



**Shire of Mukinbudin
2019/2020
ANNUAL REPORT**

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



ABOUT THIS REPORT

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

- A report from the Shire President and Chief Executive Officer
- An overview of the Plan for the Future of the District made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year.
- The Financial Report for the financial year ending 30 June 2020
- Such information as may be prescribed in relation to the payments made to employees
- The Auditor's Report for the financial year ending 30 June 2020
- A matter on which a report must be made under section 29(2) of the *Disability Service Act 1993*
- details of entries made under section 5.121 during the financial year in the register of complaints, including —
 - (i) the number of complaints recorded in the register of complaints; and
 - (ii) how the recorded complaints were dealt with; and
 - (iii) any other details that the regulations may require;and
- And such other information as may be prescribed
- Further information on the details supplied in this report can be obtained from the Shire Office, 15 Maddock Street, Mukinbudin, or via our website www.mukinbudin.wa.gov.au



THE COUNCIL

Council meets on the third 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.

Council elections are held on the third Saturday in October every two years with the next election in October 2021.

Shire President

Cr Gary Shadbolt

Deputy Shire President

Cr Rod Comerford

Commenced	Elected Members	Telephone	Email	Years of Service	Term Expires
2019	Cr Geoff BENT	0427 484 036	crbent@mukinbudin.wa.gov.au	1	2021
2007	Cr Rodney COMERFORD	0427 487 063	crcomerford@mukinbudin.wa.gov.au	13	2021
2015	Cr Steve PATERSON	0417 995 143	crpaterson@mukinbudin.wa.gov.au	5	2023
2017	Cr Romina NICOLETTI	0427 414 763	crnicoletti@mukinbudin.wa.gov.au	3	2021
2019	Cr Callum MCGLASHAN	0428 720 510	crmcglashan@mukinbudin.wa.gov.au	1	2023
2013	Cr Jeff SEABY	0419 471 083	crseaby@mukinbudin.wa.gov.au	7	2021
2003	Cr Gary SHADBOLT	0429 471 536	crshadbolt@mukinbudin.wa.gov.au	17	2023
2011	Cr Sandra VENTRIS	0429 487 057	crventris@mukinbudin.wa.gov.au	9	2021
2019	Cr Ashley WALKER	0429 471 176	crwalker@mukinbudin.wa.gov.au	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	Tayla Pillage
Customer Service Officer P/T	Jennie Herrington
Finance Officer P/T	Louise Neilson
Records/Administration Officer P/T	Mandy Cheetham

Works Staff - Roads

Acting Works Supervisor	Allan Monson / Kylie Gibson
Works Leading Hand	Steven Jones
Plant Operator	Tim Smith
Plant Operator	Phil Smith
Plant Operator	

Works Staff - Other

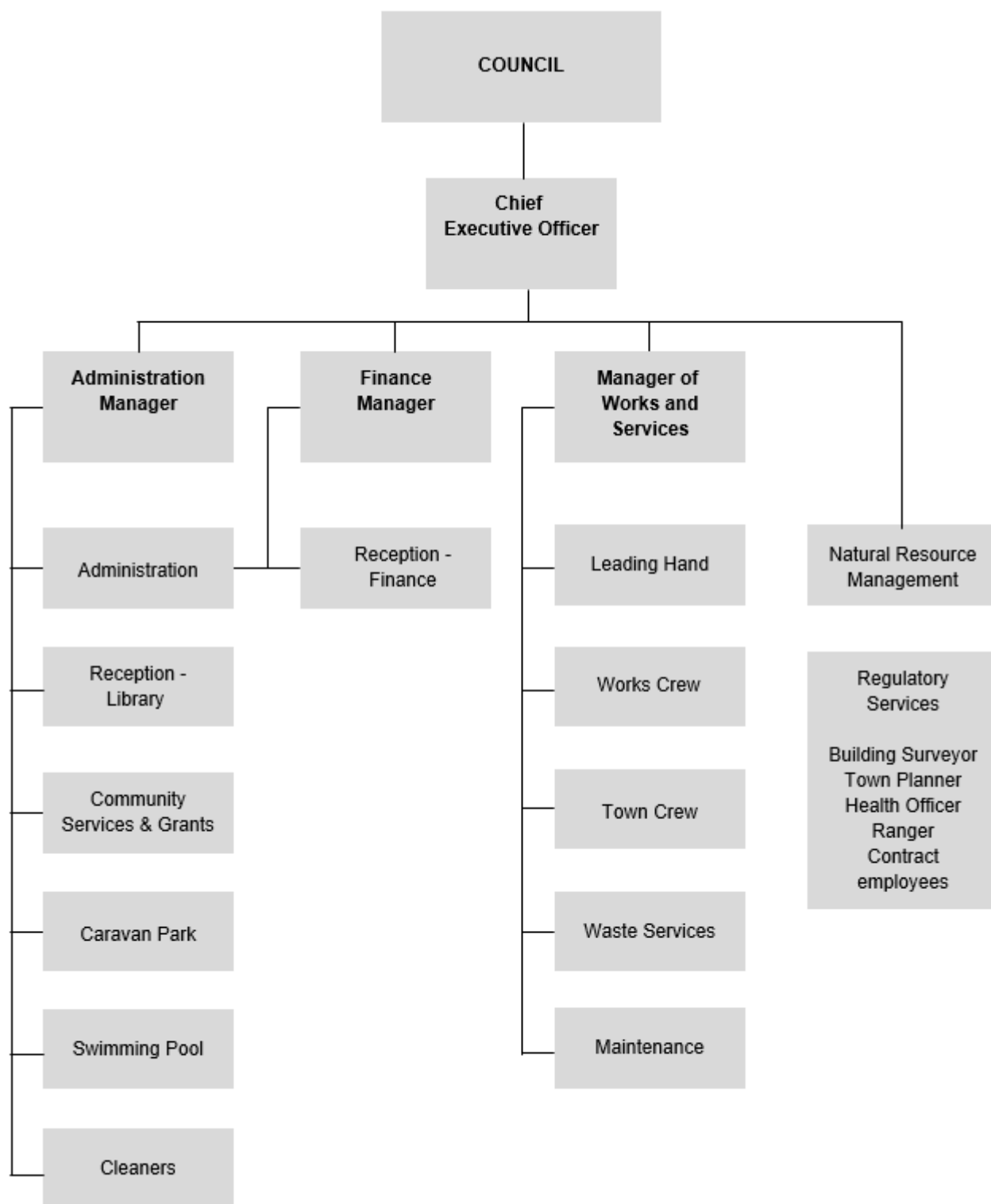
Town Leading Hand	Dave Waters
Gardener	Daniel Mori
Gardener	Nicole Francis
Maintenance Officer	Denis Heffernan

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	Amy Hodges
Cleaner	Amy Davies

SHIRE OF MUKINBUDIN

ORGANISATIONAL STRUCTURE



SHIRE PROFILE

History of Mukinbudin

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

Mukinbudin is the only developed townsite within the Shire with a population of 274. The town is located at the southern end of the Shire and is the service centre for a farming population of 281. The road network involves 930 kilometres of roads linking districts including Bonnie Rock, Wialki, Wilgoyne and Lake Brown.

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

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

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

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

Council has 9 elected members representing the community.

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

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

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

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

A playgroup and Occasional Care Centre is also available, a valuable asset to our region with a new purpose-built Early Education Centre in construction which will have space for up to 25 children.

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

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

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

The community is friendly and safe, and the lifestyle is informal and relaxed, but with a high level of community participation and expectation.

SHIRE OF MUKINBUDIN STATISTICS

Localities

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

Ordinary Council Meeting

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

Tourist Attractions

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

Local Industries

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

Shire Statistics

Distance from Perth	295km
Shire Area	3,437 km ²
Length of Sealed Roads	203.8km
Length of Unsealed Roads	731.6km
Population (2016)	555
Number of Electors	366
Number of Dwellings	325
Total Rates Levied	\$1,251,078
Total Revenue	\$5,014,845
MRWA Direct Grant	\$128,984
Roads to Recovery Grant	\$375,226
Financial Assistance Grant Scheme (FAGS)	\$1,103,802
Road Grant (FAGS)	\$559,461
Number of Employees	22

SHIRE PRESIDENT AND CHIEF EXECUTIVE OFFICER'S REPORT

The 2019/20 year has been one of very high activity, with the whole Shire team working collaboratively to achieve progress on many projects. Whilst a global pandemic threatened to severely affect the economy, it was rewarding to see that it was business as usual in the Shire of Mukinbudin with many projects coming to fruition.

This Annual Report reviews the Shire of Mukinbudin's achievements and details the Council's financial position for the 2019/20 financial year.

Highlights

During the 2019/20 year we yet again committed to delivering a large capital works program to improve community infrastructure and create local jobs.

The largest projects included the construction of two new 4x2 residential houses leased to Government Regional Officer Housing (GROH) for Education Department housing requirements. Whilst Council is borrowing the majority of the funds required to build these properties, they are backed up for strong rental income for a period of 10 years with annual 2.0pc increases during the 10-year period. In the final year of the ten year lease these new houses will earn rental income of just under \$127,000 (\$42,000 per property) as well as future proofing Education services in Mukinbudin into the foreseeable future.

Other improvements for the community include the construction of a purpose-built Early Learning Centre which was funded through Lotterywest, the Building Better Regions Fund and the Shire of Mukinbudin. This project is due for completion early in the next financial year.

The sporting sector were also recipients of State and local funding with a \$106K resurfacing project of the indoor court at the Mukinbudin Sports Complex. Whilst COVID19 delayed regular use of the new surface, this is an investment that will last for many years of enjoyable games for Mukinbudin and visiting teams.

Three new Councillors were sworn in at the October 2019 Ordinary Meeting of Council – Cr Geoff Bent (2-year term), Cr Callum McGlashan (4-year term), and Cr Ashley Walker (4-year term).

After many years of planning and collaboration with 11 local governments, the Central Eastern Aged Care Alliance (CEACA) project was finalised, and four new houses have been established in Mukinbudin. Funded primarily by Royalties for Regions funding, these houses are dedicated to the ageing population in the Wheatbelt.

Council added a new CATERPILLAR 140 Grader to the Works fleet, purchase outright through plant reserves and replacing the 2004 CATERPILLAR 12H Grader which was sold by Tender.

Tourism and Visitor Servicing

The Mukinbudin Caravan Park exceeded visitation numbers from previous years - with State borders closed, WA residents are choosing to travel inland for new experiences.

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

Governance

Upgrades to the Council Records system were undertaken firstly with records-specific training, followed by implementation with an overhaul of records management and general disposal compliance.

Community

Our community has a positive attitude that reflects in the progression seen in the shire including investment in business, local trades employing apprentices, and private investment in housing. These commitments assist in our community going from strength to strength and the positive outcomes are felt by both community members and visitors alike.

The Department of Fire and Emergency Services (DFES) funded the installation of an ablution block and communications room for the Bonnie Rock Bush Fire Brigade which will be well utilised by the BFB and community.

Council allocated \$10,000 for community grants in the 2019/20 Budget – the Community Chest program. Four applications were received, with each group benefiting from this fund which will be an annual funding round.

On Australia Day 2020, Council once again recognised Mukinbudin's outstanding citizens. This year's Mukinbudin Citizen of the Year was awarded to Tony Taylor, while the Community Group of the Year was awarded to Sandalwood Arts & Crafts Group.

Financial Management

This year was a year of significant change with respect to financial reporting. The two main items that had an effect on the Shire of Mukinbudin financial reports are:

- Reporting of income only when the obligations relating to that income have been met. This is most noticeable on a monthly basis in monthly financial reports as most grant obligations are met by the end of each financial year.
- Recognition of leases as having both an asset value and a contract liability.

Covid-19 had minimal impact on the Shire's financial operations in 2019-2020, there was a temporary reduction in some income streams during the lockdown period and some capital expenditure projects were slightly delayed.

As a result of the Covid-19 lockdowns, prompting working from home, some financial procedures were moved to a paperless approach which also resulted in improved electronic record keeping and greater future flexibility. In addition, due to the lockdowns the interim audit was carried out remotely and the Financial Management Review postponed.

This year the Shire was again audited by the Office of the Auditor General with Moore Australia contracted to conduct the audit. Despite the introduction of new reporting requirements and accounting standards, Council received again an unqualified audit report whereby no concerns were raised with the exception of the operating surplus ratio which has been below the Department of Local Government, Sport and Cultural Industries' standard Mukinbudin since this ratio commenced in 2012.

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

Conclusion

We would like to thank Councillors and Staff for their commitment to the Shire of Mukinbudin and their efforts on behalf of residents. The excellent working relationship established between Council and management has enabled us to deliver vital services and major capital works.

We also thank the businesses, community groups and volunteers that contribute to the Shire's diversity and prosperity and collectively help to make Mukinbudin a wonderful part of the Wheatbelt.

Cr Gary Shadbolt
SHIRE PRESIDENT



Dirk Sellenger
CHIEF EXECUTIVE OFFICER



STATUTORY REPORTS

DISABILITY ACCESS INCLUSION PLAN

The Shire of Mukinbudin continues to promote access and inclusion for all community members. The Shire's Disability Access and Inclusion Plan (DAIP) ensures that people with disabilities have equal access to Council services, facilities. The Shire has completed the 2019-2020 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 2020, no Freedom of Information Applications were received.

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

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

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

The Shire of Mukinbudin maintains records relating to the function and administration of the Shire, each property within the Shire, and includes such documents as the Minutes of Meetings, Rate Book, Town Planning Scheme, Local Laws, Codes of Conduct, Register of Financial Interests, Register of Delegated Authority, Financial Statements and Electoral Rolls. These

documents can be inspected free of charge at the Shire Office, 15 Maddock Street, Mukinbudin, during office hours

RECORD KEEPING PLAN

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

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

Rationale

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

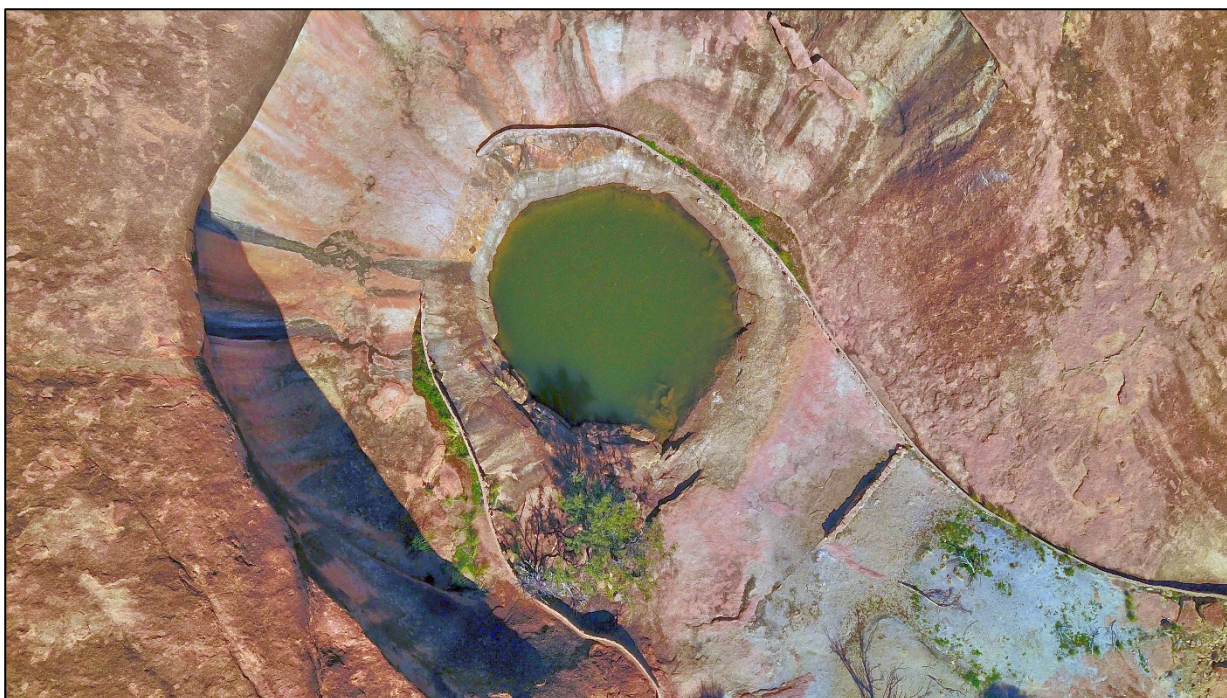
Minimum Compliance Requirements

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

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

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

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



NATIONAL COMPETITION POLICY STATEMENT

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

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

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

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

In accordance with the requirements of the National Competition Policy the Shire of Mukinbudin makes the following disclosure of 2019/2020.

Competitive Neutrality

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

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

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

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

Structural Review of Public Monopolies

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

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

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

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

Legislative Review

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

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

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

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

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

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

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

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

PUBLIC INTEREST DISCLOSURE ACT 2003

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

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

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

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

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

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

The Shire of Mukinbudin had no Public Interest Disclosures during the reporting period ending 30 June 2020.



INFORMATION ON PAYMENTS TO EMPLOYEES

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

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

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

Local Government (Rules of Conduct) Regulations 2007 Complaints

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

REGISTER OF MINOR COMPLAINTS

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

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

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

In accordance with these requirements, it is advised that no complaints or minor breaches under the *Local Government Act 1995* were received during 2019/2020.

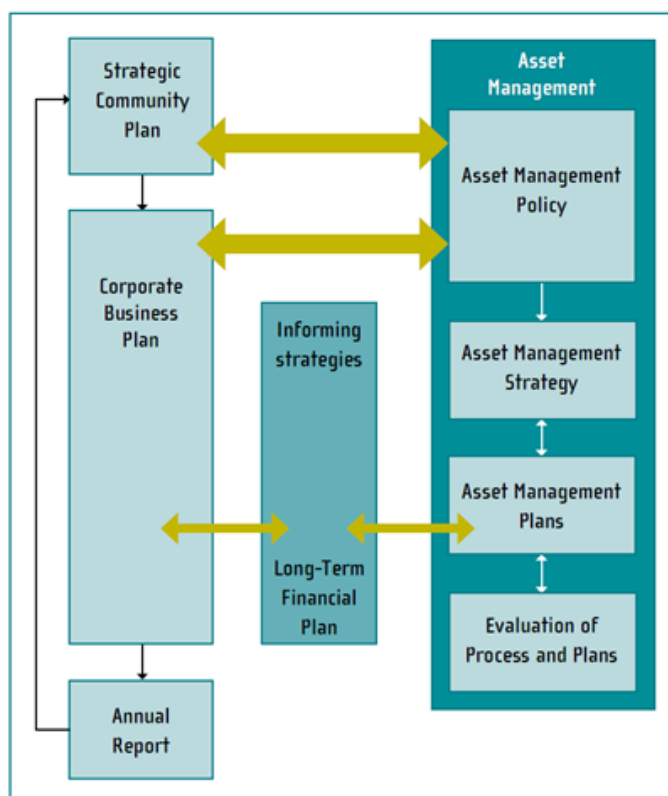


PLAN FOR THE FUTURE OF THE DISTRICT

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

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

1. Community Strategic Plan 2018-2028
2. Long Term Financial Plan 2013-2023
3. Corporate Business Plan 2017/18-2020/21
4. Workforce Development Plan 2013/14-2016/17



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

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

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

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

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

Australian Federal Government funding recognition

The Federal Government provided the Shire of Mukinbudin in 2019/2020 with vital funds under the Financial Assistance Grants Scheme (FAGS) with the Shire receiving \$1,103,802 general purpose grant and a road grant of \$559,641.

A further \$375,226 of Federal Road to Recovery Funding was received in the 2019/2020 year allowing for continued improvements to be made to our road network throughout the Shire.



Australian Government



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
ANNUAL FINANCIAL REPORT
YEAR ENDING 30 JUNE 2020**

SHIRE OF MUKINBUDIN
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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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 2020**

*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 2020 is based on proper accounts and records to present fairly the financial position of the Shire of Mukinbudin at 30 June 2020 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 17th day of December 2020



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 2020

24

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	27(a)	1,251,078	1,234,526	1,159,694
Operating grants, subsidies and contributions	2(a)	1,847,373	1,000,966	1,855,093
Fees and charges	2(a)	546,656	543,829	500,997
Interest earnings	2(a)	34,978	32,100	37,270
Other revenue	2(a)	84,076	80,757	117,491
		3,764,161	2,892,178	3,670,545
Expenses				
Employee costs		(1,229,620)	(1,297,626)	(1,228,680)
Materials and contracts		(1,019,307)	(1,111,607)	(865,299)
Utility charges		(244,331)	(252,568)	(248,755)
Depreciation on non-current assets	11(c)	(1,648,073)	(1,605,372)	(1,604,799)
Interest expenses	2(b)	(41,276)	(28,583)	(33,018)
Insurance expenses		(113,804)	(110,109)	(102,356)
Other expenditure	2(b)	(86,867)	(99,475)	(88,629)
		(4,383,278)	(4,505,340)	(4,171,536)
		(619,117)	(1,613,162)	(500,991)
Non-operating grants, subsidies and contributions	2(a)	1,250,684	1,720,698	702,825
Profit on asset disposals	11(a)	13,360	0	21,719
(Loss) on asset disposals	11(a)	(67,500)	(5,000)	(52,547)
Fair value adjustments to financial assets at fair value through profit or loss		865	0	0
		1,197,409	1,715,698	671,997
Net result for the period		578,292	102,536	171,006
Other comprehensive income		0	0	0
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		578,292	102,536	171,006

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 2020

25

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Governance	2(a)	0	1,200	825
General purpose funding		2,966,977	2,061,509	2,876,376
Law, order, public safety		14,007	26,371	28,633
Health		25,629	33,164	14,833
Education and welfare		12,313	17,850	13,173
Housing		182,756	225,790	205,293
Community amenities		89,591	106,197	100,713
Recreation and culture		29,293	38,922	41,509
Transport		143,830	147,884	141,248
Economic services		223,442	175,341	168,649
Other property and services		76,323	57,950	79,293
		3,764,161	2,892,178	3,670,545
Expenses				
Governance	2(b)	(349,540)	(415,035)	(325,747)
General purpose funding		(90,455)	(87,295)	(76,465)
Law, order, public safety		(105,233)	(101,275)	(94,432)
Health		(131,781)	(134,179)	(103,418)
Education and welfare		(88,890)	(96,743)	(100,926)
Housing		(271,301)	(330,299)	(301,965)
Community amenities		(241,059)	(289,360)	(244,525)
Recreation and culture		(746,992)	(848,122)	(806,944)
Transport		(1,905,155)	(1,788,030)	(1,708,885)
Economic services		(326,317)	(334,228)	(296,974)
Other property and services		(85,279)	(52,191)	(78,237)
		(4,342,002)	(4,476,757)	(4,138,518)
Finance Costs				
Education and welfare	2(b)	(3,479)	(836)	(1,094)
Housing		(19,505)	(8,924)	(7,570)
Recreation and culture		(1,615)	(1,983)	(2,670)
Economic services		(4,588)	(4,665)	(5,603)
Other property and services		(12,089)	(12,175)	(16,081)
		(41,276)	(28,583)	(33,018)
		(619,117)	(1,613,162)	(500,991)
Non-operating grants, subsidies and contributions	2(a)	1,250,684	1,720,698	702,825
Profit on disposal of assets	11(a)	13,360	0	21,719
(Loss) on disposal of assets	11(a)	(67,500)	(5,000)	(52,547)
Fair value adjustments to financial assets at fair value through profit or loss		865	0	0
		1,197,409	1,715,698	671,997
Net result for the period		578,292	102,536	171,006
Other comprehensive income		0	0	0
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		578,292	102,536	171,006

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



SHIRE OF MUKINBUDIN
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

26

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	933,278	1,216,746
Trade and other receivables	6	154,514	120,423
Other financial assets	5(a)	484,209	606,500
Inventories	7	950	2,014
Other assets	8	21,762	8,140
TOTAL CURRENT ASSETS		1,594,713	1,953,823
NON-CURRENT ASSETS			
Trade and other receivables	6	713	866
Other financial assets	5(a)	53,416	52,551
Inventories	7	365,614	500,614
Property, plant and equipment	9	14,293,678	12,523,359
Infrastructure	10	54,594,476	54,557,941
Right of use assets	12(a)	12,260	0
TOTAL NON-CURRENT ASSETS		69,320,157	67,635,331
TOTAL ASSETS		70,914,870	69,589,154
CURRENT LIABILITIES			
Trade and other payables	14	343,615	237,198
Contract liabilities	15	52,438	0
Lease liabilities	16(a)	9,402	0
Borrowings	17(a)	199,477	137,910
Employee related provisions	18	102,029	88,387
TOTAL CURRENT LIABILITIES		706,961	463,495
NON-CURRENT LIABILITIES			
Lease liabilities	16(a)	3,288	0
Borrowings	17(a)	1,300,988	568,146
Employee related provisions	18	33,304	20,039
TOTAL NON-CURRENT LIABILITIES		1,337,580	588,185
TOTAL LIABILITIES		2,044,541	1,051,680
NET ASSETS		68,870,329	68,537,474
EQUITY			
Retained surplus		44,758,867	44,103,689
Reserves - cash backed	4	487,167	613,413
Revaluation surplus	13	23,624,295	23,820,372
TOTAL EQUITY		68,870,329	68,537,474

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 2020

27

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2018		43,455,693	1,090,403	23,820,372	68,366,468
Comprehensive income					
Net result for the period		171,006	0	0	171,006
Total comprehensive income		171,006	0	0	171,006
Transfers from reserves	4	543,730	(543,730)	0	0
Transfers to reserves	4	(66,740)	66,740	0	0
Balance as at 30 June 2019		44,103,689	613,413	23,820,372	68,537,474
Change in accounting policy	32(b)	(49,360)	0	(196,077)	(245,437)
Restated total equity 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

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 2020

28

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,240,135	1,239,526	1,137,735
Operating grants, subsidies and contributions		1,857,741	1,015,966	1,835,314
Fees and charges		546,656	543,829	500,997
Interest received		34,978	32,100	37,270
Goods and services tax received		306,032	259,505	266,505
Other revenue		84,076	80,757	117,491
		4,069,618	3,171,683	3,895,312
Payments				
Employee costs		(1,142,276)	(1,302,626)	(1,224,064)
Materials and contracts		(995,295)	(1,119,714)	(839,975)
Utility charges		(244,331)	(252,568)	(248,755)
Interest expenses		(41,276)	(22,583)	(32,420)
Insurance paid		(113,804)	(110,109)	(102,356)
Goods and services tax paid		(326,907)	(266,505)	(253,801)
Other expenditure		(86,867)	(99,475)	(88,629)
		(2,950,756)	(3,173,580)	(2,790,000)
Net cash provided by (used in) operating activities	19	1,118,862	(1,897)	1,105,312
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of land held for resale		0	(10,830)	0
Payments for purchase of property, plant & equipment	9(a)	(2,471,384)	(2,530,670)	(838,225)
Payments for construction of infrastructure	10(a)	(1,419,755)	(1,515,600)	(1,409,059)
Non-operating grants, subsidies and contributions	2(a)	1,250,684	1,720,698	702,825
Proceeds from financial assets at amortised cost - term deposits		122,291	0	0
Proceeds from sale of property, plant & equipment	11(a)	260,189	364,000	198,273
Proceeds from sale of inventories	7	70,000	0	0
Net cash provided by (used in) investment activities		(2,187,975)	(1,972,402)	(1,346,186)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(165,591)	(137,910)	(173,124)
Payments for principal portion of lease liabilities	16(b)	(8,764)	(9,027)	0
Proceeds from new borrowings	17(b)	960,000	960,000	260,000
Net cash provided by (used in) financing activities		785,645	813,063	86,876
Net increase (decrease) in cash held		(283,468)	(1,161,236)	(153,998)
Cash at beginning of year		1,216,746	1,783,853	1,370,744
Cash and cash equivalents at the end of the year	19	933,278	622,617	1,216,746

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

SHIRE OF MUKINBUDIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

29

NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$	
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	28 (b)	1,053,852	1,092,129	784,505
		1,053,852	1,092,129	784,505
Revenue from operating activities (excluding rates)				
Governance	0	1,200	825	
General purpose funding	1,734,631	835,893	1,724,531	
Law, order, public safety	14,007	26,371	28,633	
Health	25,629	33,164	14,833	
Education and welfare	12,313	17,850	13,173	
Housing	182,756	225,790	205,293	
Community amenities	89,591	106,197	100,713	
Recreation and culture	29,293	38,922	41,509	
Transport	154,030	147,884	160,983	
Economic services	223,442	175,341	168,649	
Other property and services	79,483	57,950	81,277	
	2,545,175	1,666,562	2,540,419	
Expenditure from operating activities				
Governance	(349,540)	(415,035)	(325,747)	
General purpose funding	(90,455)	(87,295)	(76,465)	
Law, order, public safety	(105,233)	(101,275)	(94,432)	
Health	(131,781)	(134,179)	(103,418)	
Education and welfare	(154,369)	(97,579)	(102,020)	
Housing	(290,806)	(339,223)	(309,535)	
Community amenities	(241,059)	(289,360)	(244,525)	
Recreation and culture	(749,107)	(850,105)	(821,286)	
Transport	(1,905,155)	(1,793,030)	(1,708,885)	
Economic services	(330,905)	(338,893)	(343,260)	
Other property and services	(102,368)	(64,366)	(94,510)	
	(4,450,778)	(4,510,340)	(4,224,083)	
Non-cash amounts excluded from operating activities	28(a)	1,728,408	1,610,372	1,632,846
Amount attributable to operating activities		876,657	(141,277)	733,687
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	1,250,684	1,720,698	702,825
Proceeds from disposal of assets	11(a)	260,189	364,000	198,273
Proceeds from sale of inventories	7	70,000	0	0
Purchase land held for resale		0	(10,830)	0
Purchase of property, plant and equipment	9(a)	(2,471,384)	(2,530,670)	(838,225)
Purchase and construction of infrastructure	10(a)	(1,419,755)	(1,515,600)	(1,409,059)
Amount attributable to investing activities		(2,310,266)	(1,972,402)	(1,346,186)
FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(165,591)	(137,910)	(173,124)
Proceeds from borrowings	17(c)	960,000	960,000	260,000
Payments for principal portion of lease liabilities	16(b)	(8,764)	(9,027)	0
Transfers to reserves (restricted assets)	4	(188,054)	(239,000)	(66,740)
Transfers from reserves (restricted assets)	4	314,300	314,000	543,730
Amount attributable to financing activities		911,891	888,063	563,866
Surplus/(deficit) before imposition of general rates		(521,718)	(1,225,616)	(48,633)
Total amount raised from general rates	27(a)	1,233,211	1,225,616	1,151,845
Surplus/(deficit) after imposition of general rates	28(b)	711,493	0	1,103,212

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

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1. BASIS OF PREPARATION

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

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, *Financial Management Regulation 16* arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire. This was not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

From 1 July 2019, the Shire has applied AASB 16 Leases which requires leases to be included by lessees in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to 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 (i.e. not included in the statement of financial position) 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.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

On 1 July 2020 the following new accounting standards are to be adopted:

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

AASB 1059 *Service Concession Arrangements: Grantors* is not expected to impact the financial report.

Specific impacts of AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*, have not been identified.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

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

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

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:

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
General purpose funding	1,663,263	788,713	1,675,648
Law, order, public safety	5,060	18,971	21,112
Health	25,995	32,664	5,464
Education and welfare	1,372	3,510	1,000
Community amenities	8,240	26,624	25,624
Recreation and culture	4,254	0	4,733
Transport	128,984	128,984	120,680
Economic services	0	1,000	104
Other property and services	10,205	500	728
	1,847,373	1,000,966	1,855,093
Non-operating grants, subsidies and contributions			
Law, order, public safety	0	90,658	0
Health	13,636	75,000	0
Education and welfare	458,138	672,852	0
Recreation and culture	48,607	68,451	4,000
Transport	730,303	813,737	698,825
	1,250,684	1,720,698	702,825
Total grants, subsidies and contributions	3,098,057	2,721,664	2,557,918
Fees and charges			
General purpose funding	17,256	6,220	3,792
Law, order, public safety	4,154	2,700	2,553
Health	0	500	451
Education and welfare	5,256	6,600	6,442
Housing	232,454	218,536	194,436
Community amenities	81,351	79,573	75,089
Recreation and culture	24,014	37,690	31,694
Transport	273	400	318
Economic services	169,577	172,060	166,637
Other property and services	12,321	19,550	19,585
	546,656	543,829	500,997

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.

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:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions	55,126	83,269	58,765
Fees and charges	538,003	540,279	497,745
Other revenue	62,912	52,400	60,052
Non-operating grants, subsidies and contributions	1,250,684	1,720,698	702,825
	<u>1,906,725</u>	<u>2,396,646</u>	<u>1,319,387</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:

Contracts with customers included as a contract liability at the start of the period	24,773	0	0
Other revenue from contracts with customers recognised during the year	656,041	675,948	616,562
Transfers intended for acquiring or constructing recognisable non financial assets included as a contract liability at the start of the period	0	0	0
Other revenue from performance obligations satisfied during the year	1,225,911	1,720,698	702,825
	<u>1,906,725</u>	<u>2,396,646</u>	<u>1,319,387</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	67,720		0
Contract liabilities from contracts with customers	(52,438)		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.

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:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
General rates	1,233,211	1,225,616	1,151,845
Statutory permits and licences	7,579	3,300	3,052
Fines	1,074	250	200
	1,241,864	1,229,166	1,155,097
Other revenue			
Reimbursements and recoveries	21,164	28,357	57,439
Other	62,912	52,400	60,052
	84,076	80,757	117,491
Interest earnings			
Interest on reserve funds	13,053	12,000	13,241
Rates instalment and penalty interest (refer Note 27(c))	8,105	7,700	8,285
Other interest earnings	13,820	12,400	15,744
	34,978	32,100	37,270

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
 - Other services

Interest expenses (finance costs)

Borrowings
 Lease liabilities

Other expenditure

Impairment loss on trade and other receivables from contracts with customers
 Sundry expenses

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
	38,000	39,800	38,000
	1,841	0	2,950
	39,841	39,800	40,950
17(b)	40,411	28,583	33,018
16(b)	865	0	0
	41,276	28,583	33,018
	5,171	0	8,379
	81,696	99,475	80,250
	86,867	99,475	88,629

3. CASH AND CASH EQUIVALENTS

	NOTE	2020 \$	2019 \$
Cash at bank and on hand		933,278	1,216,746
Total cash and cash equivalents		933,278	1,216,746
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		80,066	72,356
- Financial assets at amortised cost		484,209	606,500
		564,275	678,856

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

Reserves - cash backed	4	487,167	613,413
Contract liabilities from contracts with customers	15	52,438	0
Unspent grants, subsidies and contributions		0	26,050
Bonds and deposits held	14	24,670	39,393
Total restricted assets		564,275	678,856

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.

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	2020			2020			2020			2020			2019			2019		
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance			
(a) Leave Reserve	138,718	3,037	0	141,755	138,718	2,640	0	141,358	136,441	2,277	0	136,441	2,277	0	138,718			
(b) Unspent grants reserve	0	0	0	0	0	0	0	0	203,613	0	0	203,613	0	(203,613)	0			
(c) Plant Reserve	237,789	89,500	(290,300)	36,989	237,790	89,680	(290,000)	37,470	454,855	6,566	(223,632)	454,855	6,566	(223,632)	237,789			
(d) Building & Residential Land Reserve	89,365	72,218	(24,000)	137,583	83,365	123,800	(24,000)	183,165	170,197	35,653	(116,485)	170,197	35,653	(116,485)	89,365			
(e) Senior Housing Reserve	20,415	447	0	20,862	20,414	360	0	20,774	20,079	336	0	20,079	336	0	20,415			
(f) Swimming Pool Reserve	96,016	22,170	0	118,186	96,016	21,920	0	117,936	74,619	21,397	0	74,619	21,397	0	96,016			
(g) Roadworks Reserve	31,110	682	0	31,792	31,110	600	0	31,710	30,599	511	0	30,599	511	0	31,110			
	613,413	188,054	(314,300)	487,167	607,413	239,000	(314,000)	532,413	1,090,403	66,740	(543,730)	1,090,403	66,740	(543,730)	613,413			

4 RESERVES - CASH BACKED

- (a) Leave Reserve
- (b) Unspent grants reserve
- (c) Plant Reserve
- (d) Building & Residential Land Reserve
- (e) Senior Housing Reserve
- (f) Swimming Pool Reserve
- (g) Roadworks Reserve

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) Unspent grants reserve	Ongoing	To be used for any grant funding that may not be expended in the current financial year.
(c) Plant Reserve	Ongoing	To be used for the renewal, upgrade or purchase of new or used mobile plant and vehicles.
(d) Building & Residential Land Reserve	Ongoing	To be used for the renewal, upgrade, replacement and new construction of new buildings and associated infrastructure, to assist finance of building loans, future expansion and land development, and proceeds from the sale of subdivision blocks.
(e) Senior Housing Reserve	Ongoing	To be used for the renewal, upgrade, replacement and new construction of additional Aged Units and their maintenance. The surplus/deficit after rent and maintenance has been carried out for the financial year is to be transferred into/from (if required) the reserve.
(f) 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.
(g) Roadworks Reserve	Ongoing	To be used for the renewal, upgrade, replacement and new construction of streets, roads, bridges, footpaths and storm water drainage.

5. OTHER FINANCIAL ASSETS

	2020	2019
	\$	\$
(a) Current assets		
Financial assets at amortised cost	484,209	606,500
	484,209	606,500
Other financial assets at amortised cost		
Term deposits	484,209	606,500
	484,209	606,500
(a) Non-current assets		
Financial assets at fair value through profit and loss	53,416	52,551
	53,416	52,551
Financial assets at fair value through profit and loss		
Units in Local Government House Trust	53,416	52,551
	53,416	52,551

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 29.

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Sundry debtors	
GST receivable	
Allowance for impairment of receivables	

Non-current

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

	2020	2019
	\$	\$
	57,821	60,625
	67,720	54,908
	34,144	13,269
	(5,171)	(8,379)
	154,514	120,423
	713	866
	713	866

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 29.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

7. INVENTORIES

Current

Stock on Hand - Fuel

Non-current

Land held for resale

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Transfer to freehold land (note 9(a))

Disposal of land held for resale (note 11(a))

Additions to inventory

Carrying amount at end of period

	2020	2019
	\$	\$
	950	2,014
	950	2,014
	365,614	500,614
	365,614	500,614
	502,628	614,622
	(1,064)	0
	(60,000)	(124,000)
	(75,000)	0
	0	12,006
	366,564	502,628

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.

8. OTHER ASSETS

Other assets - current

Prepayments
 Accrued income

	2020	2019
	\$	\$
	16,951	3,367
	4,811	4,773
	21,762	8,140

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.

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7. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Work in progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	922,666	196,077	1,118,743	1,945,925	7,733,192	9,679,117	10,797,860	67,194	1,166,587	711	12,032,352
Additions	0	0	0	388,239	13,896	402,135	402,135	0	424,084	12,006	838,225
(Disposals)	(8,000)	0	(8,000)	0	(11,672)	(11,672)	(19,672)	0	(176,746)	0	(196,418)
Depreciation (expense)	0	0	0	(25,882)	(81,892)	(107,774)	(107,774)	(8,574)	(158,452)	0	(274,800)
Transfers (note 7)	124,000	0	124,000	0	0	0	124,000	0	0	0	124,000
Carrying amount at 30 June 2019	1,038,666	196,077	1,234,743	2,308,282	7,653,524	9,961,806	11,196,549	58,620	1,255,473	12,717	12,523,359
Comprises:											
Gross carrying amount at 30 June 2019	1,038,666	196,077	1,234,743	2,358,304	7,813,497	10,171,801	11,406,544	81,740	1,750,998	12,717	13,251,999
Accumulated depreciation at 30 June 2019	0	0	0	(50,022)	(159,973)	(209,995)	(209,995)	(23,120)	(495,525)	0	(728,640)
Carrying amount at 30 June 2019	1,038,666	196,077	1,234,743	2,308,282	7,653,524	9,961,806	11,196,549	58,620	1,255,473	12,717	12,523,359
Change in accounting policy	0	(196,077)	(196,077)	0	0	0	(196,077)	0	0	0	(196,077)
Carrying amount at 1 July 2019	1,038,666	0	1,038,666	2,308,282	7,653,524	9,961,806	11,000,472	58,620	1,255,473	12,717	12,327,282
Additions	0	0	0	24,938	136,084	161,022	161,022	36,247	561,140	1,712,975	2,471,384
(Disposals)	(62,000)	0	(62,000)	0	0	0	(62,000)	0	(247,329)	0	(309,329)
Depreciation (expense)	0	0	0	(28,495)	(81,818)	(110,313)	(110,313)	(13,057)	(132,289)	0	(255,659)
Transfers (note 7)	60,000	0	60,000	0	0	0	60,000	0	0	0	60,000
Carrying amount at 30 June 2020	1,036,666	0	1,036,666	2,304,725	7,707,790	10,012,515	11,049,181	81,810	1,436,995	1,725,692	14,293,678
Comprises:											
Gross carrying amount at 30 June 2020	1,036,666	0	1,036,666	2,383,242	7,949,581	10,332,823	11,369,489	117,987	1,989,387	1,725,692	15,202,555
Accumulated depreciation at 30 June 2020	0	0	0	(78,517)	(241,791)	(320,308)	(320,308)	(36,177)	(552,392)	0	(908,877)
Carrying amount at 30 June 2020	1,036,666	0	1,036,666	2,304,725	7,707,790	10,012,515	11,049,181	81,810	1,436,995	1,725,692	14,293,678

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9 PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Fair Value Measurements

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

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

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

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 is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

16. INFRASTRUCTURE

Movements in Carrying Amounts

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

	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - parks & ovals	Infrastructure - other	Total Infrastructure
Balance at 1 July 2018	\$ 49,112,170	\$ 937,963	\$ 847,485	\$ 3,613,946	\$ 54,511,564
Additions	1,324,425	59,488	11,300	13,846	1,409,059
(Disposals)	0	0	0	(32,683)	(32,683)
Depreciation (expense)	(1,172,541)	(32,154)	(29,094)	(96,210)	(1,329,999)
Carrying amount at 30 June 2019	49,264,054	965,297	829,691	3,498,899	54,557,941
Comprises:					
Gross carrying amount at 30 June 2019	71,737,993	1,658,325	1,346,127	4,734,948	79,477,393
Accumulated depreciation at 30 June 2019	(22,473,939)	(693,028)	(516,436)	(1,236,049)	(24,919,452)
Carrying amount at 30 June 2019	49,264,054	965,297	829,691	3,498,899	54,557,941
Comprises:					
Additions	1,326,327	51,540	5,995	35,893	1,419,755
Depreciation (expense)	(1,225,298)	(33,351)	(29,282)	(95,289)	(1,383,220)
Carrying amount at 30 June 2020	49,365,083	983,486	806,404	3,439,503	54,594,476
Comprises:					
Gross carrying amount at 30 June 2020	73,064,320	1,709,865	1,352,122	4,770,841	80,897,148
Accumulated depreciation at 30 June 2020	(23,699,237)	(726,379)	(545,718)	(1,331,338)	(26,302,672)
Carrying amount at 30 June 2020	49,365,083	983,486	806,404	3,439,503	54,594,476

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19 INFRASTRUCTURE (Continued)

(5) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - parks & ovals	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - other	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either 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, are 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.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

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).

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11. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land held for resale	75,000	70,000	0	(5,000)	0	0	0	0	0	0	0	0
Land - freehold land	62,000	0	0	(62,000)	47,000	47,000	0	0	8,000	0	0	(8,000)
Buildings - specialised	0	0	0	0	75,000	75,000	0	0	11,672	0	0	(11,672)
Plant and equipment	247,329	260,189	13,360	(500)	247,000	242,000	0	(5,000)	176,746	198,273	21,719	(192)
Infrastructure - other	0	0	0	0	0	0	0	0	32,683	0	0	(32,683)
	384,329	330,189	13,360	(67,500)	369,000	364,000	0	(5,000)	229,101	198,273	21,719	(52,547)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Recreation and culture				
MP3-XL Pool Boss Auto Vac	500	0	0	(500)
Transport				
Cat Grader 12H	70,000	80,200	10,200	0
Other property and services				
Toyota Prado (CEO Vehicle)	58,599	59,091	492	0
Toyota Prado (CEO Vehicle)	59,306	59,534	228	0
Toyota Prado (CEO Vehicle)	58,924	61,364	2,440	0
	247,329	260,189	13,360	(500)
Land				
Education and welfare				
Lot 200 (6) Mallee Drive	32,000	0	0	(32,000)
Lot 217 (4) Mallee Drive	30,000	0	0	(30,000)
	62,000	0	0	(62,000)
Land held for resale				
Other property and services				
Lot 215 (14) Earl drive	30,000	27,273	0	(2,727)
Lot 250 (10) Earle Drive	45,000	42,727	0	(2,273)
	75,000	70,000	0	(5,000)
	384,329	330,189	13,360	(67,500)

(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.

	2020	2019
	\$	\$
Buildings - specialised	44,875	46,917
	44,875	46,917

11. FIXED ASSETS

(c) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	28,495	25,891	25,882
Buildings - specialised	81,818	81,921	81,892
Furniture and equipment	13,057	8,577	8,574
Plant and equipment	132,289	158,509	158,452
Infrastructure - roads	1,225,298	1,172,959	1,172,541
Infrastructure - footpaths	33,351	32,165	32,154
Infrastructure - parks & ovals	29,282	29,104	29,094
Infrastructure - other	95,289	96,246	96,210
Right of use assets - furniture and equipment	9,194	0	0
	1,648,073	1,605,372	1,604,799

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:

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

12. LEASES

(a) Right of Use Assets

Movement in the carrying amounts 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
	\$	
Recognised on initial application of AASB 16	21,454	21,454
Depreciation (expense)	(9,194)	(9,194)
Carrying amount at 30 June 2020	12,260	12,260
(b) Cash outflow from leases		
Interest expense on lease liabilities	865	865
Lease principal expense	8,764	8,764
Total cash outflow from leases	9,629	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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13. REVALUATION SURPLUS

	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	2020 Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	2019 Total Movement on Revaluation	2019 Closing Balance
Revaluation surplus - Land	\$ 701,977	(196,077)	0	0	0	\$ 505,900	\$ 701,977	0	0	0	\$ 701,977
Revaluation surplus - Buildings	5,243,351	0	0	0	0	5,243,351	5,243,351	0	0	0	5,243,351
Revaluation surplus - Plant and equipment	403,380	0	0	0	0	403,380	403,380	0	0	0	403,380
Revaluation surplus - Infrastructure - roads	13,795,995	0	0	0	0	13,795,995	13,795,995	0	0	0	13,795,995
Revaluation surplus - Infrastructure - footpaths	424,751	0	0	0	0	424,751	424,751	0	0	0	424,751
Revaluation surplus - Infrastructure - parks & ovals	773,737	0	0	0	0	773,737	773,737	0	0	0	773,737
Revaluation surplus - Infrastructure - other	2,477,181	0	0	0	0	2,477,181	2,477,181	0	0	0	2,477,181
	23,820,372	(196,077)	0	0	0	23,624,295	23,820,372	0	0	0	23,820,372

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

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

	2020	2019
	\$	\$
Sundry creditors	103,020	82,361
Prepaid rates	9,410	0
Accrued salaries and wages	18,017	10,756
ATO liabilities	84,502	31,326
Bonds and deposits held	24,670	39,393
Accrued interest on borrowings	12,290	10,726
Accrued expenditure	10,137	34,203
Income received in advance	81,569	28,433
	343,615	237,198

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. CONTRACT LIABILITIES

Current

Contract liabilities from contracts with customers

2020	2019
\$	\$
52,438	0
52,438	0

Performance obligations from contracts with customers are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

52,438
52,438

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.

**SHIRE OF MUKINBUDIN
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16 LEASE LIABILITIES

	2020	2019
(a) Lease Liabilities	\$ 9,402	\$ 0
Current	3,288	0
Non-current	12,690	0

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	30 June 2020		30 June 2020		30 June 2020		30 June 2020		30 June 2020		30 June 2019		30 June 2019		30 June 2019	
					Actual Leases	Budget Leases	Actual Leases	Budget Leases	Actual Leases	Budget Leases	Actual Leases	Budget Leases	Actual Leases	Budget Leases	Actual Leases	Budget Leases	Actual Leases	Budget Leases	Actual Leases	Budget Leases
Other property and services					21,454	21,454	8,764	8,764	12,690	12,690	11,928	11,928	0	0	0	0	0	0	0	0
Computer equipment	1	Wallis Computers	7.25%	44 months	21,454	21,454	8,764	8,764	12,690	12,690	11,928	11,928	0	0	0	0	0	0	0	0
					20,955	20,955	9,027	9,027	11,928	11,928	0	0	0	0	0	0	0	0	0	0

**SHIRE OF MUKINBUDIN
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17. INFORMATION ON BORROWINGS

	2020	2019
Borrowings	\$	\$
Current	199,477	137,910
Non-current	1,300,988	568,148
	1,500,465	706,056

(17.1) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020			30 June 2020			30 June 2020			30 June 2020			30 June 2019			30 June 2019		
				Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Education and welfare																					
ERC	109	WATC*	5.85%	0	0	6,842	0	6,843	0	0	0	0	0	0	0	0	0	0	0	0	
Child Care Centre	125	WATC*	1.96%	0	200,000	5,767	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Housing																					
8 Gimlett Way	124	WATC*	3.02%	0	0	22,977	0	22,977	0	0	8,924	0	0	0	0	0	0	0	0	0	
GROH Houses	126	WATC*	1.96%	0	760,000	21,915	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Recreation and culture																					
Bowling Club	108	WATC*	5.85%	0	0	16,695	0	16,695	0	0	1,983	0	0	0	0	0	0	0	0	0	
Economic services																					
Land Purchase	116	WATC*	6.15%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Mukinbudin Cafe	119	WATC*	5.19%	0	0	8,456	0	8,456	0	0	4,665	0	0	0	0	0	0	0	0	0	
Other property and services																					
Trailer 1TJP 062	114	WATC*	6.15%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Truck DAF MBL 250	115	WATC*	5.58%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Vibe Roller MBL 1677	118	WATC*	5.09%	0	0	15,845	0	15,845	0	0	2,169	0	0	0	0	0	0	0	0	0	
Skid Steer MBL 1724	120	WATC*	4.57%	0	0	6,796	0	6,796	0	0	1,859	0	0	0	0	0	0	0	0	0	
Grader MBL 95	121	WATC*	2.78%	0	0	35,795	0	35,795	0	0	4,830	0	0	0	0	0	0	0	0	0	
Roller MBL 811	122	WATC*	2.78%	0	0	19,477	0	19,477	0	0	2,628	0	0	0	0	0	0	0	0	0	
Tractor MBL 244	123	WATC*	3.32%	0	0	5,024	0	5,024	0	0	689	0	0	0	0	0	0	0	0	0	
				706,056	960,000	165,591	40,411	137,910	28,563	1,528,146	619,180	260,000	173,124	33,018	706,056	14,091	1,084	1,084	1,084	1,084	

* WA Treasury Corporation

All loan repayments were financed by general purpose revenue.

17. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2019/20

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2020 Actual	2020 Budget	2020 Actual	2020 Budget		
Child Care Centre	WATC*	Debenture	15	1.96%	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 31,810	\$ 0
GROH Houses	WATC*	Debenture	15	1.96%	\$ 760,000	\$ 760,000	\$ 760,000	\$ 760,000	\$ 120,878	\$ 0
* WA Treasury Corporation					\$ 960,000	\$ 960,000	\$ 960,000	\$ 960,000	\$ 152,688	\$ 0

(d) Undrawn Borrowing Facilities

	2020	2019
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	(1,219)	(1,420)
Total amount of credit unused	253,781	253,580
Loan facilities		
Loan facilities - current	199,477	137,910
Loan facilities - non-current	1,300,988	568,146
Lease liabilities - current	9,402	0
Lease liabilities - non-current	3,288	0
Total facilities in use at balance date	1,513,155	706,056
Unused loan facilities at balance date	0	0

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 29.

18. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2019			
Current provisions	52,385	36,002	88,387
Non-current provisions	0	20,039	20,039
	52,385	56,041	108,426
Additional provision	86,197	15,187	101,384
Amounts used	(74,477)	0	(74,477)
Balance at 30 June 2020	64,105	71,228	135,333
Comprises			
Current	64,105	37,924	102,029
Non-current	0	33,304	33,304
	64,105	71,228	135,333
Amounts are expected to be settled on the following basis:	2020	2019	
	\$	\$	
Less than 12 months after the reporting date	63,024	60,736	
More than 12 months from reporting date	109,716	71,107	
Expected reimbursements from other WA local governments	(37,407)	(23,417)	
	135,333	108,426	

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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:

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	933,278	622,617	1,216,746

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	578,292	102,536	171,006
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(865)	0	0
Depreciation on non-current assets	1,648,073	1,605,372	1,604,799
(Profit)/loss on sale of asset	54,140	5,000	30,828
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(33,938)	13,000	(29,034)
(Increase)/decrease in other assets	(13,622)	0	8,712
(Increase)/decrease in inventories	1,064	0	(1,357)
Increase/(decrease) in payables	83,107	(7,107)	25,098
Increase/(decrease) in provisions	26,907	0	(1,915)
Increase/(decrease) in contract liabilities	26,388	(28,107)	0
Change in accounting policies transferred to retained surplus	0	28,107	0
Non-operating grants, subsidies and contributions	(1,250,684)	(1,720,698)	(702,825)
Net cash from operating activities	1,118,862	(1,897)	1,105,312

20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	6,092	0
General purpose funding	102,540	114,042
Law, order, public safety	424,000	382,269
Education and welfare	1,684,589	932,720
Housing	3,755,937	2,641,260
Community amenities	97,479	123,761
Recreation and culture	8,379,438	8,585,123
Transport	50,783,619	50,867,025
Economic services	1,928,369	2,253,288
Other property and services	2,540,150	2,286,510
Unallocated	1,212,657	1,403,156
	70,914,870	69,589,154

21. CONTINGENT ASSETS AND LIABILITIES

The Shire does not have any contingent assets or contingent liabilities to report as at 30 June 2020.

22. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

	2020	2019
	\$	\$
	85,216	0
	<u>85,216</u>	<u>0</u>

Payable:

- not later than one year

	85,216	0
--	--------	---

The capital expenditure projects outstanding at the end of the current 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

	2020	2019
	\$	\$
	1,020	9,996
	1,190	13,328
	<u>2,210</u>	<u>23,324</u>

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.

23. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	28,712	32,301	26,944
President's allowance	10,000	10,000	10,000
Deputy President's allowance	2,500	2,500	2,500
Travelling expenses	3,763	4,500	4,973
Telecommunications allowance	3,221	4,500	3,792
	<u>48,196</u>	<u>53,801</u>	<u>48,209</u>

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	459,590	490,512
Post-employment benefits	56,481	61,905
Other long-term benefits	39,803	9,989
	<u>555,874</u>	<u>562,406</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.

23. 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:	2020 Actual	2019 Actual
	\$	\$
Sale of goods and services		
- Close Family members and entities controlled or jointly controlled by the Key Management Personnel	22,555	13,678
- Entities subject to significant influence by the Shire	3,902	6,000
Purchase of goods and services		
- Close Family members and entities controlled or jointly controlled by the Key Management Personnel	558,791	72,773
- Entities subject to significant influence by the Shire	50	4,211
Amounts outstanding from related parties:		
- Close Family members and entities controlled or jointly controlled by the Key Management Personnel	0	111
Amounts payable to related parties:		
- Close Family members and entities controlled or jointly controlled by the Key Management Personnel	14,263	315

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

iii. Entities subject to significant influence by the Shire

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

24. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

	2020	2019
	\$	\$
(a) Share of joint operations		
Medical Services		
The Shire of Mukinbudin is in a joint arrangement with the Shires of Mount Marshall, Nungarin, and Trayning to provide medical services. The Shire of Mukinbudin has a 30% interest in this service which provides a doctor in Mukinbudin 1 day per week.		
In May 2017 the joint arrangement purchased a motor vehicle valued at \$54,287 from surplus funds. The vehicle is registered to the Shire of Trayning.		
Medical Services Financial Activity		
<u>Operating Expenses</u>		
Joint arrangement expenses incurred by the Shire of Mukinbudin	42,025	28,713
	42,025	28,713

No income was received.

24. JOINT ARRANGEMENTS (continued)

(a) Share of joint operations (Continued)

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

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

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

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

Financial Activity

	2020 \$	2019 \$
- Opening Balance	3,971	3,914
- Interest Earned	77	57
- Funds Utilised	0	0
- Closing Balance	<u>4,048</u>	<u>3,971</u>

Note: No funds were transferred to the Contingency Reserve in 2018/19 or 2019/20 as no net Aged Housing profit from operations eventuated.

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

Non-current assets

Specialised buildings at:

- Independent valuation 2017 - level 3	39,985	39,985
Less: accumulated depreciation	(1,199)	(799)
	<u>38,786</u>	<u>39,186</u>

24. JOINT ARRANGEMENTS (continued)

(a) Share of joint operations (Continued)

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

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

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

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

Financial Activity

- Opening Balance	4,195	4,050
- Interest Earned	192	145
- Funds Utilised	0	0
- Closing Balance	4,387	4,195

Note: No funds were transferred to the Contingency Reserve in 2018/19 or 2019/20 as no net Aged Housing profit from operations eventuated.

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

Non - Current Assets

Freehold land at:

- Independent valuation 2017 - level 2

	5,055	5,055
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Non-Specialised buildings at:

- Independent valuation 2017 - level 2

	33,700	33,700
--	--------	--------

Specialised buildings at:

- Independent valuation 2017 - level 3

	29,488	29,488
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Less: Accumulated Depreciation

	(2,519)	(1,679)
	65,724	66,564

24. JOINT ARRANGEMENTS (continued)

(a) Share of joint operations (Continued)

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

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

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

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

Financial Activity

- Opening Balance	4,510	4,450
- Interest Earned	81	60
- Funds Utilised	0	0
- Closing Balance	4,591	4,510

Note: No funds were transferred to the Contingency Reserve in 2018/19 or 2019/20 as no net Aged Housing profit from operations eventuated.

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

Non - Current Assets

Freehold land at:

- Independent valuation 2017 - level 2	1,807	1,807
--	-------	-------

Non-Specialised buildings at:

- Independent valuation 2017 - level 2	33,344	33,344
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Less: Accumulated Depreciation

	(1,279)	(734)
	<u>33,872</u>	<u>34,417</u>

24. JOINT ARRANGEMENTS (continued)

(a) Share of joint operations (Continued)

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

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

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

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

Financial Activity

- Opening Balance	7,738	7,665
- Interest Earned	97	73
- Funds Utilised	0	0
- Closing Balance	7,835	7,738

Note: No funds were transferred to the Contingency Reserve in 2018/19 or 2019/20 as no net Aged Housing profit from operations eventuated.

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

Non - Current Assets

Freehold land at:

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

Non-Specialised buildings at:

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

Less: Accumulated Depreciation

	(2,375)	(1,584)
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	84,887	85,678
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24. 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.

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

Financial Activity

No financial activity has been reported in 2018/19 or 2019/20 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

	2020	2019
	\$	\$
	4,758	4,758
	74,217	74,217
	(2,191)	(1,461)
	76,784	77,514

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.

25. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the financial years ending 30 June 2020 and 30 June 2019.

26. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the financial years ending 30 June 2020 and 30 June 2019.

SHIRE OF MUKINBUDIN
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

20 RATING INFORMATION

(5) Rates

RATE TYPE	Number of Properties	2019/20		2019/20		2019/20		2019/20		2019/20		2018/19	
		Rate in \$	Actual Rateable Value	Actual Rate	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue	
General rate													
Gross rental valuations													
Residential	150		1,104,644	203,515	4,155	0	207,670	0	0	0	203,515	204,545	0
Vacant	1		16,000	2,948	211	0	3,159	0	0	0	2,948	0	0
Unimproved valuations													
Rural	214		44,098,500	977,840	6,818	4,391	989,049	0	0	500	984,093	913,191	0
Mining	0		0	0	0	0	0	0	0	0	0	1,769	0
Sub-Total	365		45,219,144	1,184,303	11,184	4,391	1,199,878			500	1,190,556	1,119,505	
Minimum payment													
Gross rental valuations													
Residential	19		14,664	8,360	0	0	8,360	0	0	0	8,360	8,360	0
Vacant	5		1,516	2,200	0	0	2,200	0	0	0	2,200	3,080	0
Unimproved valuations													
Rural	32		245,500	17,600	0	0	17,600	0	0	0	16,500	17,600	0
Mining	10		59,371	5,500	(327)	0	5,173	0	0	0	5,500	3,300	0
Sub-Total	66		321,051	33,660	(327)	0	33,333			0	32,560	32,340	
Total amount raised from general rate	431		45,540,195	1,217,963	10,857	4,391	1,233,211			500	1,223,116	1,151,845	
Ex-gratia rates							17,867					17,591	
Movement in excess rates							0					(9,742)	
Totals							1,251,078				1,234,526	1,159,694	

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 2020**

27 RATING INFORMATION (Continued)

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

Rates Discounts

The Shire of Mukinbudin did not offer any Rates Discounts during the year ended 30 June 2020.

Waivers or Concessions

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

	2020 Actual	2020 Budget	2019 Actual
Sporting Complex Hire	\$ 803	\$ 0	\$ 277
Memorial Hall Hire	239	0	1,336
Gymnasium Membership	0	0	571
Caravan Park Fees and Charges	19,765	0	3,177
Community Bus Hire	759	0	776
Plant Hire	0	0	0
Animal Registration	888	0	3,005
Swimming Pool Entry	3,249	0	3,595
	25,703	0	12,737
Total discounts/concessions (Note 27(a))	25,703	0	12,737

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

Circumstances in which the Waiver or Concession is Granted and to whom it was available

Objects of the Waiver or Concession

Reasons for the Waiver or Concession

Sporting Complex Hire	Facility use by a local business, community group, for a private function or for a Wake and Funeral, Memorial and Church Services.	Nil	Support for the overall benefit of the community.
Memorial Hall Hire	Facility use by a local business, community group, for a private function, the Mukinbudin High School or for a Wake and Funeral, Memorial and Church Services.	Nil	Support for the overall benefit of the community.
Gymnasium Membership	Pensioner Discount	Nil	Support for the overall benefit of the community.
Caravan Park Fees and Charges	Pensioner or Caravan and Motorhome Club of Aust Ltd members	Nil	Support for the overall benefit of the community.
Community Bus Hire	Use by a Community Group	Nil	Support for the overall benefit of the community.
Plant Hire	When used land conservation work	Nil	Support for land conservation.
Animal Registration	Pensioner and Working Dog Discount	Nil	Support for the overall benefit of the community.
Swimming Pool Entry	Pensioner Discount	Nil	Support for the overall benefit of the community.

27. 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	4/10/2019			11.00%
Option Two				
First instalment	4/10/2019			11.00%
Second instalment	6/12/2019	15	5.50%	11.00%
Third instalment	14/02/2020	15	5.50%	11.00%
Fourth instalment	24/04/2020	15	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	5,781	5,000	5,823
Interest on instalment plan	2,130	2,500	2,271
Interest on ESL non-payment penalty	194	200	191
Charges on instalment plan	2,025	2,220	2,160
	10,130	9,920	10,445

28. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget	2019/20	2018/19
	2019/20 (30 June 2020 Carried Forward)	(30 June 2020 Carried Forward)	(1 July 2019 Brought Forward)	(30 June 2019 Carried Forward)
Note	\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
	Less: Profit on asset disposals	0	(21,719)	(21,719)
11(a)	(13,360)			
	Less: Fair value adjustments to financial assets at fair value through profit and loss	0	0	0
	(865)			
	Movement in pensioner deferred rates (non-current)		(866)	(866)
	153			
	Movement in employee benefit provisions (non-current)		7,773	7,773
	13,265			
	Movement in employee benefit provisions (cash back)		(9,688)	(9,688)
	13,642			
	Add: Loss on disposal of assets	5,000	52,547	52,547
11(a)	67,500			
	Add: Depreciation on non-current assets	1,605,372	1,604,799	1,604,799
11(c)	1,648,073			
	Non cash amounts excluded from operating activities	1,610,372	1,632,846	1,632,846
	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 backed	(532,413)	(613,413)	(613,413)
4	(487,167)			
	Less: Current assets not expected to be received at end of year			
	- Land held for resale	(10,830)	0	0
7	0			
	Add: Current liabilities not expected to be cleared at end of year			
	- Current portion of borrowings	813,063	137,910	137,910
17(a)	199,477			
	- Current portion of lease liabilities	0	0	0
	9,402			
	- Employee benefit provisions	98,075	88,387	88,387
	102,029			
	Total adjustments to net current assets	367,895	(387,116)	(387,116)
	(176,259)			
Net current assets used in the Rate Setting Statement				
	Total current assets	736,398	1,953,823	1,953,823
	1,594,713			
	Less: Total current liabilities	(1,104,293)	(512,855)	(463,495)
	(706,961)			
	Less: Total adjustments to net current assets	367,895	(387,116)	(387,116)
	(176,259)			
	Net current assets used in the Rate Setting Statement	0	1,053,852	1,103,212
	711,493			
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards				
Total current assets at 30 June 2019				
	- Contract assets			1,953,823
31(a)				0
	Total current assets at 1 July 2019			1,953,823
Total current liabilities at 30 June 2019				
	- Contract liabilities from contracts with customers			(463,495)
31(a)				(24,773)
	- Contract liabilities from transfers for recognisable non financial assets			(1,277)
31(a)				(23,310)
	- Rates paid in advance			(512,855)
31(b)				
	Total current liabilities at 1 July 2019			(512,855)

29. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
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
2019					
Cash and cash equivalents	1.56%	1,216,746	606,500	570,063	40,183

Sensitivity

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

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

* Holding all other variables constant

	2020	2019
	\$	\$
	9,095	5,701

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).

29. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
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
30 June 2019					
Rates receivable					
Expected credit loss	14.72%	0.00%	0.00%	0.00%	
Gross carrying amount	35,619	13,875	9,621	2,376	61,491
Loss allowance	5,242	0	0	0	5,242

The loss allowance as at 30 June 2020 and 30 June 2019 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 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
30 June 2019					
Trade and other receivables					
Expected credit loss	27.13%	0.00%	0.00%	0.00%	
Gross carrying amount	11,564	5,336	2,805	35,203	54,908
Loss allowance	3,137	0	0	0	3,137

29. 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.

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
	\$	\$	\$	\$	\$
2020					
Payables	343,615	0	0	343,615	343,615
Borrowings	236,770	634,396	805,807	1,676,973	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	805,807	2,086,354	1,909,208
2019					
Payables	237,198	0	0	237,198	237,198
Borrowings	162,590	457,297	144,078	763,965	706,056
	399,788	457,297	144,078	1,001,163	943,254

30. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

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

31. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	Note	AASB 118	Reclassification	AASB 15
		carrying amount		carrying amount
		30 June 2019		01 July 2019
		\$	\$	\$
Contract liabilities - current				
Contract liabilities from contracts with customers	15	0	(24,773)	(24,773)
Adjustment to retained surplus from adoption of AASB 15	32(b)	0	(24,773)	(24,773)

(b) AASB 1058: Income For Not-For-Profit Entities

The Shire adopted AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods was not restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 118: Revenue and AASB 1004: Contributions before the change:

	Note	AASB 118 and	Reclassification	AASB 1058
		carrying amount		carrying amount
		30 June 2019		01 July 2019
		\$	\$	\$
Trade and other payables				
Rates paid in advance	14	0	(23,310)	(23,310)
Contract liabilities - current				
Contract liabilities from transfers for recognisable non financial assets	15	0	(1,277)	(1,277)
Adjustment to retained surplus from adoption of AASB 1058	32(b)	0	(24,587)	(24,587)

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance gave rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurred, the financial liability was extinguished and the Shire recognised income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

Volunteer Services in relation to Volunteer Bush Fire Services were not recognised as the fair value of the services cannot be reliably estimated.

31. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

		2020 \$	Adjustment due to application of AASB 15 and AASB 1058	2020 \$ Compared to AASB 118 and AASB 1004
	Note	As reported under AASB 15 and AASB 1058		
Statement of Comprehensive Income				
Revenue				
Rates	27(a)	1,251,078	9,410	1,260,488
Operating grants, subsidies and contributions	2(a)	1,847,373	52,438	1,899,811
Fees and charges	2(a)	546,656	0	546,656
Non-operating grants, subsidies and contributions	2(a)	1,250,684	0	1,250,684
Net result		578,292	61,848	640,140
Statement of Financial Position				
Trade and other payables	14	343,615	(90,979)	252,636
Contract liabilities	15	52,438	(52,438)	0
Net assets		68,870,329	143,417	69,013,746
Statement of Changes in Equity				
Net result		578,292	61,848	640,140
Retained surplus		44,758,867	61,848	44,820,715

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

(c) AASB 16: Leases

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the Shire recognised lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117 (excluding short term and low value leases). These lease liabilities were measured at the present value of the the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 7.25%.

	Note	2020 \$
Operating lease commitments at 30 June 2019 applying AAS 117		23,324
Discount applied using incremental borrowing rate		(1,870)
Lease liability recognised as 1 July 2019 discounted using the Shire's incremental borrowing rate of 7.25%	16(b)	21,454
Lease liability - current		8,764
Lease liability - non-current		12,690
Right-of-use assets recognised at 1 July 2019		21,454

On adoption of AASB 16, the Shire recognised a right-of-use asset in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is deemed to be equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

Property, plant and equipment and lease liabilities increased by \$21,454 on 1 July 2019 resulting in no impact on retained surplus.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

32. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

Effective 6 November 2020, *Local Government (Financial Management) Regulation 16* was deleted and *Local Government (Financial Management) Regulation 17A* was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 9.

In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	9	12,523,359	(196,077)	12,327,282
Revaluation surplus	13	23,820,372	(196,077)	23,624,295

Also, following changes 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 is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously or during the year were not reversed as it was deemed fair value approximates cost at the date of the change.

(b) Changes in equity due to change in accounting policies

The impact on the Shire's opening retained surplus due to the adoption of AASB 15 and AASB 1058 as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			44,103,689
Adjustment to retained surplus from adoption of AASB 15	31(a)	(24,773)	
Adjustment to retained surplus from adoption of AASB 1058	31(b)	(24,587)	(49,360)
Retained surplus - 1 July 2019			44,054,329

The impact on the City's opening revaluation surplus resulting from *Local Government (Financial Management) Regulation 16* being deleted and the amendments to *Local Government (Financial Management) Regulation 17A* as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Revaluation surplus - 30 June 2019			23,820,372
Adjustment to revaluation surplus from deletion of FM Reg 16	32(a)	(196,077)	(196,077)
Revaluation surplus - 1 July 2019			23,624,295

33. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

34. 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.

35. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	1.95	3.80	2.67
Asset consumption ratio	0.60	0.61	0.62
Asset renewal funding ratio	0.80	0.77	0.48
Asset sustainability ratio	0.87	1.01	0.78
Debt service cover ratio	4.92	5.37	2.32
Operating surplus ratio	(0.36)	(0.30)	(0.77)
Own source revenue coverage ratio	0.42	0.42	0.36

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

To the Councillors of the Shire of Mukinbudin

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Mukinbudin which comprises the Statement of Financial Position as at 30 June 2020, and 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, as well as notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual 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.

Emphasis of Matter – Basis of Accounting

I draw attention to Notes 1 and 11 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

- (i) Regulation 17A requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 Leases which would have required the entity to measure the vested improvements also at zero cost.
- (ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

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 annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of the annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual 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

The objectives of my audit are to obtain reasonable assurance about whether the annual 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 annual financial report.

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

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 35 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries' standard for the past three financial years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial ratios for 2018 in Note 35 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2018. The auditor expressed an unmodified opinion on the annual financial report for that year.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Mukinbudin for the year ended 30 June 2020 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 annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual 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 annual financial report to confirm the information contained in this website version of the annual financial report.



VINCE TURCO
 SENIOR DIRECTOR FINANCIAL AUDIT
 Delegate of the Auditor General for Western Australia
 Perth, Western Australia
 18 December 2020