



SHIRE OF MUKINBUDIN

BUDGET

FOR THE YEAR ENDED 30 JUNE 2018

ADOPTED 16 AUGUST 2017

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SHIRE OF MUKINBUDIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Revenue				
Rates	8	1,120,024	1,012,827	1,046,024
Operating grants, subsidies and contributions	15	865,099	2,682,392	1,809,744
Fees and charges	14	452,082	453,510	413,731
Service charges	11	0	0	0
Interest earnings	2(a)	29,254	26,514	29,581
Other revenue	2(a)	84,115	107,525	84,393
		<u>2,550,574</u>	<u>4,282,768</u>	<u>3,383,473</u>
Expenses				
Employee costs		(1,155,084)	(1,174,601)	(1,359,105)
Materials and contracts		(960,073)	(833,855)	(680,173)
Utility charges		(197,323)	(190,347)	(188,710)
Depreciation on non-current assets	2(a)	(2,077,960)	(2,057,244)	(1,726,100)
Interest expenses	2(a)	(35,539)	(40,412)	(37,333)
Insurance expenses		(102,182)	(113,237)	(122,793)
Other expenditure		(172,528)	(67,042)	(123,462)
		<u>(4,700,689)</u>	<u>(4,476,738)</u>	<u>(4,237,676)</u>
		(2,150,115)	(193,970)	(854,203)
Non-operating grants, subsidies and contributions	15	852,644	897,215	882,310
Profit on asset disposals	6	15,664	2,371	20,500
Loss on asset disposals	6	0	(5,980)	0
Loss on revaluation of non current assets		0	0	0
Net result		<u>(1,281,807)</u>	<u>699,636</u>	<u>48,607</u>
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		<u>0</u>	<u>0</u>	<u>0</u>
Total comprehensive income		<u>(1,281,807)</u>	<u>699,636</u>	<u>48,607</u>

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

SHIRE OF MUKINBUDIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Revenue (refer notes 1,2,8,10 to 15)				
Governance		3,200	4,076	3,970
General purpose funding		1,916,345	3,534,279	2,708,592
Law, order, public safety		30,850	34,734	24,610
Health		6,500	4,646	3,929
Education and welfare		11,410	6,306	4,380
Housing		143,030	144,311	144,898
Community amenities		74,910	81,128	70,340
Recreation and culture		51,712	88,978	78,857
Transport		92,267	145,226	138,715
Economic services		158,570	179,094	160,572
Other property and services		61,780	59,990	44,610
		<u>2,550,574</u>	<u>4,282,768</u>	<u>3,383,473</u>
Expenses excluding finance costs (refer notes 1, 2 & 16)				
Governance		(364,004)	(344,371)	(338,561)
General purpose funding		(79,006)	(63,849)	(55,336)
Law, order, public safety		(137,480)	(126,245)	(124,988)
Health		(112,610)	(140,276)	(118,564)
Education and welfare		(194,077)	(100,320)	(143,253)
Housing		(338,937)	(233,025)	(201,327)
Community amenities		(222,280)	(140,021)	(171,915)
Recreation and culture		(967,387)	(923,880)	(1,101,952)
Transport		(1,931,342)	(1,798,860)	(1,453,293)
Economic services		(320,373)	(477,144)	(504,185)
Other property and services		2,346	(88,335)	13,031
		<u>(4,665,150)</u>	<u>(4,436,326)</u>	<u>(4,200,343)</u>
Finance costs (refer notes 2 & 7)				
Education and welfare		(1,651)	(1,925)	(1,813)
Recreation and culture		(4,028)	(4,699)	(4,423)
Economic services		(6,898)	(7,558)	(7,091)
Other property and services		(22,962)	(26,230)	(24,006)
		<u>(35,539)</u>	<u>(40,412)</u>	<u>(37,333)</u>
		(2,150,115)	(193,970)	(854,203)
Non-operating grants, subsidies and contribution:	15	852,644	897,215	882,310
Profit on disposal of assets	6	15,664	2,371	20,500
(Loss) on disposal of assets	6	0	(5,980)	0
Loss on revaluation of non current assets		0	0	0
		<u>868,308</u>	<u>893,606</u>	<u>902,810</u>
Net result		(1,281,807)	699,636	48,607
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		<u>(1,281,807)</u>	<u>699,636</u>	<u>48,607</u>

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

**SHIRE OF MUKINBUDIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,095,824	1,034,124	1,046,024
Operating grants, subsidies and contributions		862,099	2,693,177	1,809,744
Fees and charges		452,082	453,510	413,731
Service charges		0	0	0
Interest earnings		29,254	26,514	29,581
Goods and services tax		195,000	190,864	0
Other revenue		84,115	109,954	84,393
		<u>2,718,374</u>	<u>4,508,143</u>	<u>3,383,473</u>
Payments				
Employee costs		(1,155,084)	(1,173,962)	(1,386,625)
Materials and contracts		(1,005,073)	(723,137)	(680,173)
Utility charges		(197,323)	(190,347)	(188,710)
Interest expenses		(34,039)	(40,412)	(37,333)
Insurance expenses		(102,182)	(113,237)	(122,793)
Goods and services tax		(200,000)	(200,000)	0
Other expenditure		(172,528)	(67,042)	(123,462)
		<u>(2,866,229)</u>	<u>(2,508,137)</u>	<u>(2,539,096)</u>
Net cash provided by (used in) operating activities	3(b)	<u>(147,855)</u>	<u>2,000,006</u>	<u>844,377</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of land held for resale	5	0	0	0
Payments for purchase of property, plant & equipment	5	(316,563)	(145,631)	(200,730)
Payments for construction of infrastructure	5	(1,416,611)	(1,250,471)	(1,413,864)
Non-operating grants, subsidies and contributions used for the development of assets		852,644	897,215	882,310
Proceeds from sale of plant & equipment	6	36,364	19,545	45,000
Net cash provided by (used in) investing activities		<u>(844,166)</u>	<u>(479,342)</u>	<u>(687,284)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	7	(154,776)	(148,000)	(148,001)
Advances to community groups		0	0	0
Proceeds from self supporting loans		0	0	0
Proceeds from new borrowings	7	0	0	0
Net cash provided by (used in) financing activities		<u>(154,776)</u>	<u>(148,000)</u>	<u>(148,001)</u>
Net increase (decrease) in cash held		(1,146,797)	1,372,664	9,092
Cash at beginning of year		<u>2,032,604</u>	<u>659,940</u>	<u>659,940</u>
Cash and cash equivalents at the end of the year	3(a)	<u><u>885,807</u></u>	<u><u>2,032,604</u></u>	<u><u>669,032</u></u>

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

**SHIRE OF MUKINBUDIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Net current assets at start of financial year - surplus/(deficit)	4	1,226,588	113,218	120,259
		1,226,588	113,218	120,259
Revenue from operating activities (excluding rates)				
Governance		3,200	4,076	3,970
General purpose funding		813,425	2,507,839	1,662,568
Law, order, public safety		30,850	34,734	24,610
Health		6,500	4,646	3,929
Education and welfare		11,410	6,306	4,380
Housing		143,030	144,311	144,898
Community amenities		74,910	81,128	70,340
Recreation and culture		51,712	88,978	78,857
Transport		107,931	147,597	159,215
Economic services		158,570	179,094	160,572
Other property and services		61,780	59,990	44,610
		1,463,318	3,258,699	2,357,949
Expenditure from operating activities				
Governance		(364,004)	(344,371)	(338,561)
General purpose funding		(79,006)	(63,849)	(55,336)
Law, order, public safety		(137,480)	(126,245)	(124,988)
Health		(112,610)	(140,610)	(118,564)
Education and welfare		(195,728)	(102,245)	(145,066)
Housing		(338,937)	(233,025)	(201,327)
Community amenities		(222,280)	(140,021)	(171,915)
Recreation and culture		(971,415)	(929,329)	(1,106,375)
Transport		(1,931,342)	(1,803,756)	(1,453,293)
Economic services		(327,271)	(484,702)	(511,276)
Other property and services		(20,616)	(114,565)	(10,975)
		(4,700,689)	(4,482,718)	(4,237,676)
Operating activities excluded from budget				
(Profit) on asset disposals	6	(15,664)	(2,371)	(20,500)
Loss on disposal of assets	6	0	5,980	0
Depreciation on assets	2(a)	2,077,960	2,057,244	1,726,100
Movement in Deferred Pensioner Rates/ESL		0	(3,076)	0
Movement in Current Employee Benefits cash backed		0	81,198	0
Amount attributable to operating activities		51,513	1,028,174	(53,868)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	15	852,644	897,215	882,310
Purchase land held for resale	5	0	0	0
Purchase property, plant and equipment	5	(316,563)	(145,631)	(200,730)
Purchase and construction of infrastructure	5	(1,416,611)	(1,250,471)	(1,413,864)
Proceeds from disposal of assets	6	36,364	19,545	45,000
Amount attributable to investing activities		(844,166)	(479,342)	(687,284)
FINANCING ACTIVITIES				
Repayment of borrowings	7	(154,776)	(148,000)	(148,001)
Proceeds from new borrowings	7	0	0	0
Proceeds from self supporting loans		0	0	0
Transfers to cash backed reserves (restricted assets)	9	(165,840)	(251,149)	(247,661)
Transfers from cash backed reserves (restricted assets)	9	10,349	50,465	90,790
Amount attributable to financing activities		(310,267)	(348,684)	(304,872)
Budgeted deficiency before general rates		(1,102,920)	200,148	(1,046,024)
Estimated amount to be raised from general rates	8	1,102,920	1,026,440	1,046,024
Net current assets at end of financial year - surplus/(deficit)		0	1,226,588	0

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 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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. Material accounting policies which have been adopted in the preparation of this budget are presented below and have been consistently applied unless stated otherwise.

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.

Critical accounting estimates

The preparation of a budget 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 eEntity

All funds through which the Shire of Mukinbudin 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. A separate statement of those monies appears at Note 17 to the budget.

(b) 2016/17 actual balances

Balances shown in this budget as 2016/17 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(c) Rounding off figures

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

(d) Comparative figures

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

(e) Budget comparative figures

Unless otherwise stated, the budget comparative figures shown in the budget 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 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Forecast fair value adjustments

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and 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 upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

(g) Rates, grants, donations and other contributions

Rates, grants, donations and other contributions are recognised as revenues when the Shire of Mukinbudin 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.

(h) 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.

(i) Superannuation

The Shire of Mukinbudin contributes to a number of superannuation funds on behalf of employees.

All funds to which the Shire of Mukinbudin contributes are defined contribution plans.

(j) 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 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 in Note 4 - Net Current Assets.

(k) 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.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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 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 Council's intentions to release for sale.

(m) 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 of Mukinbudin 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 of Mukinbudin 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.

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 of Mukinbudin 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 of the next anniversary date in accordance with the mandatory measurement framework detailed above.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Fixed assets (continued)

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 BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) 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.

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 to 80 years
gravel sheet	12 years
Formed roads	
formation	not depreciated
pavement	60 to 80 years
Kerbing	60 years
Footpaths - slab	40 to 70 years
Sewerage piping	100 years
Water supply piping & 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 profit or loss in the period which they arise.

Capitalisation Threshold

Expenditure on items above the threshold amount shown below will be capitalised. Those items below the threshold amount may be capitalised, recorded on an asset inventory listing or treated as operating expenses as appropriate.

- Land	5,000
- Buildings	5,000
- Plant & Equipment	5,000
- Furniture & Equipment	5,000
- Infrastructure	5,000

Land under roads is treated as operating expenditure.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Fixed assets (continued)

Asset Related Expenditure Categorisation

Expenditure will be split into two categories, Capital and Operating.

Capital expenditure is either:

- (a) New: To acquire assets to provide new service (never before provided) to the community.
- (b) Upgrade: To increase the level of service of an asset to a level of service higher than previously offered. Upgrade costs may often be combined with renewal costs but where practical will be separated.
- (c) Renewal: To sustain the service of an asset at the same level whilst returning the asset to a "as new" condition on a like for like basis without providing an increase to the level of service.

Operating Recurrent Expenditure will be recognised as either:

- (a) Operating: Expenses incurred in using or protecting an asset.
- (b) Maintenance: Expenses incurred to sustain the service of an asset at the same level without returning a significant part of an asset to an "as new" condition.

Operating Expenses incurred in procuring individually identifiable assets may be identified as a "Minor Asset" expense if the service life of the asset is expected to exceed 12 months under the proposed operating conditions and the procurement cost is over \$100.

(n) Fair value of assets and liabilities

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

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

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

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie 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.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Fair value of assets and liabilities (continued)

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 of Mukinbudin 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 of Mukinbudin 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.

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

The mandatory measurement framework imposed by the *Local Government (Financial Management) Regulations* requires, as a minimum, all assets to be revalued at least every 3 years. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards have been made in the budget as necessary.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Shire of Mukinbudin becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire of Mukinbudin 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 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.

(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. Assets in this category are classified as current assets. Such assets are subsequently measured at fair value with changes in 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.

(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 of Mukinbudin 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.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments (continued)

(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 (excl. financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss.

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 has 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 for receipt of cash flows expire or the asset is transferred to another party, whereby the Shire of Mukinbudin 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.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Impairment of assets

In accordance with Australian Accounting Standards the Shire of Mukinbudin 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 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.

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2018.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget document.

(q) 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 of Mukinbudin 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.

(r) Employee benefits

Short-term employee benefits

Provision is made for the Shire of Mukinbudin'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 of Mukinbudin'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 of Mukinbudin's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Employee benefits (continued)

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 or 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 of Mukinbudin's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire of Mukinbudin 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.

(s) 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.

(t) Provisions

Provisions are recognised when the Shire of Mukinbudin has a 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.

(u) 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 of Mukinbudin, 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 BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Investment in associates

An associate is an entity over which the Shire of Mukinbudin 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 of Mukinbudin's share of net assets of the associate. In addition, the Shire of Mukinbudin's share of the profit or loss of the associate is included in the

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire of Mukinbudin'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 of Mukinbudin and the associate are eliminated to the extent of the Shire of Mukinbudin's interest in the associate.

When the Shire of Mukinbudin's share of losses in an associate equals or exceeds its interest in the associate, the Shire of Mukinbudin 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 of Mukinbudin will resume recognising its share of these profits once its share of the profits equals the share of the losses not recognised.

(x) Interests in joint arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire of Mukinbudin'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 20.

(y) 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 of Mukinbudin's operational cycle. In the case of liabilities where the Shire of Mukinbudin 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 of Mukinbudin's intentions to release for sale.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

REVENUES AND EXPENSES	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Net result			
The net result includes:			
Charging as an expense:			
Auditors remuneration			
Audit services	21,440	20,310	18,000
Other services	12,480	2,400	9,000
Depreciation by program			
Governance	0	0	0
General purpose funding	0	0	0
Law, order, public safety	69,985	69,414	70,000
Health	0	0	0
Education and welfare	13,079	12,972	9,500
Housing	60,792	60,524	35,500
Community amenities	2,689	2,668	3,000
Recreation and culture	409,783	408,049	505,600
Transport	1,282,278	1,271,825	845,000
Economic services	45,708	45,335	61,000
Other property and services	193,646	186,457	196,500
	<u>2,077,960</u>	<u>2,057,244</u>	<u>1,726,100</u>
Depreciation by asset class			
Land and buildings	245,231	242,786	225,000
Furniture and equipment	7,119	7,048	6,000
Plant and equipment	245,319	242,873	196,500
Roads	1,256,382	1,243,857	820,000
Footpaths	8,865	8,777	4,000
Parks and ovals	70,632	69,928	144,000
Other	244,412	241,975	330,600
	<u>2,077,960</u>	<u>2,057,244</u>	<u>1,726,100</u>
Interest expenses (finance costs)			
- Borrowings (refer note 7(a))	35,539	40,412	37,333
	<u>35,539</u>	<u>40,412</u>	<u>37,333</u>
Crediting as revenues:			
Interest earnings			
Investments			
- Reserve funds	9,600	8,618	9,611
- Other funds	15,200	13,245	15,200
Other interest revenue (refer note 12)	4,454	4,651	4,770
	<u>29,254</u>	<u>26,514</u>	<u>29,581</u>
Other revenue			
Reimbursements and recoveries	23,245	68,708	0
Other	60,870	38,817	84,393
	<u>84,115</u>	<u>107,525</u>	<u>84,393</u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

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, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

COMMUNITY VISION

To assist our community to a prosperous future by providing a positive environment in which to work and live.

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 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 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 community resource centre buildings.

HOUSING

Objective:

To provide adequate staff and community housing.

Activities:

Maintenance of Staff and community housing, collection of various rents.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

REVENUES AND EXPENSES (Continued)

(b) Statement of objective (Continued)

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.

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

Objective:

The provision of private works to the public and the maintenance of cost pools for plant, operating, public works overheads and administration costs

Activities:

Private Works Operations, plant repairs and operation costs.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

NOTES TO THE STATEMENT OF CASH FLOWS

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:

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Cash - unrestricted	145,208	1,447,496	127,737
Cash - restricted	740,599	585,108	541,295
	<u>885,807</u>	<u>2,032,604</u>	<u>669,032</u>

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

Leave Reserve	135,787	133,595	74,917
Plant Reserve	367,356	314,250	314,667
Building & Residential Land Reserve	112,573	53,240	53,293
Senior Housing Reserve	19,983	19,660	38,375
Residential Land Reserve	0	10,349	10,371
Swimming Pool Reserve	73,959	53,088	48,677
Unspent Grant Reserve	941	926	995
Roadworks Reserve	30,000	0	0
	<u>740,599</u>	<u>585,108</u>	<u>541,295</u>

Reconciliation of net cash provided by operating activities to net result

Net result	(1,281,807)	699,636	48,607
Depreciation	2,077,960	2,057,244	1,726,100
(Profit)/loss on sale of asset	(15,664)	3,609	(20,500)
Loss on revaluation of non current assets	0	0	0
(Increase)/decrease in receivables	(32,200)	25,375	0
(Increase)/decrease in inventories	0	0	0
Increase/(decrease) in payables	(43,500)	111,357	0
Increase/(decrease) in employee provisions	0	0	(27,520)
Grants/contributions for the development of assets	(852,644)	(897,215)	(882,310)
Net cash from operating activities	<u>(147,855)</u>	<u>2,000,006</u>	<u>844,377</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Undrawn borrowing facilities credit standby arrangements			
Bank overdraft limit	250,000	250,000	250,000
Bank overdraft at balance date	0	0	0
Credit card limit	5,000	5,000	5,000
Credit card balance at balance date	0	906	0
Total amount of credit unused	<u>255,000</u>	<u>255,906</u>	<u>255,000</u>
Loan facilities			
Loan facilities in use at balance date	<u>619,179</u>	<u>773,955</u>	<u>773,954</u>
Unused loan facilities at balance date	<u>0</u>	<u>0</u>	<u>0</u>
	Note	2017/18 Budget \$	2016/17 Actual \$
NET CURRENT ASSETS			
Composition of estimated net current assets			
Current assets			
Cash - unrestricted	3(a)	145,208	1,447,496
Cash - restricted reserves	3(a)	740,599	585,108
Receivables		49,151	16,951
Inventories		0	0
		<u>934,958</u>	<u>2,049,555</u>
Less: current liabilities			
Trade and other payables		(155,326)	(198,826)
Short term borrowings		0	0
Long term borrowings		(154,776)	0
Provisions		(172,626)	(172,626)
		<u>(482,728)</u>	<u>(371,452)</u>
Unadjusted net current assets		452,230	1,678,103
Differences between the net current assets at the end of each financial year in the rate setting statement and net current assets detailed above arise from amounts which have been excluded when calculating the budget deficiency in accordance with <i>Local Government (Financial Management) Regulation 32</i> as movements for these items have been funded within the budget estimates. These differences are disclosed as adjustments below.			
Adjustments			
Less: Cash - restricted reserves	3(a)	(740,599)	(585,108)
Less: Land held for resale		0	0
Less: Current loans - clubs / institutions		0	0
Add: Current portion of borrowings		154,776	0
Add: Current liabilities not expected to be cleared at end of year		133,593	133,593
Adjusted net current assets - surplus/(deficit)		<u><u>0</u></u>	<u><u>1,226,588</u></u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

5. ACQUISITION OF ASSETS

The following assets are budgeted to be acquired during the year.

Asset class	Reporting program											2017/18 Budget total \$	2016/17 Actual total \$
	Governance \$	General purpose funding \$	Law, order, public safety \$	Health \$	Education and welfare \$	Housing \$	Community amenities \$	Recreation and culture \$	Transport \$	Economic services \$	Other property and services \$		
<i>Property, Plant and Equipment</i>													
Land and buildings						55,876		54,000	10,000	19,000	35,000	173,876	23,761
Furniture and equipment													19,866
Plant and equipment	18,000								124,687			142,687	102,004
	18,000	0	0	0	0	55,876	0	54,000	134,687	19,000	35,000	316,563	145,631
<i>Infrastructure</i>													
Roads									1,300,111			1,300,111	1,161,271
Footpaths									88,000			88,000	0
Parks and ovals													5,900
Other							10,000	12,500		6,000		28,500	83,300
	0	0	0	0	0	0	10,000	12,500	1,388,111	6,000	0	1,416,611	1,250,471
<i>Land Held for Resale</i>													
Land held for resale													0
Total acquisitions	18,000	0	0	0	0	55,876	10,000	66,500	1,522,798	25,000	35,000	1,733,174	1,396,102

A detailed breakdown of acquisitions on an individual asset basis can be found in the Budget By Schedule For The Period Ended 30 June 2018 adopted on 9 August 2017.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

6. DISPOSALS OF ASSETS

The following assets are budgeted to be disposed of during the year.

<u>By Program</u>	Net book value	Sale proceeds	2017/18 Budget		2016/17 Actual		2016/17 Budget	
	\$	\$	Profit	Loss	Profit	Loss	Profit	Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Health	0	0	0	0	0	(334)	0	0
Recreation and culture	0	0	0	0	0	(750)	0	0
Transport	20,700	36,364	15,664	0	2,371	(4,896)	20,500	0
	20,700	36,364	15,664	0	2,371	(5,980)	20,500	0

<u>By Class</u>	Net book value	Sale proceeds	2017/18 Budget		2016/17 Actual		2016/17 Budget	
	\$	\$	Profit	Loss	Profit	Loss	Profit	Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Plant and equipment	20,700	36,364	15,664	0	2,371	(5,980)	20,500	0
	20,700	36,364	15,664	0	2,371	(5,980)	20,500	0

A detailed breakdown of disposals on an individual asset basis can be found in the Budget By Schedule For The Period Ended 30 June 2018 adopted on 9 August 2017.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

7. INFORMATION ON BORROWINGS

(a) Borrowing repayments

Movement in borrowings and interest between the beginning and the end of the current financial year.

Purpose	Principal 1-Jul-17	New loans	Principal repayments		Principal outstanding		Interest repayments	
			2017/18 Budget \$	2016/17 Actual \$	2017/18 Budget \$	2016/17 Actual \$	2017/18 Budget \$	2016/17 Actual \$
Education and welfare								
Loan 109 - CRC	26,647	0	6,097	5,756	20,550	26,647	1,651	1,925
Recreation and culture								
Loan 108 - Bowling Club	65,020	0	14,877	14,043	50,143	65,020	4,028	4,699
Economic services								
Loan 116 - Land Purchase	21,346	0	10,350	9,742	10,996	21,346	1,315	1,882
Loan 119 - Mukinbudin Cafe	97,182	0	7,634	7,253	89,548	97,182	5,583	5,676
Other property and services								
Loan 114 - Trailer 1TJP 062	45,078	0	21,857	20,572	23,221	45,078	2,778	3,974
Loan 115 - Truck DAF MBL 250	33,642	0	16,416	15,643	17,226	33,642	1,657	2,384
Loan 118 - Vibe Roller MBL 16	70,556	0	14,330	13,628	56,226	70,556	3,865	4,395
Loan 120 - Skid Steer MBL 17	49,972	0	6,209	5,934	43,763	49,972	2,525	2,668
Loan 121 - Grader MBL 95	217,997	0	33,872	32,950	184,125	217,997	7,170	7,552
Loan 122 - Roller MBL 811	118,618	0	18,430	17,928	100,188	118,618	3,900	4,109
Loan 123 - Tractor MBL 244	27,897	0	4,704	4,551	23,193	27,897	1,067	1,148
	773,955	0	154,776	148,000	619,179	773,955	35,539	40,412
	773,955	0	154,776	148,000	619,179	773,955	35,539	40,412

All borrowing repayments will be financed by general purpose revenue.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

7. INFORMATION ON BORROWINGS (Continued)

(b) New borrowings - 2017/18

The Shire of Mukinbudin is not expected to take out any new loans in 2017/18.

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2017 nor is it expected to have unspent borrowing funds as at 30th June 2018.

(d) Overdraft

The Shire has utilised an overdraft facility during the financial year with a limit of \$250,000 as provided by the Bendigo Bank. It is not anticipated that this facility will be required to be utilised during 2017/18.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

8. RATING INFORMATION

RATE TYPE	Rate in \$	Number of properties	Rateable value \$	2017/18 Budgeted rate revenue \$	2017/18 Budgeted interim rates \$	2017/18 Budgeted back rates \$	2017/18 Budgeted total revenue \$	2016/17 Actual \$
Differential general rate or general rate								
GRV - Residential	0.179532	169	1,089,348	195,573	0	0	195,573	188,002
GRV - Vacant	0.179532	0	0	0	0	0	0	814
UV - Rural	0.021127	244	41,416,514	875,007	0	0	875,007	834,115
UV - Mining	0.021127	0	0	0	0	0	0	389
GRV - Non Rateable		65	62,778	0	0	0	0	0
UV - Non Rateable		3	6,600	0	0	0	0	0
Sub-Totals		481	42,575,240	1,070,580	0	0	1,070,580	1,023,320
Minimum								
Minimum payment								
	\$							
GRV - Residential	440	21	18,982	9,240	0	0	9,240	8,000
GRV - Vacant	440	5	1,831	2,200	0	0	2,200	2,000
UV - Rural	550	31	329,996	17,050	0	0	17,050	15,000
UV - Mining	550	7	23,965	3,850	0	0	3,850	2,000
Sub-Totals		64	374,774	32,340	0	0	32,340	27,000
		545	42,950,014	1,102,920	0	0	1,102,920	1,050,320
Discounts/concessions (<i>Refer note 13</i>)							0	(23,880)
Total amount raised from general rates							1,102,920	1,026,440
Specified area rates (<i>Refer note 10</i>)							0	0
Movement in Excess Rates							0	(31,066)
Ex Gratia Rates							17,104	17,453
Total rates							1,120,024	1,012,827

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

9. CASH BACKED RESERVES

	2017/18 Budget Opening balance \$	2017/18 Budget Transfer to \$	2017/18 Budget Transfer (from) \$	2017/18 Budget Closing balance \$	2016/17 Actual Opening balance \$	2016/17 Actual Transfer to \$	2016/17 Actual Transfer (from) \$	2016/17 Actual Closing balance \$	2016/17 Budget Opening balance \$	2016/17 Budget Transfer to \$	2016/17 Budget Transfer (from) \$	2016/17 Budget Closing balance \$
Leave Reserve	133,595	2,192	0	135,787	52,397	81,198	0	133,595	52,397	81,310	(58,790)	74,917
Plant Reserve	314,250	53,106	0	367,356	195,256	118,994	0	314,250	195,256	119,411	0	314,667
Building & Residential Land Reserve	53,240	59,333	0	112,573	24,676	28,564	0	53,240	24,676	28,617	0	53,293
Senior Housing Reserve	19,660	323	0	19,983	37,439	686	(18,465)	19,660	37,439	936	0	38,375
Residential Land Reserve	10,349	0	(10,349)	0	10,118	231	0	10,349	10,118	253	0	10,371
Swimming Pool Reserve	53,088	20,871	0	73,959	32,348	20,740	0	53,088	32,348	16,329	0	48,677
Unspent Grant Reserve	926	15	0	941	32,190	736	(32,000)	926	32,190	805	(32,000)	995
Roadworks Reserve	0	30,000	0	30,000	0	0	0	0	0	0	0	0
	<u>585,108</u>	<u>165,840</u>	<u>(10,349)</u>	<u>740,599</u>	<u>384,424</u>	<u>251,149</u>	<u>(50,465)</u>	<u>585,108</u>	<u>384,424</u>	<u>247,661</u>	<u>(90,790)</u>	<u>541,295</u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

9. CASH BACKED 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:

Reserve name	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 renewal, upgrade or purchase of new or used mobile plant and vehicles.
Building & Residential Land Reserve	Ongoing	- To be used for the renewal, upgrade, replacement and new construction of new buildings and associated infrastructure, to assist finance of building loans, future expansion and land development, and proceeds from the sale of subdivision blocks.
Senior Housing Reserve	Ongoing	- To be used for the renewal, upgrade, replacement and new construction of additional Aged Units and their maintenance. The surplus/deficit after rent and maintenance has been carried out for the financial year is to be transferred into/from (if required) the reserve.
Residential Land Reserve	To be closed	- Was "To be used for the proceeds from the sale of subdivision blocks and associated expenditure." To be closed and funds transferred to the Building & Residential Land Reserve.
Swimming Pool Reserve	Ongoing	- To be used for the renewal, upgrade, replacement and new construction for the Swimming Pool and associated infrastructure. All Volunteer Pool Levy income is to be transferred to this reserve.
Unspent Grant Reserve	Ongoing	- To be used for any grant funding that may not be expended in the current financial year.
Roadworks Reserve	Ongoing	- To be used for the renewal, upgrade, replacement and new construction of streets, roads, bridges, footpaths and storm water drainage.
Royalties for Regions Reserve	Future	- To be used for any unspent Royalties for Regions monies.
Communications Reserve	Future	- To be used for the renewal, upgrade or purchase of new community communication facilities including, but not limited to TV, radio, mobile phone and internet services
White St & Lansdell St JV Reserve	Future	- To cover anticipated costs of periodic repairs and maintenance to the land and units.
Cruickshank Rd JV Reserve	Future	- To be used for the renewal, upgrade, replacement and new construction of additional similar units and their maintenance. The surplus/deficit after rent and maintenance has been carried out for the financial year is to be transferred into/from (if required) the reserve.
Community Bus Reserve	To be closed	- To purchase a community bus. Funds for this purpose are to be put into the "Plant Reserve"
Self Insurance Reserve	To be closed	- To be used for Insurance Excess.

Note: The "Building Reserve" has been renamed the "Building & Residential Land Reserve".

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

10. SPECIFIED AREA RATE

The Shire of Mukinbudin has no specified area rates for 2017/18

11. SERVICE CHARGES

The Shire of Mukinbudin has no service charges for 2017/18

12. INTEREST CHARGES AND INSTALMENTS - RATES AND SERVICE CHARGES

The following instalment options are available to ratepayers for the payment of rates and service charges.

Instalment options	Date due	Instalment plan admin charge \$	Instalment plan interest rate %	Unpaid rates interest rates %
Option one				
Single full payment	22/09/2017			11.00%
Option two				
First instalment	22/09/2017			11.00%
Second instalment	24/11/2017	15	5.50%	11.00%
Third instalment	25/01/2018	15	5.50%	11.00%
Fourth instalment	29/03/2018	15	5.50%	11.00%
ESL Penalty Interest				11.00%

	2017/18 Budget revenue \$	2016/17 Actual \$
Instalment plan admin charge revenue	3,315	1,740
Instalment plan interest earned	2,000	1,653
Unpaid rates interest earned	2,454	2,998
	<u>7,769</u>	<u>6,391</u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

13. PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS

Rates discounts

Rate or fee to which discount is granted	Disc % or Amount (\$)	2017/18 Budget \$	2016/17 Actual \$	Circumstances in which discount is granted
General rates	0%	0	23,880	No rates discount applies in 2017/18. In 2016/17 a discount of 3% was given on payment of full rates amount owing including arrears, received on or before 7th September or 35 days after the date of service appearing on the rate notice whichever is the later.
		<u>0</u>	<u>23,880</u>	

Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Disc % or Amount (\$)	2017/18 Budget \$	2016/17 Actual \$	Circumstances in which the waiver or concession is granted	Objects of the waiver or concession	Reasons for the waiver or concession
Nil			<u>0</u>	<u>0</u>			

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

	2017/18 Budget \$	2016/17 Actual \$
14. FEES & CHARGES REVENUE		
Governance	2,700	2,868
General purpose funding	4,315	5,068
Law, order, public safety	3,050	2,809
Education and welfare	3,640	0
Housing	141,080	133,193
Community amenities	74,910	80,146
Recreation and culture	48,487	43,816
Transport	0	682
Economic services	155,420	175,716
Other property and services	18,480	9,212
	<u>452,082</u>	<u>453,510</u>
15. GRANT REVENUE		
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:		
By Program:		
Operating grants, subsidies and contributions		
Governance	0	546
General purpose funding	761,812	2,488,829
Law, order, public safety	23,720	27,837
Health	6,500	4,646
Education and welfare	0	2,000
Recreation and culture	1,500	36,401
Transport	70,567	120,015
Economic services	1,000	1,102
Other property and services	0	1,016
	<u>865,099</u>	<u>2,682,392</u>
Non-operating grants, subsidies and contributions		
Recreation and culture	0	14,905
Transport	852,644	882,310
	<u>852,644</u>	<u>897,215</u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

	2017/18 Budget	2016/17 Actual
	\$	\$
16. ELECTED MEMBERS REMUNERATION		
The following fees, expenses and allowances were paid to council members and/or the President.		
Meeting fees	31,977	31,977
President's allowance	10,000	3,500
Deputy President's allowance	2,500	875
Travelling expenses	5,800	4,972
Telecommunications allowance	4,500	4,500
	<u>54,777</u>	<u>45,824</u>

17. TRUST FUNDS

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

Detail	Balance 1-Jul-17	Estimated amounts received	Estimated amounts paid	Estimated balance 30-Jun-18
	\$	\$	(\$)	\$
Police Licensing	0	580,000	(580,000)	0
Wilgoyne Tennis Club	0	0	0	0
Mukinbudin Indoor Cricket Club	11,345	0	(11,345)	0
BRB	0	500	(500)	0
Rates in Advance	0	0	0	0
LGMA Wheatbelt	0	0	0	0
Trust - Other	419	2,000	(2,200)	219
Sports Complex Key Bonds	910	150	(100)	960
Standpipe Key Bonds	350	0	0	350
Mukinbudin Football Club Rams Plates	0	100	(100)	0
Builders Levy (BCITF)	0	240	(100)	140
Karlonning Pipeline Scheme	0	0	0	0
Council Nomination Deposit	0	500	(500)	0
Drive in Donation	500	0	0	500
Housing Tenancy Bonds	5,148	500	(500)	5,148
Hall Hire Bonds & Deposits	0	550	(550)	0
Gym Bonds	1,361	600	(400)	1,561
Soil Conservation	13,166	0	0	13,166
	<u>33,199</u>	<u>585,140</u>	<u>(596,295)</u>	<u>22,044</u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

18. 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 14 lots available for sale with the sale price ranging from \$30,000 to \$32,000 each. There is no expectation of sales being realised in the foreseeable future.

The Shire has retained 4 lots for its own use.

(b) Current year transactions

There are no current year transactions except the repayment of loan 116 which 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

	2017/18	2018/19	2019/20	2020/21	2021/21	Total
	\$	\$	\$	\$	\$	\$
Cash outflows						
- Loan repayments	(11,555)	(11,555)	0	0	0	(23,110)
	<u>(11,555)</u>	<u>(11,555)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(23,110)</u>
Cash Inflows						
- Sale proceeds	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net cash flows	<u><u>(11,555)</u></u>	<u><u>(11,555)</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>(23,110)</u></u>

19. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2017/18.

20. INTERESTS IN JOINT ARRANGEMENTS

The Shire of Mukinbudin is involved in the following Joint Venture agreements with the Department of Housing & Works.

- 1 Lot 64 (12) White Street and Lot 69 (6) Lansdell St Houses
- 2 Lot 8 (42) Cruickshank Road Units
- 3 Lot 27 (20) Maddock Street Aged Units 1 & 2
- 4 Lot 28 (18) and Part Lot 29 (16) Maddock Street Aged Units 3,4,5 & 6
- 5 Part Lot 29 (16) Maddock Street Aged Units 7 & 8
- 6 Lot 25 (24) Maddock Street Aged Units 9 & 10