

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

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COMMUNITY VISION

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life

Principal place of business:
9 MacPherson Place
PO Box 42
Laverton WA 6440


**SHIRE OF LAVERTON
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 Laverton 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 Laverton 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 9th day of FEBRUARY 2022.
2021



Chief Executive Officer

Peter Naylor

Name of Chief Executive Officer



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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	23(a)	5,492,480	5,698,900	5,303,425
Operating grants, subsidies and contributions	2(a)	4,652,098	2,764,870	6,491,031
Fees and charges	2(a)	722,266	448,550	787,812
Interest earnings	2(a)	95,060	45,200	82,434
Other revenue	2(a)	236,065	288,500	260,871
		11,197,969	9,246,020	12,925,573
Expenses				
Employee costs		(3,583,799)	(4,378,838)	(3,997,268)
Materials and contracts		(2,072,951)	(2,773,960)	(4,826,017)
Utility charges		(354,095)	(324,400)	(334,447)
Depreciation on non-current assets	10(d)	(2,647,697)	(2,318,700)	(2,890,565)
Interest expenses	2(b)	(55,306)	(96,500)	(55,967)
Insurance expenses		(163,951)	(150,145)	(126,703)
Other expenditure	2(b)	(474,975)	(649,878)	(183,618)
		(9,352,774)	(10,692,421)	(12,414,585)
		1,845,195	(1,446,401)	510,988
Non-operating grants, subsidies and contributions	2(a)	2,766,233	3,926,125	6,057,266
Profit on asset disposals	10(a)	24,059	0	20,364
(Loss) on asset disposals	10(a)	(36,086)	(92,000)	(20,262)
Fair value adjustments to financial assets at fair value through profit or loss		73,807	0	0
(Loss) on revaluation of Impairment of Plant & Equipment	8(a)	0	0	(890,471)
(Loss) on revaluation of Loss on revaluation of land and buildings	8(a)	0	0	(643,796)
(Loss) on revaluation of Loss on revaluation of other infrastructure	9(a)	0	0	(423,088)
		2,828,013	3,834,125	4,100,013
Net result for the period		4,673,208	2,387,724	4,611,001
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	673,738
Total other comprehensive income for the period		0	0	673,738
Total comprehensive income for the period		4,673,208	2,387,724	5,284,739

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



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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Governance	2(a)	7,050	100	22,952
General purpose funding		8,255,234	6,846,600	7,895,309
Law, order, public safety		13,670	13,170	16,144
Health		3,867	3,100	4,138
Education and welfare		237,055	180,600	289,121
Housing		51,126	50,000	94,704
Community amenities		125,677	134,200	139,426
Recreation and culture		76,666	73,050	100,540
Transport		1,680,949	1,573,000	3,769,941
Economic services		384,499	267,200	366,506
Other property and services		362,176	105,000	226,792
		11,197,969	9,246,020	12,925,573
Expenses				
Governance	2(b)	(523,197)	(700,439)	(570,883)
General purpose funding		(484,041)	(694,636)	(515,126)
Law, order, public safety		(217,986)	(264,519)	(239,982)
Health		(340,075)	(342,383)	(316,988)
Education and welfare		(387,172)	(566,987)	(542,454)
Housing		(6,897)	(124,813)	(74,273)
Community amenities		(612,453)	(654,631)	(590,446)
Recreation and culture		(1,207,082)	(1,225,132)	(1,296,065)
Transport		(4,081,788)	(4,648,161)	(7,267,062)
Economic services		(1,032,731)	(1,319,400)	(1,145,868)
Other property and services		(404,046)	(54,820)	200,529
		(9,297,468)	(10,595,921)	(12,358,618)
Finance Costs				
General purpose funding	2(b)	0	(27,000)	(49)
Housing		(17,574)	(22,500)	(22,757)
Recreation and culture		(17,277)	(18,000)	(19,101)
Economic services		(20,455)	(29,000)	(14,060)
		(55,306)	(96,500)	(55,967)
		1,845,195	(1,446,401)	510,988
Non-operating grants, subsidies and contributions	2(a)	2,766,233	3,926,125	6,057,266
Profit on disposal of assets	10(a)	24,059	0	20,364
(Loss) on disposal of assets	10(a)	(36,086)	(92,000)	(20,262)
Fair value adjustments to financial assets at fair value through profit or loss		73,807	0	0
Impairment of Plant & Equipment	8(a)	0	0	(890,471)
(Loss) on revaluation of land and buildings	8(a)	0	0	(643,796)
(Loss) on revaluation of other infrastructure	9(a)	0	0	(423,088)
		2,828,013	3,834,125	4,100,013
Net result for the period		4,673,208	2,387,724	4,611,001
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Changes in asset revaluation surplus	12	0	0	673,738
Total other comprehensive income for the period		0	0	673,738
Total comprehensive income for the period		4,673,208	2,387,724	5,284,739



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

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

	NOTE	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	3	8,300,453	2,881,341
Trade and other receivables	6	1,182,688	922,558
Inventories	7	121,574	189,717
TOTAL CURRENT ASSETS		9,604,715	3,993,616
NON-CURRENT ASSETS			
Trade and other receivables	6	1,968	3,687
Other financial assets	5	73,807	0
Property, plant and equipment	8	14,790,587	13,865,902
Infrastructure	9	139,340,121	139,887,515
TOTAL NON-CURRENT ASSETS		154,206,483	153,757,104
TOTAL ASSETS		163,811,198	157,750,720
CURRENT LIABILITIES			
Trade and other payables	13	581,850	262,877
Other liabilities	14	522,464	473,209
Borrowings	15(a)	326,108	226,306
Employee related provisions	16	447,586	470,950
TOTAL CURRENT LIABILITIES		1,878,008	1,433,342
NON-CURRENT LIABILITIES			
Borrowings	15(a)	1,842,276	929,996
Employee related provisions	16	95,943	65,619
TOTAL NON-CURRENT LIABILITIES		1,938,219	995,615
TOTAL LIABILITIES		3,816,227	2,428,957
NET ASSETS		159,994,971	155,321,763
EQUITY			
Retained surplus		82,322,976	79,370,593
Reserves - cash backed	4	3,819,928	2,099,103
Revaluation surplus	12	73,852,067	73,852,067
TOTAL EQUITY		159,994,971	155,321,763

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



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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2019		74,596,323	2,262,372	73,178,329	150,037,024
Comprehensive income					
Net result for the period		4,611,001	0	0	4,611,001
Other comprehensive income	12	0	0	673,738	673,738
Total comprehensive income		4,611,001	0	673,738	5,284,739
Transfers from reserves	4	195,000	(195,000)	0	0
Transfers to reserves	4	(31,731)	31,731	0	0
Balance as at 30 June 2020		79,370,593	2,099,103	73,852,067	155,321,763
Comprehensive income					
Net result for the period		4,673,208	0	0	4,673,208
Transfers from reserves	4	2,083,959	(2,083,959)	0	0
Transfers to reserves	4	(3,804,784)	3,804,784	0	0
Balance as at 30 June 2021		82,322,976	3,819,928	73,852,067	159,994,971

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

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		5,505,436	5,698,900	5,348,468
Operating grants, subsidies and contributions		4,325,282	2,470,915	6,373,850
Fees and charges		753,518	448,550	787,812
Interest received		95,060	45,200	82,434
Goods and services tax received		696,086	343,184	1,435,074
Other revenue		236,065	288,500	260,871
		11,611,447	9,295,249	14,288,509
Payments				
Employee costs		(3,612,569)	(4,378,838)	(3,897,529)
Materials and contracts		(1,650,105)	(2,773,960)	(5,486,048)
Utility charges		(354,095)	(324,400)	(334,447)
Interest expenses		(55,306)	(96,500)	(55,967)
Insurance paid		(163,951)	(150,145)	(126,703)
Goods and services tax paid		(622,634)	(343,184)	(1,448,855)
Other expenditure		(474,975)	(649,878)	(183,618)
		(6,933,635)	(8,716,905)	(11,533,167)
Net cash provided by (used in) operating activities	17	4,677,812	578,344	2,755,342
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(1,754,183)	(3,952,200)	(518,120)
Payments for construction of infrastructure	9(a)	(1,473,469)	(2,179,100)	(9,235,089)
Non-operating grants, subsidies and contributions	2(a)	2,766,233	3,926,125	6,057,266
Proceeds from sale of property, plant & equipment	10(a)	190,637	230,000	102,645
Net cash provided by (used in) investment activities		(270,782)	(1,975,175)	(3,593,298)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	15(b)	(287,918)	(284,379)	(217,277)
Proceeds from new borrowings	15(c)	1,300,000	1,300,000	0
Net cash provided by (used in) financing activities		1,012,082	1,015,621	(217,277)
Net increase (decrease) in cash held		5,419,112	(381,210)	(1,055,233)
Cash at beginning of year		2,881,341	2,900,572	3,936,574
Cash and cash equivalents at the end of the year	17	8,300,453	2,519,362	2,881,341

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

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	24 (b)	1,158,427	300,000	1,327,917
		1,158,427	300,000	1,327,917
Revenue from operating activities (excluding rates)				
Governance		7,050	100	22,952
General purpose funding		2,762,754	1,337,700	2,591,884
Law, order, public safety		13,670	13,170	16,144
Health		3,867	3,100	4,138
Education and welfare		237,055	180,600	289,121
Housing		51,126	50,000	94,704
Community amenities		125,677	134,200	139,426
Recreation and culture		76,666	73,050	100,540
Transport		1,680,949	1,573,000	3,790,305
Economic services		384,499	267,200	366,506
Other property and services		460,042	105,000	226,792
		5,803,355	3,737,120	7,642,512
Expenditure from operating activities				
Governance		(523,197)	(700,439)	(570,883)
General purpose funding		(484,041)	(721,636)	(515,175)
Law, order, public safety		(217,986)	(264,519)	(239,982)
Health		(340,075)	(342,383)	(316,988)
Education and welfare		(387,172)	(566,987)	(542,454)
Housing		(47,612)	(172,313)	(97,030)
Community amenities		(612,453)	(654,631)	(590,446)
Recreation and culture		(1,224,359)	(1,243,132)	(1,315,166)
Transport		(4,094,733)	(4,711,161)	(7,284,934)
Economic services		(1,053,186)	(1,348,400)	(1,159,928)
Other property and services		(404,046)	(58,820)	(868,745)
		(9,388,860)	(10,784,421)	(13,501,731)
Non-cash amounts excluded from operating activities	24(a)	2,560,656	2,116,745	4,033,610
Amount attributable to operating activities		133,578	(4,630,556)	(497,692)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	2,766,233	3,926,125	6,057,266
Proceeds from disposal of assets	10(a)	190,637	230,000	102,645
Proceeds on disposal of financial assets at amortised cost		(73,807)	0	0
Purchase of property, plant and equipment	8(a)	(1,754,183)	(3,952,200)	(518,120)
Purchase and construction of infrastructure	9(a)	(1,473,469)	(2,179,100)	(9,235,089)
Amount attributable to investing activities		(344,589)	(1,975,175)	(3,593,298)
FINANCING ACTIVITIES				
Repayment of borrowings	15(b)	(287,918)	(284,379)	(217,277)
Proceeds from borrowings	15(c)	1,300,000	1,300,000	0
Transfers to reserves (restricted assets)	4	(3,804,784)	(34,000)	(31,731)
Transfers from reserves (restricted assets)	4	2,083,959	115,210	195,000
Amount attributable to financing activities		(708,743)	1,096,831	(54,008)
Surplus/(deficit) before imposition of general rates		(919,754)	(5,508,900)	(4,144,998)
Total amount raised from general rates	23(a)	5,492,480	5,508,900	5,303,425
Surplus/(deficit) after imposition of general rates	24(b)	4,572,726	0	1,158,427

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

SHIRE OF LAVERTON
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FOR THE YEAR ENDED 30 JUNE 2021

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1. BASIS OF PREPARATION

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

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

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

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

The adoption of these standards had no material impact on the financial report.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

SHIRE OF LAVERTON
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			
General purpose funding	2,665,259	1,098,000	2,506,204
Law, order, public safety	12,995	11,970	5,670
Education and welfare	237,020	180,400	284,614
Housing	25,734	20,000	44,489
Recreation and culture	61,647	60,000	61,066
Transport	1,200,006	1,163,000	3,273,534
Economic services	149,841	135,500	128,208
Other property and services	299,596	96,000	187,246
	4,652,098	2,764,870	6,491,031
Non-operating grants, subsidies and contributions			
Law, order, public safety	204,930	670,000	19,573
Recreation and culture	27,310	90,000	415,374
Transport	1,577,391	1,604,170	5,595,459
Economic services	956,602	1,561,955	26,860
	2,766,233	3,926,125	6,057,266
Total grants, subsidies and contributions	7,418,331	6,690,995	12,548,297
Fees and charges			
General purpose funding	2,398	4,500	3,246
Law, order, public safety	675	1,200	1,783
Health	314	100	477
Housing	23,330	30,000	50,215
Community amenities	125,340	134,200	139,426
Recreation and culture	14,371	13,050	24,427
Transport	450,334	200,000	475,977
Economic services	75,603	57,500	56,317
Other property and services	29,901	8,000	35,944
	722,266	448,550	787,812

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 LAVERTON
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	4,652,098	2,764,870	6,491,031
Fees and charges	708,491	448,550	785,266
Other revenue	223,675	288,500	260,871
Non-operating grants, subsidies and contributions	2,766,233	3,926,125	6,057,266
	8,350,497	7,428,045	13,594,434

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 transfers intended for acquiring or constructing at the start of the period	473,209	0	0
Revenue from contracts with customers recognised during the year	5,111,055	3,501,920	7,537,168
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	2,766,233	3,926,125	6,057,266
	8,350,497	7,428,045	13,594,434

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	473,209	285,974
Contract liabilities from contracts with customers	(522,464)	(473,209)

Contract and other 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 LAVERTON
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:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	5,492,480	5,508,900	5,303,425
Statutory permits and licences	13,775	0	2,546
	5,506,255	5,508,900	5,305,971
Other revenue			
Reimbursements and recoveries	12,390	0	0
Sale of inventory	55,409	0	0
Other	168,266	288,500	260,871
	236,065	288,500	260,871
Interest earnings			
Interest on reserve funds	12,733	20,000	31,732
Rates instalment and penalty interest (refer Note 23(e))	60,647	20,200	43,461
Other interest earnings	21,680	5,000	7,241
	95,060	45,200	82,434

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses		Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
Auditors remuneration					
- Audit of the Annual Financial Report - Office of the Auditor General			47,000	60,000	41,000
- Other services - Office of the Auditor General			4,200	0	0
- Other services - Moore - DPIRD RED acquittal			1,100	0	0
- Other services - Moore - other acquittals			850	0	0
			53,150	60,000	41,000
Interest expenses (finance costs)					
Borrowings		15(b)	55,306	69,500	55,917
Interest expenses - Other			0	27,000	50
			55,306	96,500	55,967
Other expenditure					
Impairment loss on trade and other receivables from contracts with customers			0	0	133,131
Sundry expenses			474,975	649,878	50,487
			474,975	649,878	183,618

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by Council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by Council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by Council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
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
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by Council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by Council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by Council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by Council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by Council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by Council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	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 LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

3. CASH AND CASH EQUIVALENTS

	NOTE	2021 \$	2020 \$
Cash at bank and on hand		5,588,938	782,238
Term deposits		2,711,515	2,099,103
Total cash and cash equivalents		8,300,453	2,881,341

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		4,413,364	2,702,757
		4,413,364	2,702,757

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

Reserves - cash backed	4	3,819,928	2,099,103
Contract liabilities from contracts with customers	14	522,464	473,209
Unspent loans	15(d)	70,972	0
Bonds and deposits - from trust		0	130,445
Total restricted assets		4,413,364	2,702,757

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

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

4. RESERVES - CASH BACKED	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)/to	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Transfer (from)	2021 Budget Transfer Consolidation	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$
(a) Leave reserve	188,845	151,194	0	339,839	188,846	1,797	0	0	190,443	186,036	2,609	0	188,645
(b) Laverton airport reserve	34,554	58,963	0	93,517	34,555	14,329	0	0	48,884	34,076	478	0	34,554
(c) Plant replacement reserve	96,740	58,864	0	155,604	96,740	922	(40,210)	58,438	115,890	95,402	1,338	0	96,740
(d) Road reserve	376,528	575,491	0	952,019	471,238	4,490	0	227,553	703,281	370,010	6,518	0	376,528
(e) Asset development reserve	0	1,037,333	0	1,037,333	0	0	0	0	0	0	0	0	0
(f) Lake wells road reserve	0	1,041,616	0	1,041,616	0	0	0	0	0	0	0	0	0
(g) Council building reserve	356,010	681,323	(1,037,333)	0	356,009	3,392	0	599,994	959,395	410,256	5,754	(60,000)	356,010
(h) Community projects reserve	0	200,000	0	200,000	0	0	0	0	0	0	0	0	0
(i) Aquatic facilities reserve	110,013	0	(110,013)	0	110,013	1,046	0	(111,061)	0	108,491	1,522	0	110,013
(j) Community bus reserve	57,886	0	(57,886)	0	57,886	552	0	(58,438)	0	57,085	801	0	57,886
(k) Great Beyond reserve	32,233	0	(32,233)	0	32,234	307	0	(32,541)	0	81,096	1,137	(50,000)	32,233
(l) Town revitalisation reserve	131,486	0	(131,486)	0	36,774	350	0	(37,124)	0	130,977	509	0	131,486
(m) Community loan & grant reserve	21,466	0	(21,466)	0	21,465	204	0	(21,669)	0	21,169	297	0	21,466
(n) Economic development reserve	302,665	0	(302,665)	0	302,665	2,884	(75,000)	(230,549)	0	298,479	4,186	0	302,665
(o) Coach house renovation reserve	165,472	0	(165,472)	0	165,473	1,577	0	(167,050)	0	247,008	3,464	(85,000)	165,472
(p) GCR\Skullcreek road reserve	225,405	0	(225,405)	0	225,405	2,148	0	(227,553)	0	222,287	3,118	0	225,405
	2,099,103	3,804,784	(2,083,959)	3,819,928	2,099,103	34,000	(115,210)	0	2,017,893	2,262,372	31,731	(195,000)	2,099,103

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

In 2020/21, Council resolved to rationalise all reserve funds into less reserve accounts. The concatenation of the reserves at the end of 2020/21 is shown in the Transfers (from) to column of the current year.

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave reserve	Ongoing	to be used to fund annual, RDO and long service leave requirements.
(b) Laverton airport reserve	Ongoing	to be used for the upkeep and major upgrade works to the Laverton Airport.
(c) Plant replacement reserve	Ongoing	to be used for the purchase of major plant.
(d) Road reserve	Ongoing	to be used for the upkeep and major improvements/re-sealing programmes for the roads within the Shire of Laverton.
(e) Asset development reserve	Ongoing	to be used to fund construction and maintenance of major asset projects.
(f) Lake wells road reserve	Ongoing	to be used to fund future roadworks and maintenance, renewal & construction along and adjacent to Lake Wells Road.
(g) Council building reserve	Jun-21	to be used to maintain and construct buildings owned by the local government.
(h) Community projects reserve	Ongoing	to be used to fund community projects.
(i) Aquatic facilities reserve	Jun-21	to be used for the renovation and upgrading works to the swimming pool.
(j) Community bus reserve	Jun-21	to be used for the maintenance and replacement of the community bus.
(k) Great Beyond reserve	Jun-21	to be used to plan, develop, expand or construct facilities for an improved tourism information centre.
(l) Town revitalisation reserve	Jun-21	to be used to hold funds pertaining to the Laverton Town Site Revitalisation and Enhancement.
(m) Community loan & grant reserve	Jun-21	to be held for monies that may be made available to community groups as a low interest loan to assist groups to achieve their aims.
(n) Economic development reserve	Jun-21	to be used to purchase town site land.
(o) Coach house renovation reserve	Jun-21	to be used to fund Coach House renovations.
(p) GCR\Skullcreek road reserve	Jun-21	to be used to fund floodway construction.

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

5. OTHER FINANCIAL ASSETS

Non-current assets

Financial assets at fair value through profit and loss

2021	2020
\$	\$
73,807	0
73,807	0
73,807	0
73,807	0

Financial assets at fair value through profit and loss

Units in Local Government House Trust

SIGNIFICANT ACCOUNTING POLICIES

Financial assets at fair value through profit and loss

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

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

Impairment and risk

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

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

6. TRADE AND OTHER RECEIVABLES

Current

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

Non-current

Pensioner's rates and ESL deferred

2021	2020
\$	\$
557,180	564,040
395,037	285,974
119,000	192,452
(164,383)	(133,131)
275,854	13,223
1,182,688	922,558
1,968	3,687
1,968	3,687

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.

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

7. INVENTORIES

Current

Fuel, oil & materials on hand

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
	\$	\$
	121,574	189,717
	121,574	189,717
	189,717	139,287
	(176,774)	(139,286)
	108,631	189,716
	121,574	189,717

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.

SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021
8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - non- specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Work in Progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	1,072,896	7,534,198	8,607,094	262,035	6,062,472	6,291	14,937,892
Additions	0	103,098	103,098	42,637	372,385	0	518,120
(Disposals)	0	0	0	0	(102,543)	0	(102,543)
Revaluation increments / (decrements) transferred to revaluation surplus	0	1,789,024	1,789,024	0	(835,508)	0	953,516
Revaluation (loss) / reversals transferred to profit or loss	(643,796)	0	(643,796)	0	0	0	(643,796)
Impairment (losses) / reversals	0	0	0	(231,652)	(658,819)	0	(890,471)
Depreciation (expense)	0	(203,522)	(203,522)	(32,806)	(670,488)	0	(906,816)
Balance at 30 June 2020	429,100	9,222,798	9,651,898	40,214	4,167,499	6,291	13,865,902
Comprises:							
Gross balance amount at 30 June 2020	429,100	9,222,875	9,651,975	42,637	4,185,385	6,291	13,886,288
Accumulated depreciation at 30 June 2020	0	(77)	(77)	(2,423)	(17,886)	0	(20,386)
Balance at 30 June 2020	429,100	9,222,798	9,651,898	40,214	4,167,499	6,291	13,865,902
Additions	0	1,480,880	1,480,880	0	273,303	0	1,754,183
(Disposals)	(8,000)	(56,050)	(64,050)	0	(138,614)	0	(202,664)
Depreciation (expense)	0	(224,656)	(224,656)	(16,612)	(371,466)	0	(612,734)
Transfers	0	0	0	135,591	(143,400)	(6,291)	(14,100)
Balance at 30 June 2021	421,100	10,422,972	10,844,072	159,193	3,787,322	0	14,790,587
Comprises:							
Gross balance amount at 30 June 2021	421,100	10,646,755	11,067,855	178,228	4,168,288	0	15,414,371
Accumulated depreciation at 30 June 2021	0	(223,783)	(223,783)	(19,035)	(380,966)	0	(623,784)
Balance at 30 June 2021	421,100	10,422,972	10,844,072	159,193	3,787,322	0	14,790,587

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data using similar properties/income approach using discounted cashflow methodology	Independent registered valuers	June 2020	Price per hectare/market borrowing rate
Buildings	2	Market approach using recent observable market data using similar properties/income approach using discounted cashflow methodology	Independent registered valuers	June 2020	Price per square metre/market borrowing rate

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

(ii) Cost

Furniture and equipment	3	Cost approach using depreciated replacement cost	Management valuation	June 2020	Construction costs and current condition residual values and remaining useful life assessment inputs
Plant and equipment	3	Cost approach using depreciated replacement cost	Management valuation	June 2020	Construction costs and current condition residual values and remaining useful life assessment inputs

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

SHIRE OF LAVERTON
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FOR THE YEAR ENDED 30 JUNE 2021

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Roads \$	Footpaths & cycleways \$	Other infrastructure \$	Total Infrastructure \$
Balance at 1 July 2019	122,907,820	0	10,431,221	133,339,041
Additions	7,273,774	134,117	1,827,198	9,235,089
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	(279,778)	(279,778)
Revaluation (loss) / reversals transferred to profit or loss	0	0	(423,088)	(423,088)
Depreciation (expense)	(1,557,544)	0	(426,205)	(1,983,749)
Transfers	(36,400)	36,400	0	0
Balance at 30 June 2020	128,587,650	170,517	11,129,348	139,887,515
Comprises:				
Gross balance at 30 June 2020	153,407,241	171,738	11,148,473	164,727,452
Accumulated depreciation at 30 June 2020	(24,819,591)	(1,221)	(19,125)	(24,839,937)
Balance at 30 June 2020	128,587,650	170,517	11,129,348	139,887,515
Additions	1,145,716	0	327,753	1,473,469
Depreciation (expense)	(1,690,689)	(3,415)	(340,859)	(2,034,963)
Transfers	0	0	14,100	14,100
Balance at 30 June 2021	128,042,677	167,102	11,130,342	139,340,121
Comprises:				
Gross balance at 30 June 2021	154,552,957	171,738	11,490,326	166,215,021
Accumulated depreciation at 30 June 2021	(26,510,280)	(4,636)	(359,984)	(26,874,900)
Balance at 30 June 2021	128,042,677	167,102	11,130,342	139,340,121

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

9. 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					
Roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition residual values and remaining useful life assessment inputs
Footpaths & cycleways	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition residual values and remaining useful life assessment inputs
Other infrastructure	3	Cost approach using depreciated replacement cost	Management valuation	June 2020	Construction costs and current condition residual values and remaining useful life assessment inputs

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

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

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY Revaluation (Continued)

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

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

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

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

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

10. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	8,000	8,000	0	0	0	0	0	0	0	0	0	0
Buildings	56,050	32,909	0	(23,141)	65,000	40,000	0	(25,000)	0	0	0	0
Plant and equipment	138,614	149,728	24,059	(12,945)	257,000	190,000	0	(67,000)	102,543	102,645	20,364	(20,262)
	202,664	190,637	24,059	(36,086)	322,000	230,000	0	(92,000)	102,543	102,645	20,364	(20,262)

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				
Transport				
40003 Bobcat	49,945	37,000	0	(12,945)
Other property and services				
40057 Landcruiser	44,449	67,273	22,824	0
40151 Prado	44,220	45,455	1,235	0
	138,614	149,728	24,059	(12,945)
Land				
Housing				
10013 L492 (no. 11) Mikado Way	8,000	8,000	0	0
	8,000	8,000	0	0
Building				
Housing				
20007 L 492 (no. 11) Mikado Way	56,050	32,909	0	(23,141)
	56,050	32,909	0	(23,141)
	202,664	190,637	24,059	(36,086)

(b) Fully Depreciated Assets in Use

No assets are have a fully depreciated gross carrying value are currently in use by the Shire.

(c) Temporarily Idle Assets

No assets with a carrying value held by the Shire are temporarily idle or retired.

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

10. FIXED ASSETS

(d) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	224,656	131,300	203,522
Furniture and equipment	16,612	0	32,806
Plant and equipment	371,466	295,000	670,488
Roads	1,690,689	1,500,000	1,557,544
Footpaths & cycleways	3,415	0	0
Other infrastructure	340,859	392,400	426,205
	2,647,697	2,318,700	2,890,565

Revision of useful lives of plant and equipment

Management reviewed the useful lives of plant and equipment and made amendments where necessary.

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings - non-specialised	30 to 50 years
Buildings - specialised	50 to 80 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Infrastructure - Roads	40 to 80 years
Infrastructure - Footpaths	20 years
Infrastructure - Airport	80 years
Infrastructure - Other	30 to 75 years
Infrastructure - Parks & Ovals	10 to 60 Years

Depreciation on revaluation

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

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

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

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

11. LEASES (as Lessor)

(b) Property, Plant and Equipment Subject to Lease

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Less than 1 year	86,547	86,547	113,446
1 to 2 years	87,478	87,478	86,547
2 to 3 years	88,427	88,427	87,478
3 to 4 years	89,396	89,396	88,427
4 to 5 years	90,383	90,383	89,396
> 5 years	0	0	90,383
	442,231	442,231	555,677

Lease of Council buildings to Centrelink, stables at racecourse to Conway-Cox and contribution to 50% of oval costs to the Education Department.

SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

Upon entering into each contract as a lessor, the Shire assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Entity applies AASB 15 to allocate the consideration under the contract to each component.

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

12. REVALUATION SURPLUS

	2021 Opening Balance	2021 Change in Accounting Policy	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance	2020 Opening Balance	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Buildings - non-specialised	6,201,247		0	0	0	6,201,247	4,412,223	1,789,024	0	1,789,024	6,201,247
Revaluation surplus - Plant and equipment	0		0	0	0	0	835,508	0	(835,508)	(835,508)	0
Revaluation surplus - Roads	67,650,821		0	0	0	67,650,821	67,650,821	0	0	0	67,650,821
Revaluation surplus - Other infrastructure	(1)		0	0	0	(1)	279,777	0	(279,778)	(279,778)	(1)
	73,852,067	0	0	0	0	73,852,067	73,178,329	1,789,024	(1,115,286)	673,738	73,852,067

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.
Vested land is no longer required to be recognised at fair value. Land under golf courses, show grounds, race courses or any other sporting or recreational significance should be recognised at zero cost.

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

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Accrued salaries and wages
 ATO liabilities
 Other payables
 Payroll creditors
 Accrued interest on loans

2021	2020
\$	\$
417,893	17,107
11,598	0
129,480	176,808
13,684	59,091
985	985
8,210	8,886
581,850	262,877

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

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

Prepaid rates

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

SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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14. OTHER LIABILITIES

Current

Contract liabilities

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

Less than 1 year

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

Contract liabilities represent the 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.

	2021	2020
	\$	\$
	522,464	473,209
	522,464	473,209

	Contract liabilities	Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
	\$	\$
	522,464	0
	522,464	0

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.

Service concession liabilities

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

SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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15. INFORMATION ON BORROWINGS

	2021	2020
	\$	\$
Current	326,108	226,306
Non-current	1,842,276	929,996
	2,168,384	1,156,302

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Budget	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Actual	30 June 2020	30 June 2020	30 June 2020	30 June 2020
				Principal 1 July 2020	Actual New Loans	Actual repayments	Actual Interest repayments	Actual Principal outstanding		Budget Principal 1 July 2020	Budget New Loans	Budget Principal repayments	Budget Interest repayments		Actual Principal 1 July 2019	Actual New Loans	Actual repayments	Actual Interest repayments
				\$	\$	\$	\$	\$		\$	\$	\$	\$		\$	\$	\$	\$
Housing																		
Executive Housing	79	WATC*	6.14%	47,137		(31,898)	(2,476)	15,239		47,137		(31,898)	(3,000)	15,239	61,923		(14,786)	(3,197)
Burt St Units	81	WATC*	4.72%	182,642		(42,517)	(7,998)	140,125		182,642		(42,517)	(10,500)	140,125	223,221		(40,578)	(10,877)
DCEO House	82	WATC*	3.04%	201,895		(22,751)	(7,100)	179,144		201,895		(22,752)	(9,000)	179,143	239,210		(37,315)	(8,682)
Recreation and culture																		
Community Hub	83	WATC*	3.04%	477,697		(50,052)	(17,277)	427,645		477,697		(50,053)	(18,000)	427,644	526,262		(48,565)	(19,101)
Economic services																		
Underground power	80	WATC*	3.98%	246,931		(79,089)	(10,538)	167,842		246,931		(79,089)	(13,000)	167,842	322,963		(76,032)	(14,060)
Great Beyond visitor centre expansion	84	WATC*	1.12%	0	1,300,000	(61,611)	(9,917)	1,238,389		0	1,300,000	(58,070)	(16,000)	1,241,930	0	0	0	0
				1,156,302	1,300,000	(287,918)	(55,306)	2,168,384		1,156,302	1,300,000	(284,379)	(69,500)	2,171,923	1,373,579	0	(217,277)	(55,917)

* WA Treasury Corporation
All loan repayments were financed by general purpose revenue.

SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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15. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2020/21

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2021 Actual	2021 Budget	2021 Actual	2021 Budget		
Great Beyond Visitor Centre Expansion	WATC*	P & I	10	1.12%	\$ 1,300,000	\$ 1,300,000	\$ (1,229,028)	\$ (1,300,000)	\$ 88,205	\$ 70,972
* WA Treasury Corporation					1,300,000	1,300,000	(1,229,028)	(1,300,000)	88,205	70,972

(d) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance 1 July 2020	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2021
Great Beyond Visitor Centre Expansion	Nov-20	\$ 0	\$ 1,300,000	\$ (1,229,028)	\$ 70,972
* WA Treasury Corporation		0	1,300,000	(1,229,028)	70,972

(e) Undrawn Borrowing Facilities

	2021	2020
	\$	\$
Credit Standby Arrangements		
Bank overdraft limit	500,000	500,000
Bank overdraft at balance date	0	0
Credit card limit	25,000	25,000
Credit card balance at balance date	(2,994)	(3,282)
Total amount of credit unused	522,006	521,718
Loan facilities		
Loan facilities - current	326,108	226,306
Loan facilities - non-current	1,842,276	929,996
Total facilities in use at balance date	2,168,384	1,156,302
Unused loan facilities at balance date	70,972	NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

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

16. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2020

Current provisions

Non-current provisions

Additional provision

Amounts used

Balance at 30 June 2021

Comprises

Current

Non-current

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2020			
Current provisions	200,194	270,756	470,950
Non-current provisions	0	65,619	65,619
	200,194	336,375	536,569
Additional provision	179,133	(6,440)	172,693
Amounts used	(156,649)	(9,084)	(165,733)
Balance at 30 June 2021	222,678	320,851	543,529
Comprises			
Current	222,678	224,908	447,586
Non-current	0	95,943	95,943
	222,678	320,851	543,529

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

	2021 \$	2020 \$
Less than 12 months after the reporting date	160,000	57,260
More than 12 months from reporting date	383,529	492,835
Expected reimbursements from other WA local governments	0	(13,526)
	543,529	536,569

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

SHIRE OF LAVERTON
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17. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Cash and cash equivalents	8,300,453	2,519,362	2,881,341
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	4,673,208	2,387,724	4,611,001
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(73,807)	0	0
Depreciation on non-current assets	2,647,697	2,318,700	2,890,565
(Profit)/loss on sale of asset	12,027	92,000	(102)
Loss on revaluation of fixed assets	0	0	1,066,884
Impairment on revaluation of plant and equipment	0	0	890,471
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(258,411)	0	(85,919)
(Increase)/decrease in inventories	68,143	0	(50,430)
Increase/(decrease) in payables	318,973	0	(586,125)
Increase/(decrease) in employee provisions	6,960	(293,955)	76,263
Increase/(decrease) in other liabilities	49,255	0	0
Non-operating grants, subsidies and contributions	(2,766,233)	(3,926,125)	(6,057,266)
Net cash from operating activities	4,677,812	578,344	2,755,342

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	0	2,800
General purpose funding	557,180	782,238
Law, order, public safety	1,203	75,200
Health	241,938	285,000
Education and welfare	137,037	224,800
Housing	2,508,000	2,594,100
Community amenities	968,114	925,602
Recreation and culture	8,869,659	8,499,750
Transport	139,873,797	137,159,919
Economic services	2,472,114	2,478,761
Other property and services	2,085,030	1,516,193
Unallocated	6,097,126	3,206,357
	163,811,198	157,750,720

19. CONTINGENT LIABILITIES

The Shire of Laverton has in compliance with the Contaminated Sites Act 2003 section 11 listed sites to be possible sources of contamination:- Laverton Rubbish Tip

located at Laverton Rubbish Tip, Rubbish Tip Rd, Laverton WA 6440

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk and degree with the Department of Water and Environment Regulation the need and criteria for remediation, the Shire is unable to accurately quantify its clean-up liabilities for potentially contaminated sites.

The Shire is continuing to monitor the sites and will progressively undertake site investigations and remediation on a risk based approach. This approach is consistent with the Department of Water and Environment regulation guidelines.

20. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

2021	2020
\$	\$
1,370,972	0
1,370,972	0

Payable:

- not later than one year

1,370,972	0
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The capital expenditure commitment at 30 June 2021 relates to the outstanding expenditure for the Great Beyond Expansion project.

This will partly be funded by unspent loan funds of \$70,972.

(b) Operating Lease Commitments

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

Payable:

- not later than one year

2021	2020
\$	\$
35,902	0
35,902	0

SIGNIFICANT ACCOUNTING POLICIES

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leases (Continued)

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

21. ELECTED MEMBERS REMUNERATION

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Shire President - Mr Patrick Hill			
President's annual allowance	24,000	24,000	24,000
Meeting attendance fees	24,000	25,000	24,000
Travel and accommodation expenses	3,223	4,000	2,399
	51,223	53,000	50,399
Deputy President - Ms Shaneane Weldon			
Deputy President's annual allowance	6,000	6,000	6,000
Meeting attendance fees	12,000	12,500	12,000
Travel and accommodation expenses	0	1,000	0
	18,000	19,500	18,000
Councillor - Mr Rex Ryles			
Meeting attendance fees	12,000	12,500	12,000
Travel and accommodation expenses	0	1,000	461
	12,000	13,500	12,461
Councillor - Mr Rex Weldon			
Meeting attendance fees	12,000	12,500	12,000
Travel and accommodation expenses	0	1,000	2,127
	12,000	13,500	14,127
Councillor - Ms Robin Prentice			
Meeting attendance fees	12,000	12,500	12,000
Travel and accommodation expenses	0	1,000	83
	12,000	13,500	12,083
Councillor - Mr Jack Carmody			
Meeting attendance fees	12,000	12,500	3,000
Travel and accommodation expenses	0	1,000	2,449
	12,000	13,500	5,449
Councillor - Mr Gary Buckmaster			
Meeting attendance fees	12,000	12,500	9,000
Travel and accommodation expenses	523	1,000	0
	12,523	13,500	9,000
Councillor - Ms Deanne Ross			
Meeting attendance fees	0	0	9,000
	0	0	9,000
	129,746	140,000	130,519
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	24,000	24,000	24,000
Deputy President's allowance	6,000	6,000	6,000
Meeting attendance fees	96,000	100,000	93,000
Travel and accommodation expenses	3,746	10,000	7,519
	129,746	140,000	130,519

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22. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2021 Actual	2020 Actual
	\$	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:		
Short-term employee benefits	643,213	531,149
Post-employment benefits	89,553	82,775
Other long-term benefits	11,938	12,433
Termination benefits	1,736	30,712
	746,440	657,069

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

SHIRE OF LAVERTON
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22. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

Councillor Rex Ryles owns a cartage, contract earthworks and plant hire company called Desert Sands Cartage Contractors which has been paid for earthworks and plant hire during the financial year.

Councillor Gary Buckmaster has provided building maintenance services during this financial year.

The CEO Peter Naylor has an outstanding debtor account at the end of the financial period.

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

	2021 Actual	2020 Actual
The following transactions occurred with related parties:	\$	\$
Purchase of goods and services	78,862	690,554
Amounts outstanding from related parties:		
Trade and other receivables	7,482	0

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

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

iii. Entities subject to significant influence by the Shire

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

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23. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2020/21 Actual Rateable Value	2020/21 Actual Rate Revenue	2020/21 Actual Interim Rates	2020/21 Actual Back Rates	2020/21 Actual Total Revenue	2020/21 Budget Rate Revenue	2020/21 Budget Interim Rate	2020/21 Budget Back Rate	2020/21 Budget Total Revenue	2019/20 Actual Total Revenue
Differential general rate / general rate			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gross rental valuations												
GRV - Townsite	0.116100	177	2,393,204	277,851	(397)	0	277,454	277,827	0	0	277,827	277,668
GRV - Mining	0.089700	14	14,530,500	1,303,386	0	0	1,303,386	1,303,376	0	0	1,303,376	1,288,571
Unimproved valuations												
UV - Pastoral	0.097900	15	649,186	63,555	0	0	63,555	63,537	0	0	63,537	55,424
UV - Mining	0.165600	712	22,708,938	3,760,600	(27,154)	(11,798)	3,721,648	3,760,594	0	0	3,760,594	3,578,650
UV - Shared tenements	0.165600	44	1,074,699	177,970	16,172	18,775	212,917	177,954	0	0	177,954	169,639
Sub-Total		962	41,356,527	5,583,362	(11,379)	6,977	5,578,960	5,583,288	0	0	5,583,288	5,369,952
Minimum payment												
	Minimum \$											
Gross rental valuations												
GRV - Townsite	315	47	15,857	14,805	0	0	14,805	14,805	0	0	14,805	15,120
GRV - Mining	315	1	20	315	0	0	315	315	0	0	315	315
Unimproved valuations												
UV - Pastoral	315	3	3,000	945	0	0	945	945	0	0	945	381
UV - Mining	315	309	307,966	97,335	0	0	97,335	97,335	0	0	97,335	107,415
UV - Shared tenements	158	14	4,244	2,212	0	0	2,212	2,212	0	0	2,212	1,896
Sub-Total		374	331,087	115,612	0	0	115,612	115,612	0	0	115,612	125,127
		1,336	41,687,614	5,698,974	(11,379)	6,977	5,694,572	5,698,900	0	0	5,698,900	5,495,079
Discounts/concessions (Note 23(d))							(202,092)				(190,000)	(191,654)
Total amount raised from general rate							5,492,480				5,508,900	5,303,425

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

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

SHIRE OF LAVERTON
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23. RATING INFORMATION (Continued)

(b) Specified Area Rate

The Shire did not raise specified area rates for the year ended 30 June 2021.

(c) Service Charges

The Shire did not raise service charges for the year ended 30 June 2021.

23. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$	Circumstances in which Discount is Granted
Council rates	5%		202,092	190,000	191,654	Discount is granted if current rates and arrears are paid in full by the first instalment date.
			202,092	190,000	191,654	

Waivers or Concessions

The Shire did not grant any waivers or concessions for the year ended 30 June 2021.

23. RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	07-Sep-21			
Option Three				
First instalment	07-Sep-21			
Second instalment	09-Nov-20	5	2.5%	6%
Third instalment	11-Jan-21	5	2.5%	6%
Fourth instalment	11-Mar-21	5	2.5%	6%
		2021 Actual	2021 Budget	2020 Actual
		\$	\$	\$
Interest on unpaid rates		55,852	15,200	32,219
Interest on instalment plan		4,795	5,000	11,242
Charges on instalment plan		2,320	4,000	3,060
		62,967	24,200	46,521

SHIRE OF LAVERTON
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24. RATE SETTING STATEMENT INFORMATION

		2020/21 (30 June 2021 Carried Forward)	2020/21 Budget (30 June 2021 Carried Forward)	2020/21 (1 July 2020 Brought Forward)	2019/20 (30 June 2020 Carried Forward)
Note		\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities					
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .					
Adjustments to operating activities					
Less: Profit on asset disposals	10(a)	(24,059)	0	(20,364)	(20,364)
Less: Fair value adjustments to financial assets at fair value through profit and loss		0	0	1,066,884	1,066,884
Movement in pensioner deferred rates (non-current)		1,719	0	0	0
Movement in employee benefit provisions (non-current)		30,324	0	76,263	76,263
Movement in employee benefit provisions not added back (current)		(131,111)	0	0	0
Movement in contract liabilities (non-current)		0	(293,955)	0	0
Add: Loss on disposal of assets	10(a)	36,086	92,000	20,262	20,262
Add: Depreciation on non-current assets	10(d)	2,647,697	2,318,700	2,890,565	2,890,565
Non cash amounts excluded from operating activities		2,560,656	2,116,745	4,033,610	4,033,610
(b) Non-cash amounts excluded from investing activities					
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .					
(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	(3,819,928)	(2,099,103)	(2,099,103)	(2,099,103)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings	15(a)	326,108	(1,229,997)	226,306	226,306
- Current portion of contract liability held in reserve		0	(229,307)	0	0
- Employee benefit provisions		339,839	(422,536)	470,950	470,950
Total adjustments to net current assets		(3,153,981)	(3,980,943)	(1,401,847)	(1,401,847)
Net current assets used in the Rate Setting Statement					
Total current assets		9,604,715	4,411,616	3,993,616	3,993,616
Less: Total current liabilities		(1,878,008)	(430,673)	(1,433,342)	(1,433,342)
Less: Total adjustments to net current assets		(3,153,981)	(3,980,943)	(1,401,847)	(1,401,847)
Net current assets used in the Rate Setting Statement		4,572,726	0	1,158,427	1,158,427
(c) Adjustments to current assets and liabilities at 1 July 2020 on application of new accounting standards					
Total current assets at 30 June 2020					3,993,616
Adjustments on application of new accounting standards					0
Total current assets at 1 July 2020					3,993,616
Total current liabilities at 30 June 2020					(1,433,342)
Adjustments on application of new accounting standards					0
Total current liabilities at 1 July 2020					(1,433,342)

25. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2021					
Cash and cash equivalents	1.5%	8,300,453	3,819,928	4,479,525	1,000
2020					
Cash and cash equivalents	0.06%	2,881,341	2,099,103	780,738	1,500

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*	83,005	28,813

* Holding all other variables constant

Borrowings

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

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25. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

The Shire debt collection policy and management of any non-payment of receivables results in an appropriate provision being made for any debts which are unrecoverable and therefore the Shire does not expect to have any future credit losses on receivables.

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. The Covid pandemic, housing prices and unemployment have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a renegotiation of repayment terms.

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%	62.59%	0.00%	76.02%	
Gross carrying amount	294,012	49,342	38,699	175,127	557,180
Loss allowance	0	30,882	0	133,131	164,013
30 June 2020					
Rates receivable					
Expected credit loss	2.33%	0.00%	0.00%	87.81%	
Gross carrying amount	428,729	0	0	138,998	567,727
Loss allowance	11,081	0	0	122,050	133,131

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%	4.39%	
Gross carrying amount	366,356	10,073	10,187	8,421	395,037
Loss allowance	0	0	0	370	370
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	261,030	24,944	0	0	285,974
Loss allowance	0	0	0	0	0

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 15(e).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2021					
Payables	581,850	0	0	581,850	581,850
Borrowings	369,929	1,114,021	231,150	1,715,100	2,168,384
	951,779	1,114,021	231,150	2,296,950	2,750,234
2020					
Payables	262,877	0	0	262,877	262,877
Borrowings	265,530	768,455	326,819	1,360,804	1,156,302
	528,407	768,455	326,819	1,623,681	1,419,179

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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 concessions are those assets where a third-party operator constructs assets for the Shire, upgrades existing assets of the Shire or uses existing assets of the Shire to operate and maintain the assets to provide a public service, for a specified period of time. Where, in these circumstances, the third-party operator provides a public service on behalf of the Shire and is deemed to manage at least some of the services under its own direction, the assets classified as service concession assets.

The Shire did not have any AASB 1059 service concession assets for the year ended 30 June 2021.

27. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

Council did not have any events occurring after the end of the reporting period of consequence.

SHIRE OF LAVERTON

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28. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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29. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE	Administration and operation facilities and services to members of Council. Other costs that relate to the tasks of assisting members and ratepayers on matters which do not concern specific council services.
GENERAL PURPOSE FUNDING	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	Supervision of various laws, fire prevention, emergency services and animal control.
HEALTH	Food control, maintenance of child health clinics and health administration, and the retention of a full time doctor in Laverton.
EDUCATION AND WELFARE	Maintenance of pre-school facilities, day care centre, donations to school and assistance to welfare groups and the Youth Development Program.
HOUSING	Provision of staff housing as well as private housing for the retention of professionals in Laverton.
COMMUNITY AMENITIES	Rubbish collection services, operation of rubbish tip site, noise control, administration of town planning, operation of cemeteries and maintenance of public conveniences.
RECREATION AND CULTURE	Provision of public halls, swimming pool, recreational facilities, various reserves, operation of library together with television and radio re-broadcasting facilities.
TRANSPORT	Construction and maintenance of roads, drainage, footpaths, parking facilities, traffic signs, street cleaning and operation of Laverton Airport.
ECONOMIC SERVICES	Community development, tourism and area promotion, heritage development and maintenance, Great Beyond Visitor Centre & Explorers Hall of Fame, Community Resource Centre and building control.
OTHER PROPERTY AND SERVICES	Private works, community bus, technical services, administration, plant operations control and miscellaneous services not able to be classified elsewhere.

30. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	5.50	1.04	0.46
Asset consumption ratio	0.85	0.86	0.86
Asset renewal funding ratio	2.96	0.70	0.26
Asset sustainability ratio	0.12	3.30	5.98
Debt service cover ratio	13.43	5.49	0.38
Operating surplus ratio	0.30	(0.23)	(0.44)
Own source revenue coverage ratio	0.68	0.50	0.38

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