

Shire of Mukinbudin

2009/2010 Annual Report



WA'S INAUGURAL MEN'S SHED CONFERENCE 2009

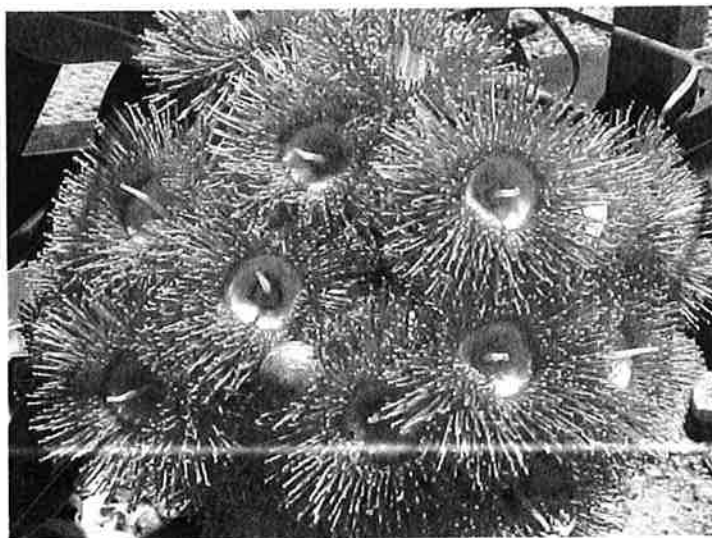


2009 SPRING FESTIVAL



CONTENTS

| | Page |
|--|--------------|
| 1. About this Report | 2 |
| 2. The Council | 3 |
| 3. Shire of Mukinbudin Staff | 4 |
| 4. Shire of Mukinbudin Organisational Structure | 5 |
| 5. Shire Profile | 6 |
| 6. Shire of Mukinbudin Statistics | 7 |
| 7. Presidents Report | 8-10 |
| 8. Chief Executive Officers Report | 11 |
| 9. Statutory Reports | 12-15 |
| 10. Plan for the Future | 16-17 |
| 11. Financial Statements | 18-77 |
| 12. Auditors Report | 78-81 |





ABOUT THIS REPORT

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

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



THE COUNCIL

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

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

Council elections are held on the third Saturday in October every two years with the next election in 2011.

President

Cr Gary Shadbolt

Deputy President

Cr Paul Jones

| Elected Members | Telephone | Years of Service | Term Expires |
|------------------------|------------------|-------------------------|---------------------|
| Cr Rodney COMERFORD | 9048 7063 | 3 | 2013 |
| Cr Bill CROOK | 9047 1199 | 1 | 2013 |
| Cr Chris GERAGHTY | 9048 4021 | 17 | 2011 |
| Cr Paul JONES | 9047 1052 | 16 | 2013 |
| Cr Dawn LANCASTER | 9047 1140 | 7 | 2011 |
| Cr Stephen PALM | 9048 7012 | 4 | 2013 |
| Cr Kylie SIPPE | 9047 1222 | 3 | 2011 |
| Cr Gary SHADBOLT | 9047 1036 | 7 | 2011 |
| Cr Brian WATSON | 9047 0014 | 1 | 2013 |

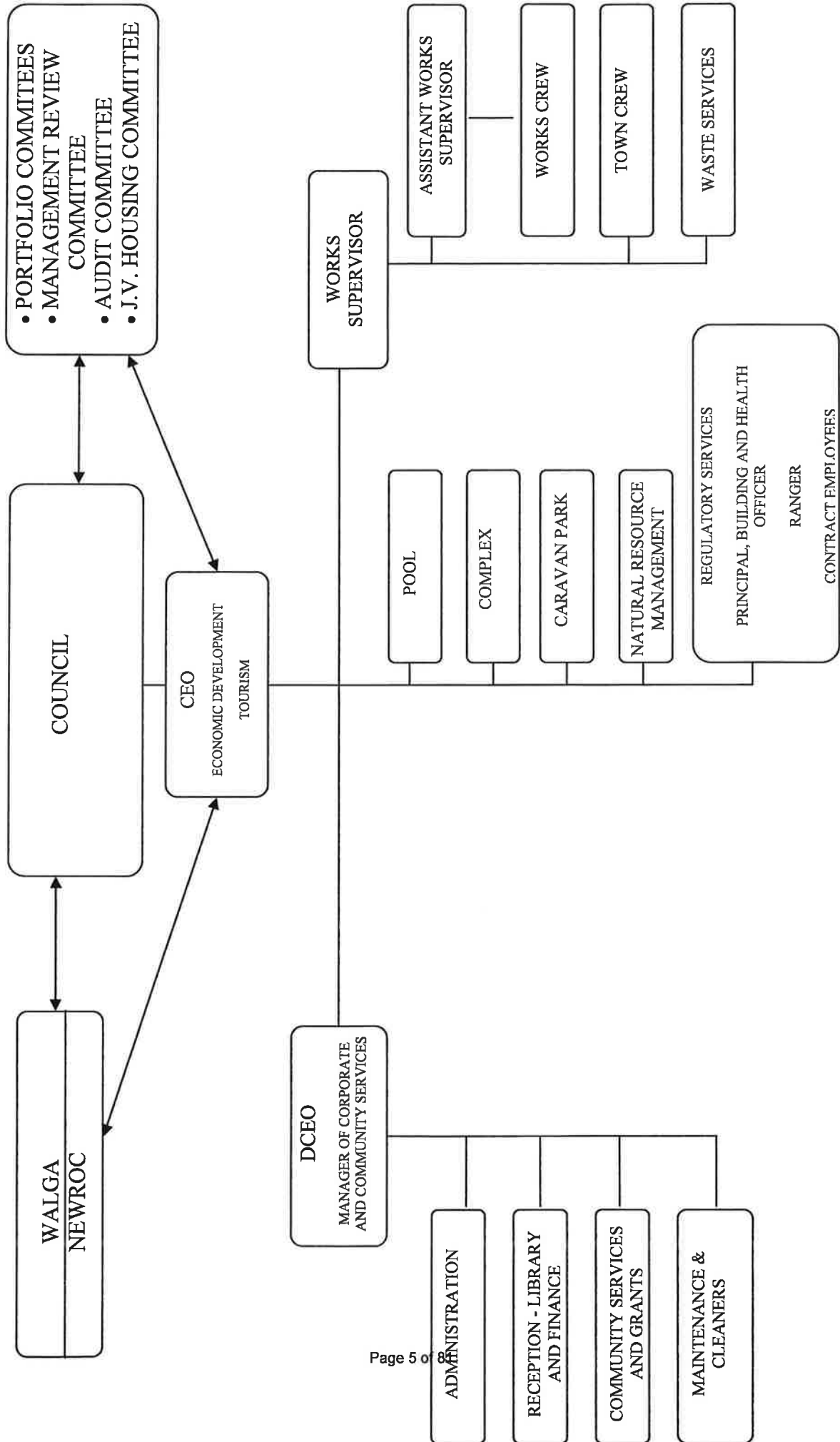


**SHIRE OF MUKINBUDIN STAFF
as at 30 June 2010**

| | |
|--|--------------------|
| Chief Executive Officer | Trevor Smith |
| Deputy Chief Executive Officer | Ellen Della Bosca |
| Environmental Health Officer | Julian Goldacre |
| Community Development Officer | Ann Brandis |
| Senior Administration Officer | Carly Inferrera |
| Club Development/ HPO | Leanne Clune |
| Clerical Officer | Katharine Collins |
| Clerical Officer Trainee | Brianna Ryder |
| Natural Resource Management Officer | Tracey Hobbs |
| Asst. Natural Resource Management Officer | Dylan Copeland |
| Swimming Pool Manager | Kaye Bunney |
| Caravan Park Managers | Bob & Faye Charles |
| Works Supervisor | Bob Edwards |
| Assistant Works Supervisor | Danny O'Donnell |
| Plant Operator | Noel Bond |
| Plant Operator | Doug Miller |
| Plant Operator | Will Jenkin |
| Plant Operator | Evelyn Jones |
| Plant Operator | Paul Ketchell |
| Gardener | Daniel Berglund |
| Gardener | Daniel Mori |
| Sports Complex Cleaner | Barb English |
| Cleaner | Barb Allison |
| Cleaner | Dawn Fraser |



ORGANISATIONAL CHART





SHIRE PROFILE

History of Mukinbudin – “Classic, Dry, Red”

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

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

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

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

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

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

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

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

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

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

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

A playgroup and Occasional Care Centre is also available.

Shops include IGA supermarket, butcher, clothing and giftware, cafe, video store, coffee shop, newsagency, hairdresser, hotel, service station/tyres, plant nurseries, Bendigo Bank branch, Westpac Bank branch and Commonwealth Bank agency, Community Resource Centre.



A community Health Nurse provides a 24 hour service with a doctor visiting once a week. The nearest hospital is at Kununoppin, a distance of only 45 km's. Allied Health Services are available through the Mukinbudin Health Centre.

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

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

SHIRE OF MUKINBUDIN STATISTICS

Localities

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

Significant Local Events

Mukinbudin Spring Festival

Ordinary Council Meeting

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

Tourist Attractions

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

Local Industries

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

Shire Statistics

| | |
|--------------------------|----------------------|
| Distance from Perth | 295km |
| Shire Area | 3414 km ² |
| Length of Sealed Roads | 189.10km's |
| Length of Unsealed Roads | 732.60km's |
| Population | 700 |
| Number of Electors | 421 |
| Number of Dwellings | 314 |
| Total Rates Levied | \$749,021 |
| Total Revenue | \$3,432,581 |
| Number of Employees | 24 |



PRESIDENT'S REPORT

It gives me great pleasure to present my report for the financial year 2009/2010.

Council

There were two changes to Council during the year resulting from the 2009 elections. We welcome Cr's Brian Watson and Cr Bill Crook and farewell Steve Paterson and Brendon Jones. I would especially like to thank Steve Paterson for his twelve years service as a Councillor serving the residents and ratepayers of the district. This service was more recently recognised by WALGA with a well deserved Long and Loyal Service Award.

The Local Government Reform Process continues to be part of the State Government agenda with the Minister for Local Government focussing on amalgamations to the detriment of the meaningful reform process commenced previously by WALGA. Council is still committed to fulfilling the community's wishes of remaining independent and we consistently sent this message to the Minister during the 2009/2010 year. More recently Council has held discussions with the Shire of Nungarin to explore a range of issues however it is preferred that we limit ourselves to resource sharing and other forms of cooperation between the Shires.

Regional Cooperation

NEWROC remains as the preferred organisation for larger regional cooperation efforts across the six member Shires and is now also the vehicle for Royalties for Regions funds that are required to be spent on regional projects. This additional cooperation between the Shires should serve to strengthen the ties in NEWROC.

NEWHealth continues to provide health, building and planning services across the region and I would like to thank Julian Goldacre for the proactive manner in which he has undertaken his expanded role across five Shires and provided quality service and advice to our residents.

NEWTravel has been very proactive in developing a tourist trail across the NEWTravel region which when finalised and marketed will increase the economic activity in local businesses in all of our towns. The trail has been well researched and will be professionally finished by consultants and financed by Royalties for Regions money. I would like to thank Mrs Ray Watson for her work as President of NEWTravel and for the time and effort that she contributes in that role.

Staff

A small number of staff movements occurred during the year with the appointment of Daniel Berglund to the Town Crew. We welcome Daniel and his expanding family to the Shire and trust that their time here will be both enjoyable and rewarding. The Shire was also fortunate to employ Faye and Bob Charles in June 2009 and in the time that they have been employed at the Caravan Park the feedback from tourists and others staying at the park has been first rate.

Brianna Ryder commenced duties as the Clerical Trainee for twelve months taking over from Gabby Thomas-Millar. Carly Inferrera has rejoined the office three days a week in the Senior Administration Officer role following her maternity leave. After her second period of employment at the Shire Jessica Spark has departed for Victoria and we wish her all the best in her endeavours over east.

Technical Services

The main construction task for 2009/2010 was the continuation of the Koorda-Bullfinch Road widening heading east to the shire boundary. Smaller construction works were undertaken on a number of gravel roads and the Shire has also undertaken nearly \$200,000 in maintenance works. The depot crew also contributed to the construction of the new subdivision undertaking road works and providing the fill to the subdivision.



This was the first full year of use for the new side tipper truck and trailer combination and the increase in material able to be moved proved that the investment by Council was sound and will provide greater capacity for roadwork's in the future.

Community Services

The Shire gymnasium has continued operations beyond the initial funding period and the number of people renewing membership has shown that this facility will be utilised even with our new membership fees (still a bargain compared with Perth prices).

The Men's Shed hosted the first Western Australian Men's Conference during the 2009 Spring Festival and the Shire was instrumental in ensuring the success of this event and the excellent publicity for Mukinbudin that has continued even now with repeat visitors and word of mouth. The number of visitors to Mukinbudin who visit the Shed has also increased and the volunteers who show them around perform a valuable role in promoting tourism in the Shire.

The Act, Belong, Commit program has continued along with the Club Development Officer Scheme and funding for the continuation of these programs across NEWROC has been secured for the next three years.

While the swimming pool is yet to receive the grant funds that we need to undertake vital improvements Council has reapplied and hopefully we will be successful in the next round. In the meantime I would like to thank Kay Bunney for her continued efforts in keeping the pool running and the surrounds looking great each summer.

Natural Resource Management

This program has continued with great success and Tracey Hobbs has been joined by Dylan Copeland. A number of grants have been successful and the NRM Officers continue to work closely with others in NEWROC and with the Wheatbelt NRM (formerly the Avon Catchment Council) to achieve local and regional outcomes in natural resource management areas. Tracey and Dylan also work closely with the Mukinbudin Conservation Group and the Mukinbudin District High School applying for grants and running programs.

Major Projects

The new residential subdivision has been completed and blocks are now for sale. It is hoped that once a couple have been sold and housing constructed that more sales will be encouraged and that people who appreciate living in a clean, safe and vibrant community will move here from around the Shire and from other areas across the State.

The new Shire house in Cruickshank Road was completed and utilised by a new Mukinbudin business. The house is a credit to the builder, Steve Smith, and highlights that Mukinbudin has the tradespeople to undertake these projects in the community. It is hoped that the Shire will be able to duplicate this project in the near future.

The fire Station has reached lock up stage and is able to be utilised by the brigade for the truck and the emergency services trailer and also provides some valuable storage space for the Mukinbudin Planning and Development Group.

The Shadbolt and Bent Street paving and street furniture was completed, thanks to a federal government grant, and was looking excellent for the tourists and the Spring Festival. If Council is able to provide small amounts for additional street furniture each year it is hoped that we can build on these improvements and continue to make the town attractive for residents and visitors alike.

Economic Development and Tourism

Council is very much aware of the need to progress economic development and will continue to explore all avenues for investment in developments, especially those that expand the economic base away from the traditional agricultural sector.

Council will work with Planning and Development, NEWTravel, and the local businesses to achieve what we can to provide growth and employment opportunities. Beyond our boundaries we are also exploring opportunities with the Wheatbelt Development Commission, the Department of Agriculture and Food, and Regional Development Australia.

Conclusion



I would like to thank my fellow Councillors for their support and efforts in the governance of the Shire and especially to the Deputy Shire President for attending a range of meetings in my place and also in representing the Shire on NEWROC, a body of which he is currently holds the position of President.

Without other Councillors assisting by representing the Shire on a range of bodies it would be extremely difficult to undertake any meaningful work as President and I thank you all for that.

Thank you to the staff for their efforts during the year, especially with the additional workload that local government reform has created along with the new asset management and forward planning requirements.

In my last report I am conscious of my expression of optimism for the future against the current economic climate and the poor year that the Wheatbelt generally has experienced. The Shire will be taking all possible measures to look after the wellbeing of our community, our farmers, our businesses and our community and sporting groups. I stand by my assertion that Mukinbudin will not just survive but thrive in the future and I am confident that in the meantime our community members will also do what they have always done and look out for each other during these times of hardship.

Our future is in our hands.

Cr Gary Shadbolt
Shire President



CHIEF EXECUTIVE OFFICER'S REPORT

Once again I am honoured to present the CEO's report for the Shire of Mukinbudin. On behalf of the employees of the Shire I would like to thank Council for their support that is given to the initiatives of staff in developing projects and programs for the betterment of the Mukinbudin community. Council's willingness to invest in the future of the community shows confidence not just in the future of our town and district but also in the capabilities of the staff who are charged with implementing Council's capital and recurrent work programs.

Like the Councillors, it is also a pleasure for the staff to work with the community and sporting groups who show great initiative in wanting to keep improving our infrastructure and our lifestyle.

I would especially like to thank the Deputy CEO, Ellen Della Bosca, for the long hours worked during a period when we were short staffed in the office and attempting to implement new financial and reporting procedures, some of our own doing for our benefit and some forced upon us by the State Government. It is likely that the reporting requirements to the State Government will continue to become more onerous so it is imperative that our own internal systems are first class and designed to serve our needs. The Works Supervisor, Bob Edwards, his assistant Danny O'Donnell, and the works and town crew continue to keep the town and district looking at its best, and continue to work efficiently and effectively on our construction jobs.

As the current CEO of NEWROC I am also reminded constantly of the need to work more cooperatively with our neighbouring Shires and I look forward to further exploring these avenues in NEWROC and especially with the Shire of Nungarin.

I would also like to thank all members of the community who have participated on Council committees or provided submissions for Council's consideration on our reports, budgets and other documents. Community participation in local government is an important part of our democratic process and I would encourage this to continue.

I look forward to working with Council and the community in the next twelve months and progressing Council's Forward Capital Works Plan as well as other economic and social initiatives.

Trevor J Smith
Chief Executive Officer



STATUTORY REPORTS

Policy Statement Addressing the Issue of Access for People with Disabilities, Their Families and Carers

The Shire of Mukinbudin is committed to ensuring that the community is an accessible community for people with disabilities, their families and carers.

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

The Shire of Mukinbudin is committed to achieving the following outcomes:

Existing services are adopted to ensure they meet the needs of people with disabilities

Council will endeavour to be adaptable in responding to the barriers experienced by people with various disabilities, including people with physical, sensory, cognitive and psychiatric disabilities.

Access to building and facilities is improved

Council will undertake to incorporate the priorities regarding access for people with disabilities, identified during the consultations, into submissions of its capital works improvement program. Modifications will commence, as funds are made available. Council will undertake to liaise with developers to increase their awareness of the access requirements of people with disabilities.

Information about services is provided in formats which meet the communication requirements of people with disabilities

Council will produce all of its information on Council facilities, functions and services using clear and concise language. Council will advise the community that, upon request, information about Council functions and services can be made available in alternative formats, such as large print and audio cassettes.

Advice and services are delivered by staff who are aware of and understand the needs of people with disabilities

Improve staff awareness regarding the needs of people with disabilities and provide relevant training to deliver an appropriate service. Council will undertake to ensure that staff are aware of the key access needs of residents with disabilities and people with disabilities who visit the local government area to access provision of all services. When required, Council will seek expert advice from people in the disability field on how to meet the access needs of people with disabilities.

Opportunities are provide for people with disabilities to participate in public consultations, grievance mechanisms and decision making processes

Provide opportunities for people with disabilities to participate in public consultations, grievance mechanisms and decision making processes. Council will ensure that information is available in clear and concise language on how residents can participate in decision making processes, public consultations and grievance mechanisms. Council will advise the community that this information can be made available in alternative formats upon request. Council will also undertake to enable people with disabilities to attend meetings of Council.



The Shire of Mukinbudin will provide information to people requesting it from Council. Should a request not be met satisfactorily, then a Freedom of Information Application can be lodged with Council. During the year ended 30 June 2009, no Freedom of Information Applications were received.

Record Keeping Plan

The Shire of Mukinbudin is committed to accessible and efficient record keeping practices and complies with relevant legislation including the State Records Act 2000.

Council has established a Record Keeping Plan which was submitted and approved by the State Records Commission. In addition, Council has produced a Records Management Procedures Manual, which is utilised in Council's Induction Training for all new staff.

The Records Keeping Plan looks at the efficiency and effectiveness of the Shire's record keeping systems and includes sections on procedures, risk management and disaster recovery plans, retention and disposal of records, training of staff on record keeping practices and information on the Shire's compliance with the plan.

National Competition Policy Statement

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

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

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

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

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

Competitive Neutrality

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

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

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

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



Structural Review of Public Monopolies

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

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

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

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

Legislative Review

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

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

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

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

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

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

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

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

Public Interest Disclosure

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

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

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

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

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



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

The Shire of Mukinbudin had no Public Interest Disclosures during the reporting period ending 30 June 2010.

Information on Payments to Employees

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

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

The number of those employees with an annual salary entitlement that falls within each band of \$10,000 over \$100,000.

The Shire of Mukinbudin has one employee who receives an annual Salary of \$100,000 or more.

**PLAN FOR THE FUTURE 2009/2010**

The changes to the Local Government Act 12995 have seen the need for the Principal Activities Plan replaced by the Plan for the Future

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

| Strategy | Cost | Objective |
|---------------------------------|-------------|--|
| Residential Land Subdivision | \$430,000 | To provide quality blocks and housing options for locals who wish to move to or retire in Mukinbudin. |
| Shire Housing | \$180,364 | To attract and retain Shire staff through the provision of modern quality housing. To make excess Shire housing available to business community to assist with employee needs. |
| Road Asset Management | \$1,085,951 | <ul style="list-style-type: none">- To maintain a good working environment for staff, council members and people doing business with the Shire.- To provide and maintain the aesthetic and functional amenity of parks and recreational facilities for the benefit of the residents of the Shire. |
| Plant Acquisition & Replacement | \$162,858 | To ensure that Council's plant is reliable, to reduce maintenance cost and to minimise the replacement cost as far as possible. |

**PLAN FOR THE FUTURE 2008/2009**

| Strategy | Cost | Objective |
|---------------------------------|-------------|---|
| Housing and Land | \$710,000 | Maintain, Replacement of council, Community & Aged Housing, develop residential subdivision. |
| Waste Collection & Disposal | \$28,500 | Provide effective rubbish/recycling collection for Mukinbudin, cardboard recycling, Waste oil and Chemical drum disposal. |
| Facilities Management | \$194,000 | Maintain & replacement of Councils public facilities including, halls, pools, public conveniences, recreation reserves, playgrounds and other facilities. |
| Plant Acquisition & Replacement | \$274,000 | To ensure that Council's plant is reliable, to reduce maintenance cost and to minimise the replacement cost as far as possible |
| Plant Acquisition & Replacement | \$395,000 | To ensure that Council's plant is reliable, to reduce maintenance cost and to minimise the replacement cost as far as possible. |

SHIRE OF MUKINBUDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

TABLE OF CONTENTS

| | |
|---|---------|
| Statement by Chief Executive Officer | 2 |
| Statement of Comprehensive Income by Nature or Type | 3 |
| Statement of Comprehensive Income by Program | 4 |
| Statement of Financial Position | 5 |
| Statement of Changes in Equity | 6 |
| Statement of Cash Flows | 7 |
| Rate Setting Statement | 8 |
| Notes to and Forming Part of the Financial Report | 9 to 58 |
| Independent Audit Report | 59 & 60 |

SHIRE OF MUKINBUDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Mukinbudin being the annual financial report and other information for the financial year ended 30th June 2010 are in my opinion properly drawn up to present fairly the financial position of the Shire of Mukinbudin at 30th June 2010 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the day of 2010.

Trevor Smith
Chief Executive Officer

SHIRE OF MUKINBUDIN
STATEMENT OF COMPEREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2010

| | NOTE | 2010 \$ | 2010 Budget \$ | 2009 \$ |
|---|------|-----------------------|-----------------------|-------------------------|
| REVENUE | | | | |
| Rates | 22 | 749,021 | 737,182 | 707,058 |
| Operating Grants, Subsidies and Contributions | 28 | 1,124,842 | 595,140 | 834,091 |
| Fees and Charges | 27 | 452,883 | 493,692 | 267,719 |
| Service Charges | 24 | 8,468 | 8,468 | 7,592 |
| Interest Earnings | 2(a) | 36,532 | 29,500 | 39,635 |
| Other Revenue | | 80,795 | 6,500 | 245,074 |
| | | <u>2,452,541</u> | <u>1,870,482</u> | <u>2,101,169</u> |
| EXPENSES | | | | |
| Employee Costs | | (843,076) | (233,812) | (988,638) |
| Materials and Contracts | | (65,562) | (32,374) | (31,077) |
| Utility Charges | | (163,801) | (108,840) | (119,631) |
| Depreciation on Non-Current Assets | 2(a) | (1,037,245) | (846,400) | (935,750) |
| Interest Expenses | 2(a) | (69,492) | (55,339) | (38,192) |
| Insurance Expenses | | (124,592) | (126,454) | (97,880) |
| Other Expenditure | | (858,165) | (1,659,567) | (912,764) |
| | | <u>(3,161,933)</u> | <u>(3,062,786)</u> | <u>(3,123,932)</u> |
| | | (709,392) | (1,192,304) | (1,022,763) |
| | | | | |
| Non-Operating Grants, Subsidies and Contributions | 28 | 971,671 | 1,563,694 | 2,141,664 |
| Profit on Asset Disposals | 20 | 8,369 | 0 | 421 |
| Loss on Asset Disposal | 20 | (8,789) | (33,500) | (15,815) |
| | | <u>971,251</u> | <u>1,530,194</u> | <u>2,126,270</u> |
| NET RESULT | | 261,859 | 337,890 | 1,103,507 |
| | | | | |
| Other Comprehensive Income | | | | |
| Nil | | 0 | 0 | 0 |
| Total Other Comprehensive Income | | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL COMPREHENSIVE INCOME | | <u><u>261,859</u></u> | <u><u>337,890</u></u> | <u><u>1,103,507</u></u> |

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

SHIRE OF MUKINBUDIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2010

| | NOTE | 2010 \$ | 2010 Budget \$ | 2009 \$ |
|---|-------|-----------------------|-----------------------|-------------------------|
| REVENUE | | | | |
| Governance | | 17,113 | 100 | 126,768 |
| General Purpose Funding | | 1,379,354 | 1,727,070 | 2,167,734 |
| Law, Order, Public Safety | | 91,811 | 22,540 | 26,156 |
| Health | | 0 | 200 | 0 |
| Education and Welfare | | 0 | 0 | 909 |
| Housing | | 106,950 | 114,184 | 87,575 |
| Community Amenities | | 100,907 | 67,956 | 64,986 |
| Recreation and Culture | | 305,306 | 274,688 | 323,626 |
| Transport | | 1,099,970 | 1,072,648 | 1,128,318 |
| Economic Services | | 253,396 | 109,230 | 296,183 |
| Other Property and Services | | 77,774 | 45,560 | 23,580 |
| | 2 (a) | <u>3,432,581</u> | <u>3,434,176</u> | <u>4,245,835</u> |
| EXPENSES EXCLUDING FINANCE COSTS | | | | |
| Governance | | (233,681) | (319,029) | (210,846) |
| General Purpose Funding | | (33,159) | (92,911) | (71,731) |
| Law, Order, Public Safety | | (72,752) | (76,363) | (69,535) |
| Health | | (70,647) | (61,393) | (61,109) |
| Education and Welfare | | (72,365) | (77,163) | (46,566) |
| Housing | | (121,540) | (103,654) | (80,919) |
| Community Amenities | | (206,245) | (161,563) | (162,062) |
| Recreation & Culture | | (650,465) | (773,199) | (781,125) |
| Transport | | (1,296,647) | (1,070,691) | (1,264,349) |
| Economic Services | | (309,298) | (289,980) | (309,929) |
| Other Property and Services | | (34,431) | (15,000) | (45,964) |
| | 2 (a) | <u>(3,101,230)</u> | <u>(3,040,946)</u> | <u>(3,104,136)</u> |
| FINANCE COSTS | | | | |
| Governance | | (3,408) | (3,785) | (5,077) |
| Housing | | (14,277) | (12,346) | (14,968) |
| Education and Welfare | | 0 | (3,724) | 0 |
| Community Amenities | | (8,837) | (5,131) | (3,939) |
| Recreation & Culture | | (9,099) | (9,087) | (9,864) |
| Transport | | (23,724) | (17,532) | 0 |
| Economic Services | | (10,147) | (3,735) | (4,344) |
| | 2 (a) | <u>(69,492)</u> | <u>(55,340)</u> | <u>(38,192)</u> |
| NET RESULT | | 261,859 | 337,890 | 1,103,507 |
| Other Comprehensive Income | | | | |
| Nil | | | | 0 |
| Total Other Comprehensive Income | | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL COMPREHENSIVE INCOME | | <u><u>261,859</u></u> | <u><u>337,890</u></u> | <u><u>1,103,507</u></u> |

**SHIRE OF MUKINBUDIN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2010**

| | NOTE | 2010 \$ | 2009 \$ | 1 July 2008 \$ |
|--------------------------------------|------|-------------------|-------------------|-------------------|
| CURRENT ASSETS | | | | |
| Cash and Cash Equivalents | 3 | 516,837 | 1,364,504 | 518,202 |
| Trade and Other Receivables | 4 | 204,622 | 103,357 | 290,530 |
| Inventories | 5 | 300,818 | 0 | 0 |
| TOTAL CURRENT ASSETS | | <u>1,022,277</u> | <u>1,467,861</u> | <u>808,732</u> |
| NON-CURRENT ASSETS | | | | |
| Other Receivables | 4 | 98,692 | 92,763 | 439 |
| Inventories | 5 | 492,636 | 254,590 | 36,000 |
| Property, Plant and Equipment | 6 | 5,387,889 | 5,343,499 | 5,153,577 |
| Infrastructure | 7 | 32,899,393 | 32,663,431 | 32,435,769 |
| TOTAL NON-CURRENT ASSETS | | <u>38,878,610</u> | <u>38,354,283</u> | <u>37,625,785</u> |
| TOTAL ASSETS | | <u>39,900,887</u> | <u>39,822,144</u> | <u>38,434,517</u> |
| CURRENT LIABILITIES | | | | |
| Trade and Other Payables | 8 | 50,666 | 51,502 | 19,893 |
| Short Term Borrowings | 9 | 0 | 0 | 102,218 |
| Long Term Borrowings | 9 | 114,155 | 115,204 | 87,422 |
| Provisions | 10 | 166,124 | 202,225 | 140,859 |
| TOTAL CURRENT LIABILITIES | | <u>330,945</u> | <u>368,931</u> | <u>350,392</u> |
| NON-CURRENT LIABILITIES | | | | |
| Trade and Other Payables | 8 | 60,000 | 60,000 | 60,000 |
| Long Term Borrowings | 9 | 703,138 | 839,625 | 548,101 |
| Provisions | 10 | 15,206 | 23,849 | 49,792 |
| TOTAL NON-CURRENT LIABILITIES | | <u>778,344</u> | <u>923,474</u> | <u>657,893</u> |
| TOTAL LIABILITIES | | <u>1,109,289</u> | <u>1,292,405</u> | <u>1,008,285</u> |
| NET ASSETS | | <u>38,791,598</u> | <u>38,529,739</u> | <u>37,426,232</u> |
| EQUITY | | | | |
| Retained Surplus | | 24,928,776 | 23,848,876 | 23,441,442 |
| Reserves - Cash Backed | 11 | 395,794 | 1,213,835 | 517,762 |
| Reserves - Asset Revaluation | 12 | 13,467,028 | 13,467,028 | 13,467,028 |
| TOTAL EQUITY | | <u>38,791,598</u> | <u>38,529,739</u> | <u>37,426,232</u> |

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

**SHIRE OF MUKINBUDIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2010**

| NOTE | RETAINED SURPLUS \$ | RESERVES CASH BACKED \$ | ASSET REVALUATION RESERVE \$ | TOTAL EQUITY \$ |
|-----------------------------------|---------------------------|----------------------------------|---------------------------------------|-----------------------|
| Balance as at 1 July 2008 | 23,543,237 | 517,762 | 13,467,028 | 37,528,027 |
| Correction of Errors | (101,795) | 0 | 0 | (101,795) |
| Restated Balance | 23,441,442 | 517,762 | 13,467,028 | 37,426,232 |
| Net Result | 1,103,507 | 0 | 0 | 1,103,507 |
| Total Other Comprehensive Income | 0 | 0 | 0 | 0 |
| Reserve Transfers | (696,073) | 696,073 | 0 | 0 |
| Balance as at 30 June 2009 | 23,848,876 | 1,213,835 | 13,467,028 | 38,529,739 |
| Net Result | 261,859 | 0 | 0 | 261,859 |
| Total Other Comprehensive Income | 0 | 0 | 0 | 0 |
| Reserve Transfers | 818,041 | (818,041) | 0 | 0 |
| Balance as at 30 June 2010 | 24,928,776 | 395,794 | 13,467,028 | 38,791,598 |

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 2010**

| | NOTE | 2010 \$ | 2010 Budget \$ | 2009 \$ |
|--|-------|-----------------------|-------------------------|-------------------------|
| Cash Flows From Operating Activities | | | | |
| Receipts | | | | |
| Rates | | 738,316 | 737,182 | 704,708 |
| Operating Grants, Subsidies and Contributions | | 1,124,842 | 2,158,834 | 834,091 |
| Fees and Charges | | 358,404 | 493,692 | 349,140 |
| Service Charges | | 8,468 | 8,468 | 7,592 |
| Interest Earnings | | 36,532 | 29,500 | 39,635 |
| Goods and Services Tax | | 256,528 | 150,000 | 219,408 |
| Other Revenue | | 80,616 | 6,500 | 244,913 |
| | | <u>2,603,706</u> | <u>3,584,176</u> | <u>2,399,487</u> |
| Payments | | | | |
| Employee Costs | | (884,741) | (233,812) | (940,316) |
| Materials and Contracts | | (55,811) | (32,374) | (31,661) |
| Utility Charges | | (163,801) | (108,840) | (119,631) |
| Insurance Expenses | | (124,592) | (126,454) | (97,880) |
| Interest expenses | | (58,110) | (55,340) | (49,288) |
| Goods and Services Tax | | (281,397) | (150,000) | (188,857) |
| Other Expenditure | | (858,165) | (1,659,566) | (912,764) |
| | | <u>(2,426,617)</u> | <u>(2,366,386)</u> | <u>(2,340,397)</u> |
| Net Cash Provided By (Used In) Operating Activities | 13(b) | <u>177,089</u> | <u>1,217,790</u> | <u>59,090</u> |
| Cash Flows from Investing Activities | | | | |
| Payments for Development of Land Held for Resale | | (538,864) | 0 | (208,227) |
| Payments for Purchase of Property, Plant & Equipment | | (535,877) | (918,255) | (703,470) |
| Payments for Construction of Infrastructure | | (877,725) | (1,270,814) | (827,172) |
| Non-Operating Grants, Subsidies and Contributions used for the Development of Assets | | 971,671 | 1,563,694 | 2,141,664 |
| Proceeds from Sale of Plant & Equipment | | 95,585 | 54,888 | 151,551 |
| Net Cash Provided By (Used In) Investing Activities | | <u>(885,210)</u> | <u>(570,487)</u> | <u>554,346</u> |
| Cash Flows from Financing Activities | | | | |
| Repayment of Debentures | | (137,536) | (112,976) | (85,194) |
| Proceeds from Self Supporting Loans | | (2,010) | 0 | 15,778 |
| Proceeds from New Debentures | | 0 | 0 | 404,500 |
| Net Cash Provided By (Used In) Financing Activities | | <u>(139,546)</u> | <u>(112,976)</u> | <u>335,084</u> |
| Net Increase (Decrease) in Cash Held | | (847,667) | 534,327 | 948,520 |
| Cash at Beginning of Year | | 1,364,504 | 822,051 | 415,984 |
| Cash and Cash Equivalents at the End of the Year | 13(a) | <u><u>516,837</u></u> | <u><u>1,356,378</u></u> | <u><u>1,364,504</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 2010**

| | NOTE | 2010 \$ | 2010 Budget \$ |
|---|------|--------------------|----------------------|
| REVENUE | | | |
| Governance | | 17,113 | 100 |
| General Purpose Funding | | 630,333 | 1,727,070 |
| Law, Order, Public Safety | | 91,811 | 22,540 |
| Health | | 0 | 200 |
| Education and Welfare | | 0 | 0 |
| Housing | | 106,950 | 114,184 |
| Community Amenities | | 100,907 | 67,956 |
| Recreation and Culture | | 305,306 | 274,688 |
| Transport | | 1,099,970 | 1,072,648 |
| Economic Services | | 253,396 | 109,230 |
| Other Property and Services | | 77,774 | 45,560 |
| | | <u>2,683,560</u> | <u>3,434,176</u> |
| EXPENSES | | | |
| Governance | | (237,089) | (322,814) |
| General Purpose Funding | | (33,159) | (92,911) |
| Law, Order, Public Safety | | (72,752) | (76,363) |
| Health | | (70,647) | (61,393) |
| Education and Welfare | | (72,365) | (80,887) |
| Housing | | (135,817) | (116,000) |
| Community Amenities | | (215,082) | (166,694) |
| Recreation & Culture | | (659,564) | (782,286) |
| Transport | | (1,320,371) | (1,088,223) |
| Economic Services | | (319,445) | (293,715) |
| Other Property and Services | | (34,431) | (15,000) |
| | | <u>(3,170,722)</u> | <u>(3,096,286)</u> |
| Adjustments for Cash Budget Requirements: | | | |
| Non-Cash Expenditure and Revenue | | | |
| (Profit)/Loss on Asset Disposals | | 420 | 33,500 |
| Movement in Accrued Interest | | 11,382 | 0 |
| Movement in Accrued Salaries and Wages | | 2,584 | 0 |
| Movement in Employee Benefit Provisions | | (44,744) | 0 |
| Asset Register Adjustment | | 36 | 0 |
| Depreciation on Assets | | 1,037,245 | 846,400 |
| Capital Expenditure and Revenue | | | |
| Purchase Land Held for Resale | | (538,864) | 0 |
| Purchase Land and Buildings | | (340,071) | (705,359) |
| Purchase Furniture and Equipment | | (19,738) | (16,066) |
| Purchase Plant and Equipment | | (176,104) | (196,831) |
| Purchase Infrastructure Assets - Roads | | (788,707) | (1,054,368) |
| Purchase Infrastructure Assets - Footpaths | | (78,299) | 0 |
| Purchase Infrastructure Assets - Other | | (10,719) | (216,447) |
| Proceeds from Disposal of Assets | | 95,585 | 54,888 |
| Repayment of Debentures | | (137,536) | (112,976) |
| Self-Supporting Loan Principal Income | | (2,010) | 0 |
| Transfers to Reserves (Restricted Assets) | | (118,151) | (359,044) |
| Transfers from Reserves (Restricted Assets) | | 936,192 | 941,884 |
| ADD Estimated Surplus/(Deficit) July 1 B/Fwd | | 200,278 | 503,767 |
| LESS Estimated Surplus/(Deficit) June 30 C/Fwd | | 290,638 | 794,420 |
| Amount Required to be Raised from Rates | 22 | <u>(749,021)</u> | <u>(737,182)</u> |

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), other mandatory professional reporting requirements and the Local Government Act 1995 (as amended) and accompanying regulations (as amended).

The report has also been prepared on the accrual basis under the convention of historical cost accounting as modified by the accounting treatment relating to the revaluation of financial assets and liabilities at fair value through profit and loss and certain classes of non-current assets.

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 19 to this financial report.

(c) Goods and Services Tax

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

(d) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity 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.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the statement of financial position.

(e) Trade and Other Receivables

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

Collectibility of trade 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.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

Inventories are valued 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. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

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 and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

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

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

(g) Fixed Assets

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 includes the cost of all materials, direct labour and variable and fixed overheads.

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 a basis to reflect the already consumed or expired future economic benefits.

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 significantly from that determined using fair value at balance date.

Land under Roads

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

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

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

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

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

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Depreciation of Non-Current Assets

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

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 |

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets

Classification

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance date.

(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. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If 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. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the balance date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

(j) 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 balance 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.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each balance 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.

(l) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality 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.

(m) 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 municipality has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) 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.

(n) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

(q) Joint Venture

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

(r) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

(s) Superannuation

The Council contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

(v) Comparative Figures

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

(w) Budget Comparative Figures

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2010.

Council's assessment of these new standards and interpretations is set out below:

| Title and Topic | Issued | Applicable (*) | Impact |
|--|---------------|-----------------|--|
| (i) AASB 9– Financial Instruments | December 2009 | 01 January 2013 | Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect. |
| (ii) AASB 124– Related Party Disclosures | December 2009 | 01 January 2011 | Nil – It is not anticipated the Council will have any related parties as defined by the Standard. |
| (iii) AASB 2009-5 - Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] | May 2009 | 01 January 2010 | Nil – The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council. |
| (iv) AASB 2009-8 - Amendments to Australian Accounting Standards – Group Cash – Settled Share-based Payment Transactions [AASB 2] | July 2009 | 01 January 2010 | Nil - The Council will not have applicable transactions. |

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

| Title and Topic | Issued | Applicable (*) | Impact |
|--|---------------|-----------------|--|
| (v) AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] | December 2009 | 01 January 2011 | Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council. |
| (vi) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] | December 2009 | 01 January 2013 | Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (ii) above). |
| (vii) AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] | December 2009 | 01 July 2010 | Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council. |
| AASB 2010- 1 Amendment to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosure for First-time Adopters [AASB 1 & AASB 7] | February 2010 | 01 July 2010 | |

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

| (vi) Title and Topic (Continued) | Issued | Applicable (*) | Impact |
|--|---------------|------------------|--|
| AASB 2009- 10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB132] | October 2009 | 01 February 2010 | Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council. |
| Interpretation 19– Extinguishing Financial Liabilities with Equity Instruments | December 2009 | 01 July 2010 | |
| AASB 2009– 14 Amendments to Australian Interpretations – Prepayments of a minimum Funding Requirement [AASB Interpretation 14] | December 2009 | 01 January 2011 | |

Notes:

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Adoption of New and Revised Accounting Standards

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

The following is an explanation of the impact of these standards and interpretations has had on the financial statements of the Council.

AASB 101: Presentation of Financial Statements

In September 2007, the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Council's financial statements.

Disclosure Impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required owner changes in equity and other comprehensive income to be presented in the statement of changes in equity.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either a single statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Council has adopted the single statement approach and the financial statements now contain a statement of comprehensive income.

Other Comprehensive Income – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises income and expenses not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

| 2. REVENUE AND EXPENSES | 2010 | 2009 | |
|---|------------------|----------------|---------------|
| | \$ | \$ | |
| (a) Net Result | | | |
| The Net Result includes: | | | |
| (i) Charging as an Expense: | | | |
| This significant expense relates to | | | |
| Auditors Remuneration | | | |
| - Audit | 18,967 | 5,209 | |
| - Other Services | 0 | 1,286 | |
| Depreciation | | | |
| Land & Buildings | 103,062 | 97,899 | |
| Furniture and Equipment | 16,961 | 12,850 | |
| Plant and Equipment | 275,459 | 215,128 | |
| Roads | 630,126 | 605,463 | |
| Footpaths | 10,958 | 3,892 | |
| Other | 679 | 518 | |
| Parks & Ovals | 0 | 0 | |
| | <u>1,037,245</u> | <u>935,750</u> | |
| Interest Expenses (Finance Costs) | | | |
| Bank Interest | 0 | 33 | |
| Debentures (<i>refer Note 21(a)</i>) | 69,492 | 38,159 | |
| | <u>69,492</u> | <u>38,192</u> | |
| | | | |
| (ii) Crediting as Revenue: | 2010 | 2010 | 2009 |
| | \$ | Budget | \$ |
| | | \$ | |
| Interest Earnings | | | |
| Investments | | | |
| - Reserve Funds | 30,183 | 20,000 | 28,307 |
| - Other Funds | 3,652 | 9,500 | 8,510 |
| Other Interest Revenue (<i>refer note 26</i>) | 2,697 | 0 | 2,818 |
| | <u>36,532</u> | <u>29,500</u> | <u>39,635</u> |

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

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

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

GENERAL PURPOSE FUNDING

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

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

LAW, ORDER, PUBLIC SAFETY

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

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

HEALTH

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

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

EDUCATION AND WELFARE

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

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

HOUSING

OBJECTIVE: To provide adequate staff and community housing.

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

COMMUNITY AMENITIES

OBJECTIVE: Provide services required by the community.

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

RECREATION AND CULTURE

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

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

TRANSPORT

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

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

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

ECONOMIC SERVICES

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

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

OTHER PROPERTY & SERVICES

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

2. REVENUE AND EXPENSES (Continued)

| (c) Conditions Over Grants/Contributions | Grant/Contribution | Function/ Activity | Opening | Received (+) | Expended (#) | Closing | Received (+) | Expended (#) | Closing |
|---|--------------------|-------------------------|--------------------------------|----------------|------------------|--------------------------------|----------------|------------------|----------------------------|
| | | | Balance (*) 01-Jul-08 \$ | 2008/09 \$ | 2008/09 \$ | Balance (*) 30-Jun-09 \$ | 2009/10 \$ | 2009/10 \$ | Balance 30-Jun-10 \$ |
| Roads to Recovery Supplementary | | Transport | 228,914 | 0 | (228,914) | 0 | | | 0 |
| Royalties for Regions Funding | | General Purpose Funding | 0 | 653,884 | | 653,884 | 0 | (653,884) | 0 (@) |
| Federal Govt - RLCIP | | Economic Services | 0 | 0 | 0 | 0 | 30,000 | 0 | 30,000 (^) |
| Royalties for Regions Funding- Forward Capital Works Plan | | Economic Services | 0 | 0 | 0 | 0 | 35,000 | 0 | 35,000 |
| Roads to Recovery - Auslink | | Transport | 0 | 0 | 0 | 0 | 254,627 | (189,208) | 65,419 |
| Total | | | 228,914 | 653,884 | (228,914) | 653,884 | 319,627 | (843,092) | 130,419 |

Notes:

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

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

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

(@) - Was transferred to Royalties For Regions Reserve as at 30 June 2009.

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

Unspent Grants not transferred to reserve as at 30 June

| | | |
|--|-------------|-------------|
| | 2010 | 2009 |
| | 100,419 | 0 |

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

| | 2010 \$ | 2009 \$ |
|---|----------------|------------------|
| 3. CASH AND CASH EQUIVALENTS | | |
| Unrestricted | 20,624 | 150,669 |
| Restricted | 496,213 | 1,213,835 |
| | <u>516,837</u> | <u>1,364,504</u> |
| The following restrictions have been imposed by regulations or other externally imposed requirements: | | |
| Leave Reserve | 42,948 | 41,623 |
| Communication Reserve | 8,595 | 107 |
| Building Reserve | 197,072 | 190,992 |
| Self Insurance Reserve | 6,144 | 5,954 |
| Residential Sub-Division Reserve | 8,002 | 7,755 |
| Seniors Aged Housing Reserve | 30,680 | 29,734 |
| Plant Reserve | 38,291 | 7,982 |
| Roadworks Reserve | 56 | 261,923 |
| Swimming Pool Reserve | 33,859 | 13,881 |
| Royalties for Regions Reserve | 92 | 653,884 |
| Unspent Grants Reserve | 30,055 | 0 |
| Unspent Grants | 100,419 | 0 |
| | <u>496,213</u> | <u>1,213,835</u> |
| 4. TRADE AND OTHER RECEIVABLES | | |
| Current | | |
| Rates Outstanding | 21,621 | 10,916 |
| Sundry Debtors | 171,142 | 76,663 |
| Loans - Clubs/Institutions | 11,859 | 15,778 |
| | <u>204,622</u> | <u>103,357</u> |
| Non-Current | | |
| Rates Outstanding - Pensioners | 3,075 | 3,075 |
| Loans - Clubs/Institutions | 95,617 | 89,688 |
| | <u>98,692</u> | <u>92,763</u> |
| 5. INVENTORIES | | |
| Current | | |
| Land Held for Resale - Cost | | |
| Cost of Acquisition | 3,200 | 0 |
| Development Costs | 297,618 | 0 |
| | <u>300,818</u> | <u>0</u> |
| Non-Current | | |
| Land Held for Resale - Cost | | |
| Cost of Acquisition | 84,614 | 87,814 |
| Development Costs | 408,022 | 166,776 |
| | <u>492,636</u> | <u>254,590</u> |

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

| | 2010 \$ | 2009 \$ |
|---|-------------------------|-------------------------|
| 6. PROPERTY, PLANT AND EQUIPMENT | | |
| Land and Buildings - Cost | 4,910,951 | 4,592,599 |
| Less Accumulated Depreciation | <u>(1,086,664)</u> | <u>(990,952)</u> |
| | 3,824,287 | 3,601,647 |
| | | |
| Furniture and Equipment - Cost | 377,618 | 357,915 |
| Less Accumulated Depreciation | <u>(211,531)</u> | <u>(194,570)</u> |
| | 166,087 | 163,345 |
| | | |
| Plant and Equipment - Cost | 2,774,436 | 2,703,001 |
| Less Accumulated Depreciation | <u>(1,376,921)</u> | <u>(1,124,494)</u> |
| | 1,397,515 | 1,578,507 |
| | | |
| | <u><u>5,387,889</u></u> | <u><u>5,343,499</u></u> |

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

| | Land & Buildings \$ | Furniture & Equipment \$ | Plant & Equipment \$ | Total \$ |
|-----------------------------------|--|---|---|-------------------------|
| Balance as at 1 July 2009 | 3,601,647 | 163,345 | 1,578,507 | 5,343,499 |
| Additions | 340,071 | 19,738 | 176,104 | 535,913 |
| (Disposals) | (14,368) | 0 | (81,637) | (96,005) |
| Depreciation (Expense) | (103,062) | (16,961) | (275,459) | (395,482) |
| Other Movements | (1) | (35) | 0 | (36) |
| Balance as at 30 June 2010 | <u>3,824,287</u> | <u>166,087</u> | <u>1,397,515</u> | <u>5,387,889</u> |

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

| | 2010 | 2009 |
|-------------------------------|--------------------------|--------------------------|
| | \$ | \$ |
| 7. INFRASTRUCTURE | | |
| Roads - Cost | 41,283,201 | 40,494,494 |
| Less Accumulated Depreciation | <u>(8,873,667)</u> | <u>(8,243,541)</u> |
| | <u>32,409,534</u> | <u>32,250,953</u> |
| | | |
| Footpaths - Cost | 461,959 | 383,660 |
| Less Accumulated Depreciation | <u>(31,985)</u> | <u>(21,027)</u> |
| | <u>429,974</u> | <u>362,633</u> |
| | | |
| Other - Cost | 21,082 | 10,363 |
| Less Accumulated Depreciation | <u>(1,197)</u> | <u>(518)</u> |
| | <u>19,885</u> | <u>9,845</u> |
| | | |
| Parks & Ovals - Cost | <u>40,000</u> | <u>40,000</u> |
| | <u><u>32,899,393</u></u> | <u><u>32,663,431</u></u> |

Council adopted a policy in 2008/09 of re-valuing roads with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date.

This policy accords with the requirements of AASB 116.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

| | Roads \$ | Footpaths \$ | Other \$ | Parks and Ovals \$ | Total \$ |
|-----------------------------------|---------------------|-------------------------|---------------------|---------------------------------------|---------------------|
| Balance as at 1 July 2009 | 32,250,953 | 362,633 | 9,845 | 40,000 | 32,663,431 |
| Additions | 788,707 | 78,299 | 10,719 | 0 | 877,725 |
| Depreciation (Expense) | (630,126) | (10,958) | (679) | 0 | (641,763) |
| Balance as at 30 June 2010 | 32,409,534 | 429,974 | 19,885 | 40,000 | 32,899,393 |

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

| | 2010 | 2009 |
|---|----------------|----------------|
| | \$ | \$ |
| 8. TRADE AND OTHER PAYABLES | | |
| Current | | |
| Sundry Creditors | (3,012) | (435) |
| GST Payable | 5,590 | 30,459 |
| ESL Clearing | (219) | (40) |
| PAYG Liability | 12,328 | 0 |
| Payroll Liabilities | 8,482 | 7,987 |
| Accrued Interest on Debentures | 13,806 | 2,424 |
| Accrued Salaries and Wages | 13,691 | 11,107 |
| | <u>50,666</u> | <u>51,502</u> |
| Non-Current | | |
| Liability to Staff for Housing | <u>60,000</u> | <u>60,000</u> |
| | <u>60,000</u> | <u>60,000</u> |
| 9. LONG-TERM BORROWINGS | | |
| Current | | |
| Secured by Floating Charge Debentures | <u>114,155</u> | <u>115,204</u> |
| | <u>114,155</u> | <u>115,204</u> |
| Non-Current | | |
| Secured by Floating Charge Debentures | <u>703,138</u> | <u>839,625</u> |
| | <u>703,138</u> | <u>839,625</u> |
| Additional detail on borrowings is provided in Note 21. | | |
| 10. PROVISIONS | | |
| Current | | |
| Provision for Annual Leave | 81,181 | 113,156 |
| Provision for Long Service Leave | 84,943 | 89,069 |
| | <u>166,124</u> | <u>202,225</u> |
| Non-Current | | |
| Provision for Long Service Leave | <u>15,206</u> | <u>23,849</u> |
| | <u>15,206</u> | <u>23,849</u> |

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

| | 2010 \$ | 2010 Budget \$ | 2009 \$ |
|---|----------------|----------------------|----------------|
| 11. RESERVES - CASH BACKED | | | |
| (a) Leave Reserve | | | |
| Opening Balance | 41,623 | 41,623 | 39,553 |
| Amount Set Aside / Transfer to Reserve | 1,325 | 26,250 | 2,070 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>42,948</u> | <u>67,873</u> | <u>41,623</u> |
| (b) Communication Reserve | | | |
| Opening Balance | 107 | 108 | 102 |
| Amount Set Aside / Transfer to Reserve | 8,488 | 10 | 5 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>8,595</u> | <u>118</u> | <u>107</u> |
| (c) Building Reserve | | | |
| Opening Balance | 190,992 | 190,992 | 181,494 |
| Amount Set Aside / Transfer to Reserve | 6,080 | 31,200 | 9,498 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>197,072</u> | <u>222,192</u> | <u>190,992</u> |
| (d) Self Insurance Reserve | | | |
| Opening Balance | 5,954 | 5,954 | 5,658 |
| Amount Set Aside / Transfer to Reserve | 190 | 400 | 296 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>6,144</u> | <u>6,354</u> | <u>5,954</u> |
| (e) Residential Sub-Division Reserve | | | |
| Opening Balance | 7,755 | 7,755 | 7,369 |
| Amount Set Aside / Transfer to Reserve | 247 | 700 | 386 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>8,002</u> | <u>8,455</u> | <u>7,755</u> |
| (f) Seniors Aged housing Reserve | | | |
| Opening Balance | 29,734 | 29,733 | 28,255 |
| Amount Set Aside / Transfer to Reserve | 946 | 3,120 | 1,479 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>30,680</u> | <u>32,853</u> | <u>29,734</u> |
| (g) Plant Reserve | | | |
| Opening Balance | 7,982 | 7,982 | 6,434 |
| Amount Set Aside / Transfer to Reserve | 30,309 | 32,000 | 281,048 |
| Amount Used / Transfer from Reserve | 0 | 0 | (279,500) |
| | <u>38,291</u> | <u>39,982</u> | <u>7,982</u> |
| (h) Roadworks Reserve | | | |
| Opening Balance | 261,923 | 261,923 | 248,897 |
| Amount Set Aside / Transfer to Reserve | 4,767 | 3,000 | 13,026 |
| Amount Used / Transfer from Reserve | (266,634) | (288,000) | 0 |
| | <u>56</u> | <u>(23,077)</u> | <u>261,923</u> |

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

| | 2010 \$ | 2010 Budget \$ | 2009 \$ |
|---|-----------------------|-----------------------|-------------------------|
| 11. RESERVES - CASH BACKED (Continued) | | | |
| (i) Swimming Pool Reserve | | | |
| Opening Balance | 13,881 | 13,881 | 0 |
| Amount Set Aside / Transfer to Reserve | 19,978 | 258,474 | 13,881 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>33,859</u> | <u>272,355</u> | <u>13,881</u> |
| (j) Royalties for Regions Reserve | | | |
| Opening Balance | 653,884 | 653,884 | 0 |
| Amount Set Aside / Transfer to Reserve | 15,766 | 3,890 | 653,884 |
| Amount Used / Transfer from Reserve | (669,558) | (653,884) | 0 |
| | <u>92</u> | <u>3,890</u> | <u>653,884</u> |
| (k) Unspent Grant Reserve | | | |
| Opening Balance | 0 | 0 | 0 |
| Amount Set Aside / Transfer to Reserve | 30,055 | 0 | 0 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>30,055</u> | <u>0</u> | <u>0</u> |
| TOTAL CASH BACKED RESERVES | <u><u>395,794</u></u> | <u><u>630,995</u></u> | <u><u>1,213,835</u></u> |

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in Note 3.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

11. RESERVES - CASH BACKED (Continued)

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

Leave Reserve

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

Communications Reserve

- to be used for Capital upgrades of the TV Rebroadcaster

Building Reserve

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

Residential Sub-Division Reserve

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

Self Insurance Reserve

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

Seniors Aged housing Reserve

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

Plant Reserve

- to be used for the purchase of major plant

Unspent Grant Reserve

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

Unspent Loan Reserve

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

Roadworks Reserve

- to be used for Roads to Recovery road works.

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 and Plant 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 Royalties for Regions Reserve is expected to be utilised in 2009/10.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

| 12. RESERVES - ASSET REVALUATION | 2010 | 2009 |
|---|--------------------------|--------------------------|
| | \$ | \$ |
| Asset revaluation reserves have arisen on revaluation of the following classes of assets: | | |
| (a) Land and Buildings | | |
| Balance as at 1 July 2009 | 0 | 0 |
| Revaluation Increment | 0 | 0 |
| Revaluation Decrement | 0 | 0 |
| Balance as at 30 June 2010 | <u>0</u> | <u>0</u> |
| (b) Roads | | |
| Balance as at 1 July 2009 | 13,467,028 | 13,467,028 |
| Revaluation Increment | 0 | 0 |
| Revaluation Decrement | 0 | 0 |
| Balance as at 30 June 2010 | <u>13,467,028</u> | <u>13,467,028</u> |
| TOTAL ASSET REVALUATION RESERVES | <u><u>13,467,028</u></u> | <u><u>13,467,028</u></u> |

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

| | 2010 \$ | 2010 Budget \$ | 2009 \$ |
|---------------------------|----------------|----------------------|------------------|
| Cash and Cash Equivalents | <u>516,837</u> | <u>1,356,376</u> | <u>1,364,504</u> |

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

| | | | |
|---|------------------|--------------------|--------------------|
| Net Result | 261,859 | 337,890 | 1,103,507 |
| Depreciation | 1,037,245 | 846,400 | 935,750 |
| (Profit)/Loss on Sale of Asset | 420 | 33,500 | 15,394 |
| (Increase)/Decrease in Receivables | (105,184) | 598,023 | 79,071 |
| (Increase)/Decrease in Inventories | 0 | 0 | 0 |
| Increase/(Decrease) in Payables | (836) | 1,000,000 | 31,609 |
| Increase/(Decrease) in Employee Provisions | (44,744) | (34,329) | 35,423 |
| Grants/Contributions for the Development of Assets | <u>(971,671)</u> | <u>(1,563,694)</u> | <u>(2,141,664)</u> |
| Net Cash from Operating Activities | <u>177,089</u> | <u>1,217,790</u> | <u>59,090</u> |

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

| | | |
|--------------------------------------|----------------|----------|
| Bank Overdraft limit | 100,000 | 0 |
| Bank Overdraft at Balance Date | 0 | 0 |
| Credit Card limit | 5,000 | 0 |
| Credit Card Balance at Balance Date | <u>(588)</u> | <u>0</u> |
| Total Amount of Credit Unused | <u>104,412</u> | <u>0</u> |

Loan Facilities

| | | |
|--|----------------|----------------|
| Loan Facilities - Current | 114,155 | 115,204 |
| Loan Facilities - Non-Current | <u>703,138</u> | <u>839,625</u> |
| Total Facilities in Use at Balance Date | <u>817,293</u> | <u>954,829</u> |

| | | |
|---|----------|----------|
| Unused Loan Facilities at Balance Date | <u>0</u> | <u>0</u> |
|---|----------|----------|

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

14. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2010.

15. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

There were no finance lease commitments at 30 June 2010.

(b) Operating Lease Commitments

There were no operating lease commitments at 30 June 2010.

(c) Capital Expenditure Commitments

There were no capital expenditure commitments at 30 June 2010.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

16. JOINT VENTURE

The Shire is not involved in any joint ventures for 2009/10.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | | |
|-----------------------------|-------------------|-------------------|
| Governance | 290,576 | 281,057 |
| General Purpose Funding | 24,696 | 11,641 |
| Law, Order, Public Safety | 247,683 | 233,621 |
| Health | 25,403 | 449,572 |
| Education and Welfare | 398,208 | 1,753 |
| Housing | 1,455,189 | 1,265,267 |
| Community Amenities | 1,237,680 | 617,880 |
| Recreation and Culture | 1,634,346 | 1,742,852 |
| Transport | 33,141,024 | 34,483,761 |
| Economic Services | 540,026 | 338,240 |
| Other Property and Services | 685,822 | 9,964 |
| Unallocated | 220,234 | 386,535 |
| | <u>39,900,887</u> | <u>39,822,144</u> |

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

| | 2010 | 2009 | 2008 |
|--|------|------|-------|
| 18. FINANCIAL RATIOS | | | |
| Current Ratio | 1.83 | 0.78 | 0.94 |
| Untied Cash to Unpaid Trade Creditors Ratio | 1.38 | 5.02 | 55.00 |
| Debt Ratio | 0.03 | 0.03 | 0.02 |
| Debt Service Ratio | 0.08 | 0.06 | 0.07 |
| Gross Debt to Revenue Ratio | 0.33 | 0.45 | 0.39 |
| Gross Debt to Economically Realisable Assets Ratio | 0.12 | 0.13 | 0.12 |
| Rate Coverage Ratio | 0.22 | 0.17 | 0.22 |
| Outstanding Rates Ratio | 0.03 | 0.02 | 0.01 |

The above ratios are calculated as follows:

| | |
|--|--|
| Current Ratio | $\frac{\text{current assets minus restricted current assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$ |
| Untied Cash to Unpaid Trade Creditors Ratio | $\frac{\text{untied cash}}{\text{unpaid trade creditors}}$ |
| Debt Ratio | $\frac{\text{total liabilities}}{\text{total assets}}$ |
| Debt Service Ratio | $\frac{\text{debt service cost}}{\text{available operating revenue}}$ |
| Gross Debt to Revenue Ratio | $\frac{\text{gross debt}}{\text{total revenue}}$ |
| Gross Debt to Economically Realisable Assets Ratio | $\frac{\text{gross debt}}{\text{economically realisable assets}}$ |
| Rate Coverage Ratio | $\frac{\text{net rate revenue}}{\text{operating revenue}}$ |
| Outstanding Rates Ratio | $\frac{\text{rates outstanding}}{\text{rates collectable}}$ |

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

19. 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:

| | Balance 01-Jul-09 \$ | Amounts Received \$ | Amounts Paid (\$) | Balance 30-Jun-10 \$ |
|--------------------------------|----------------------------|---------------------------|-------------------------|----------------------------|
| Soil Conservation | 12,208 | 10 | (340) | 11,878 |
| Transport | 0 | 617,817 | (617,854) | (37) |
| Nomination Deposits | 0 | 560 | (480) | 80 |
| Bonds | 7,258 | 4,950 | (4,130) | 8,078 |
| Karlonning Pipeline Scheme | 24,093 | 0 | 0 | 24,093 |
| Wilgoyne Tennis Club | 6,649 | 0 | (6,709) | (60) |
| Mukinbudin Indoor Cricket Club | 10,235 | 0 | 0 | 10,235 |
| Rates in Advance | 1,455 | 18,897 | (1,830) | 18,522 |
| Drive-In Donation | 500 | 0 | 0 | 500 |
| LGMA Wheatbelt Conference | 0 | 2,085 | (2,085) | 0 |
| LGMA Wheatbelt Branch | 0 | 4,654 | 0 | 4,654 |
| Gymnasium Bonds | 0 | 20 | 0 | 20 |
| Builders Registration Board | 0 | 0 | 0 | 0 |
| BCITF | (456) | 0 | (15) | (471) |
| BRB | (201) | 201 | 0 | 0 |
| | <u>61,741</u> | | | <u>77,492</u> |

20. DISPOSALS OF ASSETS - 2009/10 FINANCIAL YEAR

The following assets were disposed of during the year.

| | Net Book Value | | Sale Price | | Profit (Loss) | |
|--------------------------------------|----------------|---------------|---------------|---------------|---------------|-----------------|
| | Actual \$ | Budget \$ | Actual \$ | Budget \$ | Actual \$ | Budget \$ |
| Law Order & Public Safety | | | | | | |
| Sale of Fire Shed | 14,368 | 14,494 | 18,570 | 20,000 | 4,202 | (5,000) |
| Other Property & Services | | | | | | |
| MBL 1 | 24,666 | 25,437 | 28,833 | 9,955 | 4,167 | (9,500) |
| 1 MBL | 34,505 | 35,147 | 33,182 | 11,318 | (1,323) | (9,500) |
| MBL 1071 | 22,466 | 22,686 | 15,000 | 13,615 | (7,466) | (9,500) |
| | <u>96,005</u> | <u>97,764</u> | <u>95,585</u> | <u>54,888</u> | <u>(420)</u> | <u>(33,500)</u> |

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

| Particulars | Principal 01-Jul-09 \$ | | New Loans | | Principal Repayments | | Principal 30-Jun-10 | | Interest Repayments | |
|---------------------------------|------------------------|-----------|-----------|-----------|----------------------|-----------|---------------------|-----------|---------------------|-----------|
| | Actual \$ | Budget \$ | Actual \$ | Budget \$ | Actual \$ | Budget \$ | Actual \$ | Budget \$ | Actual \$ | Budget \$ |
| Governance | | | | | | | | | | |
| Loan 92 - Admin Centre | 66,056 | 0 | 15,064 | 15,063 | 50,992 | 50,993 | 3,408 | 3,784 | | |
| Community Amenities | | | | | | | | | | |
| Loan 109 - CRC | 64,606 | 0 | 3,844 | 3,844 | 60,762 | 60,762 | 3,657 | 3,724 | | |
| Loan 116 - Subdivision | 85,000 | 0 | 6,375 | 6,375 | 78,625 | 78,625 | 5,180 | 5,131 | | |
| Housing | | | | | | | | | | |
| Loan 100 - 3xTrans Homes | 83,391 | 0 | 56,030 | 31,100 | 27,361 | 7,381 | 7,453 | 5,408 | | |
| Loan 106 - Staff Housing | 68,347 | 0 | 5,909 | 6,732 | 62,438 | 61,616 | 4,342 | 4,402 | | |
| Loan 110 - Staff Housing* | 45,361 | 0 | 5,430 | 5,430 | 39,931 | 39,930 | 2,482 | 2,536 | | |
| Recreation & Culture | | | | | | | | | | |
| Loan 108 - Bowling Club | 157,640 | 0 | 9,380 | 9,380 | 148,260 | 148,260 | 9,099 | 9,087 | | |
| Loan 111 - Tennis Club* | 453 | 0 | 453 | 0 | 0 | 0 | 0 | 0 | | |
| Transport | | | | | | | | | | |
| Loan 114 - Trailer | 179,500 | 0 | 13,463 | 13,463 | 166,037 | 166,037 | 14,334 | 10,835 | | |
| Loan 115 - Truck | 140,000 | 0 | 11,162 | 11,162 | 128,838 | 128,838 | 9,390 | 6,697 | | |
| Economic Services | | | | | | | | | | |
| Loan 107 - Caravan Park | 34,235 | 0 | 6,806 | 6,807 | 27,429 | 27,428 | 2,916 | 2,045 | | |
| Loan 112 - Caravan park | 30,240 | 0 | 3,620 | 3,620 | 26,620 | 26,620 | 7,231 | 1,690 | | |
| | 954,829 | 0 | 137,536 | 112,976 | 817,293 | 796,490 | 69,492 | 55,339 | | |

(*) Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2009/10

Council had no no debentures in 2009/10.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Council had no unspent debentures.

(d) Overdraft

Council established an overdraft facility of \$100,000 in 2010 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2009 and 30 June 2010 was \$Nil.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

22. RATING INFORMATION - 2009/10 FINANCIAL YEAR

| RATE TYPE | Rate in \$ | Number of Properties | Rateable Value \$ | Rate Revenue \$ | Interim Rates \$ | Back Rates \$ | Total Revenue \$ | Budget Rate Revenue \$ | Budget Interim Rate \$ | Budget Back Rate \$ | Budget Total Revenue \$ |
|--|-------------------|-----------------------------|--------------------------|------------------------|-------------------------|----------------------|-------------------------|-------------------------------|-------------------------------|----------------------------|--------------------------------|
| Differential General Rate | | | | | | | | | | | |
| UV - Rural | 1.6605 | 240 | 38,494,500 | 624,016 | 5,301 | 0 | 629,317 | 633,813 | 0 | 0 | 633,813 |
| UV - Mining | 1.6605 | 2 | 50,985 | 501 | 138 | 0 | 639 | 485 | 0 | 0 | 485 |
| GRV - Residential | 16.4130 | 159 | 916,016 | 150,198 | (346) | 0 | 149,852 | 147,851 | 0 | 0 | 147,851 |
| Sub-Totals | | 401 | 39,461,501 | 774,715 | 5,093 | 0 | 779,808 | 782,149 | 0 | 0 | 782,149 |
| Minimum Rates | Minimum \$ | | | | | | | | | | |
| UV - Rural | 250 | 25 | 195,600 | 22,566 | (8,534) | 0 | 14,032 | 5,000 | 0 | 0 | 5,000 |
| UV - Mining | 250 | 11 | 20,548 | 1,750 | 105 | 0 | 1,855 | 2,250 | 0 | 0 | 2,250 |
| GRV - Residential | 200 | 17 | 7,011 | 3,400 | 0 | 0 | 3,400 | 3,800 | 0 | 0 | 3,800 |
| GRV - Vacant | 200 | 2 | 1,000 | 400 | 0 | 0 | 400 | 0 | 0 | 0 | 0 |
| Sub-Totals | | 55 | 224,159 | 28,116 | (8,429) | 0 | 19,687 | 11,050 | 0 | 0 | 11,050 |
| Ex-Gratia Rates | | | | | | | 799,495 | | | | 793,199 |
| Specified Area Rate (refer note 23) | | | | | | | 11,907 | | | | 11,908 |
| | | | | | | | 0 | | | | 0 |
| Discounts (refer note 25) | | | | | | | 811,402 | | | | 805,107 |
| | | | | | | | (62,381) | | | | (67,925) |
| Totals | | | | | | | 749,021 | | | | 737,182 |

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

23. SPECIFIED AREA RATE - 2009/10 FINANCIAL YEAR

Council did not levy any Specified Area Rates in 2009/10.

24. SERVICE CHARGES - 2009/10 FINANCIAL YEAR

| | Amount of Charge \$ | Revenue Raised \$ | Budget Revenue \$ | Applied to Service Costs \$ | Budget Applied to Costs \$ |
|----------------------------|--|----------------------------------|----------------------------------|--|---|
| Television Re-broadcasting | 58 | 8,468 | 8,468 | 2,998 | 8,468 |
| | | 8,468 | 8,468 | 2,998 | 8,468 |

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

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

Funds in excess of that used for operating costs have been transferred to reserve.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2009/10 FINANCIAL YEAR

| | Type | Disc % | Total Cost/ Value \$ | Budget Cost/ Value \$ |
|-----------------|-----------|--------|----------------------------|-----------------------------|
| General Rates | Discount | 10% | 62,381 | 67,925 |
| | | | 62,381 | 67,925 |
| Rate Assessment | Write-Off | | 0 | 0 |

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

26. INTEREST CHARGES AND INSTALMENTS - 2009/10 FINANCIAL YEAR

| | Interest Rate % | Admin. Charge \$ | Revenue \$ | Budgeted Revenue \$ |
|------------------------------|--------------------|---------------------|---------------|------------------------|
| Interest on Unpaid Rates | 10% | | 2,153 | 0 |
| Interest on Instalments Plan | 5.5% | | 544 | 0 |
| Charges on Instalment Plan | | 14 | 3,136 | 0 |
| | | | 5,833 | 0 |

Ratepayers had the option of paying rates in four equal instalments, due on 18th September 2009, 13th November 2009, 8th January 2010 and 5th March 2010. Administration charges and interest applied for the final three instalments.

| 27. FEES & CHARGES | 2010 \$ | 2009 \$ |
|-------------------------------|-------------------|-------------------|
| Governance | 0 | 240 |
| General Purpose Funding | 3,752 | 1,105 |
| Law, Order, Public Safety | 1,209 | 756 |
| Health | 0 | 0 |
| Education and Welfare | 0 | 0 |
| Housing | 61,886 | 58,335 |
| Community Amenities | 66,266 | 54,362 |
| Recreation and Culture | 153,010 | 51,816 |
| Transport | 0 | 0 |
| Economic Services | 123,006 | 92,914 |
| Other Property and Services | 43,754 | 8,192 |
| | <u>452,883</u> | <u>267,719</u> |

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

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

| 28. GRANT REVENUE | 2010 | 2009 |
|---|------------------|------------------|
| | \$ | \$ |
| By Nature and Type: | | |
| Operating Grants, Subsidies and Contributions | 1,124,842 | 834,091 |
| Non-Operating Grants, Subsidies and Contributions | 971,671 | 2,141,664 |
| | <u>2,096,513</u> | <u>2,975,755</u> |
| By Program: | | |
| General Purpose Funding | 590,059 | 1,408,837 |
| Law, Order, Public Safety | 86,400 | 25,400 |
| Education and Welfare | 0 | 909 |
| Housing | 42,788 | 27,500 |
| Community Amenities | 34,641 | 10,625 |
| Recreation and Culture | 123,768 | 126,548 |
| Transport | 1,110,802 | 1,254,352 |
| Economic Services | 105,898 | 121,585 |
| Other Property and Services | 2,157 | 0 |
| | <u>2,096,513</u> | <u>2,975,755</u> |

| 29. COUNCILLORS' REMUNERATION | 2010 | 2010 | 2009 |
|--|---------------|---------------|---------------|
| | \$ | Budget | \$ |
| | | \$ | |
| The following fees, expenses and allowances were paid to council members and/or the president. | | | |
| Meeting Fees | 19,384 | 20,000 | 20,000 |
| President's Allowance | 6,000 | 6,000 | 6,000 |
| Deputy President's Allowance | 4,000 | 4,000 | 0 |
| Travelling Expenses | 3,830 | 2,500 | 2,416 |
| | <u>33,214</u> | <u>32,500</u> | <u>28,416</u> |

| 30. EMPLOYEE NUMBERS | 2010 | 2009 |
|--|-------------|-------------|
| The number of full-time equivalent employees at balance date | <u>22</u> | <u>18</u> |

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

31. MAJOR LAND TRANSACTIONS

Haines Street Residential Subdivision

(a) Details

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

| | 2010 \$ | 2010 Budget \$ | 2009 \$ |
|-------------------------------|------------|----------------------|------------|
| (b) Current year transactions | | | |
| Operating Revenue | | | |
| - Profit on sale | 0 | 0 | 0 |
| Capital Revenue | | | |
| - Sale Proceeds | 0 | 0 | 0 |
| Capital Expenditure | | | |
| - Purchase of Land | 0 | 0 | 0 |
| - Development Costs | 538,864 | 250,000 | 155,366 |
| | 538,864 | 250,000 | 155,366 |

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

There is a liability for loan borrowings in relation to this land transaction of \$78,625 as at 30 June 2010.

(c) Expected Future Cash Flows

| | 2010 \$ | 2011 \$ | 2012 \$ | 2013 \$ | 2014 \$ | Total \$ |
|-----------------------|------------|------------|------------|------------|------------|-------------|
| Cash Outflows | | | | | | |
| - Development Costs | (538,864) | 0 | 0 | 0 | 0 | (538,864) |
| - Loan Repayments | (11,555) | (11,555) | (11,555) | (11,555) | (11,555) | (57,775) |
| | (550,419) | (11,555) | (11,555) | (11,555) | (11,555) | (596,639) |
| Cash Inflows | | | | | | |
| - Loan Proceeds | 0 | 0 | 0 | 0 | 0 | 0 |
| - Sale Proceeds | 0 | 300,000 | 75,000 | 75,000 | 75,000 | 525,000 |
| | 0 | 300,000 | 75,000 | 75,000 | 75,000 | 525,000 |
| Net Cash Flows | (550,419) | 288,445 | 63,445 | 63,445 | 63,445 | (71,639) |

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2009/10 financial year.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

| | Carrying Value | | Fair Value | |
|------------------------------|-----------------------|------------------|-------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| | \$ | \$ | \$ | \$ |
| Financial Assets | | | | |
| Cash and cash equivalents | 516,837 | 1,364,504 | 516,837 | 1,364,504 |
| Receivables | 303,314 | 196,120 | 303,314 | 196,120 |
| | <u>820,151</u> | <u>1,560,624</u> | <u>820,151</u> | <u>1,560,624</u> |
| Financial Liabilities | | | | |
| Payables | 110,666 | 111,502 | 110,666 | 111,502 |
| Borrowings | 817,293 | 954,829 | 807,656 | 936,555 |
| | <u>927,959</u> | <u>1,066,331</u> | <u>918,322</u> | <u>1,048,057</u> |

Fair value is determined as follows:

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

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

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

| | 30-Jun-10 | 30-Jun-09 |
|--|------------------|------------------|
| | \$ | \$ |
| Impact of a 1% (*) movement in interest rates on cash and investments: | | |
| - Equity | 8,593 | 6,681 |
| - Income Statement | 8,593 | 6,681 |

Notes:

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

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

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

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

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

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

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

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

| | 30-Jun-10 | 30-Jun-09 |
|---|------------------|------------------|
| Percentage of Rates and Annual Charges | | |
| - Current | 20.02% | 1.52% |
| - Overdue | 79.98% | 98.48% |
| Percentage of Other Receivables | | |
| - Current | 74.72% | 11.35% |
| - Overdue | 25.28% | 88.65% |

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

33. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
 Borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

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

| | <u>2010</u> | | | | <u>2009</u> | | | |
|------------|-------------------------------|-------------------------------------|-------------------------------|--|--|--|--|--------------------------|
| | Due within 1 year \$ | Due between 1 & 5 years \$ | Due after 5 years \$ | Total contractual cash flows \$ | Total contractual cash flows \$ | Total contractual cash flows \$ | Total contractual cash flows \$ | Carrying values \$ |
| Payables | 50,666 | 0 | 60,000 | 110,666 | 110,666 | 110,666 | 110,666 | 110,666 |
| Borrowings | 164,626 | 478,015 | 408,296 | 1,050,937 | 1,050,937 | 817,293 | 817,293 | 817,293 |
| | <u>215,292</u> | <u>478,015</u> | <u>468,296</u> | <u>1,161,603</u> | <u>1,161,603</u> | <u>927,959</u> | <u>927,959</u> | <u>927,959</u> |
| Payables | 51,502 | 0 | 60,000 | 111,502 | 111,502 | 111,502 | 111,502 | 111,502 |
| Borrowings | 188,730 | 538,094 | 512,843 | 1,239,667 | 1,239,667 | 954,829 | 954,829 | 954,829 |
| | <u>240,232</u> | <u>538,094</u> | <u>572,843</u> | <u>1,351,169</u> | <u>1,351,169</u> | <u>1,066,331</u> | <u>1,066,331</u> | <u>1,066,331</u> |

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Borrowings (Continued)

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

| | <1 year \$ | >1<2 years \$ | >2<3 years \$ | >3<4 years \$ | >4<5 years \$ | >5 years \$ | Total \$ | Weighted Average Effective Interest Rate % |
|--|---------------|------------------|------------------|------------------|------------------|----------------|-------------|--|
|--|---------------|------------------|------------------|------------------|------------------|----------------|-------------|--|

Year Ended 30 June 2010

| | | | | | | | | |
|---|--------|---|--------|--------|---|---------|---------|-------|
| Borrowings | | | | | | | | |
| Fixed Rate | | | | | | | | |
| Debtentures | 27,361 | 0 | 50,993 | 27,429 | 0 | 711,510 | 817,293 | 5.90% |
| Weighted Average Effective Interest Rate | 6.74% | | 6.07% | 6.28% | | 5.84% | | |

Year Ended 30 June 2009

| | | | | | | | | |
|---|---|-------|---|--------|---------|---------|---------|-------|
| Borrowings | | | | | | | | |
| Fixed Rate | | | | | | | | |
| Debtentures | 0 | 453 | 0 | 83,391 | 100,291 | 770,694 | 954,829 | 6.10% |
| Weighted Average Effective Interest Rate | | 5.70% | | 6.74% | 6.18% | 6.02% | | |

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2010

34. PRIOR PERIOD CORRECTIONS

Balances relating to the 2009 comparative year have been amended due to the correction of prior period errors. These errors have been adjusted as shown below and, in accordance with the requirements of AASB101, a statement of financial position as at the beginning of the earliest comparative period has been included (refer statement of financial position column labelled as at 1 July 2008).

The majority of the errors that occurred were during the year ended 30 June 2009 (ie 2009 comparative year), or were deemed to be immaterial. Those corrections affecting the Statement of Financial Position as at 1 July 2008 are numbers 13 and 14 below.

- 1 The Loan Liability of Council was understated by \$16,663 in the 30 June 2009 Financial Report with the reduced balance forming part of operating revenue.
- 2 A Prior Year Adjustment of \$3,057 was recognised in error. \$3,050 of this adjustment related to debtor write-offs and the balance of \$7 related to a minor imbalance between the Annual Financial Report and Council's
- 3 The purchase of Gym Equipment for \$25,957 should have been capitalised in 2008/09 but was expensed in error.
- 4 Expenditure of \$218,590 on Land Held For Resale was presented in the 30 June 2009 Financial Report as Land and Buildings made up as follows:
 \$208,036 of expenditure relating to 2008/09
 \$10,284 of expenditure relating to 2007/08
- 5 Expenditure of \$50,363 was presented in the 30 June 2009 Financial Report as Footpaths - Cost when the expenditure should have been presented as follows:
 \$10,363 of expenditure should have been under Other - Cost
 \$40,000 of expenditure should have been under Parks & Ovals - Cost

 Accumulated Depreciation of \$518 associated with the \$10,363 for Other - Cost is now presented with Other - Cost.
- 6 Depreciation of \$98,728 for 2008/09 was not recognised: A summary of the impact is provided to assist the reader:

| <i>Program</i> | DR | CR |
|--|--------|--------|
| Governance | 3,294 | |
| Law, Order, Public Safety | 9,906 | |
| Health | 169 | |
| Education and Welfare | 8,289 | |
| Housing | 8,247 | |
| Community Amenities | 1,245 | |
| Recreation and Culture | 19,242 | |
| Transport | 5,970 | |
| Economic Services | 3,406 | |
| Other Property and Services | 38,960 | |
| Accumulated Depreciation - Land & Buildings | | 33,020 |
| Accumulated Depreciation - Furniture & Equipment | | 4,340 |
| Accumulated Depreciation - Plant & Equipment | | 60,249 |
| Accumulated Depreciation - Footpaths | | 1,119 |
| | 98,728 | 98,728 |

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2010

34. PRIOR PERIOD CORRECTIONS (Continued)

- 7 Plant and Equipment - Cost and Accumulated Depreciation Plant & Equipment were both understated by \$279 compared to Council's Asset Register.
- 8 Petty Cash of \$440 was treated as a Receivable in the 30 June 2009 Financial Report when it should have formed part of Cash.
- 9 Various Trust transactions were included in the 2008/09 Financial Report in error. The overall impact is as follows:

| | DR | CR |
|------------------------|-------|-------|
| Governance Expenditure | 26 | |
| Unrestricted Cash | | 4,991 |
| BCITF Clearing | | 804 |
| BRB Levy | | 201 |
| | <hr/> | <hr/> |
| | 26 | 5,996 |

- 10 Sundry Creditors balance of \$435 incorrectly presented in 2008/09 Financial Report.
- 11 A Non-Current Annual Leave Provision of \$34,494 was reported as at 30 June 2009 which should have formed part of the Current Annual Leave Provision.
- 12 Trade and Other Receivables were understated by \$5,100 in the 30 June 2009 Financial Report. The presentation of Loans to Clubs/Institutions, Sundry Debtors and Non-Current Rates Outstanding has also been corrected as part of this adjustment.
- 13 A Liability to Staff for Housing for \$60,000 was recognised as revenue in 2007/08 in error. This has been corrected in 2008/09 and reflected as a Correction of Errors in the Statement of Changes in Equity and in the Statement of Financial Position (1 July 2008 column).
- 14 Assets did not get disposed of in 2007/08 when they should have. Subsequent to this depreciation has been charged and required correction. The impact prior to 2008/09 is \$41,795 and equates to \$1,312 in 2008/09. The \$41,795 has has been corrected in 2008/09 and reflected as a Correction of Errors in the Statement of Changes in Equity and in the Statement of Financial Position (1 July 2008 column).

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2010

34. PRIOR PERIOD CORRECTIONS (Continued)

| | Refer Notes Above | Financial Report 2009 \$ | Corrected Comparative 2009 \$ | Adjustment \$ |
|---|-------------------------|-----------------------------------|--|------------------|
| STATEMENT OF COMPREHENSIVE INCOME BY NATURE & TYPE | | | | |
| Operating Grants, Subsidies and Contributions | 1,2 | 853,804 | 834,091 | (19,713) |
| Depreciation on Non-Current Assets | 6,14 | (838,334) | (935,750) | (97,416) |
| Other Expenditure | 2,3,9 | (938,688) | (912,764) | 25,924 |
| | 1,2,3, | | | |
| Net Result | 6,9,14 | 1,194,712 | 1,103,507 | (91,205) |
| STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM | | | | |
| Revenues from Ordinary Activities - Economic Services | 1,2 | 315,896 | 296,183 | (19,713) |
| Expenses from Ordinary Activities - Governance | 2,6,9 | (207,519) | (210,846) | (3,327) |
| Expenses from Ordinary Activities - Law, Order & Public Safety | 6 | (59,629) | (69,535) | (9,906) |
| Expenses from Ordinary Activities - Health | 6 | (60,940) | (61,109) | (169) |
| Expenses from Ordinary Activities - Education & Welfare | 6 | (38,277) | (46,566) | (8,289) |
| Expenses from Ordinary Activities - Housing | 6,14 | (73,984) | (80,919) | (6,935) |
| Expenses from Ordinary Activities - Community Amenities | 6 | (160,817) | (162,062) | (1,245) |
| Expenses from Ordinary Activities - Recreation and Culture | 3,6 | (787,840) | (781,125) | 6,715 |
| Expenses from Ordinary Activities - Transport | 6 | (1,258,379) | (1,264,349) | (5,970) |
| Expenses from Ordinary Activities - Economic Services | 6 | (306,523) | (309,929) | (3,406) |
| Expenses from Ordinary Activities - Other Property & Services | 6 | (7,004) | (45,964) | (38,960) |
| | 1,2,3, | | | |
| Net Result | 6,9,14 | 1,194,712 | 1,103,507 | (91,205) |

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2010

34. PRIOR PERIOD CORRECTIONS (Continued)

| | Refer Notes Above | Financial Report 2009 \$ | Corrected Comparative 2009 \$ | Adjustment \$ |
|---|-------------------------|-----------------------------------|--|------------------|
| BALANCE SHEET | | | | |
| CURRENT ASSETS | | | | |
| Cash and Cash Equivalents | 8,9 | 1,369,055 | 1,364,504 | (4,551) |
| Trade and Other Receivables | 8,12 | 191,460 | 103,357 | (88,103) |
| NON-CURRENT ASSETS | | | | |
| Other Receivables | 12 | 0 | 92,763 | 92,763 |
| Inventories | 4 | 36,000 | 254,590 | 218,590 |
| | 3,4,6, | | | |
| Property, Plant and Equipment | 14 | 5,674,224 | 5,343,499 | (330,725) |
| Infrastructure | 6 | 32,664,550 | 32,663,431 | (1,119) |
| CURRENT LIABILITIES | | | | |
| Trade and Other Payables | 9,10 | 51,367 | 51,502 | 135 |
| Provisions | 11 | 167,731 | 202,225 | 34,494 |
| NON-CURRENT LIABILITIES | | | | |
| Long Term Borrowings | 1 | 822,962 | 839,625 | 16,663 |
| Provisions | 11 | 58,343 | 23,849 | (34,494) |
| | 1,3,6, 9,13,1 | | | |
| Retained Surplus | 4 | 24,038,819 | 23,848,876 | (189,943) |
| STATEMENT OF CHANGES IN EQUITY | | | | |
| Retained Surplus:- | | | | |
| | 1,2,3, | | | |
| Net Result | 6,9,14 | 1,194,712 | 1,103,507 | (91,205) |
| Prior Year Adjustment | 2 | (3,057) | 0 | 3,057 |
| Correction of Errors | 13,14 | 0 | (101,795) | (101,795) |
| | 1,3,6, 9,13,1 | | | |
| Balance at 30 June 2009 | 4 | 24,038,819 | 23,848,876 | (189,943) |
| NOTE 3 - CASH AND CASH EQUIVALENTS | | | | |
| Unrestricted | 8,9 | 155,220 | 150,669 | (4,551) |
| NOTE 4 - TRADE AND OTHER RECEIVABLES | | | | |
| Current | | | | |
| Sundry Debtors | 12 | 174,828 | 76,663 | (98,165) |
| Petty Cash | 8 | 440 | 0 | (440) |
| Loans - Clubs/Institutions | 12 | 5,276 | 15,778 | 10,502 |
| Non-Current | | | | |
| Rates Outstanding - Pensioners | 12 | 0 | 3,075 | 3,075 |
| Loans - Clubs/Institutions | 12 | 0 | 89,688 | 89,688 |

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2010

34. PRIOR PERIOD CORRECTIONS (Continued)

| | Refer Notes Above | Financial Report 2009 \$ | Corrected Comparative 2009 \$ | Adjustment \$ |
|---|-------------------------|-----------------------------------|--|------------------|
| NOTE 5 - INVENTORIES | | | | |
| Non-Current | | | | |
| Land Held for Resale - Cost | | | | |
| Cost of Acquisition | 4 | 0 | 87,814 | 87,814 |
| Development Costs | 4 | 36,000 | 166,776 | 130,776 |
| NOTE 6 - PROPERTY, PLANT & EQUIPMENT | | | | |
| Land and Buildings - Cost | 4,14 | 4,873,595 | 4,592,599 | (280,996) |
| Less Accumulated Depreciation - Land & Buildings | 6,14 | (980,358) | (990,952) | (10,594) |
| Furniture and Equipment - Cost | 3,14 | 334,438 | 357,915 | 23,477 |
| Less Accumulated Depreciation - Furniture & Equipment | 6,14 | (192,207) | (194,570) | (2,363) |
| Plant & Equipment - Cost | 7 | 2,702,722 | 2,703,001 | 279 |
| Less Accumulated Depreciation - Plant & Equipment | 6,7 | (1,063,966) | (1,124,494) | (60,528) |
| NOTE 6 - PROPERTY, PLANT & EQUIPMENT (Continued) | | | | |
| <i>Movements in Carrying Amounts</i> | | | | |
| Balance as at 30 June 2009 - Land & Buildings | 4,6,14 | 3,893,237 | 3,601,647 | (291,590) |
| Balance as at 1 July 2009 - Land & Buildings | 4,6,14 | | | |
| Balance as at 30 June 2009 - Furniture & Equipment | 3,6,14 | 142,231 | 163,345 | 21,114 |
| Balance as at 1 July 2009 - Furniture & Equipment | 3,6,14 | | | |
| Balance as at 1 July 2009 - Plant & Equipment | 6 | 1,638,756 | 1,578,507 | (60,249) |
| Balance as at 1 July 2009 - Plant & Equipment | 6 | | | |

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2010

34. PRIOR PERIOD CORRECTIONS (Continued)

| | Refer Notes Above | Financial Report 2009 \$ | Corrected Comparative 2009 \$ | Adjustment \$ |
|--|-------------------------|-----------------------------------|--|------------------|
| NOTE 7 - INFRASTRUCTURE | | | | |
| Footpaths - Cost | 5 | 434,023 | 383,660 | (50,363) |
| Less Accumulated Depreciation - Footpaths | 5,6 | (20,426) | (21,027) | (601) |
| Other - Cost | 5 | 0 | 10,363 | 10,363 |
| Less Accumulated Depreciation - Other | 5 | 0 | (518) | (518) |
| Parks & Ovals - Cost | 5 | 0 | 40,000 | 40,000 |
| NOTE 7 - INFRASTRUCTURE (Continued) | | | | |
| <i>Movements in Carrying Amounts</i> | | | | |
| Balance as at 30 June 2009 - Footpaths | 5,6 | 413,597 | 362,633 | (50,964) |
| Balance as at 1 July 2009 - Footpaths | 5,6 | | 362,633 | |
| Balance as at 30 June 2009 - Other | 5 | 0 | | 9,845 |
| Balance as at 1 July 2009 - Other | 5 | | 9,845 | |
| Balance as at 30 June 2009 - Parks & Ovals | 5 | 0 | | 40,000 |
| Balance as at 1 July 2009 - Parks & Ovals | 5 | | 40,000 | |
| NOTE 8 - TRADE AND OTHER PAYABLES | | | | |
| Current | | | | |
| Sundry Creditors | 10 | 435 | (435) | (870) |
| BCITF Clearing | 9 | (804) | 0 | 804 |
| BRB Levy | 9 | (201) | 0 | 201 |
| NOTE 9 - LONG-TERM BORROWINGS | | | | |
| Non-Current | | | | |
| Debentures | 1 | 822,962 | 839,625 | 16,663 |
| NOTE 10 - PROVISIONS | | | | |
| Current | | | | |
| Provsion for Annual Leave | 11 | 78,662 | 113,156 | 34,494 |
| Non-Current | | | | |
| Provsion for Annual Leave | 11 | 34,494 | 0 | (34,494) |

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2010

34. PRIOR PERIOD CORRECTIONS (Continued)

| | Refer Notes Above | Financial Report 2009 \$ | Corrected Comparative 2009 \$ | Adjustment \$ |
|--|-------------------------|-----------------------------------|--|------------------|
|--|-------------------------|-----------------------------------|--|------------------|

NOTE 18 - FINANCIAL RATIOS

Restatement of the number above affected the 2009 comparative ratios as follows:

Current Ratio decreased from 1.19 to 0.78

Untied Cash to Unpaid Trade Creditors Ratio decreased from 357.00 to 5.02

Debt Service Ratio increased from 0.05 to 0.06

Gross Debt to Revenue Ratio increased from 0.44 to 0.45

Outstanding Rates Ratio increased from 0.01 to 0.02



Anderson Munro & Wyllie

CHARTERED ACCOUNTANTS

Unit 8 / 7 Hector Street, Osborne Park WA 6017

PO Box 1357, Osborne Park WA 6916

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

ABN 59 125 425 274

Website: www.amwaudit.com.au

Liability limited by a scheme approved under Professional Standards Legislation

INDEPENDENT AUDIT REPORT TO THE ELECTORS OF THE SHIRE OF MUKINBUDIN

Scope

We have audited the financial report of Shire of Mukinbudin for the year ended 30 June 2010. The financial report comprises the Statement by Chief Executive Officer, Statements of Comprehensive Income, Balance Sheet, Statement of Change in Equity, Cash Flow Statement, Rate Setting Statement and accompanying notes to the financial statements.

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

Audit Approach

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

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

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

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

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

We performed procedures to assess whether the substance of business transactions were accurately reflected in the financial report. These and our other procedures did not include



consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the executive and management of the Shire of Mukinbudin.

Independence

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

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

Audit Opinion

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

- a) So as to give a true and fair view of the state of affairs of the Shire as at 30 June 2010 and the results of its operations and cash flows for the year then ended;
- b) In accordance with the requirements of the Local Government Act 1995; and
- c) In Accordance with Applicable Australian Accounting Standards.

Statutory Compliance

- a) We did not during the course of the audit, become aware of any instance where the Council did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.
- b) There were no material or significant adverse trends in financial position or financial management practices revealed during the course of our audit.
- c) We have obtained all necessary information and explanations in relation to our audit.
- d) Our audit procedures were all satisfactorily completed.

Dated the 30th day of November 2010 in Perth, Western Australia

BILLY-JOE THOMAS
Director

Anderson Munro & Wyllie
ANDERSON MUNRO & WYLLIE
Chartered Accountants