



**Shire of Mukinbudin
2020/2021
ANNUAL REPORT**

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OUR ANNUAL REPORT

The Shire of Mukinbudin would like to welcome you to the 2020/21 Annual Report. This report provides an account of the Shire's performance from 1 July 2020 to 30 June 2021, measuring against the Shire's vision and key priorities.

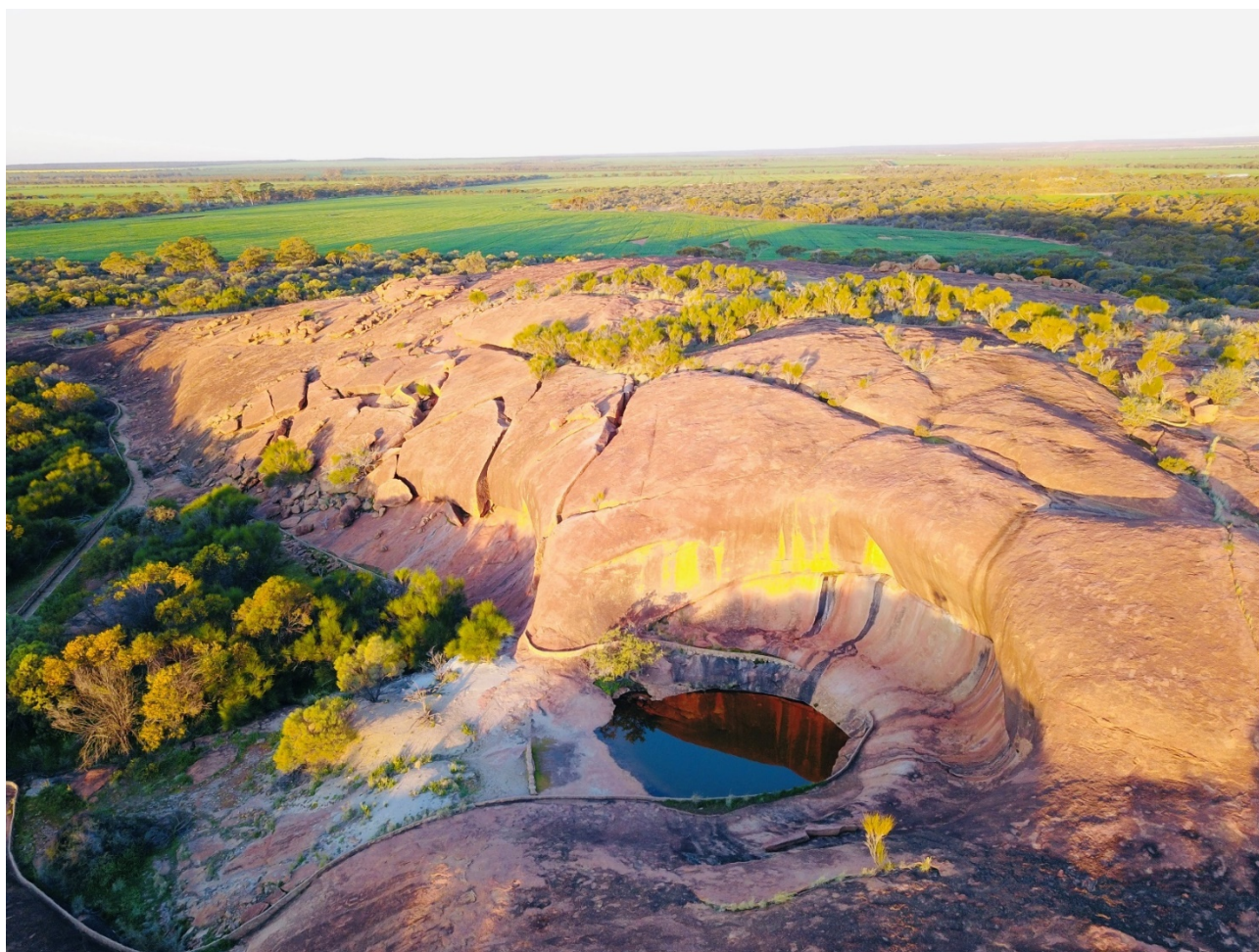
Under the Local Government Act 1995 all local governments are required to prepare an Annual Report at the end of each financial year. The Annual Report is one of our key reporting devices, which provides information to the community on the work completed in the past financial year. It identifies Council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

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

Where to find this report

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

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



THE COUNCIL

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

The Council is made up of nine Councillors representing the District, the outdated Local Government ward structure was abolished in 2007.

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

Shire President

Cr Gary Shadbolt

Deputy Shire President

Cr Rod Comerford

Commenced	Elected Members	Years of Service	Term Expires
2019	Cr Geoff BENT	1	2021
2007	Cr Rodney COMERFORD	13	2021
2015	Cr Steve PATERSON	5	2023
2017	Cr Romina NICOLETTI	3	2021
2019	Cr Callum MCGLASHAN	1	2023
2013	Cr Jeff SEABY	7	2021
2003	Cr Gary SHADBOLT	17	2023
2011	Cr Sandra VENTRIS	9	2021
2019	Cr Ashley WALKER	1	2023



SHIRE OF MUKINBUDIN STAFF

Administration Staff

Chief Executive Officer	Dirk Sellenger
Administration Manager	Nola Comerford-Smith
Finance Manager	Ed Nind
Environmental Health Officer P/T	Allan Ramsay
Senior Finance Officer	Louise Sellenger
Customer Service Officer	Jennie Herrington
Customer Service Officer	Kerry Walker
Finance Officer	Melissa Jones
Finance Officer P/T	Claire Stevens

Works Staff - Roads

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

Works Staff - Other

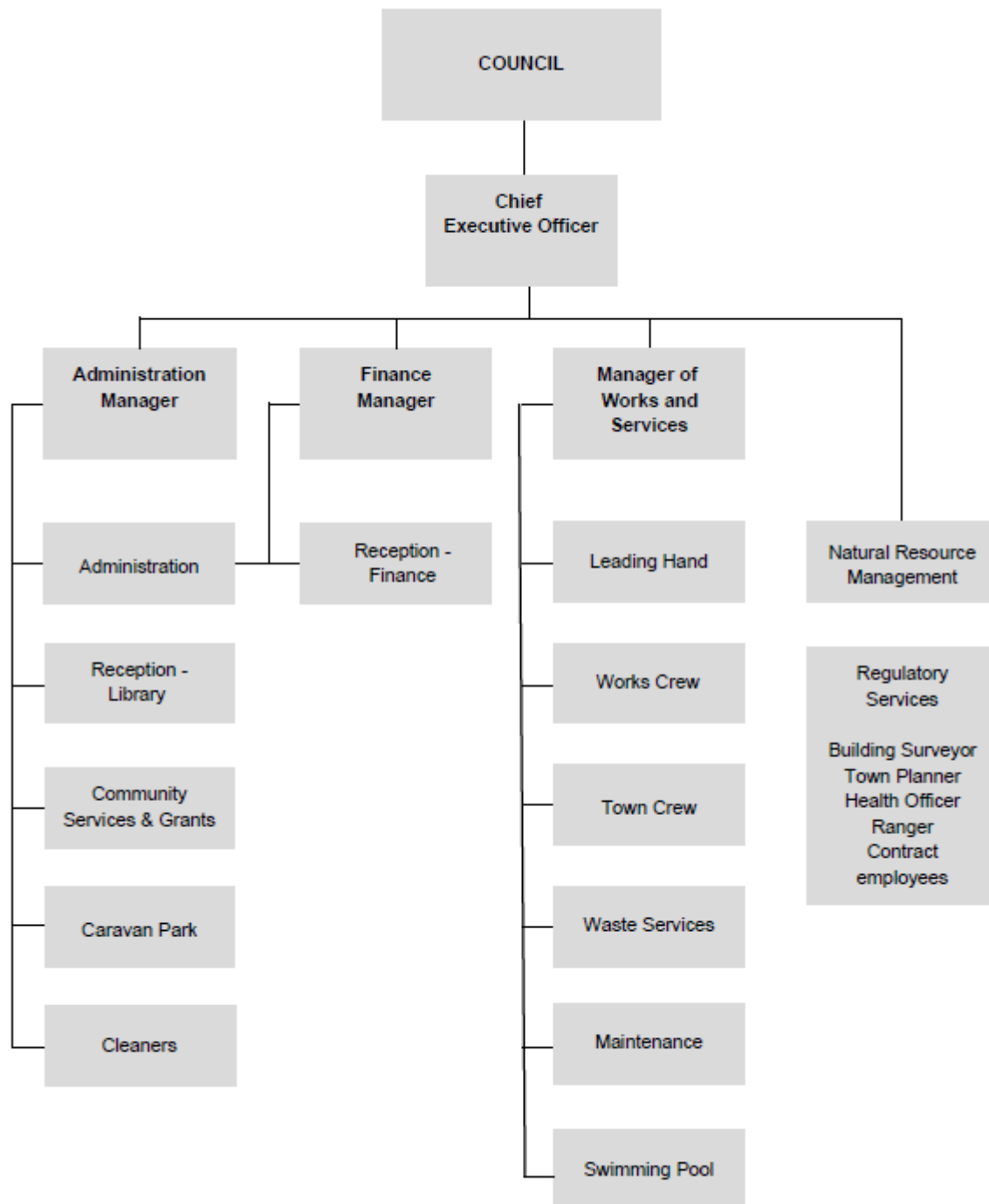
Town Leading Hand	Dave Waters
Gardener	Daniel Mori
Gardener	Cameron Butler
Maintenance Officer	Denis Heffernan

Other Staff

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



ORGANISATIONAL STRUCTURE



SHIRE PROFILE

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

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

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



Shire Statistics

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

SHIRE PRESIDENT AND CHIEF EXECUTIVE OFFICER'S REPORT

Introduction

This Annual Report reviews the Shire of Mukinbudin's achievements and details the Council's financial position for the 2020/21 financial year.

The 2020/2021 financial year spanning the period from 1st July 2020 until 30th June 2021 was both a challenging and unprecedented one. With the world being gripped by the COVID-19 pandemic which spread quickly throughout the world, including Australia. While Western Australia, largely due to its strict controls and isolation, has been fortunate to receive very few case numbers and deaths.

Whilst case numbers in WA are very low, control measures have impacted much of WA significantly, particularly those businesses in the Tourism and Hospitality areas. As a result of this impact which has seen many businesses shut down or scale back to help with this the Minister for Local Government requested the Local Government sector consider freezing any planned rate increases for the state for the 2020/2021 year and Council resolved to agree to this request by freezing proposed rate increases.

Highlights

A Blackspot funding grant of \$115,300 was received to allow for the full reconstruction of a notoriously dangerous corner of the Kununoppin Mukinbudin Road immediately north of the Barbalin water supply. This project was completed within the necessary timeframe and the safety of this section of road greatly improved.

With funding from Department of Local Government, Sport and Cultural Industries funding round CSRFF (\$21,099) the shire was able to resurface the aging Tennis Courts to a new Acrylic Gel surface which will not only expected to last longer than the artificial turf but also provide a nice cushioning surface for older players to enjoy.

MDHS Container Deposit Scheme – commenced 1st October 2020, this was an initiative of the Mukinbudin P&C working with the Shire of Mukinbudin to create a Container Deposit Scheme location directly outside the Works Depot which also included the relocation of the towns recycling station to ensure all recyclables are in the one easy location.

In the first year of the scheme the Mukinbudin P&C raised a total of \$6000, this is expected to grow in future years.



Flood Damage funding was received from Department of Fire and Emergency Services to allow for the reconstruction of various flood Damaged roads caused by very heavy rainfall in late February 2020.

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



COVID Funding – Local Roads and Community Infrastructure

With the arrival of COVID-19 the Federal Government rolled out a number of financial initiatives including job seeker and job keeper, allowing for business to keep people in the workforce. The Local Roads and Community Infrastructure Funding was announced and \$2.5 Billion was made available to Local Governments Nationally and the Council resolved to undertake a number of exciting projects on behalf of the Community, including:

- Pumptrack
- Caravan Park pads
- Traffic Speed Display
- Footpaths
- Emergency Generators for Community Venues
- Resealing Wilgoyne Road



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

Council again improved our Work fleet with a secondhand CAT Backhoe. The purchase of this capital items was an outright purchase through plant reserves and the old Backhoe was sold by Tender.



Tourism and Visitor Servicing

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

With the increase in travellers Council purchased an onsite 3x1 house for use at the Caravan Park. This has been very popular with travellers and contractors to Mukinbudin.

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

Governance

With the implications of COVID-19 lockdowns, our records management system entered a new phase in digital records to all for people to work from home more effectively. This started with our finance sector now being fully paperless.

Cr Gary Shadbolt
SHIRE PRESIDENT



Dirk Sellenger
CHIEF EXECUTIVE OFFICER



STATUTORY REPORTS

Disability Access and Inclusion Plan

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

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

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

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

FREEDOM OF INFORMATION

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

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

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

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

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

RECORD KEEPING PLAN

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

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

Rationale

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

Minimum Compliance Requirements

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

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

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

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



NATIONAL COMPETITION POLICY STATEMENT

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

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

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

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

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

Competitive Neutrality

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

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

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

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



INFORMATION ON PAYMENTS TO EMPLOYEES

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

The number of employees of the Local Government entitled to an annual salary of \$100,000 or more;

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

COMPLAINTS REGISTER

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

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

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

PLAN FOR THE FUTURE OF THE DISTRICT

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

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

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

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

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

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

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



SHIRE OF MUKINBUDIN

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

**15 Maddock Street, Mukinbudin
PO Box 67, Mukinbudin WA 6479**

(08) 9047 2100

admin@mukinbudin.wa.gov.au

www.mukinbudin.wa.gov.au

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

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COMMUNITY VISION

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

Principal place of business:
15 Maddock Street
Mukinbudin WA 6479

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the Fifteenth day of December 2021



Chief Executive Officer

Dirk Sellenger

Name of Chief Executive Officer



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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	26(a)	1,241,429	1,241,478	1,251,078
Operating grants, subsidies and contributions	2(a)	1,928,143	1,057,275	1,847,373
Fees and charges	2(a)	615,623	624,385	546,656
Interest earnings	2(a)	15,975	33,500	34,978
Other revenue	2(a)	118,084	61,022	84,076
		<u>3,919,254</u>	<u>3,017,660</u>	<u>3,764,161</u>
Expenses				
Employee costs		(1,413,037)	(1,305,916)	(1,229,620)
Materials and contracts		(1,079,654)	(1,041,629)	(1,019,307)
Utility charges		(209,247)	(269,619)	(244,331)
Depreciation on non-current assets	11(c)	(1,725,725)	(1,657,180)	(1,648,073)
Interest expenses	2(b)	(47,189)	(50,125)	(41,276)
Insurance expenses		(126,064)	(124,855)	(113,804)
Other expenditure		(92,981)	(102,653)	(86,867)
		<u>(4,693,897)</u>	<u>(4,551,977)</u>	<u>(4,383,278)</u>
		(774,643)	(1,534,317)	(619,117)
Non-operating grants, subsidies and contributions	2(a)	1,407,362	2,311,219	1,250,684
Profit on asset disposals	11(a)	9,330	10,500	13,360
(Loss) on asset disposals	11(a)	(18,000)	(2,800)	(67,500)
Fair value adjustments to financial assets at fair value through profit or loss		1,939	0	865
		<u>1,400,631</u>	<u>2,318,919</u>	<u>1,197,409</u>
Net result for the period		625,988	784,602	578,292
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		625,988	784,602	578,292

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 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
General purpose funding	2(a)	2,965,146	2,080,878	2,966,977
Law, order, public safety		23,196	27,771	14,007
Health		7,447	34,300	25,629
Education and welfare		11,479	8,082	12,313
Housing		246,366	265,593	182,756
Community amenities		110,632	128,221	89,591
Recreation and culture		43,744	30,446	29,293
Transport		151,136	149,775	143,830
Economic services		253,607	235,353	223,442
Other property and services		106,501	57,241	76,323
		<u>3,919,254</u>	<u>3,017,660</u>	<u>3,764,161</u>
Expenses				
Governance	2(b)	(367,243)	(415,058)	(349,540)
General purpose funding		(92,737)	(109,135)	(90,455)
Law, order, public safety		(86,796)	(101,790)	(105,233)
Health		(96,972)	(128,987)	(131,781)
Education and welfare		(95,190)	(93,865)	(88,890)
Housing		(320,942)	(288,162)	(271,301)
Community amenities		(279,407)	(302,658)	(241,059)
Recreation and culture		(801,585)	(757,563)	(746,992)
Transport		(2,011,652)	(1,875,244)	(1,905,155)
Economic services		(381,412)	(376,106)	(326,317)
Other property and services		(112,772)	(53,284)	(85,279)
		<u>(4,646,708)</u>	<u>(4,501,852)</u>	<u>(4,342,002)</u>
Finance Costs				
Education and welfare	2(b)	(5,265)	(5,521)	(3,479)
Housing		(27,224)	(27,717)	(19,505)
Recreation and culture		(450)	(977)	(1,615)
Economic services		(6,215)	(5,455)	(4,588)
Other property and services		(8,035)	(10,455)	(12,089)
		<u>(47,189)</u>	<u>(50,125)</u>	<u>(41,276)</u>
		<u>(774,643)</u>	<u>(1,534,317)</u>	<u>(619,117)</u>
Non-operating grants, subsidies and contributions	2(a)	1,407,362	2,311,219	1,250,684
Profit on disposal of assets	11(a)	9,330	10,500	13,360
(Loss) on disposal of assets	11(a)	(18,000)	(2,800)	(67,500)
Fair value adjustments to financial assets at fair value through profit or loss		1,939	0	865
		<u>1,400,631</u>	<u>2,318,919</u>	<u>1,197,409</u>
Net result for the period		625,988	784,602	578,292
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		625,988	784,602	578,292

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



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

	NOTE	2021	2020
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	1,585,316	933,278
Trade and other receivables	6	63,904	154,514
Other financial assets	5(a)	509,433	484,209
Inventories	7	85,942	950
Other assets	8	16,809	21,762
TOTAL CURRENT ASSETS		2,261,404	1,594,713
NON-CURRENT ASSETS			
Trade and other receivables	6	713	713
Other financial assets	5(b)	55,355	53,416
Inventories	7	294,614	365,614
Property, plant and equipment	9	14,504,734	14,293,678
Infrastructure	10	54,643,256	54,594,476
Right-of-use assets	12(a)	3,090	12,260
TOTAL NON-CURRENT ASSETS		69,501,762	69,320,157
TOTAL ASSETS		71,763,166	70,914,870
CURRENT LIABILITIES			
Trade and other payables	14	348,409	343,615
Other liabilities	15	310,606	52,438
Lease liabilities	16(a)	3,288	9,402
Borrowings	17(a)	178,141	199,477
Employee related provisions	18	155,425	102,029
TOTAL CURRENT LIABILITIES		995,869	706,961
NON-CURRENT LIABILITIES			
Lease liabilities	16(a)	0	3,288
Borrowings	17(a)	1,239,277	1,300,988
Employee related provisions	18	31,703	33,304
TOTAL NON-CURRENT LIABILITIES		1,270,980	1,337,580
TOTAL LIABILITIES		2,266,849	2,044,541
NET ASSETS		69,496,317	68,870,329
EQUITY			
Retained surplus		45,342,080	44,758,867
Reserves - cash/financial asset backed	4	529,942	487,167
Revaluation surplus	13	23,624,295	23,624,295
TOTAL EQUITY		69,496,317	68,870,329

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



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

	NOTE	RETAINED SURPLUS	RESERVES CASH/FINANCIAL ASSET BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2019		44,054,329	613,413	23,624,295	68,292,037
Comprehensive income					
Net result for the period		578,292	0	0	578,292
Total comprehensive income		578,292	0	0	578,292
Transfers from reserves	4	314,300	(314,300)	0	0
Transfers to reserves	4	(188,054)	188,054	0	0
Balance as at 30 June 2020		44,758,867	487,167	23,624,295	68,870,329
Comprehensive income					
Net result for the period		625,988	0	0	625,988
Total comprehensive income		625,988	0	0	625,988
Transfers from reserves	4	94,500	(94,500)	0	0
Transfers to reserves	4	(137,275)	137,275	0	0
Balance as at 30 June 2021		45,342,080	529,942	23,624,295	69,496,317

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

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,269,174	1,239,453	1,240,135
Operating grants, subsidies and contributions		1,944,139	954,002	1,857,741
Fees and charges		612,009	624,385	546,656
Interest received		15,975	33,500	34,978
Goods and services tax received		286,514	326,907	306,032
Other revenue		118,084	61,022	84,076
		4,245,895	3,239,269	4,069,618
Payments				
Employee costs		(1,349,062)	(1,305,916)	(1,142,276)
Materials and contracts		(1,040,932)	(1,051,134)	(995,295)
Utility charges		(209,247)	(269,619)	(244,331)
Interest expenses		(54,091)	(50,125)	(41,276)
Insurance paid		(126,064)	(124,855)	(113,804)
Goods and services tax paid		(327,269)	(326,907)	(326,907)
Other expenditure		(92,981)	(102,653)	(86,867)
		(3,199,646)	(3,231,209)	(2,950,756)
Net cash provided by (used in) operating activities	19	1,046,249	8,060	1,118,862
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for financial assets at amortised cost		(25,224)	0	0
Payments for purchase of property, plant & equipment	9(a)	(643,146)	(778,284)	(2,471,384)
Payments for construction of infrastructure	10(a)	(1,487,960)	(2,494,485)	(1,419,755)
Non-operating grants, subsidies and contributions	19	1,708,523	2,311,219	1,250,684
Proceeds from financial assets at amortised cost - term deposits		0	0	122,291
Proceeds from sale of property, plant & equipment	11(a)	146,045	247,910	260,189
Proceeds from sale of inventories		0	0	70,000
Net cash provided by (used in) investment activities		(301,762)	(713,640)	(2,187,975)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(203,047)	(203,007)	(165,591)
Payments for principal portion of lease liabilities	16(b)	(9,402)	(9,027)	(8,764)
Proceeds from new borrowings	17(b)	120,000	120,000	960,000
Net cash provided by (used in) financing activities		(92,449)	(92,034)	785,645
Net increase (decrease) in cash held		652,038	(797,614)	(283,468)
Cash at beginning of year		933,278	1,425,534	1,216,746
Cash and cash equivalents at the end of the year	19	1,585,316	627,920	933,278

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

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	27 (b)	711,493	702,248	1,053,852
		711,493	702,248	1,053,852
Revenue from operating activities (excluding rates)				
General purpose funding		1,743,523	857,267	1,734,631
Law, order, public safety		23,246	27,771	14,007
Health		7,447	34,300	25,629
Education and welfare		11,479	8,082	12,313
Housing		246,366	265,593	182,756
Community amenities		110,632	128,221	89,591
Recreation and culture		43,744	30,446	29,293
Transport		160,120	160,275	154,030
Economic services		253,607	235,353	223,442
Other property and services		106,797	57,241	79,483
		2,706,961	1,804,549	2,545,175
Expenditure from operating activities				
Governance		(367,243)	(415,058)	(349,540)
General purpose funding		(92,737)	(109,135)	(90,455)
Law, order, public safety		(86,796)	(101,790)	(105,233)
Health		(96,972)	(128,987)	(131,781)
Education and welfare		(100,455)	(99,386)	(154,369)
Housing		(366,166)	(315,879)	(290,806)
Community amenities		(279,407)	(302,658)	(241,059)
Recreation and culture		(802,035)	(758,540)	(749,107)
Transport		(2,011,652)	(1,878,044)	(1,905,155)
Economic services		(387,627)	(381,561)	(330,905)
Other property and services		(120,807)	(63,739)	(102,368)
		(4,711,897)	(4,554,777)	(4,450,778)
Non-cash amounts excluded from operating activities	27(a)	1,772,074	1,649,480	1,728,408
Amount attributable to operating activities		478,631	(398,500)	876,657
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	1,407,362	2,311,219	1,250,684
Proceeds from disposal of assets	11(a)	146,045	247,910	260,189
Proceeds from sale of inventories		0	0	70,000
Purchase of property, plant and equipment	9(a)	(643,146)	(778,284)	(2,471,384)
Purchase and construction of infrastructure	10(a)	(1,487,960)	(2,494,485)	(1,419,755)
Amount attributable to investing activities		(577,699)	(713,640)	(2,310,266)
FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(203,047)	(203,007)	(165,591)
Proceeds from borrowings	17(c)	120,000	120,000	960,000
Payments for principal portion of lease liabilities	16(b)	(9,402)	(9,027)	(8,764)
Transfers to reserves (restricted assets)	4	(137,275)	(130,910)	(188,054)
Transfers from reserves (restricted assets)	4	94,500	111,473	314,300
Amount attributable to financing activities		(135,224)	(111,471)	911,891
Surplus/(deficit) before imposition of general rates		(234,292)	(1,223,611)	(521,718)
Total amount raised from general rates	26(a)	1,223,562	1,223,611	1,233,211
Surplus/(deficit) after imposition of general rates	27(b)	989,270	0	711,493

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

SHIRE OF MUKINBUDIN
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FOR THE YEAR ENDED 30 JUNE 2021

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

1. BASIS OF PREPARATION

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

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

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of financial position appears at notes 20 to these financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

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

The impact of adoption of these standards is described at Note 30.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

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

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions			
General purpose funding	1,699,244	798,730	1,663,263
Law, order, public safety	16,168	18,971	5,060
Health	7,239	33,800	25,995
Education and welfare	0	1,092	1,372
Community amenities	46,207	63,616	8,240
Recreation and culture	15,021	0	4,254
Transport	131,975	131,975	128,984
Economic services	319	1,000	0
Other property and services	11,970	8,091	10,205
	1,928,143	1,057,275	1,847,373
Non-operating grants, subsidies and contributions			
Law, order, public safety	90,284	100,000	0
Health	40,909	40,910	13,636
Education and welfare	189,214	218,376	458,138
Recreation and culture	135,687	363,585	48,607
Transport	897,483	1,578,348	730,303
Economic services	41,685	10,000	0
Other property and services	12,100	0	0
	1,407,362	2,311,219	1,250,684
Total grants, subsidies and contributions	3,335,505	3,368,494	3,098,057
Fees and charges			
General purpose funding	8,683	7,220	17,256
Law, order, public safety	2,958	4,600	4,154
Health	0	500	0
Education and welfare	4,785	5,450	5,256
Housing	300,677	320,968	232,454
Community amenities	62,018	64,605	81,351
Recreation and culture	28,293	29,414	24,014
Transport	409	300	273
Economic services	196,242	178,878	169,577
Other property and services	11,558	12,450	12,321
	615,623	624,385	546,656

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

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions	96,924	126,570	55,126
Fees and charges	613,147	618,585	538,003
Other revenue	62,068	52,100	62,912
Non-operating grants, subsidies and contributions	1,407,362	2,311,219	1,250,684
	<u>2,179,501</u>	<u>3,108,474</u>	<u>1,906,725</u>

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

Revenue from contracts with customers included as a contract liability at the start of the period	52,438	0	24,773
Revenue from contracts with customers recognised during the year	719,701	797,255	631,268
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	1,407,362	2,311,219	1,250,684
	<u>2,179,501</u>	<u>3,108,474</u>	<u>1,906,725</u>

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

Trade and other receivables from contracts with customers	8,731		67,720
Contract liabilities from contracts with customers	(9,445)		(52,438)
Financial assets held from transfers for recognisable financial assets	301,161		0
Grant liabilities from transfers for recognisable non financial assets	(301,161)		0

Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'. Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met. Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less. Consideration from contracts with customers is included in the transaction price. Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

General rates	1,223,562	1,223,611	1,233,211
Statutory permits and licences	1,776	5,300	7,579
Fines	700	500	1,074
	<u>1,226,038</u>	<u>1,229,411</u>	<u>1,241,864</u>

Other revenue

Reimbursements and recoveries	56,016	8,922	21,164
Other	62,068	52,100	62,912
	<u>118,084</u>	<u>61,022</u>	<u>84,076</u>

Interest earnings

Interest on reserve funds	5,229	12,500	13,053
Rates instalment and penalty interest (refer Note 26(c))	5,041	7,700	8,105
Other interest earnings	5,705	13,300	13,820
	<u>15,975</u>	<u>33,500</u>	<u>34,978</u>

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 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(b) Expenses	Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
Auditors remuneration				
- Audit of the Annual Financial Report		38,800	38,000	38,000
- Other services		2,450	1,800	1,841
		41,250	39,800	39,841
Interest expenses (finance costs)				
Borrowings	17(b)	46,996	48,745	40,411
Lease liabilities	16(b)	193	1,380	865
		47,189	50,125	41,276
Other expenditure				
Impairment loss on trade and other receivables from contracts with customers		(3,614)	0	5,171
Sundry expenses		96,595	102,653	81,696
		92,981	102,653	86,867

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	On receipt of funds	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	None except in special circumstances	Adopted by council annually	On receipt of funds	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Construction supplies	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

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

3. CASH AND CASH EQUIVALENTS

NOTE	2021	2020
	\$	\$
Cash at bank and on hand	1,585,316	933,278
Total cash and cash equivalents	1,585,316	933,278
Restrictions		
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:		
- Cash and cash equivalents	347,372	80,066
- Financial assets at amortised cost	509,433	484,209
	856,805	564,275

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

Reserves - cash/financial asset backed	4	529,942	487,167
Contract liabilities from contracts with customers	15	9,445	52,438
Grants for transfers for recognisable non financial assets	15	301,161	0
Bonds and deposits held	14	16,257	24,670
Total restricted assets		856,805	564,275

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

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

4. RESERVES - CASH/FINANCIAL
ASSET BACKED

	2021 Actual		2021 Actual		2021 Budget		2021 Budget		2020 Actual		2020 Actual	
	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance
(a) Leave reserve	\$ 141,755	\$ 1,493	\$ 0	\$ 143,248	\$ 141,755	\$ 3,620	\$ (16,973)	\$ 128,402	\$ 138,718	\$ 3,037	\$ 0	\$ 141,755
(b) Plant Reserve	36,989	57,890	(94,500)	379	36,989	58,500	(94,500)	989	237,789	89,500	(290,300)	36,989
(c) Building & Residential Land Reserve	137,583	55,995	0	193,578	137,583	44,410	0	181,993	89,365	72,218	(24,000)	137,583
(d) Senior Housing Reserve	20,862	219	0	21,081	20,862	500	0	21,362	20,415	447	0	20,862
(e) Swimming Pool Reserve	118,186	21,343	0	139,529	118,186	23,000	0	141,186	96,016	22,170	0	118,186
(f) Roadworks Reserve	31,792	335	0	32,127	31,792	880	0	32,672	31,110	682	0	31,792
	487,167	137,275	(94,500)	529,942	487,167	130,910	(111,473)	506,604	613,413	188,054	(314,300)	487,167

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

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

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

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

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Term deposits

(b) Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

Units in Local Government House Trust

	2021	2020
	\$	\$
	509,433	484,209
	509,433	484,209
	509,433	484,209
	509,433	484,209
	55,355	53,416
	55,355	53,416
	55,355	53,416
	55,355	53,416

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 28.

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

6. TRADE AND OTHER RECEIVABLES

Current

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

Non-current

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

	2021	2020
	\$	\$
	31,281	57,821
	8,731	67,720
	25,449	34,144
	(1,557)	(5,171)
	<u>63,904</u>	<u>154,514</u>
	713	713
	<u>713</u>	<u>713</u>

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 28.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

SHIRE OF MUKINBUDIN
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FOR THE YEAR ENDED 30 JUNE 2021

7. INVENTORIES

Current

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

Non-current

Land held for resale - cost
 Cost of acquisition

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year
 Transfer to freehold land (note 9(a))
 Disposal of land held for resale (note 11(a))
 Additions to inventory

Balance at end of year

	2021	2020
	\$	\$
	14,942	950
	71,000	0
	85,942	950
	294,614	365,614
	294,614	365,614
	366,564	502,628
	0	(1,064)
	0	(60,000)
	0	(75,000)
	13,992	0
	380,556	366,564

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

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

Land held for resale (Continued)

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

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

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

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

8. OTHER ASSETS

Other assets - current

Prepayments
Accrued income

	2021	2020
	\$	\$
Prepayments	8,419	16,951
Accrued income	8,390	4,811
	16,809	21,762

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

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

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - non- specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Work in progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	1,038,666	2,308,282	7,653,524	11,000,472	58,620	1,255,473	12,717	12,327,282
Additions	0	24,938	136,084	161,022	36,247	561,140	1,712,975	2,471,384
(Disposals)	(62,000)	0	0	(62,000)	0	(247,329)	0	(309,329)
Depreciation (expense)	0	(28,495)	(81,818)	(110,313)	(13,057)	(132,289)	0	(255,659)
Transfers (note 7)	60,000	0	0	60,000	0	0	0	60,000
Balance at 30 June 2020	1,036,666	2,304,725	7,707,790	11,049,181	81,810	1,436,995	1,725,692	14,293,678
Comprises:								
Gross balance amount at 30 June 2020	1,036,666	2,383,242	7,949,581	11,369,489	117,987	1,989,387	1,725,692	15,202,555
Accumulated depreciation at 30 June 2020	0	(78,517)	(241,791)	(320,308)	(36,177)	(552,392)	0	(908,877)
Balance at 30 June 2020	1,036,666	2,304,725	7,707,790	11,049,181	81,810	1,436,995	1,725,692	14,293,678
Additions	13,636	968,855	1,122,455	2,104,946	0	261,393	(1,723,193)	643,146
(Disposals)	(33,636)	0	(40,859)	(74,495)	0	(80,220)	0	(154,715)
Depreciation (expense)	0	(37,608)	(93,913)	(131,521)	(13,684)	(132,170)	0	(277,375)
Balance at 30 June 2021	1,016,666	3,235,972	8,695,473	12,948,111	68,126	1,485,998	2,499	14,504,734
Comprises:								
Gross balance amount at 30 June 2021	1,016,666	3,352,097	9,031,128	13,399,891	117,987	2,157,736	2,499	15,678,113
Accumulated depreciation at 30 June 2021	0	(116,125)	(335,655)	(451,780)	(49,861)	(671,738)	0	(1,173,379)
Balance at 30 June 2021	1,016,666	3,235,972	8,695,473	12,948,111	68,126	1,485,998	2,499	14,504,734

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

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

(i) Fair Value	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
	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

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

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

(ii) Cost

Furniture and equipment

Cost Purchase cost

Plant and equipment

Cost Purchase cost

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

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

10. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - parks & ovals	Infrastructure - other	Work in progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	49,264,054	965,297	829,691	3,498,899	0	54,557,941
Additions	1,326,327	51,540	5,995	35,893	0	1,419,755
Depreciation (expense)	(1,225,298)	(33,351)	(29,282)	(95,289)	0	(1,383,220)
Balance at 30 June 2020	49,365,083	983,486	806,404	3,439,503	0	54,594,476
Comprises:						
Gross balance at 30 June 2020	73,064,320	1,709,865	1,352,122	4,770,841	0	80,897,148
Accumulated depreciation at 30 June 2020	(23,699,237)	(726,379)	(545,718)	(1,331,338)	0	(26,302,672)
Balance at 30 June 2020	49,365,083	983,486	806,404	3,439,503	0	54,594,476
Additions	1,249,333	62,795	0	174,603	1,229	1,487,960
Depreciation (expense)	(1,276,571)	(34,387)	(31,646)	(96,576)	0	(1,439,180)
Balance at 30 June 2021	49,337,845	1,011,894	774,758	3,517,530	1,229	54,643,256
Comprises:						
Gross balance at 30 June 2021	74,313,653	1,772,660	1,352,122	4,945,444	1,229	82,385,108
Accumulated depreciation at 30 June 2021	(24,975,808)	(760,766)	(577,364)	(1,427,914)	0	(27,741,852)
Balance at 30 June 2021	49,337,845	1,011,894	774,758	3,517,530	1,229	54,643,256

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

10. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	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

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

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

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

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

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

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

In accordance with the then *Local Government (Financial Management) Regulation 16(a)(ii)*, the shire was previously required to include as an asset (by 30 June 2013), vested 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.

Land under roads prior to 1 July 2019

In Western Australia, most 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 then *Local Government (Financial Management) Regulation 16(a)(i)* which arbitrarily prohibited local governments from recognising such land as an asset. This regulation has now been deleted.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then *Local Government (Financial Management) Regulation 16(a)(i)* prohibited 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 was not included as an asset of the Shire.

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

Refer to Note 12 that details the significant accounting policies applying to leases (including right-of-use assets).

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

11. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Land held for resale	0	0	0	0	0	0	0	0	75,000	70,000	0	(5,000)
Land - freehold land	33,636	15,636	0	(18,000)	0	0	0	0	62,000	0	0	(62,000)
Buildings - specialised	40,859	40,909	50	0	40,910	40,910	0	0	0	0	0	0
Plant and equipment	80,220	89,500	9,280	0	199,300	207,000	10,500	(2,800)	247,329	260,189	13,360	(500)
	154,715	146,045	9,330	(18,000)	240,210	247,910	10,500	(2,800)	384,329	330,189	13,360	(67,500)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
Plant and Equipment				
Transport				
Isuzu D-Max 4x2 Crew Cab	16,925	17,318	393	0
Komatsu WB97R- Backhoe	4,500	13,091	8,591	0
Other property and services				
Toyota Prado DSL Wagon	58,795	59,091	296	0
	80,220	89,500	9,280	0
Land				
Health				
Land - Old Nursing Post	13,636	13,636	0	0
Housing				
Land - Lot 90 (51) Maddock St	20,000	2,000	0	(18,000)
	33,636	15,636	0	(18,000)
Buildings				
Health				
Building - Old Nursing Post	40,859	40,909	50	0
	40,859	40,909	50	0
	154,715	146,045	9,330	(18,000)

(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 in the table below.

	2021	2020
	\$	\$
Buildings - specialised	88,800	44,875
	88,800	44,875

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11. FIXED ASSETS

(c) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	37,608	28,652	28,495
Buildings - specialised	93,913	82,270	81,818
Furniture and equipment	13,684	22,374	13,057
Plant and equipment	132,170	133,020	132,289
Infrastructure - roads	1,276,571	1,232,069	1,225,298
Infrastructure - footpaths	34,387	33,535	33,351
Infrastructure - parks & ovals	31,646	29,444	29,282
Infrastructure - other	96,576	95,816	95,289
Right-of-use assets - furniture and equipment	9,170	0	9,194
	1,725,725	1,657,180	1,648,073

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings	13 to 71 years
Furniture and equipment	3 to 15 years
Plant and equipment	3 to 34 years
Land	Not depreciated
Road Subgrades/Formation	Not depreciated
Pavement Structure	16 to 120 years
Surface Structure	16 to 50 years
Other Infrastructure	17 to 59 years
Drainage	40 to 100 years
Footpath	30 to 90 years
Signs	10 to 28 years
Surface Water Channels	12 to 100 years
Right of use (furniture and equipment)	Based on the remaining lease

Typical Useful Lives can vary significantly from asset to asset in the same class. This depends upon both the construction material and the condition asset.

Depreciation on revaluation

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

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

Impairment

All intangible assets with a finite useful life are analysed

Impairment of assets held for use

The residual value of intangible assets is considered at each year and the useful life and amortisation method are reviewed at that time and if applicable, adjusted.

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

12. LEASES

(a) Right-of-Use Assets

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

	Right-of-use assets - furniture and equipment \$	Right-of-use assets Total
Balance at 1 July 2019	21,454	21,454
Depreciation (expense)	(9,194)	(9,194)
Balance at 30 June 2020	12,260	12,260
Depreciation (expense)	(9,170)	(9,170)
Balance at 30 June 2021	3,090	3,090

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

	2021 Actual \$	2020 Actual \$
Depreciation expense on lease liabilities	(9,170)	(9,194)
Interest expense on lease liabilities	(193)	(865)
Total amount recognised in the statement of comprehensive income	(9,363)	(10,059)
Total cash outflow from leases	(9,595)	(9,629)

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

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

Leases for right-of-use assets are secured over the asset being leased.

Right-of-use assets - valuation

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

Refer to Note 11 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

SHIRE OF MUKINBUDIN
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12. LEASES (CONTINUED)

(b) Property, Plant and Equipment Subject to Lease

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Less than 1 year	138,613	0	125,112
1 to 2 years	124,280	0	138,613
2 to 3 years	127,425	0	124,280
3 to 4 years	114,241	0	127,425
4 to 5 years	117,385	0	114,241
> 5 years	464,173	0	581,558
	1,086,117	0	1,211,229

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

Peppercorn Leases

The following peppercorn leases are excluded from the above figures.

- Parts of Lot 204 Bent Street are leased to 3 local businesses for business purposes at \$1 per year for 10 years.
- 9 White Street is leased for use as an early learning centre at \$0 per year for 5 years with a further term of 5 years

SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

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

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

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

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

SHIRE OF MUKINBUDIN
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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13. REVALUATION SURPLUS

	2021		2021		2021		2020		2020		2020		2020		
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Revaluation Movement on Revaluation	Closing Balance	Opening Balance	Change in Accounting Policy	Revaluation Increment	Revaluation (Decrement)	Total Revaluation Movement on Revaluation	Closing Balance	Revaluation Increment	Revaluation (Decrement)	Total Revaluation Movement on Revaluation	Closing Balance
Revaluation surplus - Land	\$ 505,900	\$ 0	\$ 0	\$ 0	\$ 505,900	\$ 701,977	\$ (196,077)	\$ 0	\$ 0	\$ 0	\$ 505,900	\$ 0	\$ 0	\$ 0	\$ 505,900
Revaluation surplus - Buildings	5,243,351	0	0	0	5,243,351	5,243,351	0	0	0	0	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	0	403,380	0	0	0	403,380
Revaluation surplus - Infrastructure - roads	13,795,995	0	0	0	13,795,995	13,795,995	0	0	0	0	13,795,995	0	0	0	13,795,995
Revaluation surplus - Infrastructure - footpaths	424,751	0	0	0	424,751	424,751	0	0	0	0	424,751	0	0	0	424,751
Revaluation surplus - Infrastructure - parks & ovals	773,737	0	0	0	773,737	773,737	0	0	0	0	773,737	0	0	0	773,737
Revaluation surplus - Infrastructure - other	2,477,181	0	0	0	2,477,181	2,477,181	0	0	0	0	2,477,181	0	0	0	2,477,181
	23,624,295	0	0	0	23,624,295	23,820,372	(196,077)	0	0	0	23,624,295	0	0	0	23,624,295

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

SHIRE OF MUKINBUDIN
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FOR THE YEAR ENDED 30 JUNE 2021

14. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued salaries and wages
 ATO liabilities
 Bonds and deposits held
 Accrued interest on borrowings
 Accrued expenditure
 Income received in advance

	2021	2020
	\$	\$
	198,491	103,020
	10,615	9,410
	22,536	18,017
	42,713	84,502
	16,257	24,670
	5,388	12,290
	21,109	10,137
	31,300	81,569
	348,409	343,615

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

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

Prepaid rates

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

15. OTHER LIABILITIES

Current

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

2021	2020
\$	\$
9,445	52,438
301,161	0
310,606	52,438

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

Less than 1 year

Contract liabilities	Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
\$	\$
9,445	301,161
9,445	301,161

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

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

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

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

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

**SHIRE OF MUKINBUDIN
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17. INFORMATION ON BORROWINGS

	2021	2020
(a) Borrowings	\$	\$
Current	178,141	199,477
Non-current	1,239,277	1,300,988
	1,417,418	1,500,465

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2021		30 June 2021		30 June 2021		30 June 2021		30 June 2021		30 June 2020		30 June 2020		30 June 2020	
				Actual Principal	Actual Interest	Budget Principal	Budget Interest	Actual Principal	Actual Interest	Budget Principal	Budget Interest	Actual Principal	Actual Interest	Budget Principal	Budget Interest	Actual Principal	Actual Interest	Budget Principal	Budget Interest
Education and welfare																			
CRC	109	WATC*	5.85%	7,249	(7,249)	0	(7,249)	0	(7,249)	0	(7,249)	0	(7,249)	0	(7,249)	0	(7,249)	0	(7,249)
Child Care Centre	125	WATC*	1.96%	194,233	(11,704)	0	(11,704)	0	(11,704)	0	(11,704)	0	(11,704)	0	(11,704)	0	(11,704)	0	(11,704)
Housing																			
8 Gimlett Way	124	WATC*	3.02%	225,790	(7,920)	0	(23,676)	0	(23,676)	0	(23,676)	0	(23,676)	0	(23,676)	0	(23,676)	0	(23,676)
GROH Houses	126	WATC*	1.96%	738,085	(19,304)	0	(44,476)	0	(44,476)	0	(44,476)	0	(44,476)	0	(44,476)	0	(44,476)	0	(44,476)
Recreation and culture																			
Bowling Club	108	WATC*	5.85%	17,686	(450)	0	(17,686)	0	(17,686)	0	(17,686)	0	(17,686)	0	(17,686)	0	(17,686)	0	(17,686)
Economic services																			
Mukinbudin Cafe	119	WATC*	5.19%	73,055	(4,067)	0	(8,903)	0	(8,903)	0	(8,903)	0	(8,903)	0	(8,903)	0	(8,903)	0	(8,903)
Caravan Park House, 22 Earl Drive	127	WATC*	1.70%	0	(2,148)	120,000	(3,570)	0	(3,570)	120,000	(3,570)	0	(3,570)	0	(3,570)	0	(3,570)	0	(3,570)
Other property and services																			
Vibe Roller MBL 1677	118	WATC*	5.09%	25,313	(998)	0	(16,662)	0	(16,662)	0	(16,662)	0	(16,662)	0	(16,662)	0	(16,662)	0	(16,662)
Skid Steer MBL 1724	120	WATC*	4.57%	30,472	(1,353)	0	(7,109)	0	(7,109)	0	(7,109)	0	(7,109)	0	(7,109)	0	(7,109)	0	(7,109)
Grader MBL 95	121	WATC*	2.78%	113,510	(2,871)	0	(36,797)	0	(36,797)	0	(36,797)	0	(36,797)	0	(36,797)	0	(36,797)	0	(36,797)
Roller MBL 811	122	WATC*	2.78%	61,763	(1,965)	0	(20,022)	0	(20,022)	0	(20,022)	0	(20,022)	0	(20,022)	0	(20,022)	0	(20,022)
Tractor MBL 244	123	WATC*	3.32%	13,308	(655)	0	(5,192)	0	(5,192)	0	(5,192)	0	(5,192)	0	(5,192)	0	(5,192)	0	(5,192)
				1,500,465	(46,996)	120,000	(203,047)	0	(203,047)	120,000	(203,047)	0	(203,047)	0	(203,047)	0	(203,047)	0	(203,047)
				1,500,464	1,417,418	1,500,464	1,417,457	1,500,464	1,417,457	1,500,464	1,417,457	1,500,464	1,417,457	1,500,464	1,417,457	1,500,464	1,417,457	1,500,464	1,417,457

* WA Treasury Corporation

All loan repayments were financed by general purpose revenue.

SHIRE OF MUKINBUDIN
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17. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2020/21

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2021 Actual	2021 Budget	2021 Actual	2021 Budget		
Caravan Park House, 22 Earl Drive	WATC*	Debenture	15 Years	1.54%	120,000	120,000	120,000	120,000	14,895	0
* WA Treasury Corporation					120,000	120,000	120,000	120,000	14,895	0

(d) Undrawn Borrowing Facilities

	2021	2020
Credit Standby Arrangements	\$	\$
Bank overdraft limit	250,000	250,000
Bank overdraft at balance date	0	0
Credit card limit	5,000	5,000
Credit card balance at balance date	(2,988)	(1,219)
Total amount of credit unused	252,012	253,781
Loan facilities		
Loan facilities - current	178,141	199,477
Loan facilities - non-current	1,239,277	1,300,988
Lease liabilities - current	3,288	9,402
Lease liabilities - non-current	0	3,288
Total facilities in use at balance date	1,420,706	1,513,155
Unused loan facilities at balance date	NIL	NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 28.

18. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2020

Current provisions
 Non-current provisions

Additional provision
 Amounts used

Balance at 30 June 2021

Comprises

Current
 Non-current

Amounts are expected to be settled on the following basis:

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

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2020			
Current provisions	64,105	37,924	102,029
Non-current provisions	0	33,304	33,304
	64,105	71,228	135,333
Additional provision	133,973	24,168	158,141
Amounts used	(98,362)	(7,984)	(106,346)
Balance at 30 June 2021	99,716	87,412	187,128
Comprises			
Current	99,716	55,709	155,425
Non-current	0	31,703	31,703
	99,716	87,412	187,128
	2021	2020	
	\$	\$	
Less than 12 months after the reporting date	80,247	69,364	
More than 12 months from reporting date	144,384	89,185	
Expected reimbursements from other WA local governments	(37,503)	(23,216)	
	187,128	135,333	

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.

19. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	1,585,316	627,920	933,278
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	625,988	784,602	578,292
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(1,939)	0	(865)
Depreciation on non-current assets	1,725,725	1,657,180	1,648,073
(Profit)/loss on sale of asset	8,670	(7,700)	54,140
Changes in assets and liabilities:			
(Increase)/decrease in receivables	90,610	(3,045)	(33,938)
(Increase)/decrease in other assets	4,953	0	(13,622)
(Increase)/decrease in inventories	(13,992)	(555)	1,064
Increase/(decrease) in payables	4,794	(8,950)	83,107
Increase/(decrease) in employee provisions	51,795	0	26,907
Increase/(decrease) in other liabilities	258,168	(102,253)	26,388
Non-operating grants, subsidies and contributions	(1,708,523)	(2,311,219)	(1,250,684)
Net cash from operating activities	1,046,249	8,060	1,118,862

SHIRE OF MUKINBUDIN
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20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	5,476	6,092
General purpose funding	87,349	102,540
Law, order, public safety	401,019	424,000
Education and welfare	1,793,201	1,684,589
Housing	3,657,524	3,755,937
Community amenities	106,020	97,479
Recreation and culture	8,365,006	8,379,438
Transport	50,732,689	50,783,619
Economic services	2,252,810	1,928,369
Other property and services	2,602,086	2,540,150
Unallocated	1,759,986	1,212,657
	<u>71,763,166</u>	<u>70,914,870</u>

21. CONTINGENT LIABILITIES AND ASSETS

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

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

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

The Shire does not have any contingent assets to report as at 30 June 2021.

22. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

	2021	2020
	\$	\$
	105,805	85,216
	61,985	0
	167,790	85,216
Payable:		
- not later than one year	167,790	85,216

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

The capital expenditure projects outstanding at the end of the previous reporting period represent the construction of an Early Childhood Centre \$49,976, the construction of staff housing at 12 Gimlett Way \$13,798 and the construction of staff housing at 4 Earl Drive \$21,442.

(b) Operating Lease Commitments

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

Payable:

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

	2021	2020
	\$	\$
	1,020	1,020
	170	1,190
	1,190	2,210

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Leases (Continued)

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

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

SHIRE OF MUKINBUDIN
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23. ELECTED MEMBERS REMUNERATION

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Elected member - Gary Shadbolt			
President's annual allowance	10,000	10,000	10,000
Meeting attendance fees	3,589	3,589	3,589
Annual allowance for ICT expenses	500	500	450
Travel and accommodation expenses	0	500	226
	14,089	14,589	14,265
Elected member - Rodney Comerford			
Deputy President's annual allowance	2,500	2,500	1,818
Meeting attendance fees	3,589	3,589	3,589
Annual allowance for ICT expenses	500	500	450
Travel and accommodation expenses	0	500	792
	6,589	7,089	6,649
Elected member - Sandra Ventris			
Deputy President's annual allowance	0	0	682
Meeting attendance fees	3,589	3,589	3,589
Annual allowance for ICT expenses	500	500	450
Travel and accommodation expenses	328	500	339
	4,417	4,589	4,378
Elected member - Romina Nicoiletti			
Meeting attendance fees	3,589	3,589	3,589
Annual allowance for ICT expenses	500	500	450
Travel and accommodation expenses	1,501	500	1,697
	5,590	4,589	5,736
Elected member - Geoffrey Bent			
Meeting attendance fees	3,589	3,589	2,393
Annual allowance for ICT expenses	500	500	299
Travel and accommodation expenses	655	500	604
	4,744	4,589	3,296
Elected member - Stephen Paterson			
Meeting attendance fees	3,589	3,589	3,589
Annual allowance for ICT expenses	500	500	262
Travel and accommodation expenses	0	500	0
	4,089	4,589	3,851
Elected member - Jeffery Seaby			
Meeting attendance fees	3,589	3,589	3,589
Annual allowance for ICT expenses	500	500	262
Travel and accommodation expenses	0	500	0
	4,089	4,589	3,851
Elected member - Ashley Walker			
Meeting attendance fees	3,589	3,589	2,393
Annual allowance for ICT expenses	500	500	299
Travel and accommodation expenses	0	500	0
	4,089	4,589	2,692
Elected member - Callum McGlashan			
Meeting attendance fees	3,589	3,589	2,392
Annual allowance for ICT expenses	500	500	299
Travel and accommodation expenses	0	500	105
	4,089	4,589	2,796
	51,785	53,801	48,196
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's annual allowance	10,000	10,000	10,000
Deputy President's annual allowance	2,500	2,500	2,500
Meeting attendance fees	32,301	32,301	28,712
Annual allowance for ICT expenses	4,500	4,500	3,221
Travel and accommodation expenses	2,484	4,500	3,763
	51,785	53,801	48,196

SHIRE OF MUKINBUDIN
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24. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Shire during the year are as follows:	2021 Actual	2020 Actual
	<u>\$</u>	<u>\$</u>
Short-term employee benefits	569,032	459,590
Post-employment benefits	67,241	56,481
Other long-term benefits	13,445	39,803
	<u>649,718</u>	<u>555,874</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

SHIRE OF MUKINBUDIN
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24. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

The following transactions occurred with related parties:	2021 Actual \$	2020 Actual \$
Sale of goods and services		
- Close Family members and entities controlled or jointly controlled by the Key Management Personnel	19,366	22,555
- Entities subject to significant influence by the Shire	2,745	3,902
Purchase of goods and services		
- Close Family members and entities controlled or jointly controlled by the Key Management Personnel	230,303	558,791
- Entities subject to significant influence by the Shire	3,045	50
Amounts outstanding from related parties:		
- Close Family members and entities controlled or jointly controlled by the Key Management Personnel	146	0
- Entities subject to significant influence by the Shire	545	0
Amounts payable to related parties:		
- Close Family members and entities controlled or jointly controlled by the Key Management Personnel	29,091	14,263

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

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

iii. Entities subject to significant influence by the Shire

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

25. 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.

Financial Activity

- Opening Balance	4,387	4,195
- Interest Earned	95	192
- Funds Utilised	0	0
- Closing Balance	<u>4,482</u>	<u>4,387</u>

Note: No funds were transferred to the Contingency Reserve in 2019/20 as no net Aged Housing profit from operations eventuated. No transfers to reserves were made during the 2020/21 period.

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
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Non-Specialised buildings at:

- Independent valuation 2017 - level 2	68,508	63,188
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Less: Accumulated Depreciation

	<u>(3,358)</u>	<u>(2,519)</u>
	<u>70,205</u>	<u>65,724</u>

25. JOINT ARRANGEMENTS (continued)

(a) Share of joint operations (Continued)

Lot 8 (42) Cruickshank Road

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

Council is required to set aside an amount of \$800 per Unit per annum from the net annual profit for the long term maintenance needs of the Joint arrangement Property.

Financial Activity

No financial activity has been reported in 2019/20 or 2020/21 as no funds are held in, or transferred to, the contingency Reserve as no profit from operations has 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

Non-Specialised buildings at:

- Independent valuation 2017 - level 2

Less: Accumulated Depreciation

2021

\$

2020

\$

4,758

4,758

79,697

74,217

(2,921)

(2,191)

81,534

76,784

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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 the profit or loss of the associate is included in the Shire's profit or loss.

Interests in joint arrangements (Continued)

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.

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

26. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Back Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Back Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
Residential	0.184236	150	1,105,684	203,707	3,592	(82)	207,217	203,707	0	0	203,707	207,670
Vacant	0.184236	1	16,000	2,948	0	0	2,948	2,948	0	0	2,948	3,159
Unimproved valuations												
Rural	0.022174	211	44,301,500	982,341	(44)	(419)	981,878	983,106	0	0	983,106	989,049
Mining	0.022174	0	0	0	115	54	169	0	2,000	500	2,500	0
Sub-Total		362	45,423,184	1,188,996	3,663	(447)	1,192,212	1,189,761	2,000	500	1,192,261	1,199,878
Minimum payment												
Gross rental valuations												
Residential	440	18	13,624	7,920	0	0	7,920	7,920	0	0	7,920	8,360
Vacant	440	7	2,221	3,080	0	0	3,080	3,080	0	0	3,080	2,200
Unimproved valuations												
Rural	550	32	289,600	17,600	0	0	17,600	17,600	0	0	17,600	17,600
Mining	550	5	39,780	2,750	0	0	2,750	2,750	0	0	2,750	5,173
Sub-Total		62	345,225	31,350	0	0	31,350	31,350	0	0	31,350	33,333
Total amount raised from general rate		424	45,768,409	1,220,346	3,663	(447)	1,223,562	1,221,111	2,000	500	1,223,611	1,233,211
Ex-gratia rates							17,867				17,867	17,867
Totals							1,241,429				1,241,478	1,251,078

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

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

26. RATING INFORMATION (Continued)

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

Rateing Incentive Scheme

Rate Incentive	Type	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$
Bendigo Bank Rates Incentive	Incentive	0.00%	\$ 250	\$ 250	\$ 250	\$ 250
				0	0	0

26. 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	29/09/2020			8.00%
Option Two				
First instalment	29/09/2020			8.00%
Second instalment	30/11/2020	15.00	5.50%	8.00%
Third instalment	1/02/2021	15.00	5.50%	8.00%
Fourth instalment	6/04/2021	15.00	5.50%	8.00%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	2,833	5,000	5,781
Interest on instalment plan	2,088	2,500	2,130
Charges on instalment plan	1,935	2,220	2,025
Interest on ESL non-payment penalty	120	200	194
	<u>6,976</u>	<u>9,920</u>	<u>10,130</u>

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

27. RATE SETTING STATEMENT INFORMATION

Note	2020/21	2020/21	2020/21	2019/20		
	(30 June 2021 Carried Forward)	Budget (30 June 2021 Carried Forward)	(1 July 2020 Brought Forward)	(30 June 2020 Carried Forward)		
	\$	\$	\$	\$		
(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)	(9,330)	(10,500)	(13,360)	(13,360)
	Less: Fair value adjustments to financial assets at fair value through profit and loss		(1,939)	0	(865)	(865)
	Movement in pensioner deferred rates (non-current)		0	0	153	153
	Movement in employee benefit provisions (non-current)		(1,601)	0	13,265	13,265
	Movement in employee benefit provisions (cash back)		41,219	0	13,642	13,642
	Add: Loss on disposal of assets	11(a)	18,000	2,800	67,500	67,500
	Add: Depreciation on non-current assets	11(c)	1,725,725	1,657,180	1,648,073	1,648,073
	Non cash amounts excluded from operating activities		1,772,074	1,649,480	1,728,408	1,728,408
(b) Surplus/(deficit) after imposition of general rates						
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.						
Adjustments to net current assets						
	Less: Reserves - cash/financial asset backed	4	(529,942)	(506,604)	(487,167)	(487,167)
	Less: Current assets not expected to be received at end of year					
	- Land held for resale	7	(71,000)	0	0	0
	Add: Current liabilities not expected to be cleared at end of year					
	- Current portion of borrowings	17(a)	178,141	116,845	199,477	199,477
	- Current portion of lease liabilities		3,288	0	9,402	9,402
	- Employee benefit provisions		143,248	88,387	102,029	102,029
	Total adjustments to net current assets		(276,265)	(301,372)	(176,259)	(176,259)
Net current assets used in the Rate Setting Statement						
	Total current assets		2,261,404	781,325	1,594,713	1,594,713
	Less: Total current liabilities		(995,869)	(479,953)	(706,961)	(706,961)
	Less: Total adjustments to net current assets		(276,265)	(301,372)	(176,259)	(176,259)
	Net current assets used in the Rate Setting Statement		989,270	0	711,493	711,493

28. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2021					
Cash and cash equivalents	0.49%	1,585,316	0	1,568,489	16,827
Financial assets at amortised cost - term deposits	0.30%	509,433	509,433	0	0
2020					
Cash and cash equivalents	0.63%	933,278	0	909,455	23,823
Financial assets at amortised cost - term deposits	1.35%	484,209	484,209	0	0

Sensitivity

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

	2021	2020
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	15,685	9,095

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 17(b).

28. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

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

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
Rates receivable					
Expected credit loss	0.16%	0.11%	17.87%	18.48%	
Gross carrying amount	7,797	15,822	6,018	2,357	31,994
Loss allowance	13	18	1,076	436	1,543
30 June 2020					
Rates receivable					
Expected credit loss	0.16%	0.00%	28.20%	45.19%	
Gross carrying amount	32,628	10,761	10,162	4,983	58,534
Loss allowance	53	0	2,866	2,252	5,171

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	4.15%	
Gross carrying amount	5,674	1,335	1,391	331	8,731
Loss allowance	0	0	0	14	14
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	66,956	378	386	0	67,720
Loss allowance	0	0	0	0	0

28. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 17(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 \$
2021					
Payables	348,409	0	0	348,409	348,409
Borrowings	210,667	585,847	804,400	1,600,914	1,417,418
Contract liabilities	9,445	0	0	9,445	9,445
Other liabilities	301,161	0	0	301,161	301,161
Lease liabilities	3,332	0	0	3,332	3,288
	873,014	585,847	804,400	2,263,261	2,079,721
2020					
Payables	343,615	0	0	343,615	343,615
Borrowings	236,770	634,396	836,125	1,707,291	1,500,465
Contract liabilities	52,438	0	0	52,438	52,438
Lease liabilities	9,996	3,332	0	13,328	12,690
	642,819	637,728	836,125	2,116,672	1,909,208

29. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

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

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

30. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 1059 Service Concession Arrangements: Grantors

Service concession assets are those where a third-party operator constructs assets for the Shire, upgrades existing assets of the Shire or uses existing assets of the Shire to operate and maintain the assets to provide a public services, for a specified period of time. Where, in these circumstances, the third-party operator provides a public service on behalf of the Shire and is deemed to manage at least some of the services under its own discretion, the assets are classified as service concession assets. Newly constructed or upgraded assets are measured at current replacement cost in accordance with the cost approach to fair value in AASB 13 *Fair Value Measurement*. In the case of existing assets, these are reclassified and treated in the same manner with the difference at the date of reclassification between the carrying amount of assets and their fair value (current replacement cost) being treated as if it is a revaluation of the asset.

Subsequent to initial recognition or reclassification, service concession assets are accounted for by depreciation or amortising in accordance with AASB 116 *Property, Plant and Equipment* or AASB 138 *Intangible Assets*. Where appropriate, any impairment is recognised in accordance with AASB 136 *Impairment of Assets*.

At the end of the term of any service concession arrangement, the Shire will reclassify the service concession based on its nature or function in accordance with the accounting standards and policies applicable to the relevant asset classification.

Where the Shire recognises a service concession asset in relation to a newly constructed or upgraded asset, it also recognises a liability. This liability is initially measured at the same amount as the service concession asset, adjusted by the amount of any other consideration provided by the Shire to the third-party operator or from the third-party operator to the Shire.

The Shire does not recognise a liability in the circumstances where an existing asset of the Shire is reclassified as a service concession asset except in circumstances where additional consideration is provided by the third-party operator.

Subsequent to initial recognition, the Shire accounts for the liability as an unearned portion of revenue arising from the exchange of assets with the third-party operator and reduces the liability according to the economic substance of the service concession arrangement.

The Shire adopted AASB 1059 Services Concession Arrangement: Grantors (issued December 2014) on 1 July 2020 resulting in changes to accounting policies. In accordance with the transition provisions of AASB 1059, the Shire adopted the new rules retrospectively by recognising and measuring service concession assets and related liabilities on 1 July 2020.

The review conducted identified no service concession arrangements applicable to the Shire's activities and as such no adjustments have been recognised in the statement of financial position at the of initial application (1 July 2020).

SHIRE OF MUKINBUDIN

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

31. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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

32. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.</p>	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.
<p>GENERAL PURPOSE FUNDING To provide a decision making process for the efficient allocation of scarce resources.</p>	Rates, general purpose government grants and interest revenue.
<p>LAW, ORDER, PUBLIC SAFETY To provide services to ensure a safer community.</p>	Supervision of various by-laws, fire prevention, emergency services and animal control.
<p>HEALTH To provide an operational framework for good community health.</p>	Food quality and pest control, immunisation services, inspection of abattoir and operation of child health clinic.
<p>EDUCATION AND WELFARE To provide appropriate care to the aged and disabled.</p>	Provision of Home and Community Care, maintenance to playgroup and community resource centre buildings.
<p>HOUSING To provide adequate staff and community housing.</p>	Maintenance of Staff and community housing, collection of various rents.
<p>COMMUNITY AMENITIES Provide services required by the Community.</p>	Rubbish collection services, operation of tips, noise control, administration of the town planning scheme, maintenance of cemeteries, storm water drainage maintenance.
<p>RECREATION AND CULTURE To establish and manage efficiently infrastructure and resources which will help the social well being of the community.</p>	Maintenance of halls, the aquatic centre, recreation centres and various reserves; operation of library.
<p>TRANSPORT To provide effective and efficient transport services to the Community.</p>	Construction and maintenance of streets, roads, bridges, cleaning and lighting of streets, depot maintenance and airstrip maintenance.
<p>ECONOMIC SERVICES To help promote the shire and improve its economic wellbeing.</p>	The regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control and standpipes.
<p>OTHER PROPERTY AND SERVICES The provision of private works to the public and the maintenance of cost pools for plant, operating, public works overheads and administration costs</p>	Private Works Operations, plant repairs and operation costs.

33. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	2.67	1.95	3.80
Asset consumption ratio	0.59	0.60	0.61
Asset renewal funding ratio	0.94	0.80	0.77
Asset sustainability ratio	0.63	0.87	1.01
Debt service cover ratio	3.82	4.72	5.37
Operating surplus ratio	(0.40)	(0.36)	(0.30)
Own source revenue coverage ratio	0.41	0.42	0.42

The above ratios are calculated as follows:

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



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 Shire of Mukinbudin

To the Councillors of the Shire of Mukinbudin

Report on the audit of the annual financial report

Opinion

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

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

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

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

Basis for opinion

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

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

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

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

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

Auditor's responsibility for the audit of the financial report

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

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

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

Report on other legal and regulatory requirements

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
 - a) The Operating Surplus ratio as reported in Note 33 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard of 0.01 for the past three financial years.
- (ii) The following material matter(s) indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
 - a) For approximately 58% of purchase transactions we sampled, there was inadequate or no evidence that a sufficient number of quotations were obtained to test the market, and no documentation to explain why other quotes were not sought. This practice increases the likelihood of not receiving value for money in procurement and the risk of fraud or favoritism of suppliers.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

Other information

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

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

Matters relating to the electronic publication of the audited financial report

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



Efthalia Samaras
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
17 December 2021