

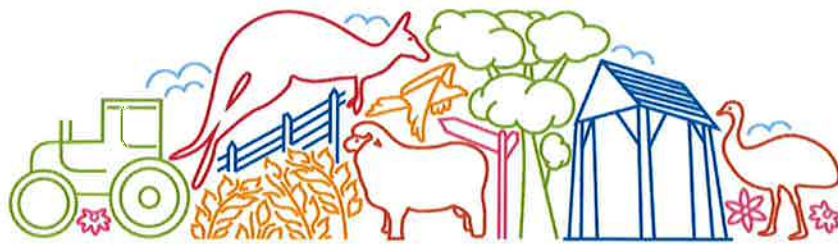


Anzac Day - Popes Hill



"Cleomine"

Shire of Mukinbudin 2014/2015 Annual Report



MUKINBUDIN



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ABOUT THIS REPORT

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

- A report from the Shire President
- A report from the Chief Executive Officer
- An overview of the Plan for the Future of the District made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year.
- The Financial Report for the financial year ending 30 June 2015
- 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 2015
- 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	12	2015
2003	Cr Dawn LANCASTER	9047 1140	dawnlancaster1@bigpond.com	12	2015
2006	Cr Stephen PALM	9048 7012	srpalm@bigpond.com	9	2017
2007	Cr Rodney COMERFORD	9048 7063	stormrose@wn.com.au	8	2017
2007	Cr Kylie SIPPE	9047 1222	ksippe@westnet.com.au	8	2015
2009	Cr Brian WATSON	9047 0014	watsonsway4@bigpond.com	6	2017
2011	Cr Sandra VENTRIS	9048 7057	ventris@bigpond.com.au	4	2017
2011	Cr John O'NEIL	9048 4012	oneil.family1@bigpond.com	4	2015
2013	Cr Jeff SEABY	9047 1083	councillorjeff@hotmail.com	2	2017



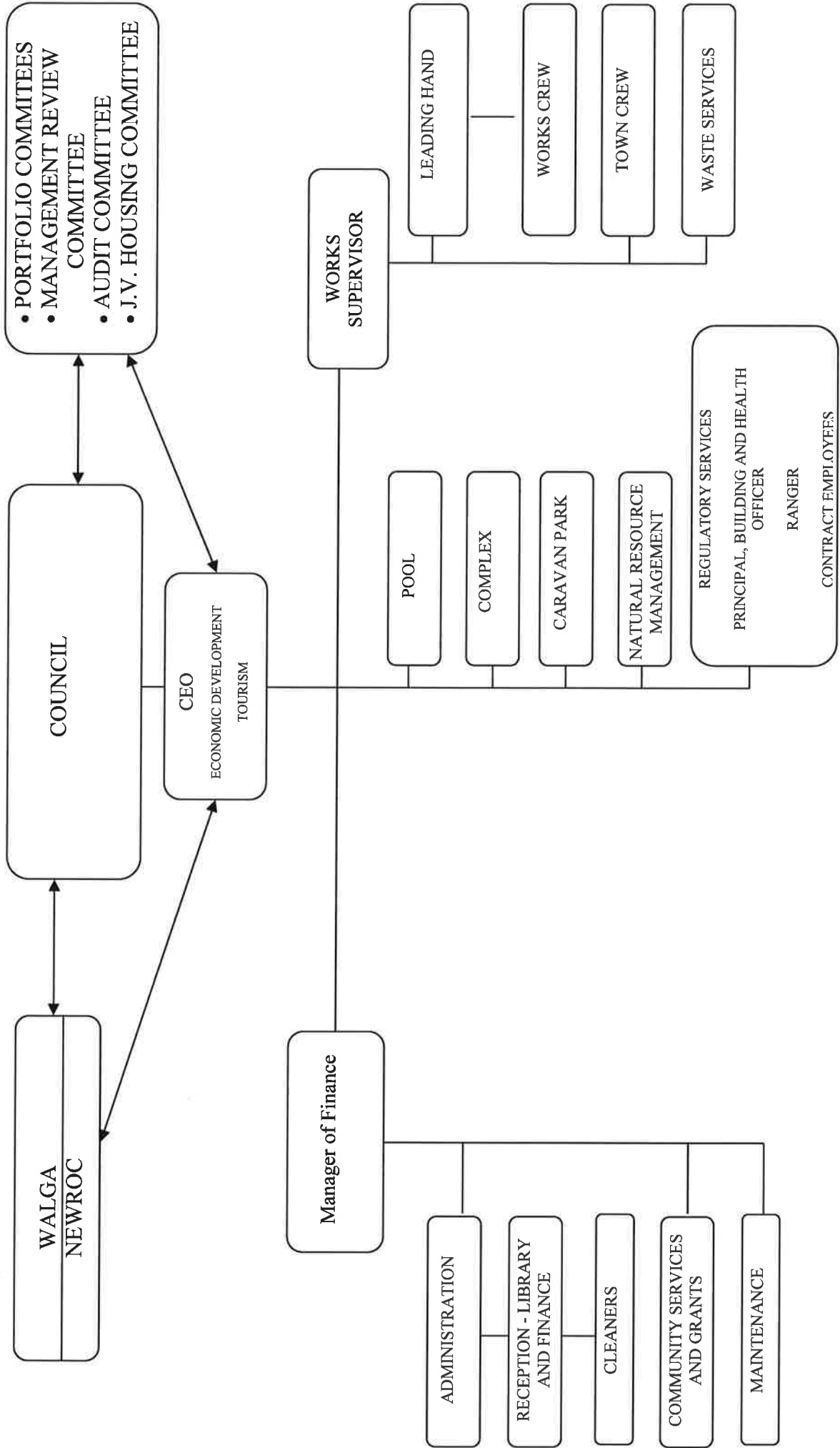
SHIRE OF MUKINBUDIN STAFF

as at 30 June 2015

Chief Executive Officer	Stuart Billingham
Manager of Finance	Ann Brandis
Environmental Health Officer	Bill Hardy
Community Development Officer	Nola Comerford-Smith
Senior Finance Officer	Katharine Spencer
Administration Officer	Jenny Heaney
Club Development/ HPO	Vacant
Finance Officer	Rebecca Billingham
Natural Resource Management Officer	Claire Baker
Swimming Pool Manager	Shannon Seaby
Caravan Park Manager	Tania Sprigg
Works Supervisor	Bob Edwards
Assistant Works Supervisor	Danny O'Donnell
Plant Operator	Noel Bond
Plant Operator	Steven Jones
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 evenings ideal for outdoor activities. The average annual rainfall is 300mm.

The modern Shire Offices were built in 1993 and are a source of community pride. The office staff 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	316
Total Rates Levied	\$944,857
Total Revenue	\$6,176,508
Number of Employees	19



SHIRE PRESIDENT'S REPORT

Introduction

The 2014/15 financial year has seen the Shire of Mukinbudin consolidate its financial position and deal with the third 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 2014/15 financial year saw Mrs Ann Brandis in March 2015 move from Community Development Officer to take on the newly created role of Manager of Finance for the Shire (previously DCEO).

Mrs Nola Comerford-Smith commencing in March 2015 as the Community Development Officer. Mrs Rebecca Billingham commenced with the Shire in July 2014 as finance and administration officer taking over from Mr Kane Abdullah.

The year also saw the Shire continue in its traineeship program with Ms Jenny Heaney commencing duties as the Administration Trainee in January 2014 for twelve months taking over from Ms Kate Nicol.

Technical Services

The total expenditure in Technical Services 'Transport' Program for 2014/2015 was \$1,309,095. I wish to thank Bob Edwards and the outside staff for all their efforts over the past twelve months.



Projects included:

- Nungarin North Road-Regional Road Group Project
- Koorda Bullfinch Road – Roads to Recovery Project
- McGregor North Road – Shire Project
- Strugnell St – 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 \$300,000 in annual maintenance grading works.

Community Amenities

2014/15 saw the Shire of Mukinbudin continue to share the services of a Natural Resource Management Officer, Ms Claire Baker with the Shires of Koorda and Wyalkatchem.

Recreation and Culture

In 2014/15 the Shire purchased a Disabled Unisex prefabricated Toilet Shower and replacement pool cleaner for the Mukinbudin Memorial Swimming Pool. The Community continues to support the voluntary Swimming Pool Levy to assist the Shire with the costs of running the Aquatic Centre.

The Mukinbudin Planning and Development Group again under a new energetic Committee ran the Act Commit Belong 2015 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 for a fee for service to provide the treasury function for the Mukinbudin District Club.

Economic Development and Tourism

Economic Development

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

The Mukinbudin residential subdivision off Earl Drive has been revalued and is to 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 and Visitor Servicing

The Mukinbudin Caravan Park saw the completion of the grey water and electrical upgrade projects. The works creating more powered drive through sites, serviced by new power domes and waste water facilities.

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



Conclusion

As Shire President I would like to take this opportunity thank my fellow Elected members for their support and efforts in Governing the Shire over the past financial year. I also wish to 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 2015.

Financials

The Shire of Mukinbudin for the 2014/15 financial year finished with a total Comprehensive Income of \$21,600,741, \$19,449,222 over the 2014/15 Budget figure of \$1,813,190. This variance mainly made up of an asset revaluation increment of \$18,600,741 for Infrastructure.

Actual Operating Revenue of \$6,176,508, up \$1,100,287 from Budget of \$5,076,221 mainly due to the 50% 2015/16 accelerated Financial Assistance Grants payment of \$827,862 being received in June 2015.

Staff Changes

2014/15 saw Mrs Ann Brandis move from CDO to Manager of Finance, Mrs Nola Comerford Smith commencing in the Community Development Officer Role, Mrs Rebecca Billingham commencing in the Finance and Administration officer role and Ms Jenny Heaney commencing in the Trainee role. I wish our departing trainee Ms Kate Nicol all the best in her future studies.

Integrated Strategic Planning

The 2014/15 year was the third year the Shire operated under its new Community Strategic Plan, Long Term Financial Plan and Asset management Plans.

Country Local Government Fund

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

Regional Partnerships

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

Conclusion

I wish to take this opportunity to thank the Shire President and Shire Council for their ongoing support as the Shire continues through the Integrated Strategic Planning and Reporting Framework. I also would like to make a special mention and acknowledgment of the work of the Manager of Finance, Mrs Ann Brandis and staff in preparing the 2015 Annual Financials.

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 2014-2015 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 2015, 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 2014/2015.

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 2015.



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.

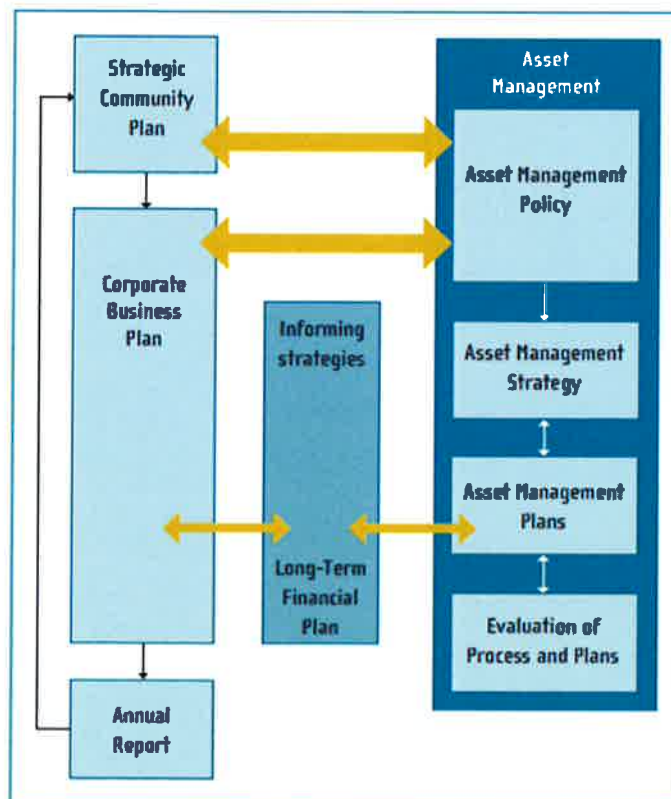
In accordance with these requirements, it is advised that no complaints or minor breaches under the *Local Government Act 1995* were received during 2014-2015.

PLAN FOR THE FUTURE OF THE DISTRICT

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

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

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



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

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

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

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

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

Department of Sport and Recreation

The Department of Sport and Recreation continues in 2014/15 to assist the Shire with \$30,000 of funds for the Mukinbudin Pioneer Memorial Swimming Pool.



GOVERNMENT OF WESTERN AUSTRALIA

Department of Sport and Recreation

Australian Federal Government funding recognition

The Federal Government provided the Shire of Mukinbudin in 2014/15 with vital funds under the Financial Assistance Grants Scheme with the Shire receiving \$1,659,319 general purpose grant (which included an accelerated payment for 2015/16 of \$552,940) and a road grant of \$789,398 (which included an accelerated payment for 2015/16 of \$274,922).



Australian Government

SHIRE OF MUKINBUDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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Principal place of business: 15 Maddock Street Mukinbudin WA 6479	

**SHIRE OF MUKINBUDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2015 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 8th day of December 2015



Stuart Billingham
Chief Executive Officer

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

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Rates	22	944,857	942,521	850,167
Operating grants, subsidies and contributions	28	2,485,564	1,584,979	899,563
Fees and charges	27	341,243	390,416	346,800
Interest earnings	2(a)	30,255	25,460	30,584
Other revenue	2(a)	103,128	31,910	113,174
		<u>3,905,047</u>	<u>2,975,286</u>	<u>2,240,288</u>
Expenses				
Employee costs		(922,128)	(1,014,833)	(990,260)
Materials and contracts		(659,237)	(692,571)	(838,417)
Utility charges		(192,100)	(210,289)	(218,196)
Depreciation on non-current assets	2(a)	(1,363,413)	(1,113,592)	(1,199,601)
Interest expenses	2(a)	(41,741)	(38,866)	(40,480)
Insurance expenses		(119,745)	(117,085)	(125,974)
Other expenditure		(100,926)	(51,795)	(266,732)
		<u>(3,399,290)</u>	<u>(3,239,031)</u>	<u>(3,679,660)</u>
		505,757	(263,745)	(1,439,372)
Non-operating grants, subsidies and contributions				
	28	2,261,669	2,072,785	895,667
Loss on revaluation of fixed assets	6(b)	(8,764)	0	0
Profit on asset disposals	20	9,792	28,150	0
Loss on asset disposals	20	(106,783)	(24,000)	(166,215)
Net result		2,661,671	1,813,190	(709,920)
Other comprehensive income				
Changes on revaluation of non-current assets	7(b)	18,600,741	0	5,313,395
Total other comprehensive income		18,600,741	0	5,313,395
Total comprehensive income		21,262,412	1,813,190	4,603,475

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

SHIRE OF MUKINBUDIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
	2(a)			
Governance		3,633	2,970	2,605
General purpose funding		2,646,065	2,083,834	1,444,148
Law, order, public safety		29,312	40,861	30,521
Health		1,318	4,193	1,705
Education and welfare		60,729	6,550	3,740
Housing		100,166	117,972	92,765
Community amenities		66,640	70,776	62,579
Recreation and culture		81,567	73,598	150,469
Transport		723,703	377,538	232,099
Economic services		141,736	146,687	157,111
Other property and services		50,178	50,307	62,546
		<u>3,905,047</u>	<u>2,975,286</u>	<u>2,240,288</u>
Expenses				
	2(a)			
Governance		(339,101)	(310,704)	(411,643)
General purpose funding		(59,706)	(51,908)	(44,597)
Law, order, public safety		(151,785)	(60,159)	(60,939)
Health		(88,406)	(92,173)	(85,727)
Education and welfare		(76,364)	(84,921)	(87,914)
Housing		(141,034)	(158,339)	(165,452)
Community amenities		(157,153)	(162,251)	(164,977)
Recreation and culture		(679,876)	(662,865)	(724,832)
Transport		(1,309,095)	(1,220,536)	(1,360,769)
Economic services		(369,609)	(404,452)	(361,294)
Other property and services		14,580	7,643	(171,036)
		<u>(3,357,549)</u>	<u>(3,200,665)</u>	<u>(3,639,180)</u>
Finance costs				
	2(a)			
Education and welfare		(2,349)	(2,484)	(2,654)
Housing		(1,503)	(1,820)	(2,166)
Recreation and culture		(5,732)	(6,060)	(6,477)
Economic services		(9,421)	(9,559)	(10,556)
Other property and services		(22,736)	(18,443)	(18,627)
		<u>(41,741)</u>	<u>(38,366)</u>	<u>(40,480)</u>
Fair value adjustments to financial assets at fair value through profit or loss				
General purpose funding		(8,764)	0	0
		<u>(8,764)</u>	<u>0</u>	<u>0</u>
Non-operating grants, subsidies and contributions				
Law, order, public safety		800,719	0	0
Housing		357,449	791,172	26,360
Recreation and culture		0	6,031	1,680
Transport		1,103,501	1,270,582	865,574
Economic services		0	5,000	2,053
	28	<u>2,261,669</u>	<u>2,072,785</u>	<u>895,667</u>
Profit/(Loss) on disposal of assets				
Law, order, public safety		(34,021)	0	0
Health		0	0	(22,651)
Housing		(372)	0	(97,399)
Community amenities		(2,107)	0	0
Recreation and culture		(33,457)	0	(19,138)
Transport		(3,586)	4,150	(27,027)
Economic services		(4,467)	0	0
Other property and services		(18,981)	0	0
	20	<u>(96,991)</u>	<u>4,150</u>	<u>(166,215)</u>
Net result		<u>2,661,671</u>	<u>1,813,190</u>	<u>(709,920)</u>
Other comprehensive income				
Changes on revaluation of non-current assets	7(b)	18,600,741	0	5,313,395
Total other comprehensive income		<u>18,600,741</u>	<u>0</u>	<u>5,313,395</u>
Total comprehensive income		<u>21,262,412</u>	<u>1,813,190</u>	<u>4,603,475</u>

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

**SHIRE OF MUKINBUDIN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,414,693	388,525
Trade and other receivables	4	127,308	120,003
TOTAL CURRENT ASSETS		<u>1,542,001</u>	<u>508,528</u>
NON-CURRENT ASSETS			
Other receivables	4	3,526	39,390
Inventories	5	624,614	624,614
Property, plant and equipment	6	12,107,457	10,896,905
Infrastructure	7	55,943,193	36,545,818
TOTAL NON-CURRENT ASSETS		<u>68,678,790</u>	<u>48,106,727</u>
TOTAL ASSETS		<u>70,220,791</u>	<u>48,615,255</u>
CURRENT LIABILITIES			
Trade and other payables	8	218,462	173,127
Short Term Borrowings	9(a)	0	76,737
Current portion of long term borrowings	9(b)	146,637	97,117
Provisions	10	230,667	217,984
TOTAL CURRENT LIABILITIES		<u>595,766</u>	<u>564,965</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9(b)	921,955	616,403
Provisions	10	15,284	8,513
TOTAL NON-CURRENT LIABILITIES		<u>937,239</u>	<u>624,916</u>
TOTAL LIABILITIES		<u>1,533,005</u>	<u>1,189,881</u>
NET ASSETS		<u>68,687,786</u>	<u>47,425,374</u>
EQUITY			
Retained surplus		44,012,524	41,387,930
Reserves - cash backed	11	425,082	388,005
Revaluation surplus	12	24,250,180	5,649,439
TOTAL EQUITY		<u>68,687,786</u>	<u>47,425,374</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 2015

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2013		41,962,381	523,474	336,044	42,821,899
Comprehensive income					
Net result		(709,920)	0	0	(709,920)
Changes on revaluation of non-current assets					
Total comprehensive income	12	0	0	5,313,395	5,313,395
		<u>(709,920)</u>	<u>0</u>	<u>5,313,395</u>	<u>4,603,475</u>
Transfers from/(to) reserves		135,469	(135,469)	0	0
Balance as at 30 June 2014		41,387,930	388,005	5,649,439	47,425,374
Comprehensive income					
Net result		2,661,671	0	0	2,661,671
Changes on revaluation of non-current assets					
Total comprehensive income	12	0	0	18,600,741	18,600,741
		<u>2,661,671</u>	<u>0</u>	<u>18,600,741</u>	<u>21,262,412</u>
Transfers from/(to) reserves		(37,077)	37,077	0	0
Balance as at 30 June 2015		44,012,524	425,082	24,250,180	68,687,786

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 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		974,801	932,521	849,659
Operating grants, subsidies and contributions		2,443,328	1,587,429	1,356,002
Fees and charges		341,243	390,416	346,800
Interest earnings		30,255	25,460	30,584
Goods and services tax		(1,318)	250,000	133,135
Other revenue		103,128	31,910	113,174
		<u>3,891,437</u>	<u>3,217,736</u>	<u>2,829,354</u>
Payments				
Employee costs		(882,376)	(1,014,833)	(968,731)
Materials and contracts		(636,416)	(692,571)	(936,899)
Utility charges		(192,100)	(210,289)	(218,196)
Interest expenses		(39,525)	(38,866)	(40,478)
Insurance expenses		(119,745)	(117,085)	(125,974)
Goods and services tax		0	(250,000)	(73,885)
Other expenditure		(100,926)	(51,795)	(89,534)
		<u>(1,971,088)</u>	<u>(2,375,439)</u>	<u>(2,453,697)</u>
Net cash provided by (used in) operating activities	13(b)	<u>1,920,349</u>	<u>842,297</u>	<u>375,657</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of Land held for resale		0	0	(425)
Payments for purchase of property, plant & equipment		(2,021,106)	(1,699,493)	(174,519)
Payments for construction of infrastructure		(1,616,794)	(1,697,990)	(1,444,163)
Non-operating grants, Subsidies and contributions		2,261,669	2,072,785	895,667
Proceeds from sale of fixed assets		161,546	147,000	0
Net cash provided by (used in) investment activities		<u>(1,214,685)</u>	<u>(1,177,698)</u>	<u>(723,440)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(120,913)	(97,117)	(90,969)
Proceeds from self supporting loans		42,169	6,746	6,581
Proceeds from new debentures		475,985	498,300	67,000
Net cash provided by (used in) financing activities		<u>397,241</u>	<u>407,929</u>	<u>(17,388)</u>
Net increase (decrease) in cash held		1,102,905	72,528	(365,171)
Cash at beginning of year		311,788	200,966	676,959
Cash and cash equivalents at the end of the year	13(a)	<u>1,414,693</u>	<u>273,494</u>	<u>311,788</u>

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

**SHIRE OF MUKINBUDIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Governance		3,633	2,970	2,605
General purpose funding		1,701,208	1,141,313	593,981
Law, order, public safety		830,031	40,861	30,521
Health		1,318	4,193	1,705
Education and welfare		60,729	6,550	3,740
Housing		457,615	909,144	119,125
Community amenities		66,640	70,776	62,579
Recreation and culture		81,567	79,629	152,149
Transport		1,836,996	1,652,270	1,097,673
Economic services		141,736	151,687	159,164
Other property and services		50,178	50,307	62,546
		<u>5,231,651</u>	<u>4,109,700</u>	<u>2,285,788</u>
Expenses				
Governance		(339,101)	(310,704)	(411,643)
General purpose funding		(68,470)	(51,908)	(44,597)
Law, order, public safety		(185,806)	(60,159)	(60,939)
Health		(88,406)	(92,173)	(108,378)
Education and welfare		(78,713)	(87,405)	(90,568)
Housing		(142,909)	(160,159)	(265,017)
Community amenities		(159,260)	(162,251)	(164,977)
Recreation and culture		(719,065)	(668,925)	(750,447)
Transport		(1,322,473)	(1,220,536)	(1,387,796)
Economic services		(383,497)	(414,011)	(371,850)
Other property and services		(27,137)	(10,800)	(189,663)
		<u>(3,514,837)</u>	<u>(3,239,031)</u>	<u>(3,845,875)</u>
Net result excluding rates		1,716,814	870,669	(1,560,087)
Adjustments for cash budget requirements:				
Non-cash expenditure and revenue				
Initial Recognition of Assets Due to Change to Regulations				
- Loss Upon Revaluation of Non-Current Assets		8,764	0	0
(Profit)/Loss on asset disposals	20	96,991	(4,150)	166,215
Movement in current Employee Benefits cash backed		9,061		
Movement in deferred pensioner rates (non-current)		441	0	(1,469)
Movement in employee benefit provisions (non-current)		6,771	0	(10,766)
Adjustment for Revaluation of Land Held for Resale				177,198
Depreciation and amortisation on assets	2(a)	1,363,413	1,113,592	1,199,601
Capital Expenditure and Revenue				
Purchase land held for resale		0	0	(425)
Purchase of land and buildings	6(b)	(477,696)	(914,477)	(41,305)
Purchase furniture & equipment	6(b)	(41,633)	(42,071)	(41,528)
Purchase plant & equipment	6(b)	(1,501,777)	(742,945)	(90,937)
Purchase work in progress		0	0	(749)
Purchase infrastructure - roads	7(b)	(1,448,849)	(1,551,386)	(1,338,779)
Purchase infrastructure - parks & ovals		0	0	(5,135)
Purchase infrastructure - other	7(b)	(167,945)	(146,604)	(100,249)
Proceeds from disposal of fixed assets	20	161,546	147,000	0
Repayment of debentures	21(a)	(120,913)	(97,117)	(90,969)
Proceeds from new debentures	21(a)	475,985	498,300	67,000
Self-Supporting Loan Principal Income		42,169	6,746	6,581
Transfers to reserves (restricted assets)	11	(98,913)	(27,890)	0
Transfers from reserves (restricted assets)	11	61,836	250,913	135,469
		0		
ADD Estimated surplus/(deficit) July 1 b/fwd	22(b)	(304,037)	(303,101)	376,130
LESS Estimated surplus/(deficit) June 30 c/fwd	22(b)	726,885	0	(304,037)
Total amount raised from general rate	22(a)	<u>(944,857)</u>	<u>(942,521)</u>	<u>(850,167)</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 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical accounting estimates

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

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

The local government reporting entity

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

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

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

(b) Goods and Services Tax (GST)

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

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

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

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

(c) Cash and Cash Equivalents

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land held for sale

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

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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, the Shire 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

Land under roads

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement	50 - 60 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50-60 years
gravel sheet	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.

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 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(h) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

Held-to-maturity investments are included in 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 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(l) Borrowing Costs

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

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

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

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

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

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

(p) Interests in Joint Arrangements

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

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

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

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 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]	September 2012	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 Shire (refer (i) above).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	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.
(v) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Shire. This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.
(vi) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements. This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	It is not anticipated it will have any significant impact on disclosures. This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn. It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

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

(x) Adoption of New and Revised Accounting Standards

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

These new and revised Standards were:

- AASB 2011-7
- AASB 2012-3
- AASB 2013-3
- AASB 2013-8
- AASB 2013-9 Parts A & B

Most of the Standards adopted had a minimal effect on the accounting and reporting practices of the Shire 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 2015

2. REVENUE AND EXPENSES	2015	2014	
	\$	\$	
(a) Net Result			
The Net result includes:			
(i) Charging as an expense:			
Auditors remuneration			
- Audit of the annual financial report	17,045	11,328	
- Financial Management Review	0	7,000	
- Assistance with the finalisation of the annual financial report	500	0	
Interim Audit	10,658	9,970	
Depreciation			
Non-specialised buildings	48,314	71,125	
Specialised buildings	157,587	79,794	
Furniture & Equipment	33,707	21,856	
Plant & Equipment	249,898	206,089	
Infrastructure - Roads	789,550	757,044	
Infrastructure - Footpaths	12,432	12,432	
Infrastructure - Parks & Ovals	29,882	33,956	
Infrastructure - Other	42,043	17,305	
	<u>1,363,413</u>	<u>1,199,601</u>	
Interest expenses (finance costs)			
Debentures (refer Note 21 (a))	41,741	40,480	
	<u>41,741</u>	<u>40,480</u>	
Rental charges			
- Operating leases	22,202	3,241	
	<u>22,202</u>	<u>3,241</u>	
(ii) Crediting as revenue:			
Other revenue			
Reimbursements and recoveries	58,315	65,910	
Other	44,813	47,264	
	<u>103,128</u>	<u>113,174</u>	
	<u>1,363,413</u>	<u>1,199,601</u>	
	2015	2015	2014
	Actual	Budget	Actual
	\$	\$	\$
Interest earnings			
- Reserve funds	11,979	11,640	13,389
- Other funds	13,288	10,600	13,830
Other interest revenue (refer note 26)	4,988	3,220	3,365
	<u>30,255</u>	<u>25,460</u>	<u>30,584</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

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

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

GOVERNANCE

Objective:

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

Activities:

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer and environmentally conscious community.

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

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

EDUCATION AND WELFARE

Objective:

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

Activities:

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

HOUSING

Objective:

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

Activities:

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

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

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

Activities:

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

TRANSPORT

Objective:

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

Activities:

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

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control Shire's overheads operating accounts.

Activities:

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

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening	Received⁽²⁾	Expended⁽³⁾	Closing	Received⁽²⁾	Expended⁽³⁾	Closing
Grant/Contribution	Function/ Activity	Balance⁽¹⁾ 1/07/13	2013/14	2013/14	Balance⁽¹⁾ 30/06/14	2014/15	2014/15	Balance 30/06/15
		\$	\$	\$	\$	\$	\$	\$
Federal Govt - RLCIP	Economic Services	30,000	0	(30,000)	0	0	0	0
Roads to Recovery	Transport	(8,625)	0	8,625	0	0	0	0
Dry Season Assistance Grant	Community Amenities	10,000	0	(10,000)	0	0	0	0
Department of Water	Community Amenities	10,000	0	(10,000)	0	5,000	0	5,000 (#)
Community Water Grant								
Creating Age Friendly								
Community Grant in small towns project	Education & Welfare	0	0	0	0	53,991	0	53,991 (#)
Total		41,375	0	(41,375)	0	58,991	0	58,991

Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.
- (#) - These unspent contributions were held in a reserve fund called Unspent Grants and Contributions at the end of June 2015.

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

	Note	2015 \$	2014 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		989,611	520
Restricted		<u>425,082</u>	<u>388,005</u>
		<u><u>1,414,693</u></u>	<u><u>388,525</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	11	59,095	50,034
Plant Reserve	11	68,479	61,415
Building Reserve	11	163,928	197,821
Self Insurance Reserve	11	0	7,291
Residential Sub-Division Reserve	11	9,850	9,555
Seniors Aged Housing Reserve	11	47,486	46,064
Swimming Pool Reserve	11	17,253	10,812
Unspent Grants Reserve	11	<u>58,991</u>	<u>5,013</u>
		<u><u>425,082</u></u>	<u><u>388,005</u></u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates outstanding		15,258	44,761
Sundry debtors		82,358	53,388
GST receivable		47,571	46,253
Loans - clubs/institutions		0	6,746
Accrued Income		1,059	2,450
Provision for Doubtful Debts		<u>(18,938)</u>	<u>(33,595)</u>
		<u><u>127,308</u></u>	<u><u>120,003</u></u>
Non-current			
Rates outstanding - pensioners		3,526	3,967
Loans - clubs/institutions		<u>0</u>	<u>35,423</u>
		<u><u>3,526</u></u>	<u><u>39,390</u></u>
5. INVENTORIES			
Non-current			
Land held for resale - cost			
Cost of acquisition		16,833	16,833
Development costs		63,781	63,781
Net realisable Value		<u>544,000</u>	<u>544,000</u>
		<u><u>624,614</u></u>	<u><u>624,614</u></u>

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

	2015 \$	2014 \$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Freehold land at:		
- Independent valuation 2014 - level 2	1,057,928	1,057,928
- Independent valuation 2014 - level 3	185,000	185,000
	1,242,928	1,242,928
Land vested in and under the control of Council at:		
- Management valuation 2014 - level 3	196,077	196,077
	196,077	196,077
	1,439,005	1,439,005
Non-specialised buildings at:		
- Independent valuation 2014 - level 2	1,909,927	1,909,927
- Additions after valuation - cost	465,681	0
Less: accumulated depreciation	(48,314)	0
	2,327,294	1,909,927
Specialised buildings at:		
- Independent valuation 2014 - level 3	6,350,936	6,350,936
- Additions after valuation - cost	30,470	0
Less: accumulated depreciation	(164,899)	0
	6,216,507	6,350,936
	8,543,801	8,260,863
Total land and buildings	9,982,806	9,699,868
Furniture & Equipment at:		
- Management valuation 2015 - level 3	61,910	0
- cost	0	491,104
Less accumulated depreciation	0	(304,723)
	61,910	186,381
Plant & Equipment at:		
- Management valuation 2013 - level 3	858,586	1,116,645
- Additions after valuation - cost	1,602,054	100,277
Less accumulated depreciation	(397,899)	(207,015)
	2,062,741	1,009,907
Work in Progress at:		
- cost	0	749
	0	749
	12,107,457	10,896,905

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

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements)	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of Year
	\$	\$	\$	\$	\$	\$	\$	\$
Freehold land (Level 2)	1,057,928	0	0	0	0	0	0	1,057,928
Freehold land (Level 3)	185,000	0	0	0	0	0	0	185,000
Land vested in and under the control of Council	196,077	0	0	0	0	0	0	196,077
Total land	1,439,005	0	0	0	0	0	0	1,439,005
Non-specialised buildings (Level 2)	1,909,927	464,932	0	0	0	(48,314)	749	2,327,294
Specialised buildings	6,350,936	12,764	0	0	0	(157,587)	10,394	6,216,507
Total buildings	8,260,863	477,696	0	0	0	(205,901)	11,143	8,543,801
Total land and buildings	9,699,868	477,696	0	0	0	(205,901)	11,143	9,982,806
Furniture & Equipment (Level 3)	186,381	41,633	(59,492)	(8,764)	0	(33,707)	(64,141)	61,910
Plant & Equipment (Level 3)	1,009,907	1,501,777	(199,045)	0	0	(249,898)	0	2,062,741
Work in Progress	749	0	0	0	0	0	(749)	0
Total property, plant and equipment	10,896,905	2,021,106	(258,537)	(8,764)	0	(489,506)	(53,747)	12,107,457

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2014	Price per hectare
Freehold land	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Land vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Management valuation	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Non-specialised buildings	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2014	Price per square metre
Specialised buildings	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent valuers and Management valuation	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture & Equipment	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant & Equipment	3	Cost approach using depreciated replacement cost	Management valuation	June 2013	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

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

	2015 \$	2014 \$
7 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Management valuation 2015 - level 3	87,365,797	0
- Cost	0	46,092,444
Less accumulated depreciation	<u>(36,044,553)</u>	<u>(11,687,971)</u>
	51,321,244	34,404,473
 Infrastructure - Footpaths		
- Management valuation 2015 - level 3	1,131,624	0
- Cost	0	541,714
Less accumulated depreciation	<u>(655,475)</u>	<u>(77,337)</u>
	476,149	464,377
 Infrastructure - Parks & Ovals		
- Independent valuation 2015 - level 3	1,358,000	0
- Cost	0	541,452
Less accumulated depreciation	<u>(605,000)</u>	<u>(233,657)</u>
	753,000	307,795
 Infrastructure - Other		
- Independent valuation 2015 - level 3	5,187,000	0
- Cost	0	1,437,287
Less accumulated depreciation	<u>(1,794,200)</u>	<u>(68,114)</u>
	3,392,800	1,369,173
	<u>55,943,193</u>	<u>36,545,818</u>

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions.

This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires infrastructure to be shown at fair value.

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

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of the Year \$
Infrastructure - Roads	34,404,473	1,448,849	0	16,257,472	0	(789,550)	0	51,321,244
Infrastructure - Footpaths	464,377	0	0	24,204	0	(12,432)	0	476,149
Infrastructure - Parks & Ovals	307,795	0	0	507,739	0	(29,882)	(32,652)	753,000
Infrastructure - Other	1,369,173	167,945	0	1,811,326	0	(42,043)	86,399	3,392,800
Total infrastructure	<u>36,545,818</u>	<u>1,616,794</u>	<u>0</u>	<u>18,600,741</u>	<u>0</u>	<u>(873,907)</u>	<u>53,747</u>	<u>55,943,193</u>

The revaluation of infrastructure assets resulted in an increase on revaluation of \$18,600,741 in the net value of infrastructure. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

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

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

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

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

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

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

	2015 \$	2014 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	130,275	108,319
Accrued interest on debentures	13,178	10,962
Accrued salaries and wages	33,486	25,894
ATO liabilities	31,578	18,872
Accrued Expenditure	3,502	3,302
Income Received in Advance	6,443	5,778
	<u>218,462</u>	<u>173,127</u>
9.(a) SHORT TERM BORROWINGS		
Unsecured		
Bank Overdraft	0	76,737
	<u>0</u>	<u>76,737</u>
Represented by		
Unrestricted - Municipal Bank Overdraft	0	76,737
	<u>0</u>	<u>76,737</u>
9.(b) LONG-TERM BORROWINGS		
Current		
Secured by floating charge		
Debentures	146,637	97,117
	<u>146,637</u>	<u>97,117</u>
Non-current		
Secured by floating charge		
Debentures	921,955	616,403
	<u>921,955</u>	<u>616,403</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2014	101,835	116,149	217,984
Non-current provisions	0	8,513	8,513
	<u>101,835</u>	<u>124,662</u>	<u>226,497</u>
Additional provision	(16,863)	36,317	19,454
Balance at 30 June 2015	<u>84,972</u>	<u>160,979</u>	<u>245,951</u>
Comprises			
Current	84,972	145,695	230,667
Non-current	0	15,284	15,284
	<u>84,972</u>	<u>160,979</u>	<u>245,951</u>

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

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening balance	50,034	50,033	50,034
Amount set aside / transfer to reserve	9,061	1,501	0
Amount used / transfer from reserve	0	0	0
	<u>59,095</u>	<u>51,534</u>	<u>50,034</u>
(b) Plant Reserve			
Opening balance	61,415	61,415	61,415
Amount set aside / transfer to reserve	7,064	1,842	0
Amount used / transfer from reserve	0	(39,500)	0
	<u>68,479</u>	<u>23,757</u>	<u>61,415</u>
(c) Building Reserve			
Opening balance	197,821	197,821	197,821
Amount set aside / transfer to reserve	6,107	5,935	0
Amount used / transfer from reserve	(40,000)	(160,000)	0
	<u>163,928</u>	<u>43,756</u>	<u>197,821</u>
(d) Self Insurance Reserve			
Opening balance	7,291	7,292	7,291
Amount set aside / transfer to reserve	211	219	0
Amount used / transfer from reserve	(7,502)	0	0
	<u>0</u>	<u>7,511</u>	<u>7,291</u>
(e) Residential Sub-Division Reserve			
Opening balance	9,555	9,555	9,555
Amount set aside / transfer to reserve	295	287	0
Amount used / transfer from reserve	0	0	0
	<u>9,850</u>	<u>9,842</u>	<u>9,555</u>
(f) Seniors Aged Housing Reserve			
Opening balance	46,064	46,064	46,064
Amount set aside / transfer to reserve	1,422	1,382	0
Amount used / transfer from reserve	0	(20,000)	0
	<u>47,486</u>	<u>27,446</u>	<u>46,064</u>
(g) Swimming Pool Reserve			
Opening balance	10,812	10,812	97,110
Amount set aside / transfer to reserve	15,641	16,574	0
Amount used / transfer from reserve	(9,200)	(26,250)	(86,298)
	<u>17,253</u>	<u>1,136</u>	<u>10,812</u>
(h) Unspent Grants Reserve			
Opening balance	5,013	5,013	35,014
Amount set aside / transfer to reserve	59,112	150	0
Amount used / transfer from reserve	(5,134)	(5,163)	(30,001)
	<u>58,991</u>	<u>0</u>	<u>5,013</u>

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

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH BACKED (CONTINUED)			
(i) Communications Reserve			
Opening balance	0	0	19,170
Amount set aside / transfer to reserve	0	0	0
Amount used / transfer from reserve	0	0	(19,170)
	0	0	0
TOTAL RESERVES	425,082	164,982	388,005
Total Opening balance	388,005	388,005	523,474
Total Amount set aside / transfer to reserve	98,913	27,890	0
Total Amount used / transfer from reserve	(61,836)	(250,913)	(135,469)
TOTAL RESERVES	425,082	164,982	388,005

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

In accordance with council resolutions in relation to each reserve account, the purpose for which the 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) Self Insurance Reserve**
- to be used for Insurance Excess
- (e) Residential Sub-Division Reserve**
- to be used for the profit from the sale of subdivision blocks
- (f) Seniors Aged Housing Reserve**
- to be used 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
- (g) Swimming Pool Reserve**
- to be used for the upgrade of the Swimming Pool in future years.
- (h) Unspent Grants Reserve**
- to be used for any grant funding that may not be expended in the current financial year
- (i) Communications Reserve**
- to be used for the Capital upgrade of the TV/Radio Rebroadcaster

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

The building reserve is expected to be utilised in 2015/16.

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

12. REVALUATION SURPLUS	2015	2014
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land and buildings		
Opening balance	5,313,395	0
Revaluation increment	0	5,313,395
Revaluation decrement	0	0
	<u>5,313,395</u>	<u>5,313,395</u>
(b) Plant & Equipment		
Opening balance	336,044	336,044
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>336,044</u>	<u>336,044</u>
(c) Infrastructure - Roads		
Opening balance	0	0
Revaluation increment	16,257,472	0
Revaluation decrement	0	0
	<u>16,257,472</u>	<u>0</u>
(d) Infrastructure - Footpaths		
Opening balance	0	0
Revaluation increment	24,204	0
Revaluation decrement	0	0
	<u>24,204</u>	<u>0</u>
(e) Infrastructure - Parks & Ovals		
Opening balance	0	0
Revaluation increment	507,739	0
Revaluation decrement	0	0
	<u>507,739</u>	<u>0</u>
(f) Infrastructure - Other		
Opening balance	0	0
Revaluation increment	1,811,326	0
Revaluation decrement	0	0
	<u>1,811,326</u>	<u>0</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>24,250,180</u></u>	<u><u>5,649,439</u></u>

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

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2015 \$	2015 Budget \$	2014 \$
Cash and cash equivalents	1,414,693	273,494	388,525
Short term Borrowings	0	0	(76,737)
	<u>1,414,693</u>	<u>273,494</u>	<u>311,788</u>

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

Net result	2,661,671	1,813,190	(709,920)
Non-cash flows in Net result:			
Depreciation	1,363,413	1,113,592	1,199,601
(Profit)/Loss on sale of asset	96,991	(4,150)	166,215
Loss on revaluation of fixed assets	8,764	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(13,610)	9,189	515,181
(Increase)/Decrease in inventories	0	0	177,198
Increase/(Decrease) in payables	45,335	(16,739)	(119,551)
Increase/(Decrease) in provisions	19,454	0	42,600
Grants contributions for the development of assets	(2,261,669)	(2,072,785)	(895,667)
Net cash from operating activities	<u>1,920,349</u>	<u>842,297</u>	<u>375,657</u>

	2015 \$	2014 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	100,000	100,000
Bank overdraft at balance date	0	(76,737)
Credit card limit	5,000	5,000
Credit card balance at balance date	(4,436)	(1,864)
Total amount of credit unused	<u>100,564</u>	<u>26,399</u>
Loan facilities		
Loan facilities - current	146,637	97,117
Loan facilities - non-current	921,955	616,403
Total facilities in use at balance date	<u>1,068,592</u>	<u>713,520</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 2015**

14. CONTINGENT LIABILITIES

Council has no contingent liabilities as at 30 June 2015

15. CAPITAL AND LEASING COMMITMENTS	2015	2014
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	23,056	19,641
- later than one year but not later than five years	33,264	43,491
- later than five years	0	0
	<u>56,320</u>	<u>63,132</u>
	<u>56,320</u>	<u>63,132</u>

(b) Capital Expenditure Commitments

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

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

16. JOINT VENTURE ARRANGEMENTS

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

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

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

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

	2015	2014
	\$	\$
Lot 27 (20) Maddock Street Units Financial Activity		
- Opening Balance	7,883	7,883
- 25% of Gross Rent Restricted	0	0
- Interest Earned	243	0
- Funds Utilised	0	0
- Closing Balance	8,126	7,883

Note: No funds were transferred to the Contingency Reserve in 2013/14 or 2014/15 as no profit from operations eventuated.

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

Non - Current Assets

Specialised buildings at:		
- Independent valuation 2014 - level 3	22,537	22,537
Less: Accumulated Depreciation	(1,024)	0
	21,513	22,537

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

16. JOINT VENTURE ARRANGEMENTS (Continued)

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

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

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

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

	2015	2014
	\$	\$
Lot 28 (18) and Part Lot 29 (16) Maddock Street Units		
Financial Activity		
- Opening Balance	19,953	19,953
- Rent reserved per agreement (4 x \$500)	0	0
- Interest Earned	616	0
- Funds Utilised	0	0
- Closing Balance	20,569	19,953

Note: No funds were transferred to the Contingency Reserve in 2013/14 or 2014/15 as no profit from operations eventuated.

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

Non - Current Assets

Freehold land at:		
- Independent valuation 2014 - level 2	7,161	7,161
Non-Specialised buildings at:		
- Independent valuation 2014 - level 3	43,810	43,810
Specialised buildings at:		
- Independent valuation 2014 - level 3	37,070	37,070
Less: Accumulated Depreciation	(1,209)	0
	86,832	88,041

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

16. JOINT VENTURE ARRANGEMENTS (Continued)

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

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

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

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

	2015	2014
	\$	\$
Part Lot 29 (16) Maddock Street Units		
Financial Activity		
- Opening Balance	8,375	8,375
- Rent reserved per agreement (4 x \$500)	0	0
- Interest Earned	259	0
- Funds Utilised	0	0
- Closing Balance	<u>8,634</u>	<u>8,375</u>

Note: No funds were transferred to the Contingency Reserve in 2013/14 or 2014/15 as no profit from operations eventuated.

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

Non - Current Assets

Freehold land at:		
- Independent valuation 2014 - level 2	2,259	2,259
Specialised buildings at:		
- Independent valuation 2014 - level 3	33,430	33,430
Less: Accumulated Depreciation	(540)	0
	<u>35,149</u>	<u>35,689</u>

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

16. JOINT VENTURE ARRANGEMENTS (Continued)

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

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

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

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

	2015	2014
	\$	\$
Lot 25 (24) Maddock Street Units		
Financial Activity		
- Opening Balance	9,853	9,853
- Rent reserved per agreement (4 x \$500)	0	0
- Interest Earned	304	0
- Funds Utilised	0	0
- Closing Balance	10,157	9,853

Note: No funds were transferred to the Contingency Reserve in 2013/14 or 2014/15 as no profit from operations eventuated.

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

Non - Current Assets

Freehold land at:		
- Independent valuation 2014 - level 2	13,279	13,279
Non-Specialised buildings at:		
- Independent valuation 2014 - level 3	98,644	98,644
Less: Accumulated Depreciation	(1,366)	0
	110,557	111,923

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

16. JOINT VENTURE ARRANGEMENTS (Continued)

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

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

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

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

	2015	2014
	\$	\$
Lot 64 (12) White St and Lot 69 (6) Lansdell St Houses		
Financial Activity		
- Opening Balance	0	0
- Rent reserved per agreement (4 x \$500)	0	0
- Interest Earned	0	0
- Funds Utilised	0	0
- Closing Balance	0	0

Note: No funds were transferred to the Contingency Reserve in 2013/14 or 2014/15 as no profit from operations eventuated.

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

Non - Current Assets

Freehold land at:		
- Independent valuation 2014 - level 2	14,188	14,188
Non-Specialised buildings at:		
- Independent valuation 2014 - level 3	84,450	84,450
Less: Accumulated Depreciation	(1,398)	0
	97,240	98,638

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

16. JOINT VENTURE ARRANGEMENTS (Continued)

Lot 8 (42) Cruickshank Road

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

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

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

	2015	2014
	\$	\$
Lot 8 (42) Cruickshank Road Units		
Financial Activity		
- Opening Balance	0	0
- Rent reserved per agreement (4 x \$500)	0	0
- Interest Earned	0	0
- Funds Utilised	0	0
- Closing Balance	0	0

Note: No funds were transferred to the Contingency Reserve in 2013/14 or 2014/15 as no profit from operations eventuated.

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

Non - Current Assets

Freehold land at:		
- Independent valuation 2014 - level 2	7,041	7,041
Non-Specialised buildings at:		
- Independent valuation 2014 - level 3	78,023	78,023
Less: Accumulated Depreciation	(1,696)	0
	83,368	85,064

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

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2015	2014
	\$	\$
General purpose funding	18,784	15,133
Law, order, public safety	879,228	208,555
Health	334	334
Education and welfare	981,019	940,068
Housing	2,533,536	2,326,679
Community amenities	79,453	70,821
Recreation and culture	6,967,338	4,870,443
Transport	53,856,667	36,966,993
Economic services	1,573,915	1,397,161
Other property and services	2,170,820	1,838,780
Unallocated	1,159,697	(19,712)
	<u>70,220,791</u>	<u>48,615,255</u>

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

18. FINANCIAL RATIOS	2015	2014	2013
Current ratio	2.08	0.23	1.56
Asset sustainability ratio	2.13	0.84	2.05
Debt service cover ratio	11.15	(2.78)	7.76
Operating surplus ratio	0.29	(1.20)	(0.04)
Own source revenue coverage ratio	0.41	0.35	0.53

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

(a) Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 67 of this document.

(b) 2015

The Current, Debt Service Cover and Operating Surplus ratios disclosed above, were distorted by an item of significant revenue relating to the early payment of 2015/16 Financial Assistance Grants (FAGs) of \$827,862, which was received prior to year end.

(c) 2014

The Debt Service Cover and Operating Surplus ratios disclosed above, were distorted by the change to the payment of FAGs during the year ended 30 June 2014 which saw the advance payment for the following year cease. This created a timing difference which resulted in an amount of some \$759,568 less revenue for the year.

(d) 2013

- (i) The effect of the FAGs advance payment in 2013 was negligible as it had also occurred in the previous year. In effect, four quarterly payments were received in both years so it was not considered necessary to calculate and disclose the effect of any distortion as it was not considered significant.
- (ii) The Debt Service Cover and Operating Surplus ratios as disclosed above were distorted by an item of revenue totaling \$196,077 relating to the initial recognition of Land and improvements under the Shire's control in accordance with amendments to the Financial Management Regulations (refer to Notes 1 (f) and 1 (h) for further details).

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

	2015	2014	2013
Current ratio	0.54	same as above	same as above
Debt Service Cover Ratio	6.06	3.00	6.45
Operating Surplus Ratio	(0.29)	(0.63)	(0.19)

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

19. TRUST FUNDS

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

	Balance 1 July 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Police Licensing	0	502,723	(502,723)	0
Mukinbudin Indoor Cricket Club	11,345	0	0	11,345
BRB	107	755	(862)	0
Rates in Advance	0	35	(35)	0
Trust - Other	0	50	(50)	0
Sports Complex Key Bonds	20	40	0	60
Standpipe Key Bonds	0	100	0	100
Builders Levy (BCITF)	0	1,951	(1,951)	0
Drive-In Donation	500	0	0	500
Housing Tenancy Bonds	10,068	3,720	(4,004)	9,784
Gym Bonds	342	1,089	(420)	1,011
Soil Conservation	13,166	0	0	13,166
	<u>35,548</u>	<u>510,463</u>	<u>(510,045)</u>	<u>35,966</u>

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

20. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Law, order, public safety						
Isuzu 3.4 Mukafire DFES	25,305	0	25,000	0	(305)	0
Isuzu 3.4 Bonnie Rock DFES	53,608	0	20,000	0	(33,608)	0
Furniture & Equipment Disposals	108	0	0	0	(108)	0
Housing						
Furniture & Equipment Disposals	372	0	0	0	(372)	0
Community amenities						
Furniture & Equipment Disposals	2,107	0	0	0	(2,107)	0
Recreation and culture						
Furniture & Equipment Disposals	33,457	0	0	0	(33,457)	0
Transport						
1MBL - Nissan Patrol	29,984	32,000	31,773	35,000	1,789	3,000
MBL2 - Holden Colorado Crew Cab	11,465	18,000	7,955	15,000	(3,510)	(3,000)
MBL95 - CAT Grader	46,451	47,000	53,000	70,000	6,549	23,000
MBL811 - Multipac Roller	17,368	30,000	7,500	15,000	(9,868)	(15,000)
MBL244 - Case Tractor	10,955	11,000	11,000	5,000	45	(6,000)
MBL1000 - Ford Courier Ute	3,038	2,800	3,500	3,500	462	700
John Deere Ride on mower	871	850	1,818	1,000	947	150
Howard Rollamowa	0	1,200	0	2,500	0	1,300
Economic services						
Furniture & Equipment Disposals	4,467	0	0	0	(4,467)	0
Other property and services						
Furniture & Equipment Disposals	18,981	0	0	0	(18,981)	0
	258,537	142,850	161,546	147,000	(96,991)	4,150

Profit	9,792	28,150
Loss	(106,783)	(24,000)
	<u>(96,991)</u>	<u>4,150</u>

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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Particulars								
Education and welfare								
Loan 109 - CRC	42,965	0	5,129	5,129	37,836	37,836	2,349	2,484
Housing								
Loan 106 - Staff Housing	30,961	0	30,961	9,314	0	21,647	1,503	1,820
Recreation and culture								
Loan 108 - Bowling Club	104,834	0	12,514	12,514	92,320	92,320	5,731	6,060
Economic services								
Loan 112 - Caravan Park	9,898		4,809	4,809	5,089	5,089	409	525
Loan 116 - Land Purchase	48,888	0	8,631	8,630	40,257	40,258	2,941	2,925
Loan 119 - Mukinbudin Café	117,872	0	6,546	6,546	111,326	111,326	6,070	6,109
Other property and services								
Loan 114 - Trailer	103,237	0	18,224	18,225	85,013	85,012	6,134	6,176
Loan 115 - Truck	78,397	0	14,205	14,205	64,192	64,192	3,440	3,734
Loan 118 - Vibe Roller	109,468	0	12,324	12,324	97,144	97,144	5,292	5,495
Loan 120 - Skid Steer	67,000	0	5,422	5,421	61,578	61,579	2,925	3,038
Loan 121 - Grader	0	283,000	0	0	283,000	278,800	2,717	0
Loan 122 - Roller	0	153,985	0	0	153,985	165,000	1,478	0
Loan 123 - Tractor	0	39,000	2,148	0	36,852	54,500	752	0
	713,520	475,985	120,913	97,117	1,068,592	1,114,703	41,741	38,366

All 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 2015

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2014/15

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan 121 - Grader	283,000	278,800	WATC	Debenture	8	35,834	2.78%	283,000	278,800	0
Loan 122 - Roller	153,985	165,000	WATC	Debenture	8	19,498	2.78%	153,985	165,000	0
Loan 123 - Tractor	39,000	54,500	WATC	Debenture	8	5,902	3.32%	39,000	54,500	0
	475,985	498,300				61,234		475,985	498,300	0

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2015.

(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 2014 was \$76,737 and 30 June 2015 was \$Nil.

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

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR

(a) Rates		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 \$
RATE TYPE												
General rate												
Gross rental value valuations												
	GRV - Residential	0.161500	149	1,092,572	176,450	227	0	176,678	176,450	0	0	176,450
	GRV - Vacant	0.161500	1	3,640	588	0	0	588	588	0	0	588
Unimproved value valuations												
	UV - Rural	0.020300	224	37,269,500	756,571	(78)	985	757,478	756,571	0	0	756,571
	UV Mining	0.020300	2	74,355	1,509	(1,850)	0	(340)	1,509	0	0	1,509
	Non Rateable			0	0	0	(1,455)	(1,455)	0	0	0	0
	Sub-Totals		376	38,440,067	935,118	(1,701)	(470)	932,949	935,118	0	0	935,118
Minimum payment												
		Minimum \$										
Gross rental value valuations												
	GRV - Residential	400	22	18,782	8,800	0	0	8,800	8,800	0	0	8,800
	GRV - Vacant	400	3	1,208	1,200	0	0	1,200	1,200	0	0	1,200
Unimproved value valuations												
	UV - Rural	500	30	280,300	15,000	0	0	15,000	15,000	0	0	15,000
	UV Mining	500	8	28,896	4,000	0	0	4,000	4,000	0	0	4,000
	Sub-Totals		63	329,186	29,000	0	0	29,000	29,000	0	0	29,000
Ex-gratia rates												
Discounts/concessions (refer note 25)												
Movement in Excess rates												
Total amount raised from general rate												
									961,949			964,118
									14,749			14,153
									(36,772)			(35,750)
									4,931			0
									944,857			942,521

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

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)

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

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
Surplus/(Deficit) 1 July 14 brought forward	<u>726,885</u>	<u>(304,037)</u>	<u>(304,037)</u>
Comprises:			
Cash and cash equivalents			
Unrestricted	989,611	520	520
Restricted	425,082	388,005	388,005
Receivables			
Rates outstanding	15,258	44,761	44,761
Sundry debtors	82,358	53,388	53,388
GST receivable	47,571	46,253	46,253
Loans - clubs/institutions	0	6,746	6,746
Accrued Income	1,059	2,450	2,450
Provision for Doubtful Debts	(18,938)	(33,595)	(33,595)
Less:			
Trade and other payables			
Sundry creditors	(130,275)	(108,319)	(108,319)
Accrued interest on debentures	(13,178)	(10,962)	(10,962)
Accrued salaries and wages	(33,486)	(25,894)	(25,894)
ATO liabilities	(31,578)	(18,872)	(18,872)
Accrued Expenditure	(3,502)	(3,302)	(3,302)
Short Term Borrowings	0	(76,737)	(76,737)
Income Received in Advance	(6,443)	(5,778)	(5,778)
Current portion of long term borrowings			
Secured by floating charge	(146,637)	(97,117)	(97,117)
Provisions			
Provision for annual leave	(84,972)	(101,835)	(101,835)
Provision for long service leave	(145,695)	(116,149)	(116,149)
Net current assets	<u>946,235</u>	<u>(56,437)</u>	<u>(56,437)</u>
Less:			
Reserves - restricted cash	(425,082)	(388,005)	(388,005)
Loans - Clubs/Institutions	0	(6,746)	(6,746)
Add:			
Current portion of long term borrowings			
Secured by floating charge	146,637	97,117	97,117
Component of Leave Liability not required to be funded	59,095	50,034	50,034
Surplus/(deficit)	<u>726,885</u>	<u>(304,037)</u>	<u>(304,037)</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2014 audited financial report.

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

23. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

24. SERVICE CHARGES - 2014/15 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 2015

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2014/15 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5.00%	36,772	35,750
			36,772	35,750
Photocopy Charge	Waiver		0	0
Rate Assessment	Write Off	N/A	8,870	100

A 5% 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.

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	11.00%	0	2,448	3,000
Interest on instalments plan	5.50%	0	2,323	100
Charges on instalment plan		14	2,310	3,094
Pensioner deferred rate interest	0.00%	0	121	0
ESL Non Payment Penalty Interest	11.00%		96	120
			7,298	6,314

Ratepayers had the option of paying rates in four equal instalments, due on 25th September 2014, 20th November 2014, XX January 2015, and 13th March 2015. Administration Charges and interest applied for the final three instalments

27. FEES & CHARGES	2015 \$	2014 \$
Governance	1,044	1,611
General purpose funding	3,487	7,160
Law, order, public safety	3,040	1,926
Housing	93,300	85,930
Community amenities	66,640	57,428
Recreation and culture	37,062	42,953
Transport	182	47
Economic services	133,949	132,897
Other property and services	2,539	16,848
	<u>341,243</u>	<u>346,800</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 2015**

28. GRANT REVENUE

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

	2015	2014
	\$	\$
By Nature or Type:		
Operating grants, subsidies and contributions	2,485,564	899,563
Non-operating grants, subsidies and contributions	2,261,669	895,667
	<u>4,747,233</u>	<u>1,795,230</u>
By Program:		
General purpose funding	1,659,319	552,201
Law, order, public safety	822,114	24,474
Health	0	1,705
Education and welfare	57,991	1,000
Housing	358,116	26,360
Community amenities	0	1,482
Recreation and culture	39,522	107,284
Transport	1,802,771	1,078,344
Economic services	5,405	2,053
Other property and services	1,995	327
	<u>4,747,233</u>	<u>1,795,230</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>18</u>	<u>19</u>
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30. ELECTED MEMBERS REMUNERATION

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

	2015	2015	2014
	\$	Budget	\$
		\$	
Meeting Fees	31,500	31,500	31,446
President's allowance	3,500	3,500	3,500
Deputy President's allowance	875	875	875
Travelling expenses	4,909	5,800	3,704
Telecommunications allowance	4,500	4,500	4,500
	<u>45,284</u>	<u>46,175</u>	<u>44,025</u>

Meeting Fees set at \$3,500 per elected member, IT/Telecommunication Fees set at \$500 per member

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

31. MAJOR LAND TRANSACTIONS

Earl Drive Residential Subdivision

(a) Details

Council have developed a new 18 lot residential subdivision. The development included the provision of services such as sewage, power and transport infrastructure. There are 17 lots available for sale with the sale price ranging from \$36,000 to \$42,000 each. There is no expectation of sales being realised in the foreseeable future. The Shire has retained lot 208 for its own use.

(b) Current year transactions	2015 \$	2015 Budget \$	2014 \$
Operating income			
- Profit on sale	0	0	0
Capital income			
- Sale proceeds	0	0	0
Capital expenditure			
- Purchase of land	0	0	0
- Development costs	0	0	425
	<u>0</u>	<u>0</u>	<u>425</u>

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 \$40,257 as at 30 June 2015

(c) Expected Future Cash Flows

	2016 \$	2017 \$	2018 \$	2019 \$	Total \$
Cash outflows					
- Development costs	0	0	0	0	0
- Loan repayments	(11,555)	(11,555)	(11,555)	(11,555)	(46,220)
	<u>(11,555)</u>	<u>(11,555)</u>	<u>(11,555)</u>	<u>(11,555)</u>	<u>(46,220)</u>
Cash inflows					
- Sale proceeds	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net cash flows	<u>(11,555)</u>	<u>(11,555)</u>	<u>(11,555)</u>	<u>(11,555)</u>	<u>(46,220)</u>

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.

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

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	1,414,693	388,525	1,414,693	388,525
Receivables	130,834	159,393	130,834	159,393
	<u>1,545,527</u>	<u>547,918</u>	<u>1,545,527</u>	<u>547,918</u>
Financial liabilities				
Payables	218,462	173,127	218,462	173,127
Borrowings	1,068,592	790,257	924,663	710,489
	<u>1,287,054</u>	<u>963,384</u>	<u>1,143,125</u>	<u>883,616</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.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

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

	2015	2014
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	10,921	6,371
- Statement of Comprehensive Income	10,921 ⁽²⁾	6,371 ⁽²⁾

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 2015**

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2015	2014
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	81%	74%
- Overdue	19%	26%

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

33. FINANCIAL RISK MANAGEMENT (Continued)
(c) Payables
Borrowings

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

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

	<u>2015</u>				
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	218,462	0	0	218,462	218,462
Borrowings	191,501	690,776	373,993	1,256,270	1,068,592
	<u>409,963</u>	<u>690,776</u>	<u>373,993</u>	<u>1,474,732</u>	<u>1,287,054</u>
	<u>2014</u>				
Payables	173,127	0	0	173,127	173,127
Short Term Borrowings	76,737	0	0	76,737	76,737
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>

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year ended 30 June 2015								
Borrowings								
Fixed rate								
Debentures	5,089	0	0	189,462	0	874,041	1,068,592	4.27%
Weighted average Effective interest rate	5.76%			5.72%		3.95%		
Year ended 30 June 2014								
Short Term Borrowings - variable rate	76,737	0	0	0	0	0	76,737	10.15%
Borrowings - Fixed rate	0	9,897	0	30,962	230,522	422,139	713,520	5.49%
Weighted average Effective interest rate	5.76%			6.60%	5.72%	5.29%		

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2015

34. PRIOR PERIOD CORRECTIONS

The following adjustments have been made to comparative amounts in the 30 June 2015 Financial Report to bring to account financial activity that was incorrectly stated in 2013/14. Details of this activity are listed below:-

- 1) In 2013/14 the Shire revalued it's Land and Buildings at fair value using an Independent Valuer. Joint Venture housing which is ownly partially owned by the Shire was taken up at the full fair value valuation. This error has now been identified and the necessary adjustments have been affected.

As a result, the over valuation of Land and Buildings valued at fair value of \$1,520,109 was written back to the Land & Buildings Revaluation Surplus as at 30 June 2014.

	Refer Notes Above	Financial Report 2014 \$	Corrected Comparative 2014 \$	Adjustment \$
STATEMENT OF COMPREHENSIVE INCOME				
<i>BY NATURE OR TYPE:-</i>				
Changes on revaluation of non-current assets	1	6,833,504	5,313,395	(1,520,109)
Total Comprehensive Income	1	6,123,584	4,603,475	(1,520,109)
<i>BY PROGRAM:-</i>				
Changes on revaluation of non-current assets	1	6,833,504	5,313,395	(1,520,109)
Total Comprehensive Income	1	6,123,584	4,603,475	(1,520,109)
STATEMENT OF FINANCIAL POSITION				
Property, Plant and Equipment	1	12,417,014	10,896,905	(1,520,109)
Revaluation surplus	1	7,169,548	5,649,439	(1,520,109)
STATEMENT OF CHANGES IN EQUITY				
<i>Revaluation Surplus:-</i>				
Changes on revaluation of non-current assets	1	6,833,504	5,313,395	(1,520,109)
Balance at 30 June 2014	1	7,169,548	5,649,439	(1,520,109)
NOTE 6(a) - PROPERTY, PLANT AND EQUIPMENT				
Freehold land at:				
- Independent valuation 2014 - level 2	1	1,204,000	1,057,928	(146,072)
Non-specialised buildings at:				
- Independent valuation 2014 - level 2	1	2,910,000	1,909,927	(1,000,073)
Specialised buildings at:				
- Independent valuation 2014 - level 3	1	6,724,900	6,350,936	(373,964)
<i>Movements in Carrying Amounts:-</i>				
Balance at the beginning of the year				
- Freehold Land (level 2)	1	1,204,000	1,057,928	(146,072)
- Non-specialised buildings	1	2,910,000	1,909,927	(1,000,073)
- Specialised buildings	1	6,724,900	6,350,936	(373,964)
NOTE 12 - REVALUATION SURPLUS				
(a) Land & Buildings				
Revaluation Increment	1	6,833,504	5,313,395	(1,520,109)
NOTE 17 - TOTAL ASSETS				
Housing	1	3,846,788	2,326,679	(1,520,109)

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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 2015, 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 management 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. These 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 Council, 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.

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 2015 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)

Report on Other Legal and Regulatory Requirements

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 67 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.

MOORE STEPHENS
CHARTERED ACCOUNTANTS



GREG GODWIN
PARTNER

Signed at Perth this 9th day of December 2015.

**SHIRE OF MUKINBUDIN
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2015**

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

	2015	2014	2013
Asset consumption ratio	0.41	0.60	0.54
Asset renewal funding ratio	0.44	0.46	N/A

The above ratios are calculated as follows:

Asset consumption ratio	<u>depreciated replacement costs of assets</u> current replacement cost of depreciable assets
Asset renewal funding ratio	<u>NPV of planning capital renewal over 10 years</u> NPV of required capital expenditure over 10 years

N/A - The Shire did not have an Asset Management Plan in place at 30 June 2013 so was unable to calculate this ratio for 2013.