



Russian Balloon World Record



Seniors - Kwinana CBH

Shire of Mukinbudin 2015/2016 Annual Report



MUKINBUDIN



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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 ending 30 June 2016
- Such information as may be prescribed in relation to the payments made to employees
- The Auditor's Report for the financial year ending 30 June 2016
- A matter on which a report must be made under section 29(2) of the *Disability Service Act 1993*
- details of entries made under section 5.121 during the financial year in the register of complaints, including —
 - (i) the number of complaints recorded in the register of complaints; and
 - (ii) how the recorded complaints were dealt with; and
 - (iii) any other details that the regulations may require;and
- And such other information as may be prescribed
- Further information on the details supplied in this report can be obtained from the Shire Office, 15 Maddock Street, Mukinbudin, or via our website www.mukinbudin.wa.gov.au

**THE COUNCIL**

Council meets on the third 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 2017.

President

Cr Gary Shadbolt

Deputy President

Cr Sandie Ventris

Commenced	Elected Members	Telephone	Email	Years of Service	Term Expires
2003	Cr Gary SHADBOLT	9047 1036	garyshadbolt@yahoo.com.au	13	2019
2006	Cr Stephen PALM	9048 7012	srpalm@bigpond.com	10	2017
2007	Cr Rodney COMERFORD	9048 7063	stormrose@wn.com.au	9	2017
2011	Cr Sandra VENTRIS	9048 7057	ventris@bigpond.com.au	5	2017
2011	Cr John O'NEIL	9048 4012	oneil.family1@bigpond.com	5	2019
2013	Cr Jeff SEABY	9047 1083	councillorjeff@hotmail.com	3	2017
2015	Cr Steve PATERSON	9047 1098	stevepato@westnet.com.au	1	2019
2015	CR Murray JUNK	9048 6026	beria@wn.com.au	1	2019
2015	Cr Ruth POULTNEY	0407 385 123	ruthpoultney@gmail.com	1	2017



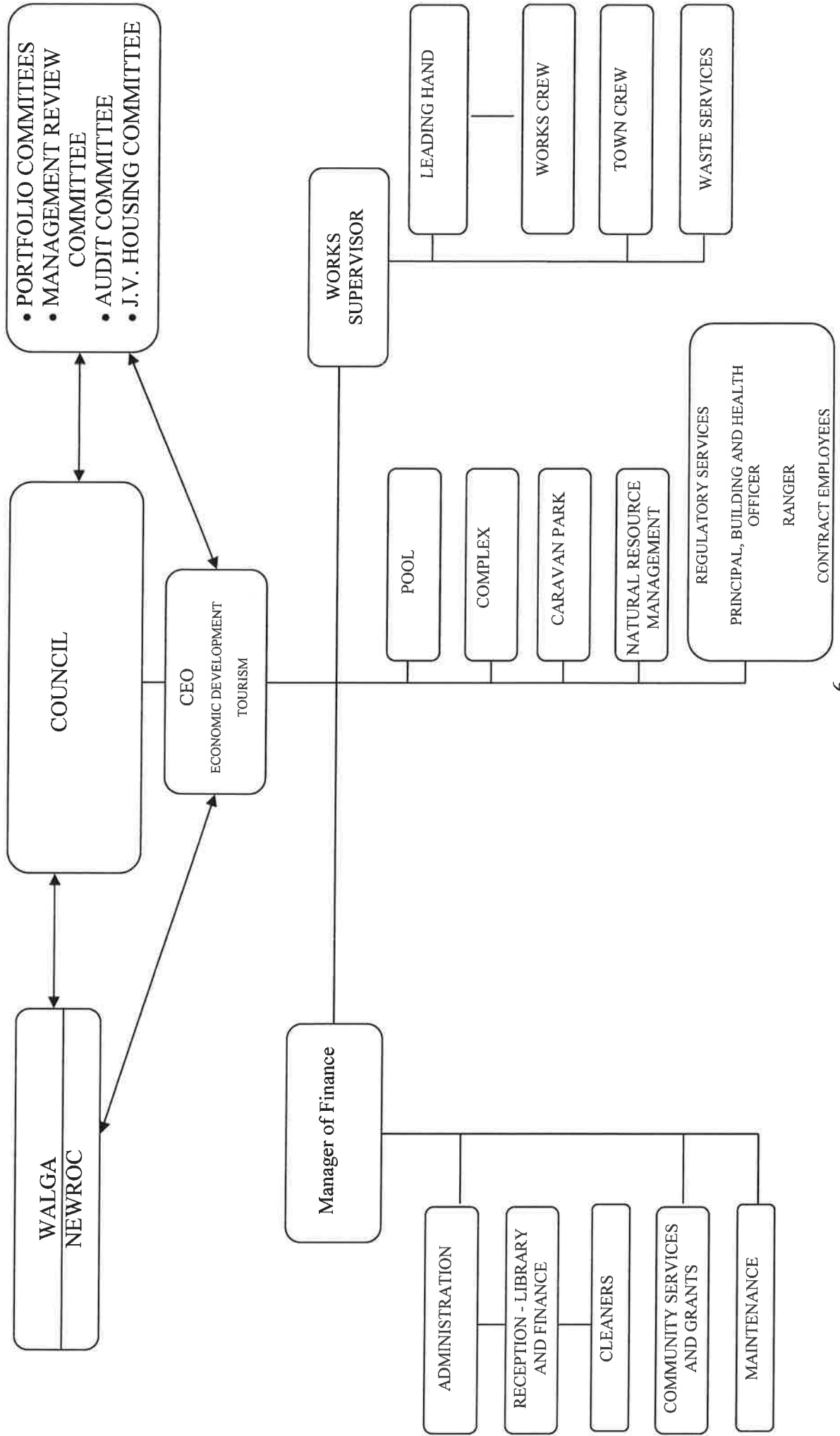
SHIRE OF MUKINBUDIN STAFF

as at 30 June 2016

Chief Executive Officer	Stuart Billingham
Manager of Finance	Ann Brandis
Environmental Health Officer	Bill Hardy
Community Development Officer	Nola Comerford-Smith
Senior Finance Officer	Katharine Spencer
Administration Officer	Jenny Heaney
Finance Officer	Rebecca Billingham
Part-time Administration Officer	Kelly Onn
Natural Resource Management Officer	Claire Baker
Swimming Pool Manager	Shannon Seaby
Caravan Park Manager	Tania Sprigg
Works Supervisor	Keith Mills
Assistant Works Supervisor	Don Francis
Plant Operator	Noel Bond
Plant Operator	Steven Jones
Plant Operator	Shane Markham
Plant Operator	Kevin Dalgetty
Plant Operator	Vacant
Horticulturalist	Wayne Feichtner
Gardener	Daniel Mori
Maintenance Officer	Denis Heffernan
Cleaner	Ross Parker
Cleaner	Blythe Shadbolt
Cleaner	Dianne Parker



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.

Council has 9 elected members representing the community.

Council meets on the third Wednesday of each month commencing at 10.00am and is 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.

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, café/coffee shop, newsagency, hairdresser, hotel, service station/tyres, plant nurseries, Bendigo Bank branch, Westpac Bank and Commonwealth Bank agency, Community Resource Centre, Hardware, Machinery Dealerships, Landmark & Elders Agencies, 24hr ATM & Fuel



A community Health Nurse operates a weekly 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 Shire is committed to growth with 17 newly subdivided residential blocks developed in recent years and new businesses investing in the district.

The community is friendly and safe and the lifestyle is informal and relaxed, but with a high level of community participation and expectation. 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	3,437 km ²
Length of Sealed Roads	189.10km's
Length of Unsealed Roads	732.60km's
Population (2011)	490
Number of Electors	421
Number of Dwellings	316
Total Rates Levied	\$944,857
Total Revenue	\$6,176,508
Number of Employees	18



SHIRE PRESIDENT'S REPORT

Introduction

The 2015/16 financial year has seen the Shire of Mukinbudin consolidate its financial position and deal with the fourth year of the compulsory Integrated Planning and Reporting framework. Councillors and Staff have met these challenges of dealing with increasing compliance, regulation and legislation.

Council

I would firstly like to thank my fellow Councillors and especially Cr Rod Comerford, outgoing Deputy Shire President and Sandie Ventris Deputy 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 (WNRRG)
- 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 2015/16 financial year saw Council stop the Administration Trainee with the permanent appointment of Ms Jenny Heaney as Administration Officer.

Mrs Katharine Spencer took a well earned rest taking long service leave in February 2016, returning in May 2016.

Ms Kelly Onn commenced in November in a casual capacity as a part time administration officer going full time for a period whilst Katharine Spencer was on Long Service Leave

Technical Services

Mr Bob Edwards resigned after 15 & ½ years. Mr Keith Mills was appointed as the Works Supervisor in October 2015 to replace Bob. The total expenditure in Technical Services 'Transport' Program for 2015/2016 was \$3,620,638. I wish to thank Bob Edwards, Keith Mills and the outside staff for all their efforts over the past twelve months.

Projects included:



- Graham Road - 2 km Gravel resheet– Shire Project
- Barbalin North Road – 6km Gravel resheet – Shire Project
- Strugnell Street – RAV Upgrade - Roads to Recovery
- North East Road – full reconstruction of sections - Roads to Recovery
- Koorda Bullfinch Road – salt pan affected section – Roads to Recovery
- Mukinbudin/Wialki Road – 3.7kms full reconstruction – Regional Road Group
- Nungarin North Road - 3kms Reconstruction and widen – Regional Road Group
- Koorda Bullfinch – Black spot road realignment 6.04kms – Blackspot

Smaller construction works were undertaken on a number of gravel roads and the Shire has also spent around \$339,000 in annual maintenance grading works.

Community Amenities

2015/16 saw the Shire of Mukinbudin continue to share the services of a Natural Resource Management Officer, Ms Claire Baker with the Shires of Koorda and Wyalkatchem. Claire resigned in February 2016 and Council has not re-appointed an officer.

Recreation and Culture

In 2015/16 the Shire received \$32,000 from the Community Pool Revitalisation Program Scheme and this was transferred to Reserve Funds – Unspent Grants. It is Council's intentions with 2016/17 Grant funding to utilise these funds to repaint the Swimming Pool bowl and the wetdeck gutters.

The Mukinbudin Planning and Development Group again ran a reduced version of the Act Commit Belong 2016 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. The treasury function for Planning and Development which had been done by Council was handed back to the Committee in February 2016.

The Shire continues with a fee for service to provide the treasury function for the Mukinbudin District Club.

Economic Development and Tourism

Economic Development

The Shire continues to explore every avenue for economic development as a means of supplementing the Shire's agricultural base.

The Mukinbudin residential subdivision off Earl Drive has been revalued and is to be marketed more effectively to increase its exposure to ensure blocks are sold in a timely manner, hopefully attracting new residents and families to the Town. The Shire also holds 45 hectares east of town for future expansion, which is being cropped by the P&C for fund raising.

Council also installed three more standpipe controllers on Carlton Road, Forest Avenue and Strugnell Street.

The improvements to the Café kitchen were finished off and the Café was leased successfully in July 2015 for three years. The successful operation of the Café is a bonus to the Mukinbudin community.

Tourism and Visitor Servicing

The Mukinbudin Caravan Park continued to be a popular destination with visitors. This year Council upgraded the linen for the Self Contained Park Units, the Barracks and the House that



we are renting. Feedback again was awesome and I would like to thank Tania Sprigg for her amazing efforts in running the Park to such a high standard.

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

Conclusion

As Shire President I would like to take this opportunity thank my fellow Elected members for their support and efforts in Governing the Shire over the past financial year. I also wish to thank Shire Administration staff and outside workforce for their continued support and commitment to make the Shire of Mukinbudin a better place to live and work.

Cr Gary Shadbolt
Shire President



CHIEF EXECUTIVE OFFICER'S REPORT

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 2016.

Financials

The Shire of Mukinbudin for the 2015/16 financial year finished with a total Comprehensive Income of \$91,908, \$421,441 under the 2015/16 Budget figure of \$513,349. This variance mainly made up of an asset revaluation increment of \$67,336 for Infrastructure and increased depreciation over the budgeted amount.

Actual Operating Revenue of \$4,176,860 was only up \$116,276 from Budget.

Staff Changes

2015/16 saw only minor changes in the Administration, with Ms Jenny Heaney being appointed full time and Ms Kelly Onn being appointed part-time admin officer in a casual role which was an end dated appointment.

Integrated Strategic Planning

The 2015/16 year was the fourth year the Shire operated under its new Community Strategic Plan, Long Term Financial Plan and Asset management Plans.

Country Local Government Fund

The Shire of Mukinbudin through the NEWROC regional application is the recipient of \$769,426 from the 2012/13 Royalties for Regions, Country Local Government Fund Regional Component for the construction of Two Aged units on the Cnr of Maddock and Ferguson Street, A Exec style home in the new Earl Drive Subdivision.

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 thank the Shire President and Shire Council for their ongoing support as the Shire continues through the Integrated Strategic Planning and Reporting Framework. I also would like to make a special mention and acknowledgment of the work of the Manager of Finance, Mrs Ann Brandis and the Admin Staff in preparing the 2015/16 Financial Statements.

As the Acting CEO of the Shire of Mukinbudin I acknowledge the role of Stuart Billingham in the operation and administration of the shire over the 2015/16 financial year.

Sincere thanks and appreciation are extended to all staff at the shire and the Elected Members for their efforts and support.

Ray Hooper
Acting 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 2015-2016 Disability Services Commission Progress Report to identify the Shire's achievements in relation to strategies and tasks consistent with the five (5) identified outcomes listed in the DAIP.

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

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

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

FREEDOM OF INFORMATION

The Shire of Mukinbudin will provide information to people requesting it from Council. Should a request not be met satisfactorily, then a Freedom of Information Application can be lodged with Council. During the year ended 30 June 2016, no Freedom of Information Applications were received.

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

In summary, the Shire of Mukinbudin'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 2015/2016.

Competitive Neutrality

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

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

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

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

Structural Review of Public Monopolies

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

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

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

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

Legislative Review

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

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



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

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

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

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

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

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

PUBLIC INTEREST DISCLOSURE ACT 2003

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

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

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

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

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

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

The Shire of Mukinbudin had no Public Interest Disclosures during the reporting period ending 30 June 2016.



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.

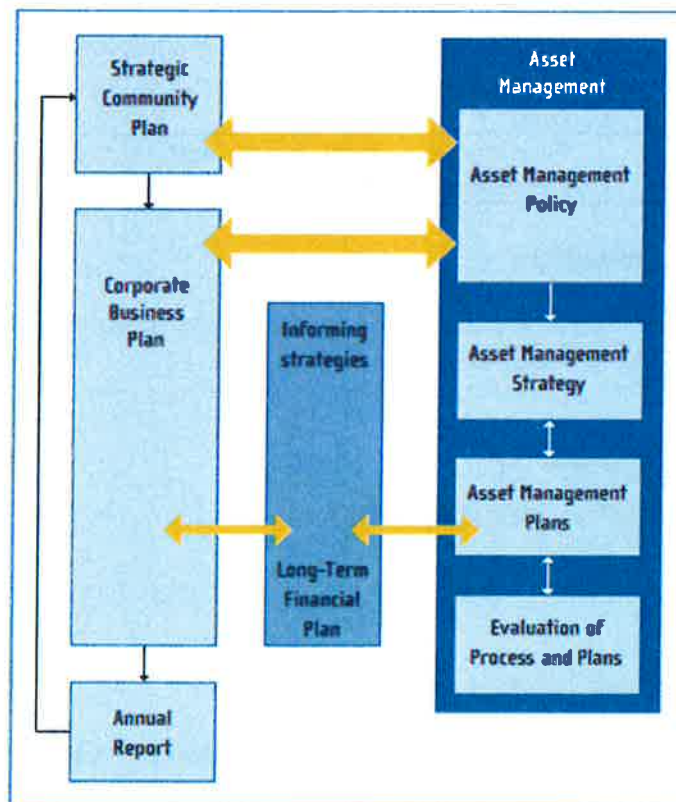
In accordance with these requirements, it is advised that no complaints or minor breaches under the *Local Government Act 1995* were received during 2015-2016.

PLAN FOR THE FUTURE OF THE DISTRICT

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

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

1. Community Strategic Plan 2013-2023
2. Long Term Financial Plan 2013-2023
3. Corporate Business Plan 2013/14-2016/17
4. Workforce Development Plan 2013/14-2016/17



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

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

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

- 10 Year Plant Replacement Program
- Capital Roadwork's Program
- Shire Housing Construction Program
- Residential Subdivision - Sales
- Mukinbudin Swimming Pool Refurbishment - Stage 4 Office and Amenities redevelopment and relocation of the Gym and possible Child Care Centre relocation.

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.

Department of Sport and Recreation

The Department of Sport and Recreation continues in 2015/16 to assist the Shire with \$32,000 of funds for the Mukinbudin Pioneer Memorial Swimming Pool.



Department of Sport and Recreation

Australian Federal Government funding recognition

The Federal Government provided the Shire of Mukinbudin in 2015/16 with vital funds under the Financial Assistance Grants Scheme with the Shire receiving \$1,114,434 general purpose grant (which included \$552,940 being received in 2014/15 as an accelerated payment and these funds and were part of the surplus carried forward) and a road grant of \$506,631 (which included \$274,922 being received in 2014/15 as an accelerated payment and were part of the surplus carried forward).



Australian Government

SHIRE OF MUKINBUDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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Principal place of business:
15 Maddock Street
Mukinbudin WA 6479

**SHIRE OF MUKINBUDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

**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 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire of Mukinbudin at 30th June 2016 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 *1st* day of *DECEMBER* 2016



Ray Hooper
Acting Chief Executive Officer

SHIRE OF MUKINBUDIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	22	1,024,629	1,002,073	944,857
Operating grants, subsidies and contributions	29	1,028,111	903,260	2,485,564
Fees and charges	28	395,913	366,257	341,243
Interest earnings	2(a)	29,244	25,739	30,255
Other revenue	2(a)	160,470	149,482	103,128
		<u>2,638,367</u>	<u>2,446,811</u>	<u>3,905,047</u>
Expenses				
Employee costs		(938,737)	(1,043,769)	(922,128)
Materials and contracts		(746,983)	(688,771)	(659,237)
Utility charges		(174,636)	(193,147)	(192,100)
Depreciation on non-current assets	2(a)	(2,068,813)	(1,390,200)	(1,363,413)
Interest expenses	2(a)	(42,209)	(44,006)	(41,741)
Insurance expenses		(124,401)	(127,757)	(119,745)
Other expenditure		(45,493)	(56,085)	(100,926)
		<u>(4,141,272)</u>	<u>(3,543,735)</u>	<u>(3,399,290)</u>
		<u>(1,502,905)</u>	<u>(1,096,924)</u>	<u>505,757</u>
Non-operating grants, subsidies and contributions	29	1,538,493	1,612,173	2,261,669
Profit on asset disposals	20	0	1,600	9,792
(Loss) on asset disposals	20	(11,016)	(3,500)	(106,783)
(Loss) on revaluation of furniture and equipment	6(b)	0	0	(8,764)
Net result		<u>24,572</u>	<u>513,349</u>	<u>2,661,671</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	67,336	0	18,600,741
Total other comprehensive income		<u>67,336</u>	<u>0</u>	<u>18,600,741</u>
Total comprehensive income		<u>91,908</u>	<u>513,349</u>	<u>21,262,412</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 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue	2(a)			
Governance		5,733	4,420	3,633
General purpose funding		1,620,882	1,593,311	2,646,065
Law, order, public safety		32,065	28,691	29,312
Health		2,382	3,837	1,318
Education and welfare		2,959	6,500	60,729
Housing		114,160	117,168	100,166
Community amenities		71,903	68,346	66,640
Recreation and culture		93,569	72,966	81,567
Transport		404,354	305,411	723,703
Economic services		165,301	139,559	141,736
Other property and services		125,059	106,602	50,178
		<u>2,638,367</u>	<u>2,446,811</u>	<u>3,905,047</u>
Expenses	2(a)			
Governance		(302,673)	(342,496)	(339,101)
General purpose funding		(52,046)	(57,415)	(59,706)
Law, order, public safety		(149,480)	(103,261)	(151,785)
Health		(114,820)	(92,843)	(88,406)
Education and welfare		(80,123)	(73,599)	(76,364)
Housing		(192,299)	(226,349)	(141,034)
Community amenities		(182,981)	(179,348)	(157,153)
Recreation and culture		(857,485)	(746,595)	(679,876)
Transport		(1,761,130)	(1,278,995)	(1,309,095)
Economic services		(420,829)	(416,441)	(369,609)
Other property and services		14,803	17,613	14,580
		<u>(4,099,063)</u>	<u>(3,499,729)</u>	<u>(3,357,549)</u>
Finance costs	2(a)			
Education and welfare		(2,016)	(2,135)	(2,349)
Housing		0	0	(1,503)
Recreation and culture		(4,920)	(5,210)	(5,732)
Economic services		(8,010)	(8,248)	(9,421)
Other property and services		(27,263)	(28,413)	(22,736)
		<u>(42,209)</u>	<u>(44,006)</u>	<u>(41,741)</u>
		<u>(1,502,905)</u>	<u>(1,096,924)</u>	<u>505,757</u>
Non-operating grants, subsidies and contributions	29	1,538,493	1,612,173	2,261,669
Profit on disposal of assets	20	0	1,600	9,792
(Loss) on disposal of assets	20	(11,016)	(3,500)	(106,783)
(Loss) on revaluation of furniture and equipment	6(b)	0	0	(8,764)
Net result		<u>24,572</u>	<u>513,349</u>	<u>2,661,671</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	67,336	0	18,600,741
Total other comprehensive income		<u>67,336</u>	<u>0</u>	<u>18,600,741</u>
Total comprehensive income		<u><u>91,908</u></u>	<u><u>513,349</u></u>	<u><u>21,262,412</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 2016**

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	659,940	1,414,693
Trade and other receivables	4	45,400	127,308
TOTAL CURRENT ASSETS		<u>705,340</u>	<u>1,542,001</u>
NON-CURRENT ASSETS			
Other receivables	4	0	3,526
Inventories	5	624,614	624,614
Property, plant and equipment	6	12,573,258	12,107,457
Infrastructure	7	56,079,968	55,943,193
TOTAL NON-CURRENT ASSETS		<u>69,277,840</u>	<u>68,678,790</u>
TOTAL ASSETS		<u>69,983,180</u>	<u>70,220,791</u>
CURRENT LIABILITIES			
Trade and other payables	8	87,469	218,462
Current portion of long term borrowings	9	148,000	146,637
Provisions	10	172,626	230,667
TOTAL CURRENT LIABILITIES		<u>408,095</u>	<u>595,766</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	773,955	921,955
Provisions	10	21,436	15,284
TOTAL NON-CURRENT LIABILITIES		<u>795,391</u>	<u>937,239</u>
TOTAL LIABILITIES		<u>1,203,486</u>	<u>1,533,005</u>
NET ASSETS		<u>68,779,694</u>	<u>68,687,786</u>
EQUITY			
Retained surplus		44,077,754	44,012,524
Reserves - cash backed	11	384,424	425,082
Revaluation surplus	12	24,317,516	24,250,180
TOTAL EQUITY		<u>68,779,694</u>	<u>68,687,786</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 2016

NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014	41,387,930	388,005	5,649,439	47,425,374
Comprehensive income	2,661,671	0	0	2,661,671
Net result	<u>2,661,671</u>	<u>0</u>	<u>18,600,741</u>	<u>18,600,741</u>
Changes on revaluation of assets	0	0	18,600,741	18,600,741
Total comprehensive income	<u>(37,077)</u>	<u>37,077</u>	<u>0</u>	<u>0</u>
Transfers from/(to) reserves	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance as at 30 June 2015	44,012,524	425,082	24,250,180	68,687,786
Comprehensive income	24,572	0	0	24,572
Net result	<u>24,572</u>	<u>0</u>	<u>67,336</u>	<u>67,336</u>
Changes on revaluation of assets	0	0	67,336	67,336
Total comprehensive income	<u>40,658</u>	<u>(40,658)</u>	<u>0</u>	<u>0</u>
Transfers from/(to) reserves	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance as at 30 June 2016	44,077,754	384,424	24,317,516	68,779,694

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 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,027,191	997,073	974,801
Operating grants, subsidies and contributions		1,077,264	893,260	2,443,328
Fees and charges		395,913	366,257	341,243
Interest earnings		29,244	25,739	30,255
Goods and services tax		0	0	(1,318)
Other revenue		160,470	149,482	103,128
		<u>2,690,082</u>	<u>2,431,811</u>	<u>3,891,437</u>
Payments				
Employee costs		(1,026,679)	(1,043,769)	(882,376)
Materials and contracts		(840,127)	(718,771)	(636,416)
Utility charges		(174,636)	(193,147)	(192,100)
Interest expenses		(44,005)	(44,006)	(39,525)
Insurance expenses		(124,401)	(127,757)	(119,745)
Goods and services tax		33,719	0	0
Other expenditure		(45,493)	(56,085)	(100,926)
		<u>(2,221,622)</u>	<u>(2,183,535)</u>	<u>(1,971,088)</u>
Net cash provided by (used in) operating activities	13(b)	<u>468,460</u>	<u>248,276</u>	<u>1,920,349</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(933,504)	(852,633)	(2,021,106)
Payments for construction of infrastructure		(1,686,565)	(1,576,657)	(1,616,794)
Non-operating grants, subsidies and contributions		1,538,493	1,612,173	2,261,669
Proceeds from sale of fixed assets		5,000	6,500	161,546
Net cash provided by (used in) investment activities		<u>(1,076,576)</u>	<u>(810,617)</u>	<u>(1,214,685)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(146,637)	(146,637)	(120,913)
Proceeds from self supporting loans		0	0	42,169
Proceeds from new debentures		0	0	475,985
Net cash provided by (used in) financing activities		<u>(146,637)</u>	<u>(146,637)</u>	<u>397,241</u>
Net increase (decrease) in cash held		(754,753)	(708,978)	1,102,905
Cash at beginning of year		1,414,693	1,414,693	311,788
Cash and cash equivalents at the end of the year	13(a)	<u><u>659,940</u></u>	<u><u>705,715</u></u>	<u><u>1,414,693</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 2016**

NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net current assets at start of financial year - surplus/(deficit)	<u>726,885</u> 726,885	<u>726,884</u> 726,884	<u>(304,037)</u> (304,037)
Revenue from operating activities (excluding rates)			
Governance	5,733	4,420	3,633
General purpose funding	611,415	605,987	1,715,957
Law, order, public safety	32,065	28,691	29,312
Health	2,382	3,837	1,318
Education and welfare	2,959	6,500	60,729
Housing	114,160	117,168	100,166
Community amenities	71,903	68,346	66,640
Recreation and culture	93,569	72,966	81,567
Transport	404,354	307,011	733,495
Economic services	165,301	139,559	141,736
Other property and services	125,059	106,602	50,178
	<u>1,628,900</u>	<u>1,461,087</u>	<u>2,984,731</u>
Expenditure from operating activities			
Governance	(302,673)	(342,496)	(339,101)
General purpose funding	(52,046)	(57,415)	(68,470)
Law, order, public safety	(149,480)	(103,261)	(185,806)
Health	(114,820)	(92,843)	(88,406)
Education and welfare	(82,139)	(75,734)	(78,713)
Housing	(192,299)	(226,349)	(142,909)
Community amenities	(182,981)	(179,348)	(159,260)
Recreation and culture	(862,405)	(751,805)	(719,065)
Transport	(1,772,146)	(1,282,495)	(1,322,473)
Economic services	(428,839)	(424,689)	(383,497)
Other property and services	(12,460)	(10,800)	(27,137)
	<u>(4,152,288)</u>	<u>(3,547,235)</u>	<u>(3,514,837)</u>
Operating activities excluded from budget			
(Profit) on disposal of assets	20	0	(1,600)
Loss on disposal of assets	20	11,016	3,500
Initial Recognition of Assets Due to Change to Regulations			
- Loss Upon Revaluation of Non-Current Assets		0	8,764
Movement in current Employee Benefits cash backed		(6,698)	9,061
Movement in deferred pensioner rates (non-current)		3,526	441
Movement in employee benefit provisions (non-current)		6,152	6,771
Depreciation and amortisation on assets	2(a)	2,068,813	1,390,200
Amount attributable to operating activities		<u>286,306</u>	<u>32,836</u> 651,298
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions		1,538,493	1,612,173
Proceeds from disposal of assets	20	5,000	6,500
Purchase of property, plant and equipment	6(b)	(933,504)	(852,633)
Purchase and construction of infrastructure	7(b)	(1,686,565)	(1,576,657)
Amount attributable to investing activities		<u>(1,076,576)</u>	<u>(810,617)</u> (1,214,685)
FINANCING ACTIVITIES			
Repayment of debentures	21(a)	(146,637)	(146,637)
Proceeds from new debentures	21(a)	0	475,985
Proceeds from self supporting loans		0	42,169
Transfers to reserves (restricted assets)	11	(225,183)	(229,636)
Transfers from reserves (restricted assets)	11	265,841	166,730
Amount attributable to financing activities		<u>(105,979)</u>	<u>(209,543)</u> 360,164
Surplus(deficiency) before general rates		<u>(896,249)</u>	<u>(987,324)</u> (203,223)
Total amount raised from general rates	22	<u>1,009,467</u>	<u>987,324</u> 930,108
Net current assets at June 30 c/fwd - surplus/(deficit)	23	<u><u>113,218</u></u>	<u><u>0</u></u> <u>726,885</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 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

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

Critical accounting estimates

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

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

The local government reporting entity

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19 to these financial statements.

(b) 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.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) 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 sale

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

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

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

(f) Fixed Assets

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

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a), the Shire was 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 the other policies detailed in this Note.

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at 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 Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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

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 AASB 1051 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 Shire.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	100 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	60 - 80 years
Formed roads (unsealed)	
formation	not depreciated
pavement	60 - 80 years
Kerbing	60 years
Footpaths - slab	40 - 70 years
Sewerage piping	100 years
Water supply piping and drainage systems	80 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 in the period in which they arise.

Capitalisation threshold

Expenditure on items of equipment under \$5,000 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 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities (Continued)

Income approach

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

Cost approach

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

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(h) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (i.e. 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.

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 and any reduction for impairment; and
- (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.

The effective interest 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.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(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 that the Shire 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 payments.

They are subsequently measured at fair value with changes in such fair value (i.e. 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 that 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.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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 (a "loss event") 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 assets, 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 to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

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 Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

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

(i) Impairment of Assets

In accordance with Australian Accounting Standards the Shire'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 (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

(j) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

(l) Borrowing Costs

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

(m) Provisions

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

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

(n) Leases

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

Finance leases are capitalised recording an asset and a liability at the lower 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.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

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

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

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

(p) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

(q) 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 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 operations for the current reporting period.

(r) Superannuation

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

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

(v) 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 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) 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 Shire.

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	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 Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2018	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements. This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.
(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation. The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

⁽¹⁾ 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 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES	2016	2015
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
- Audit of the Annual Financial Report	14,415	17,045
- Assistance with the finalisation of Annual Financial Report	0	500
- Interim Audit	9,840	10,658
- Other services	1,850	0
Depreciation		
Buildings - non-specialised	62,314	48,314
Buildings - specialised	162,198	157,587
Furniture and equipment	6,091	33,707
Plant and equipment	288,420	249,898
Infrastructure - roads	1,227,883	789,550
Infrastructure - footpaths	8,777	12,432
Infrastructure - parks & ovals	69,811	29,882
Infrastructure - other	243,319	42,043
	<u>2,068,813</u>	<u>1,363,413</u>
Interest expenses (finance costs)		
Debentures (refer Note 21 (a))	42,209	41,741
	<u>42,209</u>	<u>41,741</u>
Rental charges		
- Operating leases	23,056	22,202
	<u>23,056</u>	<u>22,202</u>
(ii) Crediting as revenue:		
Other revenue		
Reimbursements and recoveries	132,859	58,315
Other	27,611	44,813
	<u>160,470</u>	<u>103,128</u>
	<u>2,068,813</u>	<u>1,363,413</u>
	2016	2016
	Actual	Budget
	\$	\$
Interest earnings		2015
- Reserve funds	9,180	11,979
- Other funds	15,189	13,288
Other interest revenue (refer note 27)	4,875	4,988
	<u>29,244</u>	<u>30,255</u>
	<u>2,068,813</u>	<u>1,363,413</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

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

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

GOVERNANCE

Objective:

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

Activities:

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task 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 and environmentally conscious community.

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance

EDUCATION AND WELFARE

Objective:

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

Activities:

Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre.
Provision and maintenance of home and community care programs and youth services

HOUSING

Objective:

To provide and maintain staff, community and elderly residents housing.

Activities:

Provision and maintenance of staff, community and elderly residents housing.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

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

Activities:

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

TRANSPORT

Objective:

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

Activities:

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and depot maintenance and airstrip maintenance

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control Shire's overheads operating accounts.

Activities:

Private works operation, plant repair and operation costs and engineering operation costs.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening	Received⁽²⁾	Expended⁽³⁾	Closing	Received⁽²⁾	Expended⁽³⁾	Closing
Grant/Contribution	Function/ Activity	Balance⁽¹⁾ 1/07/14	2014/15	2014/15	Balance⁽¹⁾ 30/06/15	2015/16	2015/16	Balance 30/06/16
		\$	\$	\$	\$	\$	\$	\$
Department of Water Community Water Grant	Community Amenities	0	5,000	0	5,000 (#)	0	(5,000)	0
Creating Age Friendly Community Grant in small towns project	Education & Welfare	0	53,991	0	53,991 (#)	0	(53,991)	0
Department of Sport & Rec Community Pools Revitalisation	Recreations & Culture	0	0	0	0	32,190	0	32,190 (#)
Total		0	58,991	0	58,991	32,190	(58,991)	32,190

Notes:

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

(2) - 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.

(3) - 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.

- These unspent contributions were held in a reserve fund called Unspent Grants and Contributions at the end of June 2015 and June 2016.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		275,516	989,611
Restricted		384,424	425,082
		659,940	1,414,693
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	11	52,397	59,095
Plant reserve	11	195,256	68,479
Building reserve	11	24,676	163,928
Seniors Aged Housing reserve	11	37,439	47,486
Residential Land reserve	11	10,118	9,850
Swimming Pool reserve	11	32,348	17,253
Unspent Grants reserve	11	32,190	58,991
		384,424	425,082
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates outstanding		16,222	15,258
Sundry debtors		25,885	82,358
GST receivable		13,852	47,571
Accrued Income		2,429	1,059
Provision for Doubtful Debts		(12,988)	(18,938)
		45,400	127,308
Non-current			
Rates outstanding - pensioners		0	3,526
		0	3,526
5. INVENTORIES			
Non-current			
Land held for resale - cost			
Cost of acquisition		16,833	16,833
Development costs		63,781	63,781
Net realisable value		544,000	544,000
		624,614	624,614

One Lot is reported at cost as its cost is less than the net realisable value, whilst the estimated Net Realisable Value for all the other Lots is below their cost.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land - freehold at:		
- Independent valuation 2014 - level 2	1,057,928	1,057,928
- Independent valuation 2014 - level 3	185,000	185,000
- Additions after valuation - cost	74,934	0
	1,317,862	1,242,928
Land - vested in and under the control of Council at:		
- Independent valuation 2014 - level 3	196,077	196,077
	196,077	196,077
	1,513,939	1,439,005
Buildings - non-specialised at:		
- Independent valuation 2014 - level 2	1,909,927	1,909,927
- Additions after valuation - cost	1,137,219	465,681
Less: accumulated depreciation	(110,628)	(48,314)
	2,936,518	2,327,294
Buildings - specialised at:		
- Independent valuation 2014 - level 3	6,350,936	6,350,936
- Additions after valuation - cost	129,928	30,470
Less: accumulated depreciation	(327,097)	(164,899)
	6,153,767	6,216,507
	9,090,285	8,543,801
Total land and buildings	10,604,224	9,982,806
Furniture and equipment at:		
- Management valuation 2015 - level 3	0	61,910
- Management valuation 2016 - level 3	55,819	0
	55,819	61,910
Plant and equipment at:		
- Management valuation 2013 - level 3	0	858,586
- Management valuation 2016 - level 2	993,217	0
- Management valuation 2016 - level 3	919,998	0
- Additions after valuation - cost	0	1,602,054
Less accumulated depreciation	0	(397,899)
	1,913,215	2,062,741
	12,573,258	12,107,457

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) 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.

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold	1,242,928	74,934	0	0	0	0	0	0	1,317,862
Land - vested in and under the control of Council	196,077	0	0	0	0	0	0	0	196,077
Total land	1,439,005	74,934	0	0	0	0	0	0	1,513,939
Buildings - non-specialised	2,327,294	671,538	0	0	0	0	(62,314)	0	2,936,518
Buildings - specialised	6,216,507	99,458	0	0	0	0	(162,198)	0	6,153,767
Total buildings	8,543,801	770,996	0	0	0	0	(224,512)	0	9,090,285
Total land and buildings	9,982,806	845,930	0	0	0	0	(224,512)	0	10,604,224
Furniture and equipment	61,910	0	0	0	0	0	(6,091)	0	55,819
Plant and equipment	2,062,741	87,574	(16,016)	67,336	0	0	(288,420)	0	1,913,215
Total property, plant and equipment	12,107,457	933,504	(16,016)	67,336	0	0	(519,023)	0	12,573,258

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings						
	Land - freehold	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2014	Price per hectare
	Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Management valuation	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2014	Price per square metre
	Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent valuers and Management valuation	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	Furniture and equipment	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment						
	- Management valuation 2016	2	Market approach using recent observable market data for similar items	Management valuation	June 2016	Price per item
	- Management valuation 2016	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
7 (a). INFRASTRUCTURE		
Infrastructure - roads		
- Management valuation 2015 - level 3	87,365,797	87,365,797
- Additions after valuation - cost	1,636,217	0
Less accumulated depreciation	<u>(37,272,436)</u>	<u>(36,044,553)</u>
	<u>51,729,578</u>	<u>51,321,244</u>
Infrastructure - footpaths		
- Management valuation 2015 - level 3	1,131,624	1,131,624
Less accumulated depreciation	<u>(664,252)</u>	<u>(655,475)</u>
	<u>467,372</u>	<u>476,149</u>
Infrastructure - parks & ovals		
- Independent valuation 2015 - level 3	1,358,000	1,358,000
Less accumulated depreciation	<u>(674,811)</u>	<u>(605,000)</u>
	<u>683,189</u>	<u>753,000</u>
Infrastructure - other		
- Independent valuation 2015 - level 3	5,187,000	5,187,000
- Additions after valuation - cost	50,348	0
Less accumulated depreciation	<u>(2,037,519)</u>	<u>(1,794,200)</u>
	<u>3,199,829</u>	<u>3,392,800</u>
	<u><u>56,079,968</u></u>	<u><u>55,943,193</u></u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (*Financial Management*) Regulation 17A (2) which requires infrastructure to be shown at fair value.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

7. INFRASTRUCTURE (Continued)

(b) 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.

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - roads	51,321,244	1,636,217	0	0	0	0	(1,227,883)	0	51,729,578
Infrastructure - footpaths	476,149	0	0	0	0	0	(8,777)	0	467,372
Infrastructure - parks & ovals	753,000	0	0	0	0	0	(69,811)	0	683,189
Infrastructure - other	3,392,800	50,348	0	0	0	0	(243,319)	0	3,199,829
Total infrastructure	55,943,193	1,686,565	0	0	0	0	(1,549,790)	0	56,079,968

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - parks & ovals	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - other	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2015	"Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs"

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

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	34,683	130,275
Accrued interest on debentures	11,382	13,178
Accrued salaries and wages	3,914	33,486
ATO liabilities	25,097	31,578
FBT liability	4,764	3,502
Income Received in Advance	7,629	6,443
	<u>87,469</u>	<u>218,462</u>

9. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	148,000	146,637
	<u>148,000</u>	<u>146,637</u>
Non-current		
Secured by floating charge		
Debentures	773,955	921,955
	<u>773,955</u>	<u>921,955</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2015			
Current provisions	84,972	145,695	230,667
Non-current provisions	0	15,284	15,284
	<u>84,972</u>	<u>160,979</u>	<u>245,951</u>
Amounts used	(4,734)	(47,155)	(51,889)
Balance at 30 June 2016	<u>80,238</u>	<u>113,824</u>	<u>194,062</u>
Comprises			
Current	80,238	92,388	172,626
Non-current	0	21,436	21,436
	<u>80,238</u>	<u>113,824</u>	<u>194,062</u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

11. RESERVES - CASH BACKED

	Actual 2016 Opening Balance	Actual 2016 Transfer to	Actual 2016 Transfer (from)	Actual 2016 Closing Balance	Budget 2016 Opening Balance	Budget 2016 Transfer to	Budget 2016 Transfer (from)	Budget 2016 Closing Balance	Actual 2015 Opening Balance	Actual 2015 Transfer to	Actual 2015 Transfer (from)	Actual 2015 Closing Balance
Leave reserve	\$ 59,095	\$ 46,304	\$ (53,002)	\$ 52,397	\$ 59,095	\$ 53,498	\$ (13,430)	\$ 99,163	\$ 50,034	\$ 9,061	\$ 0	\$ 59,095
Plant reserve	68,479	126,777	0	195,256	68,479	126,069	0	194,548	61,415	7,064	0	68,479
Building reserve	163,928	3,280	(142,532)	24,676	163,928	3,278	(94,309)	72,897	197,821	6,107	(40,000)	163,928
Seniors Aged Housing reserve	47,486	1,269	(11,316)	37,439	47,486	949	0	48,435	46,064	1,422	0	47,486
Residential Land reserve	9,850	268	0	10,118	9,850	197	0	10,047	9,555	295	0	9,850
Swimming Pool reserve	17,253	15,095	0	32,348	17,253	45,645	0	62,898	10,812	15,641	(9,200)	17,253
Unspent Grants reserve	58,991	32,190	(58,991)	32,190	58,991	0	(58,991)	0	5,013	59,112	(5,134)	58,991
Self Insurance reserve	0	0	0	0	0	0	0	0	7,291	211	(7,502)	0
	425,082	225,183	(265,841)	384,424	425,082	229,636	(166,730)	487,988	388,005	98,913	(61,836)	425,082

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Leave reserve	2016/17	- to be used to fund annual and long service leave requirements.
Plant reserve	N/A	- to be used for the purchase of major plant.
Building reserve	N/A	- to be used for the construction of new buildings or to assist finance of housing loans
Seniors Aged Housing reserve	N/A	- 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
Residential Land reserve	N/A	- to be used for the profit from the sale of subdivision blocks.
Swimming Pool reserve	N/A	- to be used for the upgrade of the Swimming Pool in future years.
Unspent Grants reserve	2016/17	- to be used for any grant funding that may not be expended in the current financial year.
Self Insurance reserve	N/A	- to be used for Insurance Excess.

12. REVALUATION SURPLUS

	2016 Opening Balance	2016 Revaluation Increment	2016 Revaluation Decrement	2016 Total Revaluation Movement on	2016 Closing Balance	2015 Opening Balance	2015 Revaluation Increment	2015 Revaluation Decrement	2015 Total Revaluation Movement on	2015 Closing Balance
Land	\$ 1,024,173	\$ 0	\$ 0	\$ 0	\$ 1,024,173	\$ 1,024,173	\$ 0	\$ 0	\$ 0	\$ 1,024,173
Plant and equipment	336,044	67,336	0	67,336	403,380	336,044	0	0	0	336,044
Buildings	4,289,222	0	0	0	4,289,222	4,289,222	0	0	0	4,289,222
Infrastructure - roads	16,257,472	0	0	0	16,257,472	0	16,257,472	0	16,257,472	16,257,472
Infrastructure - footpaths	24,204	0	0	0	24,204	0	24,204	0	24,204	24,204
Infrastructure - parks & ovals	507,739	0	0	0	507,739	0	507,739	0	507,739	507,739
Infrastructure - other	1,811,326	0	0	0	1,811,326	0	1,811,326	0	1,811,326	1,811,326
	24,250,180	67,336	0	67,336	24,317,516	5,649,439	18,600,741	0	18,600,741	24,250,180

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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:

	2016	2016	2015
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>659,940</u>	<u>705,715</u>	<u>1,414,693</u>

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

Net result	24,572	513,349	2,661,671
Non-cash flows in Net result:			
Depreciation	2,068,813	1,390,200	1,363,413
(Profit)/Loss on sale of asset	11,016	1,900	96,991
Loss on revaluation of fixed assets	0	0	8,764
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	85,434	(15,000)	(13,610)
Increase/(Decrease) in payables	(130,993)	(30,000)	45,335
Increase/(Decrease) in provisions	(51,889)	0	19,454
Grants contributions for the development of assets	<u>(1,538,493)</u>	<u>(1,612,173)</u>	<u>(2,261,669)</u>
Net cash from operating activities	<u>468,460</u>	<u>248,276</u>	<u>1,920,349</u>

	2016	2015
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	250,000	100,000
Bank overdraft at balance date	0	0
Credit card limit	5,000	5,000
Credit card balance at balance date	0	(4,436)
Total amount of credit unused	<u>255,000</u>	<u>100,564</u>
Loan facilities		
Loan facilities - current	148,000	146,637
Loan facilities - non-current	773,955	921,955
Total facilities in use at balance date	<u>921,955</u>	<u>1,068,592</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

14. CONTINGENT LIABILITIES

Council has no contingent liabilities as at 30 June 2016

15. CAPITAL AND LEASING COMMITMENTS	2016 \$	2015 \$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	17,010	23,056
- later than one year but not later than five years	16,273	33,264
	33,283	56,320

(b) Capital Expenditure Commitments

The Shire did not have any future capital expenditure commitments at the reporting date.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

16. JOINT VENTURE ARRANGEMENTS

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

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

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

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

	2016	2015
	\$	\$
Lot 27 (20) Maddock Street Units Financial Activity		
- Opening Balance	8,126	7,883
- 25% of Gross Rent Restricted	0	0
- Interest Earned	217	243
- Funds Utilised	0	0
- Closing Balance	<u>8,343</u>	<u>8,126</u>

Note: No funds were transferred to the Contingency Reserve in 2014/15 or 2015/16 as no profit from operations eventuated.

The following asset is jointly held by the Shire and is included in Property, Plant & Equipment.

Non - Current Assets

Specialised buildings at:

- Independent valuation 2014 - level 3	22,537	22,537
Less: Accumulated Depreciation	<u>(2,048)</u>	<u>(1,024)</u>
	<u>20,489</u>	<u>21,513</u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

16 JOINT VENTURE ARRANGEMENTS (Continued)

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

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

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

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

	2016	2015
	\$	\$
Lot 28 (18) and Part Lot 29 (16) Maddock Street Units		
Financial Activity		
- Opening Balance	20,569	19,953
- Rent reserved per agreement (4 x \$500)	0	0
- Interest Earned	550	616
- Funds Utilised	<u>(8,569)</u>	<u>0</u>
- Closing Balance	<u>12,550</u>	<u>20,569</u>

Note: No funds were transferred to the Contingency Reserve in 2014/15 or 2015/16 as no profit from operations eventuated.

The following asset is jointly held by the Shire and is included in Property, Plant & Equipment.

Non - Current Assets

Freehold land at:

- Independent valuation 2014 - level 2	7,161	7,161
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Non-Specialised buildings at:

- Independent valuation 2014 - level 3	43,810	43,810
additions	0	0

Specialised buildings at:

- Independent valuation 2014 - level 3	37,070	37,070
additions	8,569	0

Less: Accumulated Depreciation

	<u>(2,462)</u>	<u>(1,209)</u>
	<u>94,148</u>	<u>86,832</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

16. JOINT VENTURE ARRANGEMENTS (Continued)

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

The Shire of Mukinbudin has participated in a joint venture with Department of Housing & Works for the construction of two 1 bedroom units on Part Lot 29 (16) Maddock Street, Mukinbudin. The provision of this housing aims to provide accommodation for Seniors. The Shire of Mukinbudin has a 18.07% interest in the assets and liabilities of this joint venture. Council manages the operation of the joint venture under the auspices of Department of Housing & Works . All revenue and expenses of the joint venture are recognised in the relevant financial statements of Council.

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

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

	2016	2015
	\$	\$
Part Lot 29 (16) Maddock Street Units		
Financial Activity		
- Opening Balance	8,634	8,375
- Rent reserved per agreement (4 x \$500)	0	0
- Interest Earned	231	259
- Funds Utilised	0	0
- Closing Balance	<u>8,864</u>	<u>8,634</u>

Note: No funds were transferred to the Contingency Reserve in 2014/15 or 2015/16 as no profit from operations eventuated.

The following asset is jointly held by the Shire and is included in Property, Plant & Equipment.

Non - Current Assets

Freehold land at:

- Independent valuation 2014 - level 2

	2,259	2,259
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Specialised buildings at:

- Independent valuation 2014 - level 3

	33,430	33,430
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Less: Accumulated Depreciation

	<u>(1,080)</u>	<u>(540)</u>
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	<u>34,609</u>	<u>35,149</u>
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**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

16 JOINT VENTURE ARRANGEMENTS (Continued)

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

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

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

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

	2016	2015
	\$	\$
Lot 25 (24) Maddock Street Units		
Financial Activity		
- Opening Balance	10,157	9,853
- Rent reserved per agreement (4 x \$500)	0	0
- Interest Earned	271	304
- Funds Utilised	<u>(3,003)</u>	<u>0</u>
- Closing Balance	<u>7,425</u>	<u>10,157</u>

Note: No funds were transferred to the Contingency Reserve in 2014/15 or 2015/16 as no profit from operations eventuated.

The following asset is jointly held by the Shire and is included in Property, Plant & Equipment.

Non - Current Assets

Freehold land at:		
- Independent valuation 2014 - level 2	13,279	13,279
Non-Specialised buildings at:		
- Independent valuation 2014 - level 3	98,644	98,644
additions	3,003	0
Less: Accumulated Depreciation	<u>(2,739)</u>	<u>(1,366)</u>
	<u>112,187</u>	<u>110,557</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

16 JOINT VENTURE ARRANGEMENTS (Continued)

Lot 64 (12) White St and Lot 69 (6) Lansdell St

The Shire of Mukinbudin has participated in a joint venture with Department of Housing & Works for the construction of two 3 bedroom 1 bathroom houses on Lot 64 (12) White Street and Lot 69 (6) Lansdell Street, Mukinbudin. The provision of this housing aims to provide accommodation for families. The Shire of Mukinbudin has a 22.52% interest in the assets and liabilities of this joint venture. Council manages the operation of the joint venture under the auspices of Department of Housing & Works . All revenue and expenses of the joint venture are recognised in the relevant financial statements of Council.

Council is required to set aside an amount of \$500 per House per annum from the annual rental income for the long term maintenance needs of the Joint Venture Property.

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

	2016	2015
	\$	\$
Lot 64 (12) White St and Lot 69 (6) Lansdell St Houses		
Financial Activity		
- Opening Balance	0	0
- Rent reserved per agreement (4 x \$500)	0	0
- Interest Earned	0	0
- Funds Utilised	0	0
- Closing Balance	0	0

Note: No funds were transferred to the Contingency Reserve in 2014/15 or 2015/16 as no profit from operations eventuated.

The following asset is jointly held by the Shire and is included in Property, Plant & Equipment.

Non - Current Assets

Freehold land at:

- Independent valuation 2014 - level 2	14,188	14,188
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Non-Specialised buildings at:

- Independent valuation 2014 - level 3	84,450	84,450
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Less: Accumulated Depreciation	(2,796)	(1,398)
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	95,842	97,240
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SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

16 JOINT VENTURE ARRANGEMENTS (Continued)

Lot 8 (42) Cruickshank Road

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

Council is required to set aside an amount of \$800 per House per annum from the annual rental income for the long term maintenance needs of the Joint Venture Property.

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

	2016	2015
	\$	\$
Lot 8 (42) Cruickshank Road Units		
Financial Activity		
- Opening Balance	0	0
- Rent reserved per agreement (4 x \$500)	0	0
- Interest Earned	0	0
- Funds Utilised	0	0
- Closing Balance	0	0

Note: No funds were transferred to the Contingency Reserve in 2014/15 or 2015/16 as no profit from operations eventuated.

The following asset is jointly held by the Shire and is included in Property, Plant & Equipment.

Non - Current Assets

Freehold land at:

- Independent valuation 2014 - level 2	7,041	7,041
Non-Specialised buildings at:		
- Independent valuation 2014 - level 3	78,023	78,023
Less: Accumulated Depreciation	(3,392)	(1,696)
	81,672	83,368

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016	2015
	\$	\$
General purpose funding	16,222	18,784
Law, order, public safety	896,190	879,228
Health	334	334
Education and welfare	914,055	981,019
Housing	2,996,286	2,533,536
Community amenities	71,785	79,453
Recreation and culture	6,685,575	6,967,338
Transport	54,441,263	53,856,667
Economic services	1,589,278	1,573,915
Other property and services	2,017,530	2,170,820
Unallocated	354,662	1,159,697
	69,983,180	70,220,791

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

18. FINANCIAL RATIOS	2016	2015	2014
Current ratio	0.90	2.08	0.23
Asset sustainability ratio	0.81	2.13	0.84
Debt service cover ratio	3.16	11.15	(2.78)
Operating surplus ratio	(0.94)	0.29	(1.20)
Own source revenue coverage ratio	0.39	0.41	0.35

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	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

- (a) Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 61 of this document.
- (b) **2016**
The Debt Service Cover and Operating Surplus ratios disclosed above were distorted by the change to the payment of FAGs during the year ended 30 June 2016 which saw the advance payment of the first quarter payment of the following year cease. This created a timing difference which resulted in an amount of some \$827,862 less revenue for the year.
- (c) **2015**
The Current, Debt Service Cover and Operating Surplus ratios disclosed above, were distorted by an item of significant revenue relating to the early payment of 2015/16 Financial Assistance Grants (FAGs) of \$827,862, which was received prior to year end.
- (d) **2014**
The Debt Service Cover and Operating Surplus ratios disclosed above, were distorted by the change to the payment of FAGs during the year ended 30 June 2014 which saw the advance payment for the following year cease. This created a timing difference which resulted in an amount of some \$759,568 less revenue for the year.

These items are considered "one-off" timing/non-cash in nature and, if they were ignored, the calculations disclosed in the columns above would be as follows:

	2016	2015	2014
Current ratio	same as above	0.54	same as above
Debt Service Cover Ratio	7.55	6.06	3.00
Operating Surplus Ratio	(0.43)	(0.29)	(0.63)

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

19. 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:

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Police Licensing	0	499,888	(499,888)	0
Mukinbudin Indoor Cricket Club	11,345	0	0	11,345
BRB	0	118	(118)	0
Trust - Other	0	86	(79)	7
Sports Complex Key Bonds	60	800	0	860
Standpipe Key Bonds	100	100	0	200
Mukinbudin Football Club Rams Plates	0	650	0	650
Builders Levy (BCITF)	0	52	(52)	0
Council Nomination Deposit	0	320	(320)	0
Drive in Donation	500	0	0	500
Housing Tenancy Bonds	9,784	2,020	(3,780)	8,024
Hall Hire Bonds & Deposits	0	500	(500)	0
Gym Bonds	1,011	400	(290)	1,121
Soil Conservation	13,166	0	0	13,166
	<u>35,966</u>			<u>35,873</u>

20. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Plant and Equipment								
Transport								
A443 - Water Tanks	6,546	0	0	(6,546)	0	0	0	0
MBL 180 - Ford RV Utility								
Mtce Vehicle	7,970	3,636	0	(4,334)	7,000	3,500	0	(3,500)
MBL 1060 -Mitsubishi								
Triton Double Cab 2004	1,500	1,364	0	(136)	1,400	3,000	1,600	0
	<u>16,016</u>	<u>5,000</u>	<u>0</u>	<u>(11,016)</u>	<u>8,400</u>	<u>6,500</u>	<u>1,600</u>	<u>(3,500)</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures	Principal 1 July 2015 \$	New Loans \$	Principal Repayments		Principal 30 June 2016		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Particulars								
Education and welfare								
Loan 109 - CRC	37,836	0	5,433	5,433	32,403	32,403	2,016	2,135
Recreation and culture								
Loan 108 - Bowling Club	92,320	0	13,257	13,257	79,063	79,063	4,920	5,210
Economic services								
Loan 112 - Caravan Park	5,089	0	5,089	5,089	0	0	102	221
Loan 116 - Land Purchase	40,257	0	9,169	9,169	31,088	31,088	2,295	2,337
Loan 119 - Mukinbudin Cafe	111,326	0	6,890	6,890	104,436	104,436	5,613	5,690
Other property and services								
Loan 114 - Trailer 1TJP 062	85,013	0	19,363	19,363	65,650	65,650	4,890	4,935
Loan 115 - Truck DAF MBL 250	64,192	0	14,907	14,907	49,285	49,285	2,634	2,953
Loan 118 - Vibe Roller MBL 1677	97,144	0	12,960	12,960	84,184	84,184	4,591	4,782
Loan 120 - Skid Steer MBL 1724	61,578	0	5,672	5,672	55,906	55,906	2,632	2,750
Loan 121 - Grader MBL 95	283,000	0	32,053	32,053	250,947	250,947	7,344	7,646
Loan 122 - Roller MBL 811	153,985	0	17,440	17,440	136,545	136,545	3,996	4,160
Loan 123 - Tractor MBL 244	36,852	0	4,404	4,404	32,448	32,448	1,176	1,187
	<u>1,068,592</u>	<u>0</u>	<u>146,637</u>	<u>146,637</u>	<u>921,955</u>	<u>921,955</u>	<u>42,209</u>	<u>44,006</u>

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2015/16

The Shire did not take up any new debentures during the year ended 30 June 2016.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2016.

(d) Overdraft

Council raised the overdraft facility from \$100,000 to \$250,000 to assist with short term liquidity requirements
The balance of the bank overdraft at 30 June 2015 was Nil and 30 June 2016 was Nil

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

22. RATING INFORMATION - 2015/16 FINANCIAL YEAR

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 / general rate											
Gross rental value valuations											
GRV - Residential	0.164407	151	1,104,636	181,610	(393)	33	181,250	181,011	0	0	181,011
GRV - Vacant	0.164407	3	0	0	266	0	266	598	0	0	598
Unimproved value valuations											
UV - Rural	0.021477	218	37,253,000	800,083	644	0	800,727	800,265	0	0	800,265
UV - Mining	0.021477	0	0	0	(592)	278	(314)	0	0	0	0
Non Rateable		65	31,990	0	0	0	0	0	0	0	0
Sub-Total		437	38,389,626	981,693	(75)	311	981,929	981,874	0	0	981,874
Minimum payment \$											
Gross rental value valuations											
GRV - Residential	400	23	18,782	9,200	0	0	9,200	8,800	0	0	8,800
GRV - Vacant	400	3	1,208	1,200	0	0	1,200	1,200	0	0	1,200
Unimproved value valuations											
UV - Rural	500	30	280,292	15,000	0	0	15,000	15,000	0	0	15,000
UV - Mining	500	5	21,696	2,500	0	0	2,500	2,500	0	0	2,500
Sub-Total		61	321,978	27,900	0	0	27,900	27,500	0	0	27,500
Discounts/concessions (refer note 26)											
Movement in Excess Rates											
Total amount raised from general rate		498	38,711,604	1,009,593	(75)	311	1,009,829	1,009,374	0	0	1,009,374
Ex-gratia rates							(19,854)				(22,050)
Totals							19,492				0
							1,009,467				987,324
							15,162				14,749
							1,024,629				1,002,073

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

23. NET CURRENT ASSETS

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus/(Deficit) 1 July 15 brought forward	<u>113,218</u>	<u>726,885</u>	<u>726,885</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	275,516	989,611	989,611
Restricted	384,424	425,082	425,082
Receivables			
Rates outstanding	16,222	15,258	15,258
Sundry debtors	25,885	82,358	82,358
GST receivable	13,852	47,571	47,571
Accrued Income	2,429	1,059	1,059
Provision for Doubtful Debts	(12,988)	(18,938)	(18,938)
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(34,683)	(130,275)	(130,275)
Accrued interest on debentures	(11,382)	(13,178)	(13,178)
Accrued salaries and wages	(3,914)	(33,486)	(33,486)
ATO liabilities	(25,097)	(31,578)	(31,578)
FBT liability	(4,764)	(3,502)	(3,502)
Income Received in Advance	(7,629)	(6,443)	(6,443)
Current portion of long term borrowings			
Secured by floating charge	(148,000)	(146,637)	(146,637)
Provisions			
Provision for annual leave	(80,238)	(84,972)	(84,972)
Provision for long service leave	(92,388)	(145,695)	(145,695)
Unadjusted net current assets	<u>297,245</u>	<u>946,235</u>	<u>946,235</u>
Adjustments			
Less: Reserves - restricted cash	(384,424)	(425,082)	(425,082)
Add: Current portion of long term borrowings			
Secured by floating charge	148,000	146,637	146,637
Add: Component of Leave Liability not required to be funded	52,397	59,095	59,095
Adjusted net current assets - surplus/(deficit)	<u>113,218</u>	<u>726,885</u>	<u>726,885</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

24. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

The Shire did not impose any specified area rates

25. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire did not impose any service charges.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2015/16 FINANCIAL YEAR**

Rates Discounts

Rate or Fee Discount Granted	Discount % or \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
General Rates	3.00%	19,854	22,050	Pay within 35 days of date of service appearing on the rate notice
		19,854	22,050	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount % or \$	Actual \$	Budget \$	Reasons for the Waiver or Concession
Photocopy Charge	waiver		0	0	Support necessary for the overall benefit of the community
Rate Assessment	write off	N/A	0	43	
			0	43	

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession
Photocopy Charge	waived to certain community groups such as St Johns Ambulance & Volunteer Bush Fire Brigade	Nil

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

27. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	05-Oct-15			11.00%
Option Two				
First Instalment	09-Oct-15	15	5.50%	11.00%
Second Instalment	18-Nov-15	15	5.50%	11.00%
Third Instalment	18-Jan-16	15	5.50%	11.00%
Fourth Instalment	18-Mar-16	15	5.50%	11.00%
			Revenue \$	Budgeted Revenue \$
Interest on unpaid rates			2,597	2,400
Interest on instalment plan			2,203	2,300
Charges on instalment plan			2,415	2,475
ESL Penalty Interest			75	120
			<u>7,290</u>	<u>7,295</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

28. FEES & CHARGES	2016	2015
	\$	\$
Governance	3,472	1,044
General purpose funding	4,770	3,487
Law, order, public safety	3,975	3,040
Housing	103,584	93,300
Community amenities	71,109	66,640
Recreation and culture	37,914	37,062
Transport	136	182
Economic services	153,693	133,949
Other property and services	17,260	2,539
	<u>395,913</u>	<u>341,243</u>

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

29. GRANT REVENUE

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

By Nature or Type:	2016	2015
	\$	\$
Operating grants, subsidies and contributions		
General purpose funding	561,494	1,659,319
Law, order, public safety	24,016	21,395
Health	2,382	0
Education and welfare	1,000	57,991
Housing	0	667
Recreation and culture	50,323	39,522
Transport	380,932	699,270
Economic services	4,209	5,405
Other property and services	3,755	1,995
	<u>1,028,111</u>	<u>2,485,564</u>
Non-operating grants, subsidies and contributions		
Law, order, public safety	0	800,719
Housing	454,492	357,449
Transport	1,084,001	1,103,501
	<u>1,538,493</u>	<u>2,261,669</u>
	<u>2,566,604</u>	<u>4,747,233</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>17</u>	<u>18</u>
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31. ELECTED MEMBERS REMUNERATION

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

	2016	2016	2015
	\$	Budget	\$
		\$	
Meeting Fees	28,292	31,500	31,500
President's allowance	3,500	3,500	3,500
Deputy President's allowance	875	875	875
Travelling expenses	4,341	5,800	4,909
Telecommunications allowance	4,042	4,500	4,500
	<u>41,050</u>	<u>46,175</u>	<u>45,284</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

32. 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 17 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. The Shire has retained lot 208 for its own use.

(b) Current year transactions	2016 \$	2016 Budget \$	2015 \$
Operating income			
- Profit on sale	0	0	0
Capital income			
- Sale proceeds	0	0	0
Capital expenditure			
- Purchase of land	0	0	0
- Development costs	0	0	0
	0	0	0
	0	0	0

The above capital expenditure is included in land held for resale.

Loan 116 is a liability in relation to this land transaction with an outstanding balance of \$31,088 as at 30 June 2016

(c) Expected Future Cash Flows

	2017 \$	2018 \$	2019 \$	2020 \$	Total \$
Cash outflows					
- Development costs	0	0	0	0	0
- Loan repayments	(11,555)	(11,555)	(11,555)	0	(34,665)
	(11,555)	(11,555)	(11,555)	0	(34,665)
Cash inflows					
- Sale proceeds	0	0	0	0	0
	0	0	0	0	0
Net cash flows	(11,555)	(11,555)	(11,555)	0	(34,665)

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

34. FINANCIAL RISK MANAGEMENT

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

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

Financial risk management is carried out by the finance area under policies approved by the Council.

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	659,940	1,414,693	659,940	1,414,693
Receivables	45,400	130,834	45,400	130,834
	<u>705,340</u>	<u>1,545,527</u>	<u>705,340</u>	<u>1,545,527</u>
Financial liabilities				
Payables	87,469	218,462	87,469	218,462
Borrowings	921,955	1,068,592	984,195	1,122,145
	<u>1,009,424</u>	<u>1,287,054</u>	<u>1,071,664</u>	<u>1,340,607</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, 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 2016

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Shire'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 is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2016 \$	2015 \$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	10,635	10,921
- Statement of Comprehensive Income	10,635 ⁽²⁾	10,921 ⁽²⁾

Notes:

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

(2) Maximum impact.

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34. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The Shire'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. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

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

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

The Shire 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 Shire's credit risk at balance date was:

	2016	2015
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	47%	81%
- Overdue	53%	19%

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34. 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. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

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

	<u>2016</u>	<u>2015</u>			
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	87,469	0	0	87,469	87,469
Borrowings	186,168	636,881	241,720	1,064,769	921,955
	<u>273,637</u>	<u>636,881</u>	<u>241,720</u>	<u>1,152,238</u>	<u>1,009,424</u>
Payables	218,462	0	0	218,462	218,462
Borrowings	191,501	690,776	373,993	1,256,270	1,068,592
	<u>409,963</u>	<u>690,776</u>	<u>373,993</u>	<u>1,474,732</u>	<u>1,287,054</u>