



**Shire of Mukinbudin
2018/2019
ANNUAL REPORT**

CONTENTS

	Page
1. About this Report	3
2. The Council	4
3. Shire of Mukinbudin Staff	5
4. Shire of Mukinbudin Organisational Structure	6
5. Shire Profile	7-8
6. Shire of Mukinbudin Statistics	8
7. Presidents Report	9-11
8. Chief Executive Officers Report	12-13
9. Statutory Reports	14-19
10. Plan for the Future	20-22
Appendices	
11. Financial Statements	1-63
12. Independent Audit Report	64-65
13. Supplementary Ratio Information	66

Electronic copies of documents are available for download
on the Shire of Mukinbudin website – www.mukinbudin.wa.gov.au



ABOUT THIS REPORT

Council is required, under Section 5.53, of the *Local Government Act 1995* (as amended) to prepare an Annual Report containing information on the following.

- A report from the Shire President
- A report from the Chief Executive Officer
- An overview of the Plan for the Future of the District made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year.
- The Financial Report for the financial year ending 30 June 2019
- Such information as may be prescribed in relation to the payments made to employees
- The Auditor's Report for the financial year ending 30 June 2019
- A matter on which a report must be made under section 29(2) of the *Disability Service Act 1993*
- details of entries made under section 5.121 during the financial year in the register of complaints, including —
 - (i) the number of complaints recorded in the register of complaints; and
 - (ii) how the recorded complaints were dealt with; and
 - (iii) any other details that the regulations may require;and
- And such other information as may be prescribed
- Further information on the details supplied in this report can be obtained from the Shire Office, 15 Maddock Street, Mukinbudin, or via our website www.mukinbudin.wa.gov.au



THE COUNCIL

Council meets on the third Wednesday 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.

Council elections are held on the third Saturday in October every two years with the next election in October 2019.

Shire President

Cr Gary Shadbolt

Deputy Shire President

Cr Sandie Ventris

Commenced	Elected Members	Telephone	Email	Years of Service	Term Expires
2007	Cr Rodney COMERFORD	0427 487 063	crcomerford@mukinbudin.wa.gov.au	12	2021
2015	Cr Steve PATERSON	0417 995 143	crpaterson@mukinbudin.wa.gov.au	4	2019
2017	Cr Romina NICOLETTI	0427 414 763	crnicoletti@mukinbudin.wa.gov.au	2	2021
2013	Cr Jeff SEABY	0419 471 083	crseaby@mukinbudin.wa.gov.au	6	2021
2003	Cr Gary SHADBOLT	0429 471 536	crshadbolt@mukinbudin.wa.gov.au	16	2019
2011	Cr Sandra VENTRIS	0429 487 057	crventris@mukinbudin.wa.gov.au	8	2021

SHIRE OF MUKINBUDIN STAFF

Administration Staff

Chief Executive Officer
Administration Manager
Finance Manager
Environmental Health Officer P/T
Senior Finance Officer P/T
Customer Service Officer
Finance Officer P/T

Dirk Sellenger
Nola Comerford-Smith
Ed Nind
Peter Toboss
Louise Sellenger
Tayla Pillage
Sarah Parker

Works Staff - Roads

Manager of Works
Works Leading Hand
Plant Operator
Plant Operator
Plant Operator

Pace Vernon
Shane Markham
Steven Jones
Keith Jose
Kevin Dalgetty

Works Staff - Other

Town Leading Hand
Gardener
Gardener
Maintenance Officer

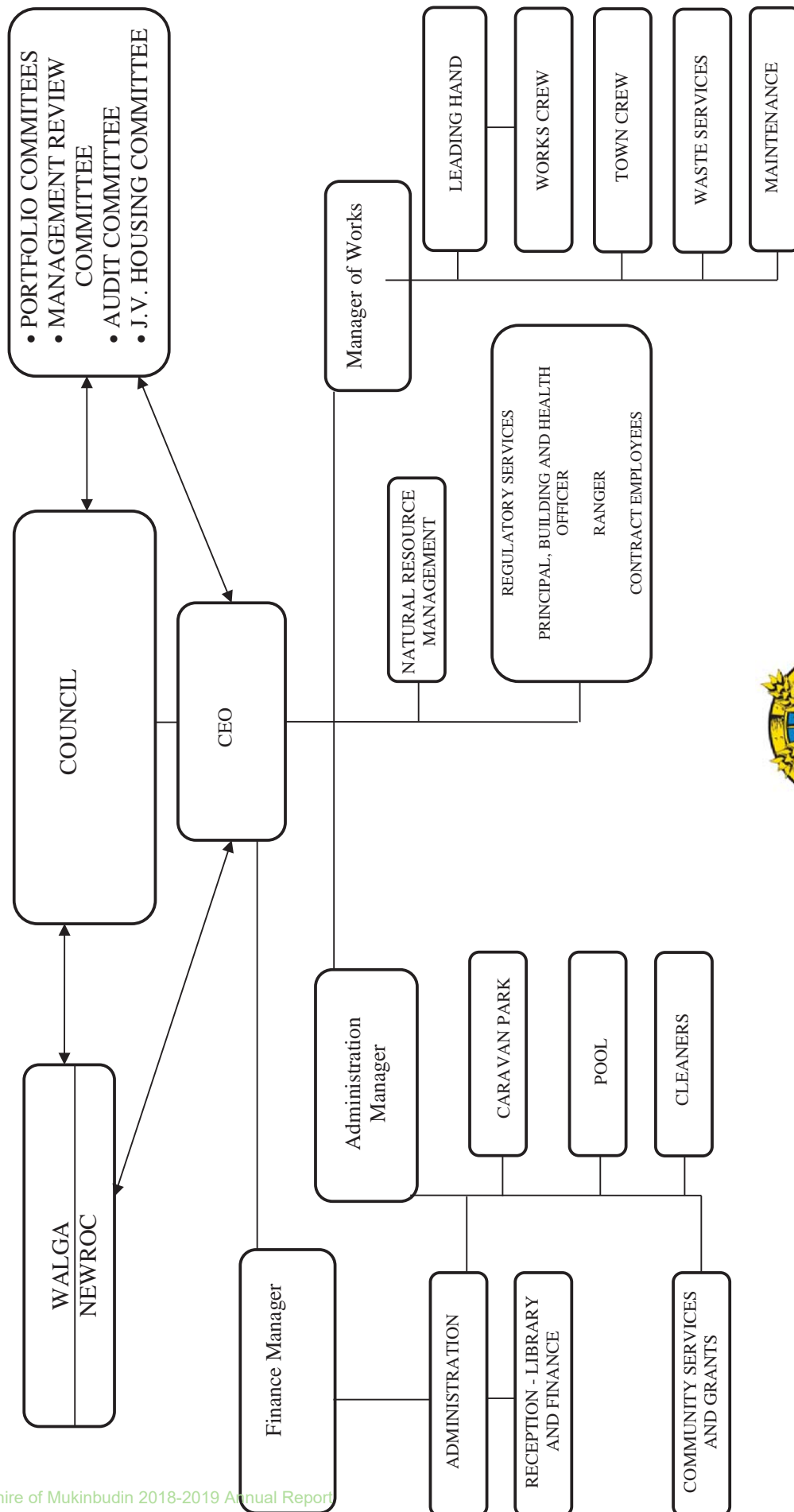
Dave Waters
Daniel Mori
Nicole Francis
Denis Heffernan

Other Staff

Natural Resource Management Officer P/T
Swimming Pool Manager
Caravan Park Manager
Cleaner
Cleaner
Cleaner

Dylan Copeland
Simon Comerford
Tania Sprigg
Ross Parker
Blythe Shadbolt
Diane Parker

ORGANISATIONAL CHART



SHIRE PROFILE

History of Mukinbudin

The Shire of Mukinbudin is situated in the North Eastern Wheatbelt, 296 kilometers north east of Perth and 85 kilometers north of Merredin and 3,414 square kilometers in area. The Shire's economy is based around wheat growing and with advances in farming practice and technology. There is also an increase in tourist activity with many fascinating rock formations and spectacular wildflowers mostly in the spring.

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. The road network involves 930 kilometres of roads linking districts including Bonnie Rock, Wialki, Wilgoyne and Lake Brown.

The area's climate is generally pleasant, particularly autumn, winter and spring. Summers are hot with low humidity, with summer evening's ideal for outdoor activities. The average annual rainfall is 300mm.

The modern Shire Offices were built in 1993 and are a source of community pride. The office staff is comprised of: Chief Executive Officer, Administration Manager, Finance Manager, Senior Finance Officer and two Finance/Clerical Officers.

Council's 1020 kilometers of roads are maintained by the Works staff coordinated by a Manager of Works under the Chief Executive Officer's direction.

An Environmental Health Officer/Building Surveyor is shared with surrounding local governments.

Council has 9 elected members representing the community.

Council meets on the third Wednesday of each month commencing at 1pm and meetings are usually completed by 4.30pm.

Council is very supportive of its staff and encourages ongoing training and professional development.

Sport is very important to the fabric of the Mukinbudin Community and excellent facilities are provided. Hockey, football, cricket, basketball, golf, netball, lawn bowls, tennis, pistol shooting, and several other sports are very active. Council operates an Olympic 50 metre pool with an active swimming club. Art and craft groups, community service groups, book clubs, Men's Shed. There are also three active Church denominations.

The Shire of Mukinbudin has a Primary School, incorporating Pre-Primary and Kindergarten, plus there is High School to Year 10, Tertiary and Further Education and Distant Education.

A playgroup and Occasional Care Centre is also available, a valuable asset to our region.

Shops include IGA supermarket, butcher, clothing and giftware, café/coffee shop, newsagency, hairdresser, Hotel, Bendigo Bank branch, Westpac Bank and Commonwealth Bank agencies, Community Resource Centre, Hardware, Machinery Dealerships, Landmark & Elders Agencies, 24hr ATM & Fuel.

A community Health Nurse operates a Monday to Thursday service with a doctor visiting once a week. The nearest hospital is at Kununoppin, a distance of only 45 kms. A dedicated team of volunteer Ambulance Officers are always on call.

Mukinbudin is an enthusiastic, progressive and proud community with an abundance of community spirit. The Shire is committed to growth with 17 newly subdivided residential blocks developed in recent years, and new businesses investing in the district.

The community is friendly and safe, and the lifestyle is informal and relaxed, but with a high level of community participation and expectation. It's a great place to live and work in – most people don't want to leave.

SHIRE OF MUKINBUDIN STATISTICS

Localities

Bonnie Rock, Dandanning, Karloning, Lake Brown, Mukinbudin and Wilgoyne

Ordinary Council Meeting

Council meets on the third Wednesday of every month, except January

Tourist Attractions

Fascinating large rock formations; wildflowers (July – September); Heritage Silo; Men's Shed; Pope's Hill; Cleomine.

Local Industries

Broadacre grain; sheep; wool; mining; farm machinery; farm stay accommodation; trades.

Shire Statistics

Distance from Perth	295km
Shire Area	3,437 km ²
Length of Sealed Roads	203.8km
Length of Unsealed Roads	731.6km
Population (2016)	555
Number of Electors	366
Number of Dwellings	316
Total Rates Levied	\$1,137,735
Total Revenue	\$3,895,312
MRWA Direct Grant	\$128,984
Roads to Recovery Grant	\$353,800
Roads to Recovery Grant (additional)	\$241,337
Financial Assistance Grant Scheme (FAGS)	\$1,133,359
Road Grant	\$542,289
Number of Employees	22



SHIRE PRESIDENT'S REPORT

Introduction

The 2018/19 financial year has seen the Shire of Mukinbudin consolidate and improve its financial position and deal with the seventh year of the compulsory Integrated Planning and Reporting framework. Councillors and Staff have met these challenges of dealing with ever increasing compliance, regulation and legislation.

Council

Council has had another busy year with myself and various Council delegates attending many external meetings and committees including:

- North Eastern Wheatbelt Regional Organisation of Councils (NEWROC)
- NEWTravel
- Wheatbelt North-East Sub-Regional Road Group (WNESRRG)
- Wheatbelt North Regional Road Group (WNRRG)
- WALGA Great Eastern Country Zone (GECZ)
- Kununoppin Medical Practice Committee
- Local Health Advisory Group (LHAG)
- NEWHealth
- Central East Aged Care Alliance (CEACA)
- Local Emergency Management Committee (LEMC)

Community Based groups meetings include:

- Mukinbudin Community Resource Centre
- Mukinbudin Men's Shed
- Mukinbudin District Club
- Mukinbudin Planning and Development Group

Major Projects

In April 2018 the Shire received a grant for \$418,000 from Lotterywest for the building of a new purpose-built Childcare Centre to replace the current building previously owned by the Country Women's Association (CWA) and built in the 1930's. The project has long been identified as a very high priority need and I congratulate the CEO, Mr Dirk Sellenger and his staff for successfully securing this grant to allow for the commencement of the new facility in late 2019 calendar year with practical completion and delivery expected in Mukinbudin in May 2020. Modular WA were awarded the Tender in August 2019 to build the new facility and have been working closely with Staff, Councillors and representatives from the Boodie Rats Committee to ensure the new facility is not only fit for purpose but something our entire Community and Shire

will be proud of and a facility to serve the Mukinbudin Childcare requirements for the next 60 years.

The Shire Works crew undertook the reconstruction of an additional 7.8kms on the Mukinbudin Wialki Road. This road will be completed in the 2019/2020 year with the final 3.1kms to be reconstructed in early 2020. From this road, Council will turn its attention to the Mukinbudin-Kununoppin Road which has been identified and prioritised for various reconstruction works during the next five years.

The Council considers the current Works Staff to be the most productive we have had in many years.



Council replaced the Front-End Loader, electing to purchase a Caterpillar 950 Loader from Westrac for \$246,500.



Council has made a conscious effort to utilise Reserve funds more in recent years and this utilisation has allowed for the purchase of the new Loader and the Budgeted purchase of a new Grader in the 2019/2020 year without borrowing funds to do so. This is a considerable practice shift from that of the past decade and is deemed best practice from a Local Government perspective.

Tourism and Visitor Servicing

The Mukinbudin Caravan Park continued to be a popular destination for visitors with the 2018/2019 year continuing to attract people visiting Mukinbudin for work and pleasure, being the busiest by a considerable margin since records began over ten years ago.

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



Financial Management

The change to utilise Reserve funds to purchase plant has already started to improve the financial ratios of the Council.

In June 2019 Council adopted its Long Term Financial plan which gives the Council and future Councils a clear direction forward as well as allows Staff to know and understand how the Council wishes to operate and which projects are to be undertaken into the future, being mindful of the fact this is a flexible document and one that must not prevent Council taking advantage of opportunities which will benefit the Shire either directly or indirectly.

This year the Shire was audited by the Office of the Auditor General for the first time. Despite this significant change, and the introduction of new reporting requirements and accounting standards, Council received an unqualified audit report whereby no concerns were raised with the exception of the operating surplus ratio which has been outside Department of Local Government standards at Mukinbudin since this ratio commenced in 2012.

In the Audit Concluding Memorandum it was stated “... *we are not aware of material uncertainty exists related to events or conditions that may cast significant doubt on the Shire’s ability to continue as a going concern.*”

Many thanks for the work of the finance team in achieving these outcomes.

Conclusion

As Shire President I would like to take this opportunity to thank my fellow Elected Members for their continued support and efforts in governing the Shire over the past financial year. I also wish to thank the CEO and his Staff for their continued support and commitment to make the Shire of Mukinbudin a better place to live and work.

Cr Gary Shadbolt
SHIRE PRESIDENT



CHIEF EXECUTIVE OFFICER'S REPORT

It gives me pleasure to present the Chief Executive Officer's report for the Shire of Mukinbudin Annual Report for the year ending 30 June 2019.

It was an extremely busy period during the 2018/2019 year which will see several projects completed in the 2019/2020 year. The largest projects include the construction of two new 4x2 residential houses leased to Government Regional Officer Housing (GROH) for Education Department housing requirements. These two new houses compliment the house built by the Shire in the current financial year leased to GROH for Police Officers for a period of 10 years also. Whilst Council is borrowing the majority of the funds required to build these properties, they are backed up for strong rental income for a period of 10 years with annual 2.0pm increases during the 10-year period. In the final year of the ten year lease these three new houses will earn rental income of just under \$127,000 (\$42,000 per property) as well as future proofing Police and Education services in Mukinbudin into the foreseeable future.



Integrated Strategic Planning

The 2018/19 year required the Shire to operate under its new Community Strategic Plan, Long Term Financial Plan and Asset Management Plan and each of these will be reviewed and amended as required in the 2018/2019 year.

The Minister for Local Government continues with the major review and update of the largely unchanged 1995 Local Government Act. The review is nearing completion with Local

Governments being invited to comment on the proposed changes. It is encouraging that this review will include changes to better make use of changes in Technology, Local Government Capacity and Community Expectation - each of which have obviously changed considerably during the past 23 years since the adoption of the Act.

Regional Partnerships

The Shire continues to work with the Wheatbelt Development Commission and Regional Development Australia to foster its regional partnerships to obtain the best outcomes for the Mukinbudin Shire Community.

Conclusion

I wish to take this opportunity to thank Shire President, Cr Gary Shadbolt, and Shire Council for their support. I also would like to make a special mention and acknowledgment of the work of the Management Team including Administration Manager, Nola Comerford-Smith; Finance Manager, Ed Nind and Acting Works Supervisor, Allan Monson who has returned from Tasmania following the resignation of Pace Vernon during the financial year. The amazing efforts of all staff working under each of these three Managers are what I consider to be the real engine room of the Shire and this is what makes the Shire of Mukinbudin run on a day to day basis and I sincerely thank each and every member of staff accordingly.

Dirk Sellenger

CHIEF EXECUTIVE OFFICER

STATUTORY REPORTS

DISABILITY ACCESS 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 2016-2017 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 2019, no Freedom of Information Applications were 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 2018/2019.

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.

Structural Review of Public Monopolies

In relation to Structural review of public monopolies the Shire of Mukinbudin discloses the following:

Structural reform principles have been applied to the following number of activities in the reporting period: Zero (0)

Structural reform principles have been considered but not applied to the following number of activities in the reporting period: Zero (0)

As no structural reform has been applied to any activities the review requirements of principle SR.3 of Clause 7 of the Competition Policy Statement have not been undertaken.

Legislative Review

Parties to the national Competition Policy package agreed that legislation should not restrict competition unless:

There is an obligation on the Public Interest Disclosure Officer in the Public Interest.

The benefits of the restriction to the community as a whole outweigh the costs; and

The objectives of the legislation can only be achieved by restricting competition.

Accordingly, the Shire of Mukinbudin is required to implement a systematic review of all of its existing legislation to determine whether there are any direct or indirect effects on competition.

In relation to a Legislative Review the Shire of Mukinbudin discloses that:

As at the reporting date the number of by-laws and Local Laws which have been reviewed and reformed as a result of any legislative review is Zero (0).

As at the reporting date the number of by-laws and Local Laws which the application of any legislative review principles were considered but not applied is: Zero (0).

PUBLIC INTEREST DISCLOSURE ACT 2003

The *Public Interest Disclosure Act 2003* was established by the Commissioner for the Public Sector Standards under Section 20 of the Public Interest Disclosure Act 2003.

One of the principles of the new legislation is not just to provide protection to those who make disclosures (and those who are the subject of disclosures) but also encourages a system of transparency and accountability in the way government or government officials act and utilise public monies.

Matters that fall into the category of public interest include the following:

- Improper Conduct (irregular or unauthorised use of public resources)
- An offence under State Law including corruption (substantial unauthorised or irregular use of, or substantial mismanagement of, public resources)
- Administration matters generally (conduct involving a substantial risk of injury to public health, prejudice to public safety or harm to the environment)

Matters that relate to the Shire of Mukinbudin should be referred to the Shire of Mukinbudin's Public Interest Disclosure Officer. Disclosures to the Public Interest Disclosure Officer can be made not just about officers of a local authority but also its elected officials.

Disclosure Act to ensure that the disclosure is confidential and that the person making a disclosure is provided adequate protection from reprisals, civil and criminal liability, dismissal or breach of confidentiality.

The Shire of Mukinbudin had no Public Interest Disclosures during the reporting period ending 30 June 2019.



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 \$100,000 or more;

Band	Number of Employees
\$120,000-\$130,000	1

Local Government (Rules of Conduct) Regulations 2007 Complaints

There were no complaints lodged during the report period regarding minor breaches, as defined in the *Local Government (Rules of Conduct) Regulations 2007*.

REGISTER OF MINOR COMPLAINTS

Section 5.121 of the *Local Government Act 1995* (Register of Certain Complaints of Minor Breaches), requires the Complaints Officer for each local government to maintain a Register of Complaints which records all complaints that result in action under Section 5.110(6) (b) or (c) of the Act (Conduct of Certain Officials).

Section 5.53 (2) (hb) of the *Local Government Act 1995* requires disclosure in the Annual Report of details of entries made under Section 5.121 during the financial year in the Register of Complaints, including:

- (i) The number of complaints recorded on the register of complaints;
- (ii) How the recorded complaints were dealt with; and
- (iii) Any other details that the Regulations may require.

In accordance with these requirements, it is advised that no complaints or minor breaches under the *Local Government Act 1995* were received during 2018/2019.

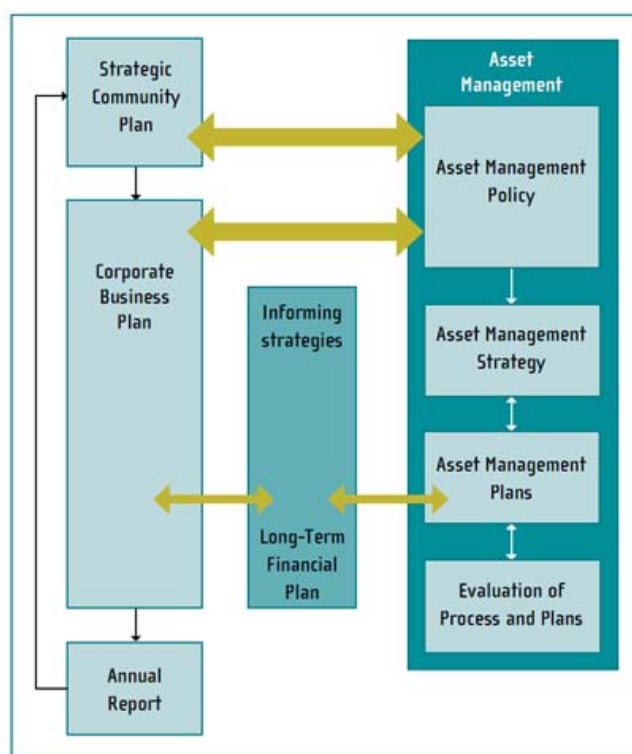


PLAN FOR THE FUTURE OF THE DISTRICT

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. Workforce Development Plan 2013/14-2016/17



WA Asset Management Framework (Source: Government of Western Australia Asset Management Framework & Guidelines)

Copies of the Shire of Mukinbudin above Plans for the Future will soon be 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.

Australian Federal Government funding recognition

The Federal Government provided the Shire of Mukinbudin in 2018/19 with vital funds under the Financial Assistance Grants Scheme (FAGS) with the Shire receiving \$1,133,359 general purpose grant and a road grant of \$542,289.

A further \$241,337 of Federal Road to Recovery Funding was received in the 2018/2019 year allowing for continued improvements to be made to our road network throughout the Shire.



Australian Government

SHIRE OF MUKINBUDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and forming part of the Financial Report	9
Independent Auditor's Report	61

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

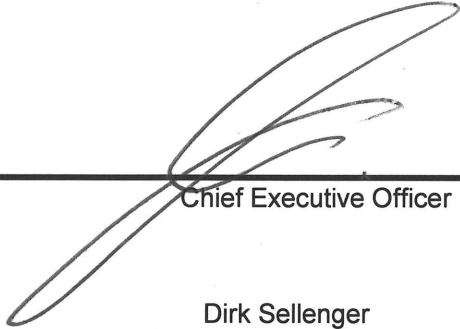
**SHIRE OF MUKINBUDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Mukinbudin for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Mukinbudin at 30 June 2019 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 forth day of December 2019



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 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	25(a)	1,159,694	1,142,934	1,119,901
Operating grants, subsidies and contributions	2(a)	1,855,093	923,234	1,781,790
Fees and charges	2(a)	500,997	427,754	468,140
Interest earnings	2(a)	37,270	40,154	41,497
Other revenue	2(a)	117,491	83,485	125,865
		3,670,545	2,617,561	3,537,193
Expenses				
Employee costs		(1,228,680)	(1,191,249)	(1,190,863)
Materials and contracts		(865,299)	(1,079,901)	(1,045,484)
Utility charges		(248,755)	(199,431)	(216,312)
Depreciation on non-current assets	11(c)	(1,604,799)	(1,760,134)	(1,792,666)
Interest expenses	2(b)	(33,018)	(35,594)	(28,790)
Insurance expenses		(102,356)	(101,886)	(103,517)
Other expenditure		(88,629)	(86,359)	(484,658)
		(4,171,536)	(4,454,554)	(4,862,290)
		(500,991)	(1,836,993)	(1,325,097)
Non-operating grants, subsidies and contributions	2(a)	702,825	1,327,189	852,992
Profit on asset disposals	11(a)	21,719	23,000	8,015
(Loss) on asset disposals	11(a)	(52,547)	0	(131,131)
Fair value adjustments to financial assets at fair value through profit or loss	8	0	0	52,551
		671,997	1,350,189	782,427
Net result for the period		171,006	(486,804)	(542,670)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	(1,129,077)
Total other comprehensive income for the period		0	0	(1,129,077)
Total comprehensive income for the period		171,006	(486,804)	(1,671,747)

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

SHIRE OF MUKINBUDIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue	2(a)			
Governance		825	1,200	1,248
General purpose funding		2,876,376	1,952,962	2,815,406
Law, order, public safety		28,633	31,100	18,771
Health		14,833	6,000	5,924
Education and welfare		13,173	19,029	19,597
Housing		205,293	131,342	161,017
Community amenities		100,713	76,290	98,541
Recreation and culture		41,509	41,202	64,335
Transport		141,248	146,180	90,605
Economic services		168,649	156,726	147,839
Other property and services		79,293	55,530	113,910
		3,670,545	2,617,561	3,537,193
Expenses	2(b)			
Governance		(325,747)	(401,364)	(359,028)
General purpose funding		(76,465)	(96,040)	(84,960)
Law, order, public safety		(94,432)	(134,644)	(389,616)
Health		(103,418)	(98,132)	(127,057)
Education and welfare		(100,926)	(103,695)	(171,635)
Housing		(301,965)	(316,786)	(295,982)
Community amenities		(244,525)	(236,004)	(226,126)
Recreation and culture		(806,944)	(824,844)	(839,189)
Transport		(1,708,885)	(1,886,504)	(1,980,898)
Economic services		(296,974)	(280,654)	(280,759)
Other property and services		(78,237)	(40,293)	(81,410)
		(4,138,518)	(4,418,960)	(4,836,660)
Finance Costs	2(b)			
Education and welfare		(1,094)	(1,250)	(1,327)
Housing		(7,570)	(8,160)	0
Recreation and culture		(2,670)	(3,053)	0
Economic services		(5,603)	(5,740)	(6,088)
Other property and services		(16,081)	(17,391)	(18,215)
		(33,018)	(35,594)	(25,630)
		(500,991)	(1,836,993)	(1,325,097)
Non-operating grants, subsidies and contributions	2(a)	702,825	1,327,189	852,992
Profit on disposal of assets	11(a)	21,719	23,000	8,015
(Loss) on disposal of assets	11(a)	(52,547)	0	(131,131)
Fair value adjustments to financial assets at fair value through profit or loss	5	0	0	52,551
		671,997	1,350,189	782,427
Net result for the period		171,006	(486,804)	(542,670)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	(1,129,077)
Total other comprehensive income for the period		0	0	(1,129,077)
Total comprehensive income for the period		171,006	(486,804)	(1,671,747)

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

SHIRE OF MUKINBUDIN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019

	NOTE	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,823,246	1,977,244
Trade receivables	5	120,423	92,255
Inventories	6	2,014	657
Other current assets	7	8,140	16,852
TOTAL CURRENT ASSETS		1,953,823	2,087,008
NON-CURRENT ASSETS			
Trade receivables	5	866	0
Financial assets at fair value through profit and loss	8(a)	52,551	52,551
Inventories	6	513,331	625,325
Property, plant and equipment	9	12,510,642	12,031,641
Infrastructure	10	54,557,941	54,511,564
TOTAL NON-CURRENT ASSETS		67,635,331	67,221,081
TOTAL ASSETS		69,589,154	69,308,089
CURRENT LIABILITIES			
Trade and other payables	13	237,198	212,100
Borrowings	14(a)	137,910	161,891
Employee related provisions	15	88,387	98,075
TOTAL CURRENT LIABILITIES		463,495	472,066
NON-CURRENT LIABILITIES			
Borrowings	14(a)	568,146	457,289
Employee related provisions	15	20,039	12,266
TOTAL NON-CURRENT LIABILITIES		588,185	469,555
TOTAL LIABILITIES		1,051,680	941,621
NET ASSETS		68,537,474	68,366,468
EQUITY			
Retained surplus		44,103,689	43,455,693
Reserves - cash backed	4	613,413	1,090,403
Revaluation surplus	12	23,820,372	23,820,372
TOTAL EQUITY		68,537,474	68,366,468

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

SHIRE OF MUKINBUDIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2017		44,503,658	585,108	24,949,449	70,038,215
Comprehensive income					
Net result for the period		(542,670)	0	0	(542,670)
Other comprehensive income	12	0	0	(1,129,077)	(1,129,077)
Total comprehensive income		(542,670)	0	(1,129,077)	(1,671,747)
Transfers from/(to) reserves		(505,295)	505,295	0	0
Balance as at 30 June 2018		43,455,693	1,090,403	23,820,372	68,366,468
Comprehensive income					
Net result for the period		171,006	0	0	171,006
Total comprehensive income		171,006	0	0	171,006
Transfers from/(to) reserves		476,990	(476,990)	0	0
Balance as at 30 June 2019		44,103,689	613,413	23,820,372	68,537,474

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

SHIRE OF MUKINBUDIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,137,735	1,142,584	1,110,470
Operating grants, subsidies and contributions		1,835,314	925,754	1,781,790
Fees and charges		500,997	427,754	488,509
Interest received		37,270	40,154	41,497
Goods and services tax received		266,505	192,670	0
Other revenue		117,491	83,485	125,865
		3,895,312	2,812,401	3,548,131
Payments				
Employee costs		(1,224,064)	(1,188,749)	(1,184,924)
Materials and contracts		(839,975)	(1,044,836)	(1,147,220)
Utility charges		(248,755)	(199,431)	(151,622)
Interest expenses		(32,420)	(34,729)	(28,201)
Insurance paid		(102,356)	(101,886)	(103,517)
Goods and services tax paid		(253,801)	(192,670)	(2,985)
Other expenditure		(88,629)	(86,359)	(484,658)
		(2,790,000)	(2,848,660)	(3,103,127)
Net cash provided by (used in) operating activities	16	1,105,312	(36,259)	445,004
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(826,219)	(1,393,393)	(174,908)
Payments for construction of infrastructure		(1,409,059)	(1,431,000)	(1,338,867)
Payments for Capital Works in Progress		(12,006)	0	(711)
Non-operating grants, subsidies and contributions		702,825	1,327,189	852,992
Proceeds from sale of property, plant & equipment		198,273	90,909	315,000
Net cash provided by (used in) investment activities		(1,346,186)	(1,406,295)	(346,494)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings		(173,124)	(177,362)	(154,776)
Proceeds from new borrowings		260,000	260,000	0
Net cash provided by (used in) financing activities		86,876	82,638	(154,776)
Net increase (decrease) in cash held		(153,998)	(1,359,916)	(56,266)
Cash at beginning of year		1,977,244	1,977,245	2,033,510
Cash and cash equivalents at the end of the year	16	1,823,246	617,329	1,977,244

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

SHIRE OF MUKINBUDIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	26 (b)	784,505	855,271	1,350,854
		784,505	855,271	1,350,854
Revenue from operating activities (excluding rates)				
Governance		825	1,200	1,248
General purpose funding		1,724,531	802,618	1,710,484
Law, order, public safety		28,633	31,100	18,771
Health		14,833	6,000	5,924
Education and welfare		13,173	19,029	19,597
Housing		205,293	131,342	161,017
Community amenities		100,713	76,290	98,541
Recreation and culture		41,509	41,202	64,335
Transport		160,983	169,180	98,620
Economic services		168,649	156,726	147,839
Other property and services		81,277	55,530	113,910
		2,540,419	1,490,217	2,440,286
Expenditure from operating activities				
Governance		(325,747)	(401,364)	(359,028)
General purpose funding		(76,465)	(96,040)	(84,960)
Law, order, public safety		(94,432)	(134,644)	(493,968)
Health		(103,418)	(98,132)	(147,057)
Education and welfare		(102,020)	(104,945)	(172,962)
Housing		(309,535)	(324,946)	(295,982)
Community amenities		(244,525)	(236,004)	(226,126)
Recreation and culture		(821,286)	(827,897)	(839,189)
Transport		(1,708,885)	(1,886,504)	(1,987,676)
Economic services		(343,260)	(286,394)	(286,847)
Other property and services		(94,510)	(57,684)	(99,625)
		(4,224,083)	(4,454,554)	(4,993,420)
Non-cash amounts excluded from operating activities	26(a)	1,632,846	1,737,134	1,888,374
Amount attributable to operating activities		733,687	(371,932)	686,094
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		702,825	1,327,189	852,992
Proceeds from disposal of assets	11(a)	198,273	90,909	315,000
Capital Works in Progress		(12,006)	0	(657)
Purchase of property, plant and equipment	9(a)	(826,219)	(1,393,393)	(174,908)
Purchase and construction of infrastructure	10(a)	(1,409,059)	(1,431,000)	(1,338,867)
Amount attributable to investing activities		(1,346,186)	(1,406,295)	(346,440)
FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(173,124)	(177,362)	(154,776)
Proceeds from borrowings	14(c)	260,000	260,000	0
Transfers to reserves (restricted assets)	4	(66,740)	(61,500)	(516,585)
Transfers from reserves (restricted assets)	4	543,730	606,745	11,290
Amount attributable to financing activities		563,866	627,883	(660,071)
Surplus/(deficit) before imposition of general rates		(48,633)	(1,150,344)	(320,417)
Total amount raised from general rates	25	1,151,845	1,150,344	1,104,922
Surplus/(deficit) after imposition of general rates	26(b)	1,103,212	0	784,505

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

1. BASIS OF PREPARATION

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

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*.

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 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.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

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

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	0	0	112
General purpose funding	1,675,648	758,254	1,639,345
Law, order, public safety	21,112	23,800	11,969
Health	5,464	6,000	5,306
Education and welfare	1,000	8,100	9,279
Community amenities	25,624	0	20,000
Recreation and culture	4,733	0	7,135
Transport	120,680	126,080	70,567
Economic services	104	1,000	667
Other property and services	728	0	17,410
	1,855,093	923,234	1,781,790
Non-operating grants, subsidies and contributions			
Health	0	0	13,636
Education and welfare	0	617,852	0
Recreation and culture	4,000	0	59,872
Transport	698,825	709,337	779,484
	702,825	1,327,189	852,992
Total grants, subsidies and contributions	2,557,918	2,250,423	2,634,782

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

Grants, donations and other contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 24.

That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019 Actual \$	2019 Budget \$	2018 Actual \$
Other revenue			
Reimbursements and recoveries	57,439	28,835	62,088
Other	60,052	54,650	63,777
	117,491	83,485	125,865
Fees and Charges			
General purpose funding	3,792	3,700	14,353
Law, order, public safety	2,553	3,220	2,328
Health	451	0	0
Education and welfare	6,442	3,409	3,457
Housing	194,436	129,792	151,765
Community amenities	75,089	76,290	78,541
Recreation and culture	31,694	35,937	47,756
Transport	318	600	637
Economic services	166,637	153,776	139,175
Other property and services	19,585	21,030	30,128
	500,997	427,754	468,140
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
Interest earnings			
Reserve accounts interest	13,241	16,500	15,659
Rates instalment and penalty interest (refer Note 25(c))	8,285	5,154	7,395
Other interest earnings	15,744	18,500	18,443
	37,270	40,154	41,497

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (Continued)

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services

Interest expenses (finance costs)

- Borrowings (refer Note 14(b))

Rental charges

- Operating leases

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
	38,000	21,940	24,340
	2,950	9,155	6,845
	40,950	31,095	31,185
	33,018	35,594	28,790
	33,018	35,594	28,790
	15,272	5,276	14,329
	15,272	5,276	14,329

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		1,823,246	1,977,244
		1,823,246	1,977,244
Comprises:			
- Unrestricted cash and cash equivalents		1,144,390	886,841
- Restricted cash and cash equivalents		678,856	1,090,403
		1,823,246	1,977,244
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Leave Reserve	4	138,718	136,441
Unspent grants reserve	4	0	203,613
Plant Reserve	4	237,789	454,855
Building & Residential Land Reserve	4	89,365	170,197
Senior Housing Reserve	4	20,415	20,079
Swimming Pool Reserve	4	96,016	74,619
Roadworks Reserve	4	31,110	30,599
		613,413	1,090,403
Other restricted cash and cash equivalents			
Unspent grants/contributions	24	26,050	0
Bonds and deposits held	28	39,393	0
Total restricted cash and cash equivalents		678,856	1,090,403

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

Cash and cash equivalents (Continued)

and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

4. RESERVES - CASH BACKED

RESERVES - CASH BACKED	2019			2019			2019			2019			2018			2018		
	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual	Actual		
	Opening Balance	Transfer to	Closing Balance	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Closing Balance	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Closing Balance	Transfer (from)	Closing Balance			
(a) Leave Reserve	136,441	2,277	0	138,718	0	136,441	2,790	0	139,231	133,594	2,847	0	136,441	0	136,441			
(b) Unspent grants reserve	203,613	0	(203,613)	0	203,613	203,613	0	(203,613)	0	926	203,627	(940)	203,613	(940)	203,613			
(c) Plant Reserve	454,855	6,566	(223,632)	237,789	237,789	454,855	7,760	(288,132)	174,483	314,250	140,605	0	454,855	0	454,855			
(d) Building & Residential Land Reserve	170,197	35,653	(116,485)	89,365	89,365	170,197	28,300	(115,000)	83,497	53,240	116,957	0	170,197	0	170,197			
(e) Senior Housing Reserve	20,079	336	0	20,415	20,415	20,079	500	0	20,579	19,660	419	0	20,079	0	20,079			
(f) Residential Land Reserve	0	0	0	0	0	0	0	0	0	10,350	0	(10,350)	0	0	0			
(g) Swimming Pool Reserve	74,619	21,397	0	96,016	96,016	74,619	21,490	0	96,109	53,088	21,531	0	74,619	0	74,619			
(h) Roadworks Reserve	30,599	511	0	31,110	31,110	30,599	660	0	31,259	0	30,599	0	30,599	0	30,599			
	1,090,403	66,740	(543,730)	613,413	613,413	1,090,403	61,500	(606,745)	545,158	585,108	516,585	(11,290)	1,090,403	(11,290)	1,090,403			

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

In accordance with Council resolutions 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) Unspent grants reserve	Ongoing	To be used for any grant funding that may not be expended in the current financial year.
(c) Plant Reserve	Ongoing	To be used for the renewal, upgrade or purchase of new or used mobile plant and vehicles.
(d) 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.
(e) 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.
(f) Residential Land Reserve	To be closed	Was "To be used for the proceeds from the sale of subdivision blocks and associated expenditure." To be closed and funds transferred to the Building & Residential Land Reserve.
(g) Swimming Pool Reserve	Ongoing	To be used for the renewal, upgrade, replacement and new construction for the Swimming Pool and associated infrastructure. All Volunteer Pool Levy income is to be transferred to this reserve.
(h) Roadworks Reserve	Ongoing	To be used for the renewal, upgrade, replacement and new construction of streets, roads, bridges, footpaths and storm water drainage.

5. TRADE RECEIVABLES

Current

Rates receivable	
Sundry receivables	
GST receivable	
Allowance for impairment of receivables	

Non-current

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

2019	2018
\$	\$
60,625	39,532
54,908	26,750
13,269	25,973
(8,379)	0
120,423	92,255
866	0
866	0

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 27.

Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

Classification and subsequent measurement

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

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

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

6. INVENTORIES

Current

Stock on Hand - Fuel

Non-current

Land held for resale - cost

Cost of acquisition

Development costs

Land held for resale - Net Realisable Value

Capital works in progress

The following movements in inventories occurred during the year:

Carrying amount at 1 July

Transfer to freehold land (note 9(a))

Additions

Carrying amount at 30 June

	2019	2018
	\$	\$
Stock on Hand - Fuel	2,014	657
	2,014	657
Land held for resale - cost		
Cost of acquisition	16,833	16,833
Development costs	63,781	63,781
Land held for resale - Net Realisable Value	420,000	544,000
Capital works in progress	12,717	711
	513,331	625,325
Carrying amount at 1 July	625,982	624,614
Transfer to freehold land (note 9(a))	(124,000)	0
Additions	13,363	1,368
Carrying amount at 30 June	515,345	625,982

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.

7. OTHER ASSETS

Other current assets

Prepayments

Accrued income

	2019	2018
	\$	\$
Prepayments	3,367	8,313
Accrued income	4,773	8,539
	<u>8,140</u>	<u>16,852</u>

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 30TH JUNE 2019

8. OTHER FINANCIAL ASSETS

(a) Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

- *Unlisted equity investments*
- Local Government House Unit Trust

2019	2018
\$	\$
52,551	52,551
52,551	52,551
52,551	52,551
52,551	52,551

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 27.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Previous accounting policy: available for sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 30 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	962,666	196,077	1,158,743	1,958,404	7,679,391	9,637,795	10,796,538	68,638	1,749,181	12,614,357
Additions	0	0	0	11,661	132,416	144,077	144,077	6,054	24,777	174,908
(Disposals)	(40,000)	0	(40,000)	0	0	0	(40,000)	0	(398,116)	(438,116)
Depreciation (expense)	0	0	0	(24,140)	(78,615)	(102,755)	(102,755)	(7,498)	(209,255)	(319,508)
Carrying amount at 30 June 2018	922,666	196,077	1,118,743	1,945,925	7,733,192	9,679,117	10,797,860	67,194	1,166,587	12,031,641
Comprises:										
Gross carrying amount at 30 June 2018	922,666	196,077	1,118,743	1,970,065	7,811,807	9,781,872	10,900,615	81,740	1,551,535	12,533,890
Accumulated depreciation at 30 June 2018	0	0	0	(24,140)	(78,615)	(102,755)	(102,755)	(14,546)	(384,948)	(502,249)
Carrying amount at 30 June 2018	922,666	196,077	1,118,743	1,945,925	7,733,192	9,679,117	10,797,860	67,194	1,166,587	12,031,641
Additions	0	0	0	388,239	13,896	402,135	402,135	0	424,084	826,219
(Disposals)	(8,000)	0	(8,000)	0	(11,672)	(11,672)	(19,672)	0	(176,746)	(196,418)
Depreciation (expense)	0	0	0	(25,882)	(81,892)	(107,774)	(107,774)	(8,574)	(158,452)	(274,800)
Transfers (note 6)	124,000	0	124,000	0	0	0	124,000	0	0	124,000
Carrying amount at 30 June 2019	1,038,666	196,077	1,234,743	2,308,282	7,653,524	9,961,806	11,196,549	58,620	1,255,473	12,510,642
Comprises:										
Gross carrying amount at 30 June 2019	1,038,666	196,077	1,234,743	2,358,304	7,813,497	10,171,801	11,406,544	81,740	1,750,998	13,239,282
Accumulated depreciation at 30 June 2019	0	0	0	(50,022)	(159,973)	(209,995)	(209,995)	(23,120)	(495,525)	(728,640)
Carrying amount at 30 June 2019	1,038,666	196,077	1,234,743	2,308,282	7,653,524	9,961,806	11,196,549	58,620	1,255,473	12,510,642

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per hectare
Land - freehold land	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Management valuation	June 2017	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 2017	Price per square metre
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers & management valuation	June 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment					
- Management valuation 2016	2	Market approach using recent observable market data for similar items	Management valuation	June 2016	Price per item
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase 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.

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Parks & Ovals	Infrastructure - Other	Total Infrastructure
	\$	\$	\$	\$	\$
Balance at 1 July 2017	51,656,022	458,595	619,161	3,041,154	55,774,932
Additions	1,191,807	87,598	32,832	26,630	1,338,867
Revaluation increments / (decrements) transferred to revaluation surplus	(2,461,477)	400,547	265,998	665,855	(1,129,077)
Depreciation (expense)	(1,274,182)	(8,777)	(70,506)	(119,693)	(1,473,158)
Carrying amount at 30 June 2018	49,112,170	937,963	847,485	3,613,946	54,511,564
Comprises:					
Gross carrying amount at 30 June 2018	70,413,568	1,598,837	1,334,827	4,764,802	78,112,034
Accumulated depreciation at 30 June 2018	(21,301,398)	(660,874)	(487,342)	(1,150,856)	(23,600,470)
Carrying amount at 30 June 2018	49,112,170	937,963	847,485	3,613,946	54,511,564
Additions	1,324,425	59,488	11,300	13,846	1,409,059
(Disposals)	0	0	0	(32,683)	(32,683)
Depreciation (expense)	(1,172,541)	(32,154)	(29,094)	(96,210)	(1,329,999)
Carrying amount at 30 June 2019	49,264,054	965,297	829,691	3,498,899	54,557,941
Comprises:					
Gross carrying amount at 30 June 2019	71,737,993	1,658,325	1,346,127	4,734,948	79,477,393
Accumulated depreciation at 30 June 2019	(22,473,939)	(693,028)	(516,436)	(1,236,049)	(24,919,452)
Carrying amount at 30 June 2019	49,264,054	965,297	829,691	3,498,899	54,557,941

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
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 - Parks & Ovals	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
Other infrastructure [describe]	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.

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

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 no cost or for nominal consideration, 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 acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control

In accordance with *Local Government (Financial Management) Regulation 16(a)(ii)*, the Shire was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Land under roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in *Australian Accounting Standard AASB 1051 Land Under Roads* and the fact *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, *Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	8,000	0	0	(8,000)	0	0	0	0	40,000	20,000	0	(20,000)
Buildings - specialised	11,672	0	0	(11,672)	0	0	0	0	0	0	0	0
Plant and equipment	176,746	198,273	21,719	(192)	67,909	90,909	23,000	0	398,116	295,000	8,015	(111,131)
Infrastructure - Other	32,683	0	0	(32,683)	0	0	0	0	0	0	0	0
	229,101	198,273	21,719	(52,547)	67,909	90,909	23,000	0	438,116	315,000	8,015	(131,131)

The following assets were disposed of during the year.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Transport				
Cat 938G Front End Loader	31,265	51,000	19,735	0
Other property and services				
Toyota Prado - 2014	29,000	30,909	1,909	0
Toyota Prado - 2018	58,107	58,182	75	0
Toyota Prado - 2019	58,374	58,182	0	(192)
	176,746	198,273	21,719	(192)
Land				
Economic services				
Assets under LGA \$5,000 Threshold	8,000	0	0	(8,000)
	8,000	0	0	(8,000)
Other Asset class				
Recreation and culture				
Assets under LGA \$5,000 Threshold	11,672	0	0	(11,672)
	11,672	0	0	(11,672)
Economic services				
Standpipe controllers x 2	32,683	0	0	(32,683)
	32,683	0	0	(32,683)
	229,101	198,273	21,719	(52,547)

(b) Temporarily Idle Assets

The carrying value of assets held by the Shire which are temporarily idle or retired from active use and not classified as held for sale are shown below.

	2019 \$	2018 \$
Buildings - specialised	46,917	0
	46,917	0

* - The Karloning Hall and Anglican Church are currently not in use as both facilities require works done on them to ensure they are safe.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(c) Depreciation

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings - non-specialised	25,882	23,702	24,140
Buildings - specialised	81,892	77,188	78,615
Furniture and equipment	8,574	7,362	7,498
Plant and equipment	158,452	205,458	209,255
Infrastructure - Roads	1,172,541	1,251,058	1,274,182
Infrastructure - Footpaths	32,154	8,618	8,777
Infrastructure - Parks & Ovals	29,094	69,227	70,506
Infrastructure - Other	96,210	117,521	119,693
	1,604,799	1,760,134	1,792,666

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life	Asset Class	Useful life
Buildings	30 to 50 years	Parks and ovals	19 to 50 years
Furniture and Equipment	4 to 10 years	Other infrastructure	17 to 40 years
Plant and Equipment	3 to 25 years		
Sealed roads and streets			
formation	not depreciated		
pavement	100 years		
seal			
- bituminous seals	20 years		
- asphalt surfaces	25 years		
Gravel roads			
formation	not depreciated		
pavement	60 to 80 years		
gravel sheet	12 years		
Formed roads			
formation	not depreciated		
pavement	60 to 80 years		
Road signs	15 years		
Kerbing	60 years		
Footpaths - slab	40 to 70 years		
Sewerage piping	100 years		
Water supply piping & drainage system	80 years		

Depreciation (Continued)

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

- 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
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

12. REVALUATION SURPLUS

	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	2019 Total Movement on Revaluation	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	2018 Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	701,977	0	0	0	701,977	701,977	0	0	0	701,977
Revaluation surplus - Buildings	5,243,351	0	0	0	5,243,351	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	16,257,472	0	(2,461,477)	(2,461,477)	13,795,995
Revaluation surplus - Infrastructure - Footpaths	424,751	0	0	0	424,751	24,204	400,547	0	400,547	424,751
Revaluation surplus - Infrastructure - Parks & Ovals	773,737	0	0	0	773,737	507,739	265,998	0	265,998	773,737
Revaluation surplus - Infrastructure - Other	2,477,181	0	0	0	2,477,181	1,811,326	665,855	0	665,855	2,477,181
	23,820,372	0	0	0	23,820,372	24,949,449	1,332,400	(2,461,477)	(1,129,077)	23,820,372

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.

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Accrued salaries and wages
 ATO liabilities
 Accrued interest on borrowings
 Accrued expenditure
 Income received in advance
 Bonds and deposits (refer to Note 28)

2019	2018
\$	\$
82,361	53,212
10,756	10,143
31,326	25,408
10,726	10,128
34,203	82,436
28,433	30,773
39,393	0
237,198	212,100

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Trade and other payables (Continued)

of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

Shire of Mukinbudin 2018-2019 Annual Report

14. INFORMATION ON BORROWINGS

(a) Borrowings	2019	2018
	\$	\$
Current	137,910	161,891
Non-current	568,146	457,289
	706,056	619,180

(b) Repayments - Borrowings

Particulars	Loan Number	Interest Rate	30 June 2019						30 June 2018						30 June 2017						30 June 2016					
			Actual			Budget			Actual			Budget			Actual			Budget			Actual			Budget		
			Principal	New Loans	repayments	Principal	Interest	outstanding	Principal	New Loans	repayments	Principal	Interest	outstanding	Principal	New Loans	repayments	Principal	Interest	outstanding	Principal	New Loans	repayments	Principal	Interest	outstanding
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Education and welfare																										
ERC	109	WATC*	20,550	0	6,459	1,094	14,091	20,550	0	6,459	1,250	14,091	26,647	0	6,097	1,327	20,550									
Housing																										
8 Gimlett Way	124	WATC*	0	260,000	11,233	7,570	248,767	0	260,000	15,470	8,160	244,530	0	0	0	0	0									
Recreation and culture																										
Bowling Club	108	WATC*	50,143	0	15,761	2,670	34,382	50,142	0	15,761	3,053	34,381	65,020	0	14,877	3,239	50,143									
Economic services																										
Land Purchase	116	WATC*	10,996	0	10,996	576	0	10,996	0	10,996	604	0	21,346	0	10,350	1,134	10,996									
Mukinbudin Cafe	119	WATC*	89,548	0	8,035	5,027	81,513	89,547	0	8,035	5,136	81,512	97,182	0	7,634	4,874	89,548									
Other property and services																										
Trailer 1TJP 062	114	WATC*	23,222	0	23,222	1,217	0	23,222	0	23,222	1,275	0	45,078	0	21,857	2,395	23,222									
Truck DAF MBL 250	115	WATC*	17,226	0	17,226	339	0	17,226	339	17,226	710	0	33,642	0	16,416	1,103	17,226									
Vibe Roller MBL 1677	118	WATC*	56,227	0	15,069	2,813	41,158	56,227	0	15,069	3,039	41,158	70,557	0	14,330	3,205	56,227									
Skid Steer MBL 1724	120	WATC*	43,763	0	6,495	2,067	37,268	43,763	0	6,495	2,199	37,269	49,972	0	6,209	2,101	43,763									
Grader MBL 95	121	WATC*	184,126	0	34,821	5,681	149,305	184,125	0	34,820	6,014	149,305	217,998	0	33,872	5,526	184,126									
Roller MBL 811	122	WATC*	100,186	0	18,946	3,097	81,240	100,186	0	18,947	3,273	81,239	118,616	0	18,430	3,007	100,186									
Tractor MBL 244	123	WATC*	23,193	0	4,861	867	18,332	23,194	0	4,862	881	18,332	27,897	0	4,704	878	23,193									
			619,180	260,000	173,124	33,018	706,056	619,179	260,000	177,362	35,594	701,817	773,955	0	154,776	28,790	619,180									

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

14. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2018/19

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2019 Actual	2019 Budget	2019 Actual	2019 Budget		
8 Gimlett Way	WATC*	Debenture	10	3.02%	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 43,176	\$ 0
					260,000	260,000	260,000	260,000	43,176	0

* WA Treasury Corporation

	2019	2018
(d) 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	(1,420)	(1,143)
Total amount of credit unused	253,580	253,857
Loan facilities		
Loan facilities - current	137,910	161,891
Loan facilities - non-current	568,146	457,289
Total facilities in use at balance date	706,056	619,180

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 27.

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Opening balance at 1 July 2018

Current provisions

Non-current provisions

Additional provision

Amounts used

Balance at 30 June 2019

Comprises

Current

Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2018			
Current provisions	60,676	37,399	98,075
Non-current provisions	0	12,266	12,266
	60,676	49,665	110,341
Additional provision	0	6,376	6,376
Amounts used	(8,291)	0	(8,291)
Balance at 30 June 2019	52,385	56,041	108,426
Comprises			
Current	52,385	36,002	88,387
Non-current	0	20,039	20,039
	52,385	56,041	108,426

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

Expected reimbursements from other WA local governments

	2019	2018
	\$	\$
Less than 12 months after the reporting date	60,736	63,824
More than 12 months from reporting date	71,107	68,054
Expected reimbursements from other WA local governments	(23,417)	(21,537)
	108,426	110,341

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

16. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, 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:

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Cash and cash equivalents	1,823,246	617,329	1,977,244
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	171,006	(486,804)	(542,670)
Non-cash flows in Net result:			
Depreciation	1,604,799	1,760,134	1,792,666
(Profit)/loss on sale of asset	30,828	(23,000)	123,116
Fair value adjustments to fixed assets at fair value through profit or loss	0	0	(52,551)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(29,034)	2,170	(4,968)
(Increase)/decrease in other assets	8,712	0	0
(Increase)/decrease in inventories	(1,357)	0	(657)
Increase/(decrease) in payables	25,098	38,430	(29,571)
Increase/(decrease) in provisions	(1,915)	0	12,631
Grants contributions for the development of assets	(702,825)	(1,327,189)	(852,992)
Net cash from operating activities	1,105,312	(36,259)	445,004

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
General purpose funding	114,042	978,925
Law, order, public safety	382,269	417,539
Education and welfare	932,720	941,038
Housing	2,641,260	2,357,545
Community amenities	123,761	100,796
Recreation and culture	8,585,123	8,705,494
Transport	50,867,025	50,572,361
Economic services	2,253,288	2,316,688
Other property and services	2,286,510	2,508,076
Unallocated	1,403,156	409,627
	69,589,154	69,308,089

18. CONTINGENT LIABILITIES

Council has no contingent liabilities as at 30 June 2019.

19. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

Payable:

- not later than one year

2019	2018
\$	\$
0	350,926
0	350,926
0	350,926

The capital expenditure project outstanding at the end of the previous reporting period represents the purchase of a new house to be rented to the state government.

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year
- later than one year but not later than five years

2019	2018
\$	\$
9,996	15,272
13,328	23,324
23,324	38,596

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Leases (Continued)

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

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

20. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

The following fees, expenses and allowances were paid to council members and/or the President.

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	26,944	31,977	31,799
Mayor/President's allowance	10,000	10,000	10,000
Deputy Mayor/President's allowance	2,500	0	2,500
Travelling expenses	4,973	4,500	4,270
Telecommunications allowance	3,792	4,500	4,500
	48,209	50,977	53,069

Key Management Personnel (KMP) Compensation Disclosure

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	490,512	412,659
Post-employment benefits	61,905	49,743
Other long-term benefits	9,989	15,763
	562,406	478,165

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

20. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

The following transactions occurred with related parties:	2019 Actual \$	2018 Actual \$
Sale of goods and services		
- Close Family members and entities controlled or jointly controlled by the Key Management Personnel	13,678	5,402
- Entities subject to significant influence by the Shire	6,000	14,338
Purchase of goods and services		
- Close Family members and entities controlled or jointly controlled by the Key Management Personnel	72,773	141,048
- Entities subject to significant influence by the Shire	4,211	1,612
Amounts outstanding from related parties:		
- Close Family members and entities controlled or jointly controlled by the Key Management Personnel	111	0
Amounts payable to related parties:		
- Close Family members and entities controlled or jointly controlled by the Key Management Personnel	315	0

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

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.

21. JOINT ARRANGEMENTS

	2019	2018
	\$	\$
(a) 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.		
Medical Services Financial Activity		
<u>Operating Expenses</u>		
Joint arrangement expenses incurred by the Shire of Mukinbudin	28,713	59,853
	28,713	59,853

No income was received.

21. JOINT ARRANGEMENTS (continued)

(a) 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.

Council is required to set aside 1% of the current replacement cost of the properties from the net profit each year for the long term maintenance of the properties.

All profits derived from the operation of the Joint arrangement Housing are to be recognised as Restricted Assets to provide for future maintenance or the provision of future housing.

Financial Activity

- Opening Balance	3,914	3,843
- Interest Earned	57	71
- Funds Utilised	0	0
- Closing Balance	3,971	3,914

Note: No funds were transferred to the Contingency Reserve in 2017/18 or 2018/19 as no net Aged Housing profit from operations eventuated.

The Shire's portion of this Joint arrangement is included in Property, Plant & Equipment as detailed below:

Non-current assets

Specialised buildings at:

- Independent valuation 2017 - level 3	39,985	39,985
Less: accumulated depreciation	(799)	(400)
	39,186	39,585

21. JOINT ARRANGEMENTS (continued)

(a) 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.

Council is required to set aside an amount of \$500 per Unit per annum from the net annual profit for the long term maintenance needs of the Joint arrangement Property.

All profits derived from the operation of the Joint arrangement Housing are to be recognised as Restricted Assets to provide for future maintenance or the provision of future housing.

Financial Activity

- Opening Balance	4,050	3,869
- Interest Earned	145	181
- Funds Utilised	0	0
- Closing Balance	4,195	4,050

Note: No funds were transferred to the Contingency Reserve in 2017/18 or 2018/19 as no net Aged Housing profit from operations eventuated.

The Shire's portion of this Joint arrangement is included in Property, Plant & Equipment as detailed below:

Non - Current Assets

Freehold land at:

- Independent valuation 2017 - level 2	5,055	5,055
--	-------	-------

Non-Specialised buildings at:

- Independent valuation 2017 - level 2	33,700	33,700
--	--------	--------

Specialised buildings at:

- Independent valuation 2017 - level 3	29,488	29,488
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Less: Accumulated Depreciation

	(1,679)	(840)
	66,564	67,403

Shire of Mukinbudin 2018-2019 Annual Report

21. JOINT ARRANGEMENTS (continued)

(a) 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.

Council is required to set aside 1% of the current replacement cost of the properties from the net profit each year for the long term maintenance of the properties.

All profits derived from the operation of the Joint arrangement Housing are to be recognised as Restricted Assets to provide for future maintenance or the provision of future housing.

Financial Activity

- Opening Balance	7,665	7,574
- Interest Earned	73	91
- Funds Utilised	0	0
- Closing Balance	7,738	7,665

Note: No funds were transferred to the Contingency Reserve in 2017/18 or 2018/19 as no net Aged Housing profit from operations eventuated.

The Shire's portion of this Joint arrangement is included in Property, Plant & Equipment as detailed below:

Non - Current Assets

Freehold land at:

- Independent valuation 2017 - level 2	7,588	7,588
--	-------	-------

Non-Specialised buildings at:

- Independent valuation 2017 - level 3	79,674	79,674
--	--------	--------

Less: Accumulated Depreciation

	(1,584)	(792)
	85,678	86,470

Shire of Mukinbudin 2018-2019 Annual Report

SIGNIFICANT ACCOUNTING POLICIES

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

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of profit or loss of the associate included in the Shire's profit or loss.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

22. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the financial years ending 30 June 2019 and 30 June 2018.

23. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the financial years ending 30 June 2019 and 30 June 2018.

24. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance (1) 1/07/17	Received (2) 2017/18	Expended (3) 2017/18	Closing Balance (1) 30/06/18	Received (2) 2018/19	Expended (3) 2018/19	Closing Balance 30/06/19
	\$	\$	\$	\$	\$	\$	\$
Education and welfare							
Seniors Project Grant	0	8,097	0	8,097	0	(7,948)	149
Community amenities							
Dep't of Primary Industries & Regional Development Grant A17199 to engage landholders to combat vegetation decline	0	20,000	(5,664)	14,336	24,624	(14,336)	24,624
Transport							
Roads To Recovery Funding	190,562	486,844	(590,844)	86,562	241,337	(327,899)	0
MRWA Regional Roadgroup Grant	0	292,640	(288,022)	4,618	457,488	(460,829)	1,277
Total	190,562	807,581	(884,530)	113,613	723,449	(811,012)	26,050

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

25. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19 Actual Rateable Value	2018/19 Actual Rate	2018/19 Actual Revenue	2018/19 Actual Interim Rates	2018/19 Actual Back Rates	2018/19 Budget Interim Rate	2018/19 Budget Back Rate	2018/19 Budget Total Revenue	2017/18 Actual Total Revenue
General rate											
Gross rental valuations											
Residential	0.184236	150	1,104,644	203,515	1,030	0	0	203,515	0	203,515	195,576
Unimproved valuations											
Rural	0.021831	211	41,834,500	913,289	(98)	0	0	913,289	1,000	914,489	877,006
Mining	0	0	0	0	1,769	0	0	0	0	0	0
Sub-Total		361	42,939,144	1,116,804	2,701	0	0	1,116,804	1,000	1,118,004	1,072,582
Minimum payment											
Gross rental valuations											
Residential	440	19	14,664	8,360	0	0	0	8,360	0	8,360	9,240
Vacant	440	7	2,132	3,080	0	0	0	3,080	0	3,080	2,200
Unimproved valuations											
Rural	550	32	340,600	17,600	0	0	0	17,600	0	17,600	17,050
Mining	550	6	40,409	3,300	0	0	0	3,300	0	3,300	3,850
Sub-Total		64	397,805	32,340	0	0	0	32,340	0	32,340	32,340
Totals		425	43,336,949	1,149,144	2,701	0	0	1,149,144	1,000	1,150,344	1,104,922
Discounts/concessions (refer Note 25(b))											0
Total amount raised from general rates											1,104,922
Specified Area Rate (refer Note 25(b))											0
Ex-gratia rates											17,104
Movement in excess rates											(2,125)
Totals											1,119,901

SIGNIFICANT ACCOUNTING POLICIES

Rates
Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

25. RATING INFORMATION (Continued)

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

Rates Discounts

The Shire of Mukinbudin did not offer any Rates Discounts during the year ended 30 June 2019.

Waivers or Concessions

Rate or Fee and
Charge to which
the Waiver or
Concession is Granted

Concession is Granted	Type	Discount %	Discount	2019 Actual \$	2019 Budget \$	2018 Actual \$	Reasons for the Waiver or Concession
Sporting Complex Hire	Discount	35% - 100%	0	277	0	287	Support for the overall benefit of the community.
Memorial Hall Hire	Discount	35% - 100%	0	1,336	0	391	Support for the overall benefit of the community.
Gymnasium Membership	Discount	50.00%	0	571	0	0	Support for the overall benefit of the community.
Caravan Park Fees and Charges	Discount	10.00%	0	3,177	0	47	Support for the overall benefit of the community.
Community Bus Hire	Discount	31.00%	0	776	0	1,735	Support for the overall benefit of the community.
Plant Hire	Discount	10.00%	0	0	0	0	Support for the overall benefit of the community.
Animal Registration	Discount	50% - 75%	0	3,005	0	1,637	Support for the overall benefit of the community.
Swimming Pool Entry	Discount	50% - 66%	0	3,595	0	240	Support for the overall benefit of the community.
				12,737	0	4,337	
Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available						
Sporting Complex Hire	Facility use by a local business, community group, for a private function or for a Wake and Funeral, Memorial and Church Services.				Nil		Support for the overall benefit of the community.
Memorial Hall Hire	Facility use by a local business, community group, for a private function, the Mukinbudin High School or for a Wake and Funeral, Memorial and Church Services.				Nil		Support for the overall benefit of the community.
Gymnasium Membership	Pensioner Discount				Nil		Support for the overall benefit of the community.
Caravan Park Fees and Charges	Pensioner or Caravan and Motorhome Club of Aust Ltd members				Nil		Support for the overall benefit of the community.
Community Bus Hire	Use by a Community Group				Nil		Support for the overall benefit of the community.
Plant Hire	When used land conservation work				Nil		Support for land conservation.
Animal Registration	Pensioner and Working Dog Discount				Nil		Support for the overall benefit of the community.
Swimming Pool Entry	Pensioner Discount				Nil		Support for the overall benefit of the community.

25. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	10 Oct 2018			11.00%
Option Two				
First instalment	10 Oct 2018			11.00%
Second instalment	12 Dec 2018	15	5.50%	11.00%
Third instalment	20 Feb 2019	15	5.50%	11.00%
Fourth instalment	24 Apr 2019	15	5.50%	11.00%

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Interest on unpaid rates	5,823	2,500	5,093
Interest on instalment plan	2,271	2,500	2,302
Interest on ESL non-payment penalty	191	80	0
Deferred pensioner rates interest earned	0	74	0
	8,285	5,154	7,395
Charges on instalment plan	2,160	2,600	2,610
	10,445	7,754	10,005

26. RATE SETTING STATEMENT INFORMATION

		2018/19 Budget	2018/19
	2018/19 (30 June 2019 Carried Forward)	(30 June 2019 Carried Forward)	(1 July 2018 Brought Forward)
Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	11(a)	(21,719)	(23,000)
Movement in pensioner deferred rates (non-current)		(866)	0
Movement in employee benefit provisions (non-current)		7,773	0
Movement in employee benefit provisions (cash back)		(9,688)	0
Add: Loss on disposal of assets	11(a)	52,547	0
Add: Depreciation on assets	11(c)	1,604,799	1,760,134
Non cash amounts excluded from operating activities		1,632,846	1,737,134
(b) Surplus/(deficit) after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserves - restricted cash	3	(613,413)	(545,158)
Add: Borrowings	14(a)	137,910	82,638
Add: Employee related provisions	15	88,387	136,442
Total adjustments to net current assets		(387,116)	(326,078)
Net current assets used in the Rate Setting Statement			
Total current assets		1,953,823	684,080
Less: Total current liabilities		(463,495)	(358,002)
Less: Total adjustments to net current assets		(387,116)	(326,078)
Net current assets used in the Rate Setting Statement		1,103,212	0

27. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	1.56%	1,823,246	606,500	1,176,563	40,183
2018					
Cash and cash equivalents	1.09%	1,977,244	0	1,976,724	520

Sensitivity

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

Impact of a 1% movement in interest rates on profit and loss and equity*

* Holding all other variables constant

	2019	2018
	\$	\$
	18,769	19,014

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 14(b).

27. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade 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 also 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 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2019					
Rates receivable					
Expected credit loss	14.72%	0.00%	0.00%	0.00%	
Gross carrying amount	35,619	13,875	9,621	1,510	60,625
Loss allowance	5,242	0	0	0	5,242

01 July 2018

Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	24,736	11,961	2,835	0	39,532
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Expected credit loss	27.13%	0.00%	0.00%	0.00%	
Gross carrying amount	11,564	5,336	2,805	35,203	54,908
Loss allowance	3,137	0	0	0	3,137

01 July 2018

Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	11,485	1,412	23	13,830	26,750
Loss allowance	0	0	0	0	0

27. 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 14(d).

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
	\$	\$	\$	\$	\$
2019					
Payables	237,198	0	0	237,198	237,198
Borrowings	162,590	457,297	144,078	763,965	706,056
	399,788	457,297	144,078	1,001,163	943,254
2018					
Payables	212,100	0	0	212,100	212,100
Borrowings	186,168	447,184	59,082	692,434	619,180
	398,268	447,184	59,082	904,534	831,280

28. TRUST FUNDS

There are no funds held at the balance date which are required to be held in the trust fund.

In previous years, bonds and deposits were held as trust monies. They are now included in Restricted cash at Note 3 and shown as a current liability at Note 13.

	1 July 2018	Amounts Received	Amounts Paid	Reclassified to Restricted Cash	30 June 2019
	\$	\$	\$	\$	\$
Department of Transport Licensing	0	549,727	(549,727)	0	0
Mukinbudin Indoor Cricket Club	11,345	0	0	(11,345)	0
BRB	0	2,429	(2,429)	0	0
Trust - Other	333	8,712	(342)	(8,703)	0
Sports Complex Key Bonds	940	0	0	(940)	0
Standpipe Key Bonds	450	0	(450)	0	0
Housing Tenancy Bonds	4,748	4,230	(6,050)	(2,928)	0
Hall Hire Bonds & Deposits	0	500	(500)	0	0
Gym Bonds	1,701	900	(290)	(2,311)	0
Soil Conservation	13,166	0	0	(13,166)	0
	32,683	566,498	(559,788)	(39,393)	0

29. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Shire.

30. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

The effect of adopting AASB 9 was assessed as not material as at 1 July 2018 and therefore adjustment has done as at 30 June 2019.

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

30. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.

In summary, upon the adoption of AASB 9, the Shire had the following required (or elected) reclassifications as at 1 July 2018:

Financial asset category	Financial assets at AASB 139 value	AASB 9 category financial assets at amortised cost	Financial assets at fair value through OCI	Financial assets at fair value through P/L
	\$	\$	\$	\$
Trade receivables	92,255	92,255	0	0
Other financial assets	52,551	0	0	52,551
	144,806	92,255	0	52,551

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L.

Set out below is the reconciliation of the ending impairment allowances in accordance with AASB 139 to the opening loss allowances determined, in accordance with AASB 9:

	Impairment under AASB 139 as at 30 June 2018	Remeasurement	ECL under AASB 9 as at 01 July 2018
	\$	\$	\$
Loans and receivables under AASB 139 / Financial assets at amortised cost under AASB 9	0	0	0
	0	0	0

31. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Shire.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Leases

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases prospectively, with the cumulative effect of initially applying AASB 16 recognised on 1 July 2019. In applying the AASB 16 under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the Shire will not recognise a right-of-use asset in relation to lease liabilities which previously were classified as an operating lease applying AASB 117.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the net impact on retained earnings on 1 July 2019 will be nil. The Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

32 OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

33. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.	Administration and operation of facilities and services to members of Council; other costs that relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.
GENERAL PURPOSE FUNDING To provide a decision making process for the efficient allocation of scarce resources.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY To provide services to ensure a safer community.	Supervision of various by-laws, fire prevention, emergency services and animal control.
HEALTH To provide an operational framework for good community health.	Food quality and pest control, immunisation services, inspection of abattoir and operation of child health clinic.
HOUSING To provide adequate staff and community housing.	Maintenance of Staff and community housing, collection of various rents.
RECREATION AND CULTURE To establish and manage efficiently infrastructure and resources which will help the social well being of the community.	Maintenance of halls, the aquatic centre, recreation centres and various reserves; operation of library.
TRANSPORT To provide effective and efficient transport services to the Community.	Construction and maintenance of streets, roads, bridges, cleaning and lighting of streets, depot maintenance and airstrip maintenance.
ECONOMIC SERVICES To help promote the shire and improve its economic wellbeing.	The regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control and standpipes.
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	Private Works Operations, plant repairs and operation costs.

34. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	3.80	2.67	3.83
Asset consumption ratio	0.72	0.62	0.53
Asset renewal funding ratio	0.77	0.48	0.42
Asset sustainability ratio	1.01	0.78	0.58
Debt service cover ratio	5.37	2.32	10.80
Operating surplus ratio	(0.30)	(0.77)	(0.05)
Own source revenue coverage ratio	0.42	0.36	0.38

The above ratios are calculated as follows:

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



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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