



**Shire of Mukinbudin
2021/2022
ANNUAL REPORT**

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OUR ANNUAL REPORT

The Shire of Mukinbudin would like to welcome you to the 2021/22 Annual Report. This report provides an account of the Shire's performance from 1 July 2021 to 30 June 2022, measuring against the Shire's vision and key priorities.

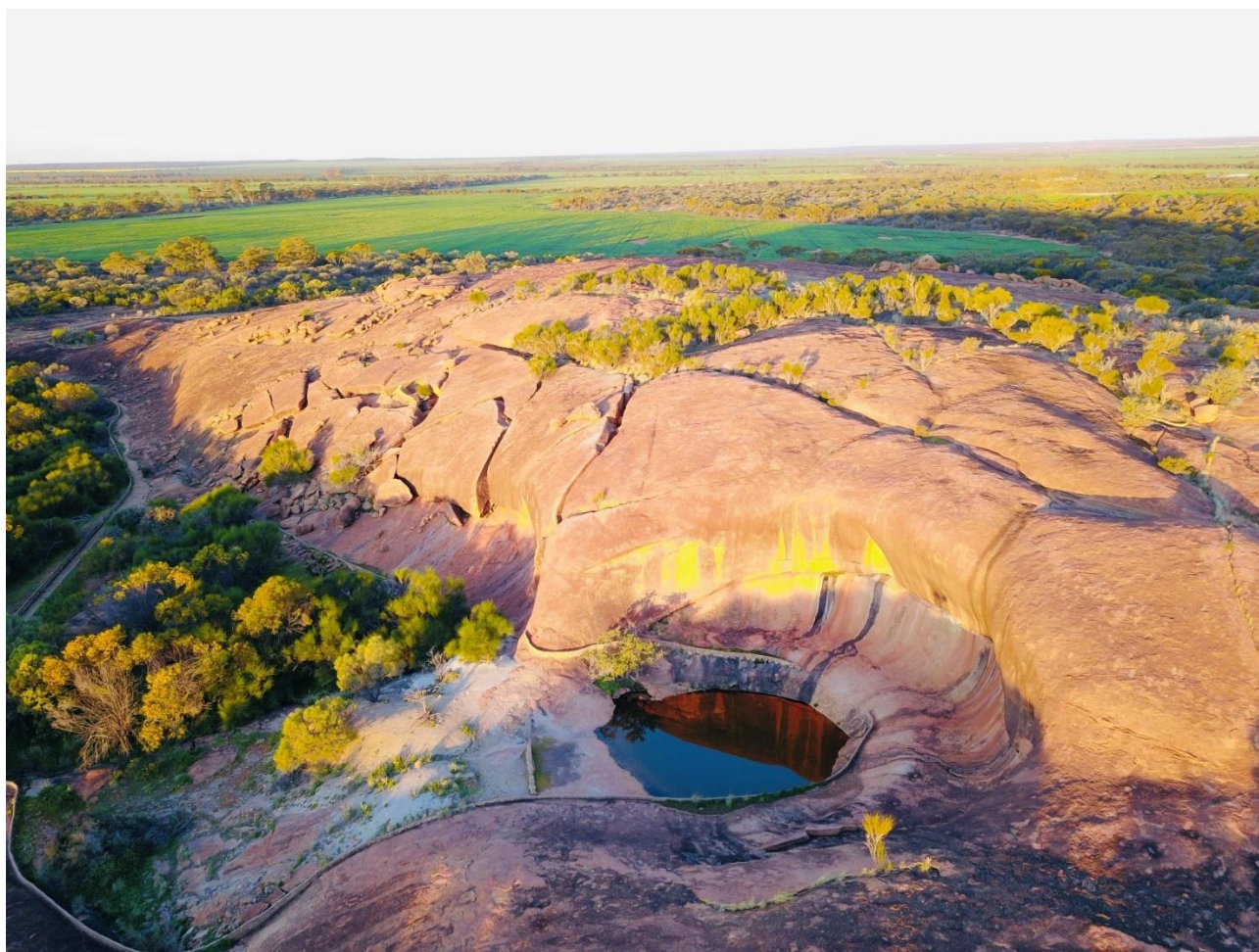
Under the Local Government Act 1995 all local governments are required to prepare an Annual Report at the end of each financial year. The Annual Report is one of our key reporting devices, which provides information to the community on the work completed in the past financial year. It identifies Council priorities and major projects being undertaken or planned and includes community Indicators based on the goals and strategies outlined in the Strategic Community Plan.

The report also details the Shire of Mukinbudin's operational performance and achievements and challenges that were experienced throughout the year. For the Shire of Mukinbudin, our community always comes first, so we like to provide financial and in-kind support to a number of community groups.

Where to find this report

Copies of this report can be obtained in the following ways:

- In person" Collect a hard copy from the Shire Administration Office.
- Online: www.mukinbudin.wa.gov.au
- Email: admin@mukinbudin.wa.gov.au



THE COUNCIL

Council meets on the third Tuesday of every month, except January, to discuss local and regional issues of importance to the Community.

The Council is made up of nine Councillors representing the District, the outdated Local Government ward structure was abolished in 2007.

Council elections are held on the first Saturday in October every two years with the next Local Government election to be held in October 2023.

Shire President

Cr Gary Shadbolt

Deputy Shire President

Cr Romina Nicoletti

Commenced	Elected Members	Years of Service	Term Expires
2019	Cr Geoff BENT	3	2025
2021	Cr Abigail FARINA	2	2025
2015	Cr Steve PATERSON	7	2023
2017	Cr Romina NICOLETTI	5	2025
2019	Cr Callum MCGLASHAN	3	2023
2013	Cr Jeff SEABY	9	2025
2003	Cr Gary SHADBOLT	19	2023
2011	Cr Sandra VENTRIS	11	2025
2019	Cr Ashley WALKER	3	2023

SHIRE OF MUKINBUDIN STAFF

Administration Staff

Chief Executive Officer	Dirk Sellenger
Manager of Corporate Services	Louise Sellenger
Finance Manager	Ed Nind
Environmental Health Officer P/T	Allan Ramsay
Finance Officer	Lucia Scari
Finance Officer	Melissa Jones
Customer Liaison Officer	Hilda Scrivener
Customer Liaison Officer	Kristy Shadbolt
Customer Service Officer	Kerry Walker

Works Staff - Roads

Manager of Works	Luke Sprigg
Leading Hand / Plant Operator	Steven Jones
Plant Operator	Tim Smith
Plant Operator	Phil Smith
General Hand	Coraline Jones

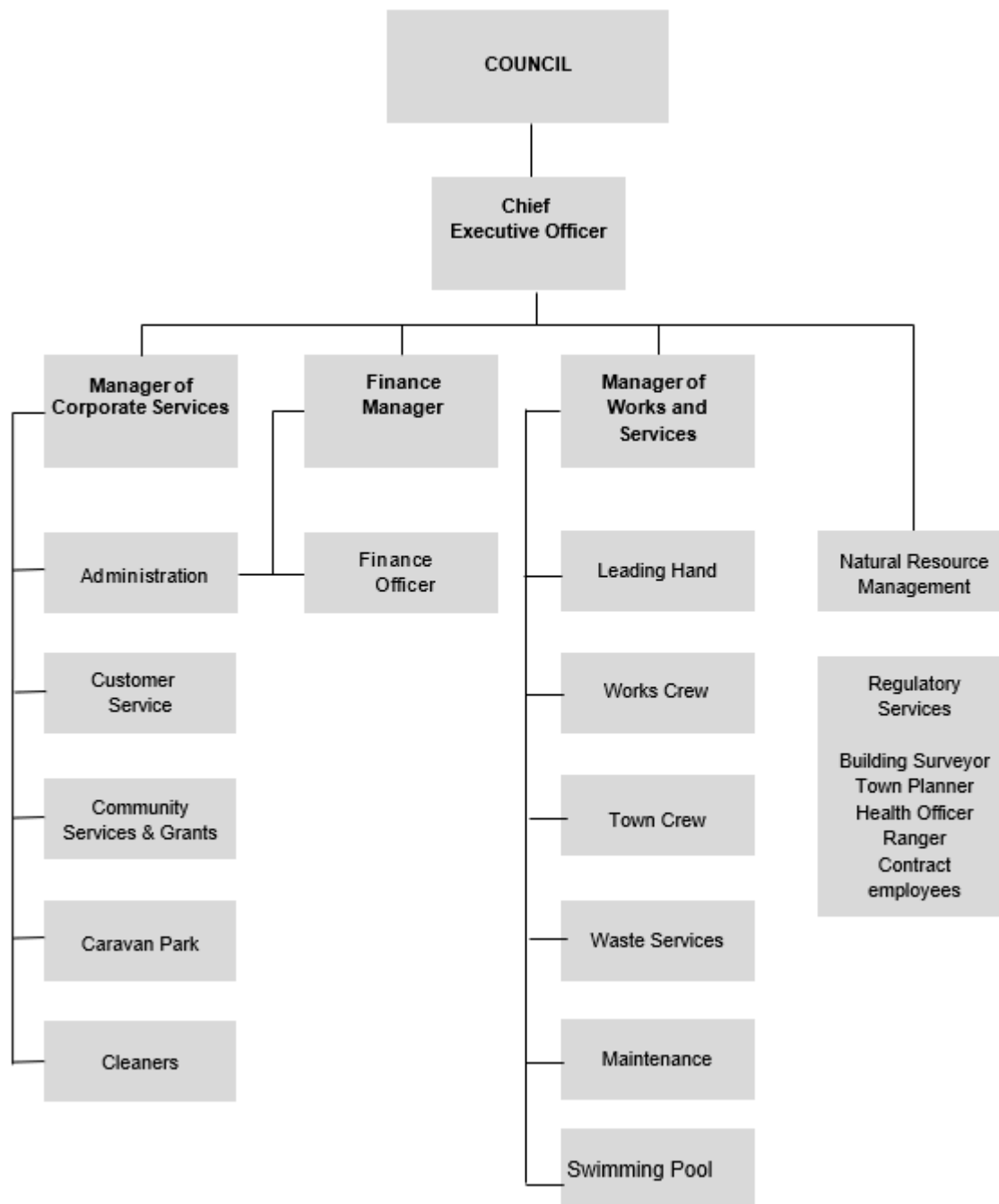
Works Staff - Other

Townsite Leading Hand	Dave Waters
Gardener	Daniel Mori
Casual Town Crew	Cameron Butler
Maintenance Officer	Denis Heffernan

Other Staff

Natural Resource Management Officer P/T	Dylan Copeland
Swimming Pool Manager	Simon Comerford
Caravan Park Manager	Tania Sprigg
Casual Cleaner	Ross Parker
Casual Cleaner	Diane Parker
Caravan Park Cleaner	Rory Mori

ORGANISATIONAL STRUCTURE



SHIRE PROFILE

The Shire of Mukinbudin is a local government area in the North Eastern Wheatbelt of Western Australia.

Situated approximately 296 kilometers north east of Perth (the capital city of WA), and 85 kilometers north of Merredin and 3,414 square kilometers in area. The Shire includes the localities of Bonnie Rock, Dandanning, Karloning, Lake Brown, Mukinbudin and Wilgoyne.

Mukinbudin is the only developed townsite within the Shire with a population of 274. The town is located at the southern end of the Shire and is the service centre for a farming population of 281.



Shire Statistics

Length of Sealed Roads	203.8km
Length of Unsealed Roads	731.6km
Population (2016)	555
Number of Electors	363
Number of Dwellings	320
Total Rates Levied	\$1,241,429
Total Revenue	\$5,326,616
MRWA Direct Grant	\$131,975
Roads to Recovery Grant	\$338,937
Financial Assistance Grant Scheme (FAGS)	\$1,148,997
Road Grant	\$550,247

SHIRE PRESIDENT AND CHIEF EXECUTIVE OFFICER'S REPORT

Introduction

This Annual Report reviews the Shire of Mukinbudin's achievements and details the Council's financial position for the 2021/22 financial year.

The 2021/2022 financial year spanning the period from 1st July 2021 until 30th June 2022 was challenging and rewarding with a number of projects completed within the reporting period.

Various gravel sheeting was carried out throughout the year by the Shire Works Crew, including ten kilometres of the Beringbooding Road which was very problematic during last years harvest. Another 4.5kms of the Kununoppin Mukinbudin Road was reconstructed and sealed during the reporting period. Nine Kilometres remain to be carried out and this road will then be complete.



Wet mixing of Kununoppin Mukinbudin Road March 2022

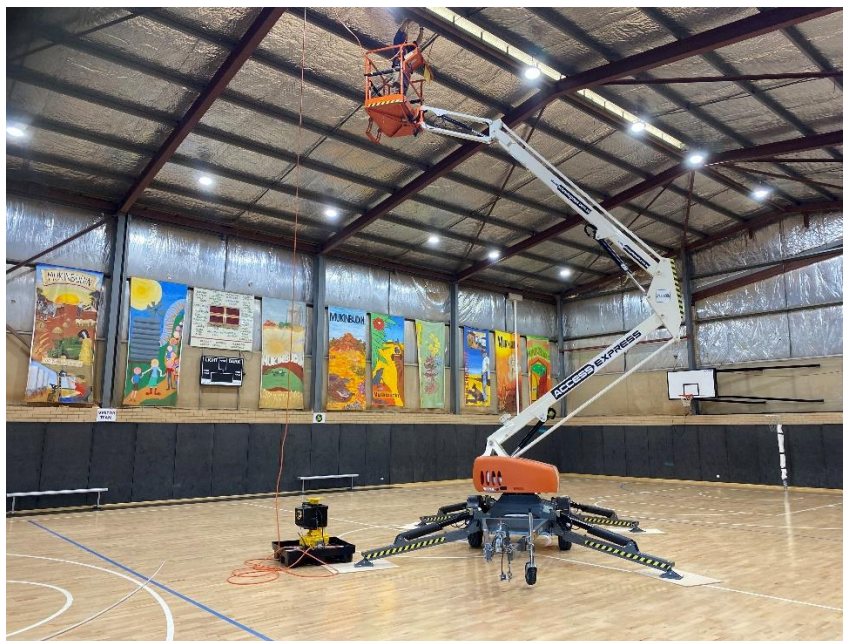
COVID Funding – Local Roads and Community Infrastructure, phase 2 and 3

With the arrival of COVID-19 the Federal Government rolled out a number of financial initiatives in the form of Local Roads and Community Infrastructure (LRCI), this Federal funding has been allocated to all Local Governments Nationally and the Council resolved to undertake a number of exciting projects on behalf of the Community, including:

- New nature playground – Lions Park
- Large indoor ceiling fan – Sporting Complex
- Landscaping improvements – Mokinbudin Caravan Park



Children enjoying the newly installed Nature Playground – Lions Park



Installation of the large indoor ceiling fan – Sporting Complex

SHIRE PRESIDENT AND CHIEF EXECUTIVE OFFICER'S REPORT (CONT)

Whilst no significant items of plant items were purchased during the reporting period several plant loans were paid out during the year. Council continued the recent trend of an annual transfer to the plant reserve to assist with significant future plant items. The next item due for replacement is the eight-wheel side tipping truck which is planned for the 2022/2023 financial year.

Tourism and Visitor Servicing

The Mukinbudin Caravan Park continues to exceed visitation numbers from previous years, even with the State borders closed and COVID-19 lockdowns throughout some of the year. It's exciting to see more WA residents choosing to travel inland and experience what the Wheatbelt and Mukinbudin region has to offer.



Caravan Park Fire pit, popular during the cooler months

The Shire continues to be committed to the NEWTravel group and Wheatbelt Way Committee, with continued exposure through the Central Wheatbelt Visitors Centre.

Financial Management / Annual Audit

Well done again in the current reporting period to the staff who have assisted to help achieve another excellent Audit Report which was carried out by the Office of the Auditor General (OAG). The financial health of the Shire continues to strengthen year on year, well done again to all.

Finally thank you to my fellow Councillors on another very positive and productive year. The days of Local Governments being responsible for only the Roads, Rates and Rubbish are well behind us which often see's projects which only ten years ago wouldn't have been considered by Local Governments. Often it is necessary for the Local Government to get involved in projects to meet community demand and expectation and this is expected to only increase in the future.

Cr Gary Shadbolt
SHIRE PRESIDENT



Dirk Sellenger
CHIEF EXECUTIVE OFFICER



STATUTORY REPORTS

Disability Access and Inclusion Plan

The Shire of Mukinbudin continues to promote access and inclusion for all community members. The Shire's Disability Access and Inclusion Plan (DAIP) ensures that people with disabilities have equal access to Council services, facilities the Shire has completed the 2019/20 Disability Services Commission Progress Report to identify the Shire's achievements in relation to strategies and tasks consistent with the five (5) identified outcomes listed in the DAIP.

The Shire of Mukinbudin is committed to ensuring that the community is an accessible community for people with disabilities, their families and carers. The Shire of Mukinbudin is committed to consulting with people with disabilities, their families and carers and where required, disability organisations to ensure that barriers to access are addressed appropriately.

The Shire of Mukinbudin is committed to achieving the following six (6) outcomes:

- 1) People with disabilities, their families and carers have the same opportunities as other people to access the services of, and any events organized by, the Shire of Mukinbudin.
- 2) People with disabilities have the same opportunities as other people to access all buildings of a public nature, plus other facilities provided by the Shire of Mukinbudin.
- 3) People with disabilities receive information from the Shire of Mukinbudin in a format that will enable them to access the information as readily as other people are able to access it.
- 4) People with disabilities receive the same level and quality of service from the staff of, and contractors/agents to, the Shire of Mukinbudin.
- 5) People with disabilities have the same opportunities as other people to make complaints to the Shire of Mukinbudin.
- 6) People with disabilities have the same opportunities as other people to participate in any public consultation process with the Shire of Mukinbudin.
- 7) People with disability have the same opportunities as other people to obtain and maintain employment with a public authority.

FREEDOM OF INFORMATION

The Shire of Mukinbudin will provide information to people requesting it from Council. Should a request not be met satisfactorily, then a Freedom of Information Application can be lodged with Council. During the year ended 30 June 2021, one Freedom of Information Application was received.

Section 96 of the *Freedom of Information Act 1992* requires local governments to publish an Information Statement.

In summary, the Shire of Mukinbudin Statement indicates that the Shire of Mukinbudin is responsible for the good governance of the Shire, and carries out functions as required, including statutory compliance and provision of services and facilities.

All Council meetings are open to the public and meeting dates and venues are advertised on a regular basis. Members of the public are invited to ask questions during Public Question Time, shortly after the commencement of each meeting.

The Shire of Mukinbudin maintains records relating to the function and administration of the Shire, each property within the Shire, and includes such documents as the Minutes of Meetings, Rate Book, Town Planning Scheme, Local Laws, Codes of Conduct, Register of Financial Interests, Register of Delegated Authority, Financial Statements and Electoral Rolls. These documents can be inspected free of charge at the Shire Office, 15 Maddock Street, Mukinbudin, during office hours

RECORD KEEPING PLAN

The Shire of Mukinbudin is committed to accessible and efficient record keeping practices and complies with relevant legislation including the *State Records Act 2000*. The *State Records Act 2000* requires that the Shire maintains and disposes of all records in the prescribed manner.

Principal 6 - Compliance: Government organisations ensure their employees comply with the Record Keeping Plan.

Rationale

An organisation and its employees must comply with the organisation's Record Keeping Plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.

Minimum Compliance Requirements

The Record Keeping Plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the organisation's record keeping system is evaluated not less than once every 5 years.
2. The organisation conducts a record keeping program.
3. The efficiency and effectiveness of the record keeping training program is reviewed from time to time.
4. The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's Record Keeping Plan.

The Shire of Mukinbudin has substantially complied with items 1 to 4.

Council has established a Record Keeping Plan which was submitted and approved by the State Records Commission. In addition, Council has produced a Records Management Procedures Manual, which is utilised in Council's Induction Training for all new staff. The Records Keeping Plan looks at the efficiency and effectiveness of the Shire's record keeping systems and includes sections on procedures, risk management and disaster recovery plans, retention and disposal of records, training of staff on record keeping practices and information on the Shire's compliance with the plan.



NATIONAL COMPETITION POLICY STATEMENT

The competition Principles Agreement is an Inter-Government Agreement between the Commonwealth and State/Territory Governments that sets out how government will apply National Competition Policy principles to public sector organisations within their jurisdiction.

The State Government released a Policy Statement effective from July 1996 called the Clause 7 Statement, which forms part of the Competition Principles Agreement. The Clause 7 policy document sets out nominated principles from the Agreement that now apply to Local Government. The provisions of Clause 7 of the Competition Principles Agreement require local government to report annually as to the implementation, application and effects of the Competition Policy.

The Competition principles Agreement, under Clause 7, specifies three broad areas of reporting, they are:

1. Competitive Neutrality
2. Structural Review of Public Monopolies; and
Legislative Review

In accordance with the requirements of the National Competition Policy the Shire of Mukinbudin makes the following disclosure of 2020/2021.

Competitive Neutrality

The object of competitive neutrality is the elimination of resource allocation distortions arising out of local government ownership of significant business activities.

The Shire of Mukinbudin has assessed its operations and considers that it has no business activity that would be classed as significant under the current guidelines. Also, the Shire of Mukinbudin does not operate a business enterprise that has been classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or Public Financial Enterprise.

The number of activities to which competitive neutrality principles have been considered but not applied in the reporting period is: Zero (0)

During the reporting period the Shire of Mukinbudin did not become aware of any allegations of non-compliance with the competitive neutrality principles made by a private entity against the Shire.



INFORMATION ON PAYMENTS TO EMPLOYEES

For the purpose of Section 5.53(2) (g) the Annual Report of a Local Government for a financial year is to contain the following information:

The number of employees of the Local Government entitled to an annual salary of \$110,000 or more;

Band	Number of Employees
\$130,000-\$140,000	1

COMPLAINTS REGISTER

The Shire, in accordance with s5.120 of the Local Government Act 1995, does not have a designated Complaints Officer and the Chief Executive Officer fulfils this role in terms of subsection (2).

As required in accordance with s5.121 'Register of certain complaints of minor breaches' of the Act, the Shire maintains an electronic register that is managed by the Manager of Corporate Services.

The Shire reports no complaints that have resulted in a finding under section 5.110(2)(a) that a minor breach has occurred, for the period ending 30 June 2021.

PLAN FOR THE FUTURE OF THE DISTRICT

As required by section 5.56 of the *Local Government Act 1995* below is an overview of the Shire of Mukinbudin 'Plan for the Future of the District', including major initiatives that are proposed to commence or to continue in the next financial year.

The changes to the *Local Government Act 1995* have seen the Principal Activities Plan replaced by the Plan for the Future. With the introduction of Integrated Strategic Planning the Shire of Mukinbudin has the following documents making up its plans for the future:

1. Community Strategic Plan 2018-2028
2. Long Term Financial Plan 2013-2023
3. Corporate Business Plan 2017/18-2020/21
4. Mukinbudin Recreation Asset Management Plan
5. Plant & Equipment Asset Management Plan
6. Transport Asset Management Plan
7. Property Asset Management Plan
8. Mukinbudin Workforce Plan

Copies of the Shire of Mukinbudin above Plans for the Future are available from the Shire Office or can be downloaded from the Shire Website at www.mukinbudin.wa.gov.au

Major initiatives that are proposed to commence or to continue in the next financial year

- 10 Year Plant Replacement Program
- Capital Roadwork's Program
- Government Regional Officer Housing Construction Program
- Proposals for New Swimming Pool Kiosk/Changerooms and Redesign of Sports Complex
- Construction and Relocation of Childcare Centre

Strategy	Objective
1. Plant Replacement	To ensure that Council's plant is reliable, to reduce maintenance cost and to minimise the replacement cost as far as possible.
2. Road Asset Management	To maintain and improve the quality and useful economic life of the road infrastructure system in the most efficient manner.
3. Shire Housing	To attract and retain Shire staff through the provision of modern quality housing. To make excess Shire housing available to the business community to assist with employee needs.
4. Joint Venture Housing	To provide aged and low-income residents with high quality community and joint venture housing in Mukinbudin.
5. Residential Land Subdivision	To provide quality blocks and housing options for locals who wish to move to or retire in Mukinbudin.
6. Industrial Units	To provide the opportunity for a new business to establish in town.
7. Aquatic Centre Upgrade	To provide a high quality and recreational aquatic facility for the residents of Mukinbudin Shire.



Shire of Mukinbudin

ANNUAL FINANCIAL REPORT

For the Period Ending 30 June 2022

As Adopted 13th December 2022
and
Additional Notes and Independent Auditor's Report

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

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

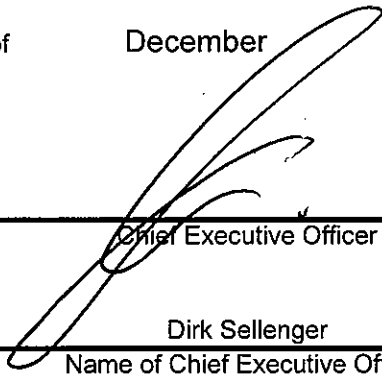
The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life.

Principal place of business:
15 Maddock Street
Mukinbudin WA 6479

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

The attached financial report of the Shire of Mukinbudin for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Mukinbudin at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 21st day of December 2022



Chief Executive Officer

Dirk Sellenger

Name of Chief Executive Officer

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

	NOTE	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
Revenue				
Rates	26(a),2(a)	1,325,243	1,321,789	1,241,429
Operating grants, subsidies and contributions	2(a)	2,329,641	1,104,634	1,928,143
Fees and charges	25(c),2(a)	697,703	659,634	615,623
Interest earnings	2(a)	14,295	16,700	15,975
Other revenue	2(a)	153,155	97,587	118,084
		4,520,037	3,200,344	3,919,254
Expenses				
Employee costs		(1,377,415)	(1,363,332)	(1,413,037)
Materials and contracts		(1,238,622)	(1,462,539)	(1,079,654)
Utility charges		(219,125)	(196,417)	(209,247)
Depreciation	10(a)	(1,775,162)	(1,756,536)	(1,725,725)
Finance costs	2(b)	(40,435)	(44,115)	(47,189)
Insurance		(128,861)	(132,783)	(126,064)
Other expenditure	2(b)	(160,304)	(135,682)	(92,981)
		(4,939,924)	(5,091,404)	(4,693,897)
		(419,887)	(1,891,060)	(774,643)
Capital grants, subsidies and contributions	2(a)	1,282,312	1,393,314	1,407,362
Profit on asset disposals	10(c)	6,373	10,000	9,330
Loss on asset disposals	10(c)	(11,122)	(2,273)	(18,000)
Fair value adjustments to financial assets at fair value through profit or loss		2,998	0	1,939
		1,280,561	1,401,041	1,400,631
Net result for the period	25(b)	860,674	(490,019)	625,988
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	1,207,709	0	0
Total other comprehensive income for the period	16	1,207,709	0	0
Total comprehensive income for the period		2,068,383	(490,019)	625,988

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



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

	NOTE	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,845,028	1,585,316
Trade and other receivables	5	65,321	63,904
Other financial assets	4(a)	659,994	509,433
Inventories	6	549	85,942
Other assets	7	15,760	16,809
TOTAL CURRENT ASSETS		2,586,652	2,261,404
NON-CURRENT ASSETS			
Trade and other receivables	5	713	713
Other financial assets	4(b)	58,353	55,355
Inventories	6	274,000	294,614
Property, plant and equipment	8	15,620,886	14,504,734
Infrastructure	9	54,935,579	54,643,256
Right-of-use assets	11(a)	0	3,090
TOTAL NON-CURRENT ASSETS		70,889,531	69,501,762
TOTAL ASSETS		73,476,183	71,763,166
CURRENT LIABILITIES			
Trade and other payables	12	210,097	348,409
Other liabilities	13	244,415	310,606
Lease liabilities	11(b)	0	3,288
Borrowings	14	171,328	178,141
Employee related provisions	15	166,585	155,425
TOTAL CURRENT LIABILITIES		792,425	995,869
NON-CURRENT LIABILITIES			
Borrowings	14	1,067,949	1,239,277
Employee related provisions	15	51,109	31,703
TOTAL NON-CURRENT LIABILITIES		1,119,058	1,270,980
TOTAL LIABILITIES		1,911,483	2,266,849
NET ASSETS		71,564,700	69,496,317
EQUITY			
Retained surplus		46,021,074	45,342,080
Reserve accounts	29	711,622	529,942
Revaluation surplus	16	24,832,004	23,624,295
TOTAL EQUITY		71,564,700	69,496,317

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



SHIRE OF MUKINBUDIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2020		44,758,867	487,167	23,624,295	68,870,329
Comprehensive income for the period					
Net result for the period		625,988	0	0	625,988
Total comprehensive income for the period		625,988	0	0	625,988
Transfers from reserves	29	94,500	(94,500)	0	0
Transfers to reserves	29	(137,275)	137,275	0	0
Balance as at 30 June 2021		45,342,080	529,942	23,624,295	69,496,317
Comprehensive income for the period					
Net result for the period		860,674	0	0	860,674
Other comprehensive income for the period	16	0	0	1,207,709	1,207,709
Total comprehensive income for the period		860,674	0	1,207,709	2,068,383
Transfers from reserves	29	49,509	(49,509)	0	0
Transfers to reserves	29	(231,189)	231,189	0	0
Balance as at 30 June 2022		46,021,074	711,622	24,832,004	71,564,700

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

SHIRE OF MUKINBUDIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,330,068	1,326,789	1,269,174
Operating grants, subsidies and contributions		2,333,802	1,105,834	1,944,139
Fees and charges		697,284	659,634	612,009
Interest received		14,295	16,700	15,975
Goods and services tax received		310,167	161,044	286,514
Other revenue		153,155	97,587	118,084
		4,838,771	3,367,588	4,245,895
Payments				
Employee costs		(1,354,010)	(1,363,332)	(1,349,062)
Materials and contracts		(1,363,591)	(1,407,739)	(1,040,932)
Utility charges		(219,125)	(196,417)	(209,247)
Finance costs		(37,116)	(44,115)	(54,091)
Insurance paid		(128,861)	(132,783)	(126,064)
Goods and services tax paid		(306,285)	(160,744)	(327,269)
Other expenditure		(135,977)	(135,682)	(92,981)
		(3,544,965)	(3,440,812)	(3,199,646)
Net cash provided by (used in) operating activities	17(b)	1,293,806	(73,224)	1,046,249
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for financial assets at amortised cost		0	0	(25,224)
Payments for purchase of property, plant & equipment	8(a)	(309,005)	(352,970)	(643,146)
Payments for construction of infrastructure	9(a)	(1,785,764)	(1,899,157)	(1,487,960)
Non-operating grants, subsidies and contributions		1,204,483	1,393,314	1,708,523
Proceeds from financial assets at amortised cost		(150,561)		
Proceeds from sale of inventories	10(c)	60,909	0	0
Proceeds from sale of property, plant & equipment	10(c)	127,273	229,727	146,045
Net cash provided by (used in) investing activities		(852,665)	(629,086)	(301,762)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	28(a)	(178,141)	(178,142)	(203,047)
Payments for principal portion of lease liabilities	28(b)	(3,288)	(3,288)	(9,402)
Proceeds from new borrowings	28(a)	0	0	120,000
Net cash provided by (used in) financing activities		(181,429)	(181,430)	(92,449)
Net increase (decrease) in cash held		259,712	(883,740)	652,038
Cash at beginning of year		1,585,316	1,610,539	933,278
Cash and cash equivalents at the end of the year	17(a)	1,845,028	726,799	1,585,316

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



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

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
NET CURRENT ASSETS - At start of financial year - surplus/(deficit)	27(b)	989,270	1,022,592	711,493
OPERATING ACTIVITIES				
Revenue from operating activities (excluding general rate)				
Rates (excluding general rate)	26(b)	17,996	19,207	17,867
Operating grants, subsidies and contributions		2,329,641	1,104,634	1,928,143
Fees and charges		697,703	659,634	615,623
Interest earnings		14,295	16,700	15,975
Other revenue		153,155	97,587	118,084
Profit on asset disposals	10(c)	6,373	10,000	9,330
Fair value adjustments to financial assets at fair value through profit or loss		2,998	0	1,939
		3,222,161	1,907,762	2,706,961
Expenditure from operating activities				
Employee costs		(1,377,415)	(1,363,332)	(1,413,037)
Materials and contracts		(1,238,622)	(1,462,539)	(1,079,654)
Utility charges		(219,125)	(196,417)	(209,247)
Depreciation		(1,775,162)	(1,756,536)	(1,725,725)
Finance costs		(40,435)	(44,115)	(47,189)
Insurance		(128,861)	(132,783)	(126,064)
Other expenditure		(160,304)	(135,682)	(92,981)
Loss on asset disposals	10(c)	(11,122)	(2,273)	(18,000)
		(4,951,046)	(5,093,677)	(4,711,897)
Non-cash amounts excluded from operating activities	27(a)	1,817,419	1,748,809	1,772,074
Amount attributable to operating activities		88,534	(1,437,106)	(232,862)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,282,312	1,393,314	1,407,362
Proceeds from sale of inventories	10(c)	60,909	0	0
Proceeds from disposal of assets	10(c)	127,273	229,727	146,045
Purchase of property, plant and equipment	8(a)	(309,005)	(352,970)	(643,146)
Purchase and construction of infrastructure	9(a)	(1,785,764)	(1,899,157)	(1,487,960)
Amount attributable to investing activities		(624,275)	(629,086)	(577,699)
FINANCING ACTIVITIES				
Repayment of borrowings	28(a)	(178,141)	(178,142)	(203,047)
Proceeds from borrowings	28(a)	0	0	120,000
Payments for principal portion of lease liabilities	28(b)	(3,288)	(3,288)	(9,402)
Transfers to reserves (restricted assets)	29	(231,189)	(195,347)	(137,275)
Transfers from reserves (restricted assets)	29	49,509	117,795	94,500
Amount attributable to financing activities		(363,109)	(258,982)	(135,224)
Surplus/(deficit) before imposition of general rates		90,420	(1,302,582)	(234,292)
Total amount raised from general rates	26(a)	1,307,247	1,302,582	1,223,562
Surplus/(deficit) after imposition of general rates	27(b)	1,397,667	0	989,270

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

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

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the Local Government Act 1995 and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the Local Government Act 1995 read with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

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

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

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements.

Judgements and estimates

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.
- estimation uncertainties made in relation to lease accounting

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

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	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	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	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	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	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contractual commitments	General appropriations and contributions with no specific contractual commitments	No obligations	Not applicable	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	On payment and issue of the licence, registration or approval
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	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	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
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	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	Output method based on goods

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

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

2. REVENUE AND EXPENSES (Continued)

Revenue Recognition

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

For the year ended 30 June 2022

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	1,307,247	17,996	1,325,243
Operating grants, subsidies and contributions	92,562	0	0	2,237,079	2,329,641
Fees and charges	696,108	0	1,595	0	697,703
Interest earnings	0	0	4,928	9,367	14,295
Other revenue	49,490	0	0	103,665	153,155
Non-operating grants, subsidies and contributions		1,282,312	0	0	1,282,312
Total	838,160	1,282,312	1,313,770	2,368,107	5,802,349

For the year ended 30 June 2021

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	1,223,562	17,867	1,241,429
Operating grants, subsidies and contributions	96,924	0	0	1,831,219	1,928,143
Fees and charges	613,147	0	2,476	0	615,623
Interest earnings	0	0	5,041	10,934	15,975
Other revenue	62,068	0	0	56,016	118,084
Non-operating grants, subsidies and contributions	0	1,407,362	0	0	1,407,362
Total	772,139	1,407,362	1,231,079	1,916,036	5,326,616

Note	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
(a) Revenue (Continued)			
Interest earnings			
Interest on reserve funds	2,137	5,500	5,229
Rates instalment and penalty interest (refer Note 26(d))	4,928	5,200	5,041
Other interest earnings	7,230	6,000	5,705
	14,295	16,700	15,975
(b) Expenses			
Auditors remuneration			
- Audit of the Annual Financial Report	38,800	39,000	38,800
- Other services	1,700	2,950	2,450
	40,500	41,950	41,250
Finance costs			
Borrowings 28(a)	40,391	41,675	46,996
Lease liabilities 28(b)	44	2,440	193
	40,435	44,115	47,189
Other expenditure			
Impairment losses on rates receivables	1,039	3,000	0
Impairment losses on receivables from contracts with customers	3,713	1,000	(3,614)
Write down of inventories to net realisable value 6	20,614	0	0
Sundry expenses	134,938	131,682	96,595
	160,304	135,682	92,981

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

3. CASH AND CASH EQUIVALENTS

Cash at bank and on hand
Total cash and cash equivalents

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

Note	2022	2021
	\$	\$
	1,845,028	1,585,316
17(a)	1,845,028	1,585,316
	1,529,057	1,237,944
17(a)	315,971	347,372
	1,845,028	1,585,316

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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

Restricted financial assets

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

Details of restrictions on financial assets can be found at Note 17.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Term deposits

Held as

- Restricted other financial assets at amortised cost

(b) Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

Units in Local Government House Trust

	2022	2021
	\$	\$
	659,994	509,433
	659,994	509,433
	659,994	509,433
	659,994	509,433
17(a)	659,994	509,433
	659,994	509,433
	58,353	55,355
	58,353	55,355
	58,353	55,355
	58,353	55,355

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 24 (i)) due to the observable market rates.

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 22.

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

5. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
GST receivable	
Allowance for credit losses of trade and other receivables	22(b)
Allowance for credit losses of rates receivables	22(b)

Non-current

Pensioner's rates and ESL deferred	
------------------------------------	--

Note	2022 \$	2021 \$
	32,397	31,281
	12,495	8,731
	21,567	25,449
	(99)	(14)
	(1,039)	(1,543)
	65,321	63,904
	713	713
	713	713

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 22.

Classification and subsequent measurement

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

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

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

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

6. INVENTORIES

Note	2022	2021
	\$	\$
Current		
Fuel and materials	549	14,942
Land held for resale		
Cost of acquisition	0	71,000
	549	85,942
Non-current		
Land held for resale		
Cost of acquisition	274,000	294,614
	274,000	294,614

The following movements in inventories occurred during the year:

Balance at beginning of year		380,556	366,564
Inventories expensed during the year		(14,760)	0
Write down of inventories to net realisable value	2(b)	(20,614)	0
Disposal of land held for resale (note 10(c))		(71,000)	0
Additions to inventory		367	13,992
Balance at end of year		274,549	380,556

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

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

Land held for resale (Continued)

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

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

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

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

7. OTHER ASSETS

Other assets - current

Prepayments
Accrued income

	2022	2021
	\$	\$
Prepayments	14,517	8,419
Accrued income	1,243	8,390
	15,760	16,809

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

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

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.

	Note	Land	Buildings - non- specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Work in Progress	Total property, plant and equipment
		\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020		1,036,666	2,304,725	7,707,790	11,049,181	81,810	1,436,995	1,725,692	14,293,678
Additions		13,636	968,855	1,122,455	2,104,946	0	261,393	(1,723,193)	643,146
Disposals		(33,636)	0	(40,859)	(74,495)	0	(80,220)	0	(154,715)
Depreciation	10(a)	0	(37,608)	(93,913)	(131,521)	(13,684)	(132,170)	0	(277,375)
Balance at 30 June 2021		1,016,666	3,235,972	8,695,473	12,948,111	68,126	1,485,998	2,499	14,504,734
Comprises:									
Gross balance amount at 30 June 2021		1,016,666	3,352,097	9,031,128	13,399,891	117,987	2,157,736	2,499	15,678,113
Accumulated depreciation at 30 June 2021		0	(116,125)	(335,655)	(451,780)	(49,861)	(671,738)	0	(1,173,379)
Balance at 30 June 2021		1,016,666	3,235,972	8,695,473	12,948,111	68,126	1,485,998	2,499	14,504,734
Additions		0	52,848	75,004	127,852	9,794	171,297	62	309,005
Disposals		0	0	0	0	0	(121,931)	0	(121,931)
Revaluation increments / (decrements) transferred to revaluation surplus		94,310	126,955	986,444	1,207,709	0	0	0	1,207,709
Depreciation	10(a)	0	(41,991)	(109,182)	(151,173)	(13,683)	(113,775)	0	(278,631)
Transfers		0	(170,799)	170,799	0	0	0	0	0
Balance at 30 June 2022		1,110,976	3,202,985	9,818,538	14,132,499	64,237	1,421,589	2,561	15,620,886
Comprises:									
Gross balance amount at 30 June 2022		1,110,976	3,202,985	9,818,538	14,132,499	127,781	2,205,775	2,561	16,468,616
Accumulated depreciation at 30 June 2022		0	0	0	0	(63,544)	(784,186)	0	(847,730)
Balance at 30 June 2022		1,110,976	3,202,985	9,818,538	14,132,499	64,237	1,421,589	2,561	15,620,886

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

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 for similar properties	Independent registered valuers	June 2022	Price per hectare
Land - freehold land	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2022	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2022	Price per square metre
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2022	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

(ii) Cost

Furniture and equipment

Cost

Cost

Purchase cost

Plant and equipment

Cost

Cost

Purchase cost

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change was effective from 1 July 2019 and represented a change in accounting policy.

Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

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

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.

	Note	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - park & oval	Infrastructure - other	Work in progress	Total Infrastructure
		\$	\$	\$	\$	\$	\$
Balance at 1 July 2020		49,365,083	983,486	806,404	3,439,503	0	54,594,476
Additions		1,249,333	62,795	0	174,603	1,229	1,487,960
Depreciation	10(a)	(1,276,571)	(34,387)	(31,646)	(96,576)	0	(1,439,180)
Balance at 30 June 2021		49,337,845	1,011,894	774,758	3,517,530	1,229	54,643,256
Comprises:							
Gross balance at 30 June 2021		74,313,653	1,772,660	1,352,122	4,945,444	1,229	82,385,108
Accumulated depreciation at 30 June 2021		(24,975,808)	(760,766)	(577,364)	(1,427,914)	0	(27,741,852)
Balance at 30 June 2021		49,337,845	1,011,894	774,758	3,517,530	1,229	54,643,256
Additions		1,142,042	85,573	0	344,613	213,536	1,785,764
Depreciation	10(a)	(1,323,272)	(35,650)	(31,646)	(102,873)	0	(1,493,441)
Transfers		0	0	166,500	(166,500)	0	0
Balance at 30 June 2022		49,156,615	1,061,817	909,612	3,592,770	214,765	54,935,579
Comprises:							
Gross balance at 30 June 2022		75,455,695	1,858,233	1,518,622	5,123,557	214,765	84,170,872
Accumulated depreciation at 30 June 2022		(26,299,080)	(796,416)	(609,010)	(1,530,787)	0	(29,235,293)
Balance at 30 June 2022		49,156,615	1,061,817	909,612	3,592,770	214,765	54,935,579

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

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					
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - park & oval	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - other	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

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

10. FIXED ASSETS

(a) Depreciation

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Buildings - non-specialised	8(a)	41,991	38,281	37,608
Buildings - specialised	8(a)	109,182	95,590	93,913
Furniture and equipment	8(a)	13,683	13,928	13,684
Plant and equipment	8(a)	113,775	134,531	132,170
Infrastructure - roads	9(a)	1,323,272	1,299,372	1,276,571
Infrastructure - footpaths	9(a)	35,650	35,001	34,387
Infrastructure - park & oval	9(a)	31,646	32,211	31,646
Infrastructure - other	9(a)	102,873	98,300	96,576
Right-of-use assets - furniture and equipment	11(a)	3,090	9,322	9,170
		1,775,162	1,756,536	1,725,725

Revision of useful lives of plant and equipment

The Shire of Mukinbudin carried out an assessment of the useful lives of plant and equipment as at 1 September 2021. Management have reviewed the assessment and deemed it to be current for the 2021/22 year.

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	13 to 71 years
Furniture and equipment	3 to 15 years
Plant and equipment	3 to 34 years
Land	Not depreciated
Road Subgrades/Formation	Not depreciated
Pavement Structure	16 to 120 years
Surface Structure	16 to 50 years
Other Infrastructure	17 to 59 years
Drainage	40 to 100 years
Footpath	30 to 90 years
Signs	10 to 28 years
Surface Water Channels	12 to 100 years

Right of use (furniture and equipment)

Based on the remaining lease

SHIRE OF MUKINBUDIN
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10. FIXED ASSETS (Continued)

(c) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land held for resale	71,000	60,909	0	(10,091)	0	0	0	0	0	0	0	0
Land - freehold land	0	0	0	0	45,000	42,727	0	(2,273)	33,636	15,636	0	(18,000)
Buildings - specialised	0	0	0	0	0	0	0	0	40,859	40,909	50	0
Plant and equipment	121,931	127,273	6,373	(1,031)	177,000	187,000	10,000	0	80,220	89,500	9,280	0
	192,931	188,182	6,373	(11,122)	222,000	229,727	10,000	(2,273)	154,715	146,045	9,330	(18,000)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Other property and services				
2020 Toyota Prado (CEO)	60,122	59,091	0	(1,031)
2021 Toyota Prado (CEO)	61,809	68,182	6,373	0
	121,931	127,273	6,373	(1,031)
Land held for resale				
Other Property and Services				
Lot 251 (8) Earl Drive	45,000	42,727	0	(2,273)
Lot 20 (7) Gimlett Way	26,000	18,182	0	(7,818)
	71,000	60,909	0	(10,091)
	192,931	188,182	6,373	(11,122)

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

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

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

Revaluation

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

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

Revaluation (continued)

For property, plant and equipment and infrastructure, 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. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

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

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

Depreciation on revaluation

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

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

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 ready 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 in the Statement of Comprehensive Income and in Note 10(a).

SHIRE OF MUKINBUDIN
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11. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

	Note	Right-of-use assets - furniture and equipment \$	Right-of-use assets Total \$
Balance at 1 July 2020		12,260	12,260
Depreciation		(9,170)	(9,170)
Balance at 30 June 2021		3,090	3,090
Depreciation	10(a)	(3,090)	(3,090)
Balance at 30 June 2022		0	0

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

		2022 Actual \$	2021 Actual \$
Depreciation on right-of-use assets	10(a)	(3,090)	(9,170)
Interest expense on lease liabilities	28(b)	(44)	(193)
Total amount recognised in the statement of comprehensive income		(3,134)	(9,363)
Total cash outflow from leases		(3,332)	(9,595)
(b) Lease Liabilities			
Current		0	3,288
	28(b)	0	3,288

The Shire has 1 lease relating to computer equipment. The lease term of the lease is 44 months with fixed lease payments. The measurement of lease liabilities does not include any future cash outflows associated with leases not yet commenced to which the Shire is committed.

The above lease was finalised in 2022.

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

SIGNIFICANT ACCOUNTING POLICIES

Leases

At inception of a contract, the Shire assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 28(b).

Right-of-use assets - valuation measurement

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Shire anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

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11. LEASES (Continued)

(c) Lessor - 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.

Less than 1 year
1 to 2 years
2 to 3 years
3 to 4 years
4 to 5 years
> 5 years

	2022 Actual	2021 Actual
	\$	\$
	157,230	138,613
	167,782	124,280
	157,296	127,425
	166,390	114,241
	161,625	117,385
	441,845	464,173
	1,252,168	1,086,117

The above figures are based on existing lease contracts. No assumptions are made with respect to extensions beyond the signed contract are included in the "Actual" figures. Periodic leases are excluded from the above figures.

Peppercorn Leases

- Parts of Lot 204 Bent Street are leased to 3 local businesses for business purposes at \$1 per
- 9 White Street is leased for use as an early learning centre at \$0 per year for 5 years with a further term of 5 years

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 Shire applies AASB 15 to allocate the consideration under the contract to each component.

SHIRE OF MUKINBUDIN
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12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Prepaid rates
Accrued payroll liabilities
ATO liabilities
Bonds and deposits held
Accrued interest
Accrued expenditure
Income received in advance

2022	2021
\$	\$
60,136	198,491
16,556	10,615
29,921	22,536
28,167	42,713
19,928	16,257
8,707	5,388
10,382	21,109
36,300	31,300
210,097	348,409

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

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

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

Prepaid rates

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

SHIRE OF MUKINBUDIN
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13. OTHER LIABILITIES

Current

Contract liabilities
 Capital grant/contributions liabilities

Reconciliation of changes in contract liabilities

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

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

Reconciliation of changes in capital grant/contribution liabilities

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

Expected satisfaction of capital grant/contribution liabilities

Less than 1 year

	2022	2021
	\$	\$
Contract liabilities	21,083	9,445
Capital grant/contributions liabilities	223,332	301,161
	<u>244,415</u>	<u>310,606</u>
Opening balance	9,445	52,438
Additions	21,083	0
Revenue from contracts with customers included as a contract liability at the start of the period	(9,445)	(42,993)
	<u>21,083</u>	<u>9,445</u>
Opening balance	301,161	0
Additions	223,332	301,161
Revenue from capital grant/contributions held as a liability at the start of the period	(301,161)	0
	<u>223,332</u>	<u>301,161</u>
Less than 1 year	223,332	301,161
	<u>223,332</u>	<u>301,161</u>

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

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

**SHIRE OF MUKINBUDIN
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FOR THE YEAR ENDED 30 JUNE 2022**

14. BORROWINGS

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		171,328	1,067,949	1,239,277	178,141	1,239,277	1,417,418
Total secured borrowings	28(a)	171,328	1,067,949	1,239,277	178,141	1,239,277	1,417,418

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Mukinbudin. Other loans relate to transferred receivables. Refer to Note 4.

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

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

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

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 22.

Details of individual borrowings required by regulations are provided at Note 28(a).

**SHIRE OF MUKINBUDIN
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15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2022	2021
Current provisions	\$	\$
Employee benefit provisions		
Annual Leave	119,744	99,716
Long Service Leave	46,841	55,709
	166,585	155,425
Non-current provisions		
Long Service Leave	51,109	31,703
	51,109	31,703
	217,694	187,128

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

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

Amounts are expected to be settled on the following basis:

	2022	2021
Less than 12 months after the reporting date	82,634	80,247
More than 12 months from reporting date	136,553	144,384
Expected reimbursements from other WA local governments	(1,493)	(37,503)
	217,694	187,128

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

SHIRE OF MUKINBUDIN
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16. REVALUATION SURPLUS

	2022 Opening Balance	2022 Revaluation Increment	2022 Revaluation (Decrement)	Total Movement on Revaluation	2022 Closing Balance	2021 Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land	505,900	94,310	0	94,310	600,210	505,900	0	0	0	505,900
Revaluation surplus - Buildings	5,243,351	1,113,399	0	1,113,399	6,356,750	5,243,351	0	0	0	5,243,351
Revaluation surplus - Plant and equipment	403,380	0	0	0	403,380	403,380	0	0	0	403,380
Revaluation surplus - Infrastructure - roads	13,795,995	0	0	0	13,795,995	13,795,995	0	0	0	13,795,995
Revaluation surplus - Infrastructure - footpaths	424,751	0	0	0	424,751	424,751	0	0	0	424,751
Revaluation surplus - Infrastructure - park & oval	773,737	0	0	0	773,737	773,737	0	0	0	773,737
Revaluation surplus - Infrastructure - other	2,477,181	0	0	0	2,477,181	2,477,181	0	0	0	2,477,181
	23,624,295	1,207,709	0	1,207,709	24,832,004	23,624,295	0	0	0	23,624,295

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

SHIRE OF MUKINBUDIN
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FOR THE YEAR ENDED 30 JUNE 2022

17. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	1,845,028	726,799	1,585,316
Restrictions				
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:				
- Cash and cash equivalents	3	315,971	98,060	347,372
- Financial assets at amortised cost	4	659,994	509,433	509,433
		975,965	607,493	856,805
The restricted financial assets are a result of the following specific purposes to which the assets may be used:				
Restricted reserve accounts	29	711,622	607,493	529,942
Contract liabilities	13	21,083	0	9,445
Capital grant/contributions liabilities	13	223,332	0	301,161
Bonds and deposits held	12	19,928	0	16,257
Total restricted financial assets		975,965	607,493	856,805

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

Net result		860,674	(490,019)	625,988
Non-cash items:				
Adjustments to fair value of financial assets at fair value through profit and loss		(2,998)	0	(1,939)
Depreciation/amortisation		1,775,162	1,756,536	1,725,725
(Profit)/loss on sale of asset		4,749	(7,727)	8,670
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		(1,417)	6,500	90,610
(Increase)/decrease in other assets		1,049	(200)	4,953
(Increase)/decrease in inventories		35,007	0	(13,992)
Increase/(decrease) in trade and other payables		(138,312)	55,000	4,794
Increase/(decrease) in employee related provisions		30,566	0	51,795
Increase/(decrease) in other liabilities		(66,191)	0	258,168
Non-operating grants, subsidies and contributions		(1,204,483)	(1,393,314)	(1,708,523)
Net cash provided by/(used in) operating activities		1,293,806	(73,224)	1,046,249

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

Bank overdraft limit		250,000		250,000
Credit card limit		5,000		5,000
Credit card balance at balance date		(1,392)		(2,988)
Total amount of credit unused		253,608		252,012

Loan facilities

Loan facilities - current		171,328		178,141
Loan facilities - non-current		1,067,949		1,239,277
Total facilities in use at balance date		1,239,277		1,417,418

Unused loan facilities at balance date

NIL

NIL

**SHIRE OF MUKINBUDIN
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18. CONTINGENT LIABILITIES

In compliance with the Contaminated Sites Act 2003 Section 11, the Shire of Mukinbudin has identified the following sites to be possible sources of contamination:

Memorial M511078 ML, LOT 27057 ON PLAN 15987 4 as shown on certificate of title LR3148/900 in Mukinbudin WA 6479

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with the Department of Environment Regulation on the need and criteria for remediation of a risk based approach, the Shire is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Environment Regulation Guidelines.

The Shire does not have any contingent assets to report as at 30 June 2022.

19. CAPITAL COMMITMENTS

	2022	2021
	\$	\$
Contracted for:		
- capital expenditure projects	180,563	105,805
- plant & equipment purchases	0	61,985
	180,563	167,790
Payable:		
- not later than one year	180,563	167,790

The capital expenditure projects outstanding at the end of the current reporting period represent capital improvements works on several buildings and new and renewal Infrastructure Other projects.

The major ones being:

Mukinbudin Sports Complex Building Improvements	64,061
Refurbishing and repainting the Swimming Pool Bowl	39,500
Continued work on the new Barbalin Pipeline installation	34,708

The capital expenditure projects outstanding at the end of the previous reporting period represent the construction of footpaths \$74,520, the construction of a pump track concrete pad \$1,850, capital works at the basketball courts \$29,435 and the purchase of a toyota prado \$61,985.

SHIRE OF MUKINBUDIN
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20. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Elected member - Gary Shadbolt				
President's annual allowance		10,200	10,200	10,000
Meeting attendance fees		3,660	3,660	3,589
Annual allowance for ICT expenses		1,000	1,000	500
Travel and accommodation expenses		219	448	0
		15,079	15,308	14,089
Elected member - Rodney Comerford				
Deputy President's annual allowance		695	2,550	2,500
Meeting attendance fees		1,996	3,660	3,589
Annual allowance for ICT expenses		545	1,000	500
Travel and accommodation expenses		0	444	0
		3,236	7,654	6,589
Elected member - Sandra Ventris				
Meeting attendance fees		3,660	3,660	3,589
Annual allowance for ICT expenses		1,000	1,000	500
Travel and accommodation expenses		328	444	328
		4,988	5,104	4,417
Elected member - Romina Nicoletti				
Deputy President's annual allowance		1,855	0	0
Meeting attendance fees		3,660	3,660	3,589
Annual allowance for ICT expenses		1,000	1,000	500
Travel and accommodation expenses		1,365	444	1,501
		7,880	5,104	5,590
Elected member - Geoffrey Bent				
Meeting attendance fees		3,660	3,660	3,589
Annual allowance for ICT expenses		1,000	1,000	500
Travel and accommodation expenses		728	444	655
		5,388	5,104	4,744
Elected member - Stephen Paterson				
Meeting attendance fees		3,660	3,660	3,589
Annual allowance for ICT expenses		1,000	1,000	500
Travel and accommodation expenses		0	444	0
		4,660	5,104	4,089
Elected member - Jeffery Seaby				
Meeting attendance fees		3,660	3,660	3,589
Annual allowance for ICT expenses		1,000	1,000	500
Travel and accommodation expenses		0	444	0
		4,660	5,104	4,089
Elected member - Ashley Walker				
Meeting attendance fees		3,660	3,660	3,589
Annual allowance for ICT expenses		1,000	1,000	500
Travel and accommodation expenses		0	444	0
		4,660	5,104	4,089
Elected member - Callum McGlashan				
Meeting attendance fees		3,660	3,660	3,589
Annual allowance for ICT expenses		1,000	1,000	500
Travel and accommodation expenses		160	444	0
		4,820	5,104	4,089
Elected member - Abigail Farina				
Meeting attendance fees		2,662	0	0
Annual allowance for ICT expenses		728	0	0
Travel and accommodation expenses		622	0	0
		4,012	0	0
		59,383	58,690	51,785

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

20. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration (Continued)

Fees, expenses and allowances to be paid or reimbursed to elected council members.

	2022	2022	2021
	Actual	Budget	Actual
	\$	\$	\$
President's annual allowance	10,200	10,200	10,000
Deputy President's annual allowance	2,550	2,550	2,500
Meeting attendance fees	33,938	32,940	32,301
Annual allowance for ICT expenses	9,273	9,000	4,500
Travel and accommodation expenses	3,422	4,000	2,484
20(b)	59,383	58,690	51,785

(b) Key Management Personnel (KMP) Compensation

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

	2022	2021
	Actual	Actual
	\$	\$
Short-term employee benefits	551,348	569,032
Post-employment benefits	55,731	67,241
Employee - other long-term benefits	12,407	13,445
Council member costs	59,383	51,785
20(a)	678,869	701,503

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service leave entitlements accruing during the year.

Council member costs

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

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

20. RELATED PARTY TRANSACTIONS

(c) Transactions with related parties

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

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

	2022 Actual \$	2021 Actual \$
Sale of goods and services		
- Close Family members and entities controlled or jointly controlled by the Key Management Personnel	14,218	19,365
- Entities subject to significant influence by the Shire	3,345	2,745
Purchase of goods and services		
- Close Family members and entities controlled or jointly controlled by the Key Management Personnel	303,849	230,303
- Entities subject to significant influence by the Shire	1,332	3,045
Amounts outstanding from related parties:		
- Close Family members and entities controlled or jointly controlled by the Key Management Personnel	0	146
- Entities subject to significant influence by the Shire	0	545
Amounts payable to related parties:		
- Close Family members and entities controlled or jointly controlled by the Key Management Personnel	0	29,091

(d) Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

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

iii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence.

Significant influence may be gained by share ownership, statute or agreement.

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

21. JOINT ARRANGEMENTS

Share of joint operations

Medical Services

The Shire of Mukinbudin is in a joint arrangement with the Shires of Mount Marshall, Nungarin, and Trayning to provide medical services. The Shire of Mukinbudin has a 30% interest in this service which provides a doctor in Mukinbudin 1 day per week.

In May 2017 the joint arrangement purchased a motor vehicle valued at \$54,287 from surplus funds. The vehicle is registered to the Shire of Trayning.

Statement of Comprehensive Income

	2022 Actual	2021 Actual
	\$	\$
Expenses	37,119	31,874
Profit/(loss) for the period	37,119	31,874
Other comprehensive income	0	0
Total comprehensive income for the period	37,119	31,874

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

21. JOINT ARRANGEMENTS

Share of joint operations (Continued)

Lot 27 (20) Maddock Street Aged Units 1 and 2

The Shire of Mukinbudin has participated in a joint arrangement with the Housing Authority for the construction of two 1 bedroom units on Lot 27 (20) Maddock Street, Mukinbudin. The two units have subsequently been converted to one 2 bedroom unit. The provision of this housing aims to provide accommodation for Seniors. The Shire of Mukinbudin has a 36.35% interest in the assets and liabilities of this joint arrangement. Council manages the operation of the joint arrangement under the auspices of the Housing Authority. All revenue and expenses of the joint arrangement are recognised in the relevant financial statements of Council.

	2022	2021
	Actual	Actual
	\$	\$
Non-current assets		
Buildings - Specialised (Level 3)	43,929	39,985
Less: accumulated depreciation	0	(1,598)
Total assets	43,929	38,387
Reserve funds		
- Opening balance	4,086	4,048
- Transfers to reserves	2,350	38
- Funds utilised	0	0
Total equity	6,436	4,086
Statement of Comprehensive Income		
Revenue	4,160	4,443
Expenses	(2,176)	(1,200)
Profit/(loss) for the period	1,984	3,243
Other comprehensive income	5,942	0
Total comprehensive income for the period	7,926	3,243

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

21. JOINT ARRANGEMENTS

Share of joint operations (Continued)

Lot 28 (18) and Part Lot 29 (16) Maddock Street Aged Units 3,4,5 and 6

The Shire of Mukinbudin has participated in a joint arrangement with the Housing Authority for the construction of two 1 bedroom and two 2 bedroom units on Lot 28 (18) and Part Lot 29 (16) Maddock Street, Mukinbudin. The provision of this housing aims to provide accommodation for Seniors. The Shire of Mukinbudin has a 16.85% interest in the assets and liabilities of this joint arrangement. Council manages the operation of the joint arrangement under the auspices of the Housing Authority . All revenue and expenses of the joint arrangement are recognised in the relevant financial statements of Council.

	2022	2021
	Actual	Actual
	\$	\$
Non-current assets		
Land - Freehold (Level 2)	5,476	5,055
Buildings - Non-Specialised (Level 2)	0	68,508
Buildings - Specialised (Level 3)	57,684	0
Less: accumulated depreciation	0	(3,358)
Total assets	63,160	70,205
Reserve funds		
- Opening balance	4,482	4,387
- Transfers to reserves	2,577	95
- Funds utilised	0	0
Total equity	7,059	4,482
Statement of Comprehensive Income		
Revenue	16,884	17,380
Expenses	(11,811)	(13,376)
Profit/(loss) for the period	5,073	4,004
Other comprehensive income	(6,028)	0
Total comprehensive income for the period	(955)	4,004

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

21. JOINT ARRANGEMENTS

Share of joint operations (Continued)

Part Lot 29 (16) Maddock Street Aged Units 7 and 8

The Shire of Mukinbudin has participated in a joint arrangement with the Housing Authority for the construction of two 1 bedroom units on Part Lot 29 (16) Maddock Street, Mukinbudin. The provision of this housing aims to provide accommodation for Seniors. The Shire of Mukinbudin has a 21.00% interest in the assets and liabilities of this joint arrangement. Council manages the operation of the joint arrangement under the auspices of the Housing Authority . All revenue and expenses of the joint arrangement are recognised in the relevant financial statements of Council.

	2022	2021
	Actual	Actual
	\$	\$
Non-current assets		
Land - Freehold (Level 2)	2,205	1,807
Buildings - Non-Specialised (Level 2)	0	33,344
Buildings - Specialised (Level 3)	31,273	0
Less: accumulated depreciation	0	(1,836)
Total assets	33,478	33,315
Reserve funds		
- Opening balance	4,631	4,591
- Transfers to reserves	2,663	40
- Funds utilised	0	0
Total equity	7,294	4,631
Statement of Comprehensive Income		
Revenue	10,388	7,686
Expenses	(3,707)	(6,502)
Profit/(loss) for the period	6,681	1,184
Other comprehensive income	720	0
Total comprehensive income for the period	7,401	1,184

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

21. JOINT ARRANGEMENTS

Share of joint operations (Continued)

Lot 25 (24) Maddock Street Aged Units 9 and 10

The Shire of Mukinbudin has participated in a joint arrangement with the Housing Authority for the construction of a two 2 bedroom units on Lot 25 (24) Maddock Street, Mukinbudin. The provision of this housing aims to provide accommodation for Seniors. The Shire of Mukinbudin has a 37.94% interest in the assets and liabilities of this joint arrangement. Council manages the operation of the joint arrangement under the auspices of the Housing Authority . All revenue and expenses of the joint arrangement are recognised in the relevant financial statements of Council.

	2022 Actual	2021 Actual
	\$	\$
Non-current assets		
Land - Freehold (Level 2)	8,347	7,588
Buildings - Non-Specialised (Level 2)	0	79,674
Buildings - Specialised (Level 3)	72,352	0
Less: accumulated depreciation	0	(3,167)
Total assets	80,699	84,095
Reserve funds		
- Opening balance	7,883	7,835
- Transfers to reserves	4,532	48
- Funds utilised	0	0
Total equity	12,415	7,883
Statement of Comprehensive Income		
Revenue	9,775	9,748
Expenses	(4,771)	(6,127)
Profit/(loss) for the period	5,004	3,621
Other comprehensive income	(2,604)	0
Total comprehensive income for the period	2,400	3,621

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

21. JOINT ARRANGEMENTS

Share of joint operations (Continued)

Lot 64 (12) White St and Lot 69 (6) Lansdell St

The Shire of Mukinbudin has participated in a joint arrangement with the Housing Authority for the construction of two 3 bedroom 1 bathroom houses on Lot 64 (12) White Street and Lot 69 (6) Lansdell Street, Mukinbudin. The provision of this housing aims to provide accommodation for families. The Shire of Mukinbudin has a 22.52% interest in the assets and liabilities of this joint arrangement. Council manages the operation of the joint arrangement under the auspices of the Housing Authority . All revenue and expenses of the joint arrangement are recognised in the relevant financial statements of Council.

	2022	2021
	Actual	Actual
	\$	\$
Non-current assets		
Land - Freehold (Level 2)	10,810	9,458
Buildings - Non-Specialised (Level 2)	73,582	74,316
Less: accumulated depreciation	0	(3,908)
Total assets	84,392	79,866
Reserve funds		
- Opening balance	0	0
- Transfers to reserves	2,685	0
- Funds utilised	0	0
Total equity	2,685	0
Statement of Comprehensive Income		
Revenue	11,731	9,803
Expenses	(15,471)	(7,117)
Profit/(loss) for the period	(3,740)	2,686
Other comprehensive income	(24,378)	0
Total comprehensive income for the period	(28,118)	2,686

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

21. JOINT ARRANGEMENTS

Share of joint operations (Continued)

Lot 8 (42) Cruickshank Road

The Shire of Mukinbudin has participated in a joint arrangement with the Housing Authority for the construction of two 1 bedroom and two 2 bedroom units on Lot 8 (42) Cruickshank Road, Mukinbudin. The provision of this housing aims to provide accommodation for Families & Singles. The Shire of Mukinbudin has a 19.03% interest in the assets and liabilities of this joint arrangement. Council manages the operation of the joint arrangement under the auspices of the Housing Authority . All revenue and expenses of the joint arrangement are recognised in the relevant financial statements of Council.

	2022 Actual \$	2021 Actual \$
Non-current assets		
Land - Freehold (Level 2)	5,138	4,758
Buildings - Non-Specialised (Level 2)	82,673	79,697
Less: accumulated depreciation	0	(2,921)
Total assets	87,811	81,534
Statement of Comprehensive Income		
Revenue	22,345	21,336
Expenses	(16,373)	(23,535)
Profit/(loss) for the period	5,972	(2,199)
Other comprehensive income	6,946	0
Total comprehensive income for the period	12,918	(2,199)

SIGNIFICANT ACCOUNTING POLICIES

Joint operations

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

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

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

22. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2022					
Cash and cash equivalents	0.02%	1,845,028	0	1,824,540	20,488
Financial assets at amortised cost - term deposits	0.65%	659,994	659,994	0	0
2021					
Cash and cash equivalents	0.49%	1,585,316	0	1,568,489	16,827
Financial assets at amortised cost - term deposits	0.30%	509,433	509,433	0	0

Sensitivity

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

	2022	2021
Impact of a 1% movement in interest rates on profit and loss and equity*	\$ 18,245	\$ 15,685

* 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 28(a).

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

22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
30 June 2022						
Rates receivable						
Expected credit loss	10.34%	0.00%	0.00%	0.00%		
Gross carrying amount	10,055	6,257	12,993	3,805	33,110	
Loss allowance	1,039	0	0	0	1,039	5
30 June 2021						
Rates receivable						
Expected credit loss	0.16%	0.11%	17.87%	18.48%		
Gross carrying amount	7,797	15,822	6,018	2,357	31,994	
Loss allowance	13	18	1,076	436	1,543	5

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

	Less than 1 year past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total	
30 June 2022						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	0.00%	28.45%		
Gross carrying amount	8,472	2,714	960	349	12,495	
Loss allowance	0	0	0	99	99	5
30 June 2021						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	0.00%	4.15%		
Gross carrying amount	5,674	1,335	1,391	331	8,731	
Loss allowance	0	0	0	14	14	5

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

22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

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

	Rates receivable		Trade and other receivables	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual
Opening loss allowance as at 1 July	\$ 1,543	\$ 5,171	\$ 14	\$ 67,720
Increase in loss allowance recognised in profit or loss during the year	1,039	0	3,713	1,000
Receivables written off during the year as uncollectible	(160)	(63)	(325)	0
Unused amount reversed	(1,383)	(3,565)	(3,303)	(68,706)
Closing loss allowance at 30 June	1,039	1,543	99	14

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

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

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

22. 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 17(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<u>2022</u>					
Trade and other payables	181,930	0	0	181,930	181,930
Borrowings	198,951	513,041	678,261	1,390,253	1,239,277
	<u>380,881</u>	<u>513,041</u>	<u>678,261</u>	<u>1,572,183</u>	<u>1,421,207</u>
<u>2021</u>					
Trade and other payables	305,696	0	0	305,696	305,696
Borrowings	210,667	585,847	804,000	1,600,514	1,417,418
Lease liabilities	3,332			3,332	3,288
	<u>519,695</u>	<u>585,847</u>	<u>804,000</u>	<u>1,909,542</u>	<u>1,726,402</u>

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

23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire does not have any subsequent events after balance sheet date.

24. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest earnings

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

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

k) Initial application of accounting standards

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

New accounting standards for application in future years

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

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

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

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

25. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

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

Objective	Description
<p>Governance To provide a decision making process for the efficient allocation of scarce resources.</p>	<p>other costs that relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.</p>
<p>General purpose funding To provide a decision making process for the efficient allocation of scarce resources.</p>	<p>Rates, general purpose government grants and interest revenue.</p>
<p>Law, order, public safety To provide services to ensure a safer community.</p>	<p>Supervision of various by-laws, fire prevention, emergency services and animal control.</p>
<p>Health To provide an operational framework for good community health.</p>	<p>Food quality and pest control, immunisation services, inspection of abattoir and operation of child health clinic.</p>
<p>Education and welfare To provide appropriate care to the aged and disabled.</p>	<p>Provision of Home and Community Care, maintenance to playgroup and community resource centre buildings.</p>
<p>Housing To provide adequate staff and community housing.</p>	<p>Maintenance of Staff and community housing, collection of various rents.</p>
<p>Community amenities Provide services required by the Community.</p>	<p>Rubbish collection services, operation of tips, noise control, administration of the town planning scheme, maintenance of cemeteries, storm water drainage maintenance.</p>
<p>Recreation and culture To establish and manage efficiently infrastructure and resources which will help the social well being of the community.</p>	<p>Maintenance of halls, the aquatic centre, recreation centres and various reserves; operation of library.</p>
<p>Transport To provide effective and efficient transport services to the Community.</p>	<p>Construction and maintenance of streets, roads, bridges, cleaning and lighting of streets, depot maintenance and airstrip maintenance.</p>
<p>Economic services To help promote the shire and improve its economic wellbeing.</p>	<p>The regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control and standpipes.</p>
<p>Other property and services The provision of private works to the public and the maintenance of cost pools for plant, operating, public works overheads and administration costs</p>	<p>Private Works Operations, plant repairs and operation costs.</p>

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

25. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Income excluding grants, subsidies and contributions			
General purpose funding	1,346,737	1,346,039	1,267,841
Law, order, public safety	6,521	7,200	7,078
Health	322	500	208
Education and welfare	9,333	7,805	11,479
Housing	286,797	280,128	246,366
Community amenities	65,193	68,825	64,425
Recreation and culture	87,356	63,940	28,723
Transport	21,073	21,400	28,145
Economic services	288,941	258,423	253,288
Other property and services	87,494	51,450	94,827
	2,199,767	2,105,710	2,002,380
Grants, subsidies and contributions			
General purpose funding	2,091,726	794,055	1,699,244
Law, order, public safety	15,629	17,692	106,452
Health	0	0	48,148
Education and welfare	25,592	26,592	189,214
Community amenities	19,916	7,348	46,207
Recreation and culture	327,973	329,060	150,708
Transport	878,340	1,046,401	1,029,458
Economic services	225,593	265,300	42,004
Other property and services	27,184	11,500	24,070
	3,611,953	2,497,948	3,335,505
Total Income	5,811,720	4,603,658	5,337,885
Expenses			
Governance	(398,622)	(486,729)	(367,243)
General purpose funding	(98,073)	(108,438)	(92,737)
Law, order, public safety	(83,214)	(87,283)	(86,796)
Health	(78,280)	(88,034)	(96,972)
Education and welfare	(120,252)	(103,241)	(100,455)
Housing	(328,972)	(408,040)	(366,166)
Community amenities	(267,759)	(274,642)	(279,407)
Recreation and culture	(887,738)	(902,934)	(802,035)
Transport	(2,106,085)	(2,154,173)	(2,011,652)
Economic services	(437,892)	(409,206)	(387,627)
Other property and services	(144,159)	(70,957)	(120,807)
Total expenses	(4,951,046)	(5,093,677)	(4,711,897)
Net result for the period	860,674	(490,019)	625,988

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

25. FUNCTION AND ACTIVITY (Continued)

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
(c) Fees and Charges			
General purpose funding	4,368	7,600	8,683
Law, order, public safety	2,415	3,000	2,958
Health	322	500	0
Education and welfare	4,713	5,700	4,785
Housing	339,358	325,018	300,677
Community amenities	64,756	68,825	62,018
Recreation and culture	30,824	35,674	28,293
Transport	227	400	409
Economic services	220,120	201,967	196,242
Other property and services	30,600	10,950	11,558
	697,703	659,634	615,623
(d) Total Assets			
Governance	4,860	5,476	
General purpose funding	91,463	87,349	
Law, order, public safety	387,910	401,019	
Education and welfare	1,874,833	1,793,201	
Housing	3,557,623	3,657,524	
Community amenities	128,854	106,020	
Recreation and culture	9,029,644	8,365,006	
Transport	52,041,993	50,732,689	
Economic services	1,761,323	2,252,810	
Other property and services	2,609,301	2,602,086	
Unallocated	1,988,379	1,759,986	
	73,476,183	71,763,166	

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

26. RATING INFORMATION

(a) General Rates

RATE TYPE	Basis of valuation	Rate in \$	Number of Properties	2021/22 Actual Rateable Value *	2021/22 Actual Rate Revenue	2021/22 Actual Interim Rates	2021/22 Actual Back Rates	2021/22 Actual Total Revenue	2021/22 Budget Rate Revenue	2021/22 Budget Interim Rate	2021/22 Budget Back Rate	2021/22 Budget Total Revenue	2020/21 Actual Total Revenue
Residential	Gross rental valuation	0.184236	152	1,129,604	208,114	2,980	149	211,243	208,112	2,000	500	210,612	207,217
Vacant	Gross rental valuation	0.184236	1	16,000	2,948	805	36	3,789	2,948	0	0	2,948	2,948
Rural	Unimproved valuation	0.023340	211	45,246,000	1,056,041	172	23	1,056,236	1,056,042	0	0	1,056,042	981,878
Mining	Unimproved valuation	0.023340	0	0	0	0	0	0	0	0	0	0	169
Sub-Total			364	46,391,604	1,267,103	3,957	208	1,271,268	1,267,102	2,000	500	1,269,602	1,192,212
Minimum payment		Rate in \$											
Residential	Gross rental valuation	440	18	13,624	7,920	0	0	7,920	7,920	0	0	7,920	7,920
Vacant	Gross rental valuation	440	6	1,873	2,640	0	0	2,640	2,640	0	0	2,640	3,080
Rural	Unimproved valuation	590	32	279,700	18,880	0	0	18,880	18,880	0	0	18,880	17,600
Mining	Unimproved valuation	590	6	41,002	3,540	2,999	0	6,539	3,540	0	0	3,540	2,750
Sub-Total			62	336,199	32,980	2,999	0	35,979	32,980	0	0	32,980	31,350
			426	46,727,803	1,300,083	6,956	208	1,307,247	1,300,082	2,000	500	1,302,582	1,223,562
Total amount raised from general rates								1,307,247				1,302,582	1,223,562
* Rateable value is based on the value of properties at the time the rate is raised.													
(b) Rates (excluding general rates)													
Ex-gratia Rates		Rate in \$											
Co-operative Bulk Handling (CBH)	Tonnage	0.0636924		282,550	17,996	0	0	17,996	19,207	0	0	19,207	17,867
Sub-Total			0	282,550	17,996	0	0	17,996	19,207	0	0	19,207	17,867
Total amount raised from rates (excluding general rates)								17,996				19,207	17,867
(c) Total Rates								1,325,243				1,321,789	1,241,429

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

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

26. RATING INFORMATION (Continued)

(c) Discounts, Incentives & Concessions

Rates Discounts

Rate or Fee Discount Granted	Type	Discount %	Discount \$	2022 Actual \$	2022 Budget \$	2021 Actual \$	Circumstances in which Discount or Incentive is Granted
Rates incentive prize				250	250	250	Early payment incentive
				250	250	250	

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

26. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	28/09/2021	0	0.0%	7.0%
Option Two				
First instalment	28/09/2021	0	5.5%	7.0%
Second instalment	29/11/2021	15	5.5%	7.0%
Third instalment	28/01/2022	15	5.5%	7.0%
Fourth instalment	29/03/2022	15	5.5%	7.0%
		2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
Interest on unpaid rates		2,119	3,000	2,833
Interest on instalment plan		2,704	2,000	2,088
Charges on instalment plan		2,370	2,000	1,935
Interest on ESL non-payment penalty		105	200	120
		7,298	7,200	6,976

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

27. RATE SETTING STATEMENT INFORMATION

		2021/22 Budget	2020/21
	2021/22 (30 June 2022 Carried Forward)	(30 June 2022 Carried Forward)	(30 June 2021 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(c) (6,373)	(10,000)	(9,330)
Less: Movement in liabilities associated with restricted cash	486	0	41,219
Less: Fair value adjustments to financial assets at fair value through profit and loss	(2,998)	0	(1,939)
Add: Loss on disposal of assets	10(c) 11,122	2,273	18,000
Add: Depreciation	10(a) 1,775,162	1,756,536	1,725,725
Non-cash movements in non-current assets and liabilities:			
Employee benefit provisions (non-current)	19,406	0	(1,601)
Inventory	20,614	0	0
Non-cash amounts excluded from operating activities	1,817,419	1,748,809	1,772,074
(b) Surplus/(deficit) after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserve accounts	29 (711,622)	(607,493)	(529,942)
Less: Current assets not expected to be received at end of year			
- Land held for resale	6 0	0	(71,000)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	14 171,328	(178,142)	178,141
- Current portion of lease liabilities	11(b) 0	0	3,288
- Employee benefit provisions held in leave reserve	143,734	102,029	143,248
Total adjustments to net current assets	(396,560)	(683,606)	(276,265)
Net current assets used in the Rate Setting Statement			
Total current assets	2,586,652	1,255,271	2,261,404
Less: Total current liabilities	(792,425)	(571,665)	(995,869)
Less: Total adjustments to net current assets	(396,560)	(683,606)	(276,265)
Net current assets used in the Rate Setting Statement	1,397,667	0	989,270

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

28. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual							Budget			
		Principal at 1 July 2020	New Loans During 2020-21	Principal Repayments During 2020-21	Principal at 30 June 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CRC		7,249	0	(7,249)	0	0	0	0	0	0	0	0
Child Care Centre		194,233	0	(11,704)	182,529	0	(11,935)	170,594	182,529	0	(11,935)	170,594
8 Gimlett Way		225,790	0	(23,676)	202,114	0	(24,397)	177,717	202,114	0	(24,397)	177,717
GROH Houses		738,085	0	(44,476)	693,609	0	(45,352)	648,257	693,609	0	(45,352)	648,257
Bowling Club		17,687	0	(17,687)	0	0	0	0	0	0	0	0
Mukinbudin Café		73,055	0	(8,903)	64,152	0	(9,370)	54,782	64,512	0	(9,371)	55,141
Caravan Park House, 22 Earl Drive		0	120,000	(3,570)	116,430	0	(7,223)	109,207	116,430	0	(7,223)	109,207
Vibe Roller MBL 1677		25,313	0	(16,662)	8,651	0	(8,651)	0	8,651	0	(8,651)	0
Skid Steer MBL 1724		30,472	0	(7,109)	23,363	0	(7,438)	15,925	23,362	0	(7,438)	15,924
Grader MBL 95		113,510	0	(36,797)	76,713	0	(37,827)	38,886	76,713	0	(37,827)	38,886
Roller MBL 811		61,763	0	(20,022)	41,741	0	(20,582)	21,159	41,741	0	(20,582)	21,159
Tractor MBL 244		13,308	0	(5,192)	8,116	0	(5,366)	2,750	8,116	0	(5,366)	2,750
Total		1,500,465	120,000	(203,047)	1,417,418	0	(178,141)	1,239,277	1,417,777	0	(178,142)	1,239,635

All loan repayments were financed by general purpose revenue.

Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021
						\$	\$	\$
CRC		Education and welfare	109	WATC*	5.85%	0	0	(185)
Child Care Centre		Education and welfare	125	WATC*	1.96%	(4,767)	(4,773)	(5,080)
8 Gimlett Way		Housing	124	WATC*	3.02%	(7,025)	(7,243)	(7,920)
GROH Houses		Housing	126	WATC*	1.96%	(18,114)	(18,141)	(19,304)
Bowling Club		Recreation and culture	108	WATC*	5.85%	0	0	(450)
Mukinbudin Café		Economic services	119	WATC*	5.19%	(3,539)	(3,643)	(4,067)
Caravan Park House, 22 Earl Drive		Economic services	127	WATC*	1.70%	(2,523)	(2,583)	(2,148)
Vibe Roller MBL 1677		Other property and services	118	WATC*	5.09%	(113)	(246)	(998)
Skid Steer MBL 1724		Other property and services	120	WATC*	4.57%	(973)	(1,130)	(1,353)
Grader MBL 95		Other property and services	121	WATC*	2.78%	(1,986)	(2,352)	(2,871)
Roller MBL 811		Other property and services	122	WATC*	2.78%	(1,080)	(1,279)	(1,965)
Tractor MBL 244		Other property and services	123	WATC*	3.32%	(271)	(285)	(655)
Total						(40,391)	(41,675)	(46,996)
Total Interest Repayments	2(b)					(40,391)	(41,675)	(46,996)

* WA Treasury Corporation

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

28. BORROWING AND LEASE LIABILITIES (Continued)

(b) Lease Liabilities

Purpose	Note	Actual						Budget				
		Principal at 1 July 2020	New Leases During 2020-21	Principal Repayments During 2020-21	Principal at 30 June 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Computer equipment		12,690	0	(9,402)	3,288	0	(3,288)	0	3,288	0	(3,288)	0
Total Lease Liabilities	11(b)	12,690	0	(9,402)	3,288	0	(3,288)	0	3,288	0	(3,288)	0

Lease Interest Repayments

Purpose	Note	Function and activity	Lease Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021	Lease Term
						\$	\$	\$	
Computer equipment		Other Property and services	1	Wallis Computers	7.25%	(44)	(2,440)	(193)	44 months
Total Interest Repayments	2(b)					(44)	(2,440)	(193)	

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

29. RESERVE ACCOUNTS

	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Leave reserve	143,248	486	0	143,734	143,248	1,590	(4,395)	140,443	141,755	1,493	0	143,248
(b) Plant Reserve	379	127,121	0	127,500	379	127,560	0	127,939	36,989	57,890	(94,500)	379
(c) Building & Residential Land Reserve	193,578	68,193	(49,509)	212,262	193,576	44,267	(68,400)	169,443	137,583	55,995	0	193,578
(d) Senior Housing Reserve	21,081	12,122	0	33,203	21,082	220	0	21,302	20,862	219	0	21,081
(e) Swimming Pool Reserve	139,529	20,473	0	160,002	139,529	390	0	139,919	118,186	21,343	0	139,529
(f) Roadworks Reserve	32,127	109	0	32,236	32,127	21,320	(45,000)	8,447	31,792	335	0	32,127
(g) White St & Lansdell St JV Reserve	0	2,685	0	2,685	0	0	0	0	0	0	0	0
	529,942	231,189	(49,509)	711,622	529,941	195,347	(117,795)	607,493	487,167	137,275	(94,500)	529,942

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave reserve	Ongoing	To be used to fund annual and long service leave requirements.
(b) Plant Reserve	Ongoing	To be used for the renewal, upgrade or purchase of new or used mobile plant and vehicles.
(c) Building & Residential Land Reserve	Ongoing	To be used for the renewal, upgrade, replacement and new construction of new buildings and associated infrastructure, To assist finance of building loans, future expansion and land development, and proceeds from the sale of subdivision blocks.
(d) Senior Housing Reserve	Ongoing	To be used for the renewal, upgrade, replacement and new construction of additional Aged Units and their maintenance. The surplus/deficit after rent and maintenance has been carried out for the financial year is to be transferred into/from (if required) the reserve.
(e) Swimming Pool Reserve	Ongoing	To be used for the renewal, upgrade, replacement and new construction for the Swimming Pool and associated infrastructure. \$20,000 per year plus interest is to be transferred to this reserve.
(f) Roadworks Reserve	Ongoing	To be used for the renewal, upgrade, replacement and new construction of streets, roads, bridges, footpaths and storm water drainage.
(g) White St & Lansdell St JV Reserve	Ongoing	To cover anticipated costs of periodic repairs and maintenance to the land and units.



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 Shire of Mukinbudin

To the Councillors of the Shire of Mukinbudin

Opinion

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

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

In my opinion, the financial report is:

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

Basis for opinion

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

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

Other information

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

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

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

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

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

The Chief Executive Officer of the Shire is responsible for:

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

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Matters relating to the electronic publication of the audited financial report

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

Efthalia Samaras
Senior Director Practice Manager Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
9 December 2022



SHIRE OF MUKINBUDIN

**To assist our community towards a prosperous future
by providing a positive environment in which to work and live**

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