



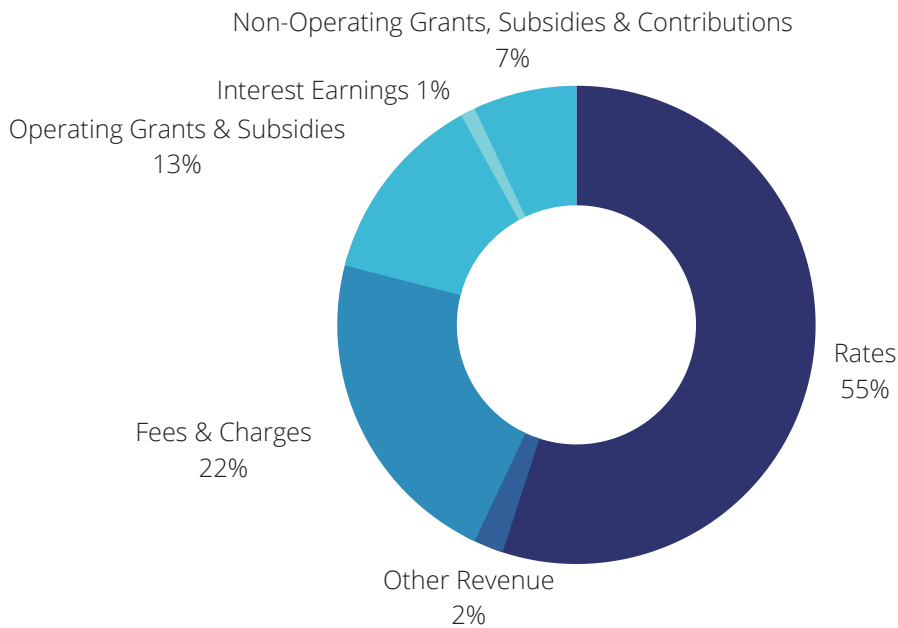
Annual Financial STATEMENTS

Financial HIGHLIGHTS

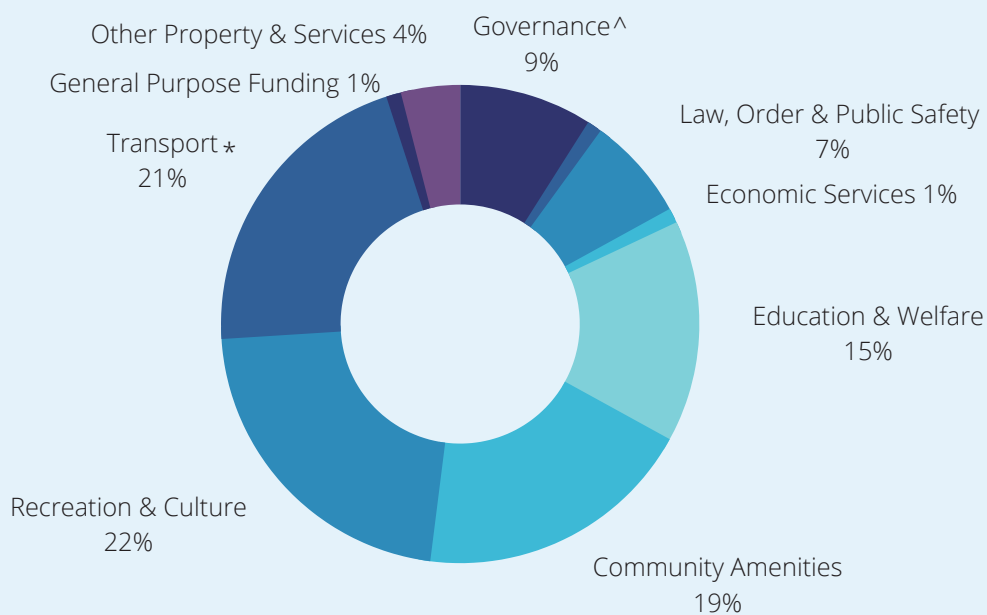
Shire of Mundaring is required, under the *Local Government Act 1995 Section 5.53*, to prepare and include audited financial statements within its Annual Report.

A selection of financial outcomes are highlighted below, followed by the audited Annual Financial Report.

Revenue



Operating Expenses by Program



* Transport includes maintenance of roads, streets, footpaths, depot, car parks and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc

^ Governance includes activities of members of Council and the administrative support required for the Council and Shire services ie loan repayments for the Administration Building Centre and cost of local government elections.

Financial HIGHLIGHTS

Capital Works

\$5.5m

Roads and Infrastructure

\$0.62m

Buildings

\$0.08m

Plant and Equipment

\$0.71m

Parks Infrastructure



Expenditure by program for every \$100 spent

\$22

Recreation and Culture

\$1

Economic Services

\$15

Education and Welfare

\$7

Law and Order

\$19

Community Amenities

\$9

Governance*

\$21

Transport

\$1

Health

\$5

General Purpose funding and other property services

*Includes the activities of Elected Members and the administrative support required for the Council and Shire services.

COVID-19 support

\$248,581.53

Recover Together grants awarded

\$88,530

Shire facility fees waived



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

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COMMUNITY VISION

The place for sustainable living

Principal place of business:

7000 Great Eastern Highway, Mundaring WA 6073

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 10th day of December 2021



Chief Executive Officer

Jonathan Throssell

Name of Chief Executive Officer

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	27(a)	29,081,843	29,092,236	29,096,034
Operating grants, subsidies and contributions	2(a)	6,650,178	4,809,716	6,214,762
Fees and charges	2(a)	11,293,756	11,264,137	11,793,327
Interest earnings	2(a)	410,015	532,545	857,739
Other revenue	2(a)	1,072,994	978,455	2,187,052
		48,508,786	46,677,089	50,148,914
Expenses				
Employee costs		(19,976,969)	(20,108,291)	(19,689,749)
Materials and contracts		(18,847,160)	(19,764,098)	(18,004,283)
Utility charges		(1,322,874)	(1,434,838)	(1,383,712)
Depreciation on non-current assets	11(b)	(7,698,584)	(8,120,471)	(7,533,373)
Interest expenses	2(b)	(440,796)	(439,268)	(480,450)
Insurance expenses		(527,096)	(460,095)	(472,985)
Other expenditure		(792,964)	(1,533,876)	(791,879)
		(49,606,443)	(51,860,937)	(48,356,431)
		(1,097,657)	(5,183,848)	1,792,483
Non-operating grants, subsidies and contributions	2(a)	3,566,137	5,938,534	1,912,854
Profit on asset disposals	11(a)	1,628	650,000	1,200
(Loss) on asset disposals	11(a)	0	(14,178)	(113,120)
Fair value adjustments to financial assets at fair value through profit or loss	5	4,525	0	2,017
Share of net profit of associates accounted for using the equity method	24	296,990	0	(1,041,469)
		3,869,280	6,574,356	761,482
Net result for the period		2,771,623	1,390,508	2,553,965
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	25,230,236	0	7,901,385
Share of comprehensive income of associates and joint ventures accounted for using the equity method	13 & 24	(513,725)	0	125,171
Total other comprehensive income for the period		24,716,511	0	8,026,556
Total comprehensive income for the period		27,488,134	1,390,508	10,580,521

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

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
	2(a)			
Governance		386,002	179,748	228,737
General purpose funding		31,915,229	30,803,281	32,453,105
Law, order, public safety		862,888	562,400	884,148
Health		109,040	46,200	66,790
Education and welfare		5,648,611	5,762,350	5,609,650
Community amenities		7,179,480	7,147,722	8,752,302
Recreation and culture		1,507,888	1,438,856	1,266,932
Transport		85,870	65,700	75,309
Economic services		300,164	256,825	270,836
Other property and services		513,614	414,007	541,105
		48,508,786	46,677,089	50,148,914
Expenses				
	2(b)			
Governance		(4,377,400)	(4,813,278)	(4,655,661)
General purpose funding		(585,755)	(811,573)	(861,984)
Law, order, public safety		(3,349,282)	(2,476,558)	(2,887,927)
Health		(730,226)	(787,645)	(747,168)
Education and welfare		(7,397,086)	(8,018,301)	(6,855,618)
Community amenities		(9,109,013)	(9,012,593)	(8,495,573)
Recreation and culture		(10,626,669)	(10,932,106)	(10,181,607)
Transport		(10,550,119)	(12,228,858)	(10,838,439)
Economic services		(714,452)	(738,656)	(721,473)
Other property and services		(1,725,645)	(1,602,101)	(1,630,531)
		(49,165,647)	(51,421,669)	(47,875,981)
Finance Costs				
	2(b)			
Governance		(211,927)	(210,399)	(240,205)
Recreation and culture		(228,869)	(228,869)	(240,245)
		(440,796)	(439,268)	(480,450)
		(1,097,657)	(5,183,848)	1,792,483
Non-operating grants, subsidies and contributions	2(a)	3,566,137	5,938,534	1,912,854
Profit on disposal of assets	11(a)	1,628	650,000	1,200
(Loss) on disposal of assets	11(a)	0	(14,178)	(113,120)
Fair value adjustments to financial assets at fair value through profit or loss		4,525	0	2,017
Share of net profit of associates accounted for using the equity method	24	296,990	0	(1,041,469)
		3,869,280	6,574,356	761,482
Net result for the period		2,771,623	1,390,508	2,553,965
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	25,230,236	0	7,901,385
Share of comprehensive income of associates and joint ventures accounted for using the equity method	13 & 24	(513,725)	0	125,171
Total other comprehensive income for the period		24,716,511	0	8,026,556
Total comprehensive income for the period		27,488,134	1,390,508	10,580,521

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

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

	NOTE	2021	2020
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	10,251,439	9,256,541
Trade and other receivables	6	3,384,111	2,742,273
Other financial assets	5(a)	31,229,182	28,587,867
Inventories	7	72,323	92,674
Other assets	8	210,183	18,669
TOTAL CURRENT ASSETS		45,147,238	40,698,024
NON-CURRENT ASSETS			
Trade and other receivables	6	1,270,768	1,165,797
Other financial assets	5(b)	154,162	124,637
Investment in associate	24	19,187,760	19,404,495
Property, plant and equipment	9	79,617,744	81,174,047
Infrastructure	10	323,008,343	296,591,856
Right-of-use assets	12(a)	80,814	285,695
TOTAL NON-CURRENT ASSETS		423,319,591	398,746,527
TOTAL ASSETS		468,466,829	439,444,551
CURRENT LIABILITIES			
Trade and other payables	14	6,682,818	5,412,594
Other liabilities	15	1,263,452	164,440
Lease liabilities	16(a)	66,701	206,263
Borrowings	17(a)	700,169	666,777
Employee related provisions	18	3,597,455	3,531,831
TOTAL CURRENT LIABILITIES		12,310,595	9,981,905
NON-CURRENT LIABILITIES			
Other liabilities	15	440,000	440,000
Lease liabilities	16(a)	16,050	82,752
Borrowings	17(a)	9,134,523	9,834,692
Employee related provisions	18	252,531	280,206
Other provisions	19	150,000	150,000
TOTAL NON-CURRENT LIABILITIES		9,993,104	10,787,650
TOTAL LIABILITIES		22,303,699	20,769,555
NET ASSETS		446,163,130	418,674,996
EQUITY			
Retained surplus		134,338,009	135,761,948
Reserves - cash/financial asset backed	4	29,398,577	25,203,015
Revaluation surplus	13	282,426,544	257,710,033
TOTAL EQUITY		446,163,130	418,674,996

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

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

		RESERVES CASH/FINANCIAL			
	NOTE	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2019		142,699,111	22,026,683	245,452,529	410,178,323
Change in accounting policy		(1,283,848)	0	(800,000)	(2,083,848)
Restated balance at the beginning of the financial year		141,415,263	22,026,683	244,652,529	408,094,475
Comprehensive income					
Net result for the period		2,553,965	0	0	2,553,965
Other comprehensive income	13	0	0	8,026,556	8,026,556
Total comprehensive income		2,553,965	0	8,026,556	10,580,521
Correction to share of associate's other comprehensive income	13 *	(5,030,948)	0	5,030,948	0
Transfers from reserves	4	1,715,871	(1,715,871)	0	0
Transfers to reserves	4	(4,892,203)	4,892,203	0	0
Balance as at 30 June 2020		135,761,948	25,203,015	257,710,033	418,674,996
Comprehensive income					
Net result for the period		2,771,623	0	0	2,771,623
Other comprehensive income	13	0	0	24,716,511	24,716,511
Total comprehensive income		2,771,623	0	24,716,511	27,488,134
Transfers from reserves	4	766,453	(766,453)	0	0
Transfers to reserves	4	(4,962,015)	4,962,015	0	0
Balance as at 30 June 2021		134,338,009	29,398,577	282,426,544	446,163,130

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

* Relates to the Shire's share in the other comprehensive income of the EMRC in previous years being incorrectly recognised as part of the Shire's net result rather than other comprehensive income.

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		28,564,261	29,092,236	28,669,627
Operating grants, subsidies and contributions		7,721,669	4,809,716	6,589,066
Fees and charges		11,202,194	11,264,137	11,793,327
Interest received		410,015	532,545	857,739
Goods and services tax received		1,954,724	2,200,000	2,164,740
Other revenue		1,072,994	978,455	2,187,052
		50,925,857	48,877,089	52,261,551
Payments				
Employee costs		(19,874,881)	(20,108,291)	(19,331,281)
Materials and contracts		(17,943,946)	(19,764,098)	(18,334,558)
Utility charges		(1,322,874)	(1,434,838)	(1,383,712)
Interest expenses		(440,796)	(439,268)	(480,450)
Insurance paid		(527,096)	(460,095)	(472,985)
Goods and services tax paid		(1,933,160)	(2,200,000)	(2,134,905)
Other expenditure		(792,964)	(1,533,876)	(791,879)
		(42,835,717)	(45,940,466)	(42,929,770)
Net cash provided by (used in) operating activities	20	8,090,140	2,936,623	9,331,781
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for financial assets at amortised cost - term deposits		(2,641,315)	0	(2,543,946)
Payments for financial assets at amortised cost - community group loan		(25,000)	0	0
Payments for purchase of property, plant & equipment	9(a)	(798,461)	(2,666,564)	(2,247,327)
Payments for construction of infrastructure	10(a)	(6,344,471)	(8,245,167)	(5,782,254)
Non-operating grants, subsidies and contributions	2(a)	3,566,137	5,938,534	1,912,854
Proceeds from sale of property, plant & equipment	11(a)	20,909	1,139,989	420,020
Proceeds from associate (dividend distribution)	24	0	0	533,316
Net cash provided by (used in) investment activities		(6,222,201)	(3,833,208)	(7,707,337)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(666,777)	(666,777)	(635,199)
Payments for principal portion of lease liabilities	16(b)	(206,264)	0	(283,995)
Net cash provided by (used in) financing activities		(873,041)	(666,777)	(919,194)
Net increase (decrease) in cash held		994,898	(1,563,362)	705,250
Cash at beginning of year		9,256,541	9,329,913	8,551,291
Cash and cash equivalents at the end of the year	20	10,251,439	7,766,551	9,256,541

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	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	28 (b)	6,386,144	5,453,805	6,094,336
		6,386,144	5,453,805	6,094,336
Revenue from operating activities (excluding rates)				
Governance		390,527	179,748	228,737
General purpose funding		2,833,386	1,711,045	3,357,071
Law, order, public safety		862,888	562,400	884,148
Health		109,040	46,200	67,990
Education and welfare		5,648,611	5,762,350	5,609,650
Community amenities		7,179,480	7,147,722	8,752,302
Recreation and culture		1,507,888	2,088,856	1,266,932
Transport		87,498	65,700	75,309
Economic services		597,154	256,825	270,836
Other property and services		513,614	414,007	541,105
		19,730,086	18,234,853	21,054,080
Expenditure from operating activities				
Governance		(4,589,327)	(5,023,677)	(4,895,866)
General purpose funding		(585,755)	(811,573)	(861,984)
Law, order, public safety		(3,349,282)	(2,476,558)	(2,902,838)
Health		(730,226)	(787,645)	(747,168)
Education and welfare		(7,397,086)	(8,018,301)	(6,866,958)
Community amenities		(9,109,013)	(9,012,593)	(8,532,319)
Recreation and culture		(10,855,538)	(11,175,153)	(10,426,366)
Transport		(10,550,119)	(12,228,858)	(10,884,048)
Economic services		(714,452)	(738,656)	(721,473)
Other property and services		(1,725,645)	(1,602,101)	(1,630,531)
		(49,606,443)	(51,875,115)	(48,469,551)
Non-cash amounts excluded from operating activities	28(a)	7,262,795	7,484,649	7,870,162
Amount attributable to operating activities		(16,227,418)	(20,701,808)	(13,450,973)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	3,566,137	5,938,534	1,912,854
Proceeds from disposal of assets	11(a)	20,909	1,139,989	420,020
Payments for financial assets at amortised cost -community group loan		(25,000)	0	0
Purchase of property, plant and equipment	9(a)	(798,461)	(2,666,564)	(2,247,327)
Purchase and construction of infrastructure	10(a)	(6,344,471)	(8,245,167)	(5,782,254)
Proceeds from associate (dividend distribution)	24	0	0	533,316
		(3,580,886)	(3,833,208)	(5,163,391)
Amount attributable to investing activities		(3,580,886)	(3,833,208)	(5,163,391)
FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(666,777)	(666,777)	(635,199)
Payments for principal portion of lease liabilities	16(b)	(206,264)	0	(283,995)
Transfers to reserves (restricted assets)	4	(4,962,015)	(4,444,535)	(4,892,203)
Transfers from reserves (restricted assets)	4	766,453	2,099,343	1,715,871
Amount attributable to financing activities		(5,068,603)	(3,011,969)	(4,095,526)
Surplus/(deficit) before imposition of general rates		(24,876,907)	(27,546,985)	(22,709,890)
Total amount raised from general rates	27(a)	29,081,843	29,092,236	29,096,034
Surplus/(deficit) after imposition of general rates	28(b)	4,204,936	1,545,251	6,386,144

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 FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

1. BASIS OF PREPARATION

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

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

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 30 to these financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

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

The adoption of these standards had no material impact on the financial report.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

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

- Employee expenses
- Other financial assets
- Property, Plant and Equipment
- Infrastructure
- Right-of-use assets
- Lease liabilities
- Borrowing liabilities
- Provisions

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

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	81,000	0	0
General purpose funding	2,368,556	1,133,500	2,293,321
Law, order, public safety	702,495	375,000	647,415
Education and welfare	3,139,199	3,030,000	3,138,184
Community amenities	54,927	40,000	0
Recreation and culture	238,847	166,516	71,683
Transport	50,776	49,700	49,722
Other property and services	14,378	15,000	14,437
	6,650,178	4,809,716	6,214,762
Non-operating grants, subsidies and contributions			
Law, order, public safety	0	800,000	0
Education and welfare	12,250	0	0
Recreation and culture	374,608	469,850	280,855
Transport	3,179,279	4,668,684	1,631,999
	3,566,137	5,938,534	1,912,854
Total grants, subsidies and contributions	10,216,315	10,748,250	8,127,616
Fees and charges			
Governance	0	50,000	92,729
General purpose funding	25,001	15,000	169,700
Law, order, public safety	164,092	181,400	217,194
Health	109,040	46,200	66,790
Education and welfare	2,485,124	2,703,150	2,449,058
Community amenities	6,939,257	6,752,722	7,262,126
Recreation and culture	1,200,645	1,241,840	1,125,095
Transport	7,095	16,000	25,588
Economic services	362,611	256,825	270,836
Other property and services	891	1,000	114,211
	11,293,756	11,264,137	11,793,327

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

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

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

Non-operating grants, subsidies and contributions	3,566,137	5,938,534	1,912,854
	3,566,137	5,938,534	1,912,854

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

Revenue from contracts with customers included as a contract liability at the start of the period	64,440	0	0
Revenue from contracts with customers recognised during the year	(64,440)	0	0
Revenue from transfers intended for acquiring or constructing recognisable non financial assets held as a liability at the start of the period	0	0	140,000
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	3,566,137	5,938,534	1,772,854
	3,566,137	5,938,534	1,912,854

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	362,498		296,883
Contract liabilities from contracts with customers	(56,604)		(64,440)
Grant liabilities from transfers for recognisable non financial assets	(1,646,848)		(540,000)

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

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

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

General rates

Statutory permits and licences

Fines

Other revenue

Reimbursements and recoveries

Other

Interest earnings

Interest on reserve funds

Rates penalty interest (refer Note 27(c))

Other interest earnings

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	29,081,843	29,092,236	29,096,034
Statutory permits and licences	702,228	474,600	466,287
Fines	52,266	82,500	69,611
	29,836,337	29,649,336	29,631,932
Reimbursements and recoveries	843,852	141,000	526,031
Other	229,142	837,455	1,661,021
	1,072,994	978,455	2,187,052
Interest on reserve funds	152,823	227,545	340,967
Rates penalty interest (refer Note 27(c))	167,271	105,000	199,822
Other interest earnings	89,921	200,000	316,950
	410,015	532,545	857,739

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses	Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
Auditors remuneration				
Audit of the Annual Financial Report		49,000	48,000	48,000
Other services		800	3,000	2,600
		49,800	51,000	50,600
Interest expenses (finance costs)				
Borrowings	17(b)	435,889	439,268	467,466
Lease liabilities	16(b)	4,907	0	12,984
		440,796	439,268	480,450

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees and charges 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
Fees and charges 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
Fees and charges 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
Fees and charges 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
Fees and charges 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
Fees and charges 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
Other revenue Sale of stock	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
Other revenue 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 FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

3. CASH AND CASH EQUIVALENTS

	NOTE	2021 \$	2020 \$
Cash at bank and on hand		10,251,439	9,256,541
Total cash and cash equivalents		10,251,439	9,256,541

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		2,718,821	2,277,532
- Financial assets at amortised cost	5	29,398,577	25,203,015
		32,117,398	27,480,547

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

Reserves - cash/financial asset backed	4 & 14	29,398,577	25,203,015
Bonds and deposits held	14	2,155,086	2,277,532
Cash in lieu of POS (prior to 10 April 2006)*	14	563,735	0
Total restricted assets		32,117,398	27,480,547

* Cash in lieu of POS received after 12 September 2020 has been placed in the "Cash in lieu of Public Open Space" Reserve in accordance with the amendments to section 154 of *Planning and Development Act 2005*.

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

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

4. RESERVES - CASH/FINANCIAL ASSET BACKED

	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Transfer (from)	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Reserves cash backed - Long Service Leave Reserve	334,482	644,961	(365,525)	613,918	364,833	604,089	(250,000)	718,922	403,533	214,580	(283,631)	334,482
(b) Reserves cash backed - Civic Facilities Reserve	9,576,301	1,562,842	(207,020)	10,932,123	9,431,404	1,605,702	(345,399)	10,691,707	8,774,504	1,040,822	(239,025)	9,576,301
(c) Reserves cash backed - Information Technology Reserve	1,080,252	56,055	(131,000)	1,005,307	1,087,517	62,188	(81,000)	1,068,705	1,044,192	66,060	(30,000)	1,080,252
(d) Reserves cash backed - Childrens Services Reserve	2,713,189	443,741	0	3,156,930	2,679,462	30,030	(55,000)	2,654,492	2,305,803	407,386	0	2,713,189
(e) Reserves cash backed - Capital Investment Reserve	3,896,605	0	0	3,896,605	3,896,605	1,000,000	0	4,896,605	3,896,605	0	0	3,896,605
(f) Reserves cash backed - Capital Income Reserve	4,301,554	363,934	0	4,665,488	4,270,399	342,367	(292,250)	4,320,516	4,104,921	384,633	(188,000)	4,301,554
(g) Reserves cash backed - Gravel Pit Rehabilitation Reserve	60,431	348	0	60,779	60,849	682	0	61,531	59,519	912	0	60,431
(h) Reserves cash backed - Plant Reserve	1,138,731	737,439	(62,908)	1,813,262	943,415	740,056	(585,694)	1,097,777	1,214,606	849,340	(925,215)	1,138,731
(i) Reserves cash backed - Unspent Grants Reserves	637,440	1,069,513	0	1,706,953	490,000	0	(490,000)	0	223,000	464,440	(50,000)	637,440
(j) Reserves cash backed - Telecommunications facility Bailup reserve (Reserve 11625)	8,830	11,387	0	20,217	10,000	10,112	0	20,112	0	8,830	0	8,830
(k) Reserves cash backed - Waste management reserve	1,455,200	9,348	0	1,464,548	1,455,200	49,309	0	1,504,509	0	1,455,200	0	1,455,200
(l) Reserves cash backed - Cash in lieu of Public Open Space	0	62,447	0	62,447	0	0	0	0	0	0	0	0
	25,203,015	4,962,015	(766,453)	29,398,577	24,689,684	4,444,535	(2,099,343)	27,034,876	22,026,683	4,892,203	(1,715,871)	25,203,015

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) Reserves cash backed - Long Service Leave Reserve	Ongoing	To fund the Shire's Long Service Leave Liability.
(b) Reserves cash backed - Civic Facilities Reserve	Ongoing	To fund the construction and/or purchase of public buildings and facilities.
(c) Reserves cash backed - Information Technology Reserve	Ongoing	To fund the upgrade and replacement of the Shire's information technology.
(d) Reserves cash backed - Childrens Services Reserve	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.
(e) Reserves cash backed - Capital Investment Reserve	Ongoing	To fund the advancement of the Shire's Property Strategy.
(f) Reserves cash backed - Capital Income Reserve	Ongoing	To fund the development of Shire facilities and infrastructure.
(g) Reserves cash backed - Gravel Pit Rehabilitation Reserve	Ongoing	To fund the production of gravel and the rehabilitation of gravel pits.
(h) Reserves cash backed - Plant Reserve	Ongoing	To fund the replacement and purchase of works plant and light vehicles.
(i) Reserves cash backed - Unspent Grants Reserves	Ongoing	To quarantine any unspent grant funds at the end of each financial year.
(j) Reserves cash backed - Telecommunications facility Bailup reserve (Reserve 11625)	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.
(k) Reserves cash backed - Waste management reserve	Ongoing	To fund capital costs and any operating deficits associated with the provision of the Shire's waste management services.
(l) Reserves cash backed - Cash in lieu of Public Open Space	Ongoing	Hold cash received in lieu of public open space.

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Financial assets at amortised cost

Term deposits - municipal funds

Term deposits - reserves

(b) Non-current assets

Financial assets at amortised cost

Financial assets at amortised cost

Units in Local Government House Trust

Other loans and receivables - Mahogany Creek Progress Association

Note	2021	2020
	\$	\$
	31,229,182	28,587,867
	<u>31,229,182</u>	<u>28,587,867</u>
	1,830,605	3,384,852
3	29,398,577	25,203,015
	<u>31,229,182</u>	<u>28,587,867</u>
	154,162	124,637
	<u>154,162</u>	<u>124,637</u>
	129,162	124,637
	25,000	0
	<u>154,162</u>	<u>124,637</u>

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	
Trade and other receivables	
GST receivable	
Waste charges	
LSL contributions - other local governments	

Non-current

Pensioner's rates and ESL deferred	
LSL contributions - other local governments	
POS Payments	

	2021	2020
	\$	\$
	2,448,363	1,906,475
	362,498	296,883
	244,820	266,384
	302,167	210,605
	26,263	61,926
	3,384,111	2,742,273
	1,214,211	1,106,809
	29,320	31,751
	27,237	27,237
	1,270,768	1,165,797

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

Fuel and materials

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year

Additions to inventory

Balance at end of year

	2021	2020
	\$	\$
	72,323	92,674
	72,323	92,674
	92,674	96,367
	(460,617)	(530,208)
	440,266	526,515
	72,323	92,674

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.

8. OTHER ASSETS

Other assets - current

Prepayments

	2021	2020
	\$	\$
	210,183	18,669
	210,183	18,669

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Works in Progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	25,954,702	40,321,133	66,275,835	210,858	7,286,328	2,050	73,775,071
Additions	0	256,317	256,317	94,714	1,407,235	489,061	2,247,327
(Disposals)	0	0	0	(4,514)	(527,426)	0	(531,940)
Revaluation increments / (decrements) transferred to revaluation surplus	(330,002)	8,231,387	7,901,385	0	0	0	7,901,385
Depreciation (expense)	0	(1,517,369)	(1,517,369)	(17,668)	(682,759)	0	(2,217,796)
Balance at 30 June 2020	25,624,700	47,291,468	72,916,168	283,390	7,483,378	491,111	81,174,047
Comprises:							
Gross balance amount at 30 June 2020	25,624,700	74,112,701	99,737,401	642,458	11,304,505	491,111	112,175,475
Accumulated depreciation at 30 June 2020	0	(26,821,233)	(26,821,233)	(359,068)	(3,821,127)	0	(31,001,428)
Balance at 30 June 2020	25,624,700	47,291,468	72,916,168	283,390	7,483,378	491,111	81,174,047
Additions	0	624,301	624,301	48,955	83,817	41,388	798,461
(Disposals)	0	0	0	0	(19,281)	0	(19,281)
Depreciation (expense)	0	(1,636,831)	(1,636,831)	(24,265)	(674,387)	0	(2,335,483)
Transfers	0	489,661	489,661	0	0	(489,661)	0
Balance at 30 June 2021	25,624,700	46,768,599	72,393,299	308,080	6,873,527	42,838	79,617,744
Comprises:							
Gross balance amount at 30 June 2021	25,624,700	75,226,663	100,851,363	691,413	11,359,280	42,838	112,944,894
Accumulated depreciation at 30 June 2021	0	(28,458,064)	(28,458,064)	(383,333)	(4,485,753)	0	(33,327,150)
Balance at 30 June 2021	25,624,700	46,768,599	72,393,299	308,080	6,873,527	42,838	79,617,744

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

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land - freehold land	Level 2	Market approach using recent observable data for similar properties in the area	Independent Registered Valuers	June 2020	Price per square metre
Land - freehold land	Level 3	Cost approach	Independent Registered Valuers	June 2020	Purchase costs and current condition (Level 2) and remaining useful life assessments (Level 3) inputs
Buildings - specialised	Level 3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2020	Construction costs and current condition (Level 2) and remaining useful life assessments (Level 3) inputs
(ii) Cost					
Furniture and equipment	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2019	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment	Level 2	Market approach using recent observable data for similar plant	Independent Registered Valuers	June 2019	Price per item (Level 2)
Plant and equipment	Level 3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2019	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 was effective from 1 July 2019 and represented a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

SHIRE OF MUNDARING
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FOR THE YEAR ENDED 30 JUNE 2021

10. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - drainage	Infrastructure - parks and ovals	Works in progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	214,698,343	12,431,501	47,537,979	21,020,041	0	295,687,864
Additions	3,635,766	413,927	544,342	1,188,219	0	5,782,254
Recognition of rehabilitation costs for Mathieson Road Waste Transfer Station as at 30 June 2020	0	0	0	150,000	0	150,000
Depreciation (expense)	(3,220,207)	(249,558)	(707,365)	(851,132)	0	(5,028,262)
Balance at 30 June 2020	215,113,902	12,595,870	47,374,956	21,507,128	0	296,591,856
Comprises:						
Gross balance at 30 June 2020	274,036,387	16,237,035	70,448,045	29,022,015	0	389,743,482
Accumulated depreciation at 30 June 2020	(58,922,485)	(3,641,165)	(23,073,089)	(7,514,887)	0	(93,151,626)
Balance at 30 June 2020	215,113,902	12,595,870	47,374,956	21,507,128	0	296,591,856
Additions	4,961,339	265,036	267,393	711,570	139,133	6,344,471
Revaluation increments / (decrements) transferred to revaluation surplus	22,261,731	1,741,133	(1,875,796)	3,103,168	0	25,230,236
Depreciation (expense)	(3,297,687)	(253,351)	(712,809)	(894,373)	0	(5,158,220)
Balance at 30 June 2021	239,039,285	14,348,688	45,053,744	24,427,493	139,133	323,008,343
Comprises:						
Gross balance at 30 June 2021	295,563,139	18,671,710	70,827,092	30,099,213	139,133	415,300,287
Accumulated depreciation at 30 June 2021	(56,523,854)	(4,323,022)	(25,773,348)	(5,671,720)	0	(92,291,944)
Balance at 30 June 2021	239,039,285	14,348,688	45,053,744	24,427,493	139,133	323,008,343

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10. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2021	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2021	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - drainage	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2021	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - parks and ovals	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2021	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.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Revaluation (Continued)

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.

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

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

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11. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	0	0	0	0	350,000	1,000,000	650,000	0	0	0	0	0
Furniture and equipment	0	0	0	0	0	0	0	0	4,514	0	0	(4,514)
Plant and equipment	19,281	20,909	1,628	0	154,167	139,989	0	(14,178)	527,426	420,020	1,200	(108,606)
	19,281	20,909	1,628	0	504,167	1,139,989	650,000	(14,178)	531,940	420,020	1,200	(113,120)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2020 Actual Loss
Plant and Equipment				
Transport	19,281	20,909	1,628	(108,606)
	19,281	20,909	1,628	(108,606)
Furniture and Equipment				
Recreation and culture	0	0	0	(4,514)
	0	0	0	(4,514)
	19,281	20,909	1,628	(113,120)

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11. FIXED ASSETS

(b) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - specialised	1,636,831	1,514,882	1,517,369
Furniture and equipment	24,265	13,515	17,668
Plant and equipment	674,387	671,609	682,759
Infrastructure - roads	3,297,687	4,110,465	3,220,207
Infrastructure - footpaths	253,351	250,000	249,558
Infrastructure - drainage	712,809	708,000	707,365
Infrastructure - parks and ovals	894,373	852,000	851,132
Right of use assets - furniture and equipment	204,881	0	287,315
	7,698,584	8,120,471	7,533,373

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	
- Structure	30 to 75 years
- Fit out	18 to 45 years
- Mechanical	18 to 45 years
- Roof Cladding	24 to 60 years
Furniture and Equipment	3 to 12 years
Plant and Equipment	3 to 60 years
Sealed Roads and Streets	
- Formation	not depreciated
- Pavement	70 to 150 years
- Surface	15 to 45 years
- Kerb	60 to 70 years
Unsealed Roads	
- Formation	not depreciated
- Surface	15 years
Drainage	60 to 100 years
Bridges	40 to 100 years
Footpaths	15 to 100 years
Heritage Trails	
- Formation	not depreciated
- Pavement	60 years
- Point Items	15 to 100 years

Depreciation rates (continued)

Asset Class	Useful life
Waste Transfer Stations	15 to 100 years
Bus Shelters	20 to 50 years
Parks Hard Assets	5 to 80 years

Depreciation on revaluation

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

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

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

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

12. LEASES

(a) Right-of-Use Assets

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

	Right of use assets - furniture and equipment	Right-of-use assets Total
	\$	
Balance at 1 July 2019	567,397	567,397
Additions	5,613	5,613
Depreciation (expense)	(287,315)	(287,315)
Balance at 30 June 2020	285,695	285,695
Depreciation (expense)	(204,881)	(204,881)
Balance at 30 June 2021	80,814	80,814

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

	2021 Actual	2020 Actual
	\$	\$
Depreciation expense on lease liabilities	(204,881)	(287,315)
Interest expense on lease liabilities	(4,907)	(12,984)
Total amount recognised in the statement of comprehensive income	(209,788)	(300,299)
Total cash outflow from leases	(211,171)	(296,979)

The Shire has 6 leases relating to furniture and equipment. The lease terms range between 3 and 6 years.

The Shire has not revalued the right of use assets relating to leased furniture and equipment as the difference between the fair value and carrying amount is immaterial.

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.

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13. REVALUATION SURPLUS

	2021 Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance	2020 Opening Balance	2020 Change in Accounting Policy	2021 Transfer from Retained Surplus*	2020 Revaluation Increment	Total Movement on Revaluation	2020 Closing Balance
	\$	\$	\$	\$	\$	\$			\$	\$	\$
Revaluation surplus - Plant and equipment	1,627,873	0	0	0	1,627,873	1,627,873	0	0	0	0	1,627,873
Revaluation surplus - Land and buildings	48,419,386	0	0	0	48,419,386	41,318,001	(800,000)	0	7,901,385	7,901,385	48,419,386
Revaluation surplus - Infrastructure - roads	153,544,587	22,261,731	0	22,261,731	175,806,318	153,544,587	0	0	0	0	153,544,587
Revaluation surplus - Infrastructure - footpaths	6,315,940	1,741,133	0	1,741,133	8,057,073	6,315,940	0	0	0	0	6,315,940
Revaluation surplus - Infrastructure - drainage	30,852,091	0	(1,875,796)	(1,875,796)	28,976,295	30,852,091	0	0	0	0	30,852,091
Revaluation surplus - Infrastructure - parks and ovals	11,794,037	3,103,168	0	3,103,168	14,897,205	11,794,037	0	0	0	0	11,794,037
Revaluation surplus - EMRC Asset Valuations	5,156,119	0	(513,725)	(513,725)	4,642,394	0	0	5,030,948	125,171	125,171	5,156,119
	257,710,033	27,106,032	(2,389,521)	24,716,511	282,426,544	245,452,529	(800,000)	5,030,948	8,026,556	8,026,556	257,710,033

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

* Relates to the Shire's share in the other comprehensive income of the EMRC in previous years being incorrectly recognised as part of the Shire's net result rather than other comprehensive income.

14. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued salaries and wages
 Bonds and deposits held
 Creditor accruals
 Cash in lieu of POS

	2021	2020
	\$	\$
	1,493,819	1,038,072
	1,472,741	1,341,033
	423,201	359,062
	2,155,086	2,277,532
	511,789	396,895
	626,182	0
	6,682,818	5,412,594

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

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

Prepaid rates

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

15. OTHER LIABILITIES

Current

Contract liabilities from contracts with customers
 Contract liabilities from transfers for recognisable non financial assets

Non-current

Contract liabilities from transfers for recognisable non financial assets

2021	2020
\$	\$
56,604	64,440
1,206,848	100,000
<u>1,263,452</u>	<u>164,440</u>
440,000	440,000
<u>440,000</u>	<u>440,000</u>
<u>1,703,452</u>	<u>604,440</u>

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

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

Contract liabilities
\$
1,263,452
440,000
0
0
0
0
<u>0</u>
<u>1,703,452</u>

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

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

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

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

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

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16. LEASE LIABILITIES

(a) Lease Liabilities	2021	2020
	\$	\$
Current	66,701	206,263
Non-current	16,050	82,752
	82,751	289,015

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Budget	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Actual	30 June 2020	30 June 2020	30 June 2020	30 June 2020
					Lease Principal 1 July 2020	Actual New Leases	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	Lease Principal 1 July 2020	Budget New Leases	Budget Lease Principal Repayments	Budget Lease Principal Outstanding	Budget Lease Interest Repayments	Lease Principal 1 July 2019	Actual New Leases	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments
Governance																			
Data Centres (servers) x 2	1	HP Financial Services (Australia) P/L	3.33%	60 months	100,389	0	(100,389)	0	(1,112)	145,000	0	(145,000)	0	(1,112)	268,099	0	(167,710)	100,389	(6,289)
Security Appliance & Software	2	HP Financial Services (Australia) P/L	2.99%	60 months	93,775	0	(39,401)	54,374	(2,239)	97,160	0	(41,640)	55,520	(2,239)	132,034	0	(38,259)	93,775	(3,381)
Telvic Microphone Delegate System	4	HP Financial Services (Australia) P/L	3.05%	36 months	0	0	0	0	0	43,605	0	(30,780)	12,825	(874)	14,408	0	(14,408)	0	(244)
Photocopier / Printers	5	Konica Minolta Business Solutions Australia P/L	2.00%	60 months	42,634	0	(29,906)	12,728	(874)	79,200	0	(59,400)	19,800	(1,022)	71,657	0	(29,023)	42,634	(1,757)
Photocopier / Printers	6	Konica Minolta Business Solutions Australia P/L	1.80%	24 months	46,858	0	(35,027)	11,831	(613)	0	0	0	0	0	81,199	0	(34,341)	46,858	(1,299)
Recreation and culture																			
KSP Library Scanning / Electronics Equipment	3	HP Financial Services (Australia) P/L	4.11%	36 months	5,359	0	(1,541)	3,818	(69)	0	0	0	0	0	0	5,613	(254)	5,359	(14)
					289,015	0	(206,264)	82,751	(4,907)	384,965	0	(276,820)	88,145	(5,247)	567,397	5,613	(283,995)	289,015	(12,984)

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17. INFORMATION ON BORROWINGS

(a) Borrowings	2021	2020
	\$	\$
Current	700,169	666,777
Non-current	9,134,523	9,834,692
	9,834,692	10,501,469

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2021				30 June 2021				30 June 2020				
				Actual Principal 1 July 2020	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2020	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2019	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Particulars																
Governance																
Civic Facility Redevelopment	170	WATC*	6.95%	3,115,262	(301,722)	(207,020)	2,813,540	3,115,252	(301,722)	(210,399)	2,813,530	3,396,782	(281,520)	(227,221)	3,115,262	
Recreation and culture																
Community Building Projects	171	WATC*	3.17%	7,386,207	(365,055)	(228,869)	7,021,152	7,386,207	(365,055)	(228,869)	7,021,152	7,739,886	(353,679)	(240,245)	7,386,207	
				10,501,469	(666,777)	(435,889)	9,834,692	10,501,459	(666,777)	(439,268)	9,834,682	11,136,668	(635,199)	(467,466)	10,501,469	

* WA Treasury Corporation

All loan repayments were financed by general purpose revenue.

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17. INFORMATION ON BORROWINGS (Continued)

	2021	2020
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	500,000	500,000
Bank overdraft at balance date	0	0
Credit card limit	56,000	56,000
Credit card balance at balance date	(19,136)	(25,986)
Total amount of credit unused	536,864	530,014
Loan facilities		
Loan facilities - current	700,169	666,777
Loan facilities - non-current	9,134,523	9,834,692
Lease liabilities - current	66,701	206,263
Lease liabilities - non-current	16,050	82,752
Total facilities in use at balance date	9,917,443	10,790,484
Unused loan facilities at balance date	NIL	NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

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

18. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2020

Current provisions
 Non-current provisions

Additional provision
 Amounts used

Balance at 30 June 2021

Comprises

Current
 Non-current

Amounts are expected to be settled on the following basis:

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

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2020			
Current provisions	1,646,389	1,885,442	3,531,831
Non-current provisions	0	280,206	280,206
	1,646,389	2,165,648	3,812,037
Additional provision	1,187,163	320,921	1,508,084
Amounts used	(1,104,610)	(365,525)	(1,470,135)
Balance at 30 June 2021	1,728,942	2,121,044	3,849,986
Comprises			
Current	1,728,942	1,868,513	3,597,455
Non-current	0	252,531	252,531
	1,728,942	2,121,044	3,849,986
	2021 \$	2020 \$	
Less than 12 months after the reporting date	1,527,003	1,541,220	
More than 12 months from reporting date	2,267,400	2,177,140	
Expected reimbursements from other WA local governments	55,583	93,677	
	3,849,986	3,812,037	

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

19. OTHER PROVISIONS

	Provision for remediation costs	Total
	\$	\$
Opening balance at 1 July 2020		
Non-current provisions	150,000	150,000
	150,000	150,000
Balance at 30 June 2021	150,000	150,000
Comprises		
Non-current	150,000	150,000
	150,000	150,000

Provision for remediation costs

Under the licence for the operation of the Mathieson Road Waste Transfer Station, the Shire has a legal obligation to restore the site upon the expiry of the licence.

A provision for remediation is recognised when:

- there is a present obligation as a result of waste activities undertaken;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount of the provision can be reliably measured.

The estimated future obligations include the costs of restoring the affected areas.

The provision for future remediation costs is the best estimate of the present value of the expenditure required to settle the remediation obligation at the reporting date. Future remediation costs are reviewed annually and any changes in the estimate are reflected in the present value of the remediation provision at each reporting date.

The payment of the non-current obligations is expected to be post 27 June 2035 i.e. upon the expiry of the licence.

20. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	10,251,439	7,766,551	9,256,541
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	2,771,623	1,390,508	2,553,965
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(4,525)	0	(2,017)
Depreciation on non-current assets	7,698,584	8,120,471	7,533,373
(Profit)/loss on sale of asset	(1,628)	(635,822)	111,920
Movement in equity of associates	(296,990)	0	1,041,469
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(746,809)	0	(683,893)
(Increase)/decrease in other assets	(191,514)	0	(3,632)
(Increase)/decrease in inventories	20,351	0	3,693
Increase/(decrease) in payables	1,270,224	0	(31,454)
Increase/(decrease) in employee provisions	37,949	0	256,771
Increase/(decrease) in other liabilities	1,099,012	0	464,440
Non-operating grants, subsidies and contributions	(3,566,137)	(5,938,534)	(1,912,854)
Net cash from operating activities	8,090,140	2,936,623	9,331,781

21. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	9,669,052	9,784,215
General purpose funding	45,143,194	40,859,714
Law, order, public safety	3,849,946	4,114,169
Health	558,146	586,080
Education and welfare	2,749,131	2,856,391
Community amenities	21,659,890	21,354,609
Recreation and culture	61,625,568	59,564,298
Transport	302,124,838	278,929,326
Economic services	47,957	51,219
Other property and services	21,039,107	21,344,530
	468,466,829	439,444,551

22. ELECTED MEMBERS REMUNERATION

	2021 Actual	2020 Actual
	\$	\$
Councillor John Daw		
President's annual allowance	53,759	53,759
Meeting attendance fees	27,892	27,892
ICT expenses - mobile phone	350	350
Annual allowance for ICT expenses	3,500	3,500
Travel expenses	3,741	4,387
	89,242	89,888
Councillor Jason Russell		
Deputy President's annual allowance	13,440	9,321
Meeting attendance fees	21,557	21,557
Annual allowance for ICT expenses	3,500	3,500
	38,497	34,378
Councillor Toni Burbidge		
Meeting attendance fees	21,557	21,557
Annual allowance for ICT expenses	3,500	3,500
	25,057	25,057
Councillor Amy Collins		
Meeting attendance fees	21,557	15,067
Child care expenses	1,012	1,088
Annual allowance for ICT expenses	3,500	2,446
Travel expenses	838	0
	26,907	18,601
Councillor Matthew Corica		
Meeting attendance fees	21,557	15,067
Annual allowance for ICT expenses	3,500	2,446
Travel expenses	605	447
	25,662	17,960
Councillor Simon Cuthbert		
Meeting attendance fees	21,557	15,067
Annual allowance for ICT expenses	3,500	2,446
	25,057	17,513
Councillor Kate Driver		
Meeting attendance fees	21,557	21,557
Annual allowance for ICT expenses	3,500	3,500
Travel expenses	1,113	881
	26,170	25,938
Councillor Ian Green		
Meeting attendance fees	21,557	21,557
Annual allowance for ICT expenses	3,500	3,500
Travel expenses	0	1,323
	25,057	26,380
Councillor Doug Jeans		
Meeting attendance fees	21,557	21,557
Annual allowance for ICT expenses	3,500	3,500
	25,057	25,057

22. ELECTED MEMBERS REMUNERATION (Continued)

	2021 Actual		2020 Actual
Councillor Darrell Jones			
Meeting attendance fees	21,557		21,557
Annual allowance for ICT expenses	3,500		3,500
Travel expenses	745		1,944
	<u>25,802</u>		<u>27,001</u>
Councillor David Lavell			
Meeting attendance fees	21,557		21,557
Annual allowance for ICT expenses	3,500		3,500
Travel expenses	475		2,044
	<u>25,532</u>		<u>27,101</u>
Councillor James Martin			
Meeting attendance fees	21,557		21,557
Annual allowance for ICT expenses	3,500		3,500
	<u>25,057</u>		<u>25,057</u>
	<u>383,097</u>		<u>387,898</u>
	2021 Actual	2021 Budget	2020 Actual
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	53,759	53,759	53,759
Deputy President's allowance	13,440	13,440	13,440
Meeting attendance fees	265,019	265,024	265,019
Child care expenses	1,012	1,500	1,088
ICT expenses - mobile phone	350	1,000	350
Annual allowance for ICT expenses	42,000	42,000	42,000
Travel expenses	7,517	12,000	12,242
	<u>383,097</u>	<u>388,723</u>	<u>387,898</u>

23. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2021 Actual	2020 Actual
The total of remuneration paid to KMP of the Shire during the year are as follows:	\$	\$
Short-term employee benefits	1,079,532	1,058,310
Post-employment benefits	94,485	93,006
Other long-term benefits	25,225	24,448
	1,199,242	1,175,764

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.

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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.

KMP, other than elected members, are entitled to and do utilise the free use of the Shire's Aquatic Centres.

Elected members are provided with food and refreshments before all Council meetings.

The following transactions occurred with related parties:

	2021 Actual	2020 Actual
	\$	\$
Associate entity:		
Purchase of goods and services	3,391,517	3,127,528
Distributions received	0	1,988,516

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. 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 ASSOCIATES

The Shire of Mundaring has a share in the net assets of the Eastern Metropolitan Regional Council (EMRC) as a member council. The EMRC provides services in waste management, resource recovery, environmental management and regional development.

The accounting share applicable to the Shire of Mundaring as at 30 June 2021 as disclosed in the financial statements of the EMRC is \$19,187,760. This represents the Shire's 10.33% share of the total equity of the EMRC.

	2021	2020
	\$	\$
EMRC Financial Information		
Statement of Comprehensive Income		
Revenue	45,090,716	44,441,898
Expenses	(34,794,345)	(51,693,459)
Net result	10,296,371	(7,251,561)
Other comprehensive income	(4,009,286)	1,189,840
Total comprehensive income	6,287,085	(6,061,721)
Statement of Financial Position		
Current Assets	91,484,741	89,551,063
Non Current Assets	115,414,742	110,359,239
Total assets	206,899,483	199,910,302
Current liabilities	14,439,344	8,026,410
Non Current Liabilities	6,707,161	7,432,011
Total liabilities	21,146,505	15,458,421
Net Assets	185,752,978	184,451,881

The Shire's share in the assets and liabilities based on the audited results of the EMRC is as follows:

	2021	2020
	\$	\$
Current Assets	9,450,116	9,420,848
Non Current Assets	11,922,018	11,609,886
	21,372,134	21,030,734
Current liabilities	1,491,544	844,385
Non Current Liabilities	692,830	781,854
Total liabilities	2,184,374	1,626,239
Net Assets	19,187,760	19,404,495
Net increase/(decrease) in share of the EMRC's net assets	(216,735)	(1,449,614)
Share of EMRC'S profit/(loss) from ordinary activities	296,990	(1,041,469)
Share of EMRC'S other comprehensive income	(513,725)	125,171
Share of EMRC's total comprehensive income	(216,735)	(916,298)
Distributions received from EMRC	0	(533,316)
Net increase/(decrease) in share of EMRC's net assets	(216,735)	(1,449,614)
Carrying amount at 1 July	19,404,495	20,854,109
Share of EMRC's total comprehensive income	(216,735)	(916,298)
Distributions received from EMRC	0	(533,316)
Carrying amount at 30 June	19,187,760	19,404,495

24. INVESTMENT IN ASSOCIATES (Continued)

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.

25. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2020/2021 financial year.

26. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2020/2021 financial year.

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27. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Back Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Back Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
GRV - Residential	0.0890172	11,316	206,850,887	18,413,287	109,978	0	18,523,265	18,413,287	144,737	0	18,558,024	18,752,156
GRV - Commercial	0.0890172	280	24,804,510	2,208,028	12,421	0	2,220,449	2,208,028	0	0	2,208,028	2,075,715
GRV - Light Industrial	0.0890172	288	15,901,728	1,415,527	0	0	1,415,527	1,415,527	0	0	1,415,527	1,377,660
GRV - Rural Residential	0.0890172	3,082	62,910,302	5,600,099	(7,685)	0	5,592,414	5,600,099	0	0	5,600,099	5,572,996
Unimproved valuations												
UV - Rural	0.0060805	243	140,502,000	854,323	19,629	0	873,952	854,322	0	0	854,322	854,359
Sub-Total		15,209	450,969,427	28,491,264	134,343	0	28,625,607	28,491,263	144,737	0	28,636,000	28,632,886
Minimum payment	Minimum \$											
Gross rental valuations												
GRV - Residential	864	449	338,914	387,936	0	0	387,936	387,936	0	0	387,936	391,392
GRV - Commercial	864	3	21,860	2,592	0	0	2,592	2,592	0	0	2,592	2,592
GRV - Light Industrial	864	1	8,148	864	0	0	864	864	0	0	864	864
GRV - Rural Residential	864	70	584,496	60,480	0	0	60,480	60,480	0	0	60,480	63,936
Unimproved valuations												
UV - Mining	1,091	4	50,239	4,364	0	0	4,364	4,364	0	0	4,364	4,364
Sub-Total		527	1,003,657	456,236	0	0	456,236	456,236	0	0	456,236	463,148
Total amount raised from general rate		15,736	451,973,084	28,947,500	134,343	0	29,081,843	28,947,499	144,737	0	29,092,236	29,096,034

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.

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27. RATING INFORMATION (Continued)

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

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$
Rates	Write-Off	0.00%	0	6,490	200,000	1,290
Penalty Interest	Write-Off	0.00%	0	175	5,000	342
Hire fees for sporting and community facilities	Waiver	25.00%	0	86,643	74,535	0
				93,308	279,535	1,632
Total discounts/concessions/write-offs				93,308	279,535	1,632

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
Hire fees for sporting and community facilities	A discount of 25% was provided to small business, community groups, sporting clubs and Not for Profits for the hire Shire facilities.	Assist and support community groups as part of Council's Covid-19 Community Recovery initiatives.	Council consider support of these community groups necessary 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	31/08/2020	0.00	0.00%	8.00%
Option Two				
First instalment	31/08/2020	0.00	0.00%	8.00%
Second instalment	3/11/2020	0.00	0.00%	8.00%
Third instalment	11/01/2021	0.00	0.00%	8.00%
Fourth instalment	15/03/2021	0.00	0.00%	8.00%
		2021 Actual	2021 Budget	2020 Actual
		\$	\$	\$
Interest on unpaid rates		167,271	105,000	199,822
Charges on instalment plan		0	0	154,003
		167,271	105,000	353,825

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28. RATE SETTING STATEMENT INFORMATION

		2020/21 Budget	2020/21	2019/20		
	2020/21 (30 June 2021 Carried Forward)	(30 June 2021 Carried Forward)	(1 July 2020 Brought Forward)	(30 June 2020 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	11(a)	(1,628)	(650,000)	(1,200)	(1,200)
	Less: Fair value adjustments to financial assets at fair value through profit and loss		(4,525)	0	0	0
	Less: Share of net profit of associates and joint ventures accounted for using the equity method		(296,990)	0	0	0
	Movement in pensioner deferred rates (non-current)		(107,402)	0	(115,827)	(115,827)
	Movement in employee benefit provisions (non-current)		(25,244)	0	(59,304)	(59,304)
	Grants and contributions received accounted for as non-current contract liabilities		0	0	400,000	400,000
	Add: Loss on disposal of assets	11(a)	0	14,178	113,120	113,120
	Add: Depreciation on non-current assets	11(b)	7,698,584	8,120,471	7,533,373	7,533,373
	Non cash amounts excluded from operating activities		7,262,795	7,484,649	7,870,162	7,870,162
(b) Surplus/(deficit) after imposition of general rates						
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.						
Adjustments to net current assets						
	Less: Reserves - cash/financial asset backed	4	(29,398,577)	(29,532,470)	(25,203,015)	(25,203,015)
	Add: Current liabilities not expected to be cleared at end of year					
	- Current portion of borrowings	17(a)	700,169	700,169	666,777	666,777
	- Current portion of lease liabilities	16(a)	66,701	0	206,263	206,263
	Total adjustments to net current assets		(28,631,707)	(28,832,301)	(24,329,975)	(24,329,975)
Net current assets used in the Rate Setting Statement						
	Total current assets		45,147,238	38,623,386	40,698,024	40,698,024
	Less: Total current liabilities		(12,310,595)	(8,245,834)	(9,981,905)	(9,981,905)
	Less: Total adjustments to net current assets		(28,631,707)	(28,832,301)	(24,329,975)	(24,329,975)
	Net current assets used in the Rate Setting Statement		4,204,936	1,545,251	6,386,144	6,386,144

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	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2021					
Cash and cash equivalents	0.05%	10,251,439	0	10,245,839	5,600
Financial assets at amortised cost - term deposits	0.47%	1,830,605	1,830,605	0	0
2020					
Cash and cash equivalents	0.25%	9,256,541	0	9,250,941	5,600
Financial assets at amortised cost	1.16%	3,384,852	3,384,852	0	0

Sensitivity

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

	2021	2020
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	414,806	378,444

* Holding all other variables constant

Borrowings

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

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. Whilst the Shire was historically able to charge interest on overdue rates and annual charges at higher than market rates, which further encourage payment.

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for rates receivable. No expected credit loss was forecast on 30 June 2020 or 30 June 2021 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 2021					
Rates receivable					
Expected credit loss	0%	0%	0%	0%	
Gross carrying amount	2,028,814	105,010	106,752	207,787	2,448,363
Loss allowance	0	0	0	0	0
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	1,515,848	102,160	100,422	188,045	1,906,475
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables. No expected credit loss was forecast on 30 June 2021 or 30 June 2020 for trades receivables as historical data indicates that any expected credit loss would be immaterial.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables					
Expected credit loss	0%	0%	0%	0%	
Gross carrying amount	522,001	20,667	35,446	86,551	664,665
Loss allowance	0	0	0	0	0
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	383,135	13,237	11,100	100,016	507,488
Loss allowance	0	0	0	0	0

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(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2021					
Payables	6,682,818	0	0	6,682,818	6,682,818
Borrowings	1,103,182	4,412,729	6,858,773	12,374,684	9,834,692
Contract liabilities	1,263,452	440,000	0	1,703,452	1,703,452
Lease liabilities	66,701	16,050	0	82,751	82,751
	9,116,153	4,868,779	6,858,773	20,843,705	18,303,713
2020					
Payables	5,412,594	0	0	5,412,594	5,412,594
Borrowings	1,103,182	4,412,729	7,961,955	13,477,866	10,501,469
Contract liabilities	164,440	440,000	0	604,440	604,440
Lease liabilities	211,170	84,115	0	295,285	289,015
	6,891,386	4,936,844	7,961,955	19,790,185	16,807,518

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30. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2020	Amounts Received	Amounts Paid	Transferred to Restricted Cash	Transferred to Reserves	30 June 2021
	\$	\$	\$			\$
Public Open Space Contributions	3,368,354	68,552	(62,245)	(563,735)	(62,447)	2,748,479
	3,368,354	68,552	(62,245)	(563,735)	(62,447)	2,748,479

SHIRE OF MUNDARING

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31. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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32. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE</p> <p>To provide a decision making process for the efficient allocation of resources.</p>	Includes the activities of members of council and the administrative support required for the Council and Shire services.
<p>GENERAL PURPOSE FUNDING</p> <p>To collect revenue to allow for the provision of services.</p>	Rates, general purpose government grants and interest revenue.
<p>LAW, ORDER, PUBLIC SAFETY</p> <p>To provide services to help ensure a safer community.</p>	Supervision and enforcement of legislation and various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
<p>HEALTH</p> <p>To provide an operational framework for environmental and community health.</p>	Prevention of human illnesses, including inspection of premises/food control.
<p>EDUCATION AND WELFARE</p> <p>To provide services to disadvantaged persons, the elderly, children and youth.</p>	Operating and maintaining child minding centres and playgroup centres. Provision of services and programs for the youth and seniors of the Shire.
<p>COMMUNITY AMENITIES</p> <p>To provide essential services required by the community.</p>	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 town planning schemes, cemeteries and public conveniences.
<p>RECREATION AND CULTURE</p> <p>To establish and effectively manage infrastructure and resources which will help the social well being of the community.</p>	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.
<p>TRANSPORT</p> <p>To provide safe, effective and efficient transport services to the community.</p>	Construction and maintenance of roads, streets, pathways, depots, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
<p>ECONOMIC SERVICES</p> <p>To help promote the shire and its economic wellbeing.</p>	Tourism and area promotion. Provision of standpipes. Approval of building construction and implementation of statutory building controls.
<p>OTHER PROPERTY AND SERVICES</p> <p>To monitor and control the Shire's overheads operating accounts.</p>	Public works overheads, plant and equipment operations and activities not reported in the above programs.

33. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	1.70	1.83	2.35
Asset consumption ratio	0.73	0.72	0.73
Asset renewal funding ratio	1.13	1.13	1.11
Asset sustainability ratio	0.82	0.76	0.56
Debt service cover ratio	5.59	7.59	8.39
Operating surplus ratio	(0.02)	0.02	0.01
Own source revenue coverage ratio	0.84	0.87	0.85

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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

34. SUBSEQUENT EVENTS

There have been no material events after the end of the reporting period that would require an adjustment or disclosure in the financial report.

35. CONTINGENT LIABILITIES

As at the end of the reporting period the Shire had no contingent liabilities that could result in a future financial obligation.



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 Shire of Mundaring

To the Councillors of the Shire of Mundaring

Report on the audit of the annual financial report

Opinion

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

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

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

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

Basis for opinion

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

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

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

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

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

Auditor's responsibility for the audit of the financial report

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

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

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

Report on other legal and regulatory requirements

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

- (i) All required information and explanations were obtained by me.
- (ii) All audit procedures were satisfactorily completed.
- (iii) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

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

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

Matters relating to the electronic publication of the audited financial report

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



Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
10 December 2021



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