

SHIRE OF MUKINBUDIN
BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

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

	NOTE	2013/14 Budget \$	2012/13 Est. Actual \$	2012/13 Budget \$
REVENUE				
Rates	8	846,859	820,944	825,649
Operating Grants, Subsidies and Contributions		826,163	1,335,268	776,154
Fees and Charges	11	435,885	524,638	365,075
Service Charges	10	0	0	0
Interest Earnings	2(a)	33,400	35,384	45,452
Other Revenue		24,000	68,262	58,100
		<u>2,166,307</u>	<u>2,784,496</u>	<u>2,070,430</u>
EXPENSES				
Employee Costs		(486,137)	(729,643)	(533,316)
Materials and Contracts		(914,359)	(643,586)	(950,852)
Utility Charges		(213,898)	(194,366)	(212,640)
Depreciation	2(a)	(1,110,720)	(1,127,995)	(1,093,660)
Interest Expenses	2(a)	(40,479)	(42,046)	(46,567)
Insurance Expenses		(158,200)	(153,440)	(143,654)
Other Expenditure		(44,376)	(29,830)	(31,875)
		<u>(2,968,169)</u>	<u>(2,920,906)</u>	<u>(3,012,564)</u>
		(801,862)	(136,410)	(942,134)
Non-Operating Grants, Subsidies and Contributions		1,718,139	1,857,046	2,670,234
Profit on Asset Disposals	4	0	9,119	0
Loss on Asset Disposals	4	0	(23,415)	0
		<u>916,277</u>	<u>1,706,340</u>	<u>1,728,100</u>
NET RESULT		916,277	1,706,340	1,728,100
Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>916,277</u>	<u>1,706,340</u>	<u>1,728,100</u>

Notes:

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

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

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

Fair value adjustments will be assessed at the time they occur with compensating budget amendments made as necessary.

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

SHIRE OF MUKINBUDIN
STATEMENT OF COMPERHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2013/14 Budget \$	2012/13 Est. Actual \$	2012/13 Budget \$
REVENUE (Refer Notes 1,2,8 to 13)				
Governance		100	57,217	81,600
General Purpose Funding		1,452,791	1,825,128	1,349,436
Law, Order, Public Safety		29,160	28,616	28,650
Health		5,450	5,126	100
Education and Welfare		6,000	550	500
Housing		95,554	96,575	90,167
Community Amenities		74,651	110,034	100,320
Recreation and Culture		43,010	37,876	47,864
Transport		219,471	332,407	189,798
Economic Services		206,660	235,431	148,030
Other Property and Services		33,460	55,536	33,965
		<u>2,166,307</u>	<u>2,784,496</u>	<u>2,070,430</u>
EXPENSES EXCLUDING				
FINANCE COSTS (Refer Notes 1,2 & 14)				
Governance		(326,398)	(342,924)	(391,593)
General Purpose Funding		(38,228)	(45,748)	(47,467)
Law, Order, Public Safety		(79,158)	(73,575)	(80,263)
Health		(84,971)	(71,959)	(112,980)
Education and Welfare		(82,181)	(105,059)	(76,944)
Housing		(134,192)	(130,589)	(135,770)
Community Amenities		(171,306)	(170,850)	(159,535)
Recreation & Culture		(505,913)	(505,545)	(490,402)
Transport		(1,113,040)	(1,144,535)	(1,127,832)
Economic Services		(401,487)	(330,326)	(354,010)
Other Property and Services		2,748	42,250	4,052
		<u>(2,934,126)</u>	<u>(2,878,860)</u>	<u>(2,972,744)</u>
FINANCE COSTS (Refer Notes 2 & 5)				
Governance		0	(371)	(825)
Housing		(2,405)	(2,729)	(2,954)
Community Amenities		(2,770)	(2,912)	(6,951)
Recreation & Culture		(6,761)	(7,106)	(7,423)
Economic Services		(4,357)	(12,083)	(1,698)
Other Property and Services		(17,750)	(16,845)	(19,969)
		<u>(34,043)</u>	<u>(42,046)</u>	<u>(39,820)</u>
NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS				
General Purpose Funding		0	724,704	724,704
Housing		876,908	0	740,000
Community Amenities		0	1,950	0
Recreation & Culture		3,000	260,000	277,600
Transport		800,815	826,607	861,191
Economic Services		37,416	43,785	66,739
		<u>1,718,139</u>	<u>1,857,046</u>	<u>2,670,234</u>

SHIRE OF MUKINBUDIN
STATEMENT OF COMPERHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2013/14 Budget \$	2012/13 Est. Actual \$	2012/13 Budget \$
PROFIT/(LOSS) ON				
DISPOSAL OF ASSETS (Refer Note 4)				
Transport		0	393	0
Transport		0	(11,019)	0
Other Property and Services		0	8,726	0
Other Property and Services		0	(12,396)	0
		<u>0</u>	<u>(14,296)</u>	<u>0</u>
NET RESULT		<u>916,277</u>	<u>1,706,340</u>	<u>1,728,100</u>
Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>916,277</u>	<u>1,706,340</u>	<u>1,728,100</u>

Notes:

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

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

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

Fair value adjustments will be assessed at the time they occur with compensating budget amendments made as necessary.

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

SHIRE OF MUKINBUDIN

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2013/14 Budget \$	2012/13 Est. Actual \$	2012/13 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		908,864	843,641	867,654
Operating Grants, Subsidies and Contributions		871,363	1,335,268	801,354
Fees and Charges		473,885	459,475	373,075
Service Charges		0	0	0
Interest Earnings		33,400	35,384	45,452
Goods and Services Tax		250,000	255,655	250,000
Other		24,000	68,204	58,100
		<u>2,561,512</u>	<u>2,997,627</u>	<u>2,395,635</u>
Payments				
Employee Costs		(472,137)	(766,009)	(524,325)
Materials and Contracts		(846,504)	(403,529)	(912,997)
Utility Charges		(202,693)	(194,366)	(201,435)
Insurance Expenses		(160,000)	(153,440)	(145,454)
Interest Expenses		(40,479)	(43,969)	(46,567)
Goods and Services Tax		(227,520)	(335,233)	(227,520)
Other		(44,376)	(29,830)	(31,875)
		<u>(1,993,709)</u>	<u>(1,926,376)</u>	<u>(2,090,173)</u>
Net Cash Provided By Operating Activities	15(b)	<u>567,803</u>	<u>1,071,251</u>	<u>305,462</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale	3	0	0	0
Payments for Purchase of Property, Plant & Equipment	3	(1,021,844)	(1,320,706)	(1,942,735)
Payments for Construction of Infrastructure	3	(1,427,086)	(1,678,793)	(1,424,747)
Advances to Community Groups		0	0	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		1,718,139	1,494,694	2,670,234
Proceeds from Sale of Plant & Equipment	4	0	79,285	87,179
Proceeds from Advances			0	
Net Cash Used in Investing Activities		<u>(730,791)</u>	<u>(1,425,520)</u>	<u>(610,069)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(90,968)	(101,784)	(108,155)
Proceeds from Self Supporting Loans		6,581	7,800	6,421
Proceeds from New Debentures	5	0	0	0
Net Cash Provided By (Used In) Financing Activities		<u>(84,387)</u>	<u>(93,984)</u>	<u>(101,734)</u>
Net Increase (Decrease) in Cash Held Cash at Beginning of Year		(247,375) 676,959	(448,253) 1,125,212	(406,341) 1,125,213
Cash and Cash Equivalents at the End of the Year	15(a)	<u>429,584</u>	<u>676,959</u>	<u>718,872</u>

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

**SHIRE OF MUKINBUDIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2013/14 Budget \$	2012/13 Est. Actual \$	2012/13 Budget \$
REVENUES	1,2			
Governance		100	57,217	81,600
General Purpose Funding		605,932	1,728,888	1,248,491
Law, Order, Public Safety		29,160	28,616	28,650
Health		5,450	5,126	100
Education and Welfare		6,000	550	500
Housing		972,462	96,575	830,167
Community Amenities		74,651	111,984	100,320
Recreation and Culture		46,010	297,876	325,464
Transport		1,020,286	1,159,407	1,050,989
Economic Services		244,076	279,216	214,769
Other Property and Services		33,460	64,262	33,965
		<u>3,037,587</u>	<u>3,829,717</u>	<u>3,915,015</u>
EXPENSES	1,2			
Governance		(326,398)	(343,295)	(392,418)
General Purpose Funding		(38,228)	(45,748)	(47,467)
Law, Order, Public Safety		(79,158)	(73,575)	(80,263)
Health		(84,971)	(71,959)	(112,980)
Education and Welfare		(82,181)	(105,059)	(76,944)
Housing		(136,597)	(133,318)	(138,724)
Community Amenities		(174,076)	(173,762)	(166,486)
Recreation & Culture		(512,674)	(512,651)	(497,825)
Transport		(1,113,040)	(1,155,554)	(1,127,832)
Economic Services		(405,844)	(342,409)	(355,708)
Other Property and Services		(15,002)	13,009	(15,917)
		<u>(2,968,169)</u>	<u>(2,944,321)</u>	<u>(3,012,564)</u>
Net Operating Result Excluding Rates		69,418	885,396	902,451
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	4	0	14,296	0
Movement in Leave Reserve (Added Back)		0	2,146	0
Movement in Deferred Pensioner Rates/ESL (non-current)		0	2,265	0
Movement in Employee Benefit Provisions (non-current)		0	8,010	0
Adjustment for Rounding		0	3	0
Depreciation on Assets	2(a)	1,110,720	1,127,995	1,093,660
Capital Expenditure and Revenue				
Purchase Land Held for Resale	3	0	0	0
Purchase Land and Buildings	3	(974,826)	(1,088,656)	(1,754,689)
Purchase Plant and Equipment	3	(10,600)	(222,268)	(176,042)
Purchase Furniture and Equipment	3	(36,418)	(9,782)	(12,004)
Purchase Infrastructure Assets - Roads	3	(1,267,067)	(1,462,813)	(1,253,257)
Purchase Infrastructure Assets - Footpaths	3	0	(79,755)	(80,000)
Purchase Infrastructure Assets - Other	3	(160,019)	(136,225)	(91,490)
Proceeds from Disposal of Assets	4	0	79,285	87,179
Repayment of Debentures	5	(90,968)	(101,784)	(108,155)
Proceeds from New Debentures	5	0	0	0
Self-Supporting Loan Principal Income		6,581	7,800	6,421
Transfers to Reserves (Restricted Assets)	6	0	(39,663)	(120,863)
Transfers from Reserves (Restricted Assets)	6	116,298	0	76,125
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	390,022	582,828	605,015
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	0	390,022	0
Amount Required to be Raised from Rates	8	<u>(846,859)</u>	<u>(820,944)</u>	<u>(825,649)</u>

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations.

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

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 16 to this budget document.

(c) 2012/13 Actual Balances

Balances shown in this budget as 2012/13 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(d) Rounding Off Figures

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

(e) 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

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

(f) Goods and Services Tax

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.

(g) Superannuation

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Cash and Cash Equivalents

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

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

(i) 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.

Collectibility 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.

(j) Inventories

General

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

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

Land Held for Resale

Land purchased for development and/or resale 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 the statement of comprehensive income 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 resale is classified as current except where it is held as non-current based on Council's intention to release for sale.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets

Each class of fixed assets is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or impairment losses.

Mandatory Requirement to Revalue Non-Current Assets

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

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

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

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

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

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

Council has commenced the process of adopting Fair Value in accordance with the Regulations.

Land Under Control

In accordance with local Government (Financial Management) Regulation 16 (a), the Council is 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 other policies detailed in this Note.

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

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2013.

Initial Recognition

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets (Continued)

Revaluation

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

Transitional Arrangement

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets (Continued)

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to fair value, *AASB 13 - Fair Value Measurement* does not become applicable until the end of the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB 13 (as allowed for in the standard).

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets (Continued)

Depreciation of Non-Current Assets

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

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

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

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 with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Capitalisation Threshold

Expenditure on items of equipment under \$2,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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;
- (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; and
- (b) less any reduction for impairment.

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current. They are subsequently measured at fair value with changes to carrying amount being included in profit or loss.

(ii) Loans and receivables

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

They are subsequently measured at fair value with changes in such fair value (ie 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 the 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.

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

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 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 instruments, 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 into profit or loss at this point.

Derecognition

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment

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

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

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (eg AASB 116). 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.

(n) Trade and Other Payables

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

(o) Employee Benefits

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

(p) Borrowing Costs

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

(q) Provisions

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) 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.

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

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

(s) Comparative Figures

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

(t) Budget Comparative Figures

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

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUES AND EXPENSES	2013/14 Budget \$	2012/13 Est. Actual \$	2012/13 Budget \$
(a) Net Result from Ordinary Activities was arrived at after:			
(i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	15,000	12,163	11,139
Other Services	0	0	0
Depreciation			
<u>By Program</u>			
Law, Order, Public Safety	30,000	28,471	29,500
Health	800	500	800
Education and Welfare	25,000	24,598	24,600
Housing	27,700	27,100	27,500
Community Amenities	12,300	13,082	12,300
Recreation and Culture	93,320	97,709	72,360
Transport	790,000	790,894	780,000
Economic Services	600	22,955	15,600
Other Property and Services	131,000	122,686	131,000
	<u>1,110,720</u>	<u>1,127,995</u>	<u>1,093,660</u>
<u>By Class</u>			
Land and Buildings	135,449	137,556	112,843
Furniture and Equipment	21,155	21,484	21,806
Plant and Equipment	287,148	291,614	290,867
Roads	649,893	660,000	656,365
Footpaths	11,091	11,264	10,556
Infrastructure - Other	5,984	6,077	1,223
Drainage	0	0	0
	<u>1,110,720</u>	<u>1,127,995</u>	<u>1,093,660</u>
Borrowing Costs (Interest)			
- Debentures (refer note 5(a))	40,479	42,046	46,567
	<u>40,479</u>	<u>42,046</u>	<u>46,567</u>
Rental Charges			
- Operating Leases	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
(ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	20,000	22,054	38,359
- Other Funds	9,800	9,730	6,000
Other Interest Revenue (refer note 13)	3,600	3,600	1,093
	<u>33,400</u>	<u>35,384</u>	<u>45,452</u>

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

Council operations as disclosed in this budget encompass the following service orientated activities/programs:

GOVERNANCE

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

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

GENERAL PURPOSE FUNDING

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

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

LAW, ORDER, PUBLIC SAFETY

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

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

HEALTH

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

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

EDUCATION AND WELFARE

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

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

HOUSING

OBJECTIVE: To provide adequate staff and community housing.

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

COMMUNITY AMENITIES

OBJECTIVE: Provide services required by the community.

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

RECREATION AND CULTURE

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

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

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

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

TRANSPORT

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

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

ECONOMIC SERVICES

OBJECTIVE: To help promote the shire and improve its economic wellbeing.

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

OTHER PROPERTY & SERVICES

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

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2014

3. ACQUISITION OF ASSETS	2013/14 Budget \$
The following assets are budgeted to be acquired during the year:	
<u>By Program</u>	
Governance	
Synergy Soft Upgrade	29,918
Housing	
CEO House Reverse Cycle Aircond	4,500
DCEO House Reverse Cycle Aircond	4,500
Energy Efficiency Grant - Solar HWS	17,866
New Housing	913,426
Fencing of Aged Units Block	5,500
Community Amenities	
Cemetery Upgrade	9,213
Recreation and Culture	
Swimming Pool - Upgrade of lights	12,200
Swimming Pool - BBQ Shelter	15,800
Swimming Pool - Shelter plumbing and trenching	2,258
Swimming Pool - Engineering Plans	1,000
Swimming Pool - Limestone retaining wall and paving under shelter	13,610
Swimming Pool - Soil, Lawn and Landscaping incl retic	41,430
Swimming Pool - Mens Toilet Renovations - Handicapped	6,000
Swimming Pool - Ablution Building Re-Roofing	2,000
Memorial Hall - Oven	6,500
Street Furniture	10,000
Transport	
2013/14 Road Program	1,267,067
Depot Sheds Capital works	6,000
Bunded Chemical Shed for OSH	6,000
Economic Services	
Standpipes	24,416
Sewerage Line in Caravan Park	9,300
Caravan Park Fencing	1,000
Popes Hill Anzac Memorial	19,792
Energy Efficiency Grant - Solar HWS	9,034
Other Property and Services	
Minor Plant & Equipment	5,000
Commercial Edger, Hedge Trimmer etc	5,600
	<u>2,448,930</u>

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2014

3. ACQUISITION OF ASSETS	2013/14 Budget \$
<u>By Class</u>	
Land Held for Resale	0
Land and Buildings	974,826
Infrastructure Assets - Roads	1,267,067
Infrastructure Assets - Footpaths	0
Infrastructure Assets - Other	160,019
Plant and Equipment	10,600
Furniture and Equipment	36,418
	<u>2,448,930</u>

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

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

4. DISPOSALS OF ASSETS

There are no assets budgeted to be disposed of during 2013/14.

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2014

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Interest Rate %	Maturity Date	Principal 1-Jul-13	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
					2013/14 Budget \$	2012/13 Actual \$	2013/14 Budget \$	2012/13 Actual \$	2013/14 Budget \$	2012/13 Actual \$
Governance										
Loan 92 - Admin Centre	6.07	31/01/2013	0		0	18,023	0	0	0	371
Housing										
Loan 106 - Staff Housing	6.60	31/01/2017	39,594		8,728	8,180	30,866	39,594	2,405	2,729
Community Amenities										
Loan 109 - CRC	5.85	1/02/2021	47,806		4,841	4,570	42,965	47,806	2,770	2,912
Recreation & Culture										
Loan 108 - Bowling Club	5.85	1/02/2021	116,647		11,813	11,151	104,834	116,647	6,761	7,106
Economic Services										
Loan 107 - Caravan Park	6.28	10/11/2013	4,291		4,291	8,194	0	4,291	135	586
Loan 112 - Caravan Park	5.76	1/02/2016	14,441		4,543	4,292	9,898	14,441	790	929
Loan 116 - Land Purchase	6.15	17/06/2019	57,010		8,123	7,646	48,887	57,010	3,432	3,900
Loan 119 - Mukinbudin Cafe	5.19	13/04/2027	124,091		6,219	5,909	117,872	124,091	6,436	6,668
Other Property & Services										
Loan 114 - Trailer	6.15	17/06/2019	120,391		17,154	16,146	103,237	120,391	7,248	8,233
Loan 115 - Truck	4.88	22/01/2019	98,305		13,536	6,527	84,769	98,305	4,402	2,131
Loan 118 - Vibe Roller	5.09	13/09/2021	121,188		11,720	11,146	109,468	121,188	6,100	6,481
			743,764	0	90,968	101,784	652,796	743,764	40,479	42,046

All debenture repayments are to be financed by general purpose revenue.

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

5. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2013/14

Nil

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2013 nor is it expected to have unspent debenture funds as at 30th June 2014.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$100,000 with the Bendigo Bank does exist. It is not anticipated that this facility will be required to be utilised during 2013/14.

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2014

	2013/14 Budget \$	2012/13 Est. Actual \$	2012/13 Budget \$
6. RESERVES			
(a) Leave Reserve			
Opening Balance	50,034	47,888	47,888
Amount Set Aside / Transfer to Reserve	0	2,146	2,009
Amount Used / Transfer from Reserve	0	0	0
	<u>50,034</u>	<u>50,034</u>	<u>49,897</u>
(b) Plant Reserve			
Opening Balance	61,415	59,893	59,893
Amount Set Aside / Transfer to Reserve	0	1,522	2,100
Amount Used / Transfer from Reserve	0	0	0
	<u>61,415</u>	<u>61,415</u>	<u>61,993</u>
(c) Building Reserve			
Opening Balance	197,821	192,113	192,113
Amount Set Aside / Transfer to Reserve	0	5,708	4,400
Amount Used / Transfer from Reserve	0	0	(60,000)
	<u>197,821</u>	<u>197,821</u>	<u>136,513</u>
(d) Senior Housing Reserve			
Opening Balance	46,064	40,915	40,915
Amount Set Aside / Transfer to Reserve	0	5,149	6,200
Amount Used / Transfer from Reserve	0	0	(4,125)
	<u>46,064</u>	<u>46,064</u>	<u>42,990</u>
(e) Communications Reserve			
Opening Balance	19,170	17,865	17,864
Amount Set Aside / Transfer to Reserve	0	1,305	1,300
Amount Used / Transfer from Reserve	0	0	0
	<u>19,170</u>	<u>19,170</u>	<u>19,164</u>
(f) Residential Land Reserve			
Opening Balance	9,555	8,958	8,958
Amount Set Aside / Transfer to Reserve	0	597	450
Amount Used / Transfer from Reserve	0	0	0
	<u>9,555</u>	<u>9,555</u>	<u>9,408</u>
(g) Self Insurance Reserve			
Opening Balance	7,291	6,936	6,937
Amount Set Aside / Transfer to Reserve	0	355	400
Amount Used / Transfer from Reserve	0	0	0
	<u>7,291</u>	<u>7,291</u>	<u>7,337</u>
(h) Roadworks Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2014

6 Reserves (continued)	2013/14 Budget \$	2012/13 Est. Actual \$	2012/13 Budget \$
(i) Swimming Pool Reserve			
Opening Balance	97,110	75,731	75,731
Amount Set Aside / Transfer to Reserve	0	21,379	20,000
Amount Used / Transfer from Reserve	<u>(86,298)</u>	<u>0</u>	<u>(12,000)</u>
	<u>10,812</u>	<u>97,110</u>	<u>83,731</u>
(j) Royalties for Regions			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	0	82,504
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>82,504</u>
(k) Unspent Grants			
Opening Balance	35,014	33,512	33,512
Amount Set Aside / Transfer to Reserve	0	1,502	1,500
Amount Used / Transfer from Reserve	<u>(30,000)</u>	<u>0</u>	<u>0</u>
	<u>5,014</u>	<u>35,014</u>	<u>35,012</u>
Total Reserves	<u>407,176</u>	<u>523,474</u>	<u>528,549</u>

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

Council have a policy of annual revaluation of road infrastructure. The amount of any revaluation adjustment at 30 June 2014 is not known. Any transfer to or from an asset revaluation reserve will be a non-cash transaction (treated as Other Comprehensive Income) and as such, has no impact on this budget document.

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2014

6. RESERVES (Continued)	2013/14 Budget \$	2012/13 Est. Actual \$	2012/13 Budget \$
Summary of Transfers To Cash Backed Reserves			
Transfers to Reserves			
Leave Reserve	0	2,146	2,009
Plant Reserve	0	1,522	2,100
Building Reserve	0	5,708	4,400
Seniors Housing Reserve	0	5,149	6,200
Communications Reserve	0	1,305	1,300
Residential Land Reserve	0	597	450
Self Insurance Reserve	0	355	400
Roadworks Reserve	0	0	0
Swimming Pool Reserve	0	21,379	20,000
Royalties for Regions	0	0	82,504
Unspent Grants Reserve	0	1,502	1,500
	<u>0</u>	<u>39,663</u>	<u>120,863</u>
Transfers from Reserves			
Leave Reserve	0	0	0
Plant Reserve	0	0	0
Building Reserve	0	0	(60,000)
Seniors Housing Reserve	0	0	(4,125)
Communication Reserve	0	0	0
Residential Land Reserve	0	0	0
Self Insurance Reserve	0	0	0
Roadworks Reserve	0	0	0
Swimming Pool Reserve	(86,298)	0	(12,000)
Royalties for Regions Reserve	0	0	0
Unspent Grants Reserve	(30,000)	0	0
	<u>(116,298)</u>	<u>0</u>	<u>(76,125)</u>
Total Transfer to/(from) Reserves	<u>(116,298)</u>	<u>39,663</u>	<u>44,738</u>

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2014

6. RESERVES (Continued)

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

Leave Reserve

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

Plant Reserve

- to be used for the purchase of major plant.

Building Reserve

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

Seniors Aged Housing Reserve

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

Communications Reserve

- to be used for Capital upgrade of the TV Rebroadcaster

Residential Land Reserve

- to be used for the profit from the sale of subdivision blocks.

Self Insurance Reserve

- to be used for Insurance Excess.

Roadworks Reserve

- to be used for any unspent Road Grant monies.

Swimming Pool Reserve

- to be used for the upgrade of the Swimming Pool in future years.

Royalties for Regions

- to be used for any unspent Royalties for Regions monies.

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2014

	2013/14 Budget \$	2012/13 Est. Actual \$
7. NET CURRENT ASSETS		
Composition of Estimated Net Current Asset Position		
CURRENT ASSETS		
Cash - Unrestricted	22,408	153,485
Cash - Restricted Unspent Grants	0	0
Cash - Restricted Unspent Loans	0	0
Cash - Restricted	407,176	523,474
Accounts Receivable	385,317	530,522
Provision for Doubtful Debts	(7,990)	(7,990)
Prepayments	8,969	8,969
Accrued Income	2,250	2,250
Inventories	0	0
	<u>818,130</u>	<u>1,210,710</u>
LESS: CURRENT LIABILITIES		
Sundry Creditors	(306,491)	(215,881)
GST Payable	83,023	105,503
ESL Clearing	761	711
Accrued Expenditure	0	0
Volunteer Swimming Pool Levy	950	950
Payroll Liability	(42,123)	(42,123)
Accrued Interest on Debentures	(9,158)	(10,958)
Accrued Salaries and Wages	(22,947)	(20,447)
Current Employee Benefits Provision	(165,003)	(165,003)
Current Loan Liability	26,977	26,977
	<u>384,119</u>	<u>890,439</u>
NET CURRENT ASSET POSITION	384,119	890,439
Less: Cash - Restricted	(407,176)	(523,474)
Add Back : Liabilities Supported by Reserves		
- Lesser of Leave Provision and Leave Reserve	50,034	50,034
Add Back : Current Loan Liability	<u>(26,977)</u>	<u>(26,977)</u>
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD	<u>0</u>	<u>390,022</u>

The estimated surplus/(deficiency) c/fwd in the 2012/13 actual column represents the surplus (deficit) brought forward as at 1 July 2013.

The estimated surplus/(deficiency) c/fwd in the 2013/14 budget column represents the surplus (deficit) carried forward as at 30 June 2014.

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

8. RATING INFORMATION - 2013/14 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2013/14 Budgeted Rate Revenue \$	2013/14 Budgeted Interim Rates \$	2013/14 Budgeted Back Rates \$	2013/14 Budgeted Total Revenue \$	2012/13 Actual \$
Differential General Rate								
GRV - Residential	0.153730	155	1,105,728	169,983	0	0	169,983	700,612
GRV - Vacant	0.153730	1	3,640	560	0	0	560	0
UV - Rural	0.019256	231	37,385,000	719,886	0	0	719,886	1,037
UV - Mining	0.019256	2	52,010	1,002	0	0	1,002	164,647
Sub-Totals		389	38,546,378	891,431	0	0	891,431	866,296
Minimum Rates	Minimum \$							
GRV - Residential	200	16	5,626	3,200	0	0	3,200	6,000
GRV - Vacant	200	5	1,808	1,000	0	0	1,000	1,200
UV - Rural	250	24	156,800	6,000	0	0	6,000	3,091
UV - Mining	250	13	37,485	3,250	0	0	3,250	2,800
Sub-Totals		58	201,719	13,450	0	0	13,450	13,091
Ex-Gratia Rates							904,881	879,387
							13,478	13,151
Discounts							918,359	892,538
Totals							(71,500)	(71,594)
							846,859	820,944

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

The general rates detailed above for the 2013/14 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of the Local Government services/facilities.

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2014

9. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

Council did not budget to raise a specified are rate in the year ended 30 June 2014.

10. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

Council did not budget to raise a service charge in the year ended 30 June 2014.

11. FEES & CHARGES REVENUE	2013/14 Budget \$	2012/13 Actual \$
Governance	100	57,217
General Purpose Funding	5,700	5,712
Law, Order, Public Safety	5,300	5,166
Health	5,450	5,126
Education and Welfare	0	0
Housing	95,554	96,575
Community Amenities	64,651	62,415
Recreation & Culture	40,010	31,543
Transport	0	0
Economic Services	186,660	216,992
Other Property & Services	32,460	43,892
	<u>435,885</u>	<u>524,638</u>

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

A discount on rates of 5% is granted to all who pay their rates in full within 35 days of the date of service appearing on the rate notice. The actual revenue discounted in the previous year was \$71,594. this year, Council has budgeted an amount of \$35,000.

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

	Interest Rate %	Admin Charge \$	Budgeted Revenue \$	Actual Revenue \$
Interest on Unpaid Rates	10		3,000	3,600
Interest on Instalments Plan	5.5		600	0
Charges on Instalment Plan		14	3,100	3,017

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

- 26th September 2013
- 21st November 2013
- 17th January 2014
- 14th March 2014

14. COUNCILLORS' REMUNERATION	2013/14 Budget \$	2012/13 Actual \$
The following fees, expenses and allowances were paid to council members and/or the president.		
Meeting Fees	22,500	22,500
President's Allowance	3,500	3,500
Deputy President's Allowance	875	875
Travelling Expenses	5,800	5,775
	<u>32,675</u>	<u>32,650</u>

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2014

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	2013/14 Budget \$	2012/13 Est. Actual \$	2012/13 Budget \$
Cash - Unrestricted	22,408	153,485	190,323
Cash - Restricted	407,176	523,474	528,549
	<u>429,584</u>	<u>676,959</u>	<u>718,872</u>

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

Leave Reserve	50,034	50,034	49,897
Plant Reserve	61,415	61,415	61,993
Building Reserve	197,821	197,821	136,513
Seniors Housing Reserve	46,064	46,064	42,990
Communication Reserve	19,170	19,170	19,164
Residential Reserve	9,555	9,555	9,408
Self Insurance Reserve	7,291	7,291	7,337
Roadworks Reserve	0	0	0
Swimming Pool Reserve	10,812	97,110	83,731
Royalties for Regions Reserve	0	0	82,504
Unspent Grant Reserve	5,014	35,014	35,012
Cash - Restricted Unspent Grants	0	0	0
Cash - Restricted Unspent Loans	0	0	0
	<u>407,176</u>	<u>523,474</u>	<u>528,549</u>

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

Net Result	916,277	1,706,340	1,728,100
Depreciation	1,110,720	1,127,995	1,093,660
(Profit)/Loss on Sale of Asset	0	14,296	0
(Increase)/Decrease in Receivables	145,205	(378,893)	75,205
(Increase)/Decrease in Inventories	0	0	0
Increase/(Decrease) in Payables	107,740	131,504	74,740
Increase/(Decrease) in Employee Provisions	6,000	(35,297)	3,991
Grants/Contributions for the Development of Assets	(1,718,139)	(1,494,694)	(2,670,234)
Net Cash from Operating Activities	<u>567,803</u>	<u>1,071,251</u>	<u>305,462</u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

Bank Overdraft limit	100,000	100,000	100,000
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	5,000	5,000	5,000
Credit Card Balance at Balance Date	0	0	0
Total Amount of Credit Unused	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>

Loan Facilities

Loan Facilities in use at Balance Date	<u>652,796</u>	<u>743,764</u>	<u>737,275</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>

SHIRE OF MUKINBUDIN

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2014

16. TRUST FUNDS

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

Detail	Balance 1-Jul-13 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-14 \$
Soil Conservation	12,037	0	0	12,037
Transport	0	563,722	(563,722)	0
Nomination Deposits	0	0	0	0
Bonds	8,748	4,298	(3,250)	9,796
Karlonning Pipeline Scheme	24,416	0	(24,416)	0
Wilgoyne Tennis Club	0	0	0	0
Mukinbudin Indoor Cricket Club	10,372	0	0	10,372
Rates in Advance	2,304	0	0	2,304
Drive-In Donation	500	0	0	500
LGMA Wheatbelt Branch	5,020	0	0	5,020
Gymnasium Bonds	70	0	0	70
BCITF/BRB	419	0	0	419
Movemeber	100	0	0	100
	<u>63,986</u>			<u>40,618</u>

17. MAJOR LAND TRANSACTIONS

It is not anticipated any major land transactions will occur in 2013/14.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2013/14.