPLUS

| | 2021 Opening Balance | 2021 Closing Balance | 2020 Opening Balance | 2020 Closing Balance |
|-----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | \$ | \$ | \$ | \$ |
| Buildings - non-specialised | 4,052,570 | 4,052,570 | 4,052,570 | 4,052,570 |
| Plant and equipment | 190,407 | 190,407 | 190,407 | 190,407 |
| Infrastructure - roads | 49,024,610 | 49,024,610 | 49,024,610 | 49,024,610 |
| | 53,267,587 | 53,267,587 | 53,267,587 | 53,267,587 |

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 NGAANYATJARRAKU
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13. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Accrued salaries and wages
 ATO liabilities
 Other payables

| | 2021 | 2020 |
|--|---------|---------|
| | \$ | \$ |
| | 385,353 | 161,037 |
| | 33,199 | 21,638 |
| | 32,411 | - |
| | 1,531 | - |
| | 452,494 | 182,675 |

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

14. CONTRACT LIABILITIES

Current

Contract liabilities

| 2021 | 2020 |
|-----------|---------|
| \$ | \$ |
| 1,504,253 | 317,137 |
| 1,504,253 | 317,137 |

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

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

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

Grant liabilities represent the 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.

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15. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

| | Provision for Annual Leave \$ | Provision for Long Service Leave \$ | Provision for Isolation Leave \$ | Total \$ |
|---------------------------------------|--|--|---|----------------|
| Opening balance at 1 July 2020 | | | | |
| Current | 74,063 | 69,996 | 10,167 | 154,226 |
| Non-current | - | 18,741 | - | 18,741 |
| | <u>74,063</u> | <u>88,737</u> | <u>10,167</u> | <u>172,967</u> |
| Additional provision | 38,804 | 23,806 | 1,795 | 64,405 |
| Amounts used | (10,092) | (3,630) | (6,323) | (20,045) |
| Balance at 30 June 2021 | <u>102,775</u> | <u>108,913</u> | <u>5,639</u> | <u>217,327</u> |
| Comprises | | | | |
| Current | 102,775 | 95,122 | 5,639 | 203,536 |
| Non-current | - | 13,791 | - | 13,791 |
| | <u>102,775</u> | <u>108,913</u> | <u>5,639</u> | <u>217,327</u> |

| | 2021 \$ | 2020 \$ |
|---|----------------|----------------|
| Less than 12 months after the reporting date | 108,414 | 84,230 |
| More than 12 months from reporting date | 120,156 | 99,980 |
| Expected reimbursements from other WA local governments | (11,243) | (11,243) |
| | <u>217,327</u> | <u>172,967</u> |

Amounts are expected to be settled on the following basis:

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

16. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents. 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 | 10,059,898 | 4,066,360 | 6,902,571 |
| Reconciliation of Net Result to Net Cash Provided By / (Used In) Operating Activities | | | |
| Net result for the period | 3,674,720 | 395,592 | 3,621,332 |
| Non-cash flow items: | | | |
| Depreciation on non-current assets | 1,642,048 | 1,501,660 | 1,512,133 |
| (Profit)/loss on sale of asset | (38,962) | 22,500 | 36,652 |
| Changes in assets and liabilities: | | | |
| (Increase)/decrease in trade and other receivables | 20,780 | - | 255,424 |
| (Increase)/decrease in other financial assets | (10,075) | - | 24,010 |
| (Increase)/decrease in inventories | (6,532) | - | 20,726 |
| Increase/(decrease) in trade and other payables | 269,819 | - | (18,715) |
| Increase/(decrease) in employee related provisions | 44,360 | - | (24,157) |
| Increase/(decrease) in other liabilities | 1,187,116 | (317,137) | 60,563 |
| Non-operating grants, subsidies and contributions | (2,472,913) | (3,408,055) | (2,755,744) |
| Net cash provided by / (used in) operating activities | 4,310,361 | (1,805,440) | 2,732,224 |

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | 2021 | 2020 |
|---------------------------|--------------------|--------------------|
| | \$ | \$ |
| Governance | 477,991 | 397,423 |
| General purpose funding | - | 4,833 |
| Law, order, public safety | 3,121 | 4,942 |
| Health | 93,523 | 82,698 |
| Education and welfare | 1,176,850 | 1,216,664 |
| Housing | 4,469,714 | 4,572,361 |
| Community amenities | 61,178 | 106,379 |
| Recreation and culture | 1,704,057 | 1,617,391 |
| Transport | 106,458,716 | 104,306,689 |
| Economic services | - | 333 |
| Unallocated | 9,626,289 | 6,585,711 |
| | 124,071,439 | 118,895,424 |

18. CONTINGENT LIABILITIES

The Shire does not have any contingent liabilities.

19. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

The Shire does not have any capital commitments.

20. ELECTED MEMBERS REMUNERATION

| | 2021 Actual | 2021 Budget | 2020 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Cr John Damian McLean | | | |
| President's annual allowance | 6,000 | 6,000 | 4,000 |
| Meeting attendance fees | 5,170 | 4,600 | 4,900 |
| Travel and accommodation expenses | - | 250 | 550 |
| | 11,170 | 10,850 | 9,450 |
| Cr Andrew Jones | | | |
| Deputy President's annual allowance | 1,500 | 1,500 | - |
| Meeting attendance fees | 1,650 | 3,350 | 2,000 |
| Travel and accommodation expenses | - | 250 | - |
| | 3,150 | 5,100 | 2,000 |
| Cr Alwyn Bates | | | |
| Meeting attendance fees | 1,760 | 3,050 | 300 |
| Travel and accommodation expenses | 807 | 1,250 | - |
| | 2,567 | 4,300 | 300 |
| Cr Lalla West | | | |
| Meeting attendance fees | 1,980 | 3,050 | 2,300 |
| Travel and accommodation expenses | - | 250 | - |
| | 1,980 | 3,300 | 2,300 |
| Cr Joylene Frazer | | | |
| Meeting attendance fees | 2,310 | 3,050 | 2,200 |
| Travel and accommodation expenses | - | 250 | - |
| | 2,310 | 3,300 | 2,200 |
| Cr Julie Porter | | | |
| Meeting attendance fees | 2,420 | 3,050 | 1,500 |
| Travel and accommodation expenses | - | 250 | - |
| | 2,420 | 3,300 | 1,500 |
| Cr Debra Frazer | | | |
| Meeting attendance fees | 2,750 | 3,050 | 1,900 |
| Travel and accommodation expenses | - | 250 | - |
| | 2,750 | 3,300 | 1,900 |
| Cr Preston Thomas | | | |
| Deputy President's annual allowance | - | 3,050 | 927 |
| Meeting attendance fees | - | - | 1,200 |
| Travel and accommodation expenses | - | 250 | - |
| | - | 3,300 | 2,127 |
| | 26,347 | 36,750 | 21,777 |
| Fees, expenses and allowances to be paid or reimbursed to elected council members. | | | |
| President's allowance | 6,000 | 6,000 | 4,000 |
| Deputy President's allowance | 1,500 | 1,500 | 927 |
| Meeting attendance fees | 18,040 | 26,250 | 16,300 |
| Travel and accommodation expenses | 807 | 3,000 | 550 |
| | 26,347 | 36,750 | 21,777 |

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21. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

| | 2021 Actual | 2020 Actual |
|--|------------------------|------------------------|
| The total of remuneration paid to KMP of the Shire during the year are as follows: | \$ | \$ |
| Short-term employee benefits | 530,488 | 389,789 |
| Post-employment benefits | 49,672 | 35,516 |
| Other long-term benefits | 44,587 | 34,574 |
| | <u>624,747</u> | <u>459,879</u> |

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

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.

There were no transactions with related parties during the year.

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

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

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

22. JOINT ARRANGEMENTS

Joint operation

The Shire together with the Shires of Coolgardie, Dundas, Esperance, Laverton, Leonora, Menzies, Ravensthorpe, Wiluna and City of Kalgoorlie-Boulder have a joint operation arrangement with regards to the provision of a Regional Records Service. The facility is located in Kalgoorlie and the Shire holds one-tenth share of the joint operation.

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint operations

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

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement.

Interests in joint arrangements (Continued)

The Shire recognises its interest in the joint operation assets including its share of any assets held jointly, its liabilities, including its share of any liabilities incurred jointly, the revenue from the sale of the output arising from the joint operation and its expenses, including its share of any expenses incurred jointly using a proportionate accounting method.

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

23. RATING INFORMATION

(a) Rates

| RATE TYPE | Rate in \$ | Number of Properties | 2020/21 Actual Rateable Value \$ | 2020/21 Actual Rate Revenue \$ | 2020/21 Actual Interim Rates \$ | 2020/21 Actual Back Rates \$ | 2020/21 Actual Total Revenue \$ | 2020/21 Budget Rate Revenue \$ | 2020/21 Budget Interim Rate \$ | 2020/21 Budget Back Rate \$ | 2020/21 Budget Total Revenue \$ | 2019/20 Actual Total Revenue \$ |
|---|-----------------------|-------------------------------------|---|---|--|---|--|---|---|--|--|--|
| Differential general rate / general rate | | | | | | | | | | | | |
| Unimproved valuations | 0.21 | 31 | 877,885 | 196,646 | (19,083) | (5,954) | 171,609 | 196,576 | - | 100 | 196,676 | 227,274 |
| Sub-Total | | 31 | 877,885 | 196,646 | (19,083) | (5,954) | 171,609 | 196,576 | - | 100 | 196,676 | 227,274 |
| Minimum payment | Minimum \$ | | | | | | | | | | | |
| Unimproved valuations | 245 | 4 | - | 980 | - | - | 980 | 980 | - | - | 980 | 735 |
| Sub-Total | | 4 | - | 980 | - | - | 980 | 980 | - | - | 980 | 735 |
| Total amount raised from general rate | | 35 | 877,885 | 197,626 | (19,083) | (5,954) | 172,589 | 197,556 | - | 100 | 197,656 | 228,009 |
| Ex-gratia rates | | | | | | | 172,589 | | | | 197,656 | 228,009 |
| Totals | | | | | | | - | | | | - | 32,263 |
| | | | | | | | 172,589 | | | | 197,656 | 260,272 |

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.

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 | 6/10/2020 | - | - | 8.00% |
| Option Two | | | | |
| First instalment | 6/10/2020 | - | - | 8.00% |
| Second instalment | 8/12/2020 | - | - | 8.00% |
| Option Three | | | | |
| First instalment | 6/10/2020 | - | - | 8.00% |
| Second instalment | 8/12/2020 | - | - | 8.00% |
| Third instalment | 9/02/2021 | - | - | 8.00% |
| Fourth instalment | 9/04/2021 | - | - | 8.00% |
| | | 2021 Actual | 2021 Budget | 2020 Actual |
| | | \$ | \$ | \$ |
| Interest on unpaid rates | | 145 | - | 1,311 |
| | | 145 | - | 1,311 |

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

24. RATE SETTING STATEMENT INFORMATION

| | | 2020/21 Budget | 2019/20 | | |
|--|--|--------------------------------------|--------------------------------------|-------------|-------------|
| | 2020/21 (30 June 2021 Carried Forward) | (30 June 2021 Carried Forward) | (30 June 2020 Carried Forward) | | |
| Notes | \$ | \$ | \$ | | |
| (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) | (60,572) | (1,000) | (20,630) |
| | Less: Non-cash grants and contributions for assets | | (1,869) | - | - |
| | Movement in employee benefit provisions (non-current) | | (4,950) | - | (5,521) |
| | Movement in contract liabilities (non-current) | | - | (317,137) | - |
| | Add: Loss on disposal of assets | 11(a) | 21,610 | 23,500 | 57,282 |
| | Add: Depreciation on non-current assets | 11(b) | 1,642,048 | 1,501,660 | 1,512,133 |
| | Non cash amounts excluded from operating activities | | 1,596,267 | 1,207,023 | 1,543,264 |
| (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 | (4,862,136) | (3,998,873) | (3,838,873) |
| | Add: Current liabilities not expected to be cleared at end of year | | - | 172,862 | - |
| | - Employee benefit provisions | | - | - | - |
| | Total adjustments to net current assets | | (4,862,136) | (3,826,011) | (3,838,873) |
| Net current assets used in the Rate Setting Statement | | | | | |
| | Total current assets | | 10,171,839 | 4,182,474 | 7,018,685 |
| | Less: Total current liabilities | | (2,160,283) | (356,463) | (654,038) |
| | Less: Total adjustments to net current assets | | (4,862,136) | (3,826,011) | (3,838,873) |
| | Net current assets used in the Rate Setting Statement | | 3,149,420 | - | 2,525,774 |

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 |
|----------------|--|-----------------------------------|--|
| 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 | 0.24 | 10,059,898 | 4,862,136 | 5,195,262 | 2,500 |
| 2020 | | | | | |
| Cash and cash equivalents | 0.81 | 6,902,571 | 3,838,873 | 3,061,198 | 2,500 |

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* | \$ 51,953 | \$ 30,612 |

* Holding all other variables constant

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.

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

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

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

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

| | Current | More than 1 year past due | More than 2 years past due | More than 3 years past due | Total |
|-----------------------|---------|------------------------------|-------------------------------|-------------------------------|-------|
| 30 June 2021 | | | | | |
| Rates receivable | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross carrying amount | - | - | - | - | - |
| Loss allowance | - | - | - | - | - |
| 30 June 2020 | | | | | |
| Rates receivable | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross carrying amount | 4,833 | - | - | - | 4,833 |
| Loss allowance | - | - | - | - | - |

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 | 40,562 | - | - | 750 | 41,312 |
| Loss allowance | - | - | - | - | - |
| 30 June 2020 | | | | | |
| Trade and other receivables | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross carrying amount | 33,180 | 617 | - | - | 33,797 |
| Loss allowance | - | - | - | - | - |

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables

Payables are 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.

The contractual undiscounted cash flows of the Shire's payables 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 | | | | | |
| Trade and other payables | 452,494 | - | - | 452,494 | 452,494 |
| Contract liabilities | 1,504,253 | - | - | 1,504,253 | 1,504,253 |
| | <u>1,956,747</u> | <u>-</u> | <u>-</u> | <u>1,956,747</u> | <u>1,956,747</u> |
| 2020 | | | | | |
| Trade and other payables | 182,675 | - | - | 182,675 | 182,675 |
| Contract liabilities | 317,137 | - | - | 317,137 | 317,137 |
| | <u>499,812</u> | <u>-</u> | <u>-</u> | <u>499,812</u> | <u>499,812</u> |

26. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 1059 Service Concession Arrangements: Grantors

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

The Shire has considered the requirements of AASB 1059 - Service Concession Arrangements and confirms that the Shire has no existing arrangements that fall within the scope of this Standard.

SHIRE OF NGAANYATJARRAKU

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

27. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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

28. 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>Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and 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 and other aspects of public safety including emergency services.</p> |
| <p>HEALTH To provide an operational framework for environmental and community health.</p> | <p>Inspection of food outlets and their control, and a waste pick-up service at Warburton.</p> |
| <p>EDUCATION AND WELFARE To provide services to children and youth.</p> | <p>Nil.</p> |
| <p>HOUSING To provide and maintain staff housing.</p> | <p>Provision and maintenance of staff housing.</p> |
| <p>COMMUNITY AMENITIES To provide services required by the community.</p> | <p>Rubbish collection services and litter control in Warburton.</p> |
| <p>RECREATION AND CULTURE To establish and effectively manage infrastructure and resources which will help the social well being of the community.</p> | <p>Maintenance of public halls, civic centre, aquatic centre, recreation centres and various sporting facilities. Provision and maintenance of parks and playgrounds. Operation of other cultural facilities.</p> |
| <p>TRANSPORT To provide safe, effective and efficient transport services to the community.</p> | <p>Construction and maintenance of roads, streets, footpaths, depots and traffic control. Cleaning of streets and maintenance of street trees.</p> |
| <p>ECONOMIC SERVICES To help promote the Shire and it's economic wellbeing.</p> | <p>Tourism and area promotion, and building control.</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 administrative costs.</p> |

29. FINANCIAL RATIOS

| | 2021 Actual | 2020 Actual | 2019 Actual |
|-----------------------------------|----------------|----------------|----------------|
| Current ratio | 1.94 | 14.85 | 15.16 |
| Asset consumption ratio | 0.83 | 0.84 | 0.84 |
| Asset renewal funding ratio | 1.42 | 1.41 | 1.57 |
| Asset sustainability ratio | 2.19 | 1.72 | 2.39 |
| Debt service cover ratio | N/A | N/A | N/A |
| Operating surplus ratio | 1.30 | 1.00 | (0.58) |
| Own source revenue coverage ratio | 0.16 | 0.15 | 0.12 |

The above ratios are calculated as follows:

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



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 Shire of Ngaanyatjarraku

To the Councillors of the Shire of Ngaanyatjarraku

Report on the audit of the annual financial report

Opinion

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

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

In my opinion the financial report of the Shire of Ngaanyatjarraku:

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

Basis for opinion

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

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

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

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

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

Auditor's responsibility for the audit of the financial report

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

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

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

Report on other legal and regulatory requirements

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
 - a) The Own Source Revenue Coverage Ratio is below the Department of Local Government, Sport and Cultural Industries standard for the past 3 years. The financial ratios are reported at Note 29 of the annual financial report.
- (ii) The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
 - a) A review of the appropriateness and effectiveness of the Shire's financial management systems and procedures was not completed by the CEO at least once every three financial years, as required by section 5(2)(c) of the Local Government (Financial Management) Regulations 1996. The last review took place in 2016.
 - b) A review of the appropriateness and effectiveness of the Shire's system and procedures in relation to risk management, internal control and legislative compliance was not completed by the CEO at least once every three financial years, as required by paragraph 17 of the Local Government (Audit) Regulations 1996. The last review took place in 2017.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

Other matter

The financial ratios for 2019 and 2020 in Note 29 of the financial report were audited by another auditor when performing their audit of the Shire for the years ending 30 June 2019 and 30 June 2020. The auditor expressed an unmodified opinion on the financial report for those years.

Other information

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

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

Matters relating to the electronic publication of the audited financial report

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

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