



Australia Day 2012



Spring Festival 2011



*Swimming Pool Upgrade
Stage 1 New Pump Shed*



November 2011

Shire of Mukinbudin

2011/2012 Annual Report

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ABOUT THIS REPORT

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

- A Report from the President
- A Report from the Chief Executive Officer
- An overview of the Plan for the Future of the District made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year.
- The Financial Report for the financial year
- Such information as may be prescribed in relation to the payments made to employees
- The Auditor's Report for the Financial Year
- A matter on which a report must be made under section 29(2) of the Disabilities Service Act 1993
- And such other information as may be prescribed
- Further information on the details supplied in this report can be obtained from the Shire Office, 15 Maddock Street, Mukinbudin, or via our website www.mukinbudin.wa.gov.au



THE COUNCIL

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

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

Council elections are held on the third Saturday in October every two years with the next election being 2013

President

Cr Gary Shadbolt

Deputy President

Cr Rodney Comerford

Elected Members	Telephone	Years of Service	Term Expires
Cr Rodney COMERFORD	9048 7063	3	2013
Cr Chris GERAGHTY	9048 4021	17	2013
Cr Dawn LANCASTER	9047 1110	7	2015
Cr John O'NEIL	9048 4012	1	2015
Cr Stephen PALM	9048 7012	4	2013
Cr Kylie SIPPE	9047 1222	3	2015
Cr Gary SHADBOLT	9047 1036	7	2015
Cr Sandra VENTRIS	9048 7057	1	2013
Cr Brian WATSON	9047 0014	1	2013



**SHIRE OF MUKINBUDIN STAFF
as at 30 June 2012**

Chief Executive Officer	Trevor Smith
Deputy Chief Executive Officer	Ellen Della Bosca
Environmental Health Officer	Julian Goldacre
Community Development Officer	Ann Brandis
Senior Administration Officer	Carly Inferrera
Club Development / HPO	Leanne Clune
Clerical Officer	Katharine Collins
Clerical Officer Trainee	Laura Nicol
Natural Resources Management Officer	Vacant
Swimming Pool Manager	Luke Sprigg
Caravan Park Managers	Luke & Tania Sprigg
Works Supervisor	Bob Edwards
Assistant Works Supervisor	Danny O'Donnell
Plant Operator	Noel Bond
Plant Operator	Graham Green
Plant Operator	Cameron Hodges
Plant Operator	Will Jenkin
Plant Operator	Shane Markham
Horticulturalist	David Smith
Gardener	Daniel Mori
Sports Complex Cleaner	Dianne Parker
Cleaner	Barb Allison
Cleaner	Danielle Ramsdale

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SHIRE PROFILE

History of Mukinbudin - "Classic Dry Red"

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

Mukinbudin is the only developed townsite within the Shire with a population of 550. The town is located at the southern end of the Shire and is the service centre for a farming population of 200. The road network involves 930 kilometers of roads linking districts including Bonnie Rock, Wialki, Wilgoyne and Lake Brown.

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

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

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

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

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

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

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

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

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

A Playgroup and Occasional Care Centre is also available, this is a valuable asset to our region.

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

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



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

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

SHIRE OF MUKINBUDIN STATISTICS

Localities

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

Significant Local Events

Mukinbudin Spring Festival

Ordinary Council Meeting

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

Tourist Attractions

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

Local Industries

Broadacre grain; sheep; wool; farm machinery; metal fabrication; farm stay; accommodation

Shire Statistics

Distance from Perth	295km
Shire Area	3414km ²
Length of Sealed Roads	189.10km
Length of Unsealed Roads	732.60km
Population	550
Number of Electors	421
Number of Dwellings	314
Total Rates Levied	\$799,773
Total Revenue	\$4,378,746
Number of Employees	21



PRESIDENTS REPORT

I would like to begin my report by honoring Cr Paul "Barney" Jones who passed away in August 2011. First elected to Council in 1994 Cr Jones served the Shire of Mukinbudin for a period of seventeen years, the last four as Deputy Shire President. Cr Jones also served on the North Eastern Wheatbelt Regional Council from its inception in 1995, including a term from 2009 to 2011 as NEWROC President during a period where the ROC investigated expanding into a number of new regional service delivery roles. In his role as NEWROC President Cr Jones also helped to manage the first round of Royalties for Regions expenditure at a regional level.

Cr Jones was passionate about Mukinbudin and he was passionate about rural communities. His goal was to ensure that families and individuals in rural communities received the best opportunities available and especially that the education of children was not compromised by distance or by withdrawal of services or funding.

I believe that the continued efforts of Council to improve Mukinbudin through the delivery of better services and new facilities and the attempts to stabilize our population and develop our economic base would meet with the approval of Cr Jones. This reminds us that in doing whatever we can to improve our community we are honoring all those who have gone before us and at the same time making a better life for the next generations who will live here after we too are gone.

Council

The Council elections in 2011 brought two new Councillors to the team in Sandie Ventris and John O'Neil. Their enthusiasm has been obvious from their first Council meeting and between them they have already attended several training courses. During the year all Councillors have attended external meetings such as NEWROC, the Sub-Regional Road Group, WALGA Zone meetings, Eastern Wheatbelt Declared Species Group, Local Health Advisory Group or they have represented Council at meetings of Community based groups such as the Community Resource Centre, the Community Shed or the District Sports Club.

Having a Council where everyone contributes is important not only in spreading the workload but also in developing ideas and canvassing as many views as possible. I would also like to thank Mrs. Ray Watson who for another year represented Mukinbudin as President of NEWTravel and as a member of the Central Wheatbelt Visitor Centre. I would also like to thank Cr Rod Comerford who stepped up as Deputy Shire President and has attended meetings when I was unavailable.

Staff

A small number of staff movements occurred during the year with the appointment of David Smith as the Shire Horticulturalist, Luke and Tania Sprigg as Swimming Pool and Caravan Park Managers respectively. Shane Markham and Graham Green joined the works crew and Laura Nicol commenced as the Clerical Trainee for twelve months taking over from Briony Congdon.

Technical Services

The total expenditure in Technical Services for 2011/2012 was \$966,986. The main construction task was the widening of the Mukinbudin-Wialki Road from the North Road "T" intersection to "Haystack Corner". The Shire finished work on the intersection of the Mukinbudin Kununoppin Road and Nungarin North/McGregor Roads which was a Black Spot funded project. Smaller construction works were undertaken on a number of gravel roads and the Shire has also spent \$200,000 in annual maintenance grading works.

Community Services

The Shire continues to operate the Mukinbudin Gymnasium which maintains a healthy membership.

The Club Development Officer Scheme is continuing on a reduced scale with funding provided by the Department of Sport and Recreation (DSR) over the next three years. The Club Development Officer also acts as a conduit for funding under the new Kids Sport program introduced by DSR.



The Mukinbudin Planning & Development Spring Festival continued to be supported by the Shire through assistance during the Spring Festival week and through the preparation of grant applications. The Shire also provides financial backing and the treasury function for Planning and Development.

The Shire also continues to provide the treasury for the Boodie Rats Child Care Service and also funds building maintenance. For the second year in a row it is pleasing to see that the number of users of this facility has grown and Council is still aware of the likely need to replace the existing facilities with a newer purpose build facility if the current exemptions for the existing building cease to be provided.

Major Projects

Following the successful completion of Stage One of the pool redevelopment with involved replacement of the plant room, filters and pipe work to and from the pool the Shire received funding for Stage Two of the redevelopment and work has commenced. The second stage involves complete refurbishment of the pool with the installation of wetdecks, replacement of control joints and the centre channel, a disabled access ramp and stair entry and other works.

As part of the 2010/2011 Royalties for Regions Wheatbelt Way project the Shire purchased a new ablutions block for the Caravan park and has planned a Campers Kitchen. With an electrical upgrade and the ability to create more powered sites this will ensure that the Mukinbudin Caravan Park maintains its good reputation.

With the continuation of the Royalties for Regions program in 2011/2012 the Shire, in conjunction with NEWROC, have planned for the construction of at least four houses or units which can be used for families, single workers but are compatible for use as aged accommodation.

Economic Development and Tourism

Council will continue to explore every avenue for economic development as a means of supplementing the Shire's agriculture base. Council has commissioned plans for industrial units and a visitor information centre/cafe/gallery space building. Council has purchased the existing Cafe and the vacant block on the corner of Shadbolt and Bent Streets to be ready for development opportunities when funding becomes available. The new residential subdivision remains available for new housing and Landcorp have over twenty light industrial blocks which can be purchased for development. The Shire also holds 45 hectares east of town for future expansion.

Our community is ready for growth. We have the ability to cater for population far greater than we currently hold, as proven by ABS statistics which show a peak in the 1966 census with a population of at least 300 more than the last census conducted in 2011.

The population of Western Australia is forecast to grow by over one million in the next thirty years. We want and need to be part of that growth and being ready is the first step.

Maybe the most important part of economic development is the protection of what we already have in farming. Our Council, and local governments in the Wheatbelt collectively, need to keep pressure on the State and Federal Governments, banking institutions, farm lobby groups and the media to keep farming as an industry within the reach of ordinary Australians and families.

Conclusion

I would once again like to thank my fellow Councillors for their support and efforts in the governance of the Shire and the Shire Officers for their efforts in helping to realize the aspirations of Council and the community. I continue to look to the future with confidence and ask that everyone join with Council in a state of readiness for the opportunities that will surely come.

Cr Gary Shadbolt
Shire President



CHIEF EXECUTIVE OFFICER'S REPORT

Once again it gives me great pleasure to present the CEO's report for the Shire of Mukinbudin. On behalf of the employees of the Shire I would like to thank Council for their support that is given in the confidence that a trained and knowledgeable workforce can implement Council's plans.

As I reported last year the Shire is preparing for the biggest change in forward planning that has ever been attempted in local government in Western Australia. We have commenced an Integrated Strategic Planning and Reporting process that combines Council's forward planning, workforce planning, business planning and also more public information gathering from communities about expectations in relation to facilities and services. This process has been mandated by the State Government and will consume both human and financial resources however the end result will assist Council in its decision making process with a comprehensive financial analysis extending beyond twenty years. This information is useful in developing infrastructure as it covers not just the immediate construction costs by the ongoing maintenance and replacement costs into the future.

The financial sustainability of local governments is still an ongoing concern with cost shifting to Local Governments from the State and Federal Governments. The full extent of the problem will become clearer once the Integrated Strategic Planning process is complete however local governments may be expected by the State Government to place more funds into reserve accounts to cover rehabilitation or replacement of critical infrastructure.

The Shire President has covered the forward planning that has occurred in the Shire over the past years to take advantage of any growth opportunities as they occur. On a regional level NEWROC is also positioning the region to be ready for development. The regional component of Royalties for Regions funds have been and will be spent on economic development projects. This includes projects as diverse as tourism, housing and aged services. The forecast demographics of the region show a marked increase in older persons who will need services and care which is an industry in its own right. Providing services to assist the aged to remain in their home towns is not just good for communities and families it is also good for the economy.

The National Broadband Network will have the ability to assist Wheatbelt business opportunities. It is estimated that between 15 to 20 percent of purchasing occurs over the internet. This figure is increasing and as with a lot of technology no one knows where it will stop. Importantly this means that an office in Perth or a shop front in a regional centre is no longer a necessity to do business. The Shire will be working with the Wheatbelt Development Commission and Regional Development Australia to maximize any opportunities arising from new technology.

Trevor Smith
Chief Executive Officer



STATUTORY REPORTS

Policy Statement Addressing the issues of Access for People with Disabilities, their Families and Carers

The Shire of Mukinbudin is committed to ensuring that the community is an accessible community for people with disabilities, their families and carers.

The Shire of Mukinbudin is committed to consulting with people with disabilities, their families and carers and where required, disability organizations to ensure that barriers to access are addressed appropriately.

The Shire of Mukinbudin is committed to achieving the following outcomes:

Existing services are adopted to ensure they meet the needs of people with disabilities

Council will endeavour to be adaptable in responding to the barriers experienced by people with various disabilities, including people with physical, sensory, cognitive and psychiatric disabilities.

Access to building and facilities is improved

Council will undertake to incorporate the priorities regarding access for people with disabilities, identified during the consultations, into submissions of its capital works improvements program. Modifications will commence, as funds are made available. Council will undertake to liaise with developers to increase their awareness of the access requirements of people with disabilities.

Information about services is provided in formats which meet the communication requirements of people with disabilities

Council will produce all of its information on Council facilities, functions and services using clear and concise language. Council will advise the community that, upon request, information about Council functions and services can be made available in alternative formats, such as large print and audio cassettes.

Advice and services are delivered by staff who are aware of and understand the needs of people with disabilities

Improve staff awareness regarding the needs of people with disabilities and provide relevant training to deliver an appropriate service. Council will undertake to ensure that staff are aware of the key access needs of residents with disabilities and people with disabilities who visit the local government area to access provision of all services. When required, Council will seek expert advice from people in the disability field on how to meet the access needs of people with disabilities.

Opportunities are provided for people with disabilities to participate in public consultations, grievance mechanisms and decision making processes

Provide opportunities for people with disabilities to participate in public consultations, grievance mechanisms and decision making processes. Council will ensure that information is available in clear and concise language on how residents can participate in decision making processes, public consultations and grievance mechanisms. Council will advise the community that this information can be made available in alternative formats upon request. Council will also undertake to enable people with disabilities to attend meetings of Council.

Freedom of Information

The Shire of Mukinbudin will provide information to people requesting it from Council. Should a request not be met satisfactorily, then a Freedom of Information Application can be lodged with Council. During the year ended 30 June 2012, no Freedom of Information Applications were received.

Record Keeping Plan

The Shire of Mukinbudin is committed to accessible and efficient record keeping practices and complies with relevant legislation including the State Records Act 2000.



Council has established a Record Keeping Plan which was submitted and approved by the State Records Commission. In addition, Council has produced a Records Management Procedures Manual, which is utilised in Council's Induction Training for all new staff.

The Record Keeping Plan looks at the efficiency and effectiveness of the Shire's record keeping systems and includes sections on procedures, risk management and disaster recovery plans, retention and disposal of records, training of staff on record keeping practices and information on the Shire's compliance with the plan.

National Competition Policy Statement

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

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

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

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

In accordance with the requirements of the National Competition Policy the Shire of Mukinbudin makes the following disclosure of 2011/2012.

Competitive Neutrality

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

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

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

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

Structural Review of Public Monopolies

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

- Structural reform principles have been applied to the following number of activities in the reporting period: ZERO (0)
- Structural reform principles have been considered but no applied to the following number of activities in the reporting period: Zero (0)

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



Legislative Review

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

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

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

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

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

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

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

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

Public Interest

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

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

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

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

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

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

The Shire of Mukinbudin had no Public Interest Disclosures during the reporting period ending 30 June 2012

Information on Payment to Employees

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

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

The number of those employees with an annual salary entitlement that falls within each band of \$10,000 over \$100,000.



The Shire of Mukinbudin has one employee who received an annual Salary of \$100,000 or more.

The changes to the Local Government Act 12995 have seen the need for the Principal Activities Plan replaced by the Plan for the Future

A detailed copy of the Plan for the Future is available from the Shire Office or can be downloaded from the Shire website at www.mukinbudin.wa.gov.au

Strategy	Cost	Objective
Housing & Land	\$1,005,500	Maintain, replacement of Council, Community & Aged Housing
Facilities Management	\$205,000	Maintain & Replacement of Councils public facilities including, halls, pools, public conveniences, recreation reserves, playgrounds and other facilities.
Road Asset Management	\$1,009,728	To maintain a good working environment for staff, council members and people doing business with the Shire. To provide and maintain the aesthetic and functional amenity of parks and recreational facilities for the benefit of the residents of the Shire.
Plant Acquisition & Replacement	\$411,000	To ensure that Council's plant is reliable, to reduce maintenance cost and to minimise the replacement cost as far as possible

PLAN FOR THE FUTURE 2011/2012

Strategy	Cost	Objective
Shire Housing	\$180,364	To attract and retain Shire staff through the provision of modern quality housing. To make excess Shire housing available to the business community to assist with employee needs.
Road Management	\$1,085,951	To maintain a good working environment for staff, council members and people doing business with the Shire. To provide and maintain the aesthetic and functional amenity of parks and recreational facilities for the benefit of the residents of the Shire.
Plant Acquisition & Replacement	\$162,858	To ensure that Council's Plan is reliable, to reduce maintenance costs and to minimise

SHIRE OF MUKINBUDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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SHIRE OF MUKINBUDIN
STATEMENT OF COMPEREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
REVENUE				
Rates	22	800,126	801,493	775,239
Operating Grants, Subsidies and Contributions	28	1,573,801	951,738	1,244,960
Fees and Charges	27	350,063	329,366	346,029
Service Charges	24	8,468	8,468	8,468
Interest Earnings	2(a)	33,149	31,284	36,327
Other Revenue		60,703	172,200	99,344
		<u>2,826,310</u>	<u>2,294,549</u>	<u>2,510,367</u>
EXPENSES				
Employee Costs		(640,119)	(721,534)	(963,014)
Materials and Contracts		(805,213)	(1,015,785)	(806,481)
Utility Charges		(189,749)	(64,504)	(176,643)
Depreciation on Non-Current Assets	2(a)	(1,135,616)	(1,066,640)	(1,068,733)
Interest Expenses	2(a)	(46,215)	(50,803)	(44,756)
Insurance Expenses		(125,616)	(120,082)	(97,305)
Other Expenditure		(30,935)	(28,875)	(86,394)
		<u>(2,973,463)</u>	<u>(3,068,223)</u>	<u>(3,243,326)</u>
		(147,153)	(773,674)	(732,959)
Non-Operating Grants, Subsidies and Contributions	28	1,556,221	2,349,786	1,159,443
Profit on Asset Disposals	20	40,881	122,759	5,290
Loss on Asset Disposal	20	0	(32,303)	(18,581)
		<u>1,449,949</u>	<u>1,666,568</u>	<u>413,193</u>
NET RESULT				
Other Comprehensive Income				
Nil		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u><u>1,449,949</u></u>	<u><u>1,666,568</u></u>	<u><u>413,193</u></u>

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

SHIRE OF MUKINBUDIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
REVENUE				
Governance		59,209	42,400	957
General Purpose Funding		1,881,139	1,448,072	1,610,573
Law, Order, Public Safety		26,856	22,440	28,189
Health		1,047	100	0
Education and Welfare		0	8,000	0
Housing		82,525	82,827	92,394
Community Amenities		63,505	98,030	116,122
Recreation and Culture		79,607	66,818	124,050
Transport		396,040	314,419	327,298
Economic Services		145,659	180,488	147,721
Other Property and Services		90,723	30,955	63,063
	2 (a)	<u>2,826,310</u>	<u>2,294,549</u>	<u>2,510,367</u>
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(308,999)	(334,009)	(271,602)
General Purpose Funding		(35,361)	(34,743)	(44,647)
Law, Order, Public Safety		(75,852)	(72,664)	(74,983)
Health		(104,366)	(102,628)	(94,608)
Education and Welfare		(65,057)	(71,122)	(72,201)
Housing		(149,359)	(109,610)	(140,270)
Community Amenities		(160,243)	(192,803)	(260,920)
Recreation & Culture		(484,337)	(446,692)	(501,900)
Transport		(1,137,106)	(1,263,587)	(1,328,504)
Economic Services		(347,691)	(375,452)	(411,864)
Other Property and Services		(58,877)	(14,110)	2,929
	2 (a)	<u>(2,927,248)</u>	<u>(3,017,420)</u>	<u>(3,198,570)</u>
FINANCE COSTS				
Governance		(1,444)	(1,871)	(2,461)
Housing		(5,656)	(5,352)	(6,546)
Community Amenities		(3,196)	(8,255)	(8,283)
Recreation & Culture		(7,798)	(7,941)	(8,596)
Transport		0	(6,714)	(15,854)
Economic Services		(8,001)	(20,670)	(3,016)
Other Property and Services		(20,120)	0	0
	2 (a)	<u>(46,215)</u>	<u>(50,803)</u>	<u>(44,756)</u>
Non-Operating Grants, Subsidies and Contributions				
General Purpose Funding		412,208	774,560	0
Housing		0	300,000	0
Recreation & Culture		230,956	204,300	97,005
Transport		790,607	886,778	915,169
Economic Services		122,450	184,148	131,213
Other Property and Services		0	0	16,056
		<u>1,556,221</u>	<u>2,349,786</u>	<u>1,159,443</u>
Profit/(Loss) on Disposal of Assets				
Housing		40,881	94,642	0
Other Property & Services		0	(4,186)	(13,291)
		<u>40,881</u>	<u>90,456</u>	<u>(13,291)</u>
NET RESULT		<u>1,449,949</u>	<u>1,666,568</u>	<u>413,193</u>

Other Comprehensive Income

Nil			0
Total Other Comprehensive Income	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME	<u><u>1,449,949</u></u>	<u><u>1,666,568</u></u>	<u><u>413,193</u></u>

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

**SHIRE OF MUKINBUDIN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2012**

	NOTE	2012 \$	2011 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	1,125,212	434,787
Trade and Other Receivables	4	159,015	261,006
Inventories	5	0	79,790
TOTAL CURRENT ASSETS		<u>1,284,227</u>	<u>775,583</u>
NON-CURRENT ASSETS			
Other Receivables	4	53,512	59,074
Inventories	5	953,338	754,936
Property, Plant and Equipment	6	5,892,814	5,312,788
Infrastructure	7	33,587,136	33,319,294
TOTAL NON-CURRENT ASSETS		<u>40,486,800</u>	<u>39,446,092</u>
TOTAL ASSETS		<u>41,771,027</u>	<u>40,221,675</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	50,745	45,955
Short Term Borrowings	9	0	73,539
Long Term Borrowings	9	108,155	82,009
Provisions	10	208,310	176,002
TOTAL CURRENT LIABILITIES		<u>367,210</u>	<u>377,505</u>
NON-CURRENT LIABILITIES			
Trade and Other Payables	8	0	0
Long Term Borrowings	9	737,394	621,197
Provisions	10	11,683	18,182
TOTAL NON-CURRENT LIABILITIES		<u>749,077</u>	<u>639,379</u>
TOTAL LIABILITIES		<u>1,116,287</u>	<u>1,016,884</u>
NET ASSETS		<u>40,654,740</u>	<u>39,204,791</u>
EQUITY			
Retained Surplus		26,703,901	25,303,496
Reserves - Cash Backed	11	483,811	434,267
Reserves - Asset Revaluation	12	13,467,028	13,467,028
TOTAL EQUITY		<u>40,654,740</u>	<u>39,204,791</u>

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

**SHIRE OF MUKINBUDIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2010		24,928,776	395,794	13,467,028	38,791,598
Net Result		413,193	0	0	413,193
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		(38,473)	38,473	0	0
Balance as at 30 June 2011		25,303,496	434,267	13,467,028	39,204,791
Net Result		1,449,949	0	0	1,449,949
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		(49,544)	49,544	0	0
Balance as at 30 June 2012		26,703,901	483,811	13,467,028	40,654,740

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 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
Cash Flows From Operating Activities				
Receipts				
Rates		798,882	953,498	785,622
Operating Grants, Subsidies and Contributions		1,573,801	976,938	1,244,960
Fees and Charges		401,461	337,366	361,117
Service Charges		8,468	8,468	8,468
Interest Earnings		33,149	31,284	36,327
Goods and Services Tax		297,923	150,000	254,199
Other Revenue		78,106	172,200	79,257
		<u>3,191,790</u>	<u>2,629,754</u>	<u>2,769,950</u>
Payments				
Employee Costs		(610,338)	(660,984)	(954,621)
Materials and Contracts		(805,015)	(978,200)	(799,164)
Utility Charges		(189,749)	(53,299)	(176,643)
Insurance Expenses		(125,616)	(120,082)	(97,305)
Interest expenses		(44,786)	(50,803)	(49,705)
Goods and Services Tax		(264,700)	(127,520)	(318,937)
Other Expenditure		(30,935)	(28,875)	(86,394)
		<u>(2,071,139)</u>	<u>(2,019,763)</u>	<u>(2,482,769)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>1,120,651</u>	<u>609,991</u>	<u>287,181</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		(118,612)	0	(41,272)
Payments for Purchase of Property, Plant & Equipment		(1,070,628)	(1,543,148)	(465,149)
Payments for Construction of Infrastructure		(966,986)	(1,311,184)	(1,077,026)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		1,556,221	2,349,786	1,159,443
Proceeds from Sale of Plant & Equipment		95,011	322,000	115,351
Net Cash Provided By (Used In) Investing Activities		<u>(504,994)</u>	<u>(182,546)</u>	<u>(308,653)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(125,657)	(102,826)	(120,159)
Repayment of Long Term Liability		0	0	(60,000)
Proceeds from Self Supporting Loans		6,264	7,978	46,042
Proceeds from New Debentures		267,700	287,700	0
Net Cash Provided By (Used In) Financing Activities		<u>148,307</u>	<u>192,852</u>	<u>(134,117)</u>
Net Increase (Decrease) in Cash Held		763,964	620,297	(155,589)
Cash at Beginning of Year		361,248	373,349	516,837
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>1,125,212</u></u>	<u><u>993,646</u></u>	<u><u>361,248</u></u>

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

**SHIRE OF MUKINBUDIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	2012 \$	2012 Budget \$
REVENUE			
Governance		100,090	42,400
General Purpose Funding		1,493,221	1,421,139
Law, Order, Public Safety		26,856	22,440
Health		1,047	100
Education and Welfare		0	8,000
Housing		82,525	505,586
Community Amenities		63,505	98,030
Recreation and Culture		310,563	271,118
Transport		1,186,647	1,201,197
Economic Services		268,109	364,636
Other Property and Services		90,723	30,955
		<u>3,623,286</u>	<u>3,965,601</u>
EXPENSES			
Governance		(310,443)	(335,880)
General Purpose Funding		(35,361)	(34,743)
Law, Order, Public Safety		(75,852)	(72,664)
Health		(104,366)	(102,628)
Education and Welfare		(65,057)	(71,122)
Housing		(155,015)	(143,079)
Community Amenities		(163,439)	(205,368)
Recreation & Culture		(492,135)	(454,633)
Transport		(1,137,106)	(1,284,257)
Economic Services		(355,692)	(377,856)
Other Property and Services		(78,997)	(18,296)
		<u>(2,973,463)</u>	<u>(3,100,526)</u>
Net Operating Result Excluding Rates		649,823	865,075
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(40,881)	(90,456)
Movement in Leave Reserve (Added Back)		2,527	0
Movement in Deferred Pensioner Rates (Non-Current)		(859)	0
Movement in Employee Benefit Provisions (non-current)		(6,499)	0
Depreciation on Assets		1,135,616	1,066,640
Capital Expenditure and Revenue			
Purchase Land Held for Resale		(118,612)	0
Purchase Land and Buildings		(914,682)	(1,327,333)
Purchase Furniture and Equipment		(10,636)	(5,115)
Purchase Plant and Equipment		(145,310)	(210,700)
Purchase Infrastructure Assets - Roads		(939,771)	(1,138,371)
Purchase Infrastructure Assets - Footpaths		0	(40,000)
Purchase Infrastructure Assets - Other		(27,215)	(132,813)
Proceeds from Disposal of Assets		95,011	322,000
Repayment of Debentures		(125,357)	(102,826)
Proceeds from New Debentures		267,700	287,700
Self-Supporting Loan Principal Income		6,264	7,978
Transfers to Reserves (Restricted Assets)		(264,043)	(537,280)
Transfers from Reserves (Restricted Assets)		214,499	101,821
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	5,127	132,187
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	582,828	0
Amount Required to be Raised from Rates	22	<u>(800,126)</u>	<u>(801,493)</u>

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

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

The financial report is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the local Government Act 1995 and accompanying regulations.

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

Critical Accounting Estimates

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

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

(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 financial report.

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

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

(c) Goods and Services Tax

Revenues, expenses and assets capitalised are stated net of any GST recoverable.

Receivables and payables in the statement of financial position are stated inclusive of applicable GST. 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.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call 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.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Trade and Other Receivables

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.

(f) 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 Finance costs and holding charges incurred after development is completed are expensed.

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional contract of sale.

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.

(g) 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.

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 overhead.

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 FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset 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.

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.

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 AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

Depreciation of Non-Current Assets

All non-current assets having a limited useful life (excluding freehold land) are separately and 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.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets (Continued)

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.

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 FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments

Initial Recognition and Measurement

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

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(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.

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 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.

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 financial assets are classified as non-current.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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.

(i) 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.

(j) Trade and Other Payables

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

(k) 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 the 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.

(l) Borrowing Costs

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

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) 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.

(n) Leases

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

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

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

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

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

(o) Joint Venture

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 16.

The Council's interest in joint venture entities are recorded using the equity method of accounting in the financial report.

When the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of gain or loss not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

(q) 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.

(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) Rounding Off Figures

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

(t) Comparative Figures

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

(u) Budget Comparative Figures

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2012.

Council's assessment of these new standards and interpretations is set out below:

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 1053 – Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil – Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iii) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(iv) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(v) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(vii) AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 - 2 Amendments to Australian Accounting Standards - Arising from the Trans-Tasman Consequence Project - Reduced Disclosure Requirements. [AASB 101 & 1054]	May 2011	01 July 2013	
AASB 2011 - 3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]	May 2011	01 July 2012	
AASB 2011 - 6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127, 128 & 131]	July 2011	01 July 2013	

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(ix) AASB 13 - Fair Value Measurement, AASB 2011 - 8 Amendments to Australian Accounting Standards arising from AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	September 2011	01 January 2013	AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 requires inputs to all fair value measurements to be categorised in accordance with fair value hierarchy. AASB 13 also requires enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value. AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards. The amendments to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.
(x) AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(xi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(xii) AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	September 2011	01 July 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 – 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	November 2011	01 January 2013	
AASB 2011 – 13 Amendments to Australian Accounting Standards – Improvements to AASB 1049	December 2011	01 July 2012	

Notes:

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 124
AASB 1054
AASB 2009 - 12
AASB 2009 - 14
AASB 2010 - 4
AASB 2010 - 5
AASB 2010 - 6
AASB 2010 - 9
AASB 2011 - 1

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

2. REVENUE AND EXPENSES

2012
\$

2011
\$

(a) Net Result

The Net Result includes:

(i) Charging as an Expense:

This significant expense relates to

Auditors Remuneration

- Audit	6,212	10,808
- Other Services	0	0

Depreciation

Land & Buildings	115,749	106,492
Furniture and Equipment	22,367	20,226
Plant and Equipment	298,356	284,890
Roads	687,062	645,545
Footpaths	10,828	10,828
Other	1,254	752
Parks & Ovals	0	0
	<u>1,135,616</u>	<u>1,068,733</u>

Interest Expenses (Finance Costs)

Bank Interest	0	0
Debentures (<i>refer Note 21(a)</i>)	46,215	44,756
	<u>46,215</u>	<u>44,756</u>

(ii) Crediting as Revenue:

2012
\$

2012
Budget
\$

2011
\$

Interest Earnings

Investments			
- Reserve Funds	24,192	24,223	22,439
- Other Funds	6,310	6,000	11,187
Other Interest Revenue (<i>refer note 26</i>)	2,647	1,061	2,701
	<u>33,149</u>	<u>31,284</u>	<u>36,327</u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

The Shire of Mukinbudin is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

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.

TRANSPORT

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

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

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

ECONOMIC SERVICES

OBJECTIVES: 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 FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening	Received (+)	Expended (#)	Closing	Received (+)	Expended (#)	Closing
Grant/Contribution	Function/ Activity	Balance (*) 1-Jul-10	2010/11	2010/11	Balance (*) 30-Jun-11	2011/12	2011/12	Balance 30-Jun-12
		\$	\$	\$	\$	\$	\$	\$
Federal Govt - RLCIP	Economic Services	30,000	0	0	30,000	0	0	30,000
Royalties for Regions Funding-Forward Capital Works Plan	Economic Services	35,000	0	(25,090)	9,910	0	(9,910)	0
Roads to Recovery - Auslink	Transport	65,419	0	(65,419)	0	254,627	(174,486)	80,141
Oil Mallee Association Grant	Community Amenities	0	1,061	0	1,061	0	0	1,061
Camera Trap Project Income	Community Amenities	0	1,173	0	1,173	0	0	1,173
Dry Seasons Assistance Grant	Community Amenities	0	6,156	0	6,156	0	(1,247)	4,909
Federal Govt - RLCIP (Campers Kitchen)	Economic Services	0	2,727	0	2,727	0	(2,727)	0
Disability Services Grant - Electric Doors at Office	Economic Services	0	15,587	0	15,587	0	(13,775)	1,812
Total		130,419	26,704	(90,509)	66,614	254,627	(202,145)	119,096

Notes:

- (*) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (+) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (#) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.
- (^) - Was transferred to Unspent Grant Reserve as at 30 June 2010.

Unspent Grants not transferred to reserve as at 30 June

2012	2011
89,096	36,614

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Cash on Hand - Unrestricted	520	520
Cash at Bank - Municipal	640,881	0
Restricted - Reserves	483,811	434,267
	<u>1,125,212</u>	<u>434,787</u>
Cash at Bank - Municipal		
Unrestricted Cash (Transferred to Note 9 in 2011)	551,785	0
Restricted Cash (Transferred to Note 9 in 2011)	89,096	0
	<u>640,881</u>	<u>0</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	47,888	45,361
Communication Reserve	17,865	9,368
Building Reserve	192,113	185,698
Self Insurance Reserve	6,936	6,513
Residential Sub-Division Reserve	8,958	8,459
Seniors Aged Housing Reserve	40,915	34,336
Plant Reserve	59,893	58,243
Roadworks Reserve	0	0
Swimming Pool Reserve	75,731	54,545
Royalties for Regions Reserve	0	0
Unspent Grants Reserve	33,512	31,744
Unspent Loans	0	0
	<u>483,811</u>	<u>434,267</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	18,784	16,859
Sundry Debtors	104,656	156,054
GST Receivable	25,925	59,148
Prepayments	8,969	8,969
Accrued Income	2,250	20,162
Provision for Doubtful Debts	(7,990)	(6,450)
Loans - Clubs/Institutions	6,421	6,264
	<u>159,015</u>	<u>261,006</u>
Non-Current		
Rates Outstanding - Pensioners	4,763	3,904
Loans - Clubs/Institutions	48,749	55,170
	<u>53,512</u>	<u>59,074</u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

	2012 \$	2011 \$
5. INVENTORIES		
Current		
Land Held for Resale - Cost		
Cost of Acquisition	0	800
Development Costs	0	78,990
	0	79,790
Non-Current		
Land Held for Resale - Cost		
Cost of Acquisition	199,459	87,014
Development Costs	753,879	667,922
	953,338	754,936
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	5,909,314	5,053,822
Less Accumulated Depreciation	(1,303,845)	(1,193,156)
	4,605,469	3,860,666
Furniture and Equipment - Cost	424,670	414,034
Less Accumulated Depreciation	(254,124)	(231,757)
	170,546	182,277
Plant and Equipment - Cost	2,992,700	2,847,390
Less Accumulated Depreciation	(1,875,901)	(1,577,545)
	1,116,799	1,269,845
	5,892,814	5,312,788

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Total \$
Balance as at 1 July 2011	3,860,666	182,277	1,269,845	5,312,788
Additions	914,682	10,636	145,310	1,070,628
(Disposals)	(54,130)	0	0	(54,130)
Depreciation (Expense)	(115,749)	(22,367)	(298,356)	(436,472)
Balance as at 30 June 2012	<u>4,605,469</u>	<u>170,546</u>	<u>1,116,799</u>	<u>5,892,814</u>

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

	2012	2011
	\$	\$
7. INFRASTRUCTURE		
Roads - Cost	43,290,852	42,351,081
Less Accumulated Depreciation	<u>(10,206,274)</u>	<u>(9,519,212)</u>
	<u>33,084,578</u>	<u>32,831,869</u>
Footpaths - Cost	461,959	461,959
Less Accumulated Depreciation	<u>(53,641)</u>	<u>(42,813)</u>
	<u>408,318</u>	<u>419,146</u>
Other - Cost	57,443	30,228
Less Accumulated Depreciation	<u>(3,203)</u>	<u>(1,949)</u>
	<u>54,240</u>	<u>28,279</u>
Parks & Ovals - Cost	<u>40,000</u>	<u>40,000</u>
	<u><u>33,587,136</u></u>	<u><u>33,319,294</u></u>

Council adopted a policy in 2008/09 of re-valuing roads with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date.

This policy accords with the requirements of AASB 116.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Roads \$	Footpaths \$	Other \$	Parks and Ovals \$	Total \$
Balance as at 1 July 2011	32,831,869	419,146	28,279	40,000	33,319,294
Additions	939,771	0	27,215	0	966,986
Depreciation (Expense)	(687,062)	(10,828)	(1,254)	0	(699,144)
Balance as at 30 June 2012	33,084,578	408,318	54,240	40,000	33,587,136

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	2,134	0
ESL Clearing	(653)	(144)
PAYG Liability	14,697	12,065
Payroll Liabilities	168	231
FBT Liability	2,388	2,120
Accrued Expenditure	0	4,568
Accrued Interest on Debentures	12,883	11,754
Accrued Salaries and Wages	19,128	15,361
	<u>50,745</u>	<u>45,955</u>
9(a). SHORT-TERM BORROWINGS		
Current		
Unsecured		
Bank Overdraft	<u>0</u>	<u>73,539</u>
Represented by :		
Unrestricted	0	110,153
Restricted Funds held (transferred from Note 3)	<u>0</u>	<u>(36,614)</u>
	<u>0</u>	<u>73,539</u>
9(b). LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge		
Debentures	<u>108,155</u>	<u>82,009</u>
	<u>108,155</u>	<u>82,009</u>
Non-Current		
Secured by Floating Charge		
Debentures	<u>737,394</u>	<u>621,197</u>
	<u>737,394</u>	<u>621,197</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	103,371	88,959
Provision for Long Service Leave	104,939	87,043
	<u>208,310</u>	<u>176,002</u>
Non-Current		
Provision for Long Service Leave	<u>11,683</u>	<u>18,182</u>
	<u>11,683</u>	<u>18,182</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012 \$	2012 Budget \$	2011 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	45,361	45,360	42,948
Amount Set Aside / Transfer to Reserve	2,527	2,788	2,413
Amount Used / Transfer from Reserve	0	0	0
	<u>47,888</u>	<u>48,148</u>	<u>45,361</u>
(b) Communication Reserve			
Opening Balance	9,368	9,369	8,595
Amount Set Aside / Transfer to Reserve	8,497	475	773
Amount Used / Transfer from Reserve	0	(3,021)	0
	<u>17,865</u>	<u>6,823</u>	<u>9,368</u>
(c) Building Reserve			
Opening Balance	185,698	185,697	197,072
Amount Set Aside / Transfer to Reserve	161,669	12,171	9,211
Amount Used / Transfer from Reserve	(155,254)	(27,000)	(20,585)
	<u>192,113</u>	<u>170,868</u>	<u>185,698</u>
(d) Self Insurance Reserve			
Opening Balance	6,513	6,514	6,144
Amount Set Aside / Transfer to Reserve	423	352	369
Amount Used / Transfer from Reserve	0	0	0
	<u>6,936</u>	<u>6,866</u>	<u>6,513</u>
(e) Residential Sub-Division Reserve			
Opening Balance	8,459	8,459	8,002
Amount Set Aside / Transfer to Reserve	499	458	457
Amount Used / Transfer from Reserve	0	0	0
	<u>8,958</u>	<u>8,917</u>	<u>8,459</u>
(f) Seniors Aged housing Reserve			
Opening Balance	34,336	34,335	30,680
Amount Set Aside / Transfer to Reserve	6,579	1,810	3,656
Amount Used / Transfer from Reserve	0	0	0
	<u>40,915</u>	<u>36,145</u>	<u>34,336</u>
(g) Plant Reserve			
Opening Balance	58,243	58,243	38,291
Amount Set Aside / Transfer to Reserve	60,895	103,961	19,952
Amount Used / Transfer from Reserve	(59,245)	(20,000)	0
	<u>59,893</u>	<u>142,204</u>	<u>58,243</u>
(h) Roadworks Reserve			
Opening Balance	0	0	56
Amount Set Aside / Transfer to Reserve	0	0	2
Amount Used / Transfer from Reserve	0	0	(58)
	<u>0</u>	<u>0</u>	<u>0</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012 \$	2012 Budget \$	2011 \$
11. RESERVES - CASH BACKED (Continued)			
(i) Swimming Pool Reserve			
Opening Balance	54,545	54,546	33,859
Amount Set Aside / Transfer to Reserve	21,186	3,003	20,686
Amount Used / Transfer from Reserve	0	(20,000)	0
	<u>75,731</u>	<u>37,549</u>	<u>54,545</u>
(j) Royalties for Regions Reserve			
Opening Balance	0	0	92
Amount Set Aside / Transfer to Reserve	0	412,208	4
Amount Used / Transfer from Reserve	0	0	(96)
	<u>0</u>	<u>412,208</u>	<u>0</u>
(k) Unspent Grant Reserve			
Opening Balance	31,744	31,746	30,055
Amount Set Aside / Transfer to Reserve	1,768	54	1,689
Amount Used / Transfer from Reserve	0	(31,800)	0
	<u>33,512</u>	<u>0</u>	<u>31,744</u>
TOTAL CASH BACKED RESERVES	<u><u>483,811</u></u>	<u><u>869,728</u></u>	<u><u>434,267</u></u>

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in Note 3.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

11. RESERVES - CASH BACKED (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

Communications Reserve

- to be used for Capital upgrades of the TV Rebroadcaster

Building Reserve

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

Residential Sub-Division Reserve

- to be used to finance further land developments or applied to the existing residential sub-division loan.

Self Insurance Reserve

- funded from the saving in premiums resulting from the increase from \$300 to \$1000. To be applied to successful insurance claims up to \$1000.

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.

Plant Reserve

- to be used for the purchase of major plant

Unspent Grant Reserve

- to be used for any grant funding that may not be expended in the current financial year.

Unspent Loan Reserve

- to be used for any loan funds that may not be expended in the current financial year.

Roadworks Reserve

- to be used for Roads to Recovery road works.

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.

The Royalties for Regions and Roadworks Reserve have been fully depleted in 2011 and are not expected to be used in the future. All other Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

12. RESERVES - ASSET REVALUATION	2012	2011
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
(a) Land and Buildings		
Balance as at 1 July 2011	0	0
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2012	<u>0</u>	<u>0</u>
(b) Roads		
Balance as at 1 July 2011	13,467,028	13,467,028
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2012	<u>13,467,028</u>	<u>13,467,028</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>13,467,028</u></u>	<u><u>13,467,028</u></u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	2012	2012	2011
	\$	Budget	\$
		\$	
Cash and Cash Equivalents	1,125,212	993,646	434,787
Short Term Borrowings	0	0	(73,539)
	<u>1,125,212</u>	<u>993,646</u>	<u>361,248</u>

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

Net Result	1,449,949	1,666,568	413,193
Depreciation	1,135,616	1,066,640	1,068,733
(Profit)/Loss on Sale of Asset	(40,881)	(90,456)	13,291
(Increase)/Decrease in Receivables	101,589	185,205	(56,736)
(Increase)/Decrease in Inventories	0	12,050	0
Increase/(Decrease) in Payables	4,790	113,770	(4,711)
Increase/(Decrease) in Employee Provisions	25,809	6,000	12,854
Grants/Contributions for the Development of Assets	<u>(1,556,221)</u>	<u>(2,349,786)</u>	<u>(1,159,443)</u>
Net Cash from Operating Activities	<u>1,120,651</u>	<u>609,991</u>	<u>287,181</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	100,000	100,000
Bank Overdraft at Balance Date	0	(73,539)
Credit Card limit	5,000	5,000
Credit Card Balance at Balance Date	<u>(373)</u>	<u>0</u>
Total Amount of Credit Unused	<u>104,627</u>	<u>31,461</u>

Loan Facilities

Loan Facilities - Current	108,155	82,009
Loan Facilities - Non-Current	<u>737,394</u>	<u>621,197</u>
Total Facilities in Use at Balance Date	<u>845,549</u>	<u>703,206</u>

Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>
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**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

14. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2012.

15. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

There were no finance lease commitments at 30 June 2012.

(b) Operating Lease Commitments

There were no operating lease commitments at 30 June 2012.

(c) Capital Expenditure Commitments

There were no capital expenditure commitments at 30 June 2012.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

16. JOINT VENTURE

The Shire is not involved in any joint ventures for 2011/12.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2012	2011
	\$	\$
Governance	0	520
General Purpose Funding	15,557	14,313
Law, Order, Public Safety	195,876	227,271
Health	23,652	24,402
Education and Welfare	349,012	373,610
Housing	1,313,634	1,383,141
Community Amenities	1,329,459	1,276,254
Recreation and Culture	2,374,199	1,700,664
Transport	33,896,124	33,547,672
Economic Services	796,642	531,513
Other Property and Services	739,162	875,239
Unallocated	737,710	267,076
	<u>41,771,027</u>	<u>40,221,675</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011	2010
18. FINANCIAL RATIOS			
Current Ratio	2.23	0.92	1.83
Untied Cash to Unpaid Trade Creditors Ratio	28.74	0.04	1.38
Debt Ratio	0.03	0.03	0.03
Debt Service Ratio	0.06	0.06	0.08
Gross Debt to Revenue Ratio	0.30	0.31	0.33
Gross Debt to Economically Realisable Assets Ratio	0.10	0.11	0.12
Rate Coverage Ratio	0.18	0.21	0.22
Outstanding Rates Ratio	0.02	0.02	0.03

The above ratios are calculated as follows:

Current Ratio
$$\frac{\text{current assets minus restricted current assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$$

Untied Cash to Unpaid Trade Creditors Ratio
$$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$$

Debt Ratio
$$\frac{\text{total liabilities}}{\text{total assets}}$$

Debt Service Ratio
$$\frac{\text{debt service cost}}{\text{available operating revenue}}$$

Gross Debt to Revenue Ratio
$$\frac{\text{gross debt}}{\text{total revenue}}$$

Gross Debt to Economically Realisable Assets Ratio
$$\frac{\text{gross debt}}{\text{economically realisable assets}}$$

Rate Coverage Ratio
$$\frac{\text{net rate revenue}}{\text{operating revenue}}$$

Outstanding Rates Ratio
$$\frac{\text{rates outstanding}}{\text{rates collectable}}$$

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

19. 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:

	Balance 1-Jul-11 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-12 \$
Soil Conservation	11,878	159	0	12,037
Transport	0	379,915	(379,915)	0
Nomination Deposits	0	0	0	0
Bonds	5,678	3,880	(1,858)	7,700
Karlonning Pipeline Scheme	24,093	323	0	24,416
Wilgoyne Tennis Club	(60)	60	0	0
Mukinbudin Indoor Cricket Club	10,235	137	0	10,372
Rates in Advance	16,597	3,084	(17,377)	2,304
Drive-In Donation	500	0	0	500
Recoupable Trust	68	0	(68)	0
LGMA Wheatbelt Branch	5,121	0	(101)	5,020
Gymnasium Bonds	(21)	301	(210)	70
EFT Fees	0	122	(122)	0
BCITF/BRB	(397)	1,406	(590)	419
Helicopter Search Money	0	0	0	0
Movember	0	100	0	100
	<u>73,692</u>			<u>62,938</u>

20. DISPOSALS OF ASSETS - 2011/12 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing						
16 Cruickshank Road	54,130	55,117	95,011	27,000	40,881	(28,117)
4 Salmon Gum Valley	0	77,241	0	200,000	0	122,759
Economic Services						
Sale of Earl Drive Subdivision Block	0	75,000	0	75,000	0	0
Other Property & Services						
MBL2 - Holden Rodeo	0	24,186	0	20,000	0	(4,186)
	<u>54,130</u>	<u>231,544</u>	<u>95,011</u>	<u>322,000</u>	<u>40,881</u>	<u>90,456</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-11 \$		New Loans		Principal Repayments		Principal 30-Jun-12		Interest Repayments	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance	35,001	0	0	0	16,977	16,977	18,024	18,023	1,444	1,871
Loan 92 - Admin Centre										
Housing	55,322	0	0	0	7,548	7,664	47,774	47,590	3,378	3,469
Loan 106 - Staff Housing										
Loan 110 - Staff Housing*	34,183	0	0	0	34,183	6,083	0	28,100	2,278	1,883
Community Amenities	56,690	0	0	0	4,314	4,134	52,376	52,556	3,196	3,255
Loan 109 - CRC										
Loan 117 - Industrial Units	0	0	0	150,000	0	5,000	0	145,000	0	5,000
Recreation & Culture	138,324	0	0	0	10,526	10,526	127,798	127,798	7,798	7,941
Loan 108 - Bowling Club										
Economic Services	20,188	0	0	0	7,703	7,702	12,485	12,486	1,082	1,149
Loan 107 - Caravan Park										
Loan 112 - Caravan park	22,788	0	0	0	4,055	4,055	18,733	18,733	1,182	1,255
Loan 116 - Subdivision	71,852	0	0	0	7,196	7,196	64,656	64,656	4,321	4,310
Loan 119 - Mukinbudin Cafe	0	0	130,000	0	0	0	130,000	0	1,416	0
Other Property & Services	151,734	0	0	0	15,197	15,197	136,537	136,537	9,169	9,102
Loan 114 - Trailer										
Loan 115 - Truck	117,124	0	0	0	12,292	12,292	104,832	104,833	5,371	5,568
Loan 118 - Vibe Roller	0	0	137,700	137,700	5,366	6,000	132,334	131,700	5,580	6,000
	703,206	267,700	287,700	287,700	125,357	102,826	845,549	888,012	46,215	50,803

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

(b) New Debentures - 2011/12

Council had no no debentures in 2011/12.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Council had no unspent debentures.

(d) Overdraft

Council established an overdraft facility of \$100,000 in 2010 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2011 was \$73,539 and 30 June 2012 was Nil.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

22. RATING INFORMATION - 2011/12 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
GRV - Residential	17.5601	158	908,304	162,403	0	0	162,403	161,380	0	0	161,380
UV - Rural	1.77518	229	38,376,500	681,172	2,496	0	683,668	681,172	0	0	681,172
UV - Mining	1.77518	2	36,600	924	(9)	0	915	924	0	0	924
Sub-Totals		389	39,321,404	844,499	2,487	0	846,986	843,476	0	0	843,476
Minimum Rates	Minimum \$										
GRV - Residential	200	14	3,726	2,800	50	0	2,850	3,800	0	0	3,800
GRV - Vacant	200	5	2,048	1,000	82	0	1,082	0	0	0	0
UV - Rural	250	26	190,800	6,500	(2,771)	0	3,729	6,500	0	0	6,500
UV - Mining	250	13	33,200	3,250	423	0	3,673	3,250	0	0	3,250
Sub-Totals		58	229,774	13,550	(2,216)	0	11,334	13,550	0	0	13,550
Ex-Gratia Rates							858,320				857,026
Specified Area Rate (refer note 23)							12,768				12,767
							0				0
Discounts (refer note 25)							871,088				869,793
Totals							(70,962)				(68,300)
							800,126				801,493

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

22. RATING INFORMATION - 2011/12 FINANCIAL YEAR

(b) Information on Surplus/(Deficit) Brought Forward	2012 (30 June 2012 Carried Forward) \$	2012 (1 July 2011 Brought Forward) \$	2011 (30 June 2011 Carried Forward) \$
Surplus/(Deficit) 1 July 2011 Brought Forward	<u>582,828</u>	<u>5,127</u>	<u>162,884</u>
<u>Comprises:</u>			
Cash - Unrestricted	641,401	(73,019)	(73,019)
Cash - Restricted	483,811	434,267	434,267
Rates Outstanding	18,784	16,859	16,859
Sundry Debtors	104,656	156,054	156,054
GST Receivable	25,925	59,148	59,148
Prepayments	8,969	8,969	8,969
Accrued Income	2,250	20,162	20,162
Less: Provision for Doubtful Debts	(7,990)	(6,450)	(6,450)
Inventories			
- Fuel and Materials	0	0	0
Less:			
Reserves - Restricted Cash			
- Leave Reserve	(47,888)	(45,361)	(45,361)
- Communication Reserve	(17,865)	(9,368)	(9,368)
- Building Reserve	(192,113)	(185,698)	(185,698)
- Self Insurance Reserve	(6,936)	(6,513)	(6,513)
- Residential Sub-Division Reserve	(8,958)	(8,459)	(8,459)
- Seniors Aged Housing Reserve	(40,915)	(34,336)	(34,336)
- Plant Reserve	(59,893)	(58,243)	(58,243)
- Roadworks Reserve	0	0	0
- Swimming Pool Reserve	(75,731)	(54,545)	(54,545)
- Royalties for Regions Reserve	0	0	0
- Unspent Grants Reserve	(33,512)	(31,744)	(31,744)
Sundry Creditors	(2,134)	0	0
GST Payable	0	0	0
ESL Clearing	653	144	144
PAYG Liability	(14,697)	(12,065)	(12,065)
Payroll Liabilities	(168)	(231)	(231)
FBT Liability	(2,388)	(2,120)	(2,120)
Accrued Expenditure	0	(4,568)	(4,568)
Accrued Interest on Debentures	(12,883)	(11,754)	0 *
Accrued Salaries and Wages	(19,128)	(15,361)	0 *
Current Employee Benefits Provision	(208,310)	(176,002)	0 *
Current Loan Liability	(108,155)	(82,009)	0 *
Rounding	0	0	1
Add Back : Liabilities Supported by Reserves			
- Lesser of Leave Provision and Leave Reserve	47,888	45,361	0 *
Add Back : Current Loan Liability	108,155	82,009	0 *
Surplus/(Deficit)	<u>582,828</u>	<u>5,127</u>	<u>162,884</u>

Difference:

There is a difference between the Surplus/(Deficit) 1 July 2011 Brought Forward position used in the 2012 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2011 audited financial report.

This difference is due to a change in methodology for the calculation of Surplus/(Deficit) position.
An * has been placed adjacent to the items that have changed due to the change in methodology.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

23. SPECIFIED AREA RATE - 2011/12 FINANCIAL YEAR

Council did not levy any Specified Area Rates in 2011/12.

24. SERVICE CHARGES - 2011/12 FINANCIAL YEAR

	Amount of Charge \$	Revenue Raised \$	Budget Revenue \$	Applied to Service Costs \$	Budget Applied to Costs \$
Television Re-broadcasting	58	8,468	8,468	7,057	8,468
		8,468	8,468	7,057	8,468

The service charge is for the provision of television re-broadcasting. The charge is applicable to all owners occupiers within a designated area surrounding the townsite.

The proceeds of the service charge were applied partially to the costs of maintenance and operation.

There was a transfer of 1,411 to the Shire's Communications Reserve representing the excess of funds levied.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2011/12 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	10%	70,962	68,300
			70,962	68,300
Rate Assessment	Write-Off		0	0

A discount on rates is granted to all who pay their rates in full within 35 days of the date of service appearing on the rate notice.

26. INTEREST CHARGES AND INSTALMENTS - 2011/12 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	10		2,324	1,000
Interest on Instalments Plan	5.5		323	61
Charges on Instalment Plan		14	2,484	3,329
			5,131	4,390

Ratepayers had the option of paying rates in four equal instalments, due on 23rd September 2011, 18th November 2011, 13th January 2012 and 9th March 2012. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2012 \$	2011 \$
Governance	0	0
General Purpose Funding	3,140	7,301
Law, Order, Public Safety	1,328	1,262
Health	0	0
Education and Welfare	447	0
Housing	81,249	64,805
Community Amenities	63,355	55,192
Recreation and Culture	36,525	70,867
Transport	0	0
Economic Services	127,617	127,322
Other Property and Services	36,402	19,280
	<u>350,063</u>	<u>346,029</u>

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

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

28. GRANT REVENUE	2012	2011
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	1,573,801	1,244,960
Non-Operating Grants, Subsidies and Contributions	1,556,221	1,159,443
	<u>3,130,022</u>	<u>2,404,403</u>
By Program:		
Governance	59,209	957
General Purpose Funding	1,456,837	791,706
Law, Order, Public Safety	21,527	22,927
Education and Welfare	600	0
Housing	1,536	1,689
Community Amenities	150	60,930
Recreation and Culture	265,451	132,281
Transport	1,186,647	1,238,654
Economic Services	122,556	133,687
Other Property and Services	15,509	21,572
	<u>3,130,022</u>	<u>2,404,403</u>

29. COUNCILLORS' REMUNERATION	2012	2012	2011
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	20,986	22,500	22,500
President's Allowance	3,500	3,500	3,500
Deputy President's Allowance	1,500	875	1,500
Travelling Expenses	4,724	2,500	3,684
	<u>30,710</u>	<u>29,375</u>	<u>31,184</u>

30. EMPLOYEE NUMBERS	2012	2011
The number of full-time equivalent employees at balance date	<u>24</u>	<u>22</u>

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

31. MAJOR LAND TRANSACTIONS

Earl Drive Residential Subdivision

(a) Details

Council are in the process of developing a new 18 lot residential subdivision. The development included the provision of services such as sewage, power and transport infrastructure. There are 18 lots available for sale with the sale price ranging from \$36,000 to \$42,000 each.

(b) Current year transactions	2012 \$	2012 Budget \$	2011 \$
Operating Revenue			
- Profit on sale	0	0	0
Capital Revenue			
- Sale Proceeds	0	75,000	0
Capital Expenditure			
- Purchase of Land	0	0	0
- Development Costs	6,966	0	41,272
	<u>6,966</u>	<u>0</u>	<u>41,272</u>

The above capital expenditure is included as land held for resale (refer Note 5).

There is a liability for loan borrowings in relation to this land transaction of \$71,852 as at 30 June 2011.

(c) Expected Future Cash Flows

	2012 \$	2013 \$	2014 \$	2015 \$	2016 \$	Total \$
Cash Outflows						
- Development Costs	(6,966)	0	0	0	0	(6,966)
- Loan Repayments	(11,555)	(11,555)	(11,555)	(11,555)	(11,555)	(57,775)
	<u>(18,521)</u>	<u>(11,555)</u>	<u>(11,555)</u>	<u>(11,555)</u>	<u>(11,555)</u>	<u>(64,741)</u>
Cash Inflows						
- Loan Proceeds	0	0	0	0	0	0
- Sale Proceeds	0	0	75,000	75,000	75,000	225,000
	<u>0</u>	<u>0</u>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>225,000</u>
Net Cash Flows	<u>(18,521)</u>	<u>(11,555)</u>	<u>63,445</u>	<u>63,445</u>	<u>63,445</u>	<u>160,259</u>

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2011/12 financial year.

SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2012	2011	2012	2011
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	1,125,212	434,787	1,125,212	434,787
Receivables	212,527	320,080	212,527	320,080
	<u>1,337,739</u>	<u>754,867</u>	<u>1,337,739</u>	<u>754,867</u>
Financial Liabilities				
Payables	50,745	45,955	50,745	45,955
Borrowings	845,549	776,745	843,845	768,010
	<u>896,294</u>	<u>822,700</u>	<u>894,590</u>	<u>813,965</u>

Fair value is determined as follows:

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

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	30-Jun-12	30-Jun-11
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	5,599	6,047
- Income Statement	5,599	6,047

Notes:

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

Recent market volatility has seen large market movements for certain types of investments.

**SHIRE OF MUKINBUDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	30-Jun-12	30-Jun-11
Percentage of Rates and Annual Charges		
- Current	4.90%	3.19%
- Overdue	95.10%	96.81%
Percentage of Other Receivables		
- Current	90.12%	82.40%
- Overdue	9.88%	17.60%

SHIRE OF MUKINBUDIN
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33. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
 Borrowings**

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

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

	<u>2012</u>		<u>2011</u>		
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	50,745	0	0	50,745	50,745
Borrowings	154,722	507,183	419,275	1,081,180	845,549
	<u>205,467</u>	<u>507,183</u>	<u>419,275</u>	<u>1,131,925</u>	<u>896,294</u>
Payables	45,955	0	0	45,955	45,955
Borrowings	205,786	450,316	303,748	959,850	776,745
	<u>251,741</u>	<u>450,316</u>	<u>303,748</u>	<u>1,005,805</u>	<u>822,700</u>

SHIRE OF MUKINBUDIN
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33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Borrowings (Continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
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Year Ended 30 June 2012

Borrowings

Fixed Rate								
Debtentures	18,023	12,485	0	18,733	47,774	748,534	845,549	5.63%
Weighted Average Effective Interest Rate	6.07%	6.28%		5.76%	6.60%	5.55%		

Year Ended 30 June 2011

Borrowings

Floating Rate								
Bank Overdraft	73,539	0	0	0	0	0	73,539	10.19%
Weighted Average Effective Interest Rate	10.19%							

Fixed Rate								
Debtentures	0	35,001	20,188	0	56,971	591,046	703,206	5.86%
Weighted Average Effective Interest Rate		6.07%	6.28%		5.76%	5.84%		