



## SHIRE OF MUNDARING

### BUDGET

FOR THE YEAR ENDED 30 JUNE 2021

LOCAL GOVERNMENT ACT 1995

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### **SHIRE'S VISION**

The place for sustainable living.

## **BUDGET OVERVIEW**

The Shire of Mundaring's 2020/21 budget has been prepared in the context of Covid-19 with a focus on community and economic relief and recovery.

The 2020/21 budget includes provisions for:

- Community and economic relief and recovery programs totalling \$500,000; and
- A total of \$200,000 towards potential rates relief for commercial and industrial businesses that can demonstrate they are experiencing financial hardship as result of Covid-19.

The Shire of Mundaring's 2020/21 budget has also been based on no increase in the total rate yield. However, whilst the Shire has not increased its rates revenue, the periodic system of revaluations of properties undertaken by the Valuer General this year will result in some ratepayers paying more and some ratepayers paying less than in 2019/20. This is due to the fluctuations in the valuations determined by the Valuer General for each individual property; not the uniform rate in the dollar set by the Shire.

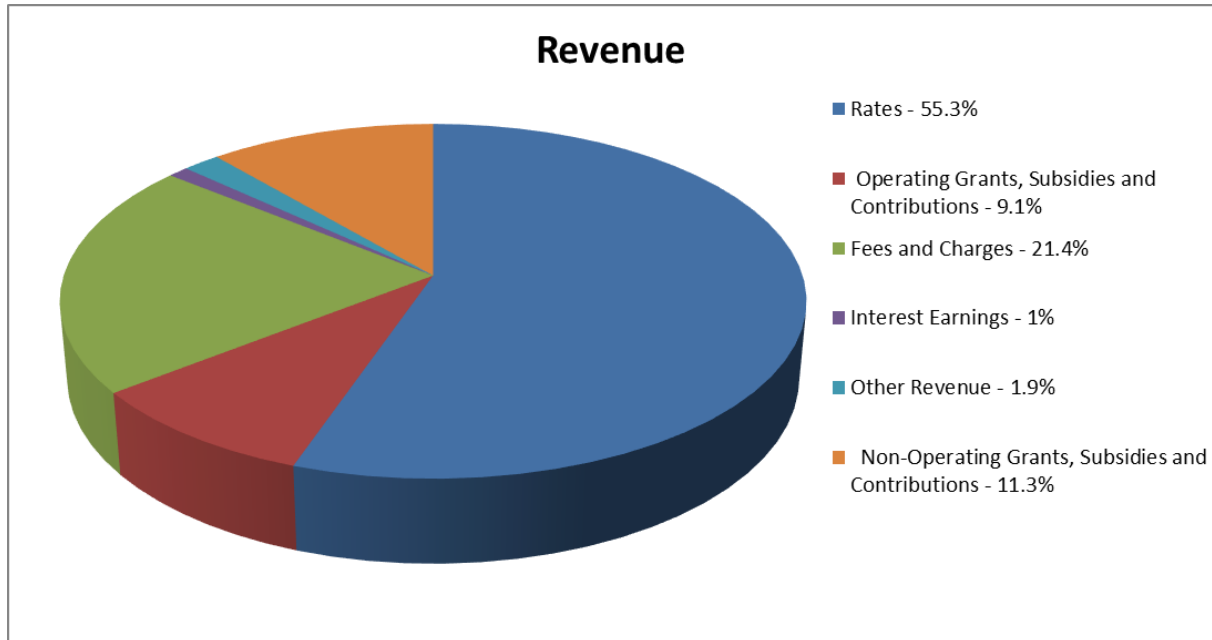
A detailed disclosure of rating information for 2020/21 is provided in Note 1 of the Budget document.

### **Closing Budget Position**

The budget forecasts a closing surplus of \$1,545,251 as at 30 June 2021. A detailed disclosure of the Shire's forecast closing budget position is provided in the Rate Setting Statement and Note 2 of the Budget document.

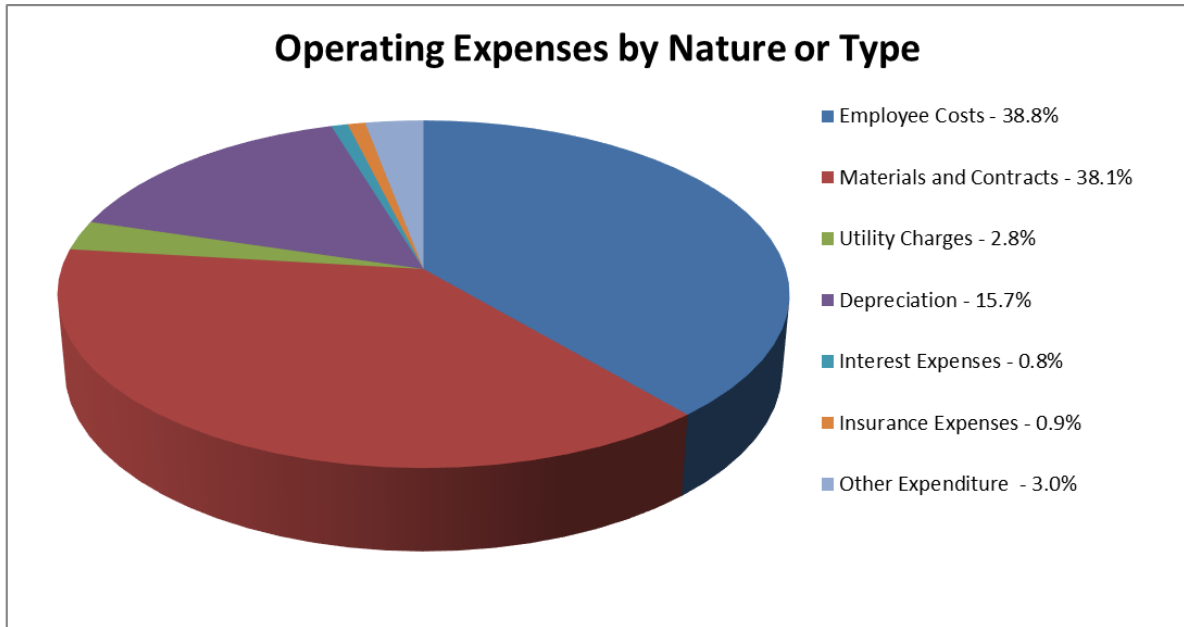
## Revenue

The Shire's total revenue for 2020/21 is forecast to be \$49,260,470 (excluding profit on disposal of assets). The breakdown of revenue by nature or type is provided below:

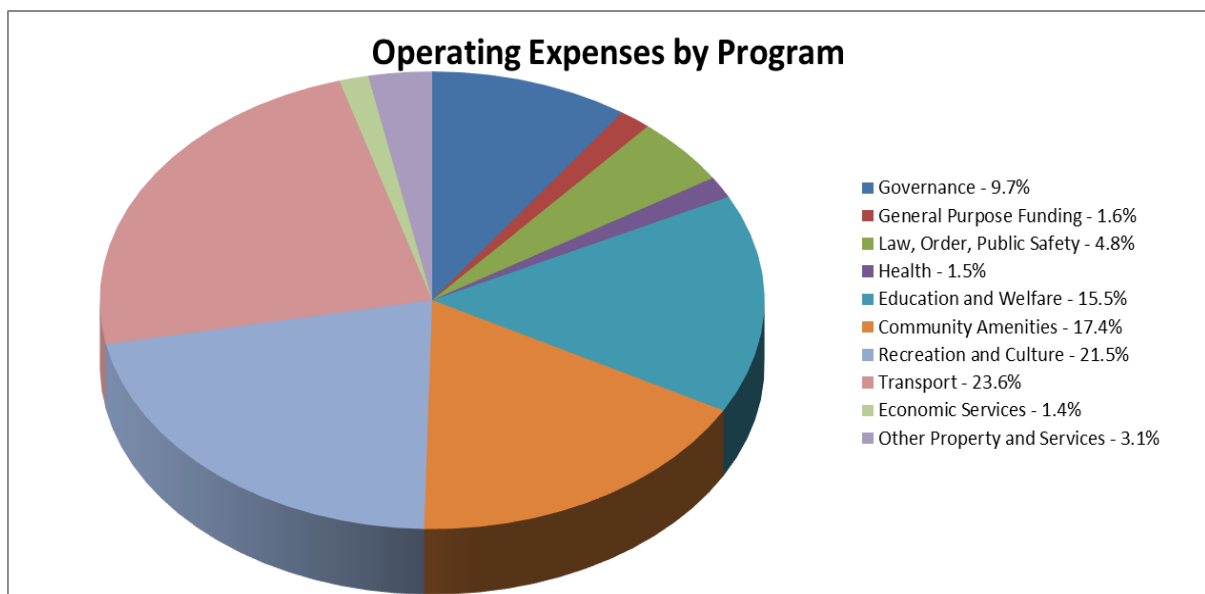


## Operating Expenses

The Shire's total operating expenditure for 2020/21 is forecast to be \$51,860,937 (excluding loss on disposal of assets). The breakdown of operating expenditure by nature and type is provided below:



The breakdown of operating expenditure by Program is provided below:

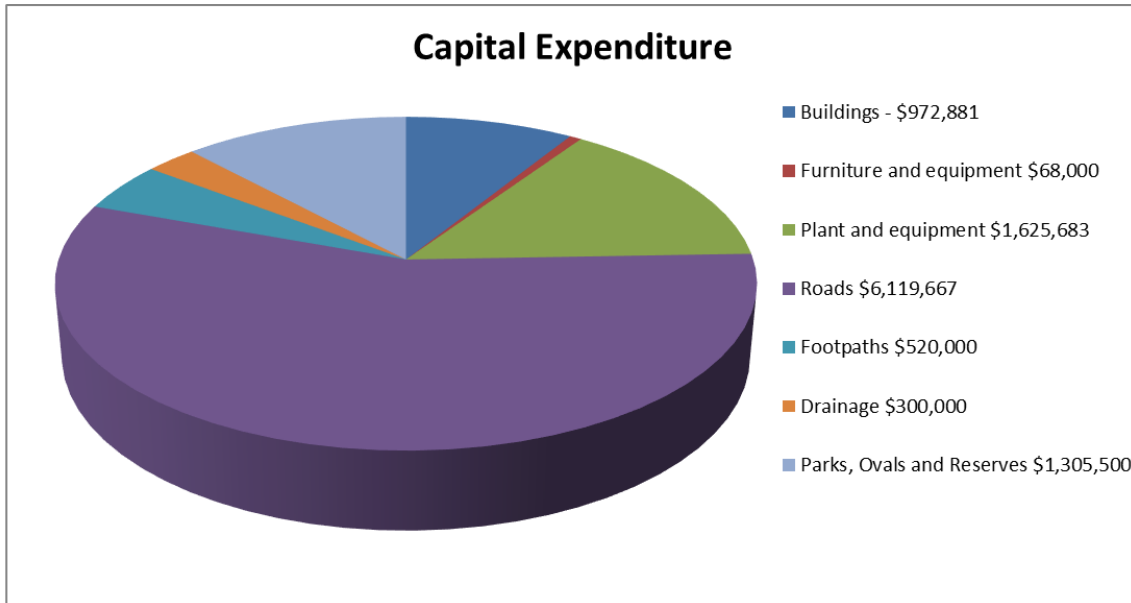


An explanation of the activities undertaken under each program is provided on page 9 of the Budget document.

The Shire's total comprehensive income (operating result) for 2020/21 is forecast to be \$1,390,508.

## Capital Expenditure

The Shire's total capital expenditure for 2020/21 is forecast to be \$10,911,731 (compared to a budget of \$9,137,558 in 2019/20). A breakdown of capital expenditure by class of assets is provided below:



A detailed breakdown of acquisitions on an individual asset basis can be found in the Shire's Corporate Business Plan and Long Term Financial Plan.

## Loan Liability

The Shire's forecast loan liability at 30 June 2021, as disclosed in Note 6 of the budget, is \$9,834,692. There is no new loan debt forecast in the 2020/21 budget.

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

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
<b>Revenue</b>				
Rates	1(a)	29,092,236	29,096,030	29,092,301
Operating grants, subsidies and contributions	10(a)	4,809,716	8,103,205	4,436,750
Fees and charges	9	11,264,137	11,932,832	12,071,901
Interest earnings	12(a)	532,545	929,822	1,070,620
Other revenue	12(b)	978,455	724,089	714,575
		46,677,089	50,785,978	47,386,147
<b>Expenses</b>				
Employee costs		(20,108,291)	(19,512,189)	(20,073,418)
Materials and contracts		(19,764,098)	(19,068,422)	(19,755,212)
Utility charges		(1,434,838)	(1,393,548)	(1,450,928)
Depreciation on non-current assets	5	(8,120,471)	(8,655,058)	(7,309,307)
Interest expenses	12(d)	(439,268)	(470,846)	(470,846)
Insurance expenses		(460,095)	(472,651)	(524,246)
Other expenditure		(1,533,876)	(763,464)	(748,468)
		(51,860,937)	(50,336,178)	(50,332,425)
<b>Subtotal</b>		(5,183,848)	449,800	(2,946,278)
Non-operating grants, subsidies and contributions	10(b)	5,938,534	1,999,703	1,874,323
Profit on asset disposals	4(b)	650,000	0	1,225,000
Loss on asset disposals	4(b)	(14,178)	(129,375)	(129,375)
		6,574,356	1,870,328	2,969,948
<b>Net result</b>		<b>1,390,508</b>	<b>2,320,128</b>	<b>23,670</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>1,390,508</b>	<b>2,320,128</b>	<b>23,670</b>

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

**SHIRE OF MUNDARING  
FOR THE YEAR ENDED 30 JUNE 2021**

**BASIS OF PREPARATION**

The budget has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations. The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this budget. This is not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

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

**THE LOCAL GOVERNMENT REPORTING ENTITY**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 16 to the budget.

**2019/20 ACTUAL BALANCES**

Balances shown in this budget as 2019/20 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

**CHANGE IN ACCOUNTING POLICIES**

On the 1 July 2020 the following new accounting policies are to be adopted and may impact the preparation of the budget:

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

AASB 1059 is not expected to impact the annual budget. Specific impacts of AASB 2018-7 have not been identified.

**KEY TERMS AND DEFINITIONS - NATURE OR TYPE**

**REVENUES**

**RATES**

All rates levied under the *Local Government Act 1995*. Includes general, differential, specified area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts and concessions offered. Exclude administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

**PROFIT ON ASSET DISPOSAL**

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

**OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS**

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

**NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS**

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

**REVENUES (CONTINUED)**

**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. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

**INTEREST EARNINGS**

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

**OTHER REVENUE / INCOME**

Other revenue, which can not be classified under the above headings, includes dividends, discounts, and rebates. Reimbursements and recoveries should be separated by note to ensure the correct calculation of ratios.

**EXPENSES**

**EMPLOYEE COSTS**

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences safety expenses, medical examinations, fringe benefit tax, etc.

**MATERIALS AND CONTRACTS**

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

**UTILITIES (GAS, ELECTRICITY, WATER, ETC.)**

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

**INSURANCE**

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

**LOSS ON ASSET DISPOSAL**

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

**DEPRECIATION ON NON-CURRENT ASSETS**

Depreciation and amortisation expense raised on all classes of assets.

**INTEREST EXPENSES**

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

**OTHER EXPENDITURE**

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups.

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

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
<b>Revenue</b>	1,9,10(a),12(a),12(b)	\$	\$	\$
Governance		179,748	231,391	191,500
General purpose funding		30,803,281	32,562,979	31,354,421
Law, order, public safety		562,400	855,265	571,400
Health		46,200	63,971	50,700
Education and welfare		5,762,350	5,724,900	5,722,200
Community amenities		7,147,722	9,257,805	7,358,836
Recreation and culture		1,438,856	1,252,513	1,309,385
Transport		65,700	70,456	48,000
Economic services		256,825	258,582	277,780
Other property and services		414,007	508,116	501,925
		46,677,089	50,785,978	47,386,147
<b>Expenses excluding finance costs</b>	4(a),5,12(c),(e),(f),(g)			
Governance		(4,813,278)	(4,713,196)	(5,283,025)
General purpose funding		(811,573)	(860,370)	(650,773)
Law, order, public safety		(2,476,558)	(2,680,583)	(2,455,857)
Health		(787,645)	(726,358)	(732,343)
Education and welfare		(8,018,301)	(7,237,731)	(7,352,394)
Community amenities		(9,012,593)	(8,539,166)	(8,913,618)
Recreation and culture		(10,932,106)	(10,040,522)	(10,508,626)
Transport		(12,228,858)	(12,586,744)	(11,459,306)
Economic services		(738,656)	(752,216)	(759,663)
Other property and services		(1,602,101)	(1,728,446)	(1,745,974)
		(51,421,669)	(49,865,332)	(49,861,579)
<b>Finance costs</b>	6(a),12 (d)			
Governance		(210,399)	(230,601)	(230,601)
Recreation and culture		(228,869)	(240,245)	(240,245)
		(439,268)	(470,846)	(470,846)
<b>Subtotal</b>		(5,183,848)	449,800	(2,946,278)
Non-operating grants, subsidies and contributions:	10(b)	5,938,534	1,999,703	1,874,323
Profit on disposal of assets	4(b)	650,000	0	1,225,000
(Loss) on disposal of assets	4(b)	(14,178)	(129,375)	(129,375)
		6,574,356	1,870,328	2,969,948
<b>Net result</b>		<b>1,390,508</b>	<b>2,320,128</b>	<b>23,670</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>1,390,508</b>	<b>2,320,128</b>	<b>23,670</b>

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



**SHIRE OF MUNDARING**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS**

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

**OBJECTIVE**

**ACTIVITIES**

**GOVERNANCE**

To provide a decision making process for the efficient allocation of resources.

Includes the activities of members of council and the administrative support required for the Council and Shire services.

**GENERAL PURPOSE FUNDING**

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

To provide services to help ensure a safer community.

Supervision and enforcement of legislation and various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

**HEALTH**

To provide an operational framework for environmental and community health.

Prevention of human illnesses, including inspection of premises/food control.

**EDUCATION AND WELFARE**

To provide services to disadvantaged persons, the elderly, children and youth.

Operating and maintaining child minding centres and playgroup centres. Provision of services and programs for the youth and seniors of the Shire.

**COMMUNITY AMENITIES**

To provide essential services required by the community.

Rubbish collection services, operation of waste disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of local planning schemes, cemeteries and public conveniences.

**RECREATION AND CULTURE**

To establish and effectively manage infrastructure and resources which will help the social well being of the community.

Maintenance of public halls, civic centres, aquatic centres, lake, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of libraries and other cultural facilities.

**TRANSPORT**

To provide safe, effective and efficient transport services to the community.

Construction and maintenance of roads, streets, pathways, depots, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

**ECONOMIC SERVICES**

To help promote the shire and its economic wellbeing.

Tourism and area promotion. Provision of standpipes. Approval of building construction and implementation of statutory building controls.

**OTHER PROPERTY AND SERVICES**

To monitor and control the Shire's overheads operating accounts.

Public works overheads, plant and equipment operations and activities not reported in the above programs.

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

NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Rates	29,092,236	29,096,030	29,092,301
Operating grants, subsidies and contributions	4,809,716	6,959,357	4,436,750
Fees and charges	11,264,137	11,932,832	12,071,901
Interest earnings	532,545	929,822	1,070,620
Goods and services tax	2,200,000	2,200,000	2,400,000
Other revenue	978,455	724,089	714,575
	<b>48,877,089</b>	<b>51,842,130</b>	<b>49,786,147</b>
<b>Payments</b>			
Employee costs	(20,108,291)	(19,512,189)	(20,073,418)
Materials and contracts	(19,764,098)	(19,068,422)	(19,755,212)
Utility charges	(1,434,838)	(1,393,548)	(1,450,928)
Interest expenses	(439,268)	(470,846)	(470,846)
Insurance expenses	(460,095)	(472,651)	(524,246)
Goods and services tax	(2,200,000)	(2,200,000)	(2,400,000)
Other expenditure	(1,533,876)	(763,464)	(748,468)
	<b>(45,940,466)</b>	<b>(43,881,120)</b>	<b>(45,423,118)</b>
<b>Net cash provided by (used in) operating activities</b>	<b>3</b>	<b>2,936,623</b>	<b>4,363,029</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of property, plant & equipment	4(a)	(2,666,564)	(2,630,967)
Payments for construction of infrastructure	4(a)	(8,245,167)	(6,311,344)
Non-operating grants, subsidies and contributions		5,938,534	1,999,703
Proceeds from sale of assets	4(b)	1,139,989	395,419
		<b>3,032,211</b>	<b>3,032,211</b>
<b>Net cash provided by (used in) investing activities</b>		<b>(3,833,208)</b>	<b>(6,547,189)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings	6(a)	(666,777)	(635,199)
<b>Net cash provided by (used in) financing activities</b>		<b>(666,777)</b>	<b>(635,199)</b>
<b>Net increase (decrease) in cash held</b>		<b>(1,563,362)</b>	<b>778,622</b>
Cash at beginning of year		9,329,913	8,551,291
<b>Cash and cash equivalents at the end of the year</b>	<b>3</b>	<b>7,766,551</b>	<b>9,329,913</b>
		<b>28,263,483</b>	<b>28,263,483</b>

The closing balance for the 2019/20 Budget includes term deposits, which are no longer included in the opening and closing cash balances within the Statement of Cash Flows.

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

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

NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
<b>OPERATING ACTIVITIES</b>			
<b>Net current assets at start of financial year - surplus/(deficit)</b>	5,453,805	6,194,336	5,274,142
<b>Revenue from operating activities (excluding rates)</b>	5,453,805	6,194,336	5,274,142
Governance	179,748	231,391	191,500
General purpose funding	1,711,045	3,466,949	2,262,120
Law, order, public safety	562,400	855,265	571,400
Health	46,200	63,971	50,700
Education and welfare	5,762,350	5,724,900	5,722,200
Community amenities	7,147,722	9,257,805	7,358,836
Recreation and culture	2,088,856	1,252,513	1,869,385
Transport	65,700	70,456	48,000
Economic services	256,825	258,582	277,780
Other property and services	414,007	508,116	1,166,925
	18,234,853	21,689,948	19,518,846
<b>Expenditure from operating activities</b>			
Governance	(5,023,677)	(4,943,797)	(5,513,626)
General purpose funding	(811,573)	(860,370)	(650,773)
Law, order, public safety	(2,476,558)	(2,688,908)	(2,464,182)
Health	(787,645)	(732,105)	(738,090)
Education and welfare	(8,018,301)	(7,250,576)	(7,365,239)
Community amenities	(9,012,593)	(8,601,478)	(8,975,930)
Recreation and culture	(11,160,975)	(10,280,767)	(10,748,871)
Transport	(12,243,036)	(12,626,890)	(11,499,452)
Economic services	(738,656)	(752,216)	(759,663)
Other property and services	(1,602,101)	(1,728,446)	(1,745,974)
	(51,875,115)	(50,465,553)	(50,461,800)
Non-cash amounts excluded from operating activities	2 (a)(i) 7,484,649	8,784,433	6,213,682
<b>Amount attributable to operating activities</b>	(20,701,808)	(13,796,836)	(19,455,130)
<b>INVESTING ACTIVITIES</b>			
Non-operating grants, subsidies and contributions	10(b) 5,938,534	1,999,703	1,874,323
Purchase property, plant and equipment	4(a) (2,666,564)	(2,630,967)	(2,648,558)
Purchase and construction of infrastructure	4(a) (8,245,167)	(6,311,344)	(6,489,000)
Proceeds from disposal of assets	4(b) 1,139,989	395,419	3,032,211
<b>Amount attributable to investing activities</b>	(3,833,208)	(6,547,189)	(4,231,024)
<b>FINANCING ACTIVITIES</b>			
Repayment of borrowings	6(a) (666,777)	(635,199)	(635,200)
Transfers to cash backed reserves (restricted assets)	8(a) (4,444,535)	(4,887,965)	(5,644,276)
Transfers from cash backed reserves (restricted assets)	8(a) 2,099,343	2,224,964	2,336,098
<b>Amount attributable to financing activities</b>	(3,011,969)	(3,298,200)	(3,943,378)
<b>Budgeted deficiency before general rates</b>	(27,546,985)	(23,642,225)	(27,629,532)
<b>Estimated amount to be raised from general rates</b>	1 29,092,236	29,096,030	29,092,301
<b>Net current assets at end of financial year - surplus/(deficit)</b>	2 (a)(iii) <b>1,545,251</b>	<b>5,453,805</b>	<b>1,462,769</b>

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

**SHIRE OF MUNDARING**  
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**FOR THE YEAR ENDED 30 JUNE 2021**

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SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

**1. RATES AND SERVICE CHARGES**

**(a) Rating Information**

RATE TYPE	Rate in	Number of properties	Rateable value	2020/21 Budgeted rate revenue	2020/21 Budgeted interim rates	2020/21 Budgeted back rates	2020/21 Budgeted total revenue	2019/20 Actual total revenue	2019/20 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
<b>Differential general rate or general rate</b>									
<b>Gross rental valuations</b>									
GRV - Commercial	0.0890172	280	24,804,510	2,208,028	0	0	2,208,028	2,075,715	2,072,094
GRV - Light Industrial	0.0890172	288	15,901,728	1,415,527	0	0	1,415,527	1,377,659	1,366,816
GRV - Residential	0.0890172	11,316	206,850,887	18,413,287	144,737	0	18,558,024	18,752,154	18,790,179
GRV - Rural Residential	0.0890172	3,082	62,910,302	5,600,099	0	0	5,600,099	5,572,996	5,545,706
<b>Unimproved valuations</b>									
UV - Rural	0.0060805	243	140,502,000	854,322	0	0	854,322	854,358	854,358
<b>Sub-Totals</b>		15,209	450,969,427	28,491,263	144,737	0	28,636,000	28,632,882	28,629,153
<b>Minimum</b>									
<b>Minimum payment</b>									
\$									
<b>Gross rental valuations</b>									
GRV - Commercial	864	3	21,860	2,592	0	0	2,592	2,592	2,592
GRV - Light Industrial	864	1	8,148	864	0	0	864	864	864
GRV - Residential	864	449	3,338,914	387,936	0	0	387,936	391,392	391,392
GRV - Rural Residential	864	70	584,496	60,480	0	0	60,480	63,936	63,936
<b>Unimproved valuations</b>									
UV - Mining Lease	1,091	4	50,239	4,364	0	0	4,364	4,364	4,364
<b>Sub-Totals</b>		527	4,003,657	456,236	0	0	456,236	463,148	463,148
							<b>Total amount raised from general rates</b>		
							29,092,236	29,096,030	29,092,301
							29,092,236	29,096,030	29,092,301

All land (other than exempt land) in the Shire of Mundaring is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the Shire of Mundaring.

The general rates detailed for the 2020/21 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

**1. RATES AND SERVICE CHARGES (CONTINUED)**

**(b) Interest Charges and Instalments - Rates and Service Charges**

The following instalment options are available to ratepayers for the payment of rates and service charges.

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
<b>Option one</b>				
Single payment	31/08/2020	0	0.0%	8.0%
<b>Option two</b>				
First Instalment	31/08/2020	0	0.0%	8.0%
Second Instalment	3/11/2020	0	0.0%	8.0%
Third Instalment	11/01/2021	0	0.0%	8.0%
Fourth Instalment	15/03/2021	0	0.0%	8.0%

**Option three**

A payment arrangement agreed under section 6.49 of the Local Government Act 1995.

Ratepayers who enter an agreement to pay rates as provided in Section 6.49 of the Act are not levied an administrative charge but interest (8%) is paid on the rates balance outstanding until it is paid in full.

	2020/21 Budget revenue	2019/20 Actual revenue	2019/20 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	0	153,989	153,000
Unpaid rates charge interest earned	105,000	199,822	195,000
	105,000	353,811	348,000

SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

**1. RATES AND SERVICE CHARGES (CONTINUED)**

**(c) Specified Area Rate**

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

**(d) Service Charges**

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

**(e) Waivers or concessions**

Rate or fee and charge to which the waiver or concession is granted	Type	Discount %	Discount (\$)	2020/21 Budget	2019/20 Actual	2019/20 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
Hire fees for sporting and community facilities	Waiver	25.0%	0	\$ 74,535	\$ 0	\$ 0	0 A discount of 25% is provided to small business, community groups, sporting clubs and Not for Profits for the hire Shire facilities.	Council consider support of these community groups necessary for the overall benefit of the community. Assist and support community groups as part of Council's Covid-19 Recovery initiatives.
				74,535	0	0		

SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

**2 (a). NET CURRENT ASSETS**

**Items excluded from calculation of budgeted deficiency**

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the *Local Government Act 1995* the following amounts have been excluded as provided by *Local Government (Financial Management) Regulation 32* which will not fund the budgeted expenditure.

	Note	2020/21 Budget 30 June 2021	2019/20 Actual 30 June 2020	2019/20 Budget 30 June 2020
		\$	\$	\$
<b>(i) Operating activities excluded from budgeted deficiency</b>				
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	4(b)	(650,000)	0	(1,225,000)
Add: Loss on disposal of assets	4(b)	14,178	129,375	129,375
Add: Depreciation on assets	5	8,120,471	8,655,058	7,309,307
<b>Non cash amounts excluded from operating activities</b>		<b>7,484,649</b>	<b>8,784,433</b>	<b>6,213,682</b>
<b>(ii) Current assets and liabilities excluded from budgeted deficiency</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.				
<b>Adjustments to net current assets</b>				
Less: Cash - restricted reserves	3	(29,532,470)	(27,187,278)	(24,185,109)
Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings		700,169	666,777	666,777
<b>Total adjustments to net current assets</b>		<b>(28,832,301)</b>	<b>(26,520,501)</b>	<b>(23,518,332)</b>



SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

**2 (a). NET CURRENT ASSETS (CONTINUED)**

**EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)**

	Note	2020/21 Budget 30 June 2021	2019/20 Actual 30 June 2020	2019/20 Budget 30 June 2020
		\$	\$	\$
<b>(iii) Composition of estimated net current assets</b>				
<b>Current assets</b>				
Cash and cash equivalents- unrestricted	3	4,278,002	8,186,556	4,078,374
Cash and cash equivalents - restricted				
Cash backed reserves	3	29,532,470	27,187,278	24,185,109
Bonds and Deposits		2,497,594	2,497,594	0
Receivables		2,218,953	2,218,953	1,981,982
Inventories		96,367	96,367	112,090
		38,623,386	40,186,748	30,357,555
<b>Less: current liabilities</b>				
Trade and other payables		(4,300,200)	(4,300,200)	(1,429,155)
Long term borrowings		(700,169)	(666,777)	(666,777)
Provisions		(3,245,465)	(3,245,465)	(3,280,522)
		(8,245,834)	(8,212,442)	(5,376,454)
<b>Net current assets</b>		30,377,552	31,974,306	24,981,101
<b>Less: Total adjustments to net current assets</b>	2 (a)(ii)	(28,832,301)	(26,520,501)	(23,518,332)
<b>Closing funding surplus / (deficit)</b>		1,545,251	5,453,805	1,462,769

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2 (b). NET CURRENT ASSETS (CONTINUED)**

**SIGNIFICANT ACCOUNTING POLICIES**

**CURRENT AND NON-CURRENT CLASSIFICATION**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

**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 of Mundaring 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 terms stipulated by the creditor.

**CONTRACT ASSETS**

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

**PROVISIONS**

Provisions are recognised when the Shire has a 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.

**INVENTORIES**

**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.

**Superannuation**

The Shire of Mundaring contributes to a number of superannuation funds on behalf of employees.

All funds to which the Shire of Mundaring contributes are defined contribution plans.

**LEASE LIABILITIES**

The present value of future lease payments not paid at the reporting date discounted using the incremental borrowing rate where the implicit interest rate in the lease is not readily determined.

**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.

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.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

**EMPLOYEE BENEFITS**

**Short-term employee benefits**

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

**LAND HELD FOR RESALE**

Land held for development and sale 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. Finance 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 on to the buyer at this point.

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

SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

### 3. RECONCILIATION OF CASH

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

Note	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Cash at bank and on hand	7,766,551	9,329,913	4,078,374
<b>Total cash and cash equivalents</b>	<b>7,766,551</b>	<b>9,329,913</b>	<b>4,078,374</b>
Financial assets at amortised cost (term deposits)	26,043,921	26,043,921	24,185,109
<b>Total cash, cash equivalents and all term deposits</b>	<b>33,810,472</b>	<b>35,373,834</b>	<b>28,263,483</b>
<b>Comprises:</b>			
- Unrestricted cash and cash equivalents	4,278,002	8,186,556	4,078,374
- Restricted cash and cash equivalents	29,532,470	27,187,278	24,185,109
	<b>33,810,472</b>	<b>35,373,834</b>	<b>28,263,483</b>
The following restrictions have been imposed by regulation or other externally imposed requirements on cash and cash equivalents and financial assets at amortised cost:			
Plant replacement reserve	1,097,777	943,415	565,087
Civic facilities reserve	10,691,707	9,431,404	9,337,202
Information technology reserve	1,068,705	1,087,517	1,079,475
Long service leave reserve	718,922	364,833	560,917
Children service reserves	2,654,492	2,679,462	1,726,705
Gravel pit rehabilitation reserve	61,531	60,849	24,943
Capital invest reserve	4,896,605	3,896,605	6,621,605
Capital income reserve	4,320,516	4,270,399	4,259,175
Unspent grant reserve	0	490,000	0
Telecommunications facility Bailup reserve	20,112	10,000	10,000
Waste management reserve	1,504,509	1,455,200	0
Bonds and Deposits	2,497,594	2,497,594	0
	<b>29,532,470</b>	<b>27,187,278</b>	<b>24,185,109</b>
<b>Reconciliation of net cash provided by operating activities to net result</b>			
<b>Net result</b>	<b>1,390,508</b>	<b>2,320,128</b>	<b>23,670</b>
Depreciation	5	8,120,471	8,655,058
(Profit)/loss on sale of asset	4(b)	(635,822)	129,375
Increase/(decrease) in contract liabilities		0	(1,143,848)
Non-operating grants, subsidies and contributions		(5,938,534)	(1,999,703)
<b>Net cash from operating activities</b>		<b>2,936,623</b>	<b>7,961,010</b>

#### SIGNIFICANT ACCOUNTING POLICES

##### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments 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 shown as short term borrowings in current liabilities in Note 2 - Net Current Assets.

##### 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.

SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

#### 4. FIXED ASSETS

##### (a) Acquisition of Assets

The following assets are budgeted to be acquired during the year.

Asset class	Reporting program						2020/21 Budget total	2019/20 Actual total	2019/20 Budget total
	Governance	Law, order, public safety	Education and welfare	Community amenities	Recreation and culture	Transport			
	\$	\$	\$	\$	\$	\$	\$	\$	
<i>Property, Plant and Equipment</i>									
Buildings	0	0	50,000	0	155,000	767,881	972,881	785,100	1,185,350
Furniture and equipment	51,000	0	0	0	17,000	0	68,000	219,200	22,000
Plant and equipment	0	800,000	0	0	100,000	725,683	1,625,683	1,626,667	1,441,208
	51,000	800,000	50,000	0	272,000	1,493,564	2,666,564	2,630,967	2,648,558
<i>Infrastructure</i>									
Infrastructure - roads	0	0	0	0	0	6,119,667	6,119,667	4,262,014	4,221,000
Infrastructure - footpaths	0	0	0	0	0	520,000	520,000	300,737	260,000
Infrastructure - drainage	0	0	0	0	0	300,000	300,000	548,500	597,000
Infrastructure - parks and ovals	0	0	0	30,000	386,000	889,500	1,305,500	1,200,093	1,411,000
	0	0	0	30,000	386,000	7,829,167	8,245,167	6,311,344	6,489,000
<b>Total acquisitions</b>	51,000	800,000	50,000	30,000	658,000	9,322,731	10,911,731	8,942,311	9,137,558

#### SIGNIFICANT ACCOUNTING POLICIES

##### RECOGNITION OF ASSETS

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.

SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

#### 4. FIXED ASSETS

##### (b) Disposals of Assets

The following assets are budgeted to be disposed of during the year.

	2020/21 Budget Net Book Value	2020/21 Budget Sale Proceeds	2020/21 Budget Profit	2020/21 Budget Loss	2019/20 Actual Net Book Value	2019/20 Actual Sale Proceeds	2019/20 Actual Profit	2019/20 Actual Loss	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>By Program</b>												
Law, order, public safety	0	0	0	0	41,961	33,636	0	(8,325)	37,500	29,175	0	(8,325)
Health	0	0	0	0	25,082	19,335	0	(5,747)	20,000	14,253	0	(5,747)
Education and welfare	0	0	0	0	40,000	27,155	0	(12,845)	40,000	27,155	0	(12,845)
Community amenities	0	0	0	0	117,186	54,874	0	(62,312)	117,186	54,874	0	(62,312)
Recreation and culture	350,000	1,000,000	650,000	0	0	0	0	0	340,000	900,000	560,000	0
Transport	154,167	139,989	0	(14,178)	300,565	260,419	0	(40,146)	221,900	181,754	0	(40,146)
Economic services	0	0	0	0	0	0	0	0	1,160,000	1,825,000	665,000	0
	504,167	1,139,989	650,000	(14,178)	524,794	395,419	0	(129,375)	1,936,586	3,032,211	1,225,000	(129,375)
<b>By Class</b>												
<i>Property, Plant and Equipment</i>												
Land - freehold land	350,000	1,000,000	650,000	0	0	0	0	0	1,500,000	2,725,000	1,225,000	0
Plant and equipment	154,167	139,989	0	(14,178)	524,794	395,419	0	(129,375)	436,586	307,211	0	(129,375)
	504,167	1,139,989	650,000	(14,178)	524,794	395,419	0	(129,375)	1,936,586	3,032,211	1,225,000	(129,375)

#### SIGNIFICANT ACCOUNTING POLICIES

##### GAINS AND LOSSES ON DISPOSAL

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

**5. ASSET DEPRECIATION**

**By Program**

Governance
Law, order, public safety
Health
Education and welfare
Community amenities
Recreation and culture
Transport
Economic services
Other property and services

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
281,130	281,130	286,023	
255,555	255,697	223,518	
20,035	20,036	22,840	
88,591	88,511	92,607	
66,620	66,619	62,600	
1,594,695	1,594,221	1,596,775	
5,704,975	6,239,975	4,916,615	
4,680	4,680	4,979	
104,190	104,189	103,350	
<b>8,120,471</b>	<b>8,655,058</b>	<b>7,309,307</b>	
<b>1,514,882</b>	<b>1,515,211</b>	<b>1,505,685</b>	
<b>13,515</b>	<b>14,257</b>	<b>26,869</b>	
<b>671,609</b>	<b>670,125</b>	<b>706,288</b>	
<b>5,920,465</b>	<b>6,455,465</b>	<b>5,070,465</b>	
<b>8,120,471</b>	<b>8,655,058</b>	<b>7,309,307</b>	

**By Class**

Buildings
Furniture and equipment
Plant and equipment
Infrastructure

**SIGNIFICANT ACCOUNTING POLICIES**

**DEPRECIATION**

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

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

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

Major depreciation periods used for each class of depreciable asset are:

Asset Class	Useful life
<b>Buildings</b>	
- Structure	30 to 75 years
- Fit out	18 to 45 years
- Mechanical	18 to 45 years
- Roof Cladding	24 to 60 years
<b>Furniture and Equipment</b>	3 to 12 years
<b>Plant and Equipment</b>	3 to 20 years
<b>Sealed Roads and Streets</b>	
- Formation	not depreciated
- Pavement	70 to 110 years
- Surface	15 to 30 years
- Kerb	70 years
<b>Unsealed Roads</b>	
- Formation	not depreciated
- Surface	15 years
<b>Drainage</b>	60 to 100 years
<b>Bridges</b>	40 to 100 years
<b>Footpaths</b>	15 to 100 years
<b>Heritage Trails</b>	75 years
- Formation	not depreciated
- Pavement	60 years
- Point Items	15 to 100 years
<b>Waste Transfer Stations</b>	15 to 100 years
<b>Bus Shelters</b>	20 to 50 years
<b>Parks Hard Assets</b>	5 to 80 years

SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

**6. INFORMATION ON BORROWINGS**

**(a) Borrowing repayments**

Movement in borrowings and interest between the beginning and the end of the current financial year.

Purpose	Loan Number	Institution	Interest Rate	Budget	2020/21	2020/21	Budget	2020/21	Actual	2019/20	2019/20	Actual	2019/20	Budget	2019/20	2019/20	Budget	2019/20
				Principal	Budget	Budget	Principal	Actual		Actual	Principal	Actual	Principal		Budget	Budget	Budget	Principal
				1 July 2020	New Loans	Repayments	Principal outstanding 30 June 2021	Budget Interest Repayments	1 July 2019	New Loans	Repayments	30 June 2020	Repayments	1 July 2019	New Loans	Repayments	30 June 2020	Repayments
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Governance</b>																		
Civic Facility & Depot Redevelopment	170	WATC	6.95%	3,115,262	0	(301,722)	2,813,540	(210,399)	3,396,782	0	(281,520)	3,115,262	(230,601)	3,396,782	0	(281,520)	3,115,262	(230,601)
<b>Recreation and culture</b>																		
Community Building Projects	171	WATC	3.17%	7,386,207	0	(365,055)	7,021,152	(228,869)	7,739,886	0	(353,679)	7,386,207	(240,245)	7,739,887	0	(353,680)	7,386,207	(240,245)
				10,501,469	0	(666,777)	9,834,692	(439,268)	11,136,668	0	(635,199)	10,501,469	(470,846)	11,136,669	0	(635,200)	10,501,469	(470,846)

All borrowing repayments will be financed by general purpose revenue.

SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

**6. INFORMATION ON BORROWINGS**

**(b) New borrowings - 2020/21**

The Shire does not intend to undertake any new borrowings for the year ended 30 June 2021.

**(c) Unspent borrowings**

The Shire had no unspent borrowing funds as at 30 June 2020 nor is it expected to have unspent borrowing funds as at 30 June 2021.

**(d) Credit Facilities**

	<b>2020/21 Budget</b>	<b>2019/20 Actual</b>	<b>2019/20 Budget</b>
	\$	\$	\$
<b>Undrawn borrowing facilities</b>			
<b>credit standby arrangements</b>			
Bank overdraft limit	500,000	500,000	500,000
Bank overdraft at balance date	0	0	0
Credit card limit	56,000	55,800	56,000
Credit card balance at balance date	(25,000)	(26,500)	(30,000)
<b>Total amount of credit unused</b>	<b>531,000</b>	<b>529,300</b>	<b>526,000</b>
<b>Loan facilities</b>			
Loan facilities in use at balance date	9,834,692	10,501,469	10,501,469

**SIGNIFICANT ACCOUNTING POLICIES**

**BORROWING COSTS**

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



SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

**7. LEASE LIABILITIES**

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Lease Principal 1 July 2020	Budget	2020/21	Budget	2020/21	Actual Principal 1 July 2019	Actual New Leases	2019/20	Actual	2019/20	Budget Principal 1 July 2019	Budget New Leases	2019/20	Budget	2019/20	Budget	2019/20			
						New Leases	Lease Repayments 30 June 2021	Principal outstanding 30 June 2021	Lease Interest Repayments			Lease repayments 30 June 2020	Lease Principal outstanding 30 June 2020	Lease Principal outstanding 30 June 2020			Lease Principal outstanding 30 June 2020	Lease Interest Repayments						
Data Centres (servers) x 2	1	HP Financial Services (Australia) P/L	3.33%	60 months	\$ 145,000	\$ 0	\$ (145,000)	\$ 0	\$ (1,112)	\$ 319,000	\$ 0	\$ (174,000)	\$ 145,000	\$ (6,290)	\$ 319,000	\$ 0	\$ (174,000)	\$ 145,000	\$ (6,290)	\$ 319,000	\$ 0	\$ (174,000)	\$ 145,000	\$ (6,290)
Security Appliance & Software	2	HP Financial Services (Australia) P/L	2.99%	60 months	97,160	0	(41,640)	55,520	(2,239)	138,800	0	(41,640)	97,160	(3,381)	138,800	0	(41,640)	97,160	(3,381)	138,800	0	(41,640)	97,160	(3,381)
KSP Library Scanning / Electronics Equipment	3	HP Financial Services (Australia) P/L	4.11%	36 months	0	0	0	0	0	14,652	0	(14,652)	0	(244)	14,652	0	(14,652)	0	(244)	14,652	0	(14,652)	0	(244)
Telvic Microphone Delegate System	4	HP Financial Services (Australia) P/L	3.05%	36 months	43,605	0	(30,780)	12,825	(874)	74,385	0	(30,780)	43,605	(1,757)	74,385	0	(30,780)	43,605	(1,757)	74,385	0	(30,780)	43,605	(1,757)
Photocopier / Printers	5	Konica Minolta Business Solutions Australia P/L	2.00%	60 months	79,200	0	(59,400)	19,800	(1,022)	138,600	0	(59,400)	79,200	(2,165)	138,600	0	(59,400)	79,200	(2,165)	138,600	0	(59,400)	79,200	(2,165)
					364,965	0	(276,820)	88,145	(5,247)	685,437	0	(320,472)	364,965	(13,837)	685,437	0	(320,472)	364,965	(13,837)	685,437	0	(320,472)	364,965	(13,837)

**SIGNIFICANT ACCOUNTING POLICIES**

**LEASES**

At the inception of a contract, the Shire assesses whether the contract is, or contains, 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 a 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.

SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE BUDGET  
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**8. CASH BACKED RESERVES**

**(a) Cash Backed Reserves - Movement**

	2020/21 Budget Opening Balance	2020/21 Budget Transfer to	2020/21 Budget Transfer (from)	2020/21 Budget Closing Balance	2019/20 Actual Opening Balance	2019/20 Actual Transfer to	2019/20 Actual Transfer (from)	2019/20 Actual Closing Balance	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant replacement reserve	943,415	740,056	(585,694)	1,097,777	1,214,606	858,112	(1,129,303)	943,415	751,982	854,256	(1,041,151)	565,087
Civic facilities reserve	9,431,404	1,605,702	(345,399)	10,691,707	8,774,504	1,096,001	(439,101)	9,431,404	8,837,765	1,173,538	(674,101)	9,337,202
Information technology reserve	1,087,517	62,188	(81,000)	1,068,705	1,044,192	73,325	(30,000)	1,087,517	1,027,668	81,807	(30,000)	1,079,475
Long service leave reserve	364,833	604,089	(250,000)	718,922	403,533	219,014	(257,714)	364,833	553,717	227,200	(220,000)	560,917
Children service reserves	2,679,462	30,030	(55,000)	2,654,492	2,305,803	421,505	(47,846)	2,679,462	1,721,276	53,275	(47,846)	1,726,705
Gravel pit rehabilitation reserve	60,849	682	0	61,531	59,519	1,330	0	60,849	24,194	749	0	24,943
Capital investment reserve	3,896,605	1,000,000	0	4,896,605	3,896,605	0	0	3,896,605	3,896,605	2,725,000	0	6,621,605
Capital income reserve	4,270,399	342,367	(292,250)	4,320,516	4,104,921	353,478	(188,000)	4,270,399	4,063,724	518,451	(323,000)	4,259,175
Unspent grant reserve	490,000	0	(490,000)	0	223,000	400,000	(133,000)	490,000	0	0	0	0
Telecommunications facility	10,000	10,112	0	20,112	0			10,000				10,000
Bailup reserve						10,000	0		0	10,000	0	
Waste management reserve	1,455,200	49,309	0	1,504,509	0	1,455,200	0	1,455,200	0	0	0	0
	24,689,684	4,444,535	(2,099,343)	27,034,876	22,026,683	4,887,965	(2,224,964)	24,689,684	20,876,931	5,644,276	(2,336,098)	24,185,109

**(b) Cash Backed Reserves - Purposes**

In accordance with Council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Reserve name	Anticipated date of use	Purpose of the reserve
Plant replacement reserve	Ongoing	To fund the replacement and purchase of works plant and light vehicles.
Civic facilities reserve	Ongoing	To fund the construction and/or purchase of public buildings and facilities.
Information technology reserve	Ongoing	To fund the upgrade and replacement of the Shire's information technology.
Long service leave reserve	Ongoing	To fund the Shire's Long Service Leave Liability.
Children service reserves	Ongoing	To provide funds for the purchase of capital items, preventative maintenance for Children Service's buildings and employee entitlements. Also allows cash surpluses to be quarantined to fund operations for future years.
Gravel pit rehabilitation reserve	Ongoing	To fund the production of gravel and the rehabilitation of gravel pits.
Capital investment reserve	Ongoing	To fund the advancement of the Shire's Property Strategy.
Capital income reserve	Ongoing	To fund the development of Shire facilities and infrastructure.
Unspent grant reserve	Ongoing	To quarantine any unspent grant funds at the end of each financial year.
Telecommunications facility	Ongoing	To maintain the grounds and facilities of the reserve. Where there are surplus reserve funds, to maintain the grounds and facilities of other reserves within the locality
Bailup reserve (Reserve 11625)	Ongoing	
Waste management reserve	Ongoing	To fund capital costs and any operating deficits associated with the provision of the Shire's waste management services.

SHIRE OF MUNDARING  
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**9. FEES & CHARGES REVENUE**

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Governance	50,000	95,000	35,000
General purpose funding	15,000	167,489	210,500
Law, order, public safety	181,400	207,765	193,500
Health	46,200	63,971	50,700
Education and welfare	2,703,150	2,676,900	2,676,200
Community amenities	6,752,722	7,211,130	7,355,836
Recreation and culture	1,241,840	1,124,909	1,246,385
Transport	16,000	20,735	16,000
Economic services	256,825	258,582	277,780
Other property and services	1,000	106,351	10,000
	11,264,137	11,932,832	12,071,901

**10. GRANT REVENUE**

	Unspent grants, subsidies and contributions liability					Grants, subsidies and contributions revenue		
	Liability 1 July 2020	Increase in Liability	Liability Reduction (As revenue)	Total Liability 30 June 2021	Current Liability 30 June 2021	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$	\$	\$	\$	\$	\$
<b>By Program:</b>								
<b>(a) Operating grants, subsidies and contributions</b>								
General purpose funding	0	0	0	0	0	1,133,500	2,293,321	941,500
Law, order, public safety	0	0	0	0	0	375,000	628,000	375,000
Education and welfare	0	0	0	0	0	3,030,000	3,024,000	3,024,000
Community amenities	0	0	0	0	0	40,000	2,011,700	3,000
Recreation and culture	0	0	0	0	0	166,516	80,583	55,000
Transport	0	0	0	0	0	49,700	49,721	32,000
Other property and services	0	0	0	0	0	15,000	15,880	6,250
	0	0	0	0	0	4,809,716	8,103,205	4,436,750
<b>(b) Non-operating grants, subsidies and contributions</b>								
Law, order, public safety	0	0	0	0	0	800,000	0	855,000
Recreation and culture	0	0	0	0	0	469,850	285,000	0
Transport	0	0	0	0	0	4,668,684	1,714,703	1,019,323
	0	0	0	0	0	5,938,534	1,999,703	1,874,323
<b>Total</b>	0	0	0	0	0	10,748,250	10,102,908	6,311,073

SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

11. REVENUE RECOGNITION

**SIGNIFICANT ACCOUNTING POLICIES**

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	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	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

**12. OTHER INFORMATION**

	<b>2020/21 Budget</b>	<b>2019/20 Actual</b>	<b>2019/20 Budget</b>
	\$	\$	\$
<b>The net result includes as revenues</b>			
<b>(a) Interest earnings</b>			
Investments			
- Reserve funds	227,545	400,000	525,620
- Other funds	200,000	330,000	350,000
Other interest revenue (refer note 1b)	105,000	199,822	195,000
	532,545	929,822	1,070,620
<b>(b) Other revenue</b>			
Reimbursements and recoveries	141,000	203,521	162,400
Other	837,455	520,568	552,175
	978,455	724,089	714,575
<b>The net result includes as expenses</b>			
<b>(c) Auditors remuneration</b>			
Audit of the Annual Financial Report	48,000	48,000	45,000
Other services	3,000	2,600	3,000
	51,000	50,600	48,000
<b>(d) Interest expenses (finance costs)</b>			
Borrowings (refer Note 6(a))	439,268	470,846	470,846
	439,268	470,846	470,846
<b>(e) Elected members remuneration</b>			
Meeting fees	265,024	265,024	265,024
President's allowance	53,759	53,759	53,759
Deputy President's allowance	13,440	13,440	13,440
Travelling expenses	12,000	14,000	12,000
Telecommunications allowance and expenses	43,000	43,000	43,000
Childcare expenses	1,500	1,200	0
	388,723	390,423	387,223
<b>(f) Write offs</b>			
General rate	200,000	1,300	500
Rates - penalty interest	5,000	1,000	5,000
Waste charges	500	750	500
Legal fees	50	50	50
Infringements	4,250	4,250	1,000
Fees and charges	500	1,054	500
	210,300	8,404	7,550

**SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021**

**13. MAJOR LAND TRANSACTIONS**

It is not anticipated any major land transactions will occur in 2020/21.

**14. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

It is not anticipated any trading undertakings or major trading undertakings will occur in 2020/21.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**15. INVESTMENT IN ASSOCIATE**

The Shire is a member of the Eastern Metropolitan Regional Council (EMRC). The Shire's share in the EMRC as calculated by the EMRC is 10.67%.

The Shire's estimated share in the assets and liabilities of the EMRC is as follows:

	<b>2020/21 Budget</b>	<b>2019/20 Actual</b>	<b>2019/20 Budget</b>
	\$	\$	\$
Current Assets	11,489,374	11,489,374	10,782,685
Non Current Assets	10,609,421	10,609,421	10,040,381
<b>Total assets</b>	<b>22,098,795</b>	<b>22,098,795</b>	<b>20,823,066</b>
Current liabilities	765,404	765,404	549,957
Non Current Liabilities	479,282	479,282	381,933
<b>Total liabilities</b>	<b>1,244,686</b>	<b>1,244,686</b>	<b>931,890</b>
<b>Net Assets</b>	<b>20,854,109</b>	<b>20,854,109</b>	<b>19,891,176</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Investment in associates**

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying 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.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investment in associates (Continued)**

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate. When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
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**16. TRUST FUNDS**

Funds held at balance date over which the local government has no control and which are not included in the financial statements are as follows:

<b>Detail</b>	<b>Balance 30 June 2020</b>	<b>Estimated amounts received</b>	<b>Estimated amounts paid</b>	<b>Estimated balance 30 June 2021</b>
	\$	\$	\$	\$
Public Open Space	3,409,798	75,000	(23,000)	3,461,798
	3,409,798	75,000	(23,000)	3,461,798



**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**17. SIGNIFICANT ACCOUNTING POLICIES - OTHER INFORMATION**

**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.

**CRITICAL ACCOUNTING ESTIMATES**

The preparation of a budget 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.

**ROUNDING OFF FIGURES**

All figures shown in this statement are rounded to the nearest dollar.

**COMPARATIVE FIGURES**

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

**BUDGET COMPARATIVE FIGURES**

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

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**18. BUDGET RATIOS**

	<b>2020/21</b>	<b>2019/20</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Operating Surplus	2.61%	4.40%	3.50%	2.07%
Funds After Operations	27.76%	48.74%	51.93%	50.64%
PPE	-0.05%	-0.13%	-0.87%	5.27%
Infrastructure	0.79%	-0.05%	-0.22%	-18.81%
Cash Reserves	88.86%	76.48%	71.60%	57.76%
Borrowings	32.54%	33.46%	36.25%	39.65%
Debt Servicing	3.77%	3.62%	3.95%	4.10%
Average Rates (UV)	3,516	3,516	3,430	3,276
Average Rates (GRV) - Residential	1,627	1,649	1,606	1,575
Average Rates (GRV) - Rural Residential	1,817	1,805	1,760	1,720
Average Rates (GRV) - Commercial	7,886	7,400	7,184	7,141
Average Rates (GRV) - Industrial	4,915	4,830	4,711	4,605

The ratios are calculated as follows:

**OPERATIONS**

Operating Surplus  $\frac{\text{Adjusted underlying surplus (or deficit)}}{\text{Adjusted underlying revenue}}$

Funds After Operations  $\frac{\text{Funds remaining after operations}}{\text{General funds}}$

**ASSET RATIOS**

PPE  $\frac{\text{Closing WDV value of PPE less Opening WDV value of PPE}}{\text{Opening WDV value of PPE}}$

Infrastructure  $\frac{\text{Closing WDV Infrastructure less Opening WDV infrastructure}}{\text{Opening WDV Infrastructure}}$

**FINANCING RATIOS**

Cash Reserves  $\frac{\text{Discretionary Reserve Balance}}{\text{General Funds}}$

Borrowings  $\frac{\text{Principal outstanding}}{\text{General funds}}$

Debt Servicing  $\frac{\text{Principal and interest due}}{\text{General funds}}$

**RATES RATIOS**

Average Rates  $\frac{\text{Rate revenue per category}}{\text{Number of properties per category}}$