

CAMPERS KITCHEN 2013



SENIORS DINNER 2012

SHIRE OF MUKINBUDIN

2012/2013 ANNUAL REPORT



SWIMMING POOL OPENING 2013

CONTENTS

	Page
1. About this Report	2
2. The Council	3
3. Shire of Mukinbudin Staff	4
4. Shire of Mukinbudin Organisational Structure	5
5. Shire Profile	6
6. Shire of Mukinbudin Statistics	7
7. Presidents Report	8-10
8. Chief Executive Officers Report	11
9. Statutory Reports	12-16
10. Plan for the Future	17
11. Financial Statements	18-75
12. Independent Audit Report	76-78
13. Supplementary Ratio Information	79





ABOUT THIS REPORT

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

- A report from the Shire President
- A report from the Chief Executive Officer
- An overview of the Plan for the Future of the District made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year.
- The Financial Report for the financial year
- Such information as may be prescribed in relation to the payments made to employees
- The Auditor's Report for the financial year
- A matter on which a report must be made under section 29(2) of the Disability Service Act 1993
- And such other information as may be prescribed
- Further information on the details supplied in this report can be obtained from the Shire Office, 15 Maddock Street, Mukinbudin, or via our website www.mukinbudin.wa.gov.au



THE COUNCIL

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

The Council is made up of nine Councillors representing the District.

Council elections are held on the third Saturday in October every two years with the next election in 2013.

President

Cr Gary Shadbolt

Deputy President

Cr Rod Comerford

Commenced	Elected Members	Telephone	Email	Years of Service	Term Expires
2007	Cr Rodney COMERFORD	9048 7063	stormrose@wn.com.au	5	2013
1993	Chris GERAGHTY	9048 4021	crisandsu@bigpond.com	19	2013
2003	Cr Dawn LANCASTER	9047 1140	dawnlanaster1@bigpond.com	9	2015
2011	Cr John O'NEIL	9048 4012	oneil.family1@bigpond.com	1	2015
2006	Cr Stephen PALM	9048 7012	srpalm@bigpond.com	6	2013
2007	Cr Kylie SIPPE	9047 1222	ksippe@westnet.com.au	5	2015
2003	Cr Gary SHADBOLT	9047 1036	garyshadbolt@yahoo.com.au	9	2015
2011	Cr Sandra VENTRIS	9048 7057	ventris@bigpond.com.au	1	2013
2009	Cr Brian WATSON	9047 0014	watsonsway4@bigpond.com	3	2013



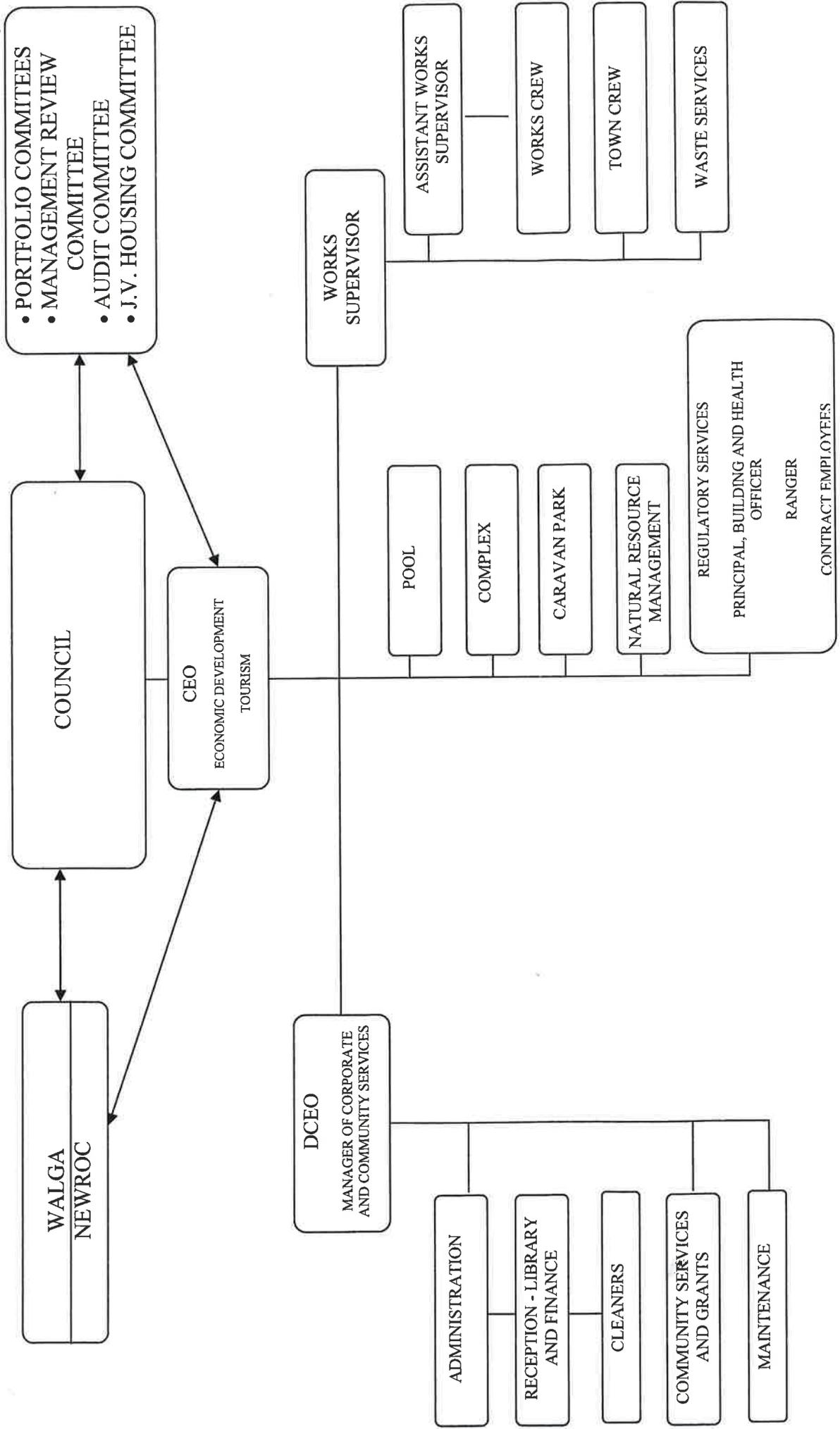
SHIRE OF MUKINBUDIN STAFF

as at 30 June 2013

Acting Chief Executive Officer	Ellen Maddock
Deputy Chief Executive Officer	Doug Stead
Environmental Health Officer	Julian Goldacre
Community Development Officer	Ann Brandis
Senior Administration Officer	Katharine Spencer
Club Development/ HPO	Vacant
Administration Officer	Kane Abdullah
Clerical Officer Trainee	Hayley Ventris
Natural Resource Management Officer	Claire Baker
Swimming Pool Manager	Luke Sprigg
Caravan Park Managers	Luke & Tania Sprigg
Works Supervisor	Bob Edwards
Assistant Works Supervisor	Danny O'Donnell
Plant Operator	Noel Bond
Plant Operator	Graham Green
Plant Operator	Cameron Hodges
Plant Operator	Will Jenkin
Plant Operator	Shane Markham
Horticulturalist	David Smith
Gardener	Daniel Mori
Sports Complex Cleaner	Diane Parker
Cleaner	Barb Allison
Cleaner	Danielle Ramsdale



ORGANISATIONAL CHART





SHIRE PROFILE

History of Mukinbudin – “Classic, Dry, Red”

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

Mukinbudin is the only developed townsite within the Shire with a population of 450. The town is located at the southern end of the Shire and is the service centre for a farming population of 400. The road network involves 930 kilometres of roads linking districts including Bonnie Rock, Wialki, Wilgoyne and Lake Brown.

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

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

Council's 930 kilometers of roads are maintained by the Works staff co-ordinated by a Works Supervisor under the Chief Executive Officer's direction.

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

The Shire is divided into the Bonnie Rock, Wilgoyne, Lake Brown/Dandanning, Wattoning and Town Wards with nine Councillors representing the electors.

Council meets on the third Wednesday of each month commencing at 9.00am and usually finishing by 4.30pm.

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

Sport is very important to the fabric of the Mukinbudin Community and excellent facilities are provided. Football, hockey, cricket, basketball, golf, netball, lawn bowls, tennis, squash, pistol shooting, indoor cricket and several other sports are very active. Council operates an Olympic 50 metre pool with an active swimming club. Art and craft groups, community service groups, book clubs, 1950's Community Shed. A well supported youth group caters for the district's teenagers.

The Shire of Mukinbudin has a Primary School, incorporating Pre-Primary and Kindergarten, plus there is High School to Year 12, Tertiary and Further Education and Distant Education.

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

Shops include IGA supermarket, butcher, clothing and giftware, cafe, video store, coffee shop, newsagency, hairdresser, hotel, service station/tyres, plant nurseries, Bendigo Bank branch, Westpac Bank branch and Commonwealth Bank agency, Community Resource Centre, Hardware, Machinery Dealerships, Landmark & Elders Agencies, 24hr ATM & Fuel



A community Health Nurse operates a weekly service provides a 24 hour service with a doctor visiting once a week. The nearest hospital is at Kununoppin, a distance of only 45 km's. A dedicated team of Ambulance workers are always on call. Allied Health Services are available through the Mukinbudin Nursing Post.

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

The community is friendly and safe and the lifestyle is informal and relaxed, but with a high level of community participation and expectation. Also with 3 active Church denominations. It's a great place to live and work in – most people don't want to leave.

SHIRE OF MUKINBUDIN STATISTICS

Localities

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

Significant Local Events

Mukinbudin Spring Festival

Ordinary Council Meeting

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

Tourist Attractions

Fascinating large rock formations; wildflowers (July – September); Pioneer Botanical Walk; Heritage Silo; Mukinbudin Community 1950's Farm Shed & Mukinbudin Regional Herbarium.

Local Industries

Broadacre grain; sheep; wool; mining; farm machinery; wildflower nursery; metal fabrication; farm stay accommodation

Shire Statistics

Distance from Perth	295km
Shire Area	3414 km ²
Length of Sealed Roads	189.10km's
Length of Unsealed Roads	732.60km's
Population	490
Number of Electors	421
Number of Dwellings	314
Total Rates Levied	\$820,944
Total Revenue	\$4,654,298
Number of Employees	19



SHIRE PRESIDENT'S REPORT

Introduction

The 2012/13 financial year has presented Council and Staff with its fair share of challenges, which included a change in the Senior Executive Team of both CEO and DCEO positions. The introduction by the State Government last year of the compulsory Integrated Planning and Reporting framework saw the Shire consult and adopt its first 10 year 'Community Strategic Plan 2013-2023'.

Council

I would firstly like to thank my fellow Councillors and especially Cr Rod Comerford, Deputy Shire President who has attended meetings on my behalf, when I was unavailable. Council has had another busy year with Councillors attending many external meetings such as

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

Community Based groups meeting include:

- Mukinbudin Community Resource Centre
- Mukinbudin Community Shed
- Mukinbudin District Sports Club
- Mukinbudin Planning and Development

The Mukinbudin Shire Council is fortunate that everyone contributes to discussions and shares the workload, ensuring a broad spectrum of ideas are presented and discussed.

Staff

The 2012/13 financial year saw our CEO Mr Trevor Smith depart for the District Council of Tumby Bay in South Australia. Council recruited and appointed Mr Stuart Billingham as the Chief Executive Officer. Mr Billingham with over 20 years experience in Local Government bringing a fresh new leadership style and direction to the Shire of Mukinbudin.

Our Deputy CEO Mrs Ellen Maddock soon to leave the Shire to go on maternity leave and Mr Doug Stead was recruited and appointed as the Deputy Chief Executive Officer. We wish Ellen the best with the impending arrival of her baby.

The year also saw the Shire continue in its traineeship program with Ms Hayley Ventris commencing duties as the Administration Trainee for twelve months taking over from Ms Laura Nicol.



Technical Services

The total expenditure in Technical Services 'Transport' Program for 2012/2013 was \$1,220,879.

Projects included:

- Mukinbudin Wialki Road-Regional Road Group Project
- Cruickshank Road
- Mukinbudin/Kununoppin and McGregor Road Intersection - Blackspot Project
- Graham Road – Roads to Recovery Project
- Barbalin Road - Blackspot project
- Town Kerbing
- Lukin Street drainage
- Footpath works

Smaller construction works were undertaken on a number of gravel roads and the Shire has also spent around \$200,000 in annual maintenance grading works.

Community Services

2012/13 saw the Shire of Mukinbudin switch off its Television retransmitting tower in June 2013. The Australian Government introducing the direct to satellite Viewer Access Satellite Television (VAST) platform.

Recreation and Culture

The Shire continues to operate the Mukinbudin Gymnasium "The Buff" which continues a healthy membership.

The Club Development Officer Scheme is continuing on a reduced scale with funding provided by the Department of Sport and Recreation (DSR) finishing November 2013. The Club Development Officer also acts as a conduit for funding under the new Kids Sport program introduced by DSR.

The Mukinbudin Planning and Development Group again under a new energetic Committee ran the Act Commit Belong 2013 Spring Festival, which continues to be supported by the Shire through assistance during the Spring Festival week and through the preparation of grant applications. The Shire also provides financial backing and the treasury function for Planning and Development.

The Shire also continues to provide the treasury function for the Boodie Rats Child Care Service and also funds building maintenance. For the third year in a row it is pleasing to see that the number of users of this facility has grown.

Major Projects

Following the successful completion of Stages One of the Pool Redevelopment program funding was received for Stage Two and these works were carried out including:

- refurbishment of the pool bowl
- installation of wet decks
- replacement of control joints and the decommissioning of the centre channel,
- installation of a disabled access ramp and stair entry
- replacement of the pool surrounding concourse and retaining walls.



Stage Three works included:

- refurbishment of the Junior and Toddler Pools
- installation of wet decks and water jets

The Shire Council resolved to utilise the Swimming Pool Reserve Fund to finish off the Landscaping, Reticulation and Lawns areas including the construction of an undercover BBQ area. This decision by the Council has proven to be a worthwhile investment, seeing this state of the Art facility reopening in November 2013 that should serve the Community well for another 50 years.

The Caravan Park electrical upgrade currently underway, which will create more powered sites, improving the services offered at the Mukinbudin Caravan Park. The Campers Kitchen is nearing completion and is gathering a reputation amongst travellers as a facility well worth a visit.

Economic Development and Tourism

Economic Development

Council will continue to explore every avenue for economic development as a means of supplementing the Shire's agricultural base. Council to pursue more industrial units off Strugnell Street upon funding becoming available. The Shire continues to work with Landcorp who have over twenty (20) Light Industrial Blocks which can be purchased for development.

The Mukinbudin residential subdivision off Earl Drive to be marketed more effectively to increase its exposure to ensure blocks are sold in a timely manner, hopefully attracting new families to the Town. The Shire also holds 45 hectares east of town for future expansion.

Tourism

I would also like to recognise and thank Mrs Ray Watson for her contribution to Tourism in the NEWROC area. She has again been the Shires Delegate on the Central Wheatbelt Visitors Centre Committee. After many years as President on the NEWTRAVEL Committee Ray has finally stepped down in September this year. Rays passion for Tourism has played a large part in establishing the Wheatbelt Way, which has attracted \$1.2M of Royalties for Regions Funding for infrastructure in the NEWROC area.

Conclusion

As Shire President I would like to thank my fellow Councillors for their support and efforts in Governing the Shire over the past 12 months. I also commend the Shire Officers for their work ethic in moving the Shire forward to realise the plans and aspirations of Council and the Community. I look forward the coming year, working with the Community and Staff to strive towards achieving the Goals in the Shire of Mukinbudin's Community Strategic Plan.

Cr Gary Shadbolt

Shire President



CHIEF EXECUTIVE OFFICER'S REPORT

As the incoming new Chief Executive Officer it gives me great pleasure to present the Chief Executive Officer's report for the Shire of Mukinbudin Annual Report for the year ending 30 June 2013.

Financials

The Shire of Mukinbudin for the 2012/13 financial year finished with a total Comprehensive Income of \$1,971,082, \$242,982 over the 2012/13 Budget figure of \$1,728,100. This variance mainly made up of an asset revaluation increment of \$336,044 for Plant & Equipment.

Actual Operating Revenue of \$2,743,577, up \$673,147 from Budget of \$2,070,430 mainly due to an increase in operating grants and subsidies of \$695,429.

Staff Changes

2012/13 saw the departure of the Shire Chief Executive Officer Mr Trevor Smith moving to take up the CEO position at the District of Tumbly Bay in South Australia. The Shires Deputy Chief Executive Officer Mrs Ellen Maddock also finishing in August 2013 to go on maternity leave.

Structural Reform

The Barnett Government continues to progress the Perth Metropolitan Local Government structural Reform. With the Minister for Local Governments proposal to the Local Government Advisory Board for only 15 Metropolitan Councils by 1 July 2015.

Integrated Strategic Planning

Council has now adopted its Community Strategic Plan, Workforce Development Plan and Long Term Financial Plan. The Asset Management Plan still being completed. Once all the Integrated Planning and Reporting (IPR) documents are completed, Council will need to plan to resource both the human and financial demands to the meet the ongoing IPR maintenance, review and reporting requirements.

Country Local Government Fund

The Shire of Mukinbudin through the NEWROC application is the recipient of \$769,426 from the 2012/13 Royalties for Regions, Country Local Government Fund Regional Component for the construction of four (4) Universally Designed Dwellings.

Regional Partnerships

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

Conclusion

I wish to take this opportunity to recognise the efforts of my predecessor Mr Trevor Smith who served the Shire as CEO from 2005 -2013 and for the majority of the 2012/13 financial year. I also wish to acknowledge the work of the outgoing DCEO Mrs Ellen Maddock, leaving in August 2013 on maternity leave.

As the incoming CEO for the Shire of Mukinbudin I wish to take this opportunity to firstly thank the Council, Staff and Community for their warm welcome, support and encouragement in commencing in my role as CEO at the Shire of Mukinbudin. I look forward to leading the Shire Staff and working with Council and the Community to meet the challenges that lay ahead for the coming years.

Stuart D Billingham
Chief Executive Officer



STATUTORY REPORTS

DISABILITY ACCESS INCLUSION PLAN

The Shire of Mukinbudin continues to promote access and inclusion for all community members. The Shire's Disability Access and Inclusion Plan (DAIP) ensures that people with disabilities have equal access to Council services, facilities. The Shire has completed the 2012-2013 Disability Services Commission Progress Report to identify the Shire's achievements in relation to strategies and tasks consistent with the five (5) identified outcomes listed in the DAIP.

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

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

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

FREEDOM OF INFORMATION

The Shire of Mukinbudin will provide information to people requesting it from Council. Should a request not be met satisfactorily, then a Freedom of Information Application can be lodged with Council. During the year ended 30 June 2013, no Freedom of Information Applications were received.

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

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

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



The Shire of Mukinbudin maintains records relating to the function and administration of the Shire, each property within the Shire, and includes such documents as the Minutes of Meetings, Rate

Book, Town Planning Scheme, Local Laws, Codes of Conduct, Register of Financial Interests, Register of Delegated Authority, Financial Statements and Electoral Rolls. These documents can be inspected free of charge at the Shire Office, 15 Maddock Street, Mukinbudin, during office hours

RECORD KEEPING PLAN

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

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

Rationale

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

Minimum Compliance Requirements

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

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

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

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



NATIONAL COMPETITION POLICY STATEMENT

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

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

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

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

In accordance with the requirements of the National Competition Policy the Shire of Mukinbudin makes the following disclosure of 2009/2010.

Competitive Neutrality

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

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

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

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

Structural Review of Public Monopolies

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

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

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

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

Legislative Review

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

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



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

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

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

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

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

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

PUBLIC INTEREST DISCLOSURE ACT 2003

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

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

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

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

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

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

The Shire of Mukinbudin had no Public Interest Disclosures during the reporting period ending 30 June 2012.



INFORMATION ON PAYMENTS TO EMPLOYEES

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

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

Band	Number of Employees
\$110,000-\$120,000	1

Local Government (Rules of Conduct) Regulations 2007 Complaints

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

REGISTER OF MINOR COMPLAINTS

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

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

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

In accordance with these requirements, it is advised that no complaints or minor breaches under the *Local Government Act 1995* were received during 2012-2013.



PLAN FOR THE FUTURE 2012/2013

The changes to the *Local Government Act 1995* have seen the Principal Activities Plan replaced by the Plan for the Future. The Shire of Mukinbudin Plan for the Future 2008-2014

A detailed copy of the Shire of Mukinbudin Plan for the Future is available from the Shire Office or can be downloaded from the Shire Website at www.mukinbudin.wa.gov.au

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

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

- Plant Replacement Program
- Shire Housing Construction
- Residential Subdivision - Sales predicted \$75,000 in 2014/15
- Mukinbudin Pool Refurbishment

SHIRE OF MUKINBUDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Rate Setting Statement	9
Notes to and Forming Part of the Financial Report	10 to 58
Independent Audit Report	59 & 60
Supplementary Ratio Information	61

SHIRE OF MUKINBUDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Mukinbudin being the annual financial report and other information for the financial year ended 30th June 2013 are in my opinion properly drawn up to present fairly the financial position of the Shire of Mukinbudin at 30th June 2013 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the

5th day of *November* 2013



Stuart Billingham
Chief Executive Officer

SHIRE OF MUKINBUDIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Rates	22	820,944	825,649	800,126
Operating Grants, Subsidies and Contributions	28	1,471,583	776,154	1,573,801
Fees and Charges	27	339,941	365,075	350,063
Service Charges	24	0	0	8,468
Interest Earnings	2(a)	35,384	45,452	33,149
Other Revenue		75,725	58,100	60,703
		<u>2,743,577</u>	<u>2,070,430</u>	<u>2,826,310</u>
Expenses				
Employee Costs		(746,819)	(533,316)	(640,119)
Materials and Contracts		(648,293)	(950,852)	(805,213)
Utility Charges		(194,366)	(212,640)	(189,749)
Depreciation on Non-Current Assets	2(a)	(1,192,648)	(1,093,660)	(1,135,616)
Interest Expenses	2(a)	(42,046)	(46,567)	(46,215)
Insurance Expenses		(153,440)	(143,654)	(125,616)
Other Expenditure		(17,402)	(31,875)	(30,935)
		<u>(2,995,014)</u>	<u>(3,012,564)</u>	<u>(2,973,463)</u>
Operating Deficit		(251,437)	(942,134)	(147,153)
Non-Operating Grants, Subsidies and Contributions				
Contributions	28	1,901,602	2,670,234	1,556,221
Profit on Asset Disposals	21	9,119	0	40,881
Loss on Asset Disposal	21	(24,246)	0	0
		<u>1,886,475</u>	<u>2,670,234</u>	<u>1,597,102</u>
Net Result	21	1,635,038	1,728,100	1,449,949
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	336,044	0	0
Total Other Comprehensive Income		<u>336,044</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u><u>1,971,082</u></u>	<u><u>1,728,100</u></u>	<u><u>1,449,949</u></u>

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

SHIRE OF MUKINBUDIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Governance		57,217	81,600	59,209
General Purpose Funding		1,825,128	1,349,436	1,881,139
Law, Order, Public Safety		28,615	28,650	26,856
Health		5,126	100	1,047
Education and Welfare		550	500	0
Housing		97,955	90,167	82,525
Community Amenities		111,985	100,320	63,505
Recreation and Culture		36,926	47,864	79,607
Transport		332,406	189,798	396,040
Economic Services		188,925	148,030	145,659
Other Property and Services		58,744	33,965	90,723
	2(a)	2,743,577	2,070,430	2,826,310
Expenses				
Governance		(347,613)	(391,593)	(308,999)
General Purpose Funding		(45,748)	(47,467)	(35,361)
Law, Order, Public Safety		(74,286)	(80,263)	(75,852)
Health		(103,067)	(112,980)	(104,366)
Education and Welfare		(66,958)	(76,944)	(65,057)
Housing		(130,589)	(135,770)	(149,359)
Community Amenities		(165,849)	(159,535)	(160,243)
Recreation and Culture		(503,113)	(490,402)	(484,337)
Transport		(1,209,188)	(1,127,832)	(1,137,106)
Economic Services		(330,327)	(347,263)	(347,691)
Other Property and Services		23,770	4,052	(58,877)
	2(a)	(2,952,968)	(2,965,997)	(2,927,248)
Finance Costs				
Governance		(371)	(825)	(1,444)
Housing		(2,729)	(2,954)	(5,656)
Community Amenities		(2,913)	(3,042)	(3,196)
Recreation & Culture		(7,106)	(7,423)	(7,798)
Economic Services		(12,082)	(12,354)	(8,001)
Other Property and Services		(16,845)	(19,969)	(20,120)
	2(a)	(42,046)	(46,567)	(46,215)
Non-Operating Grants, Subsidies and Contributions				
General Purpose Funding		724,704	724,704	412,208
Housing		0	740,000	0
Recreation & Culture		260,000	277,600	230,956
Transport		826,607	861,191	790,607
Economic Services		90,291	66,739	122,450
		1,901,602	2,670,234	1,556,221
Profit/(Loss) on Disposal of Assets				
Law, Order, Public Safety		(159)	0	0
Housing		0	0	40,881
Transport		394	0	0
Transport		(11,691)	0	0
Other Property and Services		8,725	0	0
Other Property and Services		(12,396)	0	0
		(15,127)	0	40,881
Net Result		1,635,038	1,728,100	1,449,949

**SHIRE OF MUKINBUDIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	336,044	0	0
Total Other Comprehensive Income		<u>336,044</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u><u>1,971,082</u></u>	<u><u>1,728,100</u></u>	<u><u>1,449,949</u></u>

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

**SHIRE OF MUKINBUDIN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2013**

	NOTE	2013 \$	2012 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	676,959	1,125,212
Trade and Other Receivables	4	<u>636,488</u>	<u>159,015</u>
TOTAL CURRENT ASSETS		<u>1,313,447</u>	<u>1,284,227</u>
NON-CURRENT ASSETS			
Other Receivables	4	44,667	53,512
Inventories	5	953,338	953,338
Property, Plant and Equipment	6	6,857,658	5,892,814
Infrastructure	7	<u>34,670,776</u>	<u>33,587,136</u>
TOTAL NON-CURRENT ASSETS		<u>42,526,439</u>	<u>40,486,800</u>
TOTAL ASSETS		<u>43,839,886</u>	<u>41,771,027</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	292,678	50,745
Long Term Borrowings	9	90,968	108,155
Provisions	10	<u>164,618</u>	<u>208,310</u>
TOTAL CURRENT LIABILITIES		<u>548,264</u>	<u>367,210</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	646,521	737,394
Provisions	10	<u>19,279</u>	<u>11,683</u>
TOTAL NON-CURRENT LIABILITIES		<u>665,800</u>	<u>749,077</u>
TOTAL LIABILITIES		<u>1,214,064</u>	<u>1,116,287</u>
NET ASSETS		<u>42,625,822</u>	<u>40,654,740</u>
EQUITY			
Retained Surplus		41,766,304	40,170,929
Reserves - Cash Backed	11	523,474	483,811
Revaluation Surplus	12	<u>336,044</u>	<u>0</u>
TOTAL EQUITY		<u>42,625,822</u>	<u>40,654,740</u>

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

SHIRE OF MUKINBUDIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2011		25,303,496	434,267	13,467,028	39,204,791
Correction of Errors	12	13,467,028	0	(13,467,028)	0
Restated Balance		38,770,524	434,267	0	39,204,791
Comprehensive Income					
Net Result		1,449,949	0	0	1,449,949
Changes on Revaluation of Non-Current Assets		0	0	0	0
Total Comprehensive Income	12	1,449,949	0	0	1,449,949
Reserve Transfers		(49,544)	49,544	0	0
Balance as at 30 June 2012		40,170,929	483,811	0	40,654,740
Comprehensive Income					
Net Result		1,635,038	0	0	1,635,038
Changes on Revaluation of Non-Current Assets		0	0	336,044	336,044
Total Other Comprehensive Income	12	1,635,038	0	336,044	1,971,082
Reserve Transfers		(39,663)	39,663	0	0
Balance as at 30 June 2013		41,766,304	523,474	336,044	42,625,822

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

**SHIRE OF MUKINBUDIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
Cash Flows From Operating Activities				
Receipts				
Rates		799,856	867,654	798,882
Operating Grants, Subsidies and Contributions		1,471,583	801,354	1,573,801
Fees and Charges		322,149	373,075	401,461
Service Charges		0	0	8,468
Interest Earnings		35,384	45,452	33,149
Goods and Services Tax		288,858	250,000	297,923
Other Revenue		73,171	58,100	78,106
		<u>2,991,001</u>	<u>2,395,635</u>	<u>3,191,790</u>
Payments				
Employee Costs		(780,717)	(524,325)	(610,338)
Materials and Contracts		(407,288)	(912,997)	(805,015)
Utility Charges		(194,366)	(201,435)	(189,749)
Insurance Expenses		(153,440)	(145,454)	(125,616)
Interest expenses		(35,000)	(46,567)	(44,786)
Goods and Services Tax		(368,436)	(227,520)	(264,700)
Other Expenditure		(17,402)	(31,875)	(30,935)
		<u>(1,956,649)</u>	<u>(2,090,173)</u>	<u>(2,071,139)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>1,034,352</u>	<u>305,462</u>	<u>1,120,651</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	(118,612)
Payments for Purchase of Property, Plant & Equipment		(1,320,706)	(1,942,735)	(1,070,628)
Payments for Construction of Infrastructure		(1,678,794)	(1,424,747)	(966,986)
Non-Operating Grants, Subsidies and Contributions		1,539,250	2,670,234	1,556,221
Proceeds from Sale of Plant & Equipment		79,285	87,179	95,011
Net Cash Provided By (Used In) Investing Activities		<u>(1,380,965)</u>	<u>(610,069)</u>	<u>(504,994)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(108,060)	(108,155)	(125,657)
Proceeds from Self Supporting Loans		6,420	6,421	6,264
Proceeds from New Debentures		0	0	267,700
Net Cash Provided By (Used In) Financing Activities		<u>(101,640)</u>	<u>(101,734)</u>	<u>148,307</u>
Net Increase (Decrease) in Cash Held		<u>(448,253)</u>	<u>(406,341)</u>	<u>763,964</u>
Cash at Beginning of Year		1,125,212	1,125,213	361,248
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>676,959</u></u>	<u><u>718,872</u></u>	<u><u>1,125,212</u></u>

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

**SHIRE OF MUKINBUDIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 Actual \$	2013 Budget \$	2012 Actual \$
Revenue				
Governance		57,217	81,600	100,090
General Purpose Funding		1,728,888	1,248,491	1,493,221
Law, Order, Public Safety		28,615	28,650	26,856
Health		5,126	100	1,047
Education and Welfare		550	500	0
Housing		97,955	830,167	82,525
Community Amenities		111,985	100,320	63,505
Recreation and Culture		296,926	325,464	310,563
Transport		1,159,407	1,050,989	1,186,647
Economic Services		279,216	214,769	268,109
Other Property and Services		67,469	33,965	90,723
		<u>3,833,354</u>	<u>3,915,015</u>	<u>3,623,286</u>
Expenses				
Governance		(347,984)	(392,418)	(310,443)
General Purpose Funding		(45,748)	(47,467)	(35,361)
Law, Order, Public Safety		(74,445)	(80,263)	(75,852)
Health		(103,067)	(112,980)	(104,366)
Education and Welfare		(66,958)	(76,944)	(65,057)
Housing		(133,318)	(138,724)	(155,015)
Community Amenities		(168,762)	(166,486)	(163,439)
Recreation and Culture		(510,219)	(497,825)	(492,135)
Transport		(1,220,879)	(1,127,832)	(1,137,106)
Economic Services		(342,409)	(355,708)	(355,692)
Other Property and Services		(5,471)	(15,917)	(78,997)
		<u>(3,019,260)</u>	<u>(3,012,564)</u>	<u>(2,973,463)</u>
Net Result Excluding Rates		814,094	902,451	649,823
Adjustments for Cash Budget Requirements:	21			
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	21	15,127	0	(40,881)
Movement in Deferred Pensioner Rates (Non-Current)		2,265	0	(859)
Movement in Employee Benefit Provisions (Non-Current)		7,596	0	(6,499)
Movement in LSL Reserve (Added Back)		2,146	0	2,527
Movement in Non-Current Liabilities		0		
Depreciation and Amortisation on Assets	2(a)	1,192,648	1,093,660	1,135,616
Capital Expenditure and Revenue				
Purchase Land Held for Resale			0	(118,612)
Purchase Land and Buildings		(1,088,655)	(1,754,689)	(914,682)
Purchase Plant and Equipment		(222,269)	(176,042)	(145,310)
Purchase Furniture and Equipment		(9,782)	(12,004)	(10,636)
Purchase Infrastructure Assets - Roads		(1,462,813)	(1,253,257)	(939,771)
Purchase Infrastructure Assets - Footpaths		(79,755)	(80,000)	0
Purchase Infrastructure Assets - Parks & Ovals		0	0	0
Purchase Infrastructure Assets - Other		(136,226)	(91,490)	(27,215)
Proceeds from Disposal of Assets	21	79,285	87,179	95,011
Repayment of Debentures	21	(108,060)	(108,155)	(125,357)
Proceeds from New Debentures	21	0	0	267,700
Self-Supporting Loan Principal Income		6,420	6,421	6,264
Transfers to Reserves (Restricted Assets)	11	(39,663)	(120,863)	(264,043)
Transfers from Reserves (Restricted Assets)	11	0	76,125	214,499
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	582,828	605,015	5,127
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	376,130	0	582,828
Total Amount Raised from General Rate	22(a)	<u>(820,944)</u>	<u>(825,649)</u>	<u>(800,126)</u>

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

(a) Basis of Preparation

The financial report is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the local Government Act 1995 and accompanying regulations.

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of the selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

All Funds through which the Council 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, but a separate statement of those monies appears at Note 19 to these financial statements.

(c) 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.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments 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 shown as short term borrowings in current liabilities in the statement of financial position.

(e) Trade and Other Receivables

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

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

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

(f) Inventories

General

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

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

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in the statement of comprehensive income at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at fair value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

(a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and

(b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

(c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

Council has commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

Land Under Control

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

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

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2013.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

Revaluation

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Transitional Arrangement

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** methodology section as detailed above.

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to fair value, ***AASB 13 - Fair Value Measurement*** does not become applicable until the end of the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB 13 (as allowed for in the standard).

As a consequence, the principles embodied in ***AASB 13 - Fair Value Measurement*** have been applied to this reporting period (year ended 30 June 2013).

Due to the nature and timing of the adoption (driven by legislation), the adoption of this standard has had no effect on previous reporting periods.

Land under Roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets

All non-current assets having a limited useful life (excluding freehold land) are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Land	not depreciated
Buildings	0 to 50 years
Furniture and Equipment	0 to 10 years
Plant and Equipment	0 to 10 years
Sealed roads and streets clearing and earthworks	not depreciated
- construction/road base	50 years
original surfacing and major re-surfacing	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
clearing and earthworks	not depreciated
construction/road base	50 years
gravel sheet	12 years
Formed roads (unsealed)	
clearing and earthworks	not depreciated
construction/road base	50 years
Footpaths	40 years
Sewerage piping	100 years
Water supply piping & drainage systems	75 years

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. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

Expenditure on items of expenditure under \$2,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Intangible Assets

Easements

Due to legislative changes, Easements are required to be recognised as assets.

If significant, they are initially recognised at cost and have an indefinite useful life.

(i) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or at cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
- (d) less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current. They are subsequently measured at fair value with changes to carrying amount being included in profit or loss.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

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

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to the asset previously recognised in other comprehensive income, is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

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

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial instruments, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continued involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. 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.

(j) Impairment

In accordance with Australian Accounting Standards the Council's 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 (eg AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(k) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council 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.

(l) Employee Benefits

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

(m) 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.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) 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.

(o) Leases

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

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

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

(p) Investments in Associates

Associates are entities in which the Council has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Council. 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 Council's share of net assets of the associate entity. In addition, Council's share of the profit or loss of the associate entity is included in the Council's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition, whereby the Council'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.

Profits and losses resulting from transactions between the Council and the associate are eliminated to the extent of the Council's interest in the associate.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Joint Venture

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 16.

The Council's interest in joint venture entities are recorded using the equity method of accounting (refer to Note 1(p) for details) in the financial report.

When the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of gain or loss not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(r) Rates, Grants, Donations and Other Contributions

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

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

(s) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

(t) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on Council's intentions to release for sale.

(u) Rounding Off Figures

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

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Comparative Figures

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

(w) 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.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations for Application in Future Periods

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

Management's assessment of the new and amended pronouncement that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows.

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures	December 2009 September 2012	01 January 2013 Deferred AASB 9 until 1 January 2015	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations for Application In Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(iii) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iv) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards	August 2011	01 January 2013	Nil - None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.
[AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]			

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2011 - 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(vi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2012-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(vii) AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 32]	June 2012	01 January 2013	Principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This Standard is not expected to significantly impact on the Council's financial statements.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	01 January 2014	This Standard adds application guidance to AASB 132: <i>Financial Instruments</i> : <i>Presentation</i> to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.
(ix) AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132, 134 and Interpretation 2]	June 2012	01 January 2013	Outlines changes to the various standards and interpretations as listed. These topics are not currently relevant to Council, nor are they expected to be in the future. As a consequence, this Standard is not expected to significantly impact on the Council's financial statements.
(x) AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments: [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]	December 2012	01 January 2013	Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.

(*) Applicable to reporting periods commencing on or after the given date.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(Y) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 2010 – 8
AASB 2011 - 3
AASB 2011 - 13

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

The Council also chose to early adopt AASB 13 – *Fair Value Measurement* as allowed for in the standard. For further details with respect to this early adoption, refer to Note 1(g).

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2. REVENUE AND EXPENSES	2013	2012	
	\$	\$	
(a) Net Result			
The Net Result includes:			
(i) Charging as an Expense:			
Auditors Remuneration			
- Audit of the financial report	9,763	6,212	
- Other Services	2,400	0	
Depreciation			
Buildings	137,556	115,749	
Furniture and Equipment	21,484	22,367	
Plant and Equipment	291,614	298,356	
Roads	724,653	687,062	
Footpaths	11,264	10,828	
Other	6,077	1,254	
Parks & Ovals	0	0	
	<u>1,192,648</u>	<u>1,135,616</u>	
Interest Expenses (Finance Costs)			
Debentures (<i>refer Note 21(a)</i>)	42,046	46,215	
	<u>42,046</u>	<u>46,215</u>	
(ii) Crediting as Revenue:			
	2013	2013	2012
	\$	Budget	\$
		\$	
Interest Earnings			
Investments			
- Reserve Funds	22,054	38,359	24,192
- Other Funds	9,730	6,000	6,310
Other Interest Revenue (<i>refer note 26</i>)	3,600	1,093	2,647
	<u>35,384</u>	<u>45,452</u>	<u>33,149</u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

The Shire of Nungarin is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

GOVERNANCE

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

ACTIVITIES: Administration and operation of facilities and services to members of Council; other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

OBJECTIVE: To collect revenue to allow for the provision of services.

ACTIVITIES: Rates, general purpose Government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

OBJECTIVE: To provide services to help ensure a safer community.

ACTIVITIES: Supervision of various by-laws, fire prevention, emergency services and animal control.

HEALTH

OBJECTIVE: To provide an operational framework for good community health.

ACTIVITIES: Food quality and pest control, immunisation services, inspection of abattoir and operation of child health clinic.

EDUCATION AND WELFARE

OBJECTIVE: To provide appropriate care to the aged and disabled.

ACTIVITIES: Provision of Home and Community Care, maintenance to playgroup and telecentre buildings.

HOUSING

OBJECTIVE: To provide adequate staff and community housing.

ACTIVITIES: Maintenance of staff and community housing, collection of various rents.

COMMUNITY AMENITIES

OBJECTIVE: Provide services required by the community.

ACTIVITIES: Rubbish collection services, operation of tips, noise control, administration of the town planning scheme, maintenance of cemeteries, storm water drainage maintenance.

RECREATION AND CULTURE

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

ACTIVITIES: Maintenance of halls, the aquatic centre, recreation centres and various reserves.

TRANSPORT

OBJECTIVE: To provide effective and efficient transport services to the community.

ACTIVITIES: Construction and maintenance of streets, roads, bridges, cleaning and lighting streets, depot maintenance and airstrip maintenance.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

ECONOMIC SERVICES

OBJECTIVES: To help promote the Shire and improve its economic wellbeing.

ACTIVITIES: The regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control and standpipes.

OTHER PROPERTY & SERVICES

ACTIVITIES: Private works operations, plant repairs and operation costs.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2. REVENUE AND EXPENSES (Continued)

Grant/Contribution	Function/ Activity	Opening		Closing		Expended (#) 2012/13	Expended (\$) 2012/13	Received (+) 2012/13	Received (\$) 2012/13	Closing Balance 30-Jun-13
		Balance (*) 1-Jul-11	Balance (*) 30-Jun-12	Expended (#) 2011/12	Expended (#) 30-Jun-12					
Federal Govt - RLCIP	Economic Services	30,000	30,000 (*)	0	0	0	0	0	0	30,000 (*)
Royalties for Regions Funding-Forward Capital Works Plan	Economic Services	9,910	0	(9,910)	0	0	0	0	0	0
Roads to Recovery - Auslink	Transport	0	80,141	(174,486)	80,141	(349,717)	260,951	0	0	(8,625)
Oil Mallee Association Grant	Community Amenities	1,061	1,061	0	1,061	(1,061)	0	0	0	0
Camera Trap Project Income	Community Amenities	1,173	1,173	0	1,173	(1,173)	0	0	0	0
Dry Seasons Assistance Grant	Community Amenities	6,156	4,909	(1,247)	4,909	(4,909)	10,000	0	0	10,000
Federal Govt - RLCIP (Campers Kitchen)	Economic Services	2,727	0	(2,727)	0	0	0	0	0	0
Disability Services Grant - Electric Doors at Office	Economic Services	15,587	1,812	(13,775)	1,812	(1,812)	0	0	0	0
Dept of Water - Community Water Grantqq	Economic Services	0	0	0	0	0	10,000	0	0	10,000
Total		66,614	119,096	(202,145)	119,096	(358,672)	280,951	0	0	41,375

Notes:

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

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

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

(^*) - Was transferred to Unspent Grant Reserve as at 30 June 2010.

Unspent Grants not transferred to reserve as at 30 June

2013	2012
11,375	89,096

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

	2013 \$	2012 \$
3. CASH AND CASH EQUIVALENTS		
Cash on Hand - Unrestricted	520	520
Cash at Bank - Unrestricted	141,590	551,785
Cash at Bank - Restricted	11,375	89,096
Restricted - Reserves	<u>523,474</u>	<u>483,811</u>
	<u><u>676,959</u></u>	<u><u>1,125,212</u></u>
 The following is a reconciliation of the municipal funds above:		
Cash at Bank - Municipal Unrestricted	141,590	551,785
- Municipal Restricted	<u>11,375</u>	<u>89,096</u>
	<u><u>152,965</u></u>	<u><u>640,881</u></u>
 The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	50,034	47,888
Communication Reserve	19,170	17,865
Building Reserve	197,821	192,113
Self Insurance Reserve	7,291	6,936
Residential Sub-Division Reserve	9,555	8,958
Seniors Aged Housing Reserve	46,064	40,915
Plant Reserve	61,415	59,893
Swimming Pool Reserve	97,110	75,731
Royalties for Regions Reserve	0	0
Unspent Grants Reserve	35,014	33,512
Unspent Loans	<u>0</u>	<u>0</u>
	<u><u>523,474</u></u>	<u><u>483,811</u></u>
 Other:		
Municipal Cash at Bank - Restricted		
Unspent Grants (refer note 2 (c))	<u>11,375</u>	<u>89,096</u>
	<u><u>11,375</u></u>	<u><u>89,096</u></u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

	2013	2012
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	45,722	18,784
Sundry Debtors	484,800	104,656
GST Receivable	105,503	25,925
Prepayments	0	8,969
Accrued Income	5,457	2,250
Provision for Doubtful Debts	(11,575)	(7,990)
Loans - Clubs/Institutions	6,581	6,421
	<u>636,488</u>	<u>159,015</u>
Non-Current		
Rates Outstanding - Pensioners	2,498	4,763
Loans - Clubs/Institutions	42,169	48,749
	<u>44,667</u>	<u>53,512</u>
5. INVENTORIES		
Non-Current		
Land Held for Resale - Cost		
Cost of Acquisition	199,459	199,459
Development Costs	753,879	753,879
	<u>953,338</u>	<u>953,338</u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

	2013 \$	2012 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Cost	<u>77,908</u>	<u>77,908</u>
	77,908	77,908
 Total Land	 <u>77,908</u>	 <u>77,908</u>
 Buildings at:		
- Cost	6,920,061	5,831,406
 Less Accumulated Depreciation	 <u>(1,441,401)</u>	 <u>(1,303,845)</u>
 Total Buildings	 5,478,660	 4,527,561
 Total Land and Buildings	 <u>5,556,568</u>	 <u>4,605,469</u>
 Furniture and Equipment - Cost	 434,452	 424,670
Less Accumulated Depreciation	<u>(275,608)</u>	<u>(254,124)</u>
	158,844	170,546
 Plant and Equipment - Independent Valuation 2013	 1,142,246	 0
Plant and Equipment - Cost	0	2,992,700
Less Accumulated Depreciation	<u>0</u>	<u>(1,875,901)</u>
	1,142,246	1,116,799
	<u>6,857,658</u>	<u>5,892,814</u>

Plant and Equipment:

The Shire's Plant and Equipment was revalued at 30 June 2013 Inhouse. All of the valuations were made having regard for their current replacement cost, condition assessment (Level 2 inputs in the fair value hierarchy), residual values and remaining estimated useful life (Level 3 inputs).

Given the significance of the level 3 inputs into the overall fair value measurement, the assets are deemed to have been valued using Level 3 inputs.

These 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

The revaluation resulted in an overall increase of \$336,044 in the net value of the Shire's plant and equipment. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(a) for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land (Level 2) \$	Non- Specialised Buildings (Level 2) \$	Specialised Buildings (Level 3) \$	Total Buildings \$	Total Land and Buildings \$	Plant and Equipment (Level 3) \$	Furniture and Equipment (Level 3) \$	Total \$
Balance as at the beginning of the year	77,908	2,083,590	2,443,971	4,527,561	4,605,469	1,116,799	170,546	5,892,814
Additions	0	0	1,088,655	1,088,655	1,088,655	222,269	9,782	1,320,706
(Disposals)	0	0	0	0	0	(94,412)	0	(94,412)
Transfers :								
- to Infrastructure - Parks	0	0	0	0	0	(146,840)	0	(146,840)
Revaluation - Increments	0	0	0	0	0	336,044	0	336,044
- (Decrements)	0	0	0	0	0	0	0	0
Depreciation (Expense)	0	(71,182)	(66,374)	(137,556)	(137,556)	(291,614)	(21,484)	(450,654)
Carrying amount at the end of year	<u>77,908</u>	<u>2,012,408</u>	<u>3,466,252</u>	<u>5,478,660</u>	<u>5,556,568</u>	<u>1,142,246</u>	<u>158,844</u>	<u>6,857,658</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013	2012
	\$	\$
7. INFRASTRUCTURE		
Roads - Cost	44,753,665	43,290,852
Less Accumulated Depreciation	<u>(10,930,927)</u>	<u>(10,206,274)</u>
	33,822,738	33,084,578
Footpaths - Cost	541,714	461,959
Less Accumulated Depreciation	<u>(64,905)</u>	<u>(53,641)</u>
	476,809	408,318
Parks & Ovals - Cost	379,564	40,000
Less Accumulated Depreciation	<u>(192,724)</u>	<u>0</u>
	186,840	40,000
Other - Cost	193,669	57,443
Less Accumulated Depreciation	<u>(9,280)</u>	<u>(3,203)</u>
	184,389	54,240
	 <u>34,670,776</u>	 <u>33,587,136</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads \$	Footpaths \$	Parks and Ovals \$	Other \$	Total \$
Balance at the beginning of the year	33,084,578	408,318	40,000	54,240	33,587,136
Additions	1,462,813	79,755	0	136,226	1,678,794
Transfers : - from Plant & Equipment	0	0	146,840	0	146,840
Depreciation (Expense)	(724,653)	(11,264)	0	(6,077)	(741,994)
Carrying amount at the end of year	<u>33,822,738</u>	<u>476,809</u>	<u>186,840</u>	<u>184,389</u>	<u>34,670,776</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013	2012
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	215,881	2,134
ESL Clearing	0	(653)
PAYG Liability	41,955	14,697
Payroll Liabilities	168	168
FBT Liability	3,267	2,388
Accrued Interest on Debentures	10,960	12,883
Accrued Salaries and Wages	20,447	19,128
	<u>292,678</u>	<u>50,745</u>

9. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge Debentures	<u>90,968</u>	<u>108,155</u>
	<u>90,968</u>	<u>108,155</u>
Non-Current		
Secured by Floating Charge Debentures	<u>646,521</u>	<u>737,394</u>
	<u>646,521</u>	<u>737,394</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions

Current	164,618	208,310
Non-Current	19,279	11,683
	<u>183,897</u>	<u>219,993</u>

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance as at 1 July 2012	103,371	116,622	219,993
Additional provisions	0	0	0
Amounts used	(22,679)	(13,417)	(36,096)
Used amounts reversed	0	0	0
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	0	0
Balance at 30 June 2013	<u>80,692</u>	<u>103,205</u>	<u>183,897</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013 \$	2013 Budget \$	2012 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	47,888	47,888	45,361
Amount Set Aside / Transfer to Reserve	2,146	2,009	2,527
Amount Used / Transfer from Reserve	0	0	0
	<u>50,034</u>	<u>49,897</u>	<u>47,888</u>
(b) Communication Reserve			
Opening Balance	17,865	17,864	9,368
Amount Set Aside / Transfer to Reserve	1,305	1,300	8,497
Amount Used / Transfer from Reserve	0	0	0
	<u>19,170</u>	<u>19,164</u>	<u>17,865</u>
(c) Building Reserve			
Opening Balance	192,113	192,113	185,698
Amount Set Aside / Transfer to Reserve	5,708	4,400	161,669
Amount Used / Transfer from Reserve	0	(60,000)	(155,254)
	<u>197,821</u>	<u>136,513</u>	<u>192,113</u>
(d) Self Insurance Reserve			
Opening Balance	6,936	6,937	6,513
Amount Set Aside / Transfer to Reserve	355	400	423
Amount Used / Transfer from Reserve	0	0	0
	<u>7,291</u>	<u>7,337</u>	<u>6,936</u>
(e) Residential Sub-Division Reserve			
Opening Balance	8,958	8,958	8,459
Amount Set Aside / Transfer to Reserve	597	450	499
Amount Used / Transfer from Reserve	0	0	0
	<u>9,555</u>	<u>9,408</u>	<u>8,958</u>
(f) Seniors Aged housing Reserve			
Opening Balance	40,915	40,915	34,336
Amount Set Aside / Transfer to Reserve	5,149	6,200	6,579
Amount Used / Transfer from Reserve	0	(4,125)	0
	<u>46,064</u>	<u>42,990</u>	<u>40,915</u>
(g) Plant Reserve			
Opening Balance	59,893	59,893	58,243
Amount Set Aside / Transfer to Reserve	1,522	2,100	60,895
Amount Used / Transfer from Reserve	0	0	(59,245)
	<u>61,415</u>	<u>61,993</u>	<u>59,893</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013 \$	2013 Budget \$	2012 \$
11. RESERVES - CASH BACKED (Continued)			
(h) Swimming Pool Reserve			
Opening Balance	75,731	75,731	54,545
Amount Set Aside / Transfer to Reserve	21,379	20,000	21,186
Amount Used / Transfer from Reserve	0	(12,000)	0
	<u>97,110</u>	<u>83,731</u>	<u>75,731</u>
(i) Royalties for Regions Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	82,504	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>82,504</u>	<u>0</u>
(j) Unspent Grant Reserve			
Opening Balance	33,512	33,512	31,744
Amount Set Aside / Transfer to Reserve	1,502	1,500	1,768
Amount Used / Transfer from Reserve	0	0	0
	<u>35,014</u>	<u>35,012</u>	<u>33,512</u>
TOTAL CASH BACKED RESERVES	<u><u>523,474</u></u>	<u><u>528,549</u></u>	<u><u>483,811</u></u>

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

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

11. RESERVES - CASH BACKED (Continued)

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

Leave Reserve

- to be used to fund annual and long service leave requirements

Communications Reserve

- to be used for Capital upgrades of the TV Rebroadcaster

Building Reserve

- to be used for the construction of new buildings or to assist finance of housing loans.

Residential Sub-Division Reserve

- to be used to finance further land developments or applied to the existing residential sub-division loan.

Self Insurance Reserve

- funded from the saving in premiums resulting from the increase from \$300 to \$1000. To be applied to successful insurance claims up to \$1000.

Seniors Aged housing Reserve

- net result after rent and maintenance has been carried out for the financial year. This fund is to be used for additional units and maintenance upkeep.

Plant Reserve

- to be used for the purchase of major plant

Unspent Grant Reserve

- to be used for any grant funding that may not be expended in the current financial year.

Unspent Loan Reserve

- to be used for any loan funds that may not be expended in the current financial year.

Swimming Pool Reserve

- to be used for the upgrade of the Swimming Pool in future years.

Royalties for Regions

- to be used for any unspent Royalties for Regions monies.

The Royalties for Regions and Roadworks Reserve have been fully depleted in 2011 and are not expected to be used in the future. All other Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

12. RESERVES - ASSET REVALUATION

	2013 \$	2012 \$
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
(a) Land and Buildings		
Opening balance	0	0
Revaluation Increment	0	0
Revaluation Decrement	0	0
	0	0
(b) Roads		
Opening balance	0	0
Revaluation Increment	0	0
Revaluation Decrement	0	0
	0	0
(c) Plant and Equipment		
Opening balance	0	0
Revaluation Increment	336,044	0
Revaluation Decrement	0	0
	336,044	0
TOTAL ASSET REVALUATION RESERVES	336,044	0

Prior Period Correction

The Asset Revaluation Reserve included initial revaluation of asset classifications in prior years as follows:

Roads	13,467,028
	13,467,028

In 2012 (and previous years), these balances were disclosed as part of the Asset Revaluation Reserve balance despite Council resolving to revert to deemed cost in accordance with the transition to IFRS effective from 1 July 2004. At the time of reverting to deemed cost the \$13,467,028 relating to Roads held in the Asset Revaluation Reserve should have been transferred to Retained Surplus.

This prior period adjustment is necessary to reflect this correction.

Balances relating to the 2012 comparative year have been amended due to the correction of the prior period error. This error has been adjusted in accordance with the requirements of AASB101 as shown below:

Effect of the above:	Original Balance \$	Amount of Adjustment \$	Adjusted Balance \$
Statement of Financial Position			
Retained Surplus	26,703,901	13,467,028	40,170,929
Revaluation Surplus	13,467,028	(13,467,028)	0
Statement of Changes in Equity			
Retained Surplus	26,703,901	13,467,028	40,170,929
Revaluation Surplus	13,467,028	(13,467,028)	0

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) 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:

	2013 \$	2013 Budget \$	2012 \$
Cash and Cash Equivalents	<u>676,959</u>	<u>718,872</u>	<u>1,125,212</u>

(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net Result	1,635,038	1,728,100	1,449,949
Depreciation	1,192,648	1,093,660	1,135,616
(Profit)/Loss on Sale of Asset	15,127	0	(40,881)
(Increase)/Decrease in Receivables	(475,048)	75,205	101,589
(Increase)/Decrease in Inventories	0	0	0
Increase/(Decrease) in Payables	241,933	74,740	4,790
Increase/(Decrease) in Employee Provisions	(36,096)	3,991	25,809
Grants/Contributions for the Development of Assets	<u>(1,539,250)</u>	<u>(2,670,234)</u>	<u>(1,556,221)</u>
Net Cash from Operating Activities	<u>1,034,352</u>	<u>305,462</u>	<u>1,120,651</u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

Bank Overdraft limit	100,000	100,000
Bank Overdraft at Balance Date	(3,748)	0
Credit Card limit	5,000	5,000
Credit Card Balance at Balance Date	<u>(2,834)</u>	<u>(373)</u>
Total Amount of Credit Unused	<u>98,418</u>	<u>104,627</u>

Loan Facilities

Loan Facilities - Current	90,968	108,155
Loan Facilities - Non-Current	<u>646,521</u>	<u>737,394</u>
Total Facilities in Use at Balance Date	<u>737,489</u>	<u>845,549</u>

Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>
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**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

14. CONTINGENT LIABILITIES

Council have no Contingent Liabilities at 30 June 2013.

15. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

There are no finance lease commitments at 30 June 2013.

(b) Operating Lease Commitments

There are no operating lease commitments at 30 June 2013.

(c) Capital Expenditure Commitments

There are no capital expenditure commitments at 30 June 2013.

16. JOINT VENTURE

The Shire was not involved in any joint ventures at 30 June 2012 and 30 June 2013.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2013	2012
	\$	\$
Governance	0	0
General Purpose Funding	36,645	15,557
Law, Order, Public Safety	221,442	195,876
Health	23,486	23,652
Education and Welfare	324,414	349,012
Housing	1,282,002	1,313,634
Community Amenities	1,319,963	1,329,459
Recreation and Culture	3,377,815	2,374,199
Transport	34,617,739	33,896,124
Economic Services	1,027,394	796,642
Other Property and Services	819,248	739,162
Unallocated	789,738	737,710
	<u>43,839,886</u>	<u>41,771,027</u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

18. FINANCIAL RATIOS	2013	2012	2011
Current Ratio	1.56	2.23	0.92
Asset Sustainability Ratio	1.00	N/A	N/A
Debt Service Cover Ratio	6.45	N/A	N/A
Operating Surplus Ratio	(0.20)	N/A	N/A
Own Source Revenue Coverage Ratio	0.44	N/A	N/A

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 Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation principal and interest}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

N/A - In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for the two preceding years (being 2012 and 2011) have not been reported as financial information is not available.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

20. TRUST FUNDS

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

	Balance 1-Jul-12	Amounts Received	Amounts Paid	Balance 30-Jun-13
	\$	\$	(\$)	\$
Soil Conservation	12,037	584	0	12,621
Transport	0	373,230	(373,230)	0
Nomination Deposits	0	0	0	0
Bonds	7,700	2,398	(2,920)	7,178
Karlonning Pipeline Scheme	24,416	1,184	0	25,600
Wilgoyne Tennis Club	0	0	0	0
Mukinbudin Indoor Cricket Club	10,372	504	0	10,876
Rates in Advance	2,304	2,491	(2,221)	2,574
Drive-In Donation	500	0	0	500
Recoupable Trust	0	7,675	(7,675)	0
LGMA Wheatbelt Branch	5,020	817	0	5,837
Gymnasium Bonds	70	290	(100)	260
EFT Fees	0	120	(120)	0
BRB	0	135	(135)	0
Building Services Levy	419	2,853	(1,877)	1,395
Helicopter Search Money	0	0	0	0
Movember	100	1,590	(1,690)	0
	<u>62,938</u>			<u>66,841</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

21. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Law, Order & Public Safety						
Plant & Equipment Written Off	159	0	0	0	(159)	0
Transport						
MBL2 - Holden Crew Cab	18,292	11,621	7,273	11,621	(11,019)	0
MBL240 - Ford Ranger	10,970	13,000	11,364	13,000	394	0
Plant & Equipment Written Off	672	0	0	0	(672)	0
Other Property & Services						
MBL1071 - Holden Crew Cab	13,841	6,000	4,091	6,000	(9,750)	0
MBL1 - Ford Territory	20,954	18,308	18,308	18,308	(2,646)	0
1MBL - Nissan Patrol	29,524	38,250	38,249	38,250	8,725	0
	94,412	87,179	79,285	87,179	(15,127)	0

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-12 \$		New Loans		Principal Repayments		Principal 30-Jun-13		Interest Repayments	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance										
Loan 92 - Admin Centre	18,024	0	18,024	18,023	0	0	371	825		
Housing										
Loan 106 - Staff Housing	47,774	0	8,084	8,180	39,690	39,476	2,729	2,954		
Community Amenities										
Loan 109 - CRC	52,376	0	4,570	4,570	47,806	47,806	2,913	3,042		
Recreation & Culture										
Loan 108 - Bowling Club	127,798	0	11,151	11,151	116,647	116,647	7,106	7,423		
Economic Services										
Loan 107 - Caravan Park	12,485	0	8,194	8,194	4,291	4,291	586	657		
Loan 112 - Caravan park	18,733	0	4,292	4,292	14,441	14,441	929	1,041		
Loan 116 - Subdivision	64,656	0	7,645	7,645	57,011	57,011	3,900	3,909		
Loan 119 - Mukinbudin Cafe	130,000	0	5,909	5,909	124,091	124,091	6,667	6,747		
Other Property & Services										
Loan 114 - Trailer	136,537	0	16,146	16,146	120,391	120,391	8,233	8,256		
Loan 115 - Truck	104,832	0	12,899	12,899	91,933	91,933	2,131	5,039		
Loan 118 - Vibe Roller	132,334	0	11,146	11,146	121,188	121,188	6,481	6,674		
	845,549	0	108,060	108,155	737,489	737,275	42,046	46,567		

All loan repayments were financed by general purpose revenue.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

(b) New Debentures - 2012/13

There were no new debentures in 2012/13.

(c) Unspent Debentures

There were no unspent debentures at 30 June 2013.

(d) Overdraft

Council has an overdraft facility of \$100,000 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2012 was nil and at 30 June 2013 was \$3,748. The Shire was only technically in overdraft at year end as there were additional funds in a term deposit that had not matured as at 30 June 2013. The combined operating cash of Council shows that they were not actually in overdraft as at 30 June 2013.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

22. RATING INFORMATION - 2012/13 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
GRV - Residential	0.181401	157	908,304	166,135	(1,488)	0	164,647	166,135	0	0	166,135
UV - Rural	0.018262	230	37,069,000	701,085	(473)	0	700,612	701,085	0	0	701,085
UV - Mining	0.018262	2	52,010	586	451	0	1,037	928	0	0	928
Sub-Totals		389	38,029,314	867,806	(1,510)	0	866,296	868,148	0	0	868,148
Minimum Rates	\$										
GRV - Residential	200	14	3,726	3,000	(200)	0	2,800	3,000	0	0	3,000
GRV - Vacant	200	6	2,048	1,200	0	0	1,200	1,200	0	0	1,200
UV - Rural	250	24	169,800	6,750	(750)	0	6,000	6,750	0	0	6,750
UV - Mining	250	12	37,485	4,092	(1,001)	0	3,091	3,750	0	0	3,750
Sub-Totals		56	213,059	15,042	(1,951)	0	13,091	14,700	0	0	14,700
Ex-Gratia Rates											
Discounts (refer note 25)							879,387				882,848
Total Amount Raised from General Rate							13,151				13,150
Specified Area Rate (refer note 23)							(71,594)				(70,349)
Rates Written Off							820,944				825,649
Total Rates							820,944				825,649

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

22. RATING INFORMATION - 2012/13 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward	2013 (30 June 2013 Carried Forward) \$	2013 (1 July 2012 Brought Forward) \$	2012 (30 June 2012 Carried Forward) \$
Surplus/(Deficit) - Rate Setting Statement	<u>376,130</u>	<u>582,828</u>	<u>582,828</u>
Comprises:			
Cash - Unrestricted	142,110	552,305	552,305
Cash - Restricted	534,849	572,907	572,907
Rates Outstanding	45,722	18,784	18,784
Sundry Debtors	484,800	104,656	104,656
GST Receivable	105,503	25,925	25,925
Prepayments	0	8,969	8,969
Accrued Income	5,457	2,250	2,250
Provision for Doubtful Debts	(11,575)	(7,990)	(7,990)
Inventories			
- Fuel and Materials	0	0	0
Less:			
Reserves - Restricted Cash			
- Leave Reserve	(50,034)	(47,888)	(47,888)
- Communication Reserve	(19,170)	(17,865)	(17,865)
- Building Reserve	(197,821)	(192,113)	(192,113)
- Self Insurance Reserve	(7,291)	(6,936)	(6,936)
- Residential Sub-Division Reserve	(9,555)	(8,958)	(8,958)
- Seniors Aged Housing Reserve	(46,064)	(40,915)	(40,915)
- Plant Reserve	(61,415)	(59,893)	(59,893)
- Swimming Pool Reserve	(97,110)	(75,731)	(75,731)
- Royalties for Regions Reserve	0	0	0
- Unspent Grants Reserve	(35,014)	(33,512)	(33,512)
Sundry Creditors	(215,881)	(2,134)	(2,134)
ESL Clearing	0	653	653
PAYG Liability	(41,955)	(14,697)	(14,697)
Payroll Liabilities	(168)	(168)	(168)
FBT Liability	(3,267)	(2,388)	(2,388)
Accrued Expenditure	0	0	0
Accrued Interest on Debentures	(10,960)	(12,883)	(12,883)
Accrued Salaries and Wages	(20,447)	(19,128)	(19,128)
Current Employee Benefits Provision	(164,618)	(208,310)	(208,310)
Current Loan Liability	(90,968)	(108,155)	(108,155)
Add Back : Component of Leave Liability not Required to be Funded	50,034	47,888	47,888
Add Back : Current Loan Liability	90,968	108,155	108,155
Surplus/(Deficit)	<u>376,130</u>	<u>582,828</u>	<u>582,828</u>

Difference:

There was no difference between the Surplus/(Deficit) 1 July 2012 Brought Forward position used in the 2013 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2012 audited financial report.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

23. SPECIFIED AREA RATE - 2012/13 FINANCIAL YEAR

No specified area rates were levied in the 2012/13 financial year.

24. SERVICE CHARGES - 2012/13 FINANCIAL YEAR

No Service Charges were imposed in the 2012/13 financial year.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2012/13 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	10.00%	71,594	70,349
			71,594	70,349
Rate Assessment	Write-Off		0	0

A discount on rates is granted to all who pay their rates in full within 35 days of the date of service appearing on the rate notice.

26. INTEREST CHARGES AND INSTALMENTS - 2012/13 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	10.00%		2,636	1,000
Interest on Instalments Plan	5.50%		778	93
Interest on ESL	5.50%		186	0
Charges on Instalment Plan		14	3,017	3,429
			<u>6,617</u>	<u>4,522</u>

Ratepayers had the option of paying rates in four equal instalments, due on 21st September 2012, 16th November 2012, 11th January 2013 and 8th March 2013. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2013 \$	2012 \$
Governance	0	0
General Purpose Funding	3,621	3,140
Law, Order, Public Safety	1,166	1,328
Health	5,126	0
Education and Welfare	0	447
Housing	96,575	81,249
Community Amenities	62,386	63,355
Recreation and Culture	30,936	36,525
Transport	0	0
Economic Services	122,892	127,617
Other Property and Services	17,239	36,402
	<u>339,941</u>	<u>350,063</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

28. GRANT REVENUE

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

	2013	2012
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	1,471,583	1,573,801
Non-Operating Grants, Subsidies and Contributions	1,901,602	1,556,221
	<u>3,373,185</u>	<u>3,130,022</u>
By Program:		
Governance	57,217	59,209
General Purpose Funding	1,686,900	1,456,837
Law, Order, Public Safety	23,450	21,527
Health	0	0
Education and Welfare	550	600
Housing	1,379	1,536
Community Amenities	11,979	150
Recreation and Culture	266,940	265,451
Transport	1,154,923	1,186,647
Economic Services	137,734	122,556
Other Property and Services	32,113	15,509
	<u>3,373,185</u>	<u>3,130,022</u>

29. ELECTED MEMBERS REMUNERATION

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

	2013	2013	2012
	\$	Budget	\$
		\$	
Meeting Fees	22,500	22,500	20,986
President's Allowance	3,500	3,500	3,500
Deputy President's Allowance	875	875	1,500
Travelling Expenses	5,775	4,800	4,724
	<u>32,650</u>	<u>31,675</u>	<u>30,710</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2013	2012
	<u>19</u>	<u>24</u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

31. MAJOR LAND TRANSACTIONS

Earl Drive Residential Subdivision

(a) Details

Council have developed a new 18 lot residential subdivision. The development included the provision of services such as sewage, power and transport infrastructure.

There are 18 lots available for sale with the sale price ranging from \$36,000 to \$42,000 each. There is no expectation of sales being realised in the foreseeable future.

(b) Current year transactions	2013 \$	2013 Budget \$	2012 \$
Operating Revenue			
- Profit on sale	0	0	0
Capital Revenue			
- Sale Proceeds	0	0	0
Capital Expenditure			
- Purchase of Land	0	0	0
- Development Costs	0	0	6,966
	<u>0</u>	<u>0</u>	<u>6,966</u>

The above capital expenditure is included as land held for resale (refer Note 5).

There is a liability for loan borrowings in relation to this land transaction of \$57,011 as at 30 June 2013.

(c) Expected Future Cash Flows

	2013 \$	2014 \$	2015 \$	2016 \$	2017 \$	Total \$
Cash Outflows						
- Loan Repayments	(11,555)	(11,555)	(11,555)	(11,555)	(11,555)	(57,775)
	<u>(11,555)</u>	<u>(11,555)</u>	<u>(11,555)</u>	<u>(11,555)</u>	<u>(11,555)</u>	<u>(57,775)</u>
Cash Inflows						
- Sale Proceeds	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash Flows	<u>(11,555)</u>	<u>(11,555)</u>	<u>(11,555)</u>	<u>(11,555)</u>	<u>(11,555)</u>	<u>(57,775)</u>

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2012/13 financial year.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

33. FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council 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 Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2013 \$	2012 \$	2013 \$	2012 \$
Financial Assets				
Cash and cash equivalents	676,959	1,125,212	676,959	1,125,212
Receivables	681,155	212,527	681,155	212,527
	<u>1,358,114</u>	<u>1,337,739</u>	<u>1,358,114</u>	<u>1,337,739</u>
Financial Liabilities				
Payables	292,678	50,745	292,678	50,745
Borrowings	737,489	845,549	713,749	815,230
	<u>1,030,167</u>	<u>896,294</u>	<u>1,006,427</u>	<u>865,975</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk – the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns.

Another risk associated with cash and investments is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2013	2012
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	6,948	5,599
- Statement of Comprehensive Income	6,948	5,599

Notes:

(*) Sensitivity percentages based on management's expectation of future possible market movements.

Recent market volatility has seen large market movements for certain types of investments.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council 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 Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Council's credit risk at balance date was:

	2013	2012
Percentage of Rates and Annual Charges		
- Current	8.79%	4.90%
- Overdue	91.21%	95.10%
Percentage of Other Receivables		
- Current	96.08%	90.12%
- Overdue	3.92%	9.88%

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

33. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
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. Council 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.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	<u>2013</u>	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	292,678	0	0	0	292,678	292,678
Borrowings	131,448	486,290	308,720	308,720	926,458	737,489
	<u>424,126</u>	<u>486,290</u>	<u>308,720</u>	<u>308,720</u>	<u>1,219,136</u>	<u>1,030,167</u>
Payables	50,745	0	0	0	50,745	50,745
Borrowings	154,722	507,183	419,275	419,275	1,081,180	845,549
	<u>205,467</u>	<u>507,183</u>	<u>419,275</u>	<u>419,275</u>	<u>1,131,925</u>	<u>896,294</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (Continued)

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council 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 following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted
	\$	\$	\$	\$	\$	\$	\$	Average
								Interest Rate
								%
Year Ended 30 June 2013								
Borrowings								
Fixed Rate								
Debentures	4,291	0	14,441	0	39,690	679,067	737,489	5.61%
Weighted Average								
Effective Interest Rate	6.28%		5.76%		6.60%	5.54%		
Year Ended 30 June 2012								
Borrowings								
Fixed Rate								
Debentures	18,023	12,485	0	18,733	47,774	748,534	845,549	5.63%
Weighted Average								
Effective Interest Rate	6.07%	6.28%		5.76%	6.60%	5.55%		



Anderson Munro & Wyllie

CHARTERED ACCOUNTANTS

Unit 8 / 7 Hector Street, Osborne Park WA 6017

PO Box 1357, Osborne Park WA 6916

Phone: (08) 9445 9955 Fax: (08) 9445 9966

ABN 59 125 425 274

Website: www.amwaudit.com.au

Liability limited by a scheme approved under Professional Standards Legislation

INDEPENDENT AUDIT REPORT TO THE ELECTORS OF THE SHIRE OF MUKINBUDIN

Scope

We have audited the financial report of Shire of Mukinbudin for the year ended 30 June 2013. The financial report comprises the Statement by Chief Executive Officer, Statements of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Rate Setting Statement and accompanying notes to the financial statements.

The Council is responsible for the preparation of a financial report which provides a true and fair view of the financial performance and position of the council in accordance with the Local Government Act 1995, and Regulations. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for accounting policies and estimates inherent to the financial report.

Audit Approach

We conducted an independent audit of the financial report in order to express an opinion on it to the electors of the Shire of Mukinbudin. Our audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore an audit cannot guarantee that all misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995, and Regulations, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Council's financial position, and of their performance which is represented by the results of operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining on a test basis, information to provide evidence, supporting the amounts and disclosures in the financial report.
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the directors.



Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions were accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the executive and management of the Shire of Mukinbudin.

Independence

Anderson Munro & Wyllie are independent of the Shire of Mukinbudin, and have met the independence requirements of Australian professional ethical pronouncements and the Local Government Act 1995.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial statements of the Shire of Mukinbudin are properly drawn up:

- a) So as to give a true and fair view of the state of affairs of the Shire as at 30 June 2013 and the results of its operations and cash flows for the year then ended;
- b) In accordance with the requirements of the Local Government Act 1995; and
- c) In Accordance with Applicable Australian Accounting Standards.

Other Matters

During the course of the audit we became aware of the following instances where the Council did not comply with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

- a) s5.46 (2) – delegations made under Division 4 of Part 5 had not been reviewed during the 2011/2012 financial year. The delegations register had not been updated since March 2010.
- b) s5.18 – Council had not reviewed delegations to its committees in the 2011/2012 financial year.
- c) s5.75 & s5.76 – not all primary and annual returns were completed in the prescribed format.
- d) s5.88 (2) & (3) – the register of financial interests was not up to date and returns relating to a person no longer required to lodge a return had not been removed from the register.
- e)
- f) F&G Reg 17 – the tender register for a number of tenders were not completed correctly as some tender documents were not maintained in the register.
- g) Audit Reg 14 & 15 – the 2012 compliance audit return was not submitted to the Department of Local Government & Regional Development before 31 March 2013.
- h) FM Reg 50(1) – all seven ratios were not included in the financial report due to the Shire not having an Asset Management Plan in place required for calculating one Asset Renewal Funding ratio.



Statutory Compliance

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) Except for the issues identified in the above 'Other Matters' paragraph we did not during the course of the audit, become aware of any other instances where the Council did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.
- b) There were no material or significant adverse trends in financial position or financial management practices revealed during the course of our audit.
- c) We have obtained all necessary information and explanations in relation to our audit.
- d) Our audit procedures were all satisfactorily completed.
- e) In relation to the Supplementary Ratio Information presented at page 61 of this report, we have reviewed the calculations as presented and in our opinion these are:
 - i. Based on verifiable information; and
 - ii. Reasonable assumptions.

Dated the 13th day of November 2013 in Perth, Western Australia

BILLY-JOE THOMAS
Director

Anderson Munro & Wyllie.
ANDERSON MUNRO & WYLLIE
Chartered Accountants

**SHIRE OF MUKINBUDIN
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2013**

RATIO INFORMATION

The following information relates to these ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

	2013	2012	2011
Asset Consumption Ratio	0.763	N/A	N/A
Asset Renewal Funding Ratio	N/A 1	N/A	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

N/A - In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for the two preceding years (being 2012 and 2011) have not been reported as financial information is not available.

N/A 1 - The Shire does not have an Asset Management Plan in place at 30 June 2013 so is unable to calculate this ratio.