



New Muka BFB 3.4U



Seniors Dinner 2014

Shire Of Mukinbudin

2013/2014 Annual Report



Australia Day 2014



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	6-7
6. Shire of Mukinbudin Statistics	7
7. Presidents Report	8-10
8. Chief Executive Officers Report	11
9. Statutory Reports	12-16
10. Plan for the Future	17-18
Appendices	
11. Financial Statements	1-61
12. Independent Audit Report	62-63
13. Supplementary Ratio Information	64





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ABOUT THIS REPORT

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

- A report from the Shire President
- A report from the Chief Executive Officer
- An overview of the Plan for the Future of the District made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year.
- The Financial Report for the financial year ending 30 June 2014
- Such information as may be prescribed in relation to the payments made to employees
- The Auditor's Report for the financial year ending 30 June 2014
- A matter on which a report must be made under section 29(2) of the *Disability Service Act 1993*
- details of entries made under section 5.121 during the financial year in the register of complaints, including —
 - (i) the number of complaints recorded in the register of complaints; and
 - (ii) how the recorded complaints were dealt with; and
 - (iii) any other details that the regulations may require;and
- And such other information as may be prescribed
- Further information on the details supplied in this report can be obtained from the Shire Office, 15 Maddock Street, Mukinbudin, or via our website www.mukinbudin.wa.gov.au



THE COUNCIL

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

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

Council elections are held on the third Saturday in October every two years with the next election in 2015.

President

Cr Gary Shadbolt

Deputy President

Cr Rod Comerford

Commenced	Elected Members	Telephone	Email	Years of Service	Term Expires
2003	Cr Gary SHADBOLT	9047 1036	garyshadbolt@yahoo.com.au	11	2015
2003	Cr Dawn LANCASTER	9047 1140	dawnlanaster1@bigpond.com	11	2015
2006	Cr Stephen PALM	9048 7012	srpalm@bigpond.com	8	2017
2007	Cr Rodney COMERFORD	9048 7063	stormrose@wn.com.au	7	2017
2007	Cr Kylie SIPPE	9047 1222	ksippe@westnet.com.au	7	2015
2009	Cr Brian WATSON	9047 0014	watsonsway4@bigpond.com	5	2017
2011	Cr Sandra VENTRIS	9048 7057	ventris@bigpond.com.au	3	2017
2011	Cr John O'NEIL	9048 4012	oneil.family1@bigpond.com	3	2015
2013	Cr Jeff SEABY	9047 1083	councillorjeff@hotmail.com	1	2017



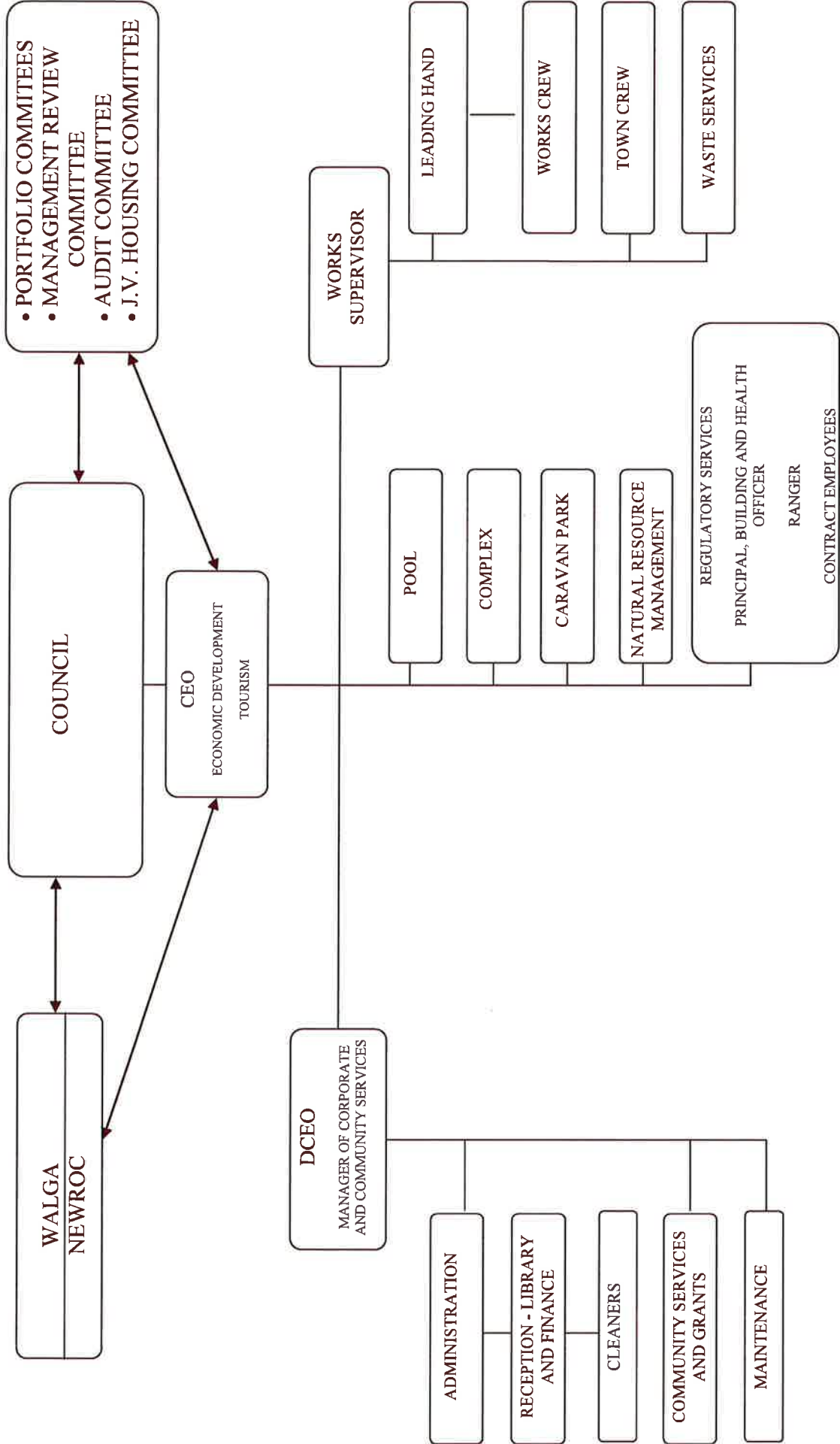
SHIRE OF MUKINBUDIN STAFF

as at 30 June 2014

Chief Executive Officer	Stuart Billingham
Deputy Chief Executive Officer	Vacant
Environmental Health Officer	Julian Goldacre
Community Development Officer	Ann Brandis
Senior Finance Officer	Katharine Spencer
Senior Administration Officer	Carly Inferrera
Club Development/ HPO	Vacant
Administration Officer	Kane Abdullah
Clerical Officer Trainee	Kate Nicol
Natural Resource Management Officer	Claire Baker
Swimming Pool Manager	Luke Sprigg
Caravan Park Manager	Tania Sprigg
Works Supervisor	Bob Edwards
Assistant Works Supervisor	Danny O'Donnell
Plant Operator	Noel Bond
Plant Operator	Graham Green
Plant Operator	Cameron Hodges
Plant Operator	Will Jenkin
Plant Operator	Shane Markham
Horticulturalist	David Smith
Gardener	Daniel Mori
Maintenance Officer	Denis Heffernan
Cleaner	Diane Parker
Cleaner	Barb Allison
Cleaner	Ross Parker



ORGANISATIONAL CHART





SHIRE PROFILE

History of Mukinbudin – “Classic, Dry, Red”

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

SHIRE OF MUKINBUDIN STATISTICS

Localities

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

Significant Local Events

Mukinbudin Spring Festival

Ordinary Council Meeting

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

Tourist Attractions

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

Local Industries

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

Shire Statistics

Distance from Perth	295km
Shire Area	3,437 km ²
Length of Sealed Roads	189.10km's
Length of Unsealed Roads	732.60km's
Population (2011)	490
Number of Electors	421
Number of Dwellings	315
Total Rates Levied	\$850,167
Total Revenue	\$3,135,955
Number of Employees	19



SHIRE PRESIDENT'S REPORT

Introduction

The 2013/14 financial year has seen the Shire of Mukinbudin consolidate its financial position and deal with the second year of the compulsory Integrated Planning and Reporting framework. Councillors and Staff have met these challenges of dealing with increasing compliance, regulation and legislation.

Council

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

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

Community Based groups meeting include:

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

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

Staff

The 2013/14 financial year saw our DCEO Mr Doug Stead depart for the Shire of Dundas, we wish Doug all the best in his new position. The Shire wishes Doug and Sandra all the best on their new endeavour.

At the End of the year we lost our administration Officer Mr Kane Abdullah to the mines up North and Kane all the best in your new job on the mines.

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

Technical Services

The total expenditure in Technical Services 'Transport' Program for 2013/2014 was \$1,360,769. I wish to thank Bob and the outside staff for all their efforts over the past twelve months.

Projects included:



- Mukinbudin Wialki Road-Regional Road Group Project
- Koorda Bullfinch Road – Roads to Recovery Project
- McGregor South Road – Shire Project
- Graham Road – Shire Project
- Koorda Bullfinch Road - State Blackspot Project

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

Community Services

2013/14 saw the Shire of Mukinbudin switch on HOT FM from its retransmitting tower in April 2014. The Mukinbudin District now received Free to Air Television services from the direct to satellite Viewer Access Satellite Television (VAST) platform.

Recreation and Culture

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

The Mukinbudin Planning and Development Group again under a new energetic Committee ran the Act Commit Belong 2014 Spring Festival, which continues to be supported by the Shire through assistance during the Spring Festival week and through the preparation of grant applications. The Shire also provides financial backing and the treasury function for Planning and Development.

The Shire also continued to provide the treasury function for the Mukinbudin District Club.

Major Projects

The Mukinbudin Swimming Pool was reopened in November 2013 and was well patronised over its first pool season and thanks to our Pool Manager Luke Sprigg for doing a great job of running one of our most valuable community assets. Council has agreed to continue with the Voluntary Swimming Pool Levy to increase the Swimming Pool Reserve, the Levy continues to be well supported by the community.

The Caravan Park electrical upgrade nearing completion, which will create more powered sites, improving the services offered at the Mukinbudin Caravan Park. The Campers Kitchen has been upgraded with VAST TV and other final touches and continues to grow its reputation amongst travellers as a facility worth visiting in the Wheatbelt.

Economic Development and Tourism

Economic Development

Council will continue to explore every avenue for economic development as a means of supplementing the Shire's agricultural base.

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



Tourism

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

Conclusion

As Shire President I would like to take this opportunity thank my fellow Elected members for their support and efforts in Governing the Shire over the past financial year. A special welcome to our new Councillor Mr Jeff Seaby elected in October 2013. We also wish our retiring elected member Mr Chris Geraghty all the best after serving the Shire of Mukinbudin for 20 Years, 7 years as Shire President between 2000-2007 and 13 years as Councillor between 1993-2013.

I also wish to thanks Shire Administration staff and outside workforce for their continued support and commitment to make the Shire of Mukinbudin a better place to live and work.

Cr Gary Shadbolt
Shire President



CHIEF EXECUTIVE OFFICER'S REPORT

It gives me great pleasure to present the Chief Executive Officer's report for the Shire of Mukinbudin Annual Report for the year ending 30 June 2014.

Financials

The Shire of Mukinbudin for the 2013/14 financial year finished with a total Comprehensive Income of \$6,123,584 , \$5,207,307 over the 2013/14 Budget figure of \$916277. This variance mainly made up of an asset revaluation increment of \$6,833,504 for Land & Buildings.

Actual Operating Revenue of \$3,135,955, down \$748,491 from Budget of \$3,884,446 mainly due to the CLGF Housing project (\$769,426) delayed into the 2014/15 financial year.

Staff Changes

2013/14 saw the departure of the Shire Deputy Chief Executive Officer Mr Doug Stead moving to take up the DCEO position at the Shire of Dundas. Our Shire Trainee Ms Hayley Ventris finished in February 2014 to go to University.

Structural Reform

The Barnett State Government has now abandoned the Perth Metropolitan Local Government structural Reform process.

Integrated Strategic Planning

The 2013/14 year was the second year the Shire operated under its new Community Strategic Plan, Long Term Financial Plan and Asset management Plans.

Country Local Government Fund

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

Regional Partnerships

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

Conclusion

I wish to take this opportunity to thanks the Shire President and Shire Council for their ongoing support as the Shire transitions through the Integrated Strategic Planning and Reporting Framework. I also wish to acknowledge the work of the outgoing DCEO Mr Doug Stead, leaving in January 2014.

As the CEO for the Shire of Mukinbudin I also wish to thank the Shire Staff and Community for their continuing support and encouragement in my role as CEO at the Shire of Mukinbudin. I look forward to working together with the Council Staff and Community to meet the growing challenges in the future facing the Shire of Mukinbudin.

Stuart D Billingham
Chief Executive Officer



STATUTORY REPORTS

DISABILITY ACCESS INCLUSION PLAN

The Shire of Mukinbudin continues to promote access and inclusion for all community members. The Shire's Disability Access and Inclusion Plan (DAIP) ensures that people with disabilities have equal access to Council services, facilities. The Shire has completed the 2013-2014 Disability Services Commission Progress Report to identify the Shire's achievements in relation to strategies and tasks consistent with the five (5) identified outcomes listed in the DAIP.

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

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

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

FREEDOM OF INFORMATION

The Shire of Mukinbudin will provide information to people requesting it from Council. Should a request not be met satisfactorily, then a Freedom of Information Application can be lodged with Council. During the year ended 30 June 2014, no Freedom of Information Applications were received.

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

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



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

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

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

RECORD KEEPING PLAN

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

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

Rationale

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

Minimum Compliance Requirements

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

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

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

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



NATIONAL COMPETITION POLICY STATEMENT

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

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

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

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

In accordance with the requirements of the National Competition Policy the Shire of Mukinbudin makes the following disclosure of 2013/2014.

Competitive Neutrality

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

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

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

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

Structural Review of Public Monopolies

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

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

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

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

Legislative Review

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

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



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

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

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

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

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

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

PUBLIC INTEREST DISCLOSURE ACT 2003

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

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

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

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

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

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

The Shire of Mukinbudin had no Public Interest Disclosures during the reporting period ending 30 June 2014.



INFORMATION ON PAYMENTS TO EMPLOYEES

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

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

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

Local Government (Rules of Conduct) Regulations 2007 Complaints

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

REGISTER OF MINOR COMPLAINTS

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

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

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

In accordance with these requirements, it is advised that no complaints or minor breaches under the *Local Government Act 1995* were received during 2013-2014.

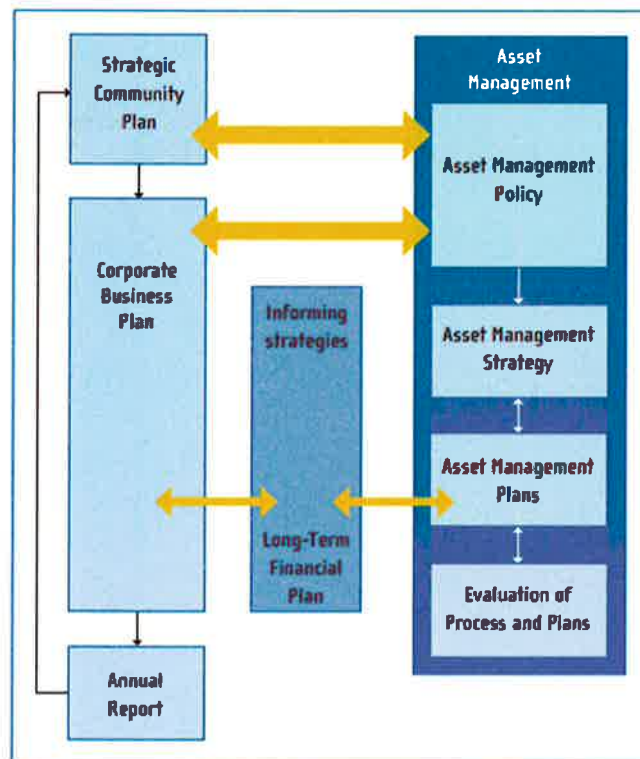


PLAN FOR THE FUTURE OF THE DISTRICT

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

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

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



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

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

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

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



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

SHIRE OF MUKINBUDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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
Independent Audit Report	62
Supplementary Ratio Information	64
Principal place of business: 15 Maddock Street Mukinbudin WA 6479	

**SHIRE OF MUKINBUDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Mukinbudin being the annual financial report and other information for the financial year ended 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the Shire of Mukinbudin at 30th June 2014 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 10th day of April 2015


Stuart Billingham
Chief Executive Officer

SHIRE OF MUKINBUDIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Rates	23	850,167	846,859	820,944
Operating Grants, Subsidies and Contributions	29	899,563	826,163	1,335,937
Fees and Charges	28	346,800	435,885	339,941
Interest Earnings	2(a)	30,584	33,400	35,384
Other Revenue	2(a)	113,174	24,000	407,448
		<u>2,240,288</u>	<u>2,166,307</u>	<u>2,939,654</u>
Expenses				
Employee Costs		(990,260)	(486,137)	(746,819)
Materials and Contracts		(838,417)	(914,359)	(648,293)
Utility Charges		(218,196)	(213,898)	(194,366)
Depreciation on Non-Current Assets	2(a)	(1,199,601)	(1,110,720)	(1,192,648)
Interest Expenses	2(a)	(40,480)	(40,479)	(42,046)
Insurance Expenses		(125,974)	(158,200)	(153,440)
Other Expenditure		(266,732)	(44,376)	(17,402)
		<u>(3,679,660)</u>	<u>(2,968,169)</u>	<u>(2,995,014)</u>
		(1,439,372)	(801,862)	(55,360)
Non-Operating Grants, Subsidies and Contributions				
Contributions	29	895,667	1,718,139	1,901,602
Profit on Asset Disposals	21	0	0	9,119
Loss on Asset Disposals	21	(166,215)	0	(24,246)
		<u>(709,920)</u>	<u>916,277</u>	<u>1,831,115</u>
NET RESULT				
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	13	6,833,504	0	336,044
		<u>6,833,504</u>	<u>0</u>	<u>336,044</u>
Total Other Comprehensive Income		<u>6,833,504</u>	<u>0</u>	<u>336,044</u>
Total Comprehensive Income		<u><u>6,123,584</u></u>	<u><u>916,277</u></u>	<u><u>2,167,159</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 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Governance		2,605	100	57,217
General Purpose Funding		1,444,148	1,452,791	1,825,128
Law, Order, Public Safety		30,521	29,160	28,615
Health		1,705	5,450	5,126
Education and Welfare		3,740	6,000	550
Housing		92,765	95,554	97,955
Community Amenities		62,579	74,651	111,985
Recreation and Culture		150,469	43,010	233,003
Transport		232,099	219,471	332,406
Economic Services		157,111	206,660	188,925
Other Property and Services		62,546	33,460	58,744
	2(a)	<u>2,240,288</u>	<u>2,166,307</u>	<u>2,939,654</u>
Expenses				
Governance		(411,643)	(326,398)	(347,613)
General Purpose Funding		(44,597)	(38,228)	(45,748)
Law, Order, Public Safety		(60,939)	(79,158)	(74,286)
Health		(85,727)	(84,971)	(103,067)
Education and Welfare		(87,914)	(82,181)	(66,958)
Housing		(165,452)	(134,192)	(130,589)
Community Amenities		(164,977)	(171,306)	(165,849)
Recreation & Culture		(724,832)	(505,913)	(503,113)
Transport		(1,360,769)	(1,113,040)	(1,209,188)
Economic Services		(361,294)	(395,051)	(330,327)
Other Property and Services		(171,036)	2,748	23,770
	2(a)	<u>(3,639,180)</u>	<u>(2,927,690)</u>	<u>(2,952,968)</u>
Finance Costs				
Governance		0	0	(371)
Education and Welfare		(2,654)	0	0
Housing		(2,166)	(2,405)	(2,729)
Community Amenities		0	(2,770)	(2,913)
Recreation & Culture		(6,477)	(6,761)	(7,106)
Economic Services		(10,556)	(10,793)	(12,082)
Other Property and Services		(18,627)	(17,750)	(16,845)
	2(a)	<u>(40,480)</u>	<u>(40,479)</u>	<u>(42,046)</u>
Non-Operating Grants, Subsidies and Contributions				
General Purpose Funding		0	0	724,704
Housing		26,360	876,908	0
Recreation & Culture		1,680	3,000	260,000
Transport		865,574	800,815	826,607
Economic Services		2,053	37,416	90,291
		<u>895,667</u>	<u>1,718,139</u>	<u>1,901,602</u>
Profit/(Loss) on Disposal of Assets				
Law, Order, Public Safety		0	0	(159)
Health		(22,651)	0	0
Housing		(97,399)	0	0
Recreation & Culture		(19,138)	0	0
Transport		0	0	394
Transport		(27,027)	0	(11,691)
Other Property and Services		0	0	8,725
Other Property and Services		0	0	(12,396)
		<u>(166,215)</u>	<u>0</u>	<u>(15,127)</u>
Net Result		<u>(709,920)</u>	<u>916,277</u>	<u>1,831,115</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	13	6,833,504	0	336,044
Total Other Comprehensive Income		<u>6,833,504</u>	<u>0</u>	<u>336,044</u>
Total Comprehensive Income		<u>6,123,584</u>	<u>916,277</u>	<u>2,167,159</u>

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

**SHIRE OF MUKINBUDIN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014**

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	388,525	676,959
Trade and Other Receivables	4	120,003	636,488
TOTAL CURRENT ASSETS		<u>508,528</u>	<u>1,313,447</u>
NON-CURRENT ASSETS			
Other Receivables	4	39,390	44,667
Inventories	5	624,614	953,338
Property, Plant and Equipment	6	12,417,014	7,053,735
Infrastructure	7	36,545,818	34,670,776
TOTAL NON-CURRENT ASSETS		<u>49,626,836</u>	<u>42,722,516</u>
TOTAL ASSETS		<u>50,135,364</u>	<u>44,035,963</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	173,127	292,678
Short Term Borrowings	9	76,737	0
Current Portion of Long Term Borrowings	10	97,117	90,968
Provisions	11	217,984	164,618
TOTAL CURRENT LIABILITIES		<u>564,965</u>	<u>548,264</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	10	616,403	646,521
Provisions	11	8,513	19,279
TOTAL NON-CURRENT LIABILITIES		<u>624,916</u>	<u>665,800</u>
TOTAL LIABILITIES		<u>1,189,881</u>	<u>1,214,064</u>
		<u>48,945,483</u>	<u>42,821,899</u>
EQUITY			
Retained Surplus		41,387,930	41,962,381
Reserves - Cash Backed	12	388,005	523,474
Revaluation Surplus	13	7,169,548	336,044
TOTAL EQUITY		<u>48,945,483</u>	<u>42,821,899</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 2014**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2012		40,170,929	483,811	0	40,654,740
Comprehensive Income		1,831,115	0	0	1,831,115
Net Result		1,831,115	0	0	1,831,115
Changes on Revaluation of Non-Current Assets	13	0	0	336,044	336,044
Total Comprehensive Income		1,831,115	0	336,044	2,167,159
Transfers from/(to) Reserves		(39,663)	39,663	0	0
Balance as at 30 June 2013		41,962,381	523,474	336,044	42,821,899
Comprehensive Income		(709,920)	0	0	(709,920)
Net Result		(709,920)	0	0	(709,920)
Changes on Revaluation of Non-Current Assets	13	0	0	6,833,504	6,833,504
Total Comprehensive Income		(709,920)	0	6,833,504	6,123,584
Transfers from/(to) Reserves		135,469	(135,469)	0	0
Balance as at 30 June 2014		41,387,930	388,005	7,169,548	48,945,483

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 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
Cash Flows From Operating Activities				
Receipts				
Rates		849,659	908,864	799,856
Operating Grants, Subsidies and Contributions		1,356,002	871,363	1,335,937
Fees and Charges		346,800	473,885	322,149
Interest Earnings		30,584	33,400	35,384
Goods and Services Tax		133,135	250,000	288,858
Other Revenue		113,174	24,000	208,817
		<u>2,829,354</u>	<u>2,561,512</u>	<u>2,991,001</u>
Payments				
Employee Costs		(968,731)	(472,137)	(780,717)
Materials and Contracts		(936,899)	(846,504)	(407,288)
Utility Charges		(218,196)	(202,693)	(194,366)
Interest Expenses		(40,478)	(40,479)	(35,000)
Insurance Expenses		(125,974)	(160,000)	(153,440)
Goods and Services Tax		(73,885)	(227,520)	(368,436)
Other Expenditure		(89,534)	(44,376)	(17,402)
		<u>(2,453,697)</u>	<u>(1,993,709)</u>	<u>(1,956,649)</u>
Net Cash Provided By (Used In) Operating Activities	14(b)	<u>375,657</u>	<u>567,803</u>	<u>1,034,352</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		(425)	0	0
Payments for Purchase of Property, Plant & Equipment		(174,519)	(1,021,844)	(1,320,706)
Payments for Construction of Infrastructure		(1,444,163)	(1,427,086)	(1,678,794)
Advances to Community Groups		0	0	0
Non-Operating Grants, Subsidies and Contributions		895,667	1,718,139	1,539,250
Proceeds from Sale of Fixed Assets		0	0	79,285
Proceeds from Advances		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
Net Cash Provided by (Used in) Investment Activities		<u>(723,440)</u>	<u>(730,791)</u>	<u>(1,380,965)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(90,969)	(90,968)	(108,060)
Proceeds from Self Supporting Loans		6,581	6,581	6,420
Proceeds from New Debentures		67,000	0	0
		<u>67,000</u>	<u>0</u>	<u>0</u>
Net Cash Provided By (Used In) Financing Activities		<u>(17,388)</u>	<u>(84,387)</u>	<u>(101,640)</u>
Net Increase (Decrease) in Cash Held		<u>(365,171)</u>	<u>(247,375)</u>	<u>(448,253)</u>
Cash at Beginning of Year		676,959	676,959	1,125,212
Cash and Cash Equivalents at the End of the Year	14(a)	<u><u>311,788</u></u>	<u><u>429,584</u></u>	<u><u>676,959</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 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
Revenue				
Governance		2,605	100	57,217
General Purpose Funding		593,981	605,932	1,728,888
Law, Order, Public Safety		30,521	29,160	28,615
Health		1,705	5,450	5,126
Education and Welfare		3,740	6,000	550
Housing		119,125	972,462	97,955
Community Amenities		62,579	74,651	111,985
Recreation and Culture		152,149	46,010	493,003
Transport		1,097,673	1,020,286	1,159,407
Economic Services		159,164	244,076	279,216
Other Property and Services		62,546	33,460	67,469
		<u>2,285,788</u>	<u>3,037,587</u>	<u>4,029,431</u>
Expenses				
Governance		(411,643)	(326,398)	(347,984)
General Purpose Funding		(44,597)	(38,228)	(45,748)
Law, Order, Public Safety		(60,939)	(79,158)	(74,445)
Health		(108,378)	(84,971)	(103,067)
Education and Welfare		(90,568)	(82,181)	(66,958)
Housing		(265,017)	(136,597)	(133,318)
Community Amenities		(164,977)	(174,076)	(168,762)
Recreation and Culture		(750,447)	(512,674)	(510,219)
Transport		(1,387,796)	(1,113,040)	(1,220,879)
Economic Services		(371,850)	(405,844)	(342,409)
Other Property and Services		(189,663)	(15,002)	(5,471)
		<u>(3,845,875)</u>	<u>(2,968,169)</u>	<u>(3,019,260)</u>
Net Result Excluding Rates		(1,560,087)	69,418	1,010,171
Adjustments for Cash Budget Requirements:				
Initial Recognition of Assets Due to Change to Regulations				
- Land		0	0	(196,077)
(Profit)/Loss on Asset Disposals	21	166,215	0	15,127
Movement in Deferred Pensioner Rates (Non-Current)		(1,469)	0	2,265
Movement in Employee Benefit Provisions (Non-current)		(10,766)	0	7,596
Movement in LSL Reserve (added back)		0	0	2,146
Adjustment for Revaluation of Land Held For Resale		177,198	0	0
Depreciation and Amortisation on Assets	2(a)	1,199,601	1,110,720	1,192,648
Capital Expenditure and Revenue				
Purchase Land Held for Resale		(425)	0	0
Purchase Land and Buildings	6(a)	(41,305)	(974,826)	(1,088,655)
Purchase Furniture and Equipment	6(a)	(41,528)	(36,418)	(9,782)
Purchase Plant and Equipment	6(a)	(90,937)	(10,600)	(222,269)
Purchase Work in Progress	6(a)	(749)	0	0
Purchase Roads	7(a)	(1,338,779)	(1,267,067)	(1,462,813)
Purchase Footpaths	7(a)	0	0	(79,755)
Purchase Parks & Ovals	7(a)	(5,135)	0	0
Purchase Other Infrastructure	7(a)	(100,249)	(160,019)	(136,226)
Proceeds from Disposal of Fixed Assets	21	0	0	79,285
Repayment of Debentures	22(a)	(90,969)	(90,968)	(108,060)
Proceeds from New Debentures	22(a)	67,000	0	0
Proceeds from Self Supporting Loans		6,581	6,581	6,420
Transfers to Reserves (Restricted Assets)	12	0	0	(39,663)
Transfers from Reserves (Restricted Assets)	12	135,469	116,298	0
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	23(b)	376,130	390,022	582,828
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	23(b)	(304,037)	0	376,130
Total Amount Raised from General Rate	23(a)	<u>(850,167)</u>	<u>(846,859)</u>	<u>(820,944)</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 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

The Local Government Reporting Entity

All Funds through which the 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. A separate statement of those monies appears at Note 20. to these financial statements.

(b) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and Cash Equivalents

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

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

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land Held for Sale

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

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

Land held for sale is classified as non-current asset. Council has no expectation of sales being realised in the foreseeable future.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
 - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
 - (i) that are plant and equipment; and
 - (ii) that are -
 - (I) land and buildings; or-
 - (II) Infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

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

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

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

Land Under Control

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

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

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

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2014.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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

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

Revaluation

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

Transitional Arrangements

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

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

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

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to Fair Value, AASB 13 – Fair Value Measurement only become applicable for the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology in the previous reporting period (year ended 30 June 2013) the Council chose to early adopt AASB 13

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

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land Under Roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

Whilst 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 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Land	Not depreciated
Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement seal	50-60 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement gravel sheet	50-60 years 12 years
Formed roads (unsealed) formation	not depreciated
pavement	50-60 years
Footpaths	40 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

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

Capitalisation Threshold

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(h) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-Term Employee Benefits

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

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

Other Long-Term Employee Benefits

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

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

(l) Borrowing Costs

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

(o) Investment in Associates

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

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

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

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Interests in Joint Arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 17.

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments	December 2013	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2013	1 January 2018	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iii) AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities] [AASB 1, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	December 2012	1 January 2014	Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128. It is not expected to have a significant impact on Council.
(iv) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	1 January 2014	This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. This Standard is not expected to significantly impact the Council's financial statements.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(v) AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	June 2013	1 January 2014	This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets.
(vi) AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	1 January 2014	It is not expected to have a significant impact on Council. This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities. It is not expected to have a significant impact on Council.
(vii) AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	December 2013	Refer Title column	Part A of this standard makes various editorial corrections to Australian Accounting Standards. Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031. Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) 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 were compiled, became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 10	AASB 128	AASB 2012 - 2
AASB 11	AASB 2011 - 7	AASB 2012 - 3
AASB 12	AASB 2011 - 9	AASB 2012 - 5
AASB 119	AASB 2011 - 10	AASB 2012 - 10
AASB 127		

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES	2014	2013	
	\$	\$	
(a) Net Result			
The Net Result includes:			
(i) Charging as an Expense:			
Auditors Remuneration			
- Audit of the 2013 annual financial report	11,238	9,763	
- Financial Management Review 2014	7,000	0	
- Interim Audit 2014 annual financial report	9,970	0	
- Assistance with the finalisation of the annual financial report	0	2,400	
Depreciation			
Buildings	150,919	137,556	
Furniture and Equipment	21,856	21,484	
Plant and Equipment	206,089	291,614	
Roads	757,044	724,653	
Footpaths	12,432	11,264	
Parks & Ovals	33,956	0	
Other Infrastructure	17,305	6,077	
	<u>1,199,601</u>	<u>1,192,648</u>	
Interest Expenses (Finance Costs)			
Debentures (<i>refer Note 21.(a)</i>)	40,480	42,046	
	<u>40,480</u>	<u>42,046</u>	
(ii) Crediting as Revenue:			
Significant Revenue			
Recreation & Culture	0	196,077	
	<u>0</u>	<u>196,077</u>	
This significant revenue in 2013 relates to the initial recognition of Land under the Shire's control in accordance with amendments to the Financial Management Regulations. The revenue has been classified as Other Revenue by Nature or Type. Refer to note 34 for further information.			
Other Revenue			
Reimbursements and Recoveries	65,910	135,646	
Significant Revenue (Refer Above)	0	196,077	
Other	47,264	75,725	
	<u>113,174</u>	<u>407,448</u>	
	2014	2014	2013
	Actual	Budget	Actual
	\$	\$	\$
Interest Earnings			
- Reserve Funds	13,389	20,000	22,054
- Other Funds	13,830	9,800	9,730
Other Interest Revenue (<i>refer note 26</i>)	3,365	3,600	3,600
	<u>30,584</u>	<u>33,400</u>	<u>35,384</u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

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

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

GOVERNANCE

Objective:

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

Activities:

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district.

Other costs 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 and environmentally conscious community.

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

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

EDUCATION AND WELFARE

Objective:

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

Activities:

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

HOUSING

Objective:

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

Activities:

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

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

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

Activities:

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

TRANSPORT

Objective:

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

Activities:

Construction and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and t depot maintenance and airstrip maintenance.

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

Grant/Contribution	Function/ Activity	Opening	Received ⁽²⁾	Expended ⁽³⁾	Closing	Received ⁽²⁾	Expended ⁽³⁾	Closing
		Balance ⁽¹⁾ 1/07/12 \$	2012/13 \$	2012/13 \$	Balance ⁽¹⁾ 30/06/13 \$	2013/14 \$	2013/14 \$	Balance 30/06/14 \$
Federal Govt - RLCIP	Economic Services	30,000	0	0	30,000	0	(30,000)	0
Roads to Recovery		80,141	260,951	(349,717)	(8,625)	0	8,625	0
Oil Mallee Association Grant		1,061	0	(1,061)	0	0	0	0
Camera Trap Project Income		1,173	0	(1,173)	0	0	0	0
Dry Season Assistance Grant		4,909	10,000	(4,909)	10,000	0	(10,000)	0
Disability Services Grant- Electric Doors at Office	Economic Services	1,812	0	(1,812)	0	0	0	0
Department of Water - Community Water Grant		0	10,000	0	10,000	0	(10,000)	0
Total		119,096	280,951	(358,672)	41,375	0	(41,375)	0

Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	Note	2014 \$	2013 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		520	142,110
Restricted		388,005	534,849
		<u>388,525</u>	<u>676,959</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	50,034	50,034
Plant Reserve	11	61,415	61,415
Building Reserve	11	197,821	197,821
Communication Reserve	11	0	19,170
Self Insurance Reserve	11	7,291	7,291
Residential Sub-Division Reserve	11	9,555	9,555
Seniors Aged Housing Reserve	11	46,064	46,064
Swimming Pool Reserve	11	10,812	97,110
Unspent Grants Reserve	11	5,013	35,014
Unspent Grants	2(c)	0	11,375
		<u>388,005</u>	<u>534,849</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		44,761	45,722
Sundry Debtors		53,388	484,800
GST Receivable		46,253	105,503
Loans - Clubs/Institutions		6,746	6,581
Accrued Income		2,450	5,457
Provision for Doubtful Debts		(33,595)	(11,575)
Prepayments		0	0
		<u>120,003</u>	<u>636,488</u>
Non-Current			
Rates Outstanding - Pensioners		3,967	2,498
Loans - Clubs/Institutions		35,423	42,169
		<u>39,390</u>	<u>44,667</u>
5. INVENTORIES			
Current			
Fuel and Materials		0	0
History Books		0	0
Land Held for Resale - Cost			
Cost of Acquisition		0	0
Development Costs		0	0
		<u>0</u>	<u>0</u>
Non-Current			
Land Held for Resale - Cost			
Cost of Acquisition		16,833	199,459
Development Costs		63,781	753,879
Net Realisable Value		544,000	0
		<u>624,614</u>	<u>953,338</u>

The cost of lot 208 Salmon Gum Alley has been transferred to Property, Plant and Equipment as Council made the decision in the current year to retain this lot for its own purposes.

The remaining 17 lots which are available for sale have been revalued in accordance with Accounting Policy 1 (e) .

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Independent Valuation 2014	1,389,000	0
- Cost	<u>0</u>	<u>77,908</u>
	1,389,000	77,908
Land Vested In and Under the Control of Council at:		
- Management Valuation 2014	196,077	0
- Cost	<u>0</u>	<u>196,077</u>
	196,077	196,077
Total Land	<u><u>1,585,077</u></u>	<u><u>273,985</u></u>
Buildings at:		
- Independent Valuation 2014	9,634,900	0
- Cost	0	6,920,061
Less: Accumulated Depreciation	<u>0</u>	<u>(1,441,401)</u>
	9,634,900	5,478,660
Total Buildings	9,634,900	5,478,660
Total Land and Buildings	<u><u>11,219,977</u></u>	<u><u>5,752,645</u></u>
Furniture and Equipment at:		
- Cost	491,104	434,452
Less: Accumulated Depreciation	<u>(304,723)</u>	<u>(275,608)</u>
	186,381	158,844
Plant and Equipment at:		
- Management Valuation 2013	1,116,645	1,142,246
- Additions after Valuation - Cost	100,277	0
Less Accumulated Depreciation	<u>(207,015)</u>	<u>0</u>
	1,009,907	1,142,246
Work in Progress at:		
- Cost	<u>749</u>	<u>0</u>
	749	0
	<u><u>12,417,014</u></u>	<u><u>7,053,735</u></u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and Buildings:

The Shire's land and buildings were revalued at 30 June 2014 by both independent valuers and management.

In relation to land and buildings assets with an observable open market, valuations were made on the basis of observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regard to building assets without an observable market, these were valued having regard for their current replacement cost utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs). Given the significance of the Level 3 inputs into the overall fair value measurement, these specialised building assets are deemed to have been valued using Level 3 inputs.

With regard to land assets without an observable market, these were valued having regard for their development costs based on recent contract prices (level 3 inputs) and current condition (Level 2 inputs). Given the significance of the Level 3 inputs into the overall fair value measurement, these land assets are deemed to have been valued using Level 3 inputs.

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

The revaluation of these assets resulted in an overall increase of \$6,833,504 in the net value of the Shire's land and buildings. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 13(a) for further details) and was recognised as Changes on Revaluation of non-current Assets in the Statement of Comprehensive Income.

With regard to land vested in and under the control of Council, these assets were recognised as at 30 June 2013 (Refer to Note 34) at deemed cost where cost was effectively the fair value at the date of recognition.

As land vested in and under the control of Council is Crown Land restricted as to usage, it is not possible for an alternative usage to be considered when arriving at the fair value. In addition, due to its nature, any significant value attributable directly to the land would likely be offset by the need to return value to the Crown before any restriction is lifted, thus reducing the net fair value to nil.

Consequently, the original value of deemed cost was obtained having regard for the current replacement cost of the improvements on the land to allow for its current restricted usage.

These included both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and Buildings (Continued):

Given the significance of the Level 3 inputs into the overall fair value measurement, this land vested in and under the control of Council is deemed to have been valued using Level 3 inputs.

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

Due to the mandatory fair value measurement framework as detailed in Note 1(f), Land Vested in and under the control of Council required a fair value assessment to occur in the current year.

This was performed by management at 30 June 2014 on the same basis as the prior year deemed cost valuation was arrived at.

The revaluation of land vested in and under the control of Council resulted in neither an increase nor a decrease in the net value of the Land vested in and under control of the Council. Consequently no adjustment was recognised in either the net result or other comprehensive income in the Statement of Comprehensive Income.

Plant and Equipment:

Plant and equipment was revalued in 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A.

Whilst the additions since that time are shown at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. Thus, the value is considered in accordance with Local Government (Financial Management (Regulation) 17A (2) which requires these assets to be shown at fair value.

They will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1(f).

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Transfers Change of Input Levels \$	Transfers Between Asset Classes \$	Revaluation Increments/ (Decrements) \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Freehold Land (Level 2)	77,908	0	(3,837)	(13,125)	144,684	998,370	0	1,204,000
Freehold Land (Level 3)	0	0	0	13,125	0	171,875	0	185,000
Land Vested In and Under the Control of Council (Level 3)	196,077	0	0	0	0	0	0	196,077
Total Land	273,985	0	(3,837)	0	144,684	1,170,245	0	1,585,077
Non-Specialised Buildings (Level 2)	2,012,408	27,037	(123,658)	(944,583)	(2,174)	2,012,095	(71,125)	2,910,000
Specialised Buildings (Level 3)	3,466,252	14,268	(13,119)	944,583	(1,258,454)	3,651,164	(79,794)	6,724,900
Total Buildings	5,478,660	41,305	(136,777)	0	(1,260,628)	5,663,259	(150,919)	9,634,900
Total Land and Buildings	5,752,645	41,305	(140,614)	0	(1,115,944)	6,833,504	(150,919)	11,219,977
Furniture and Equipment (Level 3)	158,844	41,528	0	0	7,865	0	(21,856)	186,381
Plant and Equipment (Level 3)	1,142,246	90,937	(25,601)	0	8,414	0	(206,089)	1,009,907
Work in Progress	0	749	0	0	0	0	0	749
Total Property, Plant and Equipment	7,053,735	174,519	(166,215)	0	(1,099,665)	6,833,504	(378,864)	12,417,014

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2013 \$
7. INFRASTRUCTURE		
Roads		
- Cost	46,092,444	44,753,665
Less Accumulated Depreciation	<u>(11,687,971)</u>	<u>(10,930,927)</u>
	34,404,473	33,822,738
Footpaths		
- Cost	541,714	541,714
Less Accumulated Depreciation	<u>(77,337)</u>	<u>(64,905)</u>
	464,377	476,809
Parks & Ovals		
- Cost	541,452	379,564
Less Accumulated Depreciation	<u>(233,657)</u>	<u>(192,724)</u>
	307,795	186,840
Other Infrastructure		
- Cost	1,437,287	193,669
Less Accumulated Depreciation	<u>(68,114)</u>	<u>(9,280)</u>
	1,369,173	184,389
	<u><u>36,545,818</u></u>	<u><u>34,670,776</u></u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Transfers Change of Input Levels \$	Transfers Between Asset Classes \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Roads	33,822,738	1,338,779	0	0	0	(757,044)	34,404,473
Footpaths	476,809	0	0	0	0	(12,432)	464,377
Parks & Ovals	186,840	5,135	0	0	149,776	(33,956)	307,795
Other Infrastructure	184,389	100,249	0	0	1,101,840	(17,305)	1,369,173
Total	34,670,776	1,444,163	0	0	1,251,616	(820,737)	36,545,818

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013	
	\$	\$	
8. TRADE AND OTHER PAYABLES			
Current			
Sundry Creditors	108,319	215,881	
Accrued Interest on Debentures	10,962	10,960	
Accrued Salaries and Wages	25,894	20,447	
ATO Liabilities	18,872	45,390	
Income Received in Advance	5,778	0	
Accrued Expenditure	3,302	0	
	<u>173,127</u>	<u>292,678</u>	
9. SHORT-TERM BORROWINGS			
Unsecured			
Bank Overdraft	76,737	0	
	<u>76,737</u>	<u>0</u>	
Represented by:			
Unrestricted - Municipal bank overdraft	76,737	0	
	<u>76,737</u>	<u>0</u>	
10. LONG-TERM BORROWINGS			
Current			
Secured by Fixed Charge Debentures	97,117	90,968	
	<u>97,117</u>	<u>90,968</u>	
Non-Current			
Secured by Fixed Charge Debentures	616,403	646,521	
	<u>616,403</u>	<u>646,521</u>	
Additional detail on borrowings is provided in Note 22.			
11. PROVISIONS			
Analysis of Total Provisions			
Current	217,984	164,618	
Non-Current	8,513	19,279	
	<u>226,497</u>	<u>183,897</u>	
	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2013	80,692	103,205	183,897
Additional provision	21,143	21,457	42,600
Balance at 30 June 2014	<u>101,835</u>	<u>124,662</u>	<u>226,497</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2014 Budget \$	2013 \$
12. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	50,034	50,034	47,888
Amount Set Aside / Transfer to Reserve	0	0	2,146
Amount Used / Transfer from Reserve	0	0	0
	<u>50,034</u>	<u>50,034</u>	<u>50,034</u>
(b) Plant Reserve			
Opening Balance	61,415	61,415	59,893
Amount Set Aside / Transfer to Reserve	0	0	1,522
Amount Used / Transfer from Reserve	0	0	0
	<u>61,415</u>	<u>61,415</u>	<u>61,415</u>
(c) Building Reserve			
Opening Balance	197,821	197,821	192,113
Amount Set Aside / Transfer to Reserve	0	0	5,708
Amount Used / Transfer from Reserve	0	0	0
	<u>197,821</u>	<u>197,821</u>	<u>197,821</u>
(d) Communication Reserve			
Opening Balance	19,170	19,170	17,865
Amount Set Aside / Transfer to Reserve	0	0	1,305
Amount Used / Transfer from Reserve	(19,170)	0	0
	<u>0</u>	<u>19,170</u>	<u>19,170</u>
(e) Self Insurance Reserve			
Opening Balance	7,291	7,291	6,936
Amount Set Aside / Transfer to Reserve	0	0	355
Amount Used / Transfer from Reserve	0	0	0
	<u>7,291</u>	<u>7,291</u>	<u>7,291</u>
(f) Residential Sub-Division Reserve			
Opening Balance	9,555	9,555	8,958
Amount Set Aside / Transfer to Reserve	0	0	597
Amount Used / Transfer from Reserve	0	0	0
	<u>9,555</u>	<u>9,555</u>	<u>9,555</u>
(g) Seniors Aged Housing Reserve			
Opening Balance	46,064	46,064	40,915
Amount Set Aside / Transfer to Reserve	0	0	5,149
Amount Used / Transfer from Reserve	0	0	0
	<u>46,064</u>	<u>46,064</u>	<u>46,064</u>
(h) Swimming Pool Reserve			
Opening Balance	97,110	97,110	75,731
Amount Set Aside / Transfer to Reserve	0	0	21,379
Amount Used / Transfer from Reserve	(86,298)	(86,298)	0
	<u>10,812</u>	<u>10,812</u>	<u>97,110</u>
(i) Unspent Grants Reserve			
Opening Balance	35,014	35,014	33,512
Amount Set Aside / Transfer to Reserve	0	0	1,502
Amount Used / Transfer from Reserve	(30,001)	(30,000)	0
	<u>5,013</u>	<u>5,014</u>	<u>35,014</u>
TOTAL RESERVES	<u><u>388,005</u></u>	<u><u>407,176</u></u>	<u><u>523,474</u></u>
Total Opening Balance	523,474	523,474	483,811
Total Amount Set Aside / Transfer to Reserve	0	0	39,663
Total Amount Used / Transfer from Reserve	(135,469)	(116,298)	0
TOTAL RESERVES	<u><u>388,005</u></u>	<u><u>407,176</u></u>	<u><u>523,474</u></u>

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

12. RESERVES - CASH BACKED (continued)

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

- (a) Leave Reserve
 - to be used to fund annual and long service leave requirements
- (b) Plant Reserve
 - to be used for the purchase of major plant.
- (c) Building Reserve
 - to be used for the construction of new buildings or to assist finance of housing loans.
- (d) Communication Reserve
 - to be used Capital upgrade of the TV/Radio Rebroadcaster
- (e) Self Insurance Reserve
 - to be used for Insurance Excess.
- (f) Residential Sub-Division Reserve
 - to be used for the profit from the sale of subdivision blocks.
- (g) 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.
- (h) Swimming Pool Reserve
 - to be used for the upgrade of the Swimming Pool in future years.
- (i) Unspent Grants Reserve
 - to be used for any grant funding that may not be expended in the current financial year.

Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

13. REVALUATION SURPLUS	2014	2013
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land & Buildings		
Opening Balance	0	0
Revaluation Increment	6,833,504	0
Revaluation Decrement	0	0
	<u>6,833,504</u>	<u>0</u>
(b) Plant & Equipment		
Opening Balance	336,044	0
Revaluation Increment	0	336,044
Revaluation Decrement	0	0
	<u>336,044</u>	<u>336,044</u>
 TOTAL ASSET REVALUATION SURPLUS	 <u><u>7,169,548</u></u>	 <u><u>336,044</u></u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2014 \$	2014 Budget \$	2013 \$
Cash and Cash Equivalents	388,525	429,584	676,959
Short term Borrowings	<u>(76,737)</u>	<u>0</u>	<u>0</u>
	<u>311,788</u>	<u>429,584</u>	<u>676,959</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	(709,920)	916,277	1,831,115
Depreciation	1,199,601	1,110,720	1,192,648
(Profit)/Loss on Sale of Asset	166,215	0	15,127
(Increase)/Decrease in Receivables	515,181	145,205	(475,048)
(Increase)/Decrease in Inventories	177,198	0	0
Increase/(Decrease) in Payables	(119,551)	107,740	241,933
Increase/(Decrease) in Employee Provisions	42,600	6,000	(36,096)
Grants Contributions for the Development of Assets	(895,667)	(1,718,139)	(1,539,250)
changes in legislative requirements	<u>0</u>	<u>0</u>	<u>(196,077)</u>
Net Cash from Operating Activities	<u>375,657</u>	<u>567,803</u>	<u>1,034,352</u>
	2014		2013
	\$		\$
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Bank Overdraft limit	100,000		100,000
Bank Overdraft at Balance Date	(76,737)		(3,748)
Credit Card limit	5,000		5,000
Credit Card Balance at Balance Date	<u>(1,864)</u>		<u>(2,834)</u>
Total Amount of Credit Unused	<u>26,399</u>		<u>98,418</u>
Loan Facilities			
Loan Facilities - Current	97,117		90,968
Loan Facilities - Non-Current	616,403		646,521
Total Facilities in Use at Balance Date	<u>713,520</u>		<u>737,489</u>
Unused Loan Facilities at Balance Date	<u>NIL</u>		<u>NIL</u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

15. CONTINGENT LIABILITIES

Council has no contingent liabilities as at 30 June 2014

16. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

The Shire did not have any future operating lease commitments at the reporting date.

(b) Capital Expenditure Commitments

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

17. JOINT VENTURE ARRANGEMENTS

The Shire was not involved in any joint ventures at the reporting date.

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2014	2013
	\$	\$
Governance	0	0
General Purpose Funding	15,133	36,645
Law, Order, Public Safety	208,555	221,442
Health	334	23,486
Education and Welfare	940,068	324,414
Housing	3,846,788	1,282,002
Community Amenities	70,821	1,319,963
Recreation and Culture	4,870,443	3,573,892
Transport	36,966,993	34,617,739
Economic Services	1,397,161	1,027,394
Other Property and Services	1,838,780	819,248
Unallocated	(19,712)	789,738
	<u>50,135,364</u>	<u>44,035,963</u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

19. FINANCIAL RATIOS	2014	2013	2012
Current Ratio	0.23	1.56	2.51
Asset Sustainability Ratio	0.84	2.05	1.02
Debt Service Cover Ratio	(2.78)	7.76	6.27
Operating Surplus Ratio	(1.20)	(0.04)	(0.08)
Own Source Revenue Coverage Ratio	0.35	0.53	0.46

The above ratios are calculated as follows:

Current Ratio	<u>current assets minus restricted assets</u> current liabilities minus liabilities associated with restricted assets
Asset Sustainability Ratio	<u>capital renewal and replacement expenditure</u> Depreciation expenses
Debt Service Cover Ratio	<u>annual operating surplus before interest and depreciation</u> principal and interest
Operating Surplus Ratio	<u>operating revenue minus operating expenses</u> own source operating revenue
Own Source Revenue Coverage Ratio	<u>own source operating revenue</u> operating expenses

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 63 of this document.

Two of the 2013 ratios disclosed above are distorted by items of significant revenue totalling \$196,077 relating to the initial recognition of Land under the Shire's control in accordance with amendments to the Financial Management Regulations (refer to Notes 1(f), and 2(a)(ii) for further details).

These items form part of operating revenue and have been included in the calculations above.

These items of significant revenue are considered to be "one-off" and are non-cash in nature and, if they were ignored, the calculations disclosed in the 2013 column above would be as follows:

	2013
Debt Service Cover Ratio	6.45
Operating Surplus Ratio	(0.19)

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

20. TRUST FUNDS

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

	Balance 1 July 2013	Amounts Received	Amounts Paid	Balance 30 June 2014
	\$	\$	(\$)	\$
Police Licensing	0	182,626	(182,626)	0
Mukinbudin Indoor Cricket Club	10,875	470	0	11,345
Council Nomination Deposit	0	0	0	0
Housing Tenancy Bonds	7,178	4,520	(1,630)	10,068
Karlonning Pipeline Scheme	25,600	0	(25,600)	0
Rates in Advance	2,574	4,031	(6,605)	0
Drive-In Donation	500	0	0	500
Sports Complex Key Bonds	0	20	0	20
LGMA Wheatbelt Branch	5,837	0	(5,837)	0
Gymnasium Bonds	260	240	(158)	342
Soil Conservation	12,621	545	0	13,166
BRB	0	107	0	107
Builders Levy (BCITF)	1,395	0	(1,395)	0
	66,840	192,559	(223,851)	35,548

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

21. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

There were the following assets disposed of during the year.

Asset	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
	Health					
	Buildings Non Specialised					
372	Medical Centre Kunonoppin	22,651	0	0	(22,651)	0
	Housing					
	Land					
49	Land - Lot 64(16) Calder St	2,837	0	0	(2,837)	0
	Buildings Non Specialised					
336	Building - Lot 8 (9) Cruickshank Rd	46,800	0	0	(46,800)	0
59	Building - Lot 64 (16) Calder Street - 2 Bedroom Unit	22,038	0	0	(22,038)	0
60	Building - Lot 64 (2) Ferguson Street - 2 Bedroom Unit	22,038	0	0	(22,038)	0
	Buildings - Specialised					
29	Building - Lot 9 Shadbolt Street Including Fencing Bendigo Bank	3,686		0	(3,686)	0
	Recreation & Culture					
	Land					
90	Land - Lot 158 Adams Street	1,000	0	0	(1,000)	0
	Buildings Non Specialised					
221	Railway Station Restoration	10,131	0	0	(10,131)	0
	Buildings - Specialised					
103	Pistol Club Building	3,169	0	0	(3,169)	0
389	Shearing Shed Toilet - Berinbooding Rock	4,838	0	0	(4,838)	0
	Transport					
	Buildings - Specialised					
74	Brick Paving Shadbolt Island Between Carpark and Rd	1,426	0	0	(1,426)	0
	Plant & Equipment					
	Items under capitalisation threshold	25,601	0		(25,601)	0
		166,215	0	0	(166,215)	0

Profit	0	0
Loss	(166,215)	0
	<u>(166,215)</u>	<u>0</u>

Asset 372: Disposed of out of asset register as not owned by the Shire of Mukinbudin (Shire of Trayning asset)

Asset 49: Asset sold in previous financial year and not disposed off out of asset register

Asset 336: Asset sold in previous financial year and not disposed off out of asset register

Asset 59: Asset sold in previous financial year and not disposed off out of asset register

Asset 60: Asset sold in previous financial year and not disposed off out of asset register

Asset 29: Asset sold in previous financial year and not disposed off out of asset register

Asset 90: Asset disposed of in asset register as land is vested with the Shire only not freehold

Asset 221: Asset disposed of in asset register as Building not owned by Shire on Public Transit Authority Rail Reserve

Asset 103: Asset disposed of in asset register as Building not owned by Shire

Asset 389: Asset disposed of in asset register as Building not owned by Shire on Unallocated Crown Land

Asset 74: Asset disposed of in asset register as under the capitalisation threshold

Various Small Plant & Equipment: Assets disposed of in asset register as under the capitalisation threshold

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2013 \$	New Loans \$	Principal Repayments		Principal 30 June 2014		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Education and Welfare								
Loan 109 - CRC	47,806		4,841	4,841	42,965	42,965	2,654	2,770
Housing								
Loan 106 - Staff Housing	39,690		8,729	8,728	30,961	30,962	2,166	2,405
Recreation and Culture								
Loan 108 - Bowling Club	116,647		11,813	11,813	104,834	104,834	6,477	6,761
Economic Services								
Loan 107 - Caravan Park	4,291		4,291	4,291	0	0	97	135
Loan 112 - Caravan Park	14,441		4,543	4,543	9,898	9,898	682	790
Loan 116 - Land Purchase	57,011		8,123	8,123	48,888	48,888	3,408	3,432
Loan 119 - Mukinbudin Cafe	124,091		6,219	6,219	117,872	117,872	6,369	6,436
Other Property and Services								
Loan 114 - Trailer	120,391		17,154	17,154	103,237	103,237	7,188	7,248
Loan 115 - Truck	91,933		13,536	13,536	78,397	78,397	4,114	4,402
Loan 118 - Vibe Roller	121,188		11,720	11,720	109,468	109,468	5,921	6,100
Loan 120 - Skid Steer		67,000	0	0	67,000	0	1,404	0
	737,489	67,000	90,969	90,968	713,520	646,521	40,480	40,479

(*) Self supporting loan financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2013/14

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan 120 - Skid Steer	67,000	0	WATC	Debenture	10	17,598	4.57	67,000	0	0
Total	67,000	0				17,598		67,000	0	0

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1 July 13 \$	Borrowed During Year \$	Expended During Year \$	Balance 30 June 14 \$
Nil					
		0	0	0	0

The Shire did not have any unspent debentures as at 30 June 2014.

(d) Overdraft

Council established an overdraft facility of \$100,000 in 2014 to assist with short term liquidity requirements. The balance of the bank overdraft at 30 June 2013 was \$3,748 and 30 June 2014 was \$76,737.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

23. RATING INFORMATION - 2013/14 FINANCIAL YEAR

(a) Rates										
RATE TYPE										
Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
General Rate										
0.153730	155	1,105,728	169,983	1,139	0	171,122	169,983	0	0	169,983
0.153730	1	3,640	560	0	0	560	560	0	0	560
0.019256	231	37,385,000	719,886	(22,088)	0	697,798	719,886	0	0	719,886
0.019256	2	52,010	1,002	(1,300)	0	(298)	1,002	0	0	1,002
	389	38,546,378	891,431	(22,249)	0	869,182	891,431	0	0	891,431
Minimum Payment										
200	16	5,626	3,200	640	0	3,840	3,200	0	0	3,200
200	5	1,808	1,000		0	1,000	1,000	0	0	1,000
250	24	156,800	6,000	21,836	0	27,836	6,000	0	0	6,000
250	13	37,485	3,250	135	0	3,385	3,250	0	0	3,250
	58	201,719	13,450	22,611	0	36,061	13,450	0	0	13,450
Ex-Gratia Rates										
Discounts (refer note 26.)										
Movement in Excess rates										
Total Amount Raised From General Rate										
						905,243				904,881
						13,479				13,478
						(75,199)				(71,500)
						6,644				0
						850,167				846,859

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

23. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward

	2014 (30 June 2014 Carried Forward)	2014 (1 July 2013 Brought Forward)	2013 (30 June 2013 Carried Forward)
	\$	\$	\$
Surplus/(Deficit) 1 July 13 Brought Forward	<u>(304,037)</u>	<u>376,130</u>	<u>376,130</u>
Comprises:			
Cash and Cash Equivalents			
Unrestricted	520	142,110	142,110
Restricted	388,005	534,849	534,849
Receivables			
Rates Outstanding	44,761	45,722	45,722
Sundry Debtors	53,388	484,800	484,800
GST Receivable	46,253	105,503	105,503
Loans - Clubs/Institutions	6,746	6,581	6,581
Accrued Income	2,450	5,457	5,457
Provision for Doubtful Debts	(33,595)	(11,575)	(11,575)
Less:			
Trade and other Payables			
Sundry Creditors	(108,319)	(215,881)	(215,881)
Accrued Interest on Debentures	(10,962)	(10,960)	(10,960)
Accrued Salaries and Wages	(25,894)	(20,447)	(20,447)
ATO Liabilities	(7,730)	(45,390)	(45,390)
PAYG Liability	(12,584)	0	0
FBT Payable	3,302	0	0
Other Payables	(1,860)	0	0
Income Received in Advance	(5,778)	0	0
Accrued Expenditure	(3,302)	0	0
Short Term Borrowings	(76,737)	0	0
Current Portion of Long Term Borrowings			
Secured by Fixed Charge Debentures	(97,117)	(90,968)	(90,968)
Provisions			
Provision for Annual Leave	(101,835)	(80,692)	(80,692)
Provision for Long Service Leave	(116,149)	(83,926)	(83,926)
Net Current Assets	<u>(56,437)</u>	<u>765,183</u>	<u>765,183</u>
Less:			
Reserves - Restricted Cash	(388,005)	(523,474)	(523,474)
Loans - Clubs/Institutions	(6,746)	(6,581)	(6,581)
Add:			
Current Portion of Long Term Borrowings			
Secured by Fixed Charge Debentures	97,117	90,968	90,968
Component of Leave Liability not required to be funded	50,034	50,034	50,034
Surplus/(Deficit)	<u>(304,037)</u>	<u>376,130</u>	<u>376,130</u>

Difference

There was no a difference between the Surplus/(Deficit) 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2013 audited financial report.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

24. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

25. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

The Shire did not impose any service charges.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2013/14 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	10.00%	75,199	71,500
			75,199	71,500
Photocopy Charge	Waiver		0	0
Rate Assessment	Write-Off	N/A	0	0

A 10% 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.

Photocopy Charges are waived for certain community groups such as the local newsletter, St John Ambulance and Volunteer Bush Fire Brigade. Council considers support of these groups necessary for the overall benefit of the community.

27. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		3,167	3,000
Interest on Instalments Plan	5.50%		77	600
Charges on Instalment Plan		14	3,000	3,100
ESL Non Payment Penalty Interest			121	0
Pensioner Deferred Rate Interest	0		0	0
			6,365	6,700

Ratepayers had the option of paying rates in four equal instalments, due on 26 September 2013, 21 November 2013, 17 January 2014 and 14 March 2014. Administration charges and interest applied for the final three instalments.

28. FEES & CHARGES	2014 \$	2013 \$
Governance	1,611	0
General Purpose Funding	7,160	3,621
Law, Order, Public Safety	1,926	1,166
Health	0	5,126
Housing	85,930	96,575
Community Amenities	57,428	62,386
Recreation and Culture	42,953	30,936
Transport	47	0
Economic Services	132,897	122,892
Other Property and Services	16,848	17,239
	<u>346,800</u>	<u>339,941</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 2014

29. GRANT REVENUE

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

	2014	2013
By Nature or Type:	\$	\$
Operating Grants, Subsidies and Contributions	899,563	1,335,937
Non-Operating Grants, Subsidies and Contributions	895,667	1,901,602
	<u>1,795,230</u>	<u>3,237,539</u>
By Program:		
Governance	0	0
General Purpose Funding	552,201	1,684,809
Law, Order, Public Safety	24,474	23,450
Health	1,705	0
Education and Welfare	1,000	550
Housing	26,360	0
Community Amenities	1,482	11,950
Recreation and Culture	107,284	266,333
Transport	1,078,344	1,153,089
Economic Services	2,053	91,898
Other Property and Services	327	5,460
	<u>1,795,230</u>	<u>3,237,539</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>19</u>	<u>19</u>
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31. ELECTED MEMBERS REMUNERATION

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

	2014	2014	2013
	\$	Budget	\$
		\$	
Meeting Fees	31,446	22,500	22,500
President's Allowance	3,500	3,500	3,500
Deputy President's Allowance	875	875	875
Travelling Expenses	3,704	5,800	5,775
Telecommunications Allowance	4,500	0	0
	<u>44,025</u>	<u>32,675</u>	<u>32,650</u>

Meeting Fees set at \$3,500 per elected member, however budget allowed only \$2,500 per elected member SAT increase. IT/Telecommunications Fees set at \$500 per elected member , however no budget allocated.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

32. MAJOR LAND TRANSACTIONS

Earl Drive Residential Subdivision

(a) Details

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

There are 17 lots available for sale with the sale price ranging from \$36,000 to \$42,000 each. There is no expectation of sales being realised in the foreseeable future.

The Shire has retained 1 lot for its own use.

(b) Current year transactions	2014 \$	2014 Budget \$	2013 \$
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	425	0	0
	425	0	0
	425	0	0

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

Loan 116 is a liability in relation to this land transaction with an outstanding balance of \$48,888 as at 30 June 2014

(c) Expected Future Cash Flows

	2015 \$	2016 \$	2017 \$	2018 \$	Total \$
Cash Outflows					
- Development Costs	0	0	0	0	0
- Loan Repayments	(11,555)	(11,555)	(11,555)	(11,555)	(46,220)
	(11,555)	(11,555)	(11,555)	(11,555)	(46,220)
Cash Inflows					
- Sale Proceeds	0	0	0	0	0
	0	0	0	0	0
Net Cash Flows	(11,555)	(11,555)	(11,555)	(11,555)	(46,220)

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2013/14 financial year.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

34. 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	
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	388,525	676,959	388,525	676,959
Receivables	159,393	681,155	159,393	681,155
	<u>547,918</u>	<u>1,358,114</u>	<u>547,918</u>	<u>1,358,114</u>
Financial Liabilities				
Payables	173,127	292,678	173,127	292,678
Borrowings	790,257	741,237	767,330	717,497
	<u>963,384</u>	<u>1,033,915</u>	<u>940,457</u>	<u>1,010,175</u>

Fair value is determined as follows:

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

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

34. 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 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 investing in registered commercial banks. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2014	2013
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	7,993	6,948
- Statement of Comprehensive Income	7,993 ⁽²⁾	6,948 ^(*)

Notes:

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

⁽²⁾ Maximum impact.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

34. 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:

	2014	2013
Percentage of Rates and Annual Charges		
- Current	14%	9%
- Overdue	86%	91%
Percentage of Other Receivables		
- Current	74%	96%
- Overdue	26%	4%

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

34. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
 Borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. 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:

2014

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	173,127	0	0	173,127	173,127
Short Term Borrowings	76,737	0	0	76,737	76,737
Long Term Borrowings	135,482	503,662	240,463	879,607	713,520
	<u>385,346</u>	<u>503,662</u>	<u>240,463</u>	<u>1,129,471</u>	<u>963,384</u>

2013

Payables	292,678	0	0	292,678	292,678
Short Term Borrowings	3,748	0	0	3,748	3,748
Long Term Borrowings	131,448	486,290	308,720	926,458	737,489
	<u>427,874</u>	<u>486,290</u>	<u>308,720</u>	<u>1,222,884</u>	<u>1,033,915</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

35. PRIOR PERIOD CORRECTIONS

The following adjustments have been made to comparative amounts in the 30 June 2014 Financial Report to bring to account financial activities that were incorrectly stated in 2012/13. Details of these activities are listed below:-

- 1) As per Local Government (Financial Management) Reg 16, Crown land (vested in and controlled by the Shire) which is used as a golf course is to be included as an asset in the annual financial report.
- 2) Income of \$135,646 was reported under Operating Grants, Subsidies and Contributions in 2013 when it should have been reported under Other Revenue.

	Refer Notes Above	Financial Report 2013 \$	Corrected Comparative 2013 \$	Adjustment \$
STATEMENT OF COMPREHENSIVE INCOME				
<i>BY NATURE OR TYPE:-</i>				
Revenue - Operating Grants, Subsidies & Contributions	2	1,471,583	1,335,937	(135,646)
Revenue - Other Revenue	1,2	75,725	407,448	331,723
Net Result	1	1,635,038	1,831,115	196,077
Total Comprehensive Income	1	1,971,082	2,167,159	196,077
<i>BY PROGRAM:-</i>				
Revenue - Recreation & Culture	1	36,926	233,003	196,077
Net Result	1	1,635,038	1,831,115	196,077
Total Comprehensive Income	1	1,971,082	2,167,159	196,077
STATEMENT OF FINANCIAL POSITION				
Property, Plant and Equipment	1	6,857,658	7,053,735	196,077
Retained Surplus	1	41,766,304	41,962,381	196,077
STATEMENT OF CHANGES IN EQUITY				
<i>Retained Surplus:-</i>				
Balance at 30 June 2013	1	41,766,304	41,962,381	196,077
STATEMENT OF CASH FLOWS				
Receipts - Operating Grants, Subsidies & Contributions	2	1,471,583	1,335,937	(135,646)
Receipts - Other Revenue	2	73,171	208,817	135,646
RATE SETTING STATEMENT				
Revenue - Recreation & Culture	1	296,926	493,003	196,077
Net Result Excluding Rates	1	814,094	1,010,171	196,077
Initial Recognition of Assets Due to Change to Regulations - Land	1	0	(196,077)	(196,077)
NOTE 2 - REVENUES AND EXPENSES				
<i>Significant Revenue</i>				
Recreation & Culture	1	0	196,077	196,077
<i>Other Revenue</i>				
Reimbursements & Recoveries	2	0	135,646	135,646
Significant Revenue	1	0	196,007	196,007

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

35. PRIOR PERIOD CORRECTIONS (Continued)

	Refer Notes Above	Financial Report 2013 \$	Corrected Comparative 2013 \$	Adjustment \$
NOTE 6 - PROPERTY, PLANT AND EQUIPMENT				
Reserves Vested in and under the control of Council at:				
- Cost	1	0	196,077	196,077
<i>Movements in Carrying Amounts:-</i>				
Balance at the beginning of the year				
- Land Vested In and Under the Control of Council	1	0	196,077	196,077
NOTE 14 - NOTES TO THE STATEMENT OF CASH FLOWS				
Reconciliation of Net Cash Provided By				
Operating Activities to Net Result				
Net Result	1	1,635,038	1,831,115	196,077
Non-Current Assets recognised due to changes in legislative requirements	1	0	(196,077)	(196,077)
NOTE 18 - TOTAL ASSETS				
Recreation & Culture	1	3,377,815	3,573,892	196,077
NOTE 29 - GRANT REVENUE				
By Nature and Type:				
Operating Grants, Subsidies and Contributions	2	1,471,583	1,335,937	(135,646)
By Program:				
Governance	2	57,217	0	(57,217)
General Purpose Funding	2	1,686,900	1,684,809	(2,091)
Law, Order, Public Safety	2	23,450	23,450	0
Health	2	0	0	0
Education and Welfare	2	550	550	0
Housing	2	1,379	0	(1,379)
Community Amenities	2	11,979	11,950	(29)
Recreation and Culture	2	266,940	266,333	(607)
Transport	2	1,154,923	1,153,089	(1,834)
Economic Services	2	137,734	91,898	(45,836)
Other Property and Services	2	32,113	5,460	(26,653)

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF MUKINBUDIN**

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the Shire of Mukinbudin, which comprises the statement of financial position as at 30 June 2014, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL REPORT

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

AUDITOR'S OPINION

In our opinion, the financial report of the Shire of Mukinbudin is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a giving a true and fair view of the Shire's financial position as at 30 June 2014 and of its financial performance and its cash flows for the year ended on that date; and
- b complying with Australian Accounting Standards (including Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF MUKINBUDIN (CONTINUED)**

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 64 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

Date: 10 April 2015
Perth, WA

UHY HAINES NORTON
CHARTERED ACCOUNTANTS


GREG GODWIN
PARTNER

**SHIRE OF MUKINBUDIN
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2014**

RATIO INFORMATION

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

	2014	2013	2012
Asset Consumption Ratio	0.60	0.54	0.62
Asset Renewal Funding Ratio	0.46	N/A 1	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio $\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$

Asset Renewal Funding Ratio $\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

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

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