

SHIRE OF MUKINBUDIN
BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

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SHIRE OF MUKINBUDIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
Revenue				
Rates	8	942,521	850,167	846,859
Operating Grants, Subsidies and Contributions		1,584,979	972,343	826,163
Fees and Charges	11	390,416	320,289	435,885
Interest Earnings	2(a)	25,460	30,584	33,400
Other Revenue		31,910	66,906	24,000
		<u>2,975,286</u>	<u>2,240,289</u>	<u>2,166,307</u>
Expenses				
Employee Costs		(1,014,833)	(989,946)	(486,137)
Materials and Contracts		(692,571)	(838,417)	(914,359)
Utility Charges		(210,289)	(218,196)	(213,898)
Depreciation on Non-Current Assets	2(a)	(1,113,592)	(1,097,704)	(1,110,720)
Interest Expenses	2(a)	(38,866)	(40,480)	(40,479)
Insurance Expenses		(117,085)	(125,974)	(158,200)
Other Expenditure		(51,795)	(89,534)	(44,376)
		<u>(3,239,031)</u>	<u>(3,400,251)</u>	<u>(2,968,169)</u>
		(263,745)	(1,159,962)	(801,862)
Non-Operating Grants, Subsidies and Contributions		2,072,785	895,666	1,718,139
Profit on Asset Disposals	4	28,150	0	0
Loss on Asset Disposals	4	(24,000)	0	0
		<u>1,813,190</u>	<u>(264,296)</u>	<u>916,277</u>
NET RESULT				
Other Comprehensive Income				
Changes on Revaluation of non-current assets		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME				
		<u><u>1,813,190</u></u>	<u><u>(264,296)</u></u>	<u><u>916,277</u></u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss and (if any) changes on revaluation of non-current assets in accordance with the mandating of fair value measurement through Other Comprehensive Income, is impacted upon by external forces and is not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets 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 COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2015

NOTE	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
Revenue (Refer Notes 1,2,8 to 13)			
Governance	2,970	2,605	100
General Purpose Funding	2,083,834	1,444,149	1,452,791
Law, Order, Public Safety	40,861	30,521	29,160
Health	4,193	1,705	5,450
Education and Welfare	6,550	3,739	6,000
Housing	117,972	92,765	95,554
Community Amenities	70,776	62,579	74,651
Recreation and Culture	73,598	150,469	43,010
Transport	377,538	232,099	219,471
Economic Services	146,687	157,112	206,660
Other Property and Services	50,307	62,546	33,460
	<u>2,975,286</u>	<u>2,240,289</u>	<u>2,166,307</u>
Expenses Excluding			
Finance Costs (Refer Notes 1,2 & 14)			
Governance	(310,704)	(412,004)	(326,398)
General Purpose Funding	(51,908)	(44,679)	(38,228)
Law, Order, Public Safety	(60,159)	(65,166)	(79,158)
Health	(92,173)	(85,825)	(84,971)
Education and Welfare	(84,921)	(87,980)	(82,181)
Housing	(158,339)	(165,451)	(134,192)
Community Amenities	(162,251)	(165,059)	(171,306)
Recreation & Culture	(662,865)	(655,296)	(505,913)
Transport	(1,220,536)	(1,321,866)	(1,113,040)
Economic Services	(404,452)	(362,607)	(401,487)
Other Property and Services	7,643	6,162	2,748
	<u>(3,200,665)</u>	<u>(3,359,771)</u>	<u>(2,934,126)</u>
Finance Costs (Refer Notes 2 & 5)			
Education and Welfare	(2,484)	(2,654)	0
Housing	(1,820)	(2,166)	(2,405)
Community Amenities	0	0	(2,770)
Recreation & Culture	(6,060)	(6,477)	(6,761)
Economic Services	(9,559)	(10,557)	(4,357)
Other Property and Services	(18,443)	(18,627)	(17,750)
	<u>(38,366)</u>	<u>(40,481)</u>	<u>(34,043)</u>
Non-operating Grants, Subsidies and Contributions			
Housing	791,172	26,360	876,908
Recreation & Culture	6,031	1,680	3,000
Transport	1,270,582	865,574	800,815
Economic Services	5,000	2,053	37,416
	<u>2,072,785</u>	<u>895,667</u>	<u>1,718,139</u>
Profit/(Loss) On			
Disposal Of Assets (Refer Note 4)			
Transport	4,150	0	0
	<u>4,150</u>	<u>0</u>	<u>0</u>
NET RESULT	1,813,190	(264,296)	916,277
Other Comprehensive Income			
Changes on Revaluation of non-current assets	0	0	0
Total Other Comprehensive Income	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME	<u>1,813,190</u>	<u>(264,296)</u>	<u>916,277</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss and (if any) changes on revaluation of non-current assets in accordance with the mandating of fair value measurement through Other Comprehensive Income, is impacted upon by external forces and is not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

**SHIRE OF MUKINBUDIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		932,521	849,659	908,864
Operating Grants, Subsidies and Contributions		1,587,429	1,428,782	871,363
Fees and Charges		390,416	320,289	473,885
Interest Earnings		25,460	30,584	33,400
Goods and Services Tax		250,000	66,980	250,000
Other Revenue		31,910	66,906	24,000
		<u>3,217,736</u>	<u>2,763,200</u>	<u>2,561,512</u>
Payments				
Employee Costs		(1,014,833)	(976,461)	(472,137)
Materials and Contracts		(692,571)	(1,047,721)	(846,504)
Utility Charges		(210,289)	(218,196)	(202,693)
Interest Expenses		(38,866)	(40,478)	(160,000)
Insurance Expenses		(117,085)	(125,974)	(40,479)
Goods and Services Tax		(250,000)	0	(227,520)
Other Expenditure		(51,795)	(89,534)	(44,376)
		<u>(2,375,439)</u>	<u>(2,498,364)</u>	<u>(1,993,709)</u>
Net Cash Provided By Operating Activities	15(b)	<u>842,297</u>	<u>264,836</u>	<u>567,803</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale	3	0	(425)	0
Payments for Purchase of Property, Plant & Equipment	3	(1,699,493)	(174,520)	(1,021,844)
Payments for Construction of Infrastructure	3	(1,697,990)	(1,444,163)	(1,427,086)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		2,072,785	895,666	1,718,139
Proceeds from Sale of Plant & Equipment	4	147,000	0	0
Proceeds from Advances		0	0	0
Net Cash Used in Investing Activities		<u>(1,177,698)</u>	<u>(723,442)</u>	<u>(730,791)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(97,117)	(90,969)	(90,968)
Proceeds from Self Supporting Loans		6,746	6,581	6,581
Proceeds from New Debentures	5	498,300	67,000	0
Net Cash Provided By (Used In) Financing Activities		407,929	(17,388)	(84,387)
Net Increase (Decrease) in Cash Held		72,528	(475,994)	(247,375)
Cash at Beginning of Year		200,966	676,959	676,959
Cash and Cash Equivalents at the End of the Year	15(a)	<u>273,494</u>	<u>200,965</u>	<u>429,584</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 2015**

	NOTE	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
Revenues	1,2			
Governance		2,970	2,605	100
General Purpose Funding		1,141,313	593,982	605,932
Law, Order, Public Safety		40,861	30,521	29,160
Health		4,193	1,705	5,450
Education and Welfare		6,550	3,739	6,000
Housing		909,144	119,125	972,462
Community Amenities		70,776	62,579	74,651
Recreation and Culture		79,629	152,149	46,010
Transport		1,652,270	1,097,673	1,020,286
Economic Services		151,687	159,165	244,076
Other Property and Services		50,307	62,546	33,460
		<u>4,109,700</u>	<u>2,285,789</u>	<u>3,037,587</u>
Expenses	1,2			
Governance		(310,704)	(412,004)	(326,398)
General Purpose Funding		(51,908)	(44,679)	(38,228)
Law, Order, Public Safety		(60,159)	(65,166)	(79,158)
Health		(92,173)	(85,825)	(84,971)
Education and Welfare		(87,405)	(90,634)	(82,181)
Housing		(160,159)	(167,617)	(136,597)
Community Amenities		(162,251)	(165,059)	(174,076)
Recreation & Culture		(668,925)	(661,773)	(512,674)
Transport		(1,220,536)	(1,321,866)	(1,113,040)
Economic Services		(414,011)	(373,164)	(405,844)
Other Property and Services		(10,800)	(12,465)	(15,002)
		<u>(3,239,031)</u>	<u>(3,400,252)</u>	<u>(2,968,169)</u>
Net Operating Result Excluding Rates		870,669	(1,114,463)	69,418
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	4	(4,150)	0	0
Depreciation on Assets	2(a)	1,113,592	1,097,704	1,110,720
Movement in Non-Current Staff Leave Provisions		0	(11,036)	0
Movement in Deferred Pensioner Rates/ESL		0	(576)	0
Movement in Non-Current Receivables		0	0	0
Capital Expenditure and Revenue		0	0	
Purchase Land Held for Resale	3	0	(425)	0
Purchase Land and Buildings	3	(914,477)	(42,055)	(974,826)
Purchase Infrastructure Assets - Roads	3	(1,551,386)	(1,338,779)	(1,267,067)
Purchase Infrastructure Assets - Parks	3	0	(5,135)	0
Purchase Infrastructure Assets - Other		(146,604)	(100,249)	(160,019)
Purchase Plant and Equipment	3	(742,945)	(90,937)	(10,600)
Purchase Furniture and Equipment	3	(42,071)	(41,528)	(36,418)
Proceeds from Disposal of Assets	4	147,000	0	0
Repayment of Debentures	5	(97,117)	(90,969)	(90,968)
Proceeds from New Debentures	5	498,300	67,000	0
Self-Supporting Loan Principal Income		6,746	6,581	6,581
Transfers to Reserves (Restricted Assets)	6	(27,890)	0	0
Transfers from Reserves (Restricted Assets)	6	250,913	135,469	116,298
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	(303,101)	376,128	390,022
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	0	(303,101)	0
Amount Required to be Raised from General Rate	8	<u>(942,521)</u>	<u>(850,169)</u>	<u>(846,859)</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 2015**

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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. Material accounting policies which have been adopted in the preparation of this budget are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, 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.

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. A separate statement of those monies appears at Note 16 to this budget document.

(b) 2013/14 Actual Balances

Balances shown in this budget as 2013/14 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(c) Rounding Off Figures

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

(d) 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.

(e) 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.

(f) Superannuation

The Council contributes to a number of Superannuation Funds on behalf of employees.

All funds to which the Council contributes are defined contribution plans.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Cash and Cash Equivalents

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

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

(h) 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.

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

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

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

(j) 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.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

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

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

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

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

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

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

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

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

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the Council 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.

Whilst they were initially recorded at cost (being fair value at the date of acquisition (deemed cost) as per AASB 116) they were revalued along with other items of Land and Buildings at 30 June 2014.

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 Council 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 of the next anniversary date in accordance with the mandatory measurement framework detailed above.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

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.

Transitional Arrangement

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

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

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

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 Council.

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.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

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

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

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

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

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

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

Capitalisation Threshold

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

(k) Fair Value of Assets and Liabilities

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

Fair Value is the price that Council 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.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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. 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 (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie 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 Council 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 Council 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 BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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 Council 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 and 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 at least every 3 years.

(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 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.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

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.

(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. Assets in this category are classified as current assets. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(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 Council's management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable 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 (excl. financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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 has 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 for receipt of cash flows expire or the asset is transferred to another party, whereby the Council 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.

(m) Impairment of Assets

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

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

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of Assets (Continued)

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 this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2015.

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

(n) Trade and Other Payables

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

(o) Employee Benefits

Short-Term Employee Benefits

Provision is made for the Council'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 Council'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 Council'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 or 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 Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council 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.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) 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.

(q) Provisions

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

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

(r) Current and Non-Current Classification

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

(s) Comparative Figures

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

(t) 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 2015

	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
2. REVENUES AND EXPENSES			
(a) Net Result			
The Net Result includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	17,300	11,238	15,000
Other Services	2,300	0	0
Depreciation			
By Program			
Governance	70	59	0
General Purpose Funding	0	0	0
Law, Order, Public Safety	4,000	4,244	30,000
Health	500	533	800
Education and Welfare	22,980	24,598	25,000
Housing	25,200	26,898	27,700
Community Amenities	2,800	2,800	12,300
Recreation and Culture	103,402	110,440	93,320
Transport	790,000	744,991	790,000
Economic Services	33,200	35,230	600
Other Property and Services	131,440	147,911	131,000
	<u>1,113,592</u>	<u>1,097,704</u>	<u>1,110,720</u>
By Class			
Land and Buildings	152,000	150,919	135,449
Furniture and Equipment	22,000	21,855	21,155
Plant and Equipment	140,280	136,585	287,148
Roads	735,312	724,652	649,893
Footpaths	12,500	12,432	11,091
Parks & Ovals	34,000	33,956	0
Other Infra	17,500	17,305	5,984
	<u>1,113,592</u>	<u>1,097,704</u>	<u>1,110,720</u>
Interest Expenses (Finance Costs)			
- Debentures (<i>refer note 5(a)</i>)	38,366	40,480	40,479
- Overdraft Interest	500	0	0
	<u>38,866</u>	<u>40,480</u>	<u>40,479</u>
(ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	11,640	13,389	20,000
- Other Funds	10,600	13,830	9,800
Other Interest Revenue (<i>refer note 13</i>)	3,220	3,365	3,600
	<u>25,460</u>	<u>30,584</u>	<u>33,400</u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

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, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

COMMUNITY VISION

To assist our community towards a prosperous future by providing a positive environment in which to work and live.

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.

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.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

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 2015**

3. ACQUISITION OF ASSETS	2014/15 Budget \$
The following assets are budgeted to be acquired during the year:	
<u>By Program</u>	
Housing	
Exec House	307,880
Aged Units	405,205
Recreation and Culture	
Auto Pool Vacuum	11,000
Drafting Plans Stage 4 Pool redevelopment	8,000
Unisex Disabled Toilet	12,500
Diving Board Stairs	10,700
New Cylinder Mower	5,600
Shade Shelter Shadbolt St	6,000
Popes Hill Memorial Interp Centre	27,225
Transport	
Depot Concrete Works	6,000
Roadworks	1,551,386
Grader	348,800
Multi Tyred Roller	180,000
Tractor	59,500
Recreation Dual Cab Ute	29,500
CEO Prado	58,000
PWS Dual Cab Ute	28,000
New push along Vacuum	\$2,045
Second Hand Walk Behind Spray unit	\$2,500
New Panther Pro Flail Mower with collection	\$18,000
Economic Services	
Caravan Park Long Term Stay Accomodation	173,892
Caravan Park Power and Sewerage upgrade	84,005
Standpipes upgrade	18,674
Other Property and Services	
New Digital Phone System Admin Office	12,000
Synergysoft 2nd year	30,071
Rear Fence Admin Office	1,000
	3,397,483
<u>By Class</u>	
Land Held for Resale	
Land and Buildings	914,477
Infrastructure Assets - Roads	1,551,386
Infrastructure Assets - Parks and Ovals	0
Infrastructure Assets - Other	146,604
Plant and Equipment	742,945
Furniture and Equipment	42,071
	3,397,483

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget document as follows:

- plant replacement programme
- other assets
- road replacement programme
- other infrastructure

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

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)
	2014/15 BUDGET \$	2014/15 BUDGET \$	2014/15 BUDGET \$
(Asset 225) CAT Grader 1997 MBL MBL 95 or 100	47,000	70,000	23,000
(Asset 226) Multipac Roller 1997 MBL 811	30,000	15,000	(15,000)
(Asset 198) CASE Tractor 1994 MBL 244	11,000	5,000	(6,000)
(Asset 293) Ute Recreation MBL 1000	2,800	3,500	700
(Asset 319) Ride on Mower John Deere	850	1,000	150
(Asset256) Howard Rollamowa	1,200	2,500	1,300
(Asset 434) CEO Nissan Patrol 1 MBL	32,000	35,000	3,000
(Asset 438) Trade PWS MBL 2 - 4 x 2 ute MBL 2	18,000	15,000	(3,000)
	142,850	147,000	4,150

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2014/15 BUDGET \$	2014/15 BUDGET \$	2014/15 BUDGET \$
Plant & Equipment	142,850	147,000	4,150
	142,850	147,000	4,150

Summary

Profit on Asset Disposals	28,150
Loss on Asset Disposals	(24,000)
	<u>4,150</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

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

Particulars	Principal 1-Jul-13	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2014/15 Budget \$	2013/14 Actual \$	2014/15 Budget \$	2013/14 Actual \$	2014/15 Budget \$	2013/14 Actual \$
Education & Welfare								
Loan 109 - CRC	42,965		5,129	4,841	37,836	42,965	2,484	2,654
Housing								
Loan 106 - Staff Housing	30,961		9,314	8,729	21,647	30,961	1,820	2,166
Recreation & Culture								
Loan 108 - Bowling Club	104,834		12,514	11,813	92,320	104,834	6,060	6,477
Economic Services								
Loan 107 - Caravan Park	0		0	4,291	0	0	0	97
Loan 112 - Caravan Park	9,898		4,809	4,543	5,089	9,898	525	682
Loan 116 - Land Purchase	48,888		8,630	8,123	40,258	48,888	2,925	3,408
Loan 119 - Mukinbudin Cafe	117,872		6,546	6,219	111,326	117,872	6,109	6,369
Other Property & Services								
Loan 114 - Trailer	103,237		18,225	17,154	85,012	103,237	6,176	7,188
Loan 115 - Truck	78,397		14,205	13,536	64,192	78,397	3,734	4,114
Loan 118 - Vibe Roller	109,468		12,324	11,720	97,144	109,468	5,495	5,921
Loan 120 - Skid Steer	67,000		5,421	0	61,579	67,000	3,038	1,404
Loan 121 - Grader	0	278,800	0	0	278,800	0	0	0
Loan 122 - Roller	0	165,000	0	0	165,000	0	0	0
Loan 123 - Tractor	0	54,500	0	0	54,500	0	0	0
	713,520	498,300	97,117	90,969	1,114,703	713,520	38,366	40,480

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 2015

5. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2014/15

Particulars/Purpose	Amount Borrowed Budget	Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used Budget	Balance Unspent \$
Loan 121 - Grader	278,800	Treasury	Debenture	8	Unknown	Unknown	278,800	0
Loan 122 - Roller	165,000	Treasury	Debenture	8	Unknown	Unknown	165,000	0
Loan 123 - Tractor	54,500	Treasury	Debenture	8	Unknown	Unknown	54,500	0

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2014 nor is it expected to have unspent debenture funds as at 30th June 2015.

(d) Overdraft

Council has utilised an overdraft facility during the financial year, the overdraft facility of \$200,000 held with the Bendigo Bank does exist. It is anticipated that this facility will be required to be utilised during 2014/15.

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
6. RESERVES			
(a) Leave Reserve			
Opening Balance	50,033	50,033	50,034
Amount Set Aside / Transfer to Reserve	1,501	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>51,534</u>	<u>50,033</u>	<u>50,034</u>
(b) Plant Reserve			
Opening Balance	61,415	61,415	61,415
Amount Set Aside / Transfer to Reserve	1,842	0	0
Amount Used / Transfer from Reserve	(39,500)	0	0
	<u>23,757</u>	<u>61,415</u>	<u>61,415</u>
(c) Building Reserve			
Opening Balance	197,821	197,821	197,821
Amount Set Aside / Transfer to Reserve	5,935	0	0
Amount Used / Transfer from Reserve	(160,000)	0	0
	<u>43,756</u>	<u>197,821</u>	<u>197,821</u>
(d) Senior Housing Reserve			
Opening Balance	46,064	46,064	46,064
Amount Set Aside / Transfer to Reserve	1,382	0	0
Amount Used / Transfer from Reserve	(20,000)	0	0
	<u>27,446</u>	<u>46,064</u>	<u>46,064</u>
(e) Communications Reserve			
Opening Balance	0	19,171	19,170
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	(19,171)	0
	<u>0</u>	<u>0</u>	<u>19,170</u>
(f) Residential Land Reserve			
Opening Balance	9,555	9,555	9,555
Amount Set Aside / Transfer to Reserve	287	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>9,842</u>	<u>9,555</u>	<u>9,555</u>
(g) Self Insurance Reserve			
Opening Balance	7,292	7,291	7,291
Amount Set Aside / Transfer to Reserve	219	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>7,511</u>	<u>7,291</u>	<u>7,291</u>
(h) Roadworks Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Total Reserves C/Fwd	<u>163,846</u>	<u>372,179</u>	<u>391,350</u>

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
6. RESERVES (Continued)			
Total Reserves B/Fwd	<u>163,846</u>	<u>372,179</u>	<u>391,350</u>
(i) Swimming Pool Reserve			
Opening Balance	10,812	97,110	97,110
Amount Set Aside / Transfer to Reserve	16,574	0	0
Amount Used / Transfer from Reserve	<u>(26,250)</u>	<u>(86,298)</u>	<u>(86,298)</u>
	<u>1,136</u>	<u>10,812</u>	<u>10,812</u>
(j) Royalties for Regions Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>
(k) Unspent Grants Reserve			
Opening Balance	5,013	35,014	35,014
Amount Set Aside / Transfer to Reserve	150	0	0
Amount Used / Transfer from Reserve	<u>(5,163)</u>	<u>(30,000)</u>	<u>(30,000)</u>
	<u>0</u>	<u>5,014</u>	<u>5,014</u>
Total Reserves	<u><u>164,982</u></u>	<u><u>388,005</u></u>	<u><u>407,176</u></u>

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

SHIRE OF MUKINBUDIN

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
6. RESERVES (Continued)			
SUMMARY OF RESERVE TRANSFERS			
Transfers to Reserves			
Leave Reserve	1,501	0	0
Plant Reserve	1,842	0	0
Building Reserve	5,935	0	0
Senior Housing Reserve	1,382	0	0
Communications Reserve	0	0	0
Residential Land Reserve	287	0	0
Self Insurance Reserve	219	0	0
Roadworks Reserve	0	0	0
Swimming Pool Reserve	16,574	0	0
Royalties for Regions Reserve	0	0	0
Unspent Grants Reserve	150	0	0
	<u>27,890</u>	<u>0</u>	<u>0</u>
Transfers from Reserves			
Leave Reserve	0	0	0
Plant Reserve	(39,500)	0	0
Building Reserve	(160,000)	0	0
Senior Housing Reserve	(20,000)	0	0
Communications Reserve	0	(19,171)	0
Residential Land Reserve	0	0	0
Self Insurance Reserve	0	0	0
Roadworks Reserve	0	0	0
Swimming Pool Reserve	(26,250)	(86,298)	(86,298)
Royalties for Regions Reserve	0	0	0
Unspent Grants Reserve	(5,163)	(30,000)	(30,000)
	<u>(250,913)</u>	<u>(135,469)</u>	<u>(116,298)</u>
Total Transfer to/(from) Reserves	<u>(223,023)</u>	<u>(135,469)</u>	<u>(116,298)</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.

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.

The Leave, Residential Land, Self Insurance and Royalties for Regions Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

The Plant, Building, Seniors Housing and Swimming Pool Reserve is expected to be utilised in 2014/15.

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

	Note	2014/15 Budget \$	2013/14 Actual \$
7. NET CURRENT ASSETS			
Composition of Estimated Net Current Asset Position			
CURRENT ASSETS			
Cash - Unrestricted	15(a)	108,512	(187,039)
Cash - Restricted Reserves	15(a)	164,982	388,005
Receivables		121,700	114,150
Inventories		<u>0</u>	<u>0</u>
		395,194	315,116
LESS: CURRENT LIABILITIES			
Payables and Provisions		<u>(280,244)</u>	<u>(280,245)</u>
NET CURRENT ASSET POSITION		114,950	34,871
Less: Cash - Restricted Reserves	15(a)	(164,982)	(388,005)
Less: Cash - Restricted Municipal		<u>50,032</u>	<u>50,033</u>
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		<u><u>0</u></u>	<u><u>(303,101)</u></u>

The estimated surplus/(deficiency) c/fwd in the 2013/14 actual column represents the surplus (deficit) brought forward as at 1 July 2014.

The estimated surplus/(deficiency) c/fwd in the 2014/15 budget column represents the surplus (deficit) carried forward as at 30 June 2015.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

8. RATING INFORMATION - 2014/15 FINANCIAL YEAR

<u>RATE TYPE</u>	Rate in \$	Number of Properties	Rateable Value \$	2014/15 Budgeted Rate Revenue \$	2014/15 Budgeted Interim Rates \$	2014/15 Budgeted Back Rates \$	2014/15 Budgeted Total Revenue \$	2013/14 Actual \$
Differential General Rate/General Rate								
GRV - Residential	0.1615	149	1,092,572	176,450	0	0	176,450	171,122
GRV - Vacant	0.1615	1	3,640	588	0	0	588	560
UV - Rural	0.0203	224	37,269,500	756,571	0	0	756,571	697,798
UV - Mining	0.0203	2	74,355	1,509	0	0	1,509	(298)
Sub-Totals		376	38,440,067	935,118	0	0	935,118	869,182
Minimum Payment	Minimum \$							
GRV - Residential	400	22	18,782	8,800	0	0	8,800	3,840
GRV - Vacant	400	3	1,208	1,200	0	0	1,200	1,000
UV - Rural	500	30	280,300	15,000	0	0	15,000	27,836
UV - Mining	500	8	28,896	4,000	0	0	4,000	3,385
Sub-Totals		63	329,186	29,000	0	0	29,000	36,061
Discounts (Note 12)							(35,750)	(75,199)
Total Amount Raised from General Rate							928,368	830,044
Ex-Gratia Rates							14,153	13,479
Specified Area Rates (Note 9)							0	0
Movement in Excess Rates							0	6,644
Total Rates							942,521	850,167

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

The general rates detailed above for the 2014/15 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 2015**

**8(a). RATING INFORMATION - 2014/15 FINANCIAL YEAR
(continued)**

OBJECTIVES AND REASONS FOR DIFFERENTIAL RATING

To provide equity in the rating of properties across the Shire the following rate categories have been determined for the implementation of Differential Rating.

GRV - Residential

Properties within the townsite boundaries with a predominant residential use. This is considered to be the base rate by which all other GRV rated properties are assessed.

GRV Residential Vacant

Vacant properties located within the townsite boundaries excepting land zoned as Commercial and Industrial. The rate for this category is designed to encourage land owners to develop their vacant land and also reflects the different method used for the valuation of vacant residential land by the Valuer General.

GRV Commercial

Properties used for commercial and industrial purposed and non - residential land. The higher rate reflects the additional cost of servicing commercial activity including car parking, landscaping and other amenities.

UV Rural

Consists of properties exclusively for rural use. This is considered the base rate for which all other UV rated properties are assessed.

UV Commercial Rural

Consists of properties outside the townsite having a commercial use. This category is rated higher to reflect the higher infrastructure maintenance to Council.

Minimum Rates

The setting of minimum rates within the categories is an important method of ensuring all properties contribute an equitable rate amount.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

9. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

	Rate in \$	Rateable Value	2014/15 Budgeted Revenue \$	Budget Applied to Costs \$	2013/14 Actual \$
Nil	0.0000	0	0	0	0
			0	0	0

The Shire of Mukinbudin has no specified area rates for 2014/15

10. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

	Amount of Charge \$	2014/15 Budgeted Revenue \$	Budget Applied to Costs \$	2013/14 Actual \$
Nil	0	0	0	0
		0	0	0

The Shire of Mukinbudin has no service charges for 2014/15

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

11. FEES & CHARGES REVENUE	2014/15 Budget \$	2013/14 Actual \$
Governance	1,740	1,611
General Purpose Funding	6,594	7,160
Law, Order, Public Safety	3,900	1,926
Health	450	0
Education and Welfare	0	
Housing	106,340	85,930
Community Amenities	67,276	57,428
Recreation & Culture	42,226	42,041
Transport	0	47
Economic Services	144,890	107,297
Other Property & Services	17,000	16,849
	<u>390,416</u>	<u>320,289</u>

**12. RATE PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS
- 2014/15 FINANCIAL YEAR**

A discount on rates of 5% 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 \$75,199. This year Council has budgeted an amount of \$35,750.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

13. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR

	Interest Rate	Admin Charge	Budgeted Revenue 2014/15	Actual Revenue 2013/14
	%	\$	\$	\$
Interest on Unpaid Rates	11		3,000	3,167
Interest on Instalments Plan	5.5		100	77
ESL Penalty Interest			120	121
Charges on Instalment Plan		14	3,094	3,000
			6,314	6,365

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

25th September 2014
20th November 2014
16th January 2015
13th March 2015

14. ELECTED MEMBERS REMUNERATION

**2014/15
Budget
\$**

**2013/14
Actual
\$**

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

Meeting Fees	31,500	31,445
President's Allowance	3,500	3,500
Deputy President's Allowance	875	875
Travelling Expenses	5,800	3,704
Telecommunications Allowance	4,500	4,500
	46,175	44,024

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

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:

	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
Cash - Unrestricted	108,512	(187,039)	22,408
Cash - Restricted	164,982	388,005	407,176
	<u>273,494</u>	<u>200,966</u>	<u>429,584</u>

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

Leave Reserve	51,534	50,033	50,034
Plant Reserve	23,757	61,415	61,415
Building Reserve	43,756	197,821	197,821
Seniors Housing Reserve	27,446	46,064	46,064
Communication Reserve	0	0	19,170
Residential Land Reserve	9,842	9,555	9,555
Self Insurance Reserve	7,511	7,292	7,291
Roadworks Reserve	0	0	0
Swimming Pool Reserve	1,136	10,812	10,812
Royalties for Regions Reserve	0	0	0
Unspent Grant Reserve	0	5,013	5,014
Cash - Restricted Unspent Grants	0	0	0
Cash - Restricted Unspent Loans	0	0	0
	<u>164,982</u>	<u>388,005</u>	<u>407,176</u>

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

Net Result	1,813,190	(264,296)	916,277
Depreciation	1,113,592	1,097,704	1,110,720
(Profit)/Loss on Sale of Asset	(4,150)	0	0
(Increase)/Decrease in Receivables	9,189	522,911	145,205
(Increase)/Decrease in Inventories	0	0	0
Increase/(Decrease) in Payables	(16,739)	(238,103)	107,740
Increase/(Decrease) in Employee Provisions	0	42,286	6,000
Grants/Contributions for the Development of Assets	(2,072,785)	(895,667)	(1,718,139)
Net Cash from Operating Activities	<u>842,297</u>	<u>264,835</u>	<u>567,803</u>

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

Bank Overdraft limit	200,000	200,000	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>205,000</u>	<u>205,000</u>	<u>105,000</u>

Loan Facilities

Loan Facilities in use at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

16. TRUST FUNDS

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

Detail	Balance 1-Jul-14 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-15 \$
Police Licensing	0	180,000	(180,000)	0
Wilgoyne Tennis Club	0	0	0	0
Mukinbudin Indoor Cricket Club	11,346	0	0	11,346
BRB	106	300	(306)	100
Rates in Advance	0	6,605	(4,000)	2,605
LGMA Wheatbelt	0	0	0	0
Trust - Other	0	0	0	0
Sports Complex Key Bonds	20	0	0	20
Builders Levy (BCITF)	0	200	(200)	0
Karlonning Pipeline Scheme	0	0	0	0
Council Nomination Deposit	0	0	0	0
Drive in Donation	500	0	0	500
Housing Tenancy Bonds	10,068	2,000	(3,000)	9,068
Hall Hire Bonds & Deposits	0	500	(500)	0
Gym Bonds	342	240	(200)	382
Soil Conservation	13,166	0	0	13,166
	<u>35,548</u>	<u>189,845</u>	<u>(188,206)</u>	<u>37,187</u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

17. MAJOR LAND TRANSACTIONS

It is not anticipated any major land transactions will occur in 2014/15.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2014/15.