

SHIRE OF MUNDARING

ANNUAL BUDGET 2011/12

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

We hereby certify that the Statutory 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 26 July 2011.

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.



**Helen Dullard
SHIRE PRESIDENT**



**Jonathan Throssell
CHIEF EXECUTIVE OFFICER**

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

STATEMENT OF COMPREHENSIVE INCOME (BY PROGRAM)

	Note	2010/11 BUDGET \$	2010/11 FORECAST \$	2011/12 BUDGET \$
REVENUE				
General Purpose Funding	21	22,338,576	23,816,832	23,937,219
Governance		108,500	128,377	75,800
Law, Order & Public Safety		354,925	388,410	375,813
Health		76,077	54,694	58,150
Education & Welfare		2,887,095	3,293,572	3,420,461
Community Amenities		3,326,058	3,477,366	3,623,174
Recreation and Culture		888,623	942,402	1,193,507
Transport		138,000	456,593	323,346
Economic Services		286,750	246,950	287,900
Other Property and Services		886,757	1,298,394	1,805,084
		<u>31,291,361</u>	<u>34,103,590</u>	<u>35,100,454</u>
EXPENSES (Excluding borrowing costs)				
General Purpose Funding		(947,271)	(945,973)	(761,655)
Governance		(3,853,383)	(2,981,541)	(4,923,494)
Law, Order & Public Safety		(1,640,996)	(1,672,391)	(1,937,516)
Health		(626,188)	(572,166)	(638,730)
Education & Welfare		(4,292,753)	(4,634,740)	(5,087,651)
Community Amenities		(6,331,442)	(5,922,483)	(6,774,640)
Recreation and Culture		(6,697,364)	(6,516,306)	(6,838,267)
Transport		(11,867,407)	(11,690,392)	(10,786,161)
Economic Services		(700,881)	(654,505)	(659,650)
Other Property and Services		(1,493,750)	(2,194,883)	(2,424,380)
		<u>(38,451,436)</u>	<u>(37,785,380)</u>	<u>(40,832,144)</u>
Increase/(Decrease)		(7,160,075)	(3,681,790)	(5,731,690)
BORROWING COSTS				
Education & Welfare		-	-	-
Governance		(385,000)	(363,000)	(350,000)
		<u>(385,000)</u>	<u>(363,000)</u>	<u>(350,000)</u>
NON OPERATING GRANTS/CONTRIBUTIONS				
Law, Order & Public Safety		802,000	667,000	752,818
Recreation and Culture		1,245,504	908,783	223,673
Governance		40,000	42,500	10,000
Transport		1,232,646	865,274	1,445,295
	19	<u>3,320,150</u>	<u>2,483,557</u>	<u>2,431,786</u>
PROFIT/(LOSS) ON DISPOSAL OF ASSETS				
Community Amenities		-	6,222	-
Recreation and Culture		-	(566)	-
Transport		-	(7,483)	-
Economic Services		-	-	-
Other Property and Services		-	(369)	-
Governance		-	(8,623)	-
Law, Order & Public Safety		-	14,713	-
Health		-	(3,383)	-
Education & Welfare		-	(2,394)	-
	7	<u>-</u>	<u>(1,883)</u>	<u>-</u>
NET RESULTS		<u>(4,224,925)</u>	<u>(1,563,116)</u>	<u>(3,649,904)</u>
Other Comprehensive Income		-	-	-
TOTAL COMPREHENSIVE INCOME		<u>(4,224,925)</u>	<u>(1,563,116)</u>	<u>(3,649,904)</u>

This Statement should be read in conjunction with the accompanying notes

SHIRE OF MUNDARING
Annual Budget for the Year Ending 30 June 2012

STATEMENT OF COMPREHENSIVE INCOME (BY NATURE OR TYPE)

	Note	2010/2011 BUDGET \$	2010/2011 FORECAST \$	2011/2012 BUDGET \$
REVENUE				
Rates	21	18,925,371	18,985,371	20,994,714
Grants and Subsidies - Operating	19	3,669,993	5,005,095	3,729,897
Contributions, Reimbursements & Donations		692,800	750,501	699,600
Fees and Charges	20	5,952,735	6,097,084	6,401,901
Interest Earnings	4	1,024,500	1,374,500	1,039,500
Other Revenue		1,025,962	1,891,039	2,234,842
		<u>31,291,361</u>	<u>34,103,590</u>	<u>35,100,454</u>
EXPENSES				
Employee Costs		(11,263,944)	(11,337,566)	(12,828,699)
Materials and Contracts		(13,809,057)	(13,995,010)	(15,197,340)
Utility Charges		(857,410)	(847,203)	(1,001,180)
Depreciation on Non Current Assets	6	(9,414,139)	(9,418,051)	(8,502,026)
Interest Expenses		(386,000)	(363,000)	(350,000)
Insurance Expenses		(835,446)	(752,359)	(880,361)
Other Expenses		(2,270,440)	(1,435,191)	(2,422,538)
		<u>(38,836,437)</u>	<u>(38,148,380)</u>	<u>(41,182,143)</u>
Increase/(Decrease)		(7,545,075)	(4,044,790)	(6,081,690)
Non Operating Grants and Contributions	19	3,320,150	2,483,557	2,431,786
DISPOSAL OF ASSETS				
Proceeds of Sale		301,000	307,958	647,500
Book Value		(301,000)	(309,841)	(647,500)
Profit (Loss) on Disposal	7	<u>-</u>	<u>(1,883)</u>	<u>-</u>
NET RESULTS		(4,224,925)	(1,563,116)	(3,649,904)
Other Comprehensive Income		-	-	-
TOTAL COMPREHENSIVE INCOME		<u>(4,224,925)</u>	<u>(1,563,116)</u>	<u>(3,649,904)</u>

This Statement should be read in conjunction with the accompanying notes

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

RATE SETTING STATEMENT

	Note	2010/11 BUDGET \$	2010/11 FORECAST \$	2011/12 BUDGET \$
EXPENSES				
General Purpose Funding		(947,271)	(945,973)	(761,655)
Governance		(3,853,383)	(2,981,541)	(4,923,494)
Law, Order & Public Safety		(1,640,996)	(1,672,391)	(1,937,516)
Health		(626,188)	(572,166)	(638,730)
Education & Welfare		(4,292,753)	(4,634,740)	(5,087,651)
Community Amenities		(6,331,442)	(5,922,483)	(6,774,640)
Recreation and Culture		(6,697,364)	(6,516,306)	(6,838,267)
Transport		(11,867,407)	(11,690,392)	(10,786,161)
Economic Services		(700,881)	(654,505)	(659,650)
Other Property and Services		(1,493,750)	(2,194,883)	(2,424,380)
		<u>(38,451,436)</u>	<u>(37,785,380)</u>	<u>(40,832,144)</u>
Borrowing Costs		(385,000)	(363,000)	(350,000)
		<u>(38,836,436)</u>	<u>(38,148,380)</u>	<u>(41,182,144)</u>
REVENUE (Excluding Rates)				
General Purpose Funding (Exc Rates)		3,413,205	4,831,461	2,942,507
Governance		108,500	128,377	75,800
Law, Order & Public Safety		354,925	388,410	375,813
Health		76,077	54,694	58,150
Education & Welfare		2,887,095	3,293,572	3,420,461
Community Amenities		3,326,058	3,477,366	3,623,174
Recreation and Culture		888,623	942,402	1,193,507
Transport		138,000	456,593	323,346
Economic Services		286,750	246,950	287,900
Other Property and Services		886,757	1,298,394	1,805,084
		<u>12,365,991</u>	<u>15,118,219</u>	<u>14,105,742</u>
NET		(26,470,445)	(23,030,161)	(27,076,402)
Write Back Non-Cash Items - Depreciation	6	9,414,139	9,418,052	8,502,025
Grants/Contributions - for Development of Assets	19	3,320,150	2,483,557	2,431,786
Funds Demand from Operations		<u>(13,736,156)</u>	<u>(11,128,552)</u>	<u>(16,142,591)</u>
ACQUISITION OF NON-CURRENT ASSETS				
Land		(950,000)	(225,908)	(730,000)
Buildings		(3,107,016)	(2,109,972)	(1,721,924)
Plant & Equipment		(1,915,600)	(1,802,031)	(2,099,990)
Furniture & Equipment		(47,000)	(32,757)	(40,723)
Infrastructure Assets - Roads, Streets		(5,450,619)	(2,233,882)	(5,406,474)
Infrastructure Assets - Other Structures		(438,100)	(305,783)	(504,700)
Infrastructure Assets - Parks Plant & Equipment		(207,100)	(41,499)	(97,865)
Infrastructure Assets - Drainage		(320,000)	(118,200)	(95,800)
Infrastructure Assets - Gardens		(190,580)	(117,018)	(93,562)
	8	<u>(12,626,015)</u>	<u>(6,987,050)</u>	<u>(10,791,038)</u>

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

RATE SETTING STATEMENT (continued)

	Note	2010/11 BUDGET \$	2010/11 FORECAST \$	2011/12 BUDGET \$
Deferred Rates Adj			(21,221)	(12,536)
Proceeds from Sale of Assets	7	301,000	307,958	647,500
Self-Supporting Advances	10	-	-	-
Self-Supporting Loan Repayments	10	-	-	-
Funding to Reserves	13	(2,577,000)	(3,306,461)	(3,008,741)
Restricted Assets Movements		(40,000)	(165,764)	-
Prov for Employee Benefits (Non current) adj		-	8,546	200,000
Debt Redemption	11	(135,000)	(151,000)	(162,000)
Closing Funds - Surplus	3	(69,756)	(3,943,386)	(9,026)
		<u>(2,520,756)</u>	<u>(7,271,328)</u>	<u>(2,344,803)</u>
Demand from Resources		<u>(28,882,927)</u>	<u>(25,386,930)</u>	<u>(29,278,432)</u>
FUNDING SOURCES				
Opening Funds - Surplus	3	5,371,472	4,230,743	3,943,386
Loan Funds	11	1,000,000	-	1,100,000
Reserves	13	3,586,084	2,170,816	3,240,334
		<u>9,957,556</u>	<u>6,401,559</u>	<u>8,283,720</u>
AMOUNT MADE UP FROM RATES		<u><u>(18,925,371)</u></u>	<u><u>(18,985,371)</u></u>	<u><u>(20,994,712)</u></u>

This Statement should be read in conjunction with the accompanying notes

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

STATEMENT OF CASH FLOWS

	Note	2010/11 BUDGET \$	2010/11 FORECAST \$	2011/12 BUDGET \$
Cash Flows from Operating Activities				
RECEIPTS				
Rates		18,454,371	18,761,054	20,800,842
Fees & Charges		5,702,109	6,104,785	6,591,811
Contributions, Reimbursements & Donations		729,800	770,501	719,600
Interest Received		1,224,500	1,409,500	1,189,500
Other Income		1,025,962	2,005,539	2,360,092
Grants - Operating		3,869,993	5,170,095	3,909,897
GST Refund		1,668,000	1,500,179	1,609,374
Total Receipts		<u>32,674,735</u>	<u>35,721,653</u>	<u>37,181,115</u>
PAYMENTS				
Employee Costs		(10,895,527)	(11,019,859)	(13,441,614)
Utilities (Gas, Electricity, Water etc)		(917,410)	(873,703)	(1,061,180)
Interest Paid		(386,000)	(363,000)	(350,000)
Materials & Contracts		(15,662,057)	(15,149,076)	(16,945,655)
Insurance Expenses		(835,446)	(812,359)	(880,361)
Subsidy Payments		(1,176,439)	(1,158,951)	(1,181,500)
Other Payments		(1,268,999)	(293,517)	(1,580,322)
Total Payments		<u>(31,141,878)</u>	<u>(29,670,465)</u>	<u>(35,440,632)</u>
Net Cash Inflows/(Outflows) from Operating Activities	14	<u>1,532,857</u>	<u>6,051,188</u>	<u>1,740,484</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale of Non-Current Assets	7	301,000	307,958	647,500
Grants/Contrib. for the development of assets	19	3,320,150	2,483,557	2,431,786
Purchase of Non-Current Assets	8	(12,626,016)	(6,987,049)	(10,791,039)
Net Cash Inflows/(Outflows) from Investing Activities		<u>(9,004,866)</u>	<u>(4,195,534)</u>	<u>(7,711,753)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (Decrease) in Deposits & Bonds Held		(347,903)	-	-
Payment to Trust Fund		-	(5,311,647)	-
Borrowings	11	1,000,000	-	1,100,000
Repayment of Borrowings	11	(135,000)	(151,000)	(162,000)
Net Cash Inflows/(Outflows) from Financing Activities		<u>517,097</u>	<u>(5,462,647)</u>	<u>938,000</u>
Net Increase (Decrease) in Cash Held		(6,954,912)	(3,606,993)	(5,033,269)
Net Cash at the beginning of the Year		19,695,139	19,940,262	16,333,269
Cash and Cash Equivalents at the end of the Year	14	<u>12,740,227</u>	<u>16,333,269</u>	<u>11,300,000</u>

This Statement should be read in conjunction with the accompanying notes

SHIRE OF MUNDARING
Annual Budget for the year ending 30 June 2012

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

1. SIGNIFICANT ACCOUNTING POLICIES

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

(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 (eg. 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.

SHIRE OF MUNDARING
Annual Budget for the year ending 30 June 2012

NOTES TO AND FORMING PART OF THE ANNUAL 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.

Land

All purchases are capitalised, but land resumed for public works need not be capitalised if the resumption cost is less than \$1000.

Buildings

Expenses totalling less than \$3000 on any one building in any year need not be capitalised.

Furniture and Equipment (internal)

Expenses totalling less than \$3000 on any item in any year need not be capitalised.

Plant and Equipment (external)

Expenses totalling less than \$3000 on any one item in any year need not be capitalised.

Infrastructure Assets – Roads and Streets

Expenses totalling less than \$5000 on any one item in any year need not be capitalised.

Infrastructure Assets - Other Categories

Expenses totalling less than \$3000 on any one item in any year need not be capitalised

Tools

Expenses totalling less than \$3000 on any one item in any year need not be capitalised.

SHIRE OF MUNDARING
Annual Budget for the year ending 30 June 2012

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

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.

(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.

SHIRE OF MUNDARING
Annual Budget for the year ending 30 June 2012

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

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

	Depreciation Rate %
Buildings	
Buildings	3
Stationary Plant & Equipment	3 - 10
Fixtures & Fittings	9 - 33
Furniture and Equipment (Internal)	
Office Furniture	9 - 33
Computer Hardware & Communications	9 - 33
Computer Software	9 - 33
Other Office Equipment	9 - 33
Plant and Equipment (external)	
Sedans & Wagons – Base Models	20 - 30
Sedans & Wagons – Executive Models	20 - 30
Utilities and 4WDs	10 - 30
Construction Plant	5 - 10
Construction Vehicles and Equipment	5 - 10
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 - 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.

SHIRE OF MUNDARING
Annual Budget for the year ending 30 June 2012

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

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.

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.

SHIRE OF MUNDARING
Annual Budget for the year ending 30 June 2012

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

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.

SHIRE OF MUNDARING
Annual Budget for the year ending 30 June 2012

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

(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.

SHIRE OF MUNDARING
Annual Budget for the year ending 30 June 2012

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

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.

(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.

SHIRE OF MUNDARING
Annual Budget for the year ending 30 June 2012

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

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.

Collectability 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.

SHIRE OF MUNDARING
Annual Budget for the year ending 30 June 2012

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

(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.

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.

SHIRE OF MUNDARING
Annual Budget for the year ending 30 June 2012

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

(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 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.

(u) Statement of Comprehensive Income

Other Comprehensive Income (if any) is not able to be reliably estimated and it is anticipated that in all instances will relate to non-cash transactions. As such, may have no impact in this budget document.

SHIRE OF MUNDARING
Annual Budget for the year ending 30 June 2012

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.

SHIRE OF MUNDARING
Annual Budget for the year ending 30 June 2012

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

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.

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.

SHIRE OF MUNDARING
Annual Budget for the year ending 30 June 2012

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

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.

Objectives:

Developmental Services

To set a direction for management of the environment.

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

SHIRE OF MUNDARING
Annual Budget for the year ending 30 June 2012

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

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.

SHIRE OF MUNDARING
Annual Budget for the year ending 30 June 2012

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

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 2012

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

	2009/10 ACTUAL \$	2010/11 FORECAST \$	2011/12 BUDGET \$
CURRENT ASSETS			
Cash and Cash Equivalents	12,740,227	16,333,269	11,300,000
Trade and Other Receivables			
- Rates Debtors	500,000	191,973	250,000
- Sanitation Debtors	31,000	31,941	30,000
- Trade Debtors	720,987	579,798	329,798
- Provision for Doubtful Debts	-	-	-
- Long Service Leave Contributions (other Councils)	74,878	53,112	53,112
- Scheme Costs	205	205	205
- Pool Inspection	39	358	358
- Inventories	200,000	71,079	90,000
	<u>14,267,336</u>	<u>17,261,735</u>	<u>12,053,473</u>
CURRENT LIABILITIES			
Trade and Other Payables			
- Creditors	(770,297)	(868,011)	(638,617)
- Deposits and Bonds	(1,102,097)	-	-
Provision Employee Benefits	(1,221,425)	(2,121,425)	(1,308,510)
	<u>(3,093,819)</u>	<u>(2,989,436)</u>	<u>(1,947,127)</u>
Net Current assets	11,173,517	14,272,299	10,106,346
NON CURRENT ASSETS			
Rates Debtors - deferred	500,000	-	-
	<u>11,673,517</u>	<u>14,272,299</u>	<u>10,106,346</u>
Less RESTRICTED ASSETS			
Reserves	(8,007,820)	(10,328,913)	(10,097,320)
Other Restricted Assets	(3,595,941)	-	-
Surplus / (Deficiency)	<u><u>69,756</u></u>	<u><u>3,943,386</u></u>	<u><u>9,026</u></u>

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

NOTES TO AND FORMING PART OF THE BUDGET

	2010/11 FORECAST \$	2011/12 BUDGET \$
4 REVENUES AND EXPENSES		
The net result was arrived at after charging / crediting the following items:		
(i) After Charging		
Depreciation -		
Buildings	690,248	775,990
Plant & Equipment	831,970	918,713
Furniture & Equipment	279,833	333,264
Infrastructure Assets - Roads, Streets	6,258,199	5,319,846
Infrastructure Assets - Other Structures	156,430	132,975
Infrastructure Assets - Parks, Plant & Machinery	625,948	532,093
Infrastructure Assets - Drainage	575,423	489,144
	<u>9,418,051</u>	<u>8,502,025</u>
Borrowing costs	<u>363,000</u>	<u>350,000</u>
Auditors Remuneration		
Audit	15,500	17,500
Other Services	7,950	12,500
	<u>23,450</u>	<u>30,000</u>
(ii) After Crediting		
Interest Earnings - Investments		
Interest earned from Reserves	465,000	450,000
Interest earned from other funds	909,500	589,500
	<u>1,374,500</u>	<u>1,039,500</u>

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

NOTES TO AND FORMING PART OF THE BUDGET

5 FEES, EXPENSES AND ALLOWANCES TO ELECTED MEMBERS

	2010/11 FORECAST \$	2011/12 BUDGET \$
The following disclosure is made to comply with the requirements of <i>Local Government (Financial Management) Regulations 1996</i> Reg 27 (l)		
Meeting Attendance Fees - (President & Councillors)	91,000	98,000
Presidential Allowance	12,000	12,000
Deputy Presidents Allowance	-	3,000
Elected Members' Expenses -		
Travel Costs & Associated Expenses	7,000	10,000
Telecommunications	30,400	36,500
Miscellaneous	52,689	69,780
	<u>193,089</u>	<u>229,280</u>

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

NOTES TO AND FORMING PART OF THE BUDGET

6 DEPRECIATION ON NON-CURRENT ASSETS

Assets, including Infrastructure Assets, have been depreciated in accordance with the Significant Accounting Policies described in Note 1(d).

	2010/11 BUDGET \$	2010/11 FORECAST \$	2011/12 BUDGET \$
DEPRECIATION EXPENSES			
General Purpose Funding	832	832	279
Governance	477,360	477,360	596,672
Law, Order & Public Safety	266,032	266,032	311,769
Health	8,216	8,216	-
Education & Welfare	98,652	98,652	66,773
Community Amenities	98,896	102,808	111,587
Recreation & Culture	747,583	747,583	863,319
Transport	7,576,688	7,576,688	6,370,523
Economic Services	6,968	6,968	14,510
Other Property & Services	132,912	132,912	166,592
	<u>9,414,139</u>	<u>9,418,051</u>	<u>8,502,025</u>

7 DISPOSAL OF ASSETS

	2010/11 BUDGET \$	2010/11 FORECAST \$	2011/12 BUDGET \$
Proceeds from the Disposal of Assets			
Land	-	-	-
Buildings	-	-	-
Plant & Equipment	301,000	307,958	647,500
Furniture & Equipment	-	-	-
	<u>301,000</u>	<u>307,958</u>	<u>647,500</u>
Book Value on Disposal			
Land	-	-	-
Buildings	-	-	-
Plant & Equipment	301,000	309,841	647,500
Furniture & Equipment	-	-	-
	<u>301,000</u>	<u>309,841</u>	<u>647,500</u>
Profit / (Loss) on Disposal	<u>-</u>	<u>(1,883)</u>	<u>-</u>
Represented by:			
Profit on Disposal	-	-	-
Loss on Disposal	-	(1,883)	-
	<u>-</u>	<u>(1,883)</u>	<u>-</u>

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

NOTES TO AND FORMING PART OF THE BUDGET

8 NON-CURRENT ASSETS

	2010/11 BUDGET \$	2010/11 FORECAST \$	2011/12 BUDGET \$
Acquisition of Assets, including Infrastructure Assets, have been capitalised in accordance with Australian Accounting Standards.			
CAPITAL ACQUISITIONS BY PROGRAM			
Governance	415,000	216,138	672,700
Law, Order & Public Safety	861,000	775,403	944,818
Health	62,000	61,835	28,000
Education & Welfare	148,500	65,412	295,620
Community Amenities	219,000	107,386	122,282
Recreation & Culture	3,586,215	2,490,750	1,454,271
Transport	6,225,800	2,919,697	6,397,857
Economic Services	1,500	-	33,500
Other Property & Services	1,107,000	350,429	841,990
	<u>12,626,015</u>	<u>6,987,050</u>	<u>10,791,038</u>
SCHEDULE OF CAPITAL OUTLAYS BY NATURE / TYPE			
Land	950,000	225,908	730,000
Buildings	3,107,015	2,109,972	1,721,923
Plant & Equipment	1,915,600	32,757	40,723
Furniture & Equipment	47,000	1,802,031	2,099,990
Infrastructure Assets - Roads, Streets	5,450,619	2,233,882	5,406,474
Infrastructure Assets - Other Structures	438,100	305,783	504,700
Infrastructure Assets - Parks, Plant & Equipment	207,100	41,499	97,865
Infrastructure Assets - Drainage	320,000	118,200	95,800
Infrastructure Assets - Gardens	190,581	117,018	93,563
	<u>12,626,015</u>	<u>6,987,050</u>	<u>10,791,038</u>

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

NOTES TO AND FORMING PART OF THE BUDGET

9 PROPERTY, PLANT & EQUIPMENT, INFRASTRUCTURE ASSETS

	2009/2010 FORECAST \$	2010/2011 BUDGET \$
Land at Cost	1,671,447	2,401,447
Buildings at Cost	27,017,779	28,739,702
Less: Accumulated Depreciation	(8,639,435)	(9,415,425)
	<u>18,378,344</u>	<u>19,324,277</u>
Plant & Equipment (external) at Cost	10,658,040	12,110,530
Less: Accumulated Depreciation	(4,269,631)	(5,188,344)
	<u>6,388,409</u>	<u>6,922,186</u>
Furniture & Equipment (internal) at Cost	3,996,229	4,036,952
Less: Accumulated Depreciation	(3,108,084)	(3,441,348)
	<u>888,145</u>	<u>595,604</u>
Infrastructure Assets: Roads, Streets at Management Valuation	124,154,798	124,241,426
Infrastructure Assets : (#) Other Structures at Cost	5,782,193	6,286,893
Less : Accumulated Depreciation	(1,579,056)	(1,712,030)
	<u>4,203,137</u>	<u>4,574,863</u>
Infrastructure Assets : Drainage at Cost	18,150,987	18,246,787
Less : Accumulated Depreciation	(4,469,780)	(4,958,924)
	<u>13,681,207</u>	<u>13,287,863</u>
Infrastructure Assets: Parks, Plant & Machinery at Cost	13,229,645	13,327,510
Less : Accumulated Depreciation	(5,875,064)	(6,407,157)
	<u>7,354,581</u>	<u>6,920,353</u>
Infrastructure Assets : Gardens at Cost	2,013,792	2,107,355
Less : Accumulated Depreciation	-	-
	<u>2,013,792</u>	<u>2,107,355</u>
Total Property, Plant & Equipment, Infrastructure Assets Net Book Value	<u><u>178,733,860</u></u>	<u><u>180,375,373</u></u>

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

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

NOTES TO AND FORMING PART OF THE BUDGET

10 ADVANCES TO CLUBS / INSTITUTIONS

	2010/11 FORECAST \$	2011/12 BUDGET \$
Opening Balance	-	-
Add: New Loans	-	-
	-	-
Less: Repayments	-	-
Closing Balance	-	-

11 BORROWINGS - DEBENTURE LOANS

Opening Balance	5,217,322	5,066,322
Add: New Loan	-	1,100,000
	5,217,322	6,166,322
Less: Repayments	(151,000)	(162,000)
	5,066,322	6,004,322
Less: Principal on Self Supporting Loans to Clubs/Institutions	-	-
Net Principal Outstanding Requiring Servicing	5,066,322	6,004,322
Represents :		
Current Liability	162,000	512,000
Non-Current Liability	4,904,322	5,492,322
	5,066,322	6,004,322

DEBENTURE LOANS RAISED DURING THE YEAR

Infrastructure Services Development	-	1,100,000
WA Treasury Corp -10 years at monthly intervals Interest rate 6.95%		
Balance of unspent loan monies at reporting date	-	-

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

**Budget Loan Schedule for the Year Ending
30 June 2012**

Note 11

Loan Purpose	Loan No.	Lender	Date Advanced or renegotiated	Duration (Years)	Maturity Date	Principal (or balance at last renege.)	Interest Rate	Instalments \$	Frequency (Periods/Year)	Balance as at 1 July 2011	Loans Taken Out During Year ending 30 June 2012	Principal Repayments During Year ending 30 June 2012	Interest Repayments During Year ending 30 June 2012	Total Repayments Year ending 30 June 2012	BALANCE as at 30 June 2012	
Governance - Civic Facility Redevelopment	170	W. A Treasury Corp	31 Jan 08	20	31 Jul 28	\$5,500,000	6.95%	\$42,667	12	\$5,066,322		\$162,000	\$350,000	\$512,000	\$4,904,322	
Governance - Infrastructure Development	171	W. A Treasury Corp	29 Jun 12	10	May 21	\$0	6.95%	\$0	12	\$0	\$1,100,000	\$0	\$0	\$0	\$1,100,000	
										Loan Liability	\$5,066,322	\$1,100,000	\$162,000	\$350,000	\$512,000	\$6,004,322
										Less Loans Repayable by Third Party Clubs & Institutions (Self Supporting Loans)						\$0
																\$6,004,322

No Self Supporting Loans

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

NOTES TO AND FORMING PART OF THE BUDGET

12 CASH AND CASH EQUIVALENTS

	2010/11 FORECAST \$	2011/12 BUDGET \$
a) Cash on Hand and at Bank	1,600,000	1,202,680
Term Deposits	14,733,269	10,097,320
	16,333,269	11,300,000
b) Restricted	11,202,748	10,097,320
Unrestricted	5,130,521	1,202,680
	16,333,269	11,300,000

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

Loan Funds unspent at 30 June		-
Gravel Pit Reserve	125,278	185,736
Insurance Reserve	476,351	0
Plant Replacement Reserve	514,672	579,816
Civic Facilities Reserve	2,505,426	2,797,684
Information Technology Reserve	528,882	501,924
Long Service Leave Reserve	138,014	303,713
Childrens Services Reserve	1,067,720	1,204,237
Capital Investment Reserve	4,123,710	3,233,710
Capital Income Reserve	848,860	1,290,500
Grant Funds unspent at 30 June	873,835	-
Fire Suppression Facilities	-	-
Public Open Space Deposits	-	-
Public Open Space Deposits TPS #6,7	-	-
Public Open Space Special Rural Zone	-	-
Subdivision Road Construction Deposits	-	-
Parking Space Deposits	-	-
	11,202,748	10,097,320

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

NOTES TO AND FORMING PART OF THE BUDGET

13 RESERVES - CASH BACKED

	2010/11 FORECAST \$	2011/12 BUDGET \$
a) Insurance Reserve		
Opening Balance	453,417	476,351
Transfer from Accumulated Surplus	-	-
Interest applied to Reserve from Accumulated Surplus	22,934	20,753
Transfer to Civic Facilities Reserve	-	(497,104)
Closing Balance	476,351	0
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.		
This Reserve has been transferred to Civic Facilities Reserve.		
b) Works Plant Replacement Reserve		
Opening Balance	489,893	514,672
Transfer from Accumulated Surplus	717,270	888,741
Interest applied to Reserve from Accumulated Surplus	24,779	22,423
Transfer to Accumulated Surplus	(717,270)	(846,020)
Closing Balance	514,672	579,816
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	2,130,265	2,505,426
Transfer from Accumulated Surplus	1,270,000	850,000
Interest applied to Reserve from Accumulated Surplus	107,750	109,154
Transfer to Accumulated Surplus	(1,002,589)	(1,164,000)
Transfer from Insurance Reserve	-	497,104
Closing Balance	2,505,426	2,797,684
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	360,641	528,882
Transfer from Accumulated Surplus	150,000	150,000
Interest applied to Reserve from Accumulated Surplus	18,241	23,042
Transfer to Accumulated Surplus	-	(200,000)
Closing Balance	528,882	501,924
Purpose: To provide a cash backing for updating the Shire's Information Technology funds to be used in accordance with annual budgeted capital expenditure.		
e) Long Service Leave Reserve		
Opening Balance	104,644	138,014
Transfer from Accumulated Surplus	200,000	250,000
Interest applied to Reserve from Accumulated Surplus	5,293	6,013
Transfer to Accumulated Surplus	(171,923)	(90,314)
Closing Balance	138,014	303,713
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 2012

NOTES TO AND FORMING PART OF THE BUDGET

13 RESERVES - CASH BACKED

	2010/11 FORECAST \$	2011/12 BUDGET \$
f) Childrens' Services Reserve		
Opening Balance	739,930	1,067,720
Transfer from Accumulated Surplus	290,364	90,000
Interest applied to Reserve from Accumulated Surplus	37,426	46,517
Transfer to Accumulated Surplus	-	-
Closing Balance	1,067,720	1,204,237
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	91,135	125,278
Transfer from Accumulated Surplus	54,740	55,000
Interest applied to Reserve from Accumulated Surplus	4,610	5,458
Transfer to Accumulated Surplus	(25,207)	-
Closing Balance	125,278	185,736
Purpose: To provide a cash backing for the rehabilitation of the Gravel Pit.		
h) Capital Investment Reserve		
Opening Balance	4,333,896	4,123,710
Transfer from Accumulated Surplus	-	-
Interest applied to Reserve from Accumulated Surplus	219,200	179,658
Transfer to Accumulated Surplus	(209,986)	(890,000)
Transfer to Capital Income Reserve	(219,200)	(179,658)
Closing Balance	4,123,710	3,233,710
Purpose: To provide a cash backing for the advancement of the Shire Property Strategy. Funds to be used in accordance with annual budgeted capital expenditure.		
i) Capital Income Reserve		
Opening Balance	489,647	848,860
Transfer from Accumulated Surplus	159,087	275,000
Interest applied to Reserve from Accumulated Surplus	24,767	36,982
Transfer to Accumulated Surplus	(43,841)	(50,000)
Transfer from Capital Investment Reserve	219,200	179,658
Closing Balance	848,860	1,290,500
Purpose: To provide a cash backing for the development of the Shire facilities and infrastructure. Funds to be used in accordance with annual budgeted capital expenditure.		
Total of Reserves		
Opening Balance	9,193,268	10,328,913
Transfer from Accumulated Surplus	2,841,461	2,558,741
Interest applied to Reserve from Accumulated Surplus	465,000	450,000
Transfer to Accumulated Surplus	(2,170,616)	(3,240,334)
Closing Balance	10,328,913	10,097,320

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 2012

NOTES TO AND FORMING PART OF THE BUDGET

14 NOTES TO STATEMENT OF CASH FLOWS

	2010/11 FORECAST \$	2011/12 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	1,600,000	1,202,680
Term Deposits	14,733,269	10,097,320
	<u>16,333,269</u>	<u>11,300,000</u>
(b) Reconciliation of Net Cash from Operating Activities to Net Result		
Net Result	(1,563,116)	(3,649,904)
(Increase)/Decrease in Rates Debtors and Deferred Rates	(111,092)	(70,563)
(Increase)/Decrease in Sanitation Debtors	1,275	1,941
(Increase)/Decrease in Stock On Hand	23,498	(18,921)
(Increase)/Decrease in Accrued Interest Income	35,000	150,000
(Increase)/Decrease in Other Receivables	(68,898)	110,000
Depreciation and Amortisation	9,418,051	8,502,026
(Profit)/Loss on Disposal of Non-current Assets	1,883	-
Increase/(Decrease) in Employee Entitlements	317,707	(612,915)
Increase/(Decrease) in Accrued Interest Expense	-	-
Increase/(Decrease) in Other Operating Creditors	510,437	(229,394)
GST Movements	(30,000)	(10,000)
Grants/Contributions for the Development of Assets	(2,483,557)	(2,431,786)
Net Cash from Operating Activities	<u>6,051,188</u>	<u>1,740,484</u>

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

NOTES TO AND FORMING PART OF THE BUDGET

15 TRUST FUNDS

Funds over which the Shire has no control and which are not included in the Annual Budget are as follows:

	Deposits, Bonds and Retentions	Public Open Space and Road Construction	Scheme Cost # 6, 7	BCITF Levy	Builders Registration Board Levy	Total
	\$	\$	\$	\$	\$	\$
Opening Balance	-	-	31,347	-	-	31,347
Transfer from Muni Fund	1,483,508	3,662,375				5,145,883
Receipts	300,000	165,764	57,469	110,000	40,650	673,883
Payments	(521,069)	(194,797)	(864)	(110,000)	(40,650)	(867,380)
Closing 2010/11 Forecast	1,262,439	3,633,342	87,952	-	-	4,983,733
Receipts	350,000	155,000	40,000	120,000	35,000	700,000
Payments	(350,000)	(155,000)	(55,000)	(120,000)	(35,000)	(715,000)
Closing 2011/12 Budget	1,262,439	3,633,342	72,952	-	-	4,968,733

Purpose:-

- a) Deposits, Bonds and Retentions - collected by the Shire and paid on completion of the contract.
- b) Public Open Space and Road Construction - collected by the Shire to be spent in accordance with the *Planning and Development Act 2005* and undertaking road construction on nominated roads.
- 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.
- d) 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.
- e) 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.

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

NOTES TO AND FORMING PART OF THE BUDGET

16 CREDIT STANDBY ARRANGEMENTS

	2010/11 FORECAST \$	2011/12 BUDGET \$
<p>Council established an overdraft facility with Westpac Banking Corporation in 1998. Council has resolved in each succeeding year to maintain the overdraft facility.</p>		
Bank Overdraft Limit	1,000,000	1,000,000
Bank Overdraft at Reporting Period	-	-
Amount of Credit Unused	<u>1,000,000</u>	<u>1,000,000</u>
<p>The above Overdraft Facility is for the 'Municipal Fund' for its normal course of operation</p>		
	<u>1,000,000</u>	<u>1,000,000</u>

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

NOTES TO AND FORMING PART OF THE BUDGET

17 FINANCIAL PERFORMANCE INDICATORS

	2010/11 FORECAST	2011/12 BUDGET
Rate Coverage Ratio	52.46%	56.46%
Outstanding Rates Ratio	0.99%	1.17%
Debt Service Ratio	1.50%	1.46%

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 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

	2010/11 FORECAST \$	2011/12 BUDGET \$	Increase/ (Decrease)
Rate Revenue	19,092,871	21,102,212	10.52%
General Purpose Grants	3,349,456	1,797,000	-46.35%
Interest Earnings	1,374,500	1,039,500	-24.37%
Loan Repayments:			
Interest	362,000	350,000	-3.31%
Principal	151,000	162,000	7.28%
TOTAL	513,000	512,000	
Loan Principal Outstanding	5,066,322	6,004,322	18.51%

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

19 GRANTS and SUBSIDIES

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

Description	2010/11 BUDGET \$	2010/11 FORECAST \$	2011/12 BUDGET \$
Grants, Contributions & Subsidies			
Capital Grants			
015215 GRANT - SEDO SOLAR PANELS ADMIN CENTRE	40,000	42,500	10,000
016122 GRANT - MOUNTAIN BIKE TRAIL	0	10,000	0
016127 CONTRIBUTION RECEIVED - ESL CAPITAL GRANTS	652,000	652,000	571,000
016130 GRANT - ROADS TO RECOVERY	462,000	224,534	704,534
016135 GRANT - STATE ROADS	137,000	142,956	152,104
016136 GRANT - METRO ROAD	496,435	103,648	103,324
016159 GRANT - LIONEL ROAD - TOURIST/TRUCK EMBAYMENT	22,211	36,422	0
016160 GRANT - REGIONAL LOCAL COMMUNITY PROGRAM (RLCIP)	0	314,000	0
016164 GRANT - BROWN PARK YOUTH CTR LOTTERYWEST	750,000	707,884	0
016165 GRANT - BROWN PARK YOUTH CTR OMCF	100,000	0	0
016166 GRANT - BROWN PARK YOUTH CTR CCAFF	186,923	0	186,923
016176 GRANT - SAWYERS VALLEY VBFB FIRE STATION (FESA)	150,000	0	150,000
016180 BLANCHARD ROAD CONTRIBUTION FROM SWAN	115,000	0	0
016181 CHIDLOW VILLAGE GREEN - OMCF	61,581	0	0
016182 GRANT - NATIONAL PARK ROAD	0	23,724	0
016184 GRANT - (STATE) MT HELENA AQUATIC	147,000	110,250	36,750
016188 GRANT- SAWYERS VALLEY VBFB FIRE STATION (LOTTWEST)	0	0	20,000
016189 GRANT-STONEVILLE VBFB PROPERTY IMPROV (LOTTWEST)	0	0	11,818
016190 GRANT - MT HELENA AQUATIC CENTRE DETC CONTRIBUTION	0	30,649	0
016191 GRANT - GRAFFITI REMOVAL TRAILER	0	19,990	0
016192 GRANT - SAWYERS VALLEY MEN'S SHED (LOTTWEST)	0	15,000	0
016196 GRANT - BLACK SPOT 11/12 BROOKING RD	0	0	333,333
016197 GRANT - BLACK SPOT 11/12 SAWYERS RD	0	0	152,000
016199 GRANT - MDG REC GROUND MAKING CONSERVATION HAPPEN	0	0	0
016200 GRANT - OMCF BROWN PARK	0	50,000	0
Total Capital Grants	3,320,150	2,483,557	2,431,786
Capital Grants by Function			
RECREATION AND CULTURE	1,245,504	908,783	223,673
TRANSPORT	1,232,646	865,274	1,445,295
LAW, ORDER, PUBLIC SAFETY	802,000	667,000	752,818
GOVERNANCE	40,000	42,500	10,000
Total Capital Grants by Function	3,320,150	2,483,557	2,431,786

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

19 GRANTS and SUBSIDIES (Cont.)

Description	2010/11 BUDGET \$	2010/11 FORECAST \$	2011/12 BUDGET \$
Operating Grants			
010005 GENERAL PURPOSE GRANT	1,669,200	2,432,200	1,376,000
010006 FORMULA LOCAL ROAD GRANT	610,000	917,256	421,000
010062 GRANT - PACS	76,220	76,849	77,000
010063 GRANT - CHILD CARE BENEFIT	650,000	650,000	750,000
010064 GRANT - DAY CARE OPERATING	190,000	218,289	210,000
010122 GOVERNMENT GRANT POOLS	3,000	3,000	3,500
010239 STREET LIGHTING GRANT	18,000	18,000	40,500
010318 SPECIAL BRIDGE GRANT	66,000	0	66,000
010322 GRANT - SPECIAL PROJECTS	0	24,000	0
010334 GRANT - OMCF / LOTTERYWEST	0	0	1,000
010431 GRANT MCC - PARENTING PROJECT / PaCE 1	0	73,560	102,320
010434 GRANT - SPECIAL NEEDS SUBSIDY	5,000	2,600	2,000
010442 GRANT - OPERATIONAL / PaCE 2	0	111,379	95,468
010522 ESL GRANT	264,875	264,875	268,963
010529 SENIORS WEEK GRANT	1,100	1,100	1,100
010550 ENVIRONMENTAL GRANTS	0	12,810	0
010553 GRANT - CRIME PREVENTION PLANNING	1,200	0	1,200
010562 GRANT - TREK THE TRAIL	34,000	31,000	34,000
010563 GRANT - CONSTABLE CARE	4,625	4,625	0
010589 GRANT ENGINEERING TRAINEE	0	1,500	0
010625 GRANT FUNDS RECEIVED FOR FRIENDS GROUPS	0	8,000	0
010637 GRANT - TRUFFLE FESTIVAL	0	90,000	80,000
010641 GRANT - GENERAL PURPOSE INCOME	0	2,700	4,000
010648 GRANT - COMMUNITY ARTS NETWORK WA	0	5,000	0
010661 GRANT - STAY ON YOUR FEET	500	500	0
010666 GRANT - MUNDARING MEN'S SHED NO. 1	37,000	22,000	0
010677 GRANT - RAILWAY RESERVES HERITAGE TRAIL 2010/11	0	14,088	0
010695 GRANT - ACCESSIBLE COMMUNITIES	0	7,800	0
010697 GRANT - MRRG GUIDELINES	0	0	95,846
016149 GRANT - TRAIL MARKETING AND PROMOTION	39,273	11,964	0
016201 GRANT - MUNDARING HALL UPGRADE	0	0	100,000
Total Operating Grants	3,669,993	5,005,095	3,729,897
Total Grants	6,990,143	7,488,652	6,161,683

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

NOTES TO AND FORMING PART OF THE BUDGET

20 SUMMARY OF FEES AND CHARGES

	2010/11 FORECAST \$	2011/12 BUDGET \$
General Purpose Funding		
Instalment Charge	110,000	110,000
Law, Order & Public Safety		
Bushfire Fines & Infringements	10,000	7,500
Dog Fines	23,150	20,350
Dog Licences	55,000	60,000
Impoundment Fees	11,000	10,500
Vehicle By-Law Infringements	1,500	1,500
Litter Infringements	500	500
Health		
Fees & Charges	30,000	26,500
Licences	3,927	6,700
Inspection Fees	27,000	30,000
Welfare & Education		
Childcare Fees	1,180,999	1,222,000
Leases	1,000	8,000
Community Amenities		
Fines	-	5,000
Town Planning Fees	252,200	241,000
Refuse Disposal	3,165,491	3,354,674
Cemetery Charges	29,908	24,500
Recreation & Culture		
Hire of Halls and Ovals	220,060	211,350
Swimming Facility Fees	321,402	335,527
Entry to Lake Leschenaultia	143,000	160,000
Childrens Holiday Program	43,202	46,450
Leases	7,000	8,000
Sale of Water	25,000	36,000
Other	34,045	32,350
Economic Services		
Building Licences & Fees	397,700	436,500
Building Fines & Costs	4,000	7,000
Total	<u>6,097,084</u>	<u>6,401,901</u>

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

NOTES TO AND FORMING PART OF THE BUDGET

21 RATING INFORMATION

(a) GENERAL PURPOSE FUNDING INCOME

2010/11 Budgeted Yield	Particulars	Count	Rate Class	Cents in \$	Rateable Land Value	2010/11 Forecast Yield	2011/12 Budgeted Yield
\$					\$	\$	\$
	Rate Revenue						
	<u>General Rate GRV</u>						
1,461,332	Commercial	251	GRV	8.09000	18,756,816	1,461,332	1,517,426
1,000,382	Light Industrial	280	GRV	8.09000	13,865,857	1,000,382	1,121,748
11,317,315	Residential	10,099	GRV	8.09000	158,651,029	11,317,315	12,834,868
3,590,559	RLL Residential	2,759	GRV	8.09000	46,667,533	3,590,559	3,775,403
205,790	Rural & SP Residential	137	GRV	8.09000	2,619,634	205,790	211,928
	<u>General Rate UV</u>						
611,743	Rural	213	UV	0.37500	166,850,000	619,743	625,688
0	Mining Lease	0	UV	0.37500	0	0	0
	<u>Minimum Rate GRV</u>						
9,000	Commercial	14	GRV	\$800	79,823	9,000	11,200
14,250	Light Industrial	9	GRV	\$800	126,917	14,250	7,200
569,250	Residential	790	GRV	\$800	5,387,041	569,250	632,000
77,250	RLL Residential	155	GRV	\$800	734,226	77,250	124,000
4,500	Rural & SP Residential	3	GRV	\$800	41,592	4,500	2,400
	<u>Minimum Rate UV</u>						
0	Rural	0	UV	\$800	0	0	0
1,500	Mining Lease	7	UV	\$800	18,465	1,500	5,600
18,862,871	RATES	14,717			287,709,556	18,870,871	20,869,462
62,500	INTERIMS					114,500	125,250
0	RATES PREVIOUS YEARS					0	0
18,925,371	Total Rates Levied					18,985,371	20,994,712
(2,500)	Less Rates (Written Off)/Recovered					(2,500)	(2,500)
18,922,871	Total Rates Income					18,982,871	20,992,212
0	RATES SUSPENSE					0	0
0	CASH RECEIPTS ROUNDING					0	0
110,000	INSTALMENT CHARGE					110,000	110,000
19,032,871	Total Amount Made Up From Rates					19,092,871	21,102,212
	<u>General Purpose Income</u>						
2,279,200	GENERAL PURPOSE GRANTS					3,349,456	1,797,000
	<u>Other General Purpose Income</u>						
450,000	INTEREST MUNICIPAL					780,000	470,000
570,000	INTEREST OTHER					588,000	563,000
6,505	RATES COLLECTION					6,505	5,007
22,338,576	Total General Purpose Income					23,816,832	23,937,219

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

21 RATING INFORMATION
(b) OTHER INCOME

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

Prize	
1st	Cash Prize from Shire for \$2500
2nd	Cash Prize from Shire for \$1500
3rd	Westpac Bonus Saver Account (\$1000)
4th and 5th	WASO Double Pass (2)
6th	Mt Helena Tavern meal voucher (\$100)
7th and 8th	Darlington Estate meal voucher (\$100 x 2).
9th	Aspen Parks - One night's accommodation in standard family cabin to a maximum value of \$200 in any WA park
10th and 11th	Grove Music - gift voucher (\$50 x 2)
12th to 16th	Eagle Boys (Mundaring store) - Two Pizzas, Garlic Bread & 1.25 litre Drink pick up (5)
17th	Mundaring Arts Centre - annual membership and \$50 gift voucher
18th	Busselton Geographe Bay Grand Mercure - two nights accommodation in a 3 bedroom apartment
19th to 28th	Lake Leschenaultia - Annual entry pass (10)
29th to 38th	Shire pools - season tickets (3)

Ratepayers other than Councillors, Government organisations and staff who pay their rates in full by 9 September 2011 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 \$4970 being \$2500 towards the first prize, \$1500 towards the second prize, \$270 for pool entry, \$300 for entry to Lake Leschenaultia and \$400 for printing.

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

- a) In full by 9 September 2011
- b) Payment by four instalments being due on
 - 09 Sep 2011 1st Instalment
 - 11 Nov 2011 2nd Instalment
 - 13 Jan 2012 3rd Instalment
 - 16 Mar 2012 4th Instalment

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

An administrative charge of \$21.00 is levied where rates payment is made by the four instalments option. Budget 2011/12 is \$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.

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

NOTES TO AND FORMING PART OF THE BUDGET

	2010/11 FORECAST	2011/12 BUDGET
	\$	\$
22 TRADING UNDERTAKINGS		
Local Government (Financial Management) Regulations 1996 Reg 27(i)		
There were no trading undertakings in the Budget	Nil	Nil
23 MAJOR LAND TRANSACTIONS		
Local Government (Financial Management) Regulations 1996 Reg 27(k)		
There were no major land transactions in the Budget		
24 CONTINGENT LIABILITY	Nil	Nil
25 COMMITMENTS	Nil	Nil
26 UNUSED LOAN FACILITIES	Nil	Nil

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2012

NOTES TO AND FORMING PART OF THE BUDGET

27 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.