

# SHIRE OF MUKINBUDIN

2016/2017  
ANNUAL REPORT





## CONTENTS

	<b>Page</b>
<b>1. About this Report</b>	<b>3</b>
<b>2. The Council</b>	<b>4</b>
<b>3. Shire of Mukinbudin Staff</b>	<b>5</b>
<b>4. Shire of Mukinbudin Organisational Structure</b>	<b>6</b>
<b>5. Shire Profile</b>	<b>7-8</b>
<b>6. Shire of Mukinbudin Statistics</b>	<b>8</b>
<b>7. Presidents Report</b>	<b>9-11</b>
<b>8. Chief Executive Officers Report</b>	<b>12-13</b>
<b>9. Statutory Reports</b>	<b>14-19</b>
<b>10. Plan for the Future</b>	<b>20-22</b>
<b>Appendices</b>	
<b>11. Financial Statements</b>	<b>1-63</b>
<b>12. Independent Audit Report</b>	<b>64-65</b>
<b>13. Supplementary Ratio Information</b>	<b>66</b>



**This page has been left blank intentionally**



## 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 2016
- 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 2016
- 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](http://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 October 2017.

### Shire President

Cr Gary Shadbolt

### Deputy Shire President

Cr Sandie Ventris

Commenced	Elected Members	Telephone	Email	Years of Service	Term Expires
2003	Cr Gary SHADBOLT	9047 1036	<a href="mailto:crshadbolt@mukinbudin.wa.gov.au">crshadbolt@mukinbudin.wa.gov.au</a>	14	2019
2006	Cr Stephen PALM	9048 7012	<a href="mailto:crpalm@mukinbudin.wa.gov.au">crpalm@mukinbudin.wa.gov.au</a>	11	2017
2007	Cr Rodney COMERFORD	9048 7063	<a href="mailto:crcomerford@mukinbudin.wa.gov.au">crcomerford@mukinbudin.wa.gov.au</a>	10	2017
2011	Cr Sandra VENTRIS	9048 7057	<a href="mailto:crventris@mukinbudin.wa.gov.au">crventris@mukinbudin.wa.gov.au</a>	6	2017
2011	Cr John O'NEIL	9048 4012	<a href="mailto:croneil@mukinbudin.wa.gov.au">croneil@mukinbudin.wa.gov.au</a>	5	2019
2013	Cr Jeff SEABY	9047 1083	<a href="mailto:crseaby@mukinbudin.wa.gov.au">crseaby@mukinbudin.wa.gov.au</a>	3	2017
2015	Cr Steve PATERSON	9047 1098	<a href="mailto:crpaterson@mukinbudin.wa.gov.au">crpaterson@mukinbudin.wa.gov.au</a>	1	2019
2015	CR Murray JUNK	9048 6026	<a href="mailto:crjunk@mukinbudin.wa.gov.au">crjunk@mukinbudin.wa.gov.au</a>	1	2019
2015	Cr Ruth POULTNEY	0407 385 123	<a href="mailto:crpoutlney@mukinbudin.wa.gov.au">crpoutlney@mukinbudin.wa.gov.au</a>	1	2017



## SHIRE OF MUKINBUDIN STAFF

**Chief Executive Officer**  
**Acting Manager of Finance**  
**Environmental Health Officer**  
**Community Development Officer**  
**Senior Finance Officer**  
**Customer Service Officer**  
**Finance Officer**

Dirk Sellenger  
Ed Nind  
Peter Toboss  
Nola Comerford-Smith  
Jenny Heaney  
Rebecca Dickenson  
Sheldon Cox

**Natural Resource Management Officer**

Dylan Copeland

**Swimming Pool Manager**

Simon Comerford

**Caravan Park Manager**

Carolynn Chapman

**Acting Works Supervisor**

Allan Monson

**Leading Hand**

Shane Markham

**Plant Operator**

Noel Bond

**Plant Operator**

Steven Jones

**Plant Operator**

Keith Jose

**Plant Operator**

Kevin Dalgetty

**Plant Operator**

Matt Francis

**Town Leading Hand**

Dave Waters

**Gardener**

Daniel Mori

**Maintenance Officer**

Denis Heffernan

**Cleaner**

Ross Parker

**Cleaner**

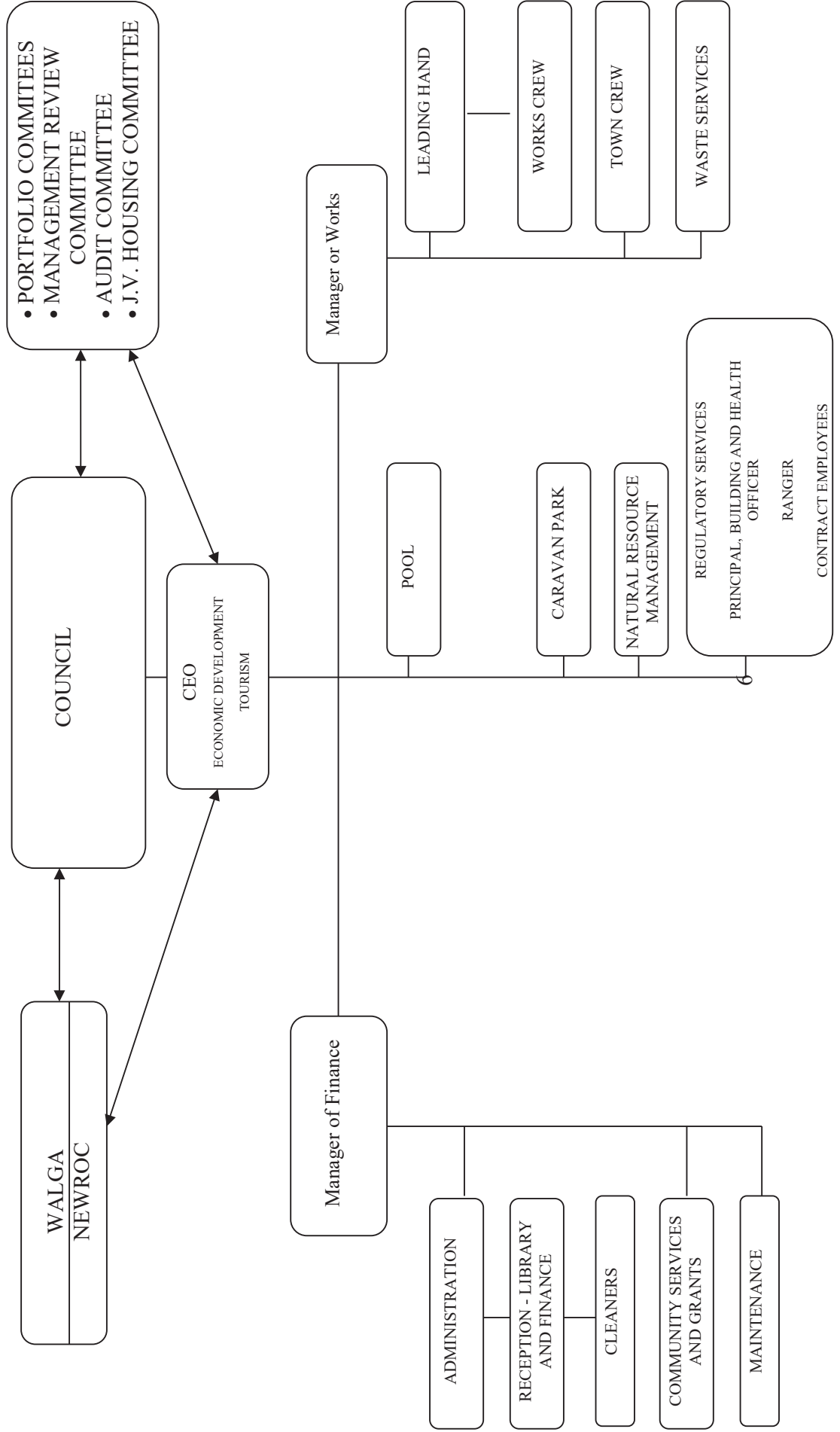
Blythe Shadbolt

**Cleaner**

Dianne Parker



ORGANISATIONAL CHART





## SHIRE PROFILE

### History of Mukinbudin – “Classic, Dry, Red”

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

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

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

The modern Shire Offices were built in 1993 and are a source of community pride. The office staff is comprised of: Chief Executive Officer, Finance Manager, Community Development Officer, Senior Finance 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.

Council has 9 elected members representing the community.

Council meets on the third Wednesday of each month commencing at 10.00am and is 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, pistol shooting, 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, Men's Shed. There are also three active Church denominations.

The Shire of Mukinbudin has a Primary School, incorporating Pre-Primary and Kindergarten, plus there is High School to Year 10, 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, plant nurseries, Bendigo Bank branch, Westpac Bank and





Commonwealth Bank agency, Community Resource Centre, Hardware, Machinery Dealerships, Landmark & Elders Agencies, 24hr ATM & Fuel

A community Health Nurse operates a weekly 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 Shire is committed to growth with 17 newly subdivided residential blocks developed in recent years and new businesses investing in the district.

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

## **SHIRE OF MUKINBUDIN STATISTICS**

### **Localities**

Bonnie Rock, Dandanning, Karloning, Lake Brown, Mukinbudin and 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); Heritage Silo; Men's Shed; Pope's Hill; Ceomine.

### **Local Industries**

Broadacre grain; sheep; wool; mining; farm machinery; metal fabrication; farm stay accommodation; trades.

### **Shire Statistics**

Distance from Perth	295km
Shire Area	3,437 km <sup>2</sup>
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	\$1,048,004
Total Revenue	\$5,220,038
Number of Employees	18



## SHIRE PRESIDENT'S REPORT

### Introduction

The 2016/17 financial year has seen the Shire of Mukinbudin consolidate its financial position and deal with the fifth year of the compulsory Integrated Planning and Reporting framework. Councillors and Staff have met these challenges of dealing with ever increasing compliance, regulation and legislation.

### Council

Council has had another very busy year with Councillors attending many external meetings and committees including:

- 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 2016/17 financial year saw a large number of changes in staff, including a change to all three senior positions of the Council within a very short period of time as follows:

### **CEO**

Acting CEO Ray Hooper left the Shire in March 2017 and Council's new CEO, Mr Dirk Sellenger commenced.

### **Manager of Finance**

Ann Brandis left the Shire in April 2017 and Acting Manager of Finance Mr Ed Nind was appointed to the position. These positions are known to be very difficult positions to fill and Ed has done an excellent job under challenging circumstances to complete the Annual Financial Statements and receive a clean Audit report as included within this Annual Report.

### **Works Supervisor**

Mr Keith Mills left the Shire in February 2017 and Acting Works Supervisor, Mr Allan Monson commenced in May 2017 coming from Tasmania and is happy to assist until such time as a permanent Works Supervisor is secured.

### **Community Amenities**

After a 12 month period of no one in the position of Natural Resource Management Officer, Mr Dylan Copeland was appointed and will work on an as required basis.

### **Recreation and Culture**

In 2016/17 the Shire received \$32,000 from the Community Pool Revitalisation work was carried out in May and June 2017 which included a full repainting of the Swimming Pool bowl and repairs to the wetdeck gutters to provide a more balanced flow rate from both sides of the Pool.

The Mukinbudin Planning and Development Group again ran a scaled back version of the Act Commit Belong 2016 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.

The Shire continues with a fee for service to provide the treasury function for the Mukinbudin District Club.

### Tourism and Visitor Servicing

The Mukinbudin Caravan Park continued to be a popular destination with visitors. This year Council upgraded the linen for the Self Contained Park Units, the Barracks and the House that we are renting. Feedback again was positive and I would like to thank Carolynn Chapman for her efforts running the Park.

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 thank 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 pleasure to present the Chief Executive Officer's report for the Shire of Mukinbudin Annual Report for the year ending 30 June 2017.

### **Financials**

The Shire of Mukinbudin for the 2016/17 financial year finished with a total Comprehensive Income of \$91,908, \$421,441 under the 2015/16 Budget figure of \$513,349. This variance mainly made up of an asset revaluation increment of \$67,336 for Infrastructure and increased depreciation over the budgeted amount.

Actual Operating Revenue of \$4,176,860 was only up \$116,276 from Budget.

### **Staff Changes**

2016/17 saw considerable changes in the Administration, including four members of the seven member Administration team and two changes to the seven member works crew. Changes also included the Pool Manager, the Caravan Park Manager and Environmental Health Officer - welcome to Simon Comerford, Carolynn Chapman and Peter Toboss.

### **Integrated Strategic Planning**

The 2016/17 year was the fifth year the Shire operated under its new Community Strategic Plan, Long Term Financial Plan and Asset Management Plans. The Minister for Local Government has requested a review of the Local Government which has been effectively unchanged since its introduction in 1995, it is hoped this review will include changes to better make use of changes in Technology, Local Government Capacity and Community Expectation, each of which have changed considerably during the past 22 years.

### **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 Shire President, Cr Gary Shadbolt, and Shire Council for their ongoing support. I also would like to make a special mention and acknowledgment of the work of the Acting Manager of Finance, Mr Ed Nind and the Finance Team in preparing the 2016/17 Financial Statements.



I wish to acknowledge the work carried out during the 2016/17 year by Acting CEO, Mr Ray Hooper following the departure of Mr Stuart Billingham, Ray was of considerable advantage prior, during and post-handover.

Sincere thanks and appreciation are extended to all staff at the shire and the Elected Members for their efforts and support.

Dirk Sellenger  
**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 2016-2017 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 2017, 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 2016/2017.

### *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 2017.



## 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
\$120,000-\$130,000	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 2016-2017.

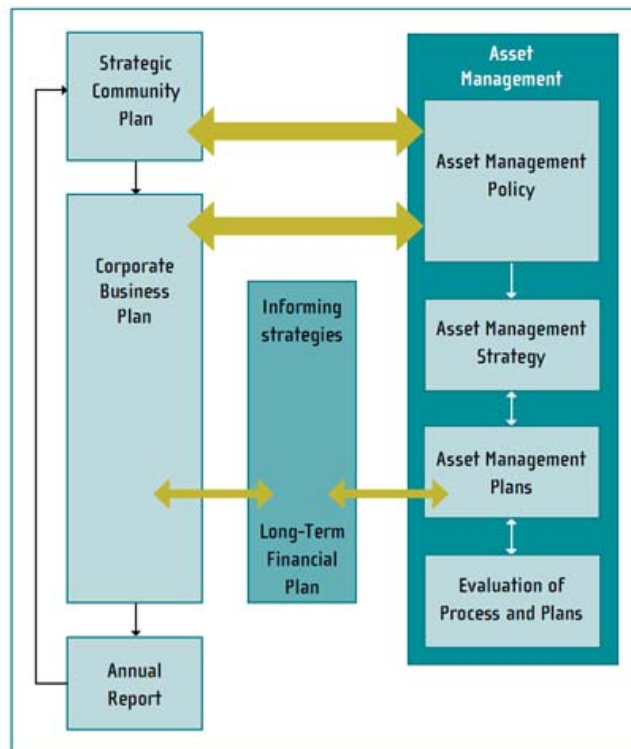


## PLAN FOR THE FUTURE OF THE DISTRICT

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](http://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 2016/17 to assist the Shire with \$32,000 of funds for the Mukinbudin Pioneer Memorial Swimming Pool.



### Department of Sport and Recreation



### **Australian Federal Government funding recognition**

The Federal Government provided the Shire of Mukinbudin in 2016/17 with vital funds under the Financial Assistance Grants Scheme with the Shire receiving \$1,114,434 general purpose grant (which included \$552,940 being received in 2014/15 as an accelerated payment and these funds and were part of the surplus carried forward) and a road grant of \$506,631 (which included \$274,922 being received in 2014/15 as an accelerated payment and were part of the surplus carried forward).



Australian Government



**SHIRE OF MUKINBUDIN**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2017**

**TABLE OF CONTENTS**

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9
Independent Audit Report	64
Supplementary Ratio Information	66

Principal place of business:  
15 Maddock Street  
Mukinbudin WA 6479



**SHIRE OF MUKINBUDIN  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**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 supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2017 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 15<sup>th</sup> day of December 2017

  
\_\_\_\_\_  
Dirk Selinger  
Chief Executive Officer

**SHIRE OF MUKINBUDIN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>				
Rates	22	1,048,004	1,046,024	1,024,629
Operating grants, subsidies and contributions	29	2,641,841	1,809,744	1,028,111
Fees and charges	28	459,846	413,731	395,913
Interest earnings	2(a)	26,515	29,581	29,244
Other revenue	2(a)	112,246	84,393	160,470
		<u>4,288,452</u>	<u>3,383,473</u>	<u>2,638,367</u>
<b>Expenses</b>				
Employee costs		(1,080,201)	(1,359,105)	(938,737)
Materials and contracts		(820,187)	(680,173)	(746,983)
Utility charges		(202,817)	(188,710)	(174,636)
Depreciation on non-current assets	2(a)	(2,053,305)	(1,726,100)	(2,064,863)
Interest expenses	2(a)	(38,569)	(37,333)	(42,209)
Insurance expenses		(113,237)	(122,793)	(124,401)
Other expenditure		(54,054)	(123,462)	(45,493)
		<u>(4,362,370)</u>	<u>(4,237,676)</u>	<u>(4,137,322)</u>
		(73,918)	(854,203)	(1,498,955)
Non-operating grants, subsidies and contributions	29	929,215	882,310	1,538,493
Profit on asset disposals	20	2,371	20,500	0
(Loss) on asset disposals	20	(5,980)	0	(11,016)
<b>Net result</b>		<b>851,688</b>	<b>48,607</b>	<b>28,522</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	631,933	0	67,336
<b>Total other comprehensive income</b>		<b>631,933</b>	<b>0</b>	<b>67,336</b>
<b>Total comprehensive income</b>		<b><u>1,483,621</u></b>	<b><u>48,607</u></b>	<b><u>95,858</u></b>

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 2017**

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>	2(a)			
Governance		4,076	3,970	5,733
General purpose funding		3,569,456	2,708,592	1,620,882
Law, order, public safety		28,803	24,610	32,065
Health		6,426	3,929	2,382
Education and welfare		6,664	4,380	2,959
Housing		142,619	144,898	114,160
Community amenities		81,128	70,340	71,903
Recreation and culture		57,353	78,857	93,569
Transport		145,225	138,715	404,354
Economic services		184,426	160,572	165,301
Other property and services		62,276	44,610	125,059
		<u>4,288,452</u>	<u>3,383,473</u>	<u>2,638,367</u>
<b>Expenses</b>	2(a)			
Governance		(329,530)	(338,561)	(302,673)
General purpose funding		(60,045)	(55,336)	(52,046)
Law, order, public safety		(124,099)	(124,988)	(149,480)
Health		(137,447)	(118,564)	(114,820)
Education and welfare		(97,917)	(143,253)	(80,123)
Housing		(231,727)	(201,327)	(188,349)
Community amenities		(141,625)	(171,915)	(182,981)
Recreation and culture		(934,010)	(1,101,952)	(857,485)
Transport		(1,803,858)	(1,453,293)	(1,761,130)
Economic services		(455,394)	(504,185)	(420,829)
Other property and services		(8,149)	13,031	14,803
		<u>(4,323,801)</u>	<u>(4,200,343)</u>	<u>(4,095,113)</u>
<b>Finance costs</b>	2(a)			
Education and welfare		(1,786)	(1,813)	(2,016)
Recreation and culture		(4,358)	(4,423)	(4,920)
Economic services		(7,454)	(7,091)	(8,010)
Other property and services		(24,971)	(24,006)	(27,263)
		<u>(38,569)</u>	<u>(37,333)</u>	<u>(42,209)</u>
		(73,918)	(854,203)	(1,498,955)
Non-operating grants, subsidies and contributions	29	929,215	882,310	1,538,493
Profit on disposal of assets	20	2,371	20,500	0
(Loss) on disposal of assets	20	(5,980)	0	(11,016)
<b>Net result</b>		<u>851,688</u>	<u>48,607</u>	<u>28,522</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	631,933	0	67,336
<b>Total other comprehensive income</b>		<u>631,933</u>	<u>0</u>	<u>67,336</u>
<b>Total comprehensive income</b>		<u>1,483,621</u>	<u>48,607</u>	<u>95,858</u>

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

**SHIRE OF MUKINBUDIN**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2017**

	NOTE	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	2,033,510	659,940
Trade and other receivables	4	<u>103,250</u>	<u>45,400</u>
<b>TOTAL CURRENT ASSETS</b>		<u>2,136,760</u>	<u>705,340</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	889	0
Inventories	5	624,614	624,614
Property, plant and equipment	6	12,614,357	12,348,158
Infrastructure	7	<u>55,774,932</u>	<u>56,079,968</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>69,014,792</u>	<u>69,052,740</u>
<b>TOTAL ASSETS</b>		<u>71,151,552</u>	<u>69,758,080</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	241,671	87,469
Current portion of long term borrowings	9	154,776	148,000
Provisions	10	<u>92,721</u>	<u>172,626</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>489,168</u>	<u>408,095</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	9	619,179	773,955
Provisions	10	<u>4,990</u>	<u>21,436</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>624,169</u>	<u>795,391</u>
<b>TOTAL LIABILITIES</b>		<u>1,113,337</u>	<u>1,203,486</u>
<b>NET ASSETS</b>		<u>70,038,215</u>	<u>68,554,594</u>
<b>EQUITY</b>			
Retained surplus		44,503,658	43,852,654
Reserves - cash backed	11	585,108	384,424
Revaluation surplus	12	<u>24,949,449</u>	<u>24,317,516</u>
<b>TOTAL EQUITY</b>		<u>70,038,215</u>	<u>68,554,594</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 2017**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2015</b>		<b>43,783,474</b>	<b>425,082</b>	<b>24,250,180</b>	<b>68,458,736</b>
Comprehensive income		28,522	0	0	28,522
Net result		<u>0</u>	<u>0</u>	<u>67,336</u>	<u>67,336</u>
Changes on revaluation of assets	12	28,522	0	67,336	95,858
Total comprehensive income		<u>40,658</u>	<u>(40,658)</u>	<u>0</u>	<u>0</u>
Transfers from/(to) reserves					
<b>Balance as at 30 June 2016</b>		<b>43,852,654</b>	<b>384,424</b>	<b>24,317,516</b>	<b>68,554,594</b>
Comprehensive income		851,688	0	0	851,688
Net result		<u>0</u>	<u>0</u>	<u>631,933</u>	<u>631,933</u>
Changes on revaluation of assets	12	851,688	0	631,933	1,483,621
Total comprehensive income		<u>(200,684)</u>	<u>200,684</u>	<u>0</u>	<u>0</u>
Transfers from/(to) reserves					
<b>Balance as at 30 June 2017</b>		<b>44,503,658</b>	<b>585,108</b>	<b>24,949,449</b>	<b>70,038,215</b>

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 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,034,124	1,046,024	1,027,191
Operating grants, subsidies and contributions		2,606,118	1,809,744	1,077,264
Fees and charges		459,846	413,731	395,913
Interest earnings		26,515	29,581	29,244
Goods and services tax		183,534	0	0
Other revenue		112,246	84,393	160,470
		<u>4,422,383</u>	<u>3,383,473</u>	<u>2,690,082</u>
<b>Payments</b>				
Employee costs		(1,169,245)	(1,386,625)	(1,026,679)
Materials and contracts		(671,449)	(680,173)	(840,127)
Utility charges		(202,817)	(188,710)	(174,636)
Interest expenses		(40,412)	(37,333)	(44,005)
Insurance expenses		(113,237)	(122,793)	(124,401)
Goods and services tax		(192,670)	0	33,719
Other expenditure		(54,054)	(123,462)	(45,493)
		<u>(2,443,884)</u>	<u>(2,539,096)</u>	<u>(2,221,622)</u>
<b>Net cash provided by (used in) operating activities</b>	13(b)	<u>1,978,499</u>	<u>844,377</u>	<u>468,460</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(146,190)	(200,730)	(933,504)
Payments for construction of infrastructure		(1,259,500)	(1,413,864)	(1,686,565)
Non-operating grants, subsidies and contributions		929,215	882,310	1,538,493
Proceeds from sale of fixed assets		19,546	45,000	5,000
<b>Net cash provided by (used in) investment activities</b>		<u>(456,929)</u>	<u>(687,284)</u>	<u>(1,076,576)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(148,000)	(148,001)	(146,637)
<b>Net cash provided by (used in) financing activities</b>		<u>(148,000)</u>	<u>(148,001)</u>	<u>(146,637)</u>
<b>Net increase (decrease) in cash held</b>		1,373,570	9,092	(754,753)
Cash at beginning of year		659,940	659,940	1,414,693
<b>Cash and cash equivalents at the end of the year</b>	13(a)	<u><u>2,033,510</u></u>	<u><u>669,032</u></u>	<u><u>659,940</u></u>

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

**SHIRE OF MUKINBUDIN  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2017**

NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>	113,218	120,259	726,885
	<u>113,218</u>	<u>120,259</u>	<u>726,885</u>
<b>Revenue from operating activities (excluding rates)</b>			
Governance	4,076	3,970	5,733
General purpose funding	2,543,015	1,678,336	611,415
Law, order, public safety	28,803	24,610	32,065
Health	6,426	3,929	2,382
Education and welfare	6,664	4,380	2,959
Housing	142,619	144,898	114,160
Community amenities	81,128	70,340	71,903
Recreation and culture	57,353	78,857	93,569
Transport	147,596	159,215	404,354
Economic services	184,426	160,572	165,301
Other property and services	62,276	44,610	125,059
	<u>3,264,382</u>	<u>2,373,717</u>	<u>1,628,900</u>
<b>Expenditure from operating activities</b>			
Governance	(329,530)	(338,561)	(302,673)
General purpose funding	(60,045)	(55,336)	(52,046)
Law, order, public safety	(124,099)	(124,988)	(149,480)
Health	(137,781)	(118,564)	(114,820)
Education and welfare	(99,703)	(145,066)	(82,139)
Housing	(231,727)	(201,327)	(188,349)
Community amenities	(141,625)	(171,915)	(182,981)
Recreation and culture	(939,118)	(1,106,375)	(862,405)
Transport	(1,808,754)	(1,453,293)	(1,772,146)
Economic services	(462,848)	(511,276)	(428,839)
Other property and services	(33,120)	(10,975)	(12,460)
	<u>(4,368,350)</u>	<u>(4,237,676)</u>	<u>(4,148,338)</u>
<b>Operating activities excluded from budget</b>			
(Profit) on disposal of assets	20	(2,371)	(20,500)
Loss on disposal of assets	20	5,980	0
Movement in current Employee Benefits cash backed		81,197	0
Movement in deferred pensioner rates (non-current)		(889)	0
Movement in employee benefit provisions (non-current)		(16,446)	0
Depreciation and amortisation on assets	2(a)	2,053,305	1,726,100
<b>Amount attributable to operating activities</b>		<u>1,130,026</u>	<u>(38,100)</u>
		<u>(38,100)</u>	<u>286,306</u>
<b>INVESTING ACTIVITIES</b>			
Non-operating grants, subsidies and contributions		929,215	882,310
Proceeds from disposal of assets	20	19,546	45,000
Purchase of property, plant and equipment	6(b)	(146,190)	(200,730)
Purchase and construction of infrastructure	7(b)	(1,259,500)	(1,413,864)
<b>Amount attributable to investing activities</b>		<u>(456,929)</u>	<u>(687,284)</u>
		<u>(687,284)</u>	<u>(1,076,576)</u>
<b>FINANCING ACTIVITIES</b>			
Repayment of debentures	21(a)	(148,000)	(148,001)
Transfers to reserves (restricted assets)	11	(251,149)	(247,661)
Transfers from reserves (restricted assets)	11	50,465	90,790
<b>Amount attributable to financing activities</b>		<u>(348,684)</u>	<u>(304,872)</u>
		<u>(304,872)</u>	<u>(105,979)</u>
<b>Surplus(deficiency) before general rates</b>		<u>324,413</u>	<u>(1,030,256)</u>
<b>Total amount raised from general rates</b>	22	<u>1,026,441</u>	<u>1,030,256</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	23	<u><b>1,350,854</b></u>	<u><b>0</b></u>
		<u><b>1,350,854</b></u>	<u><b>113,218</b></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 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

**(a) 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.

**(b) 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 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(c) 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.

**(d) 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.

**(e) 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.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

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 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) Fixed Assets (Continued)**

***Land under control***

In accordance with Local Government (Financial Management) Regulation 16(a)(ii), 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 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) 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	100 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	60 - 80 years
Formed roads (unsealed)	
formation	not depreciated
pavement	60 - 80 years
Kerbing	60 years
Footpaths - slab	40 - 70 years
Sewerage piping	100 years
Water supply piping and drainage systems	80 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 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) 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 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) 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 in accordance with the regulatory framework.

**(g) 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 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) 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 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 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) 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.

**(h) 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.

**(i) 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 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) 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.

**(k) 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.

**(l) 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.

**(m) 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 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) 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.

**(o) 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(n) 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.

**(p) 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.

**(q) 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 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(r) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the 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.

**(s) Rounding Off Figures**

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

**(t) 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.

**(u) 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 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(v) 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 <sup>(1)</sup>	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 15 Revenue from Contracts with Customers	December 2014	1 January 2019	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.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.  Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> <li>- Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services.</li> </ul> <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**(w) 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.

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities
- [AASB 10, 124 & 1049]
- The objective of this Standard was to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit sector entities.
- The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

<b>2. REVENUE AND EXPENSES</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Net Result</b>		
The Net result includes:		
(i) Charging as an expense:		
<b>Auditors remuneration</b>		
- Audit of the Annual Financial Report	10,640	14,415
- Interim Audit	9,670	9,840
- Other services	2,400	1,850
<b>Depreciation</b>		
Buildings - non-specialised	72,308	58,364
Buildings - specialised	166,529	162,198
Furniture and equipment	7,048	6,091
Plant and equipment	242,884	288,420
Infrastructure - Roads	1,243,856	1,227,883
Infrastructure - footpaths	8,777	8,777
Infrastructure - parks & ovals	69,928	69,811
Infrastructure - other	241,975	243,319
	<u>2,053,305</u>	<u>2,064,863</u>
<b>Interest expenses (finance costs)</b>		
Debentures (refer Note 21 (a))	38,569	42,209
	<u>38,569</u>	<u>42,209</u>
<b>Rental charges</b>		
- Operating leases	17,010	23,056
	<u>17,010</u>	<u>23,056</u>
(ii) Crediting as revenue:		
<b>Other revenue</b>		
Reimbursements and recoveries	79,576	132,859
Other	32,670	27,611
	<u>112,246</u>	<u>160,470</u>
	<u>2,165,551</u>	<u>2,225,333</u>
	<u>\$</u>	<u>\$</u>
<b>Interest earnings</b>		
- Reserve funds	8,619	9,180
- Other funds	13,245	15,189
Other interest revenue (refer note 27)	4,651	4,875
	<u>26,515</u>	<u>29,244</u>
	<u>\$</u>	<u>\$</u>

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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 2017**

**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 2017**

**2. REVENUE AND EXPENSES (Continued)**

**(c) Conditions Over Grants/Contributions**

Grant/Contribution	Opening Balance <sup>(1)</sup> 1/07/15 \$	Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance <sup>(1)</sup> 30/06/16 \$	Received <sup>(2)</sup> 2016/17 \$	Expended <sup>(3)</sup> 2016/17 \$	Closing Balance 30/06/17 \$
<b>Education and welfare</b>							
Creating Age Friendly							
Community Grant in small towns project	53,991	0	(53,991)	0	0	0	0
<b>Community amenities</b>							
Department of Water							
Community Water Grant	5,000	0	(5,000)	0	0	0	0
<b>Recreation and culture</b>							
Department of Sport & Rec							
Community Pools Revitalisation	0	32,190	0	32,190 #	0	(32,190)	0
<b>Transport</b>							
Department of Infrastructure							
RTR Funding	0	0	0	0	562,318	(371,756)	190,562
<b>Total</b>	<b>58,991</b>	<b>32,190</b>	<b>(58,991)</b>	<b>32,190</b>	<b>562,318</b>	<b>(403,946)</b>	<b>190,562</b>

**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 2016.



**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	Note	2017 \$	2016 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		1,257,840	275,516
Restricted		<u>775,670</u>	<u>384,424</u>
		<u><u>2,033,510</u></u>	<u><u>659,940</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	133,594	52,397
Plant reserve	11	314,250	195,256
Building reserve	11	53,240	24,676
Seniors Aged Housing reserve	11	19,660	37,439
Residential Land reserve	11	10,350	10,118
Swimming Pool reserve	11	53,088	32,348
Unspent Grants reserve	11	926	32,190
Unspent grants	2(c)	<u>190,562</u>	<u>0</u>
		<u><u>775,670</u></u>	<u><u>384,424</u></u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates outstanding		29,213	16,222
Sundry debtors		15,100	25,885
GST receivable		22,988	13,852
Accrued income		12,796	2,429
Provision for doubtful debts		0	(12,988)
Prepayments		<u>23,153</u>	<u>0</u>
		<u><u>103,250</u></u>	<u><u>45,400</u></u>
<b>Non-current</b>			
Rates outstanding - pensioners		<u>889</u>	<u>0</u>
		<u><u>889</u></u>	<u><u>0</u></u>
Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:			
<b>Rates outstanding</b>		<u><u>29,213</u></u>	<u><u>16,222</u></u>
Includes:			
Past due and not impaired		29,213	16,222
Impaired		<u>0</u>	<u>0</u>
<b>Sundry debtors</b>		<u><u>15,100</u></u>	<u><u>25,885</u></u>
Includes:			
Past due and not impaired		15,050	7,096
Impaired		<u>0</u>	<u>12,988</u>
<b>5. INVENTORIES</b>			
<b>Non-current</b>			
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 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Land - freehold at:		
- Independent valuation 2014 - level 2	0	1,024,928
- Independent valuation 2014 - level 3	0	185,000
- Independent valuation 2017 - level 2	781,666	0
- Independent valuation 2017 - level 3	181,000	0
- Additions after valuation - cost	0	74,934
	962,666	1,284,862
Land - vested in and under the control of Council at:		
- Management valuation 2014 - level 3	0	196,077
- Management valuation 2017 - level 3	196,077	0
	196,077	196,077
	1,158,743	1,480,939
Buildings - non-specialised at:		
- Independent valuation 2014 - level 2	0	1,709,927
- Independent valuation 2017 - level 2	1,958,404	0
- Additions after valuation - cost	0	1,137,219
Less: accumulated depreciation	0	(102,728)
	1,958,404	2,744,418
Buildings - specialised at:		
- Independent valuation 2014 - level 3	0	6,350,936
- Independent valuation 2017 - level 3	7,677,985	0
- Management valuation 2017 - level 3	1,406	0
- Additions after valuation - cost	0	129,928
Less: accumulated depreciation	0	(327,097)
	7,679,391	6,153,767
	9,637,795	8,898,185
Total land and buildings	10,796,538	10,379,124
Furniture and equipment at:		
- Management valuation 2016 - level 3	55,819	55,819
- Additions after valuation - cost	19,867	0
Less: accumulated depreciation	(7,048)	0
	68,638	55,819

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT (Continued)</b>		
Plant and equipment at:		
- Management valuation 2016 - level 2	993,217	993,217
- Management valuation 2016 - level 3	893,112	919,998
- Additions after valuation - cost	102,005	0
Less: accumulated depreciation	<u>(239,153)</u>	<u>0</u>
	1,749,181	1,913,215
	<u><u>12,614,357</u></u>	<u><u>12,348,158</u></u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. 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 2017

**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) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold land	1,284,862	0	0	(322,196)	0	0	0	0	962,666
Land - vested in and under the control of Council	196,077	0	0	0	0	0	0	0	196,077
<b>Total land</b>	<b>1,480,939</b>	<b>0</b>	<b>0</b>	<b>(322,196)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,158,743</b>
Buildings - non-specialised	2,744,418	24,318	0	(590,521)	0	0	(72,308)	(147,503)	1,958,404
Buildings - specialised	6,153,767	0	0	1,544,650	0	0	(166,529)	147,503	7,679,391
<b>Total buildings</b>	<b>8,898,185</b>	<b>24,318</b>	<b>0</b>	<b>954,129</b>	<b>0</b>	<b>0</b>	<b>(238,837)</b>	<b>0</b>	<b>9,637,795</b>
<b>Total land and buildings</b>	<b>10,379,124</b>	<b>24,318</b>	<b>0</b>	<b>631,933</b>	<b>0</b>	<b>0</b>	<b>(238,837)</b>	<b>0</b>	<b>10,796,538</b>
Furniture and equipment	55,819	19,867	0	0	0	0	(7,048)	0	68,638
Plant and equipment	1,913,215	102,005	(23,155)	0	0	0	(242,884)	0	1,749,181
<b>Total property, plant and equipment</b>	<b>12,348,158</b>	<b>146,190</b>	<b>(23,155)</b>	<b>631,933</b>	<b>0</b>	<b>0</b>	<b>(488,769)</b>	<b>0</b>	<b>12,614,357</b>

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per hectare
Land - freehold land	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	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 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per square metre
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent & management valuation	June 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Furniture and equipment</b>					
	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Plant and equipment</b>					
- Management valuation 2016	2	Market approach using recent observable market data for similar items	Management valuation	June 2016	Price per item
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	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 was a change 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 as there was new market data available which is more representative of the fair value in those circumstances.

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	2017	2016
	\$	\$
<b>7 (a). INFRASTRUCTURE</b>		
Infrastructure - Roads		
- Management valuation 2015 - level 3	87,365,797	87,365,797
- Additions after valuation - cost	2,806,517	1,636,217
Less: accumulated depreciation	<u>(38,516,292)</u>	<u>(37,272,436)</u>
	51,656,022	51,729,578
Infrastructure - footpaths		
- Management valuation 2015 - level 3	1,131,624	1,131,624
Less: accumulated depreciation	<u>(673,029)</u>	<u>(664,252)</u>
	458,595	467,372
Infrastructure - parks & ovals		
- Independent valuation 2015 - level 3	1,358,000	1,358,000
- Additions after valuation - cost	5,900	0
Less: accumulated depreciation	<u>(744,739)</u>	<u>(674,811)</u>
	619,161	683,189
Infrastructure - other		
- Independent valuation 2015 - level 3	5,187,000	5,187,000
- Additions after valuation - cost	133,648	50,348
Less: accumulated depreciation	<u>(2,279,494)</u>	<u>(2,037,519)</u>
	3,041,154	3,199,829
	<u>55,774,932</u>	<u>56,079,968</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. 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 2017

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) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	51,729,578	1,170,300	0	0	0	0	(1,243,856)	0	51,656,022
Infrastructure - footpaths	467,372	0	0	0	0	0	(8,777)	0	458,595
Infrastructure - parks & ovals	683,189	5,900	0	0	0	0	(69,928)	0	619,161
Infrastructure - other	3,199,829	83,300	0	0	0	0	(241,975)	0	3,041,154
<b>Total infrastructure</b>	<b>56,079,968</b>	<b>1,259,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,564,536)</b>	<b>0</b>	<b>55,774,932</b>

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Infrastructure - Roads</b>	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
<b>Infrastructure - footpaths</b>	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
<b>Infrastructure - parks &amp; ovals</b>	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
<b>Infrastructure - other</b>	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 2017**

	2017	2016
	\$	\$
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	163,094	34,683
Accrued interest on debentures	9,539	11,382
Accrued salaries and wages	10,581	3,914
Accrued expenditure	17,746	0
ATO liabilities	25,737	25,097
FBT liability	4,570	4,764
Income Received in Advance	10,404	7,629
	<u>241,671</u>	<u>87,469</u>

**9. LONG-TERM BORROWINGS**

**Current**

Secured by floating charge		
Debentures	154,776	148,000
	<u>154,776</u>	<u>148,000</u>

**Non-current**

Secured by floating charge		
Debentures	619,179	773,955
	<u>619,179</u>	<u>773,955</u>

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
<b>Opening balance at 1 July 2016</b>			
Current provisions	80,238	92,388	172,626
Non-current provisions	0	21,436	21,436
	<u>80,238</u>	<u>113,824</u>	<u>194,062</u>
Amounts used	(36,038)	(60,313)	(96,351)
<b>Balance at 30 June 2017</b>	<u>44,200</u>	<u>53,511</u>	<u>97,711</u>
<b>Comprises</b>			
Current	44,200	48,521	92,721
Non-current	0	4,990	4,990
	<u>44,200</u>	<u>53,511</u>	<u>97,711</u>

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**11. RESERVES - CASH BACKED**

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Leave Reserve	52,397	81,197	133,594	52,397	81,310	74,917	59,095	46,304	(53,002)	52,397
Plant reserve	195,256	118,994	314,250	195,256	119,411	314,667	68,479	126,777	0	195,256
Building reserve	24,676	28,564	53,240	24,676	28,617	53,293	163,928	3,280	(142,532)	24,676
Seniors Aged Housing reserve	37,439	686	19,660	37,439	936	38,375	47,486	1,269	(11,316)	37,439
Residential Land reserve	10,118	232	10,350	10,118	253	10,371	9,850	268	0	10,118
Swimming Pool reserve	32,348	20,740	53,088	32,348	16,329	48,677	17,253	15,095	0	32,348
Unspent Grants reserve	32,190	736	926	32,190	805	995	58,991	32,190	(58,991)	32,190
	384,424	251,149	585,108	384,424	247,661	541,295	425,082	225,183	(265,841)	384,424

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 reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Leave Reserve	Ongoing	- to be used to fund annual and long service leave requirements.
Plant reserve	Ongoing	- to be used for the purchase of major plant.
Building reserve	Ongoing	- to be used for the construction of new buildings or to assist finance of housing loans
Seniors Aged Housing reserve	Ongoing	- 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.
Residential Land reserve	To be closed	- to be used for the profit from the sale of subdivision blocks.
Swimming Pool reserve	Ongoing	- to be used for the upgrade of the Swimming Pool in future years.
Unspent Grants reserve	Ongoing	- to be used for any grant funding that may not be expended in the current financial year.

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**12. REVALUATION SURPLUS**

	2017				2016					
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Movement on Revaluation	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land	1,024,173	0	(322,196)	(322,196)	701,977	1,024,173	0	0	0	1,024,173
Revaluation surplus - Buildings	4,289,222	954,129	0	954,129	5,243,351	4,289,222	0	0	0	4,289,222
Revaluation surplus - Plant and equipment	403,380	0	0	0	403,380	336,044	67,336	0	67,336	403,380
Revaluation surplus - Infrastructure - Roads	16,257,472	0	0	0	16,257,472	16,257,472	0	0	0	16,257,472
Revaluation surplus - Infrastructure - Footpaths	24,204	0	0	0	24,204	24,204	0	0	0	24,204
Revaluation surplus - Infrastructure - Parks & Ovals	507,739	0	0	0	507,739	507,739	0	0	0	507,739
Revaluation surplus - Infrastructure - Other	1,811,326	0	0	0	1,811,326	1,811,326	0	0	0	1,811,326
	<b>24,317,516</b>	<b>954,129</b>	<b>(322,196)</b>	<b>631,933</b>	<b>24,949,449</b>	<b>24,250,180</b>	<b>67,336</b>	<b>0</b>	<b>67,336</b>	<b>24,317,516</b>

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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:

	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
Cash and cash equivalents	<u>2,033,510</u>	<u>669,032</u>	<u>659,940</u>

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

Net result	851,688	48,607	28,522
Non-cash flows in Net result:			
Depreciation	2,053,305	1,726,100	2,064,863
(Profit)/Loss on sale of asset	3,609	(20,500)	11,016
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(58,739)	0	85,434
Increase/(Decrease) in payables	154,202	0	(130,993)
Increase/(Decrease) in provisions	(96,351)	(27,520)	(51,889)
Grants contributions for the development of assets	<u>(929,215)</u>	<u>(882,310)</u>	<u>(1,538,493)</u>
Net cash from operating activities	<u>1,978,499</u>	<u>844,377</u>	<u>468,460</u>

**(c) Undrawn Borrowing Facilities**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	250,000	250,000
Bank overdraft at balance date	0	0
Credit card limit	5,000	5,000
Credit card balance at balance date	(906)	0
<b>Total amount of credit unused</b>	<u>254,094</u>	<u>255,000</u>
<b>Loan facilities</b>		
Loan facilities - current	154,776	148,000
Loan facilities - non-current	619,179	773,955
<b>Total facilities in use at balance date</b>	<u>773,955</u>	<u>921,955</u>
<b>Unused loan facilities at balance date</b>	<u>NIL</u>	<u>NIL</u>

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**14. CONTINGENT LIABILITIES**

Council has no contingent liabilities as at 30 June 2017

<b>15. CAPITAL AND LEASING COMMITMENTS</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	10,997	17,010
- later than one year but not later than five years	5,276	16,273
	16,273	33,283

**(b) Capital Expenditure Commitments**

Contracted for:

- plant & equipment purchases	24,777	0
-------------------------------	--------	---

Payable:

- not later than one year	24,777	0
---------------------------	--------	---

The capital expenditure project outstanding at the end of the current reporting period represents the purchase of a new vehicle.

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**16. JOINT VENTURE ARRANGEMENTS**

**Medical Services**

The Shire of Mukinbudin is in a joint venture with the Shires of Mount Marshall, Nungarin, and Trayning to provide medical services. The Shire of Mukinbudin has a 30% interest in this service which provides a doctor in Mukinbudin 1 day per week.

In May 2017 the joint venture purchased a motor vehicle valued at \$54,287 from surplus funds. The vehicle is registered to the Shire of Trayning.

<b>Medical Services Financial Activity</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<u>Operating Expenses</u>		
Joint venture expenses incurred by the Shire of Mukinbudin	59,853	53,128
	<u>59,853</u>	<u>53,128</u>

No income was received.

**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.

<b>Lot 27 (20) Maddock Street Units Financial Activity</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
- Opening Balance	8,343	8,126
- 25% of Gross Rent Restricted	0	0
- Interest Earned	116	217
- Funds Utilised	(4,616)	0
- Closing Balance	<u>3,843</u>	<u>8,343</u>

Note: No funds were transferred to the Contingency Reserve in 2015/16 or 2016/17 as no profit from operations eventuated.

The Shire's portion of this Joint Venture is included in Property, Plant & Equipment as detailed below:

**Non-current assets**

Specialised buildings at:

- Independent valuation 2014 - level 3	0	22,537
- Independent valuation 2017 - level 3	39,985	0
Less: accumulated depreciation	0	(2,048)
	<u>39,985</u>	<u>20,489</u>

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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.

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Lot 28 (18) and Part Lot 29 (16) Maddock Street Units</b>		
Financial Activity		
- Opening Balance	12,805	20,569
- Rent reserved per agreement (4 x \$500)	0	0
- Interest Earned	296	550
- Funds Utilised	<u>(9,232)</u>	<u>(8,314)</u>
- Closing Balance	<u><u>3,869</u></u>	<u><u>12,805</u></u>

Note: No funds were transferred to the Contingency Reserve in 2015/16 or 2016/17 as no profit from operations eventuated.

The Shire's portion of this Joint Venture is included in Property, Plant & Equipment as detailed below:

**Non - Current Assets**

Freehold land at:

- Independent valuation 2014 - level 2	0	7,161
- Independent valuation 2017 - level 2	5,055	0

Non-Specialised buildings at:

- Independent valuation 2014 - level 2	0	43,810
- Independent valuation 2017 - level 2	33,700	0

Specialised buildings at:

- Independent valuation 2014 - level 3	0	37,070
- Independent valuation 2017 - level 3	29,488	0

additions	0	8,569
Less: Accumulated Depreciation	<u>0</u>	<u>(2,462)</u>

	<u><u>68,243</u></u>	<u><u>94,148</u></u>
--	----------------------	----------------------

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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.

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Part Lot 29 (16) Maddock Street Units</b>		
Financial Activity		
- Opening Balance	8,865	8,634
- Rent reserved per agreement (4 x \$500)	0	0
- Interest Earned	125	231
- Funds Utilised	(4,616)	0
- Closing Balance	<u>4,374</u>	<u>8,865</u>

Note: No funds were transferred to the Contingency Reserve in 2015/16 or 2016/17 as no profit from operations eventuated.

The Shire's portion of this Joint Venture is included in Property, Plant & Equipment as detailed below:

**Non - Current Assets**

Freehold land at:

- Independent valuation 2014 - level 2	0	2,259
- Independent valuation 2017 - level 2	1,807	0

Specialised buildings at:

- Independent valuation 2014 - level 3	0	33,430
Less: Accumulated Depreciation	0	(1,080)

Non-Specialised buildings at:

- Independent valuation 2017 - level 2	<u>28,009</u>	<u>0</u>
	<u>29,816</u>	<u>34,609</u>



**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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.

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Lot 25 (24) Maddock Street Units</b>		
Financial Activity		
- Opening Balance	7,425	10,157
- Rent reserved per agreement (4 x \$500)	0	0
- Interest Earned	149	271
- Funds Utilised	0	(3,003)
- Closing Balance	<u>7,574</u>	<u>7,425</u>

Note: No funds were transferred to the Contingency Reserve in 2015/16 or 2016/17 as no profit from operations eventuated.

The Shire's portion of this Joint Venture is included in Property, Plant & Equipment as detailed below:

**Non - Current Assets**

Freehold land at:

- Independent valuation 2014 - level 2	0	13,279
- Independent valuation 2017 - level 2	7,588	0

Non-Specialised buildings at:

- Independent valuation 2014 - level 3	0	98,644
- Independent valuation 2017 - level 3	79,674	0
additions	0	3,003

Less: Accumulated Depreciation	0	(2,739)
	<u>87,262</u>	<u>112,187</u>

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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.

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Lot 64 (12) White St and Lot 69 (6) Lansdell St Houses</b>		
<b>Financial Activity</b>		
- Opening Balance	0	0
- Rent reserved per agreement (4 x \$500)	0	0
- Interest Earned	0	0
- Funds Utilised	0	0
- Closing Balance	<u>0</u>	<u>0</u>

Note: No funds were transferred to the Contingency Reserve in 2015/16 or 2016/17 as no profit from operations eventuated.

The Shire's portion of this Joint Venture is included in Property, Plant & Equipment as detailed below:

**Non - Current Assets**

Freehold land at:

- Independent valuation 2014 - level 2	0	14,188
- Independent valuation 2017 - level 2	9,458	0

Non-Specialised buildings at:

- Independent valuation 2014 - level 2	0	84,450
- Independent valuation 2017 - level 2	74,316	0

Less: Accumulated Depreciation	0	(2,796)
	<u>83,774</u>	<u>95,842</u>

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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.

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Lot 8 (42) Cruickshank Road Units</b>		
<b>Financial Activity</b>		
- Opening Balance	0	0
- Rent reserved per agreement (4 x \$500)	0	0
- Interest Earned	0	0
- Funds Utilised	0	0
- Closing Balance	<u>0</u>	<u>0</u>

Note: No funds were transferred to the Contingency Reserve in 2015/16 or 2016/17 as no profit from operations eventuated.

The Shire's portion of this Joint Venture is included in Property, Plant & Equipment as detailed below:

**Non - Current Assets**

Freehold land at:

- Independent valuation 2014 - level 2	0	7,041
- Independent valuation 2017 - level 2	4,758	0

Non-Specialised buildings at:

- Independent valuation 2014 - level 2	0	78,023
- Independent valuation 2017 - level 2	74,217	0

Less: Accumulated Depreciation

	<u>0</u>	<u>(3,392)</u>
	<u>78,975</u>	<u>81,672</u>

**17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
General purpose funding	30,102	16,222
Law, order, public safety	823,263	896,190
Health	0	334
Education and welfare	900,000	914,055
Housing	2,101,635	2,771,186
Community amenities	96,759	71,785
Recreation and culture	8,020,882	6,685,575
Transport	54,190,161	54,441,263
Economic services	1,412,075	1,589,278
Other property and services	2,111,204	2,017,530
Unallocated	1,465,471	354,662
	<u>71,151,552</u>	<u>69,758,080</u>

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	2017	2016	2015
<b>18. FINANCIAL RATIOS</b>			
Current ratio	3.83	0.90	2.08
Asset sustainability ratio	0.58	0.81	2.13
Debt service cover ratio	10.80	3.16	11.15
Operating surplus ratio	(0.05)	(0.94)	0.29
Own source revenue coverage ratio	0.38	0.39	0.41

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:**

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found in "Supplementary Ratio Information" on Page 66 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$864,017.

Two of the 2016 and three of the 2015 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$827,862.

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

	2017	2016	2015
Current ratio	1.40	same as above	0.54
Debt service cover ratio	6.17	7.55	6.06
Operating surplus ratio	(0.57)	(0.43)	(0.29)

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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:

	1 July 2016	Amounts Received	Amounts Paid	30 June 2017
	\$	\$	(\$)	\$
Police Licensing	0	572,093	(572,093)	0
Mukinbudin Indoor Cricket Club	11,345	0	0	11,345
BRB	0	425	(425)	0
Trust - Other	7	2,093	(1,681)	419
Sports Complex Key Bonds	860	100	(50)	910
Standpipe Key Bonds	200	200	(50)	350
Mukinbudin Football Club Rams Plates	650	100	(750)	0
Builders Levy (BCITF)	0	222	(222)	0
Drive in Donation	500	0	0	500
Housing Tenancy Bonds	8,024	3,820	(6,696)	5,148
Hall Hire Bonds & Deposits	0	500	(500)	0
Gym Bonds	1,121	560	(320)	1,361
Soil Conservation	13,166	0	0	13,166
	<u>35,873</u>			<u>33,199</u>

**20. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Plant and Equipment</b>								
Health								
Newhealth Vehicle	334	0	0	(334)	0	0	0	0
Recreation and culture								
Vermeer Woodchipper	750	0	0	(750)	0	0	0	0
Transport								
Leading Hand Ute 4x2 MBL1070	8,993	11,364	2,371	0	10,000	15,000	5,000	0
MF Ford Territory MBL1	13,078	8,182	0	(4,896)	10,000	15,000	5,000	0
Komatsu Backhoe	0	0	0	0	4,500	15,000	10,500	0
	<u>23,155</u>	<u>19,546</u>	<u>2,371</u>	<u>(5,980)</u>	<u>24,500</u>	<u>45,000</u>	<u>20,500</u>	<u>0</u>

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1 July 2016 \$	New Loans \$	Principal Repayments		Principal 30 June 2017		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Education and welfare</b>								
Loan 109 - CRC	32,403	0	5,756	5,756	26,647	26,647	1,786	1,813
<b>Recreation and culture</b>								
Loan 108 - Bowling Club	79,063	0	14,043	14,044	65,020	65,019	4,358	4,423
<b>Economic services</b>								
Loan 116 - Land Purchase	31,088	0	9,742	9,742	21,346	21,346	1,858	1,764
Loan 119 - Mukinbudin Cafe	104,436	0	7,254	7,253	97,182	97,183	5,596	5,327
<b>Other property and services</b>								
Loan 114 - Trailer 1TJP 062	65,650	0	20,572	20,572	45,078	45,078	3,924	3,726
Loan 115 - Truck DAF MBL 250	49,285	0	15,643	15,643	33,642	33,642	2,040	2,217
Loan 118 - Vibe Roller MBL 1677	84,184	0	13,627	13,627	70,557	70,557	4,194	4,114
Loan 120 - Skid Steer MBL 1724	55,906	0	5,934	5,934	49,972	49,972	2,531	2,488
Loan 121 - Grader MBL 95	250,947	0	32,949	32,950	217,998	217,997	7,219	6,749
Loan 122 - Roller MBL 811	136,545	0	17,929	17,929	118,616	118,616	3,928	3,672
Loan 123 - Tractor MBL 244	32,448	0	4,551	4,551	27,897	27,897	1,135	1,040
	921,955	0	148,000	148,001	773,955	773,954	38,569	37,333

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 2017**

**21. INFORMATION ON BORROWINGS (Continued)**

(b) New Debentures - 2016/17

The Shire did not take up any new debentures during the year ended 30 June 2017.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2017.

(d) Overdraft

Council has an overdraft facility of \$250,000 with Bendigo bank to assist with short term liquidity requirements. The balance of the bank overdraft at 30 June 2016 was Nil and 30 June 2017 was Nil

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**22. RATING INFORMATION - 2016/17 FINANCIAL YEAR**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>General rate</b>											
<b>Gross rental value valuations</b>											
Residential	0.170983	153	1,106,508	189,194	(89)	0	189,105	189,194	0	0	189,194
Vacant	0.179830	0	0	0	(288)	0	(288)	0	0	0	0
<b>Unimproved value valuations</b>											
Rural	0.022357	215	37,303,500	833,994	(802)	923	834,115	834,062	0	0	834,062
Mining	0.022357	0	0	0	460	(71)	389	0	0	0	0
<b>Sub-Total</b>		368	38,410,008	1,023,188	(719)	852	1,023,321	1,023,256	0	0	1,023,256
<b>Minimum payment</b>	<b>Minimum \$</b>										
<b>Gross rental value valuations</b>											
Residential	400	20	12,002	8,000	0	0	8,000	8,000	0	0	8,000
Vacant	400	5	1,448	2,000	0	0	2,000	2,000	0	0	2,000
<b>Unimproved value valuations</b>											
Rural	500	30	280,300	15,000	0	0	15,000	15,000	0	0	15,000
Mining	500	4	12,437	2,000	0	0	2,000	2,000	0	0	2,000
<b>Sub-Total</b>		59	306,187	27,000	0	0	27,000	27,000	0	0	27,000
<b>Totals</b>		<b>427</b>	<b>38,716,195</b>	<b>1,050,188</b>	<b>(719)</b>	<b>852</b>	<b>1,050,321</b>	<b>1,050,256</b>	<b>0</b>	<b>0</b>	<b>1,050,256</b>
							(23,880)				(20,000)
							<b>1,026,441</b>				<b>1,030,256</b>
							4,110				0
							17,453				15,768
							<b>1,048,004</b>				<b>1,046,024</b>
Discounts/concessions (refer note 26)											
<b>Total amount raised from general rate</b>											
Movement in Excess Rates											
Ex-gratia rates											
<b>Totals</b>											



**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**23. NET CURRENT ASSETS**

Composition of net current assets

	2017	2017	2016
	(30 June 2017 Carried Forward) \$	(1 July 2016 Brought Forward) \$	(30 June 2016 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 16</b>	<u>1,350,854</u>	<u>113,218</u>	<u>113,218</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	1,257,840	275,516	275,516
Restricted	775,670	384,424	384,424
Receivables			
Rates outstanding	29,213	16,222	16,222
Sundry debtors	15,100	25,885	25,885
GST receivable	22,988	13,852	13,852
Accrued income	12,796	2,429	2,429
Provision for doubtful debts	0	(12,988)	(12,988)
Prepayments	23,153	0	0
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(163,094)	(34,683)	(34,683)
Accrued interest on debentures	(9,539)	(11,382)	(11,382)
Accrued salaries and wages	(10,581)	(3,914)	(3,914)
Accrued expenditure	(17,746)	0	0
ATO liabilities	(25,737)	(25,097)	(25,097)
FBT liability	(4,570)	(4,764)	(4,764)
Income Received in Advance	(10,404)	(7,629)	(7,629)
Current portion of long term borrowings			
Secured by floating charge	(154,776)	(148,000)	(148,000)
Provisions			
Provision for annual leave	(44,200)	(80,238)	(80,238)
Provision for long service leave	(48,521)	(92,388)	(92,388)
<b>Unadjusted net current assets</b>	<u><b>1,647,592</b></u>	<u><b>297,245</b></u>	<u><b>297,245</b></u>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(585,108)	(384,424)	(384,424)
Add: Secured by floating charge	154,776	148,000	148,000
Add: Component of Leave Liability not required to be funded	133,594	52,397	52,397
<b>Adjusted net current assets - surplus/(deficit)</b>	<u><u><b>1,350,854</b></u></u>	<u><u><b>113,218</b></u></u>	<u><u><b>113,218</b></u></u>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**24. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR**

No specified area rates were imposed by the Shire during the year ended 2017.

**25. SERVICE CHARGES - 2016/17 FINANCIAL YEAR**

No service charges were imposed by the Shire during the year ended 2017.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2016/17 FINANCIAL YEAR**

**Rates Discounts**

Rate or Fee Discount Granted	Discount % or \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
General Rates	3%	23,880	20,000	Pay within 35 days of date of service appearing on the rate notice
		23,880	20,000	

**Waivers or Concessions**

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	Actual \$	Budget \$	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Photocopy Charge	Waiver			0	0	Nil	Support necessary for the overall benefit of the community
Rate Assessment	Write off		NA	0	0		
				0	0		

**Rate or Fee and Charge to which the Waiver or Concession is Granted**  
**Photocopy Charge**  
**Circumstances in which the Waiver or Concession is Granted and to whom it was available**  
waived to certain community groups such as St Johns Ambulance & Volunteer Bush Fire Brigade

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**27. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR**

	<b>Date Due</b>	<b>Instalment Plan Admin Charge \$</b>	<b>Instalment Plan Interest Rate %</b>	<b>Unpaid Rates Interest Rate %</b>	
<b>Instalment Options</b>					
<b>Option One</b>					
Single full payment	12 September 16			11.00%	
<b>Option Two</b>					
First Instalment	12 September 16			11.00%	
Second Instalment	14 November 16	15	5.50%	11.00%	
Third Instalment	16 January 17	15	5.50%	11.00%	
Fourth Instalment	20 March 17	15	5.50%	11.00%	
					<b>Budgeted Revenue</b>
Interest on unpaid rates					<b>\$ 2,400</b>
Interest on instalment plan					<b>2,300</b>
ESL Penalty Interest					<b>70</b>
Charges on instalment plan					<b>2,475</b>
					<b>6,391</b>
					<b>7,245</b>

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

<b>28. FEES &amp; CHARGES</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Governance	2,868	3,472
General purpose funding	5,068	4,770
Law, order, public safety	2,809	3,975
Housing	129,477	103,584
Community amenities	80,146	71,109
Recreation and culture	48,333	37,914
Transport	682	136
Economic services	181,047	153,693
Other property and services	9,416	17,260
	<u>459,846</u>	<u>395,913</u>

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

**29. GRANT REVENUE**

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

<b>By Nature or Type:</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>		
Governance	546	0
General purpose funding	2,488,829	561,494
Law, order, public safety	21,907	24,016
Health	6,426	2,382
Education and welfare	2,000	1,000
Recreation and culture	0	50,323
Transport	120,015	380,932
Economic services	1,102	4,209
Other property and services	1,016	3,755
	<u>2,641,841</u>	<u>1,028,111</u>
<b>Non-operating grants, subsidies and contributions</b>		
Housing	0	454,492
Recreation and culture	46,905	0
Transport	882,310	1,084,001
	<u>929,215</u>	<u>1,538,493</u>
	<u>3,571,056</u>	<u>2,566,604</u>

**30. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

18	17
----	----

**31. ELECTED MEMBERS REMUNERATION**

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

	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
Meeting Fees	31,977	31,977	28,292
President's allowance	3,500	3,500	3,500
Deputy President's allowance	875	875	875
Travelling expenses	4,972	5,800	4,341
Telecommunications allowance	4,500	4,500	4,042
	<u>45,824</u>	<u>46,652</u>	<u>41,050</u>

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**32. RELATED PARTY TRANSACTIONS**

**Key Management Personnel (KMP) Compensation Disclosure**

	<b>2017</b>
	<b>\$</b>
The total of remuneration paid to KMP of the Shire during the year are as follows:	
Short-term employee benefits	318,478
Post-employment benefits	41,044
Other long-term benefits	13,316
Termination benefits	109,587
	482,425
	482,425

**Short-term employee benefits**

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 31.

**Post-employment benefits**

These amounts are the current-year's estimated cost of providing for the Shire's superannuation contributions made during the year.

**Other long-term benefits**

These amounts represent long service benefits accruing during the year.

**Termination benefits**

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

**Related Parties**

**The Shire's main related parties are as follows:**

*i. Key management personnel*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

*ii. Entities subject to significant influence by the Shire*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

*iii. Joint venture entities accounted for under the equity method*

At the 30 June 2017 the Shire of Mukinbudin has joint ventures with other parties to provide medical and housing services. The interest in these joint venture entities are accounted for in these financial statements using the equity method of accounting. Detailed financial information is given in Note 16.

**SHIRE OF MUKINBUDIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**32. RELATED PARTY TRANSACTIONS (Continued)**

**Transactions with related parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	<b>2017</b>
	<b>\$</b>
<b>Associated companies/individuals:</b>	
Sale of goods and services	4,737
Purchase of goods and services	147,165
<b>Joint venture entities:</b>	
Distributions received from joint venture entities. See Note 16 for detail.	0
<b>Amounts outstanding from related parties:</b>	
Trade and other receivables	0
Loans to associated entities	0
Loans to key management personnel	0
<b>Amounts payable to related parties:</b>	
Trade and other payables	0
Loans from associated entities	0

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**33. 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	2017	2017 Budget	2016
	\$	\$	\$
<b>Operating income</b>			
- Profit on sale	0	0	0
<b>Capital income</b>			
- Sale proceeds	0	0	0
<b>Capital expenditure</b>			
- Purchase of land	0	0	0
- Development costs	0	0	0
	0	0	0
	0	0	0

Loan 116 is a liability in relation to this land transaction with an outstanding balance of \$21,346 as at 30 June 2017

(c) Expected Future Cash Flows

	2018	2019	2020	2021	Total
	\$	\$	\$	\$	\$
<b>Cash outflows</b>					
- Development costs	0	0	0	0	0
- Loan repayments	(11,555)	(11,555)	0	0	(23,110)
	(11,555)	(11,555)	0	0	(23,110)
<b>Cash inflows</b>					
- Loan proceeds	0	0	0	0	0
- Sale proceeds	0	0	0	0	0
	0	0	0	0	0
<b>Net cash flows</b>	(11,555)	(11,555)	0	0	(23,110)

**34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2016/2017 financial year.

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**35. 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	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	2,033,510	659,940	2,033,510	659,940
Receivables	104,139	45,400	104,139	45,400
	<u>2,137,649</u>	<u>705,340</u>	<u>2,137,649</u>	<u>705,340</u>
<b>Financial liabilities</b>				
Payables	241,671	87,469	241,671	87,469
Borrowings	773,955	921,955	814,278	984,195
	<u>1,015,626</u>	<u>1,009,424</u>	<u>1,055,949</u>	<u>1,071,664</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.



**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**35. 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.

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	13,809	10,635
- Statement of Comprehensive Income	13,809	10,635

*Notes:*

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

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**35. 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:

	<b>2017</b>	<b>2016</b>
Percentage of rates and annual charges		
- Current	0.0%	0.0%
- Overdue	100.0%	100.0%
Percentage of other receivables		
- Current	0.3%	22.4%
- Overdue	99.7%	77.6%

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**35. 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>2017</u>	<u>2016</u>
	Due within 1 year \$	Due between 1 & 5 years \$
Payables	241,671	0
Borrowings	186,168	0
	<u>427,839</u>	<u>0</u>
	Due after 5 years \$	Total contractual cash flows \$
	144,543	241,671
	<u>144,543</u>	<u>878,601</u>
		<u>1,120,272</u>
		<u>241,671</u>
		<u>773,955</u>
		<u>1,015,626</u>
		<u>87,469</u>
		<u>1,064,769</u>
		<u>1,152,238</u>
		<u>87,469</u>
		<u>921,955</u>
		<u>1,009,424</u>

SHIRE OF MUKINBUDIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

**35. 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 %
<b>Year ended 30 June 2017</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	100,066	0	91,667	70,557	511,665	773,955	4.17%
Weighted average Effective interest rate		5.72%		5.85%	5.09%	3.44%		
<b>Year ended 30 June 2016</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	0	146,023	0	111,466	664,466	921,955	4.23%
Weighted average Effective interest rate			5.72%		5.85%	3.63%		

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**36. PRIOR PERIOD CORRECTIONS**

The following adjustments have been made to comparative amounts in the 30 June 2017 Financial Report to bring to account financial activities that were incorrectly stated in 2015/16. Details of these activities are listed below:-

- 1) In 2014/15 the Shire disposed of a residential property without recording the disposal in the accounts in the 2014/15 financial year. This error has now been identified and the necessary adjustments have been affected.

As a result, Land to the value of \$33,000, Buildings to the value of \$200,000 and depreciation of \$3,950 was written back prior to 30 June 2015. Further to this depreciation of \$3,950 was written back in the 2016 financial year. Details

i) Land and Buildings to the value of \$233,000 and depreciation of \$3,950 was written back prior to 2015/16 against the opening balance of retained surplus as at 1 July 2015.

ii) Depreciation of \$3,950 was written back in 2015/16. This was adjusted against depreciation for that year and Buildings accordingly.

	Refer Notes Above	Financial Report 2016 \$	Corrected Comparative 2016 \$	Adjustment \$
<b>STATEMENT OF COMPREHENSIVE INCOME</b>				
<i>BY NATURE OR TYPE:-</i>				
Expenses - Depreciation	1	(2,068,813)	(2,064,863)	3,950
Net Result	1	24,572	28,522	3,950
Total Comprehensive Income	1	91,908	95,858	3,950
<i>BY PROGRAM:-</i>				
Expenses - Housing	1	(192,299)	(188,349)	3,950
Net Result	1	24,572	28,522	3,950
Total Comprehensive Income	1	91,908	95,858	3,950
<b>STATEMENT OF FINANCIAL POSITION</b>				
Property, plant and equipment	1	12,573,258	12,348,158	(225,100)
Retained Surplus	1	44,077,754	43,852,654	(225,100)
<b>STATEMENT OF CHANGES IN EQUITY</b>				
<i>Retained Surplus:-</i>				
Balance at 1 July 2015	1	44,012,524	43,783,474	(229,050)
Net result		24,572	28,522	3,950
Balance at 30 June 2016	1	44,077,754	43,852,654	(225,100)
<b>RATE SETTING STATEMENT</b>				
<i>Expenditure from operating activities:-</i>				
Housing	1	(192,299)	(188,349)	3,950
<i>Operating activities excluded from budget:-</i>				
Depreciation and amortisation on assets	1	2,068,813	2,064,863	(3,950)
<b>NOTE 2 - REVENUES AND EXPENSES</b>				
<i>Depreciation</i>				
Buildings non-specialised	1	62,314	58,364	(3,950)
<b>NOTE 6 - PROPERTY, PLANT AND EQUIPMENT</b>				
<i>Land - freehold at:-</i>				
Independent valuation 2014 - level 2	1	1,057,928	1,024,928	(33,000)
<i>Buildings - non-specialised:-</i>				
Independent valuation 2014 - level 2	1	1,909,927	1,709,927	(200,000)
Accumulated Depreciation	1	(110,628)	(102,728)	7,900
<i>Movements in Carrying Amounts:-</i>				
Balance at the beginning of the year - Land				
freehold land	1	1,317,862	1,284,862	(33,000)
Balance at the beginning of the year - Buildings				
non-specialised	1	2,936,518	2,744,418	(192,100)

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**36. PRIOR PERIOD CORRECTIONS (Continued)**

	Refer Notes Above	Financial Report 2016 \$	Corrected Comparative 2016 \$	Adjustment \$
<b>NOTE 13 - NOTES TO THE STATEMENT OF CASH FLOWS</b>				
(b) - Reconciliation of Net Cash Provided By Operating Activities to Net Result				
- Net Result	1	24,572	28,522	3,950
- Depreciation	1	2,068,813	2,064,863	(3,950)
<b>NOTE 17 - TOTAL ASSETS</b>				
Housing	1	2,996,286	2,771,186	(225,100)

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

### *Opinion on the Audit of the Financial Report*

We have audited the accompanying financial report of the Shire of Mukinbudin (the Shire), which comprises the statement of financial position as at 30 June 2017, 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.

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 2017 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).

### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Report on Other Legal and Regulatory Requirements*

During the course of the audit we became aware of one instance where the Council did not comply with the *Local Government (Financial Management) Regulations 1996 (as amended)*:

#### **Financial Report Submission**

The Annual Financial Report for the year ended 30 June 2016 was not submitted to the Department of Local Government within 30 days of receipt by the CEO of the Audit Report as required by Financial Management Regulation 51(2).

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

- a) There are no matters that in our opinion indicate a significant adverse trend in the financial management practices of the Shire for the year ended 30 June 2017.

In our opinion, the Shire experienced a significant adverse trend in the financial position as evidenced by:

- i. A significant structural deficit in the operating result for the years ended 30 June 2017 and 30 June 2016; and
- ii. A deterioration in the Asset Sustainability Ratio, the Debt Service Cover Ratio, the Operating Surplus Ratio and the Own Source Revenue Coverage Ratio which are below target levels and, with the exception of the Debt Service Cover Ratio, have been trending downwards over the longer term.

**INDEPENDENT AUDITOR'S REPORT  
TO THE ELECTORS OF THE SHIRE OF MUKINBUDIN (CONTINUED)*****Report on Other Legal and Regulatory Requirements (continued)***

- b) Except as detailed above, no other 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 66 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is not supported by:
  - i. reliable information; and
  - ii. reasonable assumptions.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit

***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

***Responsibilities of Management and Council for the Financial Report***

Management is responsible for the preparation of this 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.

In preparing the financial report, management is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

The Council is responsible for overseeing the Shire's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Report***

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf). This description forms part of our auditor's report.

MOORE STEPHENS  
CHARTERED ACCOUNTANTS



GREG GODWIN  
PARTNER

Date: 15 December 2017  
Perth, WA



**SHIRE OF MUKINBUDIN  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2017**

**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.

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Asset consumption ratio	0.53	0.52	0.41
Asset renewal funding ratio	0.42	0.43	0.44

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$