

Shire of
Mukinbudin
Western Australia

*Annual
Budget*

“Classic, Dry, Red”



*For the
Period Ending
30 June 2012*

SHIRE OF MUKINBUDIN
BUDGET
FOR THE YEAR ENDED 30TH JUNE 2012

TABLE OF CONTENTS

Statement of Comprehensive Income by Nature or Type	2
Statement of Comprehensive Income by Program	3
Statement of Cash Flows	4
Rate Setting Statement	5
Notes to and Forming Part of the Budget	6 to 32

SHIRE OF MUKINBUDIN

STATEMENT OF COMPERHENSIVE INCOME

BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2011/12 Budget \$	2010/11 Actual \$	2010/11 Budget \$
REVENUE				
Rates	8	801,493	775,238	784,831
Operating Grants, Subsidies and Contributions		951,738	1,095,423	1,102,813
Fees and Charges	11	329,366	345,920	365,705
Service Charges	10	8,468	8,468	8,468
Interest Earnings	2(a)	31,284	36,329	27,665
Other Revenue		172,200	184,420	312,460
		<u>2,294,549</u>	<u>2,445,798</u>	<u>2,601,942</u>
EXPENSES				
Employee Costs		(721,534)	(985,063)	(233,090)
Materials and Contracts		(1,015,785)	(788,211)	(1,618,304)
Utility Charges		(64,504)	(176,643)	(45,000)
Depreciation	2(a)	(1,066,640)	(1,053,187)	(721,400)
Interest Expenses	2(a)	(50,803)	(48,148)	(52,870)
Insurance Expenses		(120,082)	(97,305)	(104,636)
Other Expenditure		(28,875)	(81,135)	(2,000)
		<u>(3,068,223)</u>	<u>(3,229,692)</u>	<u>(2,777,300)</u>
		<u>(773,674)</u>	<u>(783,894)</u>	<u>(175,358)</u>
Non-Operating Grants, Subsidies and Contributions		2,349,786	1,172,543	1,276,832
Profit on Asset Disposals	4	122,759	5,290	3,725
Loss on Asset Disposals	4	<u>(32,303)</u>	<u>(18,581)</u>	<u>(98,383)</u>
NET RESULT		1,666,568	375,358	1,006,816
Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>1,666,568</u>	<u>375,358</u>	<u>1,006,816</u>

Please note, Other Comprehensive Income (if any) is impacted upon by external forces and is not able to be reliably estimated.

It is anticipated, in all instances, any other comprehensive income will relate to non-cash transactions and as such, have no impact on this budget document.

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

SHIRE OF MUKINBUDIN
STATEMENT OF COMPEREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2011/12 Budget \$	2010/11 Actual \$	2010/11 Budget \$
REVENUE (Refer Notes 1,2,8 to 13)				
Governance		42,400	957	100
General Purpose Funding		1,448,072	1,337,120	1,689,901
Law, Order, Public Safety		22,440	28,323	850
Health		100	0	100
Education and Welfare		8,000	0	0
Housing		82,827	64,805	365,470
Community Amenities		98,030	96,122	92,188
Recreation and Culture		66,818	205,363	237,385
Transport		314,419	405,272	0
Economic Services		180,488	248,934	186,488
Other Property and Services		30,955	58,902	29,460
		<u>2,294,549</u>	<u>2,445,798</u>	<u>2,601,942</u>
EXPENSES EXCLUDING				
FINANCE COSTS (Refer Notes 1,2 & 14)				
Governance		(334,009)	(263,275)	(296,156)
General Purpose Funding		(34,743)	(44,599)	(32,990)
Law, Order, Public Safety		(72,664)	(73,761)	(76,570)
Health		(102,628)	(72,236)	(97,930)
Education and Welfare		(71,122)	(94,584)	(65,605)
Housing		(109,610)	(140,844)	(107,500)
Community Amenities		(192,803)	(259,996)	(180,317)
Recreation & Culture		(446,692)	(501,408)	(463,368)
Transport		(1,263,587)	(1,310,469)	(1,037,174)
Economic Services		(375,452)	(410,252)	(336,970)
Other Property and Services		(14,110)	(10,120)	(29,850)
		<u>(3,017,420)</u>	<u>(3,181,544)</u>	<u>(2,724,430)</u>
FINANCE COSTS (Refer Notes 2 & 5)				
Governance		(1,871)	(2,461)	(2,856)
Housing		(5,352)	(10,050)	(13,804)
Education		0	0	(3,496)
Community Amenities		(12,565)	(8,263)	(4,733)
Recreation & Culture		(7,941)	(8,552)	(8,530)
Transport		(20,670)	(15,815)	(16,141)
Economic Services		(2,404)	(3,007)	(3,310)
		<u>(50,803)</u>	<u>(48,148)</u>	<u>(52,870)</u>
NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS				
General Purpose Funding		774,560	117,127	0
Law, Order & Public Safety		0	0	19,004
Housing		300,000	0	0
Community Amenities		0	20,000	0
Recreation & Culture		204,300	15,000	25,000
Transport		886,778	993,143	1,229,828
Economic Services		184,148	27,273	3,000
		<u>2,349,786</u>	<u>1,172,543</u>	<u>1,276,832</u>
PROFIT/(LOSS) ON DISPOSAL OF ASSETS (Refer Note 4)				
Housing		94,642	0	0
Transport		0	0	(94,658)
Other Property and Services		(4,186)	(13,291)	0
		<u>90,456</u>	<u>(13,291)</u>	<u>(94,658)</u>
NET RESULT		<u>1,666,568</u>	<u>375,358</u>	<u>1,006,816</u>
Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>1,666,568</u>	<u>375,358</u>	<u>1,006,816</u>

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 2012

	NOTE	2011/12 Budget \$	2010/11 Actual \$	2010/11 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		953,498	783,281	817,386
Operating Grants, Subsidies and Contributions		976,938	1,095,423	1,177,813
Fees and Charges		337,366	353,964	444,230
Service Charges		8,468	8,468	8,468
Interest Earnings		31,284	36,329	29,720
Goods and Services Tax		150,000	176,482	151,525
Other		172,200	184,495	484,965
		<u>2,629,754</u>	<u>2,638,442</u>	<u>3,114,107</u>
Payments				
Employee Costs		(660,984)	(961,940)	(198,090)
Materials and Contracts		(978,200)	(785,198)	(1,493,304)
Utility Charges		(53,299)	(176,643)	(45,000)
Insurance Expenses		(120,082)	(97,305)	(102,616)
Interest Expenses		(50,803)	(49,569)	(51,020)
Goods and Services Tax		(127,520)	(237,410)	(124,972)
Other		(28,875)	(81,135)	(6,500)
		<u>(2,019,763)</u>	<u>(2,389,200)</u>	<u>(2,021,502)</u>
Net Cash Provided By Operating Activities	15(b)	<u>609,991</u>	<u>249,242</u>	<u>1,092,605</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale	3	0	(41,273)	0
Payments for Purchase of Property, Plant & Equipment	3	(1,543,148)	(465,150)	(1,378,038)
Payments for Construction of Infrastructure	3	(1,311,184)	(1,070,854)	(1,365,828)
Advances to Community Groups		0	0	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		2,349,786	1,172,543	1,276,832
Proceeds from Sale of Plant & Equipment	4	322,000	115,351	422,400
Proceeds from Advances		0	0	0
Net Cash Used in Investing Activities		<u>(182,546)</u>	<u>(289,383)</u>	<u>(1,044,634)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(102,826)	(111,325)	(114,153)
Proceeds from Self Supporting Loans		7,978	7,978	15,778
Proceeds from New Debentures	5	287,700	0	0
Net Cash Provided By (Used In) Financing Activities		<u>192,852</u>	<u>(103,347)</u>	<u>(98,375)</u>
Net Increase (Decrease) in Cash Held		620,297	(143,488)	(50,404)
Cash at Beginning of Year		373,349	516,837	478,861
Cash and Cash Equivalents at the End of the Year	15(a)	<u><u>993,646</u></u>	<u><u>373,349</u></u>	<u><u>428,457</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 2012**

	NOTE	2011/12 Budget \$	2010/11 Actual \$	2010/11 Budget \$
REVENUES	1,2			
Governance		42,400	957	100
General Purpose Funding		1,421,139	679,009	905,070
Law, Order, Public Safety		22,440	28,323	19,854
Health		100	0	100
Education and Welfare		8,000	0	0
Housing		505,586	64,805	365,470
Community Amenities		98,030	116,122	92,188
Recreation and Culture		271,118	220,363	262,385
Transport		1,201,197	1,398,415	1,233,553
Economic Services		364,636	276,207	189,488
Other Property and Services		30,955	64,192	29,460
		<u>3,965,601</u>	<u>2,848,393</u>	<u>3,097,668</u>
EXPENSES	1,2			
Governance		(335,880)	(265,736)	(299,012)
General Purpose Funding		(34,743)	(44,599)	(32,990)
Law, Order, Public Safety		(72,664)	(73,761)	(76,570)
Health		(102,628)	(72,236)	(97,930)
Education and Welfare		(71,122)	(94,584)	(69,101)
Housing		(143,079)	(150,894)	(121,304)
Community Amenities		(205,368)	(268,259)	(185,050)
Recreation & Culture		(454,633)	(509,960)	(471,898)
Transport		(1,284,257)	(1,326,284)	(1,151,698)
Economic Services		(377,856)	(413,259)	(340,280)
Other Property and Services		(18,296)	(28,701)	(29,850)
		<u>(3,100,526)</u>	<u>(3,248,273)</u>	<u>(2,875,683)</u>
Net Operating Result Excluding Rates		865,075	-399,880	221,985
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	4	(90,456)	13,291	94,658
Adjustments for Variances to Cash Budget		0	0	191,441
Adjustment for Rounding		0	7	0
Movement in Accrued Interest		0	(1,421)	0
Movement in Employee Benefit Provisions		0	12,854	0
Depreciation on Assets	2(a)	1,066,640	1,053,187	721,400
Capital Expenditure and Revenue				
Purchase Land Held for Resale	3	0	(41,273)	0
Purchase Land and Buildings	3	(1,327,333)	(142,872)	(1,007,000)
Purchase Plant and Equipment	3	(210,700)	(285,862)	(324,023)
Purchase Furniture and Equipment	3	(5,115)	(36,416)	(47,015)
Purchase Infrastructure Assets - Roads	3	(1,138,371)	(1,061,708)	(1,265,828)
Purchase Infrastructure Assets - Footpaths	3	(40,000)	0	0
Purchase Infrastructure Assets - Other	3	(132,813)	(9,146)	(100,000)
Proceeds from Disposal of Assets	4	322,000	115,351	422,400
Repayment of Debentures	5	(102,826)	(111,325)	(114,153)
Proceeds from New Debentures	5	287,700	0	0
Self-Supporting Loan Principal Income		7,978	0	15,778
Transfers to Reserves (Restricted Assets)	6	(537,280)	(59,215)	(22,515)
Transfers from Reserves (Restricted Assets)	6	101,821	20,739	83,070
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	132,187	290,638	344,971
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	0	132,187	0
Amount Required to be Raised from Rates	8	<u>(801,493)</u>	<u>(775,238)</u>	<u>(784,831)</u>

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

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Accounting

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government 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.

The budget has also 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.

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 16 to this budget document.

(c) 2010/11 Actual Balances

Balances shown in this budget as 2010/11 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(d) Rounding Off Figures

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

(e) 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.

(f) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables are stated inclusive of applicable GST.

(g) Superannuation

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

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Trade and Other Receivables

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

(j) Inventories

General

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

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

Land Held for Resale

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

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional contract of sale.

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

(k) Fixed Assets

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

Initial Recognition

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

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases in the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

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

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

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets (Continued)

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

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

Depreciation of Non-Current Assets

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

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

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

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

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

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets (Continued)

Depreciation of Non-Current Assets (Continued)

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(l) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

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

Amortised cost is calculated as:

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

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly 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 BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current 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.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period (classified as non-current assets).

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Council's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which are classified as current assets.

If the Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

(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.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months of the end of the reporting period (classified as current assets).

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(n) Impairment

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

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 "Impairment of Assets" and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

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.

At the time of adopting the budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2012.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget document.

(o) Trade and Other Payables

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

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the Council has a present obligation to pay resulting from employees' services provided to reporting date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) Annual Leave and Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(q) 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.

(r) Provisions

Provisions are recognised when:

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

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

Provisions are not recognised for future operating losses.

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

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Comparative Figures

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

(u) Budget Comparative Figures

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

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

	2011/12 Budget \$	2010/11 Actual \$	2010/11 Budget \$
2. REVENUES AND EXPENSES			
(a) Net Result from Ordinary Activities was arrived at after:			
(i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	10,815	6,240	10,500
Other Services	0	0	0
Depreciation			
<u>By Program</u>			
Law, Order, Public Safety	29,500	31,433	29,500
Health	1,000	1,001	500
Education and Welfare	24,600	24,598	24,600
Housing	16,500	27,977	24,500
Community Amenities	4,400	11,845	4,400
Recreation and Culture	61,640	63,414	59,500
Transport	780,000	742,521	560,000
Economic Services	12,000	14,147	6,400
Other Property and Services	137,000	136,251	12,000
	<u>1,066,640</u>	<u>1,053,187</u>	<u>721,400</u>
<u>By Class</u>			
Land and Buildings	107,853	106,493	110,000
Furniture and Equipment	20,484	20,226	17,000
Plant and Equipment	288,528	284,889	162,482
Roads	638,048	630,000	418,118
Footpaths	10,966	10,828	11,000
Infrastructure - Other	761	751	1,400
Drainage	0	0	1,400
	<u>1,066,640</u>	<u>1,053,187</u>	<u>721,400</u>
Borrowing Costs (Interest)			
- Debentures (<i>refer note 5(a)</i>)	50,803	48,148	52,870
	<u>50,803</u>	<u>48,148</u>	<u>52,870</u>
Rental Charges			
- Operating Leases	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
(ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	24,223	22,439	22,515
- Other Funds	6,000	11,188	4,120
Other Interest Revenue (<i>refer note 13</i>)	1,061	2,702	1,030
	<u>31,284</u>	<u>36,329</u>	<u>27,665</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2012

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

Council operations as disclosed in this budget encompass the following service orientated activities/programs:

GOVERNANCE

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

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

GENERAL PURPOSE FUNDING

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

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

LAW, ORDER, PUBLIC SAFETY

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

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

HEALTH

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

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

EDUCATION AND WELFARE

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

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

HOUSING

OBJECTIVE: To provide adequate staff and community housing.

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

COMMUNITY AMENITIES

OBJECTIVE: Provide services required by the community.

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

RECREATION AND CULTURE

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

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2012

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

TRANSPORT

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

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

ECONOMIC SERVICES

OBJECTIVE: To help promote the shire and improve its economic wellbeing.

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

OTHER PROPERTY & SERVICES

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

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

3. ACQUISITION OF ASSETS	2011/12 Budget \$
The following assets are budgeted to be acquired during the year:	
<u>By Program</u>	
Law, Order, Public Safety	
Rebuild Pound	2,000
Education and Welfare	
Mukinbudin Occasional Care	2,645
Housing	
Single Units Construction x 3 (Bendigo Bank)	330,000
Purchase of 51 Maddock Street	10,000
Pergola - Singles Units	4,600
Aged Units Fencing Blocks	5,939
Community Amenities	
Industrial Units	150,000
Recreation and Culture	
Upgrade of Swimming Pool R4R	532,000
Dishwasher - Complex	5,115
Memorial Hall	41,560
Street Furniture	10,000
Transport	
2011/2012 Road Program	1,138,371
Footpath Construction	40,000
Depot Crib Room	6,000
Economic Services	
Bonnie Rock Townsite	8,000
Berringbooding Rock	13,500
Weira Gnamma Hole & Reserve	10,000
Wattoning Historical Site	9,000
Mukinbudin Caravan park	248,528
Community Shed	22,148
Caravan Park Regional Headworks	32,000
Banner Poles - R4R	9,700
Historical Signage - R4R	5,000
Shifting Tampu - R4R	5,000
Entrance Portico - Cpark	2,526
Standpipes	35,000

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

3. ACQUISITION OF ASSETS (Continued)	2011/12 Budget \$
The following assets are budgeted to be acquired during the year:	
<u>By Program (Continued)</u>	
Other Property and Services	
MBL2 - Holden Colorado	28,000
2nd Hand Vibe Roller	137,700
mowers slashers trailers etc	10,000
	<u>2,854,332</u>
<u>By Class</u>	
Land Held for Resale	0
Land and Buildings	1,327,333
Infrastructure Assets - Roads	1,138,371
Infrastructure Assets - Footpaths	40,000
Infrastructure Assets - Other	132,813
Plant and Equipment	210,700
Furniture and Equipment	5,115
	<u>2,854,332</u>

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

4. DISPOSALS OF ASSETS

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

<u>By Program</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2011/12 BUDGET	2011/12 BUDGET	2011/12 BUDGET
	\$	\$	\$
Housing			
16 Cruickshank Road	55,117	27,000	(28,117)
4 Salmon Gum Alley	77,241	200,000	122,759
Economic Services			
Sale of Earl Drive Subdivision Block	75,000	75,000	0
Other Property & Services			
MBL2 - Holden Colado	24,186	20,000	(4,186)
	231,544	322,000	90,456

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2011/12 BUDGET	2011/12 BUDGET	2011/12 BUDGET
	\$	\$	\$
Land Held For Resale			
Sale of Earl Drive Subdivision Block	75,000	75,000	0
Land & Buildings			
16 Cruickshank Road	55,117	27,000	(28,117)
4 Salmon Gum Alley	77,241	200,000	122,759
Plant & Equipment			
MBL2	24,186	20,000	(4,186)
	231,544	322,000	90,456

Summary

	2011/12 BUDGET
	\$
Profit on Asset Disposals	122,759
Loss on Asset Disposals	(32,303)
	<u>90,456</u>

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Interest Rate %	Maturity Date	Principal 01-Jul-11	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
					2011/12 Budget \$	2010/11 Actual \$	2011/12 Budget \$	2010/11 Actual \$	2011/12 Budget \$	2010/11 Actual \$
Governance										
Loan 92 - Admin Centre	6.07	31/01/13	35,000		16,977	15,992	18,023	35,000	1,871	2,461
Housing										
Loan 100 - 3 x Trans Homes	6.74	29/05/11	2,829		0	24,532	2,829	2,829	0	4,116
Loan 106 - Staff Housing	6.60	31/01/17	55,254		7,664	7,184	47,590	55,254	3,469	3,763
Loan 110 - Staff Housing	5.76	01/02/16	34,183		6,083	5,747	28,100	34,183	1,883	2,171
Community Amenities										
Loan 109 - CRC	5.85	01/02/21	56,690		4,134	4,072	52,556	56,690	3,255	3,498
Loan 116 - Land Purchase	6.15	17/06/19	71,852		7,196	6,773	64,656	71,852	4,310	4,765
Loan 117 - Industrial Units	5.69	21/07/26	0	150,000	5,000	0	145,000	0	5,000	0
Recreation & Culture										
Loan 108 - Bowling Club	5.85	01/02/21	138,324		10,526	9,936	127,798	138,324	7,941	8,552
Transport										
Loan 114 - Trailer	6.15	17/06/19	151,734		15,197	14,303	136,537	151,734	9,102	10,062
Loan 115 - Truck	4.88	22/01/19	117,125		12,292	11,713	104,833	117,125	5,568	5,753
Loan 118 - Vibe Roller	5.69	21/07/26	0	137,700	6,000	0	0	0	6,000	0
Economic Services										
Loan 107 - Caravan Park	6.28	10/11/13	20,188		7,702	7,241	12,486	20,188	1,149	1,548
Loan 112 - Caravan Park	5.76	01/02/16	22,788		4,055	3,832	18,733	22,788	1,255	1,459
			705,967	287,700	102,826	111,325	759,141	705,967	50,803	48,148

All debenture repayments are to be financed by general purpose revenue.

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

5. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2011/12

Particulars/Purpose	Amount Borrowed	Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used Budget	Balance Unspent \$
	Budget							
Loan 117 - Industrial Units	150,000	WATC	Debenture	15	76,329	5.69	150,000	0
Loan 118 - Vibe Roller	137,700	WATC	Debenture	15	70,070	5.69	137,700	0

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2011 nor is it expected to have unspent debenture funds as at 30th June 2012.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$150,000 with the Bendigo Bank does exist. It is not anticipated that this facility will be required to be utilised during 2011/12.

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

	2011/12 Budget \$	2010/11 Actual \$	2010/11 Budget \$
6. RESERVES			
(a) Leave Reserve			
Opening Balance	45,360	42,948	42,948
Amount Set Aside / Transfer to Reserve	2,788	2,412	2,552
Amount Used / Transfer from Reserve	0	0	0
	<u>48,148</u>	<u>45,360</u>	<u>45,500</u>
(b) Plant Reserve			
Opening Balance	58,243	38,291	38,291
Amount Set Aside / Transfer to Reserve	103,961	19,952	1,988
Amount Used / Transfer from Reserve	(20,000)	0	0
	<u>142,204</u>	<u>58,243</u>	<u>40,279</u>
(c) Building Reserve			
Opening Balance	185,697	197,072	197,072
Amount Set Aside / Transfer to Reserve	12,171	9,210	12,624
Amount Used / Transfer from Reserve	(27,000)	(20,585)	(30,000)
	<u>170,868</u>	<u>185,697</u>	<u>179,696</u>
(d) Senior Housing Reserve			
Opening Balance	34,335	30,680	30,680
Amount Set Aside / Transfer to Reserve	1,810	3,655	1,656
Amount Used / Transfer from Reserve	0	0	0
	<u>36,145</u>	<u>34,335</u>	<u>32,336</u>
(e) Communications Reserve			
Opening Balance	9,369	8,595	8,595
Amount Set Aside / Transfer to Reserve	475	774	283
Amount Used / Transfer from Reserve	(3,021)	0	(3,070)
	<u>6,823</u>	<u>9,369</u>	<u>5,808</u>
(f) Residential Land Reserve			
Opening Balance	8,459	8,002	8,002
Amount Set Aside / Transfer to Reserve	458	457	419
Amount Used / Transfer from Reserve	0	0	0
	<u>8,917</u>	<u>8,459</u>	<u>8,421</u>
(g) Self Insurance Reserve			
Opening Balance	6,514	6,143	6,143
Amount Set Aside / Transfer to Reserve	352	371	323
Amount Used / Transfer from Reserve	0	0	0
	<u>6,866</u>	<u>6,514</u>	<u>6,466</u>
(h) Roadworks Reserve			
Opening Balance	0	56	56
Amount Set Aside / Transfer to Reserve	0	2	0
Amount Used / Transfer from Reserve	0	(58)	0
	<u>0</u>	<u>0</u>	<u>56</u>

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

6 Reserves (continued)

(i) Swimming Pool Reserve

Opening Balance	54,546	33,859	33,859
Amount Set Aside / Transfer to Reserve	3,003	20,687	1,760
Amount Used / Transfer from Reserve	<u>(20,000)</u>	<u>0</u>	<u>(20,000)</u>
	<u>37,549</u>	<u>54,546</u>	<u>15,619</u>

(j) Royalties for Regions

Opening Balance	0	92	92
Amount Set Aside / Transfer to Reserve	412,208	4	910
Amount Used / Transfer from Reserve	<u>0</u>	<u>(96)</u>	<u>0</u>
	<u>412,208</u>	<u>0</u>	<u>1,002</u>

(k) Unspent Grants

Opening Balance	31,746	30,055	30,055
Amount Set Aside / Transfer to Reserve	54	1,691	0
Amount Used / Transfer from Reserve	<u>(31,800)</u>	<u>0</u>	<u>(30,000)</u>
	<u>0</u>	<u>31,746</u>	<u>55</u>

Total Reserves	<u><u>869,728</u></u>	<u><u>434,269</u></u>	<u><u>335,238</u></u>
-----------------------	-----------------------	-----------------------	-----------------------

All of the above reserve accounts are to be supported by money held in financial institutions.

Council have a policy of annual revaluation of road infrastructure. The amount of any revaluation adjustment at 30 June 2011 is not known. Any transfer to or from an asset revaluation reserve will be a non-cash transaction and as such, has no impact on this budget document.

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

6. RESERVES (Continued)	2011/12 Budget \$	2010/11 Actual \$	2010/11 Budget \$
Summary of Transfers To Cash Backed Reserves			
Transfers to Reserves			
Leave Reserve	2,788	2,412	2,552
Plant Reserve	103,961	19,952	1,988
Building Reserve	12,171	9,210	12,624
Seniors Housing Reserve	1,810	3,655	1,656
Communications Reserve	475	774	283
Residential Land Reserve	458	457	419
Self Insurance Reserve	352	371	323
Roadworks Reserve	0	2	0
Swimming Pool Reserve	3,003	20,687	1,760
Royalties for Regions	412,208	4	910
Unspent Grants Reserve	54	1,691	0
	<u>537,280</u>	<u>59,215</u>	<u>22,515</u>
Transfers from Reserves			
Leave Reserve	0	0	0
Plant Reserve	(20,000)	0	0
Building Reserve	(27,000)	(20,585)	(30,000)
Seniors Housing Reserve	0	0	0
Communication Reserve	(3,021)	0	(3,070)
Residential Land Reserve	0	0	0
Self Insurance Reserve	0	0	0
Roadworks Reserve	0	(58)	0
Swimming Pool Reserve	(20,000)	0	(20,000)
Royalties for Regions Reserve	0	(96)	0
Unspent Grants Reserve	(31,800)	0	(30,000)
	<u>(101,821)</u>	<u>(20,739)</u>	<u>(83,070)</u>
Total Transfer to/(from) Reserves	<u>435,459</u>	<u>38,476</u>	<u>(60,555)</u>

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

Leave Reserve

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

Plant Reserve

- to be used for the purchase of major plant.

Building Reserve

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

Seniors Aged Housing Reserve

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

Communications Reserve

- to be used for Capital upgrade of the TV Rebroadcaster

Residential Land Reserve

- to be used for the profit from the sale of subdivision blocks.

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

6. RESERVES (Continued)

Self Insurance Reserve

- to be used for Insurance Excess.

Roadworks Reserve

- to be used for any unspent Road Grant monies.

Swimming Pool Reserve

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

Royalties for Regions

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

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

	2011/12 Budget \$	2010/11 Actual \$
7. NET CURRENT ASSETS		
Composition of Estimated Net Current Asset Position		
CURRENT ASSETS		
Cash - Unrestricted	123,918	(60,920)
Cash - Restricted Unspent Grants	0	0
Cash - Restricted Unspent Loans	0	0
Cash - Restricted	869,728	434,269
Accounts Receivable	(25,471)	159,734
Provision for Doubtful Debts	0	0
Prepayments	8,969	8,969
Inventories	<u>(12,050)</u>	<u>0</u>
	965,094	542,052
LESS: CURRENT LIABILITIES		
Sundry Creditors	(97,340)	0
GST Payable	32,858	55,338
ESL Clearing	194	144
Volunteer Swimming Pool Levy	0	0
Payroll Liability	<u>(31,078)</u>	<u>(31,078)</u>
NET CURRENT ASSET POSITION	869,728	566,456
Less: Cash - Restricted	<u>(869,728)</u>	<u>(434,269)</u>
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD	<u><u>0</u></u>	<u><u>132,187</u></u>

The estimated surplus/(deficiency) c/fwd in the 2010/11 actual column represents the surplus (deficit) brought forward as at 1 July 2011.

The estimated surplus/(deficiency) c/fwd in the 2011/12 budget column represents the surplus (deficit) carried forward as at 30 June 2012.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2012

8. RATING INFORMATION - 2011/12 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2011/12 Budgeted Rate Revenue \$	2011/12 Budgeted Interim Rates \$	2011/12 Budgeted Back Rates \$	2011/12 Budgeted Total Revenue \$	2010/11 Actual \$
Differential General Rate								
GRV	0.175601	159	919,016	161,380	0	0	161,380	156,039
UV	0.017752	229	38,372,000	681,172	0	0	681,172	657,383
Mining	0.017752	2	52,074	924	0	0	924	878
Sub-Totals		390	39,343,090	843,476	0	0	843,476	814,300
Minimum Rates	Minimum \$							
GRV	200	19	8,011	3,800	0	0	3,800	2,800
UV	250	26	196,200	6,500	0	0	6,500	9,977
Mining	250	13	20,977	3,250	0	0	3,250	3,081
Vacant								1,000
Sub-Totals		58	225,188	13,550	0	0	13,550	16,858
Ex-Gratia Rates								
							857,026	831,158
							12,767	12,360
							869,793	843,518
							(68,300)	(68,280)
Discounts Totals							801,493	775,238

All land except exempt land in the Shire of Mukinbudin is rated according to its Gross Rental Value (GRV) in townships or Unimproved Value (UV) in the remainder of the Shire.

The general rates detailed above for the 2011/12 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

9. SPECIFIED AREA RATE - 2011/12 FINANCIAL YEAR

Council did not budget to raise a specified are rate in the year ended 30 June 2011.

10. SERVICE CHARGES - 2011/12 FINANCIAL YEAR

	Amount of Charge \$	2011/12 Budgeted Revenue \$	Budget Applied to Costs \$	2010/11 Actual \$
Television Re-broadcasting	58	8,468	8,468	8,468
		8,468	8,468	8,468

The Service charge is for the provision of Televeision re-broadcasting. The charge is applicable to all owners within a designated area surrounding the townsite.

The process of the service charge are applied in full to the costs of maintenance and operation.

Funds in excess of that used for operating costs will be transferred to reserve.

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

11. FEES & CHARGES REVENUE	2011/12 Budget \$	2010/11 Actual \$
General Purpose Funding	4,466	6,923
Law, Order, Public Safety	1,150	1,396
Health	100	0
Housing	82,827	64,940
Community Amenities	57,030	55,192
Recreation & Culture	54,150	70,867
Economic Services	99,688	127,322
Other Property & Services	29,955	19,280
	<u>329,366</u>	<u>345,920</u>

**12. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2011/12 FINANCIAL YEAR**

A discount on rates of 10% is granted to all who pay their rates in full within 35 days of the date of service appearing on the rate notice. The actual revenue discounted in the previous year was \$68,280. this year, Council has budgeted an amount of \$68,300.

13. INTEREST CHARGES AND INSTALMENTS - 2011/12 FINANCIAL YEAR

	Interest Rate %	Admin Charge \$	Budgeted Revenue \$	Actual Revenue \$
Interest on Unpaid Rates	10		1,000	2,702
Interest on Instalments Plan	5.5		61	0
Charges on Instalment Plan		14	3,329	2,405

Ratepayers have the option of paying in four equal instalments, the due dates being:

- 23rd September 2011
- 18th November 2011
- 13th January 2012
- 9th March 2012

14. COUNCILLORS' REMUNERATION	2011/12 Budget \$	2010/11 Actual \$
The following fees, expenses and allowances were paid to council members and/or the president.		
Meeting Fees	22,500	22,500
President's Allowance	3,500	3,500
Deputy President's Allowance	875	1,500
Travelling Expenses	2,500	3,684
Telecommunications Allowance	0	0
	<u>29,375</u>	<u>31,184</u>

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

15. 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. Estimated cash at the end of the reporting period is as follows:

	2011/12 Budget \$	2010/11 Actual \$	2010/11 Budget \$
Cash - Unrestricted	123,918	(60,920)	93,219
Cash - Restricted	<u>869,728</u>	<u>434,269</u>	<u>335,238</u>
	<u><u>993,646</u></u>	<u><u>373,349</u></u>	<u><u>428,457</u></u>

The following restrictions have been imposed by regulation or other externally imposed requirements:

Leave Reserve	48,148	45,360	45,500
Plant Reserve	142,204	58,243	40,279
Building Reserve	170,868	185,697	179,696
Seniors Housing Reserve	36,145	34,335	32,336
Communication Reserve	6,823	9,369	5,808
Residential Reserve	8,917	8,459	8,421
Self Insurance Reserve	6,866	6,514	6,466
Roadworks Reserve	0	0	56
Swimming Pool Reserve	37,549	54,546	15,619
Royalties for Regions Reserve	412,208	0	1,002
Unspent Grant Reserve	0	31,746	55
	<u><u>869,728</u></u>	<u><u>434,269</u></u>	<u><u>335,238</u></u>

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

Net Result	1,666,568	375,358	1,006,816
Depreciation	1,066,640	1,053,187	721,400
(Profit)/Loss on Sale of Asset	(90,456)	13,291	94,658
(Increase)/Decrease in Receivables	185,205	16,087	362,165
(Increase)/Decrease in Inventories	12,050	0	0
Increase/(Decrease) in Payables	113,770	(48,993)	149,398
Increase/(Decrease) in Employee Provisions	6,000	12,855	35,000
Grants/Contributions for the Development of Assets	<u>(2,349,786)</u>	<u>(1,172,543)</u>	<u>(1,276,832)</u>
Net Cash from Operating Activities	<u><u>609,991</u></u>	<u><u>249,242</u></u>	<u><u>1,092,605</u></u>

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

Bank Overdraft limit	100,000	100,000	100,000
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	5,000	5,000	5,000
Credit Card Balance at Balance Date	0	0	0
Total Amount of Credit Unused	<u><u>105,000</u></u>	<u><u>105,000</u></u>	<u><u>105,000</u></u>

Loan Facilities

Loan Facilities in use at Balance Date	<u><u>759,141</u></u>	<u><u>705,967</u></u>	<u><u>709,912</u></u>
Unused Loan Facilities at Balance Date	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

16. TRUST FUNDS

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

Detail	Balance 01-Jul-11 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-12 \$
Soil Conservation	11,878	0	0	11,878
Transport	(2,594)	563,722	(561,128)	0
Nomination Deposits	0	0	0	0
Bonds	5,678	4,298	(3,250)	6,726
Karlonning Pipeline Scheme	24,093	0	0	24,093
Wilgoyne Tennis Club	(60)	0	0	(60)
Mukinbudin Indoor Cricket Club	10,235	0	0	10,235
Rates in Advance	16,657	0	(12,000)	4,657
Drive-In Donation	500	0	0	500
LGMA Wheatbelt Branch	5,121	0	0	5,121
Gymnasium Bonds	(21)	0	0	(21)
BCITF/BRB	(437)	0	0	(437)
Recoupable	68	0	0	68
	<u>71,118</u>			<u>62,760</u>

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

17. MAJOR LAND TRANSACTIONS

Earl Drive Residential Subdivision

(a) Details

Council have finished the process of developing an 18 lot residential subdivision. The development included the provision of services such as, sewage, power and transport infrastructure.
There are 18 lots available for sale with the sale price ranging from \$36,000 to \$42,000 each.

	2011/12 Budget \$	2010/11 Actual \$
(b) Current year transactions		
Operating Income		
- Profit on sale	0	0
Capital Income		
- Sale Proceeds	75,000	0
Capital Expenditure		
- Purchase of Land	0	0
- Development Costs	0	41,273
	<u>0</u>	<u>41,273</u>

(c) Expected Future Cash Flows

	2011/12 \$	2012/13 \$	2013/14 \$	2014/15 \$	2015/16 \$	Total \$
Cash Outflows						
- Development Costs	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Inflows						
- Sale Proceeds	300,000	75,000	75,000	75,000	0	525,000
	<u>300,000</u>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>0</u>	<u>525,000</u>
Net Cash Flows	<u>300,000</u>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>0</u>	<u>525,000</u>

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2011/12.

Cash Flow Movements Used in Budget

Nature and Type

	Accounts Receivable	Provision Doubtful Debts	Prepayments	Total
Receipts				
Rates	152,005	0		152,005 Add to SoCF
Operating Grants, Subsidies and Contributions	25,200			25,200 Add to SoCF
Fees and Charges	8,000	0		8,000 Add to SoCF
Service Charges				0 Add to SoCF
Interest Earnings				0 Add to SoCF
Goods and Services Tax				0 Add to SoCF
Other			0	0 Add to SoCF
	<u>185,205</u>	<u>0</u>	<u>0</u>	<u>185,205</u>

Deduct Note 7

Add Note 15 Movements

	Sundry Creditors	GST Payable	ESL Clearing	Volunteer Swimming Pool Levy	Payroll Liability	Inventories	Employee Benefits	Total
Payments								
Employee Costs	42,550					12,050	6,000	60,550 Add to SoCF
Materials and Contracts	37,585							37,585 Add to SoCF
Utility Charges	11,205							11,205 Add to SoCF
Insurance Expenses			(50)					0 Add to SoCF
Interest Expenses								0 Add to SoCF
Goods and Services Tax		22,480						22,480 Add to SoCF
Other								0 Add to SoCF
	<u>91,340</u>	<u>22,480</u>	<u>(50)</u>	<u>0</u>	<u>0</u>	<u>12,050</u>	<u>6,000</u>	<u>131,820</u>

53,385

Deduct Note 7

Add Note 15 Movements