



SHIRE OF MUNDARING

**ANNUAL BUDGET
FOR THE YEAR ENDING
30 JUNE 2011**

SHIRE OF MUNDARING

ANNUAL BUDGET 2010/11

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SHIRE OF MUNDARING

ANNUAL BUDGET 2010/11

LOCAL GOVERNMENT ACT 1995 (SECTIONS 6.2, 6.32 AND 6.33)

We hereby certify that the Annual Budget was adopted by an absolute majority of the Council of the Shire of Mundaring at a Meeting of Council, held at the Council Chambers, 7000 Great Eastern Highway Mundaring, on 22 June 2010.

Having estimated the deficiency under Section 6.2 (2) (c) of the *Local Government Act 1995*, the Shire of Mundaring now imposes General Rates for Gross Rental Value and Unimproved Value properties.



H Dullard
SHIRE PRESIDENT



J P Throssell
CHIEF EXECUTIVE OFFICER

SHIRE OF MUNDARING
Annual Budget for the Year Ending 30 June 2011

STATEMENT OF COMPREHENSIVE INCOME (BY PROGRAM)

	Note	2009/2010 BUDGET \$	2009/2010 FORECAST \$	2010/2011 BUDGET \$
REVENUE				
General Purpose Funding	22	21,575,544	21,586,944	22,338,576
Governance		99,400	120,916	108,500
Law, Order & Public Safety		346,742	355,242	354,925
Health		35,857	34,157	76,077
Education & Welfare		2,403,294	2,389,006	2,887,095
Community Amenities		2,948,543	3,296,377	3,326,058
Recreation and Culture		854,550	859,282	888,623
Transport		183,000	101,950	138,000
Economic Services		295,600	318,600	286,750
Other Property and Services		802,434	993,831	886,757
		<u>29,544,964</u>	<u>30,056,305</u>	<u>31,291,361</u>
EXPENSES				
(Excluding borrowing costs)				
General Purpose Funding		(740,272)	(740,270)	(947,271)
Governance		(3,800,318)	(3,020,659)	(3,853,383)
Law, Order & Public Safety		(1,461,180)	(1,488,780)	(1,640,996)
Health		(554,611)	(516,911)	(626,188)
Education & Welfare		(3,965,874)	(3,891,761)	(4,292,753)
Community Amenities		(5,951,581)	(5,416,367)	(6,331,442)
Recreation and Culture		(5,722,968)	(6,039,839)	(6,697,364)
Transport		(11,115,088)	(11,038,088)	(11,867,407)
Economic Services		(736,157)	(614,135)	(700,881)
Other Property and Services		(1,263,741)	(1,360,391)	(1,493,750)
		<u>(35,311,790)</u>	<u>(34,127,201)</u>	<u>(38,451,436)</u>
Increase/(Decrease)		(5,766,826)	(4,070,896)	(7,160,075)
BORROWING COSTS				
Education & Welfare		(327)	(2,000)	-
Recreation and Culture		(371,339)	(385,000)	(385,000)
		<u>(371,666)</u>	<u>(387,000)</u>	<u>(385,000)</u>
NON OPERATING GRANTS/CONTRIBUTIONS				
Law, Order & Public Safety		220,000	220,000	802,000
Recreation and Culture		1,158,923	115,376	1,245,504
Governance		40,000	-	40,000
Transport		607,000	1,053,186	1,232,646
	19	<u>2,025,923</u>	<u>1,388,562</u>	<u>3,320,150</u>
PROFIT/(LOSS) ON DISPOSAL OF ASSETS				
Governance		(3,500)	-	-
Transport		7,000	-	-
Other Property and Services		8,500	-	-
	7	<u>12,000</u>	<u>-</u>	<u>-</u>
NET RESULTS		(4,100,569)	(3,069,334)	(4,224,925)
Other Comprehensive Income		-	-	-
TOTAL COMPREHENSIVE INCOME		<u>(4,100,569)</u>	<u>(3,069,334)</u>	<u>(4,224,925)</u>

This Statement should be read in conjunction with the accompanying notes

SHIRE OF MUNDARING
Annual Budget for the Year Ending 30 June 2011

STATEMENT OF COMPREHENSIVE INCOME (BY NATURE OR TYPE)

	Note	2009/2010 BUDGET \$	2009/2010 FORECAST \$	2010/2011 BUDGET \$
REVENUE				
Rates	22	17,530,550	17,530,549	18,925,371
Grants and Subsidies - Operating	19	4,316,468	4,265,547	3,669,993
Contributions, Reimbursements & Donations		568,268	601,784	692,800
Fees and Charges	20	5,196,150	5,404,230	5,952,735
Interest Earnings	4	995,000	988,500	1,024,500
Other Revenue		938,528	1,265,695	1,025,962
		<u>29,544,964</u>	<u>30,056,305</u>	<u>31,291,361</u>
EXPENSES				
Employee Costs		(10,266,392)	(10,059,852)	(11,263,944)
Materials and Contracts		(12,844,754)	(11,651,239)	(13,809,057)
Utility Charges		(771,475)	(749,474)	(857,410)
Depreciation on Non Current Assets	6	(9,167,755)	(9,167,768)	(9,414,139)
Interest Expenses		(387,000)	(388,000)	(386,000)
Insurance Expenses		(759,383)	(711,690)	(835,446)
Other Expenses		(1,486,697)	(1,786,178)	(2,270,440)
		<u>(35,683,456)</u>	<u>(34,514,201)</u>	<u>(38,836,437)</u>
Increase/(Decrease)		(6,138,492)	(4,457,896)	(7,545,075)
Non Operating Grants and Contributions	19	2,025,923	1,388,562	3,320,150
DISPOSAL OF ASSETS				
Proceeds of Sale		415,000	388,157	301,000
Book Value		(403,000)	(388,157)	(301,000)
Profit (Loss) on Disposal	7	<u>12,000</u>	<u>-</u>	<u>-</u>
NET RESULTS		(4,100,569)	(3,069,334)	(4,224,925)
Other Comprehensive Income		-	-	-
TOTAL COMPREHENSIVE INCOME		<u>(4,100,569)</u>	<u>(3,069,334)</u>	<u>(4,224,925)</u>

This Statement should be read in conjunction with the accompanying notes

SHIRE OF MUNDARING
Annual Budget for the Year Ending 30 June 2011

RATE SETTING STATEMENT

	Note	2009/2010 BUDGET \$	2009/2010 FORECAST \$	2010/2011 BUDGET \$
Expenses				
General Purpose Funding		(740,272)	(740,270)	(947,271)
Governance		(3,800,318)	(3,020,659)	(3,853,383)
Law, Order & Public Safety		(1,461,180)	(1,488,780)	(1,640,996)
Health		(554,611)	(516,911)	(626,188)
Education & Welfare		(3,965,874)	(3,891,761)	(4,292,753)
Community Amenities		(5,951,581)	(5,416,367)	(6,331,442)
Recreation and Culture		(5,722,968)	(6,039,839)	(6,697,364)
Transport		(11,115,088)	(11,038,088)	(11,867,407)
Economic Services		(736,157)	(614,135)	(700,881)
Other Property and Services		(1,263,741)	(1,360,391)	(1,493,750)
		<u>(35,311,790)</u>	<u>(34,127,201)</u>	<u>(38,451,436)</u>
Borrowing Costs		(371,666)	(387,000)	(385,000)
		<u>(35,683,456)</u>	<u>(34,514,201)</u>	<u>(38,836,436)</u>
Revenue (Excluding Rates)				
General Purpose Funding (Exc Rates)		4,044,994	4,056,394	3,413,205
Governance		99,400	120,916	108,500
Law, Order & Public Safety		346,742	355,242	354,925
Health		35,857	34,157	76,077
Education & Welfare		2,403,294	2,389,006	2,887,095
Community Amenities		2,948,543	3,296,377	3,326,058
Recreation and Culture		854,550	859,282	888,623
Transport		183,000	101,950	138,000
Economic Services		295,600	318,600	286,750
Other Property and Services		802,434	993,831	886,757
		<u>12,014,414</u>	<u>12,525,755</u>	<u>12,365,991</u>
NET		(23,669,042)	(21,988,446)	(26,470,445)
Write Back Non-Cash Items - Depreciation	6	9,167,756	9,167,769	9,414,139
Grants/Contributions - for the Development of Assets	19	2,025,923	1,388,563	3,320,150
Funds Demand from Operations		<u>(12,475,363)</u>	<u>(11,432,114)</u>	<u>(13,736,156)</u>
Acquisition of Non-Current Assets				
Land		(10,000)	-	(950,000)
Buildings		(2,129,069)	(958,331)	(3,107,016)
Plant & Equipment		(1,369,150)	(1,411,574)	(1,915,600)
Furniture & Equipment		(75,300)	(30,800)	(47,000)
Infrastructure Assets - Roads, Streets		(4,932,073)	(3,173,646)	(5,450,619)
Infrastructure Assets - Other Structures		(344,456)	(168,900)	(438,100)
Infrastructure Assets - Parks Plant & Equipment		(472,298)	(94,800)	(207,100)
Infrastructure Assets - Drainage		(254,000)	(44,700)	(320,000)
Infrastructure Assets - Gardens		(140,000)	(136,997)	(190,580)
	8	<u>(9,726,346)</u>	<u>(6,019,748)</u>	<u>(12,626,015)</u>

This Statement should be read in conjunction with the accompanying notes

SHIRE OF MUNDARING
Annual Budget for the Year Ending 30 June 2011

RATE SETTING STATEMENT (continued)	Note	2009/2010 BUDGET \$	2009/2010 FORECAST \$	2010/2011 BUDGET \$
Proceeds from Sale of Assets	7	415,000	388,157	301,000
Self-Supporting Loan Repayments	10	12,289	11,709	-
Funding to Reserves	13	(1,960,000)	(2,110,000)	(2,577,000)
Restricted Assets Movements	15	(120,000)	(40,000)	(40,000)
Prov for Employee Benefits (Non current) adj		40,000	-	-
Debt Redemption	11	(312,289)	(145,009)	(135,000)
Closing Funds - Surplus	3	31,668	(5,371,472)	(69,756)
		<u>(1,893,332)</u>	<u>(7,266,615)</u>	<u>(2,520,756)</u>
Demand from Resources		<u>(24,095,041)</u>	<u>(24,718,476)</u>	<u>(28,882,927)</u>
Funding Sources				
Opening Funds - Surplus	3	3,515,991	5,512,203	5,371,472
Loan Funds	11	1,000,000	-	1,000,000
Reserves	13	2,048,500	1,675,724	3,586,084
		<u>6,564,491</u>	<u>7,187,927</u>	<u>9,957,556</u>
AMOUNT MADE UP FROM RATES		<u>(17,530,550)</u>	<u>(17,530,549)</u>	<u>(18,925,371)</u>

This Statement should be read in conjunction with the accompanying notes

SHIRE OF MUNDARING
Annual Budget for the Year Ending 30 June 2011

STATEMENT OF CASH FLOWS

	Note	2009/2010 BUDGET \$	2009/2010 FORECAST \$	2010/2011 BUDGET \$
Cash Flows from Operating Activities				
Receipts				
Rates		17,361,892	17,581,794	18,454,371
Fees & Charges		5,096,150	5,742,734	5,702,109
Contributions, Reimbursements & Donations		707,268	651,784	729,800
Interest Received		995,000	1,008,388	1,224,500
Other Income		383,156	1,265,695	1,025,962
Grants - Operating		4,516,468	4,405,547	3,869,993
GST Refund		1,436,000	1,481,697	1,668,000
Total Receipts		<u>30,495,934</u>	<u>32,137,639</u>	<u>32,674,735</u>
Payments				
Employee Costs		(10,041,546)	(10,143,411)	(10,895,527)
Utilities (Gas, Electricity, Water etc)		(831,475)	(777,474)	(917,410)
Interest Paid		(387,000)	(388,000)	(386,000)
Materials & Contracts		(14,367,912)	(12,984,658)	(15,662,057)
Insurance Expenses		(759,383)	(771,690)	(835,446)
Subsidy Payments		(470,418)	(1,058,678)	(1,176,439)
Other Payments		(633,906)	(792,501)	(1,268,999)
Total Payments		<u>(27,491,640)</u>	<u>(26,916,412)</u>	<u>(31,141,878)</u>
Net Cash Inflows/(Outflows) from Operating Activities	14	<u>3,004,294</u>	<u>5,221,227</u>	<u>1,532,857</u>
Cash Flows from Investing Activities				
Proceeds from the Sale of Non-Current Assets	7	415,000	388,157	301,000
Grants/Contrib. for the development of assets	19	2,025,923	1,388,562	3,320,150
Repayment by Clubs & Institutions	10	12,289	11,709	-
Purchase of Non-Current Assets	8	(9,726,346)	(6,019,748)	(12,626,016)
Net Cash Inflows/(Outflows) from Investing Activities		<u>(7,273,134)</u>	<u>(4,231,320)</u>	<u>(9,004,866)</u>
Cash Flows from Financing Activities				
Increase (Decrease) in Deposits & Bonds Held		-	724,938	(347,903)
Borrowings	11	1,000,000	-	1,000,000
Repayment of Borrowings	11	(312,289)	(145,009)	(135,000)
Net Cash Inflows/(Outflows) from Financing Activities		<u>687,711</u>	<u>579,929</u>	<u>517,097</u>
Net Increase (Decrease) In Cash Held		<u>(3,581,129)</u>	<u>1,569,836</u>	<u>(6,954,912)</u>
Net Cash at the beginning of the Year		<u>15,831,832</u>	<u>18,125,303</u>	<u>19,695,139</u>
Cash and Cash Equivalents at the end of the Year	14	<u>12,250,703</u>	<u>19,695,139</u>	<u>12,740,227</u>

This Statement should be read in conjunction with the accompanying notes

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

1) SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of Accounting*

This statutory budget is a general purpose statutory budget and has been prepared to comply with applicable Australian Accounting Standards, other mandatory professional reporting requirements, the *Local Government Act 1995* (as amended) and the Local Government Regulations.

It has been prepared on the accrual basis under the convention of historical cost accounting except where otherwise stated.

Critical Accounting Estimates

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities 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 budget.

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

Trust Funds

The Shire acts as a collection agency for the Building Industry Authority, the Builder's Registration Board of WA, and other bodies. As the Shire performs only a custodial role in respect of those monies, they are excluded from the budget.

(c) *Classification and Capitalisation of Non-Current Assets*

Each class of property, plant and equipment and Infrastructure assets can be valued at either cost or fair value. Non-Current Assets are classified into the following categories:

- Land
- Buildings
- Furniture and Equipment (internal)
- Plant and Equipment (external)
- Infrastructure Assets - Roads and Streets
- Infrastructure Assets - Other structures
- Infrastructure Assets - Parks, Plant and Machinery
- Infrastructure Assets - Drainage
- Infrastructure Assets - Gardens

For the purpose of practicality, the following materiality thresholds have been applied, below which any expenditure on assets need not be capitalised.

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

1) SIGNIFICANT ACCOUNTING POLICIES

Land

All purchases are capitalised, but land resumed for public works need not be capitalised if the resumption cost is less than \$1,000.

Buildings

Expenses totalling less than \$3,000 on any one building in any year need not be capitalised.

Furniture and Equipment (internal)

Expenses totalling less than \$3,000 on any item in any year need not be capitalised.

Plant and Equipment (external)

Expenses totalling less than \$3,000 on any one item in any year need not be capitalised.

Infrastructure Assets – Roads and Streets

Expenses totalling less than \$5,000 on any one item in any year need not be capitalised.

Infrastructure Assets - Other Categories

Expenses totalling less than \$3,000 on any one item in any year need not be capitalised.

Tools

Expenses totalling less than \$3,000 on any one item in any year need not be capitalised.

Council has resolved that each class of property, plant, equipment and infrastructure assets are carried at cost less any accumulated depreciation with the exception of road assets. Road assets are carried at management valuation.

Land under Roads

Acquired on or before 30 June 2008 -

Council has elected not to recognise the value of lands under roads acquired on or before 30 June 2008 in accordance with AASB 1051.

Acquired on or after 1 July 2008 -

Land under roads acquired after 30 June 2008 is accounted for in accordance with AASB 116 - Property, Plant & Equipment. However, Local Government (Financial Management) Regulation 16 prohibits the recognition of land under roads as asset that is crown land, but is vested under the control or management of the local government.

Local Government (Financial Management) Regulation 4 states that where the Accounting Standard is inconsistent with the provisions of the regulations, the provisions of the regulations prevail to the extent of that inconsistency.

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

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 a basis to reflect the already consumed or expired future economic benefits.

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 significantly from that determined using fair value at reporting date.

Other non-current assets are measured on the cost basis. The carrying amount of non-current assets are reviewed annually by management to ensure that they are not in excess of the recoverable amount.

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

1) SIGNIFICANT ACCOUNTING POLICIES

(d) Depreciation of Non-Current Assets

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

Property, plant, furniture and equipment are brought to account at cost, and will be carried at net written down values.

	Residual Value	Depreciation Rate
Buildings		
Buildings	10%	3%
Stationary Plant & Equipment	5%	10%
Fixtures & Fittings	10%	9.5%
Furniture and Equipment (Internal)		
Office Furniture	10%	6.2%
Computer Hardware & Communications	0%	33.3%
Computer Software	0%	33.3%
Other Office Equipment	5%	9.5%
Plant and Equipment (external)		
Sedans & Wagons – Base Models	40%	25%
Sedans & Wagons – Executive Models	35%	30%
Utilities and 4WDs	25%	30%
Construction Plant	10%	9%
Construction Vehicles and Equipment	40%	9%
Infrastructure Assets - Roads, Streets		2% - 5%
Infrastructure Assets - Other Structures		1% - 5%
Infrastructure Assets - Drainage		1% - 2%
Infrastructure Assets - Gardens		Nil
Infrastructure Assets - Parks, Plant & Equipment		1.5% to 33.3%

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

(e) Goods and Services Tax

In accordance with recommended practice, 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 GST.

(f) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the Statement of Financial Position.

(g) Inventories

General

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

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

1) SIGNIFICANT ACCOUNTING POLICIES

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 and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the Statement of Comprehensive Income as at the time of signing a binding contract of sale.

(h) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave and annual leave are calculated as follows:

(i) Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employee's benefits to annual leave and long service leave expected to be settled within 12 months represents the amount that the council has a present obligation to pay resulting from employee's services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of the employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where the Council does not have unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

Superannuation

The Superannuation expense for the reporting period is the contribution the Shire makes to the WA Local Government Superannuation Plan which provides benefits to its employees. The plan is a cash accumulation scheme and therefore the Shire bears no liabilities in relation to the plan that might arise if it was a defined benefits scheme.

**(i) Investments and Other Financial Assets
Classification**

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit and 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.

(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. They are included in current assets, except for those with maturities greater than 12 months after the Statement of Financial Position date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

1) SIGNIFICANT ACCOUNTING POLICIES

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the Statement of Comprehensive Income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Statement of Comprehensive Income as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the Statement of Comprehensive Income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the Statement of Comprehensive Income as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss-measured as the difference between the acquisition costs and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the Statement of Comprehensive Income. Impairment losses recognised in the Statement of Comprehensive Income on equity instruments classified as available-for-sale are not reversed through the Statement of Comprehensive Income.

(j) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

1) SIGNIFICANT ACCOUNTING POLICIES

(k) 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 estimate of the recoverable amount of the asset is made in accordance with AASB 136 "Impairment of Assets" and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

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

(l) Rates, Grants, Donations and Other

Rates, grants, donations and other contributions are recognised as revenues when the Shire 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 the receipt of the rates. Control over granted assets is normally obtained upon their receipt or upon notification that a grant has been secured and the timing of commencement of control depends on the arrangements that exist between the grantor and the Shire.

Unreceived contributions over which the Shire has control are recognised as receivables.

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 and amounts pertaining to those undischarged conditions are disclosed where applicable. Where applicable, the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the Shire's operations for the current reporting period are disclosed.

(m) Trade and Other Receivables

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for uncollectible amounts.

Collectibility of trade 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.

(n) Provisions

Provisions are recognised when: The Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

(o) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Local Government prior to the end of the financial year that are unpaid and arise when the Local Government becomes obligated 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.

(p) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

1) SIGNIFICANT ACCOUNTING POLICIES

Borrowing Costs

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

(q) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under 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.

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

(s) Rounding Off Figures

All figures in this annual statutory budget, other than the 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 presentations for the current financial year.

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

2. COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM

The activities relating to the Shire's components reported in the Statement of Comprehensive Income are as follows.

GENERAL PURPOSE FUNDING

Rates Income & Expenditure, Grants Commission and Pensioners Deferred Rates, Interest, Grants and Interest on Investments.

Objectives

Provision of an efficient and cost effective rates collection service.

Minimising the rates arrears balance by utilising effective debt collection techniques.

Obtaining the highest level of General Purpose Grants possible by ensuring the Shire's position is presented effectively.

Effective management of Council's investment portfolio to obtain the best interest rates possible while protecting the principal invested.

GOVERNANCE

Members of Council & Governance (includes Audit and other costs associated with reporting to Council).

Objectives:

The provision of effective representation for the population of the Shire by:

Providing a voice for the people.

Setting the strategic direction of the Shire.

Enacting Local Laws for the good governance of the Shire.

Ensuring services are provided which meet the needs of the population.

Ensuring sound financial management of Council's resources.

Providing timely, professional advice and services to facilitate strategic planning, responsible decision making and efficient service to the public.

LAW, ORDER AND PUBLIC SAFETY

Supervision of various bylaws, fire prevention and animal control.

Objectives:

To provide an effective Community Ranger Service in accordance with the expectations of Council and the community.

To administer and control an effective fire fighting service within the Shire of Mundaring.

To provide an educational and support system for animal control and management.

HEALTH

Prevention and treatment of human illnesses, including inspection of premises/food control, immunisation and child health services.

Objectives:

To achieve a safe and healthy environment by prevention and treatment of human illnesses, including inspection of premises and food control, immunisation and child health service.

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

2. COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM

The activities relating to the Shire's components reported in the Statement of Comprehensive Income are as follows.

EDUCATION & WELFARE

Provision, management and support of services for families, children and the aged and disabled within the community; including pre-school playgroups, day care, assistance to schools, senior citizens support groups and meals on wheels. Principal and interest repayments on Council and self-supporting loans.

Objectives:

Family and Children's Services

To provide affordable quality child care services for the benefit of people who live or work in the designated area

To support Federally funded children's services with the inclusion of children who have special needs

To support families with issues pertaining to parenting

Youth Services

To develop processes which encourage the empowerment and involvement of young people in a positive way.

To encourage young people to help shape the services that they require

To provide greater availability of facilities and services to meet the needs of young people, including a focus on places to meet and unstructured activities

To create positive community perceptions of the young people of the Shire

To develop community and Council awareness of youth issues and culture

Playgroups

To assist community based family playgroups with the operation of the family playgroups and programs

To assist in the formation of new playgroups where appropriate

To link playgroups to Shire services

To facilitate the linking of playgroups to form a support group

Toy Libraries

To support the development of Toy Libraries

To supervise the part-time Toy Library Coordinator

To link playgroups to Shire services

To assist with resolution of issues as they arise from the community management committees

Aged Services

To promote and support services and activities for seniors to ensure responsiveness to identified needs.

COMMUNITY AMENITIES

Town planning and development, rubbish collection services, stormwater drainage, the provision of public conveniences, cemeteries, bus shelters and roadside furniture, sewerage disposal and litter control.

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

2. COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM

The activities relating to the Shire's components reported in the Statement of Comprehensive Income are as follows.

Objectives:

Developmental Services

To set a direction for management of the environment

To encourage community involvement in environmental protection and land and water care

To promote and ensure ecologically sustainable development

To maintain the identity of the localities in the Shire

To promote environmental management as an integral part of the education system, personal and working life, and all of Council's activities

To enable the community to lead a quality lifestyle, without inconveniencing others

To ensure Council and the community comply with relevant legislation

To achieve a safe, health and attractive environment

Protection of natural resources while respecting the rights of individuals

To provide economic, safe and environmentally acceptable waste management services

A sensible and socially responsible waste minimisation strategy

Strengthening of community waste management education, school recycling programmes, and transfer station recycling

An extension of the kerbside collection of putrescible, recycling and household waste service to all Shire areas where it is economical to do so

Development of local and regional best waste management practice in association with the East Metropolitan Regional Council

Continued improvements to the Coppin Road and Mathieson Road transfer stations to meet higher safety and environmental standards being continually reviewed and upgraded by State Government Agencies

RECREATION AND CULTURE

Objectives:

To provide and maintain the aesthetic and functional amenity of a range of recreational facilities;
to enhance the quality of life of the community; and
as viable economic units for the benefit and enjoyment of the community

Ensure the functional aesthetic and environmental amenity of parks, reserves and other open space facilities are preserved for the enjoyment of the community at an economic price and which provides for a minimisation of water and power consumption on grass area reticulation

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

2. COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM

The activities relating to the Shire's components reported in the Statement of Comprehensive Income are as follows.

TRANSPORT

Construction, maintenance and cleaning of streets, roads, bridges, drainage works, footpaths, parking facilities, traffic signs and Shire depots, including plant purchase and maintenance. Principal and interest repayments on borrowed funds.

Objectives:

To maintain or improve the existing level of service provided by the road system and to extend its useful life to its optimum level in the most efficient manner possible

Maintain roads in accordance with defined standard objectives

Gradually seal all gravel roads in the Shire

Improve road and associated stormwater drainage in a socially responsible manner to reduce erosion and improve water quality and water run-off control.

ECONOMIC SERVICES

Approval of building construction and implementation of building controls.

Objectives:

Provision of an effective Building Management service

Ensuring that building construction is undertaken in conformity with standards and local laws.

OTHER PROPERTY AND SERVICES

Private works, public works overheads, Council plant operation, materials, salaries and wages. With the exception of private works, the above activities listed are mainly summaries of costs that are allocated to all works and services undertaken by Council.

Objectives:

Provision of engineering services to the Shire to ensure infrastructure assets are maintained and upgraded in a professional and cost effective manner.

Ensuring Council's road plant is managed in a cost effective manner by both maintenance practices and programmed capital replacement.

SHIRE OF MUNDARING
Annual Budget for the Year Ending 30 June 2011

3 DETERMINATION OF ESTIMATED SURPLUS / (DEFICIENCY)
Local Government (Financial Management) Regulations 1996 Reg 31

	2008/2009 ACTUAL \$	2009/2010 FORECAST \$	2010/2011 BUDGET \$
Current Assets			
Cash and Cash Equivalents	18,125,303	19,695,139	12,740,227
Trade and Other Receivables			
- Rates Debtors	72,746	100,000	500,000
- Sanitation Debtors	55,639	60,000	31,000
- Trade Debtors	910,009	740,000	720,987
- Provision for Doubtful Debts	-	-	-
- Long Service Leave Contributions - other councils	49,204	49,204	74,878
- Scheme Costs	205	205	205
- Pool Inspection	2,897	400	39
- Inventories	118,436	97,000	200,000
	<u>19,334,439</u>	<u>20,741,948</u>	<u>14,267,336</u>
Current Liabilities			
Trade and Other payables			
- Creditors	(500,273)	(896,967)	(770,297)
- Deposits and Bonds	(725,062)	(1,450,000)	(1,102,097)
Provision Employee Benefits	(981,190)	(850,664)	(1,221,425)
	<u>(2,206,525)</u>	<u>(3,197,631)</u>	<u>(3,093,819)</u>
Net Current assets	17,127,914	17,544,317	11,173,517
Non Current Assets			
Rates Debtors - deferred	482,860	400,000	500,000
	<u>17,610,774</u>	<u>17,944,317</u>	<u>11,673,517</u>
Less Restricted Assets			
Reserves	(8,572,386)	(8,889,118)	(7,772,771)
Reserves LSL	(10,243)	(127,786)	(235,049)
Other Restricted Assets	(3,515,941)	(3,555,941)	(3,595,941)
Surplus / (Deficiency)	<u><u>5,512,204</u></u>	<u><u>5,371,472</u></u>	<u><u>69,756</u></u>

SHIRE OF MUNDARING
Annual Budget for the Year Ending 30 June 2011

NOTES TO AND FORMING PART OF THE BUDGET

	2009/2010 FORECAST	2010/2011 BUDGET
	\$	\$
4 REVENUES AND EXPENSES		
The net result was arrived at after charging / crediting the following items:		
(i) After Charging		
Depreciation -		
Buildings	680,297	690,248
Plant & Equipment	757,056	828,058
Furniture & Equipment	270,165	279,833
Infrastructure Assets - Roads, Streets	6,563,200	6,700,222
Infrastructure Assets - Other Structures	107,783	110,033
Infrastructure Assets - Parks, Plant & Machinery	371,063	378,810
Infrastructure Assets - Drainage	418,203	426,934
	<u>9,167,768</u>	<u>9,414,139</u>
Borrowing costs	<u>388,000</u>	<u>386,000</u>
(ii) After Crediting		
Interest earnings - investments		
Interest earned from Reserves	300,000	450,000
Interest earned from other funds	688,500	574,500
	<u>988,500</u>	<u>1,024,500</u>

SHIRE OF MUNDARING
Annual Budget for the Year Ending 30 June 2011

NOTES TO AND FORMING PART OF THE BUDGET

5 FEES, EXPENSES AND ALLOWANCES TO ELECTED MEMBERS	2009/2010 FORECAST \$	2010/2011 BUDGET \$
The following disclosure is made to comply with the requirements of Local Government (Financial Management) Regulations 1996 Reg 27 (l)		
Meeting Attendance Fees - (President & Councillors)	98,000	98,000
Presidential Allowance	12,000	12,000
Deputy Presidents Allowance	3,000	3,000
Elected members' Expenses -		
Travel Costs & Associated Expenses	10,000	10,000
Telecommunications	27,500	36,500
Miscellaneous	40,655	54,525
	<u>191,155</u>	<u>214,025</u>

SHIRE OF MUNDARING
Annual Budget for the Year Ending 30 June 2011

NOTES TO AND FORMING PART OF THE BUDGET

6 DEPRECIATION ON NON-CURRENT ASSETS	2009/2010 BUDGET	2009/2010 FORECAST	2010/2011 BUDGET
	\$	\$	\$
Assets, including Infrastructure Assets, have been depreciated in accordance with the Significant Accounting Policies described in Note 1(d).			
DEPRECIATION EXPENSES			
General Purpose Funding	820	820	832
Governance	464,838	464,840	477,360
Law, Order & Public Safety	262,195	262,196	266,032
Health	8,098	8,099	8,216
Education & Welfare	97,301	97,305	98,652
Community Amenities	38,335	38,335	98,896
Recreation & Culture	787,051	787,055	747,583
Transport	7,371,255	7,371,255	7,576,688
Economic Services	6,868	6,868	6,968
Other Property & Services	130,995	130,995	132,912
	<u>9,167,756</u>	<u>9,167,768</u>	<u>9,414,139</u>
7 DISPOSAL OF ASSETS	2008/2009 BUDGET	2009/2010 FORECAST	2010/2011 BUDGET
	\$	\$	\$
Proceeds from the Disposal of Assets			
Land	-	-	-
Buildings	-	-	-
Plant & Equipment	415,000	388,157	301,000
Furniture & Equipment	-	-	-
	<u>415,000</u>	<u>388,157</u>	<u>301,000</u>
Book Value on Disposal			
Land	-	-	-
Buildings	-	-	-
Plant & Equipment	403,000	388,157	301,000
Furniture & Equipment	-	-	-
	<u>403,000</u>	<u>388,157</u>	<u>301,000</u>
Profit / (Loss) on Disposal	<u>12,000</u>	<u>-</u>	<u>-</u>
Represented by:			
Profit on Disposal	15,500	-	-
Loss on Disposal	(3,500)	-	-
	<u>12,000</u>	<u>-</u>	<u>-</u>

SHIRE OF MUNDARING
Annual Budget for the Year Ending 30 June 2011

NOTES TO AND FORMING PART OF THE BUDGET

8 NON-CURRENT ASSETS	2009/2010 BUDGET	2009/2010 FORECAST	2010/2011 BUDGET
	\$	\$	\$
Acquisition of Assets, including Infrastructure Assets, have been capitalised in accordance with Australian Accounting Standards.			
CAPITAL ACQUISITIONS BY PROGRAM			
Governance	220,100	163,621	415,000
Law, Order & Public Safety	253,000	278,957	861,000
Health	24,500	26,750	62,000
Education & Welfare	418,500	419,124	148,500
Community Amenities	86,000	69,000	219,000
Recreation & Culture	2,645,122	909,084	3,586,215
Transport	5,903,123	3,902,601	6,225,800
Economic Services	1,500	500	1,500
Other Property & Services	174,500	250,112	1,107,000
	<u>9,726,345</u>	<u>6,019,749</u>	<u>12,626,015</u>
SCHEDULE OF CAPITAL OUTLAYS BY NATURE / TYPE			
Land	10,000	-	950,000
Buildings	2,129,068	958,331	3,107,015
Plant & Equipment	1,369,150	1,411,574	1,915,600
Furniture & Equipment	75,300	30,800	47,000
Infrastructure Assets - Roads, Streets	4,932,073	3,173,646	5,450,619
Infrastructure Assets - Other Structures	344,456	168,900	438,100
Infrastructure Assets - Parks Plant & Equipment	472,298	94,800	207,100
Infrastructure Assets - Drainage	254,000	44,700	320,000
Infrastructure Assets - Gardens	140,000	136,998	190,581
	<u>9,726,345</u>	<u>6,019,749</u>	<u>12,626,015</u>

SHIRE OF MUNDARING
Annual Budget for the Year Ending 30 June 2011

NOTES TO AND FORMING PART OF THE BUDGET

9 PROPERTY, PLANT & EQUIPMENT, INFRASTRUCTURE ASSETS	2009/2010 FORECAST \$	2010/2011 BUDGET \$
Land at Cost	1,231,941	2,181,941
Buildings at Cost	24,919,310	28,026,325
Less: Accumulated Depreciation	(7,976,522)	(8,666,770)
	<u>16,942,788</u>	<u>19,359,555</u>
Plant & Equipment (external) at Cost	9,981,517	11,596,117
Less: Accumulated Depreciation	(3,734,761)	(4,562,819)
	<u>6,246,756</u>	<u>7,033,298</u>
Furniture & Equipment (internal) at Cost	4,061,507	4,108,507
Less: Accumulated Depreciation	(2,959,667)	(3,239,500)
	<u>1,101,840</u>	<u>869,007</u>
Infrastructure Assets: Roads, Streets At Management Valuation	<u>122,619,049</u>	<u>121,369,446</u>
Infrastructure Assets : (#) Other Structures At Cost	5,294,544	5,732,644
Less : Accumulated Depreciation	(1,427,677)	(1,537,710)
	<u>3,866,867</u>	<u>4,194,934</u>
Infrastructure Assets : Drainage At Cost	17,510,028	17,830,028
Less : Accumulated Depreciation	(3,901,443)	(4,328,378)
	<u>13,608,585</u>	<u>13,501,650</u>
Infrastructure Assets: Parks, Plant & Machinery At Cost	12,792,523	12,999,623
Less : Accumulated Depreciation	(5,172,963)	(5,551,773)
	<u>7,619,560</u>	<u>7,447,850</u>
Infrastructure Assets : Gardens At Cost	2,004,051	2,194,632
Less : Accumulated Depreciation	-	-
	<u>2,004,051</u>	<u>2,194,632</u>
Total Property, Plant & Equipment, Infrastructure Assets Net Book Value	<u><u>175,241,436</u></u>	<u><u>178,152,312</u></u>

(#) **Other Structures** includes footpaths and other structures controlled by the Shire.

SHIRE OF MUNDARING
Annual Budget for the Year Ending 30 June 2011

NOTES TO AND FORMING PART OF THE BUDGET

10 ADVANCES TO CLUBS / INSTITUTIONS

	2009/2010 FORECAST	2010/2011 BUDGET
	\$	\$
Opening Balance	11,709	-
Add: New Loans	-	-
	11,709	-
Less: Repayments	(11,709)	-
Closing Balance	-	-

11 BORROWINGS - DEBENTURE LOANS

Opening Balance	5,368,112	5,223,103
Add: New Loan	-	1,000,000
	5,368,112	6,223,103
Less: Repayments	(145,009)	(135,000)
	5,223,103	6,088,103
Less: Principal on Self Supporting Loans to Clubs/Institutions	-	-
Net Principal Outstanding Requiring Servicing	5,223,103	6,088,103
 Represents :		
Current Liability	135,000	520,000
Non-Current Liability	5,088,103	5,568,103
	5,223,103	6,088,103

DEBENTURE LOANS RAISED DURING THE YEAR

Infrastructure Services Development	-	1,000,000
WA Treasury Corp -10 years at monthly intervals Interest rate 5.95%		
Balance of unspent loan monies at reporting date	-	-

**Budget Loan Schedule for the Year Ending
30 June 2011**

Note 11

Loan Purpose	Loan No.	Lender	Date Advanced or renegotiated	Duration (Years)	Maturity Date	Principal (\$ (or balance at last reneq.)	Interest Rate	Instalments \$ (Periods/Year)	Balance as at 1 July 2010	Loans Taken Out During Year Ending 30 June 2011	Prncpal Repayments During Year Ending 30 June 2011	Interest repayments During Year Ending 30 June 2011	Total Repayments Year Ending 30 June 2011	BALANCE AS AT 30 June 2011
Governance - Administration Building redevelopment	170	W. A Treasury Corp	31 Aug 08	20	Jul 28	\$5,500,000	6.95%	\$42,667	\$5,223,103		\$135,000	\$385,000	\$520,000	\$5,088,103
Governance - Infrastructure Development	171	W. A Treasury Corp	29 Jun 11	10	May 21	\$1,000,000	6.95%	\$7,758	\$0	\$1,000,000	\$0	\$0	\$0	\$1,000,000
Loan Liability										\$5,223,103	\$1,000,000	\$385,000	\$520,000	\$6,088,103
No Self Supporting Loans														
\$6,088,103														

SHIRE OF MUNDARING
Annual Budget for the Year Ending 30 June 2011

NOTES TO AND FORMING PART OF THE BUDGET

12 CASH AND CASH EQUIVALENTS	2009/2010 FORECAST \$	2010/2011 BUDGET \$
a) Cash on Hand and at Bank	1,195,139	740,227
Term Deposits	18,500,000	12,000,000
	<u>19,695,139</u>	<u>12,740,227</u>
b) Restricted	14,022,845	12,705,858
Unrestricted	5,672,294	34,369
	<u>19,695,139</u>	<u>12,740,227</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Loan Funds unspent at 30 June	-	-
Gravel Pit Reserve	88,385	72,796
Insurance Reserve	443,011	465,120
Plant Replacement Reserve	419,514	350,180
Civic Facilities Reserve	2,195,579	1,575,452
Information Technology Reserve	351,542	519,086
Long Service Leave Reserve	127,786	235,049
Childrens Services Reserve	723,543	759,652
Capital Investment Reserve	4,278,470	3,778,470
Capital Income Reserve	389,075	252,015
Deposits and Bonds	1,450,000	1,102,097
Fire Suppression Facilities	3,930	3,930
Public Open Space Deposits	2,043,870	2,083,870
Public Open Space Deposits TPS #6,7	50,481	50,481
Public Open Space Special Rural Zone	46,207	46,207
Subdivision Road Construction Deposits	1,385,557	1,385,557
Parking Space Deposits	25,897	25,897
	<u>14,022,845</u>	<u>12,705,858</u>

NOTES TO AND FORMING PART OF THE BUDGET

	2009/2010 FORECAST \$	2010/2011 BUDGET \$
13 RESERVES - CASH BACKED		
a) Insurance Reserve		
Opening Balance	462,239	443,011
Transfer from Accumulated Surplus	-	-
Interest applied to Reserve from Accumulated Surplus	10,772	22,109
Transfer to Accumulated Surplus	(30,000)	-
Closing Balance	443,011	465,120
Purpose: To fund a potential premium liability under a workers compensation "burning cost" insurance policy. The balance will fluctuate yearly in accordance with unfinalised insurance year claims		
b) Works Plant Replacement Reserve		
Opening Balance	503,403	419,514
Transfer from Accumulated Surplus	560,000	627,000
Interest applied to Reserve from Accumulated Surplus	11,731	20,936
Transfer to Accumulated Surplus	(655,620)	(717,270)
Closing Balance	419,514	350,180
Purpose: To fund the replacement of works plant and light vehicles. The balance will fluctuate yearly in accordance with plant replacement policy.		
c) Civic Facilities Reserve		
Opening Balance	1,802,939	2,195,579
Transfer from Accumulated Surplus	1,100,000	1,150,000
Interest applied to Reserve from Accumulated Surplus	42,014	109,573
Transfer to Accumulated Surplus	(749,374)	(1,879,700)
Transfer from Aged persons Reserve	-	-
Closing Balance	2,195,579	1,575,452
Purpose: To fund the construction and/or purchase of Public Buildings. Expenditure will reflect budgeted outgoings recorded in the Long Term Financial Plan.		
d) Information Technology Reserve		
Opening Balance	294,675	351,542
Transfer from Accumulated Surplus	50,000	150,000
Interest applied to Reserve from Accumulated Surplus	6,867	17,544
Transfer to Accumulated Surplus	-	-
Closing Balance	351,542	519,086
Purpose: To provide for the cost of updating the Shire's Information Technology		
e) Long Service Leave Reserve		
Opening Balance	10,242	127,786
Transfer from Accumulated Surplus	200,000	200,000
Interest applied to Reserve from Accumulated Surplus	239	6,377
Transfer to Accumulated Surplus	(82,695)	(99,114)
Closing Balance	127,786	235,049
Purpose: To provide a cash backing to cover Council's Long Service Leave liability. Funds to be used in accordance with annual budgeted capital expenditure.		

SHIRE OF MUNDARING
Annual Budget for the Year Ending 30 June 2011

NOTES TO AND FORMING PART OF THE BUDGET

	2009/2010 FORECAST	2010/2011 BUDGET
	\$	\$
f) Childrens Services Reserve		
Opening Balance	707,066	723,543
Transfer from Accumulated Surplus	-	-
Interest applied to Reserve from Accumulated Surplus	16,477	36,109
Transfer to Accumulated Surplus	-	-
Transfer from various reserves (above).	-	-
Closing Balance	723,543	759,652
Purpose: To provide a cash backing for the purchase of capital equipment, to provide a cash backing for preventative maintenance of buildings used by Childrens Services and to cash back employee entitlements. To allow cash surpluses to be carried forward to fund expenditure in future years.		
g) Gravel Pit Rehabilitation Reserve		
Opening Balance	130,348	88,385
Transfer from Accumulated Surplus	-	-
Interest applied to Reserve from Accumulated Surplus	3,037	4,411
Transfer to Accumulated Surplus	(45,000)	(20,000)
Closing Balance	88,385	72,796
Purpose: To provide a cash backing for the rehabilitation of the Gravel Pit.		
h) Capital Investment Reserve		
Opening Balance	4,333,696	4,278,470
Transfer from Accumulated Surplus	-	-
Interest applied to Reserve from Accumulated Surplus	100,988	213,522
Transfer to Accumulated Surplus	(55,226)	(500,000)
Transfer to Capital Income Reserve	(100,988)	(213,522)
Closing Balance	4,278,470	3,778,470
Purpose: To provide a cash backing for the advancement of the Shire Property Strategy.		
i) Capital Income Reserve		
Opening Balance	338,020	389,075
Transfer from Accumulated Surplus	-	-
Interest applied to Reserve from Accumulated Surplus	7,877	19,417
Transfer to Accumulated Surplus	(57,809)	(370,000)
Transfer from Capital Investment Reserve	100,988	213,522
Closing Balance	389,075	252,015
Purpose: To provide a cash backing for the advancement of the Shire Property Strategy.		
Total of Reserves		
Opening Balance	8,582,628	9,016,904
Transfer from Accumulated Surplus	1,910,000	2,127,000
Interest applied to Reserve from Accumulated Surplus	200,000	450,000
Transfer to Accumulated Surplus	(1,675,724)	(3,586,084)
Closing Balance	9,016,904	8,007,820

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

SHIRE OF MUNDARING
Annual Budget for the Year Ending 30 June 2011

NOTES TO AND FORMING PART OF THE BUDGET

14 NOTES TO STATEMENT OF CASH FLOWS

	2009/2010 FORECAST	2010/2011 BUDGET
	\$	\$
(a) Reconciliation of Cash and Cash Equivalents		
For the purpose of Statement of Cash Flows, the entity considers cash and cash equivalents to include cash on hand and in banks and in money market instruments net of bank overdrafts.		
Cash on Hand and at Bank	1,195,139	740,227
Term Deposits	18,500,000	12,000,000
	<u>19,695,139</u>	<u>12,740,227</u>
(b) Reconciliation of Net Cash from Operating Activities to Net Result		
Net Result	(3,069,334)	(4,224,925)
(Increase)/Decrease in Rates Debtors and Deferred Rates	55,606	(500,000)
(Increase)/Decrease in Sanitation Debtors	(4,361)	29,000
(Increase)/Decrease in Stock On Hand	21,438	(103,000)
(Increase)/Decrease in Accrued Interest Income	19,888	200,000
(Increase)/Decrease in Other Receivables	219,031	(136,299)
Depreciation and Amortisation	9,167,768	9,414,139
(Profit)/Loss on disposal of Non-current Assets	-	-
Increase/(Decrease) in Employee Entitlements	(83,559)	394,091
Increase/(Decrease) in Accrued Interest Expense	-	-
Increase/(Decrease) in Other Operating Creditors	349,727	(150,000)
GST Movements	(66,415)	(70,000)
Grants/Contributions for the development of assets	(1,388,562)	(3,320,150)
Net Cash from Operating Activities	<u>5,221,227</u>	<u>1,532,857</u>

SHIRE OF MUNDARING
Annual Budget for the Year Ending 30 June 2011

NOTES TO AND FORMING PART OF THE BUDGET

15 RESTRICTED ASSETS	2009/2010 FORECAST \$	2010/2011 BUDGET \$
a) Fire Suppression Facilities		
Opening Balance	3,930	3,930
Deposits	0	0
Interest Earned	0	0
Expenditure	0	0
Closing Balance	<u>3,930</u>	<u>3,930</u>
b) Public Open Space Deposits		
Opening Balance	2,003,870	2,043,870
Deposits	40,000	40,000
Interest Earned	0	0
Expenditure	0	0
Closing Balance	<u>2,043,870</u>	<u>2,083,870</u>
c) Public Open Space Deposits Scheme No 6, 7		
Opening Balance	50,481	50,481
Deposits	0	0
Interest Earned	0	0
Expenditure	0	0
Closing Balance	<u>50,481</u>	<u>50,481</u>
d) Public Open Space Deposits Special Rural Zone		
Opening Balance	46,207	46,207
Deposits	0	0
Interest Earned	0	0
Expenditure	0	0
Closing Balance	<u>46,207</u>	<u>46,207</u>
e) Subdivision Road Construction Deposits		
Opening Balance	1,385,557	1,385,557
Deposits	0	0
Interest Earned	0	0
Expenditure	0	0
Closing Balance	<u>1,385,557</u>	<u>1,385,557</u>
f) Parking Space Deposits		
Opening Balance	25,897	25,897
Deposits	0	0
Interest Earned	0	0
Expenditure	0	0
Closing Balance	<u>25,897</u>	<u>25,897</u>
TOTAL RESTRICTED ASSETS		
Opening Balance	3,515,941	3,555,941
Deposits	40,000	40,000
Interest Earned	0	0
Expenditure	0	0
Closing Balance	<u><u>3,555,941</u></u>	<u><u>3,595,941</u></u>

SHIRE OF MUNDARING
Annual Budget for the Year Ending 30 June 2011

NOTES TO AND FORMING PART OF THE BUDGET

16 CREDIT STANDBY ARRANGEMENTS

**2009/2010
FORECAST
\$**

**2010/2011
BUDGET
\$**

Council established an overdraft facility with Westpac Banking Corporation in 1998. Council has resolved in each succeeding year to maintain the overdraft facility.

Bank Overdraft Limit	1,000,000	1,000,000
Bank Overdraft at Reporting Period	-	-
The Amount of Credit Unused	<u>1,000,000</u>	<u>1,000,000</u>
 The above Overdraft Facility is for the 'Municipal Fund' for its normal course of operation	 <u>1,000,000</u>	 <u>1,000,000</u>

NOTES TO AND FORMING PART OF THE BUDGET

17 FINANCIAL PERFORMANCE INDICATORS	2009/2010 FORECAST	2010/2011 BUDGET
Rate Coverage Ratio	56.30%	57.39%
Outstanding Rates Ratio	2.74%	5.10%
Debt Service Ratio	1.77%	1.66%

Formulae for Calculation of Ratios:

(a) Rate Coverage Ratio

Purpose: To assess the degree of dependence upon revenues from rates.

$\frac{\text{Net Rate Revenue}}{\text{Operating Revenue}}$ Expressed as a percentage

(b) Outstanding Rates Ratio

Purpose: To assess the impact of uncollected rates on liquidity and the adequacy of recovery efforts.

$\frac{\text{Rates Outstanding}}{\text{Rates collectable}}$ Expressed as a percentage

(c) Debt Service Ratio

Purpose: To assess the the degree to which revenues are committed to the repayment of debt.

$\frac{\text{Debt Service Costs}}{\text{Available Operating Revenue}}$ Expressed as a percentage

18 STATISTICAL COMPARISONS	2009/2010 FORECAST \$	2010/2011 BUDGET \$	Increase/ (Decrease)
Rate Revenue	17,633,550	19,032,871	7.94%
General Purpose Grants	2,961,400	2,279,200	-23.04%
Interest Earnings	988,500	1,024,500	3.64%
Loan Repayments:			
Interest	387,000	385,000	-0.52%
Principal	145,009	135,000	-6.90%
TOTAL	<u>532,009</u>	<u>520,000</u>	
Loan Principal Outstanding	<u>5,223,103</u>	<u>6,088,103</u>	16.56%

SHIRE OF MUNDARING
Annual Budget for the Year Ending 30 June 2011

Note 19 GRANTS and SUBSIDIES

Government grants and contributions paid to the Shire for various works and services.

Description	2009/2010 BUDGET	2009/2010 FORECAST	2010/2011 BUDGET
Grants, Contributions & Subsidies	\$	\$	\$
Capital Grants			
015215 GRANT - SEDO SOLAR PANELS ADMIN CENTRE	40,000	0	40,000
016122 GRANT - MOUNTAIN BIKE TRAIL	22,000	15,376	0
016127 CONTRIBUTION RECEIVED - ESL CAPITAL GRANTS	220,000	220,000	652,000
016130 GRANT - ROADS TO RECOVERY	462,000	462,000	462,000
016135 GRANT - STATE ROADS	135,000	137,453	137,000
016136 GRANT - METRO ROAD	0	0	496,435
016156 BLACK SPOT FUNDING (07/08) - MORRISON RD	0	73,600	
016157 BLACK SPOT FUNDING (07/08) - COULSTON RD	0	44,133	0
016159 GRANT - LIONEL ROAD - TOURIST/TRUCK EMBAYMENT	10,000	0	22,211
016160 GRANT - REGIONAL LOCAL COMMUNITY PROGRAM (RLC)	0	311,000	0
016164 GRANT - BROWN PARK YOUTH CTR LOTTERYWEST	750,000	0	750,000
016165 GRANT - BROWN PARK YOUTH CTR OMCF	100,000	0	100,000
016166 GRANT - BROWN PARK YOUTH CTR CCAFF	186,923	0	186,923
016170 GRANT - LAKE LESCHENAULTIA DAM WALL LOTTERYWE	100,000	100,000	0
016176 GRANT - SAWYERS VALLEY VBFB FIRE STATION (FESA)	0	0	150,000
016180 BLANCHARD ROAD CONTRIBUTION FROM SWAN	0	0	115,000
016181 CHIDLOW VILLAGE GREEN - OMCF	0	0	61,581
016182 GRANT - NATIONAL PARK ROAD	0	25,000	0
016184 GRANT - (STATE) MT HELENA AQUATIC	0	0	147,000
Total Capital Grants	2,025,923	1,388,562	3,320,150

Capital Grants by Function			
RECREATION AND CULTURE	1,158,923	115,376	1,245,504
TRANSPORT	607,000	1,053,186	1,232,646
LAW, ORDER, PUBLIC SAFETY	220,000	220,000	802,000
GOVERNANCE	40,000	0	40,000
Total Capital Grants by Function	2,025,923	1,388,562	3,320,150

Operating Grants			
010005 GENERAL PURPOSE GRANT	2,140,000	2,161,400	1,669,200
010006 FORMULA LOCAL ROAD GRANT	810,000	800,000	810,000
010062 GRANT - OPERATIONAL	74,000	74,000	78,220
010063 GRANT - CHILD CARE BENEFIT	600,000	600,000	650,000
010064 GRANT - DAY CARE OPERATING	184,000	184,000	190,000
010122 GOVERNMENT GRANT POOLS	3,000	3,000	3,000
010239 STREET LIGHTING GRANT	18,000	18,000	18,000
010318 SPECIAL BRIDGE GRANT	66,000	0	66,000
010334 GRANT - OMCF / LOTTERYWEST	60,826	0	0
010346 SUNDRY - BILGOMAN POOL	4,000	0	0
010363 GRANT - YOUTH WEEK / ENGAGEMENT PROJECT	0	5,000	0
010434 GRANT - SPECIAL NEEDS SUBSIDY	10,000	0	5,000
010442 GRANT OPERATIONAL	2,000	49,000	0
010522 ESL GRANT	266,542	266,542	284,875
010529 SENIORS WEEK GRANT	500	3,500	1,100
010553 GRANT CRIME PREVENTION PLANNING	1,200	1,200	1,200
010562 GRANT - TREK THE TRAIL	36,000	29,500	34,000
010563 GRANT - CONSTABLE CARE	4,400	4,400	4,625
010589 GRANT ENGINEERING TRAINEE	0	1,250	0
010625 GRANT FUNDS RECEIVED FOR FRIENDS GROUPS	0	6,952	0
010637 GRANT - TRUFFLE FESTIVAL	22,000	22,000	0
010641 GRANT - GENERAL PURPOSE INCOME	14,000	0	0
010661 GRANT - STAY ON YOUR FEET	0	0	500
010664 GRANT - BUSHLAND REHABILITATION PROJECTS	0	8,924	0
010666 GRANT - MUNDARING MEN'S SHED NO. 1	0	0	37,000
016149 GRANT - TRAIL MARKETING AND PROMOTION	0	26,879	39,273
Total Operating Grants	4,316,468	4,265,547	3,669,993
Total Grants	6,342,391	5,654,109	6,990,143

SHIRE OF MUNDARING
Annual Budget for the Year Ending 30 June 2011

NOTES TO AND FORMING PART OF THE BUDGET

20 SUMMARY OF FEES AND CHARGES	2009/2010 FORECAST \$	2010/2011 BUDGET \$
General Purpose Funding		
Instalment Charge	105,000	110,000
Law, Order & Public Safety		
Bushfire Fines & Infringements	12,000	5,000
Dog Fines	3,500	8,850
Dog Licences	62,000	60,000
Impoundment Fees	8,500	8,500
Vehicle By-Law Infringements	2,000	1,500
Litter Infringements	-	500
Health		
Fees & Charges	6,000	47,000
Licences	3,907	3,927
Inspection Fees	30,000	30,000
Welfare & Education		
Childcare Fees	873,000	1,184,750
Leases	8,000	8,000
Community Amenities		
Fines	-	5,000
Town Planning Fees	210,200	191,000
Refuse Disposal	2,866,223	3,102,258
Cemetery Charges	26,200	24,800
Recreation & Culture		
Hire of Halls and Ovals	183,650	186,450
Swimming Facility Fees	282,200	289,350
Entry to Lake Leschenaultia	130,000	125,000
Childrens Holiday Program	36,400	36,400
Leases	2,400	7,000
Sale of Water	35,000	35,000
Other	31,300	29,950
Economic Services		
Building Licences & Fees	470,350	436,500
Building Fines & Costs	16,400	16,000
Total	<u>5,404,230</u>	<u>5,952,735</u>

SHIRE OF MUNDARING
Annual Budget for the Year Ending 30 June 2011

NOTES TO AND FORMING PART OF THE BUDGET

21 TRUST FUNDS	2009/2010 FORECAST \$	2010/2011 BUDGET \$
Funds over which the Shire has no control and which are not included in the Annual Budget are as follows:		
Scheme Costs # 6 & # 7	30,593	30,893
	<u>30,593</u>	<u>30,893</u>
Movements:-		
Opening Balance – Scheme Costs #6, 7	30,293	30,593
Opening Balance – Building Construction Industry Training Levy	-	-
Opening Balance – Builders Registration Board Levy	-	-
Receipts:-		
Scheme Costs # 6, 7 (Interest)	300	300
Building Construction Industry Training Levy	120,000	120,000
Builders Registration Board - Levy	36,500	35,000
Payments:-		
Building Construction Industry Training Levy	(120,000)	(120,000)
Builders Registration Board - Levy	(36,500)	(35,000)
Scheme Costs #6, 7	-	-
	<u>30,593</u>	<u>30,893</u>

Purpose:-

- a) Building Construction Industry Training Levy – a BCITF Levy is paid on approval of a building application, it is collected by the Shire and paid monthly to the Building Industry Authority.
- b) Builders Registration Board Levy - this levy is collected in accordance with the Builders' Registration Act and is charged on all building licences and forwarded to the Builders' Registration Board of WA monthly.
- c) Scheme Costs – are contributions paid by present developers of property within specific scheme areas to cover the costs previously borne by the original developers for infrastructure, road upgrading, legal fees, survey costs and drainage during the development of those areas.

SHIRE OF MUNDARING
Annual Budget for the Year Ending 30 June 2011

NOTES TO AND FORMING PART OF THE BUDGET

22 RATING INFORMATION
(a) GENERAL PURPOSE FUNDING INCOME

2009/2010 Budgeted Yield	Particulars	Count	Rate Class.	Cents in \$	Rateable Land Value	2009/2010 Forecast Yield	2010/2011 Budgeted Yield
\$					\$	\$	\$
	Rate Revenue						
	General Rate GRV						
1,354,263	Commercial	254	GRV	9 57000	15,269,931	1,354,263	1,461,332
915,368	Light Industrial	270	GRV	9 57000	10,453,312	915,368	1,000,382
10,359,769	Residential	10,026	GRV	9 57000	118,258,252	10,359,769	11,317,315
3,342,688	RLL Residential	2,805	GRV	9 57000	37,518,903	3,342,688	3,590,559
193,108	Rural & SP Residential	132	GRV	9 57000	2,150,362	193,108	205,790
	General Rate UV						
613,553	Rural	211	UV	0.38000	160,985,000	613,553	611,743
0	Mining Lease	0	UV	0.38000	0	0	0
	Minimum Rate GRV						
9,100	Commercial	12	GRV	\$750	79,823	9,100	9,000
14,700	Light Industrial	19	GRV	\$750	126,917	14,700	14,250
531,300	Residential	759	GRV	\$750	5,387,041	531,300	569,250
72,100	RLL Residential	103	GRV	\$750	734,226	72,100	77,250
4,200	Rural & SP Residential	6	GRV	\$750	41,592	4,200	4,500
	Minimum Rate UV						
0	Rural	0	UV	\$750	0	0	0
1,400	Mining Lease	2	UV	\$750	18,465	1,400	1,500
17,411,550	RATES	14,599			287,709,556	17,411,550	18,862,871
119,000	INTERIMS					119,000	62,500
0	RATES PREVIOUS YEARS					0	0
17,530,550	Total Rates Levied					17,530,550	18,925,371
(2,000)	Less Rates (Written Off)/Recovered					(2,000)	(2,500)
17,528,550	Total Rates Income					17,528,550	18,922,871
0	RATES SUSPENSE					0	0
0	CASH RECEIPTS ROUNDING					0	0
105,000	INSTALMENT CHARGE					105,000	110,000
17,633,550	Total Amount Made Up From Rates					17,633,550	19,032,871
	General Purpose Income						
2,950,000	GENERAL PURPOSE GRANTS					2,961,400	2,279,200
	Other General Purpose Income						
450,000	INTEREST MUNICIPAL					450,000	450,000
531,994	INTEREST OTHER					531,994	570,000
10,000	RATES COLLECTION					10,000	6,505
21,575,544	Total General Purpose Income					21,586,944	22,338,576

22 RATING INFORMATION
(b) OTHER INCOME

The following incentives are offered to ratepayers during the financial year:-

1st	First prize - a Shire cheque for \$2000.
2nd - 10th	Second to tenth prize - Shire cheque of \$1,000 each.
11th	Eleventh prize - a Bonus Saver Account worth \$1,000.

One of the following prizes in order of draw:

Aspen Parks - one nights free accommodation in a Standard Family Cabin (1 prize)
Club Sierra Health and Fitness Centre - Three Month Membership (3 Prizes)
Groove Music Voucher \$50 (2 prizes)
Mundaring Weir Hotel - accommodation(Sat Night) for two adults valued a \$135 - excludes concert season (1 Prize)
WASO double pass tickets to Classics Concert "Lazarev conducts Tchaikovsky (2 prizes)
Annual Membership to Mundaring Arts Centre including a voucher of \$50 (1 Prize)
Brook Restaurant \$100 Meal Voucher (1 Prize)
Eagle Boys Pizza - two pizzas, garlic bread and drink (10 prizes)
Annual entry pass to lake Leschenaultia
Season tickets to Shire of Mundarings swimming pools (3 Prizes)

Ratepayers other than Councilors, Government organisations and staff who pay their rates in full by 13 August 2010 will be automatically entered into the draw. The computer will randomly select winners for the above prizes.

The cost to Council in relation to the rates incentive competition is \$11,000 being \$2,000 towards the first prize and nine cash prizes of \$1,000. In addition \$270 in income foregone for pool entry, \$300 in income forgone for entry to lake Leschenaultia and \$350 for printing.

There are two options offered for the payment of rates:-

- a) In full by 13 August 2010
- b) Payment by four instalments being due on
 - 13 Aug 2010 1st Instalment
 - 15 Oct 2010 2nd Instalment
 - 17 Dec 2010 3rd Instalment
 - 18 Feb 2011 4th Instalment

- c) A payment arrangement agreed under section 6.49 of the *Local Government Act 1995*.

An administrative charge of \$20.00 is levied where rates payment is made by the four instalments option. Budget 2010/2011 \$110,000.
No interest is levied for payment by instalment.

Ratepayers who enter an agreement to pay rates as provided in Section 6.49 of the Act are not levied an administrative charge but interest is paid on the rates balance outstanding until it is paid in full.

Overdue interest charges of 10% per annum will be applied on a daily basis for any rate payment outstanding after it is due and payable.

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NOTES TO AND FORMING PART OF THE BUDGET

	2009/2010 FORECAST \$	2010/2011 BUDGET \$
23 TRADING UNDERTAKINGS		
Local Government (Financial Management) Regulations 1996 Reg 27(i)		
There were no trading undertakings in the Budget	Nil	Nil
24 MAJOR LAND TRANSACTIONS		
Local Government (Financial Management) Regulations 1996 Reg 27(k)		
There were no major land transactions in the Budget		
25 CONTINGENT LIABILITY	Nil	Nil
26 COMMITMENTS	Nil	Nil
27 UNUSED LOAN FACILITIES	Nil	Nil

NOTES TO AND FORMING PART OF THE BUDGET

28 FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

Council's exposure to interest rate risk is considered minimal. The only financial instrument subject to fluctuations in interest rates is the cash balance. All other balances are governed by fixed rates of interest.

Council's accounting policies including the terms and conditions of each class of financial asset and liability recognised at balance date are:

(1) Receivables

Trade receivables are carried at nominal amounts due less any provision for doubtful debts. The provision is raised based upon identified receivables whose collection is no longer considered probable. Credit terms offered are 30 days net.

(2) Rates Debtors

The credit terms relating to rates debtors are in accordance with the legislative requirements of the *Local Government Act 1995* and are detailed separately under "Rating Information".

(3) Trade Creditors

Liabilities are recognised for amounts to be paid in the future for goods and services supplied to Council irrespective of whether or not the amounts have yet been billed.

Trade creditors are normally settled on 30 day terms. Remittances to the Australian Taxation Office are made in accordance with current legislative requirements.

(b) Net Fair Value

The carrying amount of financial assets and financial liabilities recorded, represents their respective net fair values determined in accordance with the accounting policies disclosed in note 1.

(c) Credit Risk Exposure

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to Council. The Council does not have significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. The carrying amount of financial assets recorded, net of any provisions or losses, represent the Council's maximum exposure to credit risk with the exception of rates debtors.

The credit risk exposure in relation to rates debtors is zero because of the powers granted by the *Local Government Act 1995* giving Council the capacity to seize rateable land upon which payment of rates is more than 3 years in arrears.

Council is not exposed to any significant industry concentration of credit risk in respect to receivables. Whilst the majority of rates debtors are geographically concentrated within the local government, this government, this is not considered to represent any credit risk.