

SHIRE OF MUNDARING

ANNUAL BUDGET

2012/13

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SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2013

STATEMENT OF COMPREHENSIVE INCOME (BY PROGRAM)

	Note	2011/12 BUDGET \$	2011/12 FORECAST \$	2012/13 BUDGET \$
REVENUE				
General Purpose Funding	21	23,937,219	26,214,642	25,231,736
Governance		75,800	198,213	62,200
Law, Order & Public Safety		375,813	385,968	393,725
Health		58,150	81,100	54,600
Education & Welfare		3,420,461	3,727,411	3,617,107
Community Amenities		3,623,174	3,848,217	3,932,917
Recreation and Culture		1,193,507	1,863,175	1,297,164
Transport		323,346	291,396	250,000
Economic Services		287,900	251,900	240,600
Other Property and Services		1,805,084	1,778,899	1,799,443
		<u>35,100,454</u>	<u>38,640,921</u>	<u>36,879,492</u>
EXPENSES (Excluding borrowing costs)				
General Purpose Funding		(761,655)	(803,080)	(813,844)
Governance		(4,923,494)	(4,024,564)	(4,622,273)
Law, Order & Public Safety		(1,937,516)	(2,101,017)	(2,031,647)
Health		(638,730)	(701,738)	(729,961)
Education & Welfare		(5,087,651)	(5,521,853)	(5,517,850)
Community Amenities		(6,774,640)	(6,665,911)	(7,346,941)
Recreation and Culture		(6,838,267)	(6,630,190)	(7,726,123)
Transport		(10,786,161)	(11,087,500)	(11,241,867)
Economic Services		(659,650)	(599,385)	(726,291)
Other Property and Services		(2,424,380)	(2,424,186)	(3,011,524)
		<u>(40,832,144)</u>	<u>(40,559,424)</u>	<u>(43,768,322)</u>
Increase/(Decrease)		(5,731,690)	(1,918,503)	(6,888,831)
BORROWING COSTS				
Education & Welfare		-	-	-
Governance		(350,000)	(350,000)	(339,000)
		<u>(350,000)</u>	<u>(350,000)</u>	<u>(339,000)</u>
NON OPERATING GRANTS/CONTRIBUTIONS				
Law, Order & Public Safety		752,818	582,818	774,625
Recreation and Culture		223,673	238,673	45,000
Governance		10,000	24,240	-
Transport		1,445,295	1,245,295	1,449,516
	19	<u>2,431,786</u>	<u>2,091,026</u>	<u>2,269,141</u>
PROFIT/(LOSS) ON DISPOSAL OF ASSETS				
Community Amenities		-	-	-
Recreation and Culture		-	-	-
Transport		-	(18,800)	-
Economic Services		-	-	-
Other Property and Services		-	18,000	-
Governance		-	12,400	-
Law, Order & Public Safety		-	-	-
Health		-	9,350	-
Education & Welfare		-	(7,500)	-
	7	<u>-</u>	<u>13,450</u>	<u>-</u>
NET RESULTS		(3,649,904)	(164,027)	(4,958,690)
Other Comprehensive Income		-	-	-
TOTAL COMPREHENSIVE INCOME		(3,649,904)	(164,027)	(4,958,690)

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2013

STATEMENT OF COMPREHENSIVE INCOME (BY NATURE OR TYPE)

	Note	2011/12 BUDGET \$	2011/12 FORECAST \$	2012/13 BUDGET \$
REVENUE				
Rates	21	20,994,714	20,993,731	22,581,731
Grants and Subsidies - Operating	19	3,729,897	6,644,206	3,551,761
Contributions, Reimbursements & Donations		699,600	982,385	335,000
Fees and Charges	20	6,401,901	6,647,955	6,969,779
Interest Earnings	4	1,039,500	1,053,384	1,038,000
Other Revenue		2,234,842	2,319,260	2,403,221
		<u>35,100,454</u>	<u>38,640,921</u>	<u>36,879,492</u>
EXPENSES				
Employee Costs		(12,828,699)	(12,579,286)	(13,875,953)
Materials and Contracts		(15,197,340)	(15,223,015)	(16,964,184)
Utility Charges		(1,001,180)	(1,003,220)	(1,157,856)
Depreciation on Non Current Assets	6	(8,502,026)	(8,413,965)	(8,484,329)
Interest Expenses		(350,000)	(350,000)	(339,000)
Insurance Expenses		(880,361)	(723,200)	(820,281)
Other Expenses		(2,422,538)	(2,616,738)	(2,465,719)
		<u>(41,182,143)</u>	<u>(40,909,424)</u>	<u>(44,107,322)</u>
Increase/(Decrease)		(6,081,689)	(2,268,503)	(7,227,831)
Non Operating Grants and Contributions	19	2,431,786	2,091,026	2,269,141
DISPOSAL OF ASSETS				
Proceeds of Sale		647,500	1,140,937	6,454,550
Book Value		(647,500)	(1,127,487)	(6,454,550)
Profit (Loss) on Disposal	7	-	13,450	-
NET RESULTS		(3,649,904)	(164,027)	(4,958,690)
Other Comprehensive Income		-	-	-
TOTAL COMPREHENSIVE INCOME		(3,649,904)	(164,027)	(4,958,690)

This Statement should be read in conjunction with the accompanying notes

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2013

RATE SETTING STATEMENT

	Note	2011/12 BUDGET \$	2011/12 FORECAST \$	2012/13 BUDGET \$
EXPENSES				
General Purpose Funding		(761,655)	(803,080)	(813,844)
Governance		(4,923,494)	(4,024,564)	(4,622,273)
Law, Order & Public Safety		(1,937,516)	(2,101,017)	(2,031,647)
Health		(638,730)	(701,738)	(729,961)
Education & Welfare		(5,087,651)	(5,521,853)	(5,517,850)
Community Amenities		(6,774,640)	(6,665,911)	(7,346,941)
Recreation and Culture		(6,838,267)	(6,630,190)	(7,726,123)
Transport		(10,786,161)	(11,087,500)	(11,241,867)
Economic Services		(659,650)	(599,385)	(726,291)
Other Property and Services		(2,424,380)	(2,424,186)	(3,011,524)
		(40,832,144)	(40,559,424)	(43,768,322)
Borrowing Costs		(350,000)	(350,000)	(339,000)
		(41,182,144)	(40,909,424)	(44,107,322)
REVENUE (Excluding Rates)				
General Purpose Funding (Exc Rates)		2,942,507	5,220,911	2,650,005
Governance		75,800	198,213	62,200
Law, Order & Public Safety		375,813	385,968	393,725
Health		58,150	81,100	54,600
Education & Welfare		3,420,461	3,727,411	3,617,107
Community Amenities		3,623,174	3,848,217	3,932,917
Recreation and Culture		1,193,507	1,863,175	1,297,164
Transport		323,346	291,396	250,000
Economic Services		287,900	251,900	240,600
Other Property and Services		1,805,084	1,778,899	1,799,443
		14,105,742	17,647,190	14,297,760
NET		(27,076,402)	(23,262,234)	(29,809,562)
Write Back Non-Cash Items - Depreciation	6	8,502,025	8,413,966	8,484,329
Grants/Contributions - for Development of Assets	19	2,431,786	2,091,026	2,269,141
Funds Demand from Operations		(16,142,591)	(12,757,242)	(19,056,092)
ACQUISITION OF NON-CURRENT ASSETS				
Land		(730,000)	(908,147)	(6,235,000)
Buildings		(1,721,924)	(1,488,883)	(1,049,091)
Plant & Equipment		(2,099,990)	(2,056,479)	(2,080,000)
Furniture & Equipment		(40,723)	(21,490)	(50,120)
Infrastructure Assets - Roads, Streets		(5,406,474)	(3,746,589)	(3,938,121)
Infrastructure Assets - Other Structures		(504,700)	(377,707)	(562,000)
Infrastructure Assets - Parks Plant & Equipment		(97,865)	(842,591)	(387,161)
Infrastructure Assets - Drainage		(95,800)	(93,820)	(544,000)
Infrastructure Assets - Gardens		(93,562)	-	(23,999)
	8	(10,791,038)	(9,535,706)	(14,869,492)

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2013

RATE SETTING STATEMENT (continued)

	Note	2011/12 BUDGET \$	2011/12 FORECAST \$	2012/13 BUDGET \$
Deferred Rates Adj		(12,536)	(22,538)	(25,000)
Proceeds from Sale of Assets	7	647,500	1,140,937	6,454,550
Self-Supporting Advances	10	-	-	-
Self-Supporting Loan Repayments	10	-	-	-
Funding to Reserves	13	(3,008,741)	(3,500,780)	(8,528,250)
Prov for Employee Benefits (Non current) adj		200,000	200,000	63,000
Debt Redemption	11	(162,000)	(162,000)	(173,315)
Closing Funds - Surplus	3	(9,026)	(3,744,695)	(18,349)
		<u>(2,344,803)</u>	<u>(6,089,076)</u>	<u>(2,227,364)</u>
Demand from Resources		<u>(29,278,432)</u>	<u>(28,382,024)</u>	<u>(36,152,948)</u>
FUNDING SOURCES				
Opening Funds - Surplus	3	3,943,386	4,501,604	3,744,695
Loan Funds	11	1,100,000	-	1,500,000
Reserves	13	3,240,334	2,886,689	8,326,522
		<u>8,283,720</u>	<u>7,388,293</u>	<u>13,571,217</u>
AMOUNT MADE UP FROM RATES		<u>(20,994,712)</u>	<u>(20,993,731)</u>	<u>(22,581,731)</u>

This Statement should be read in conjunction with the accompanying notes

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2013

STATEMENT OF CASH FLOWS

	Note	2011/12 BUDGET \$	2011/12 FORECAST \$	2012/13 BUDGET \$
Cash Flows from Operating Activities				
RECEIPTS				
Rates		20,800,842	20,631,336	22,578,002
Fees & Charges		6,591,811	6,695,646	7,170,228
Contributions, Reimbursements & Donations		719,600	1,002,385	355,000
Interest Received		1,189,500	1,053,384	1,038,000
Other Income		2,360,092	2,319,260	2,403,221
Grants - Operating		3,909,897	6,809,206	3,731,761
GST Refund		1,609,374	1,396,430	1,429,889
Total Receipts		37,181,115	39,907,647	38,706,100
PAYMENTS				
Employee Costs		(13,441,614)	(12,149,246)	(13,991,662)
Utilities (Gas, Electricity, Water etc)		(1,061,180)	(1,029,720)	(1,217,856)
Interest Paid		(350,000)	(350,000)	(339,000)
Materials & Contracts		(16,945,655)	(17,503,216)	(18,292,839)
Insurance Expenses		(880,361)	(783,200)	(820,281)
Subsidy Payments		(1,181,500)	(1,379,715)	(1,228,194)
Other Payments		(1,580,322)	(1,150,551)	(1,576,808)
Total Payments		(35,440,632)	(34,345,648)	(37,466,640)
Net Cash Inflows/(Outflows) from Operating Activities	14	1,740,484	5,561,999	1,239,460
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale of Non-Current Assets	7	647,500	1,140,937	6,454,550
Grants/Contrib. for the development of assets	19	2,431,786	2,091,026	2,269,141
Purchase of Non-Current Assets	8	(10,791,039)	(9,535,706)	(14,869,493)
Net Cash Inflows/(Outflows) from Investing Activities		(7,711,753)	(6,303,743)	(6,145,802)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (Decrease) in Deposits & Bonds Held		-	-	-
Payment to Trust Fund		-	-	-
Borrowings	11	1,100,000	-	1,500,000
Repayment of Borrowings	11	(162,000)	(162,000)	(173,315)
Net Cash Inflows/(Outflows) from Financing Activities		938,000	(162,000)	1,326,685
Net Increase (Decrease) In Cash Held		(5,033,269)	(903,744)	(3,579,657)
Net Cash at the beginning of the Year		16,333,269	16,825,578	15,921,833
Cash and Cash Equivalents at the end of the Year	14	11,300,000	15,921,833	12,342,176

This Statement should be read in conjunction with the accompanying notes

SHIRE OF MUNDARING
Annual Budget for Year Ending 30 June 2013

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 (as they apply to Local Government and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* (as amended) and the Local Government Regulations. It has been prepared on the accrual basis under the convention of historical cost accounting modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

The preparation of a 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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appear at Note 15 to this budget document.

SHIRE OF MUNDARING
Annual Budget for Year Ending 30 June 2013

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.

SHIRE OF MUNDARING
Annual Budget for Year Ending 30 June 2013

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

Tools

Expenses totalling less than \$3000 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 re-valued 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 re-valued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be re-valued 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.

SHIRE OF MUNDARING
Annual Budget for Year Ending 30 June 2013

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

(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.

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% 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.

SHIRE OF MUNDARING
Annual Budget for Year Ending 30 June 2013

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

(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.

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.

SHIRE OF MUNDARING
Annual Budget for Year Ending 30 June 2013

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

(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) Financial Instruments

(i) Initial Recognition and Measurement

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

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

(ii) Classification and Subsequent Measurement

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

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

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method, and
- (d) less any reduction for impairment.

SHIRE OF MUNDARING
Annual Budget for Year Ending 30 June 2013

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

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

(iii) 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.

(iv) 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.

(v) 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.

(vi) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives financial assets, 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.

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. Impairment losses are recognised in the Statement of Comprehensive Income. Any cumulative decline in fair value is reclassified to profit or loss at this point.

SHIRE OF MUNDARING
Annual Budget for Year Ending 30 June 2013

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

De-recognition

Financial assets are derecognised where the contractual rights for receipt of cash flows expire or the asset is transferred to another party, whereby the Council no longer has any significant continual involvement in the risk and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed in profit or loss.

(j) Impairment

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

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

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a re-valued amount in accordance with another standard (e.g. AASB 116) whereby any impairment loss of a re-valued asset is treated as a revaluation decrease in accordance with that other standard.

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

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2013.

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

(k) Rates, Grants, Donations and Other Contributions

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.

(l) Trade and Other Receivables

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 Year Ending 30 June 2013

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

(m) 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.

(n) 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.

(o) 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.

(p) 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 Year Ending 30 June 2013

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

(q) 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.

(r) Rounding Off Figures

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

(s) Comparative figures

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

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

SHIRE OF MUNDARING
Annual Budget for Year Ending 30 June 2013

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 Year Ending 30 June 2013

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.

To provide greater availability of facilities and services to meet the needs of

SHIRE OF MUNDARING
Annual Budget for Year Ending 30 June 2013

NOTES TO AND FORMING PART OF THE ANNUAL BUDGET

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 Year Ending 30 June 2013

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 Year Ending 30 June 2013

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 2013

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

	2011/12 BUDGET \$	2011/12 FORECAST \$	2012/13 BUDGET \$
CURRENT ASSETS			
Cash and Cash Equivalents	11,300,000	15,921,833	12,342,176
Trade and Other Receivables			
- Rates Debtors	250,000	842,104	823,560
- Sanitation Debtors	30,000	35,289	32,562
- Trade Debtors	329,798	572,031	640,977
- Provision for Doubtful Debts	-	-	-
- Long Service Leave Contributions (other Councils)	53,112	55,125	56,452
- Scheme Costs	205	205	205
- Pool Inspection	358	55	55
- Inventories	90,000	71,030	80,000
	<u>12,053,473</u>	<u>17,497,672</u>	<u>13,975,987</u>
CURRENT LIABILITIES			
Trade and Other Payables			
- Creditors	(638,617)	(880,124)	(1,060,439)
- Deposits and Bonds	-	-	-
Provision Employee Benefits	(1,308,510)	(2,034,193)	(1,856,811)
	<u>(1,947,127)</u>	<u>(2,914,317)</u>	<u>(2,917,250)</u>
Net Current assets	10,106,346	14,583,355	11,058,737
NON CURRENT ASSETS			
Rates Debtors - deferred	0	-	-
	<u>10,106,346</u>	<u>14,583,355</u>	<u>11,058,737</u>
Less RESTRICTED ASSETS			
Reserves	(10,097,320)	(10,838,660)	(11,040,388)
Other Restricted Assets	-	-	-
Surplus / (Deficiency)	<u><u>9,026</u></u>	<u><u>3,744,695</u></u>	<u><u>18,349</u></u>

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2013

NOTES TO AND FORMING PART OF THE BUDGET

4 REVENUES AND EXPENSES

	2011/12 FORECAST \$	2012/13 BUDGET \$
The net result was arrived at after charging / crediting the following items:		
(i) After Charging		
Depreciation -		
Buildings	823,944	866,827
Plant & Equipment	982,920	991,645
Furniture & Equipment	133,043	137,574
Infrastructure Assets - Roads, Streets	5,386,027	5,397,861
Infrastructure Assets - Other Structures	141,137	141,447
Infrastructure Assets - Parks, Plant & Machinery	524,813	525,966
Infrastructure Assets - Drainage	422,080	423,008
	8,413,965	8,484,329
 Borrowing costs	 350,000	 339,000
 Auditors Remuneration		
Audit	16,000	18,000
Other Services	19,230	24,415
	35,230	42,415
(ii) After Crediting		
Interest Earnings - Investments		
Interest earned from Reserves	450,000	450,000
Interest earned from other funds	603,384	588,000
	1,053,384	1,038,000

SHIRE OF MUNDARING
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NOTES TO AND FORMING PART OF THE BUDGET

5 FEES, EXPENSES AND ALLOWANCES TO ELECTED MEMBERS

	2011/12 FORECAST \$	2012/13 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)	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	36,500	36,550
Miscellaneous	75,780	102,660
	235,280	262,210

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2013

NOTES TO AND FORMING PART OF THE BUDGET

6 DEPRECIATION ON NON-CURRENT ASSETS

	2011/12 BUDGET	2011/12 FORECAST	2012/13 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	279	279	193
Governance	596,672	396,671	369,734
Law, Order & Public Safety	311,769	321,769	302,689
Health	-	24,410	25,143
Education & Welfare	66,773	136,932	149,460
Community Amenities	111,587	128,959	130,586
Recreation & Culture	863,319	863,319	904,816
Transport	6,370,523	6,370,523	6,407,945
Economic Services	14,510	4,510	3,549
Other Property & Services	166,592	166,593	190,214
	8,502,025	8,413,965	8,484,329

7 DISPOSAL OF ASSETS

	2011/12 BUDGET	2011/12 FORECAST	2012/13 BUDGET
	\$	\$	\$
Proceeds from the Disposal of Assets			
Land	-	475,000	5,750,000
Buildings	-	-	-
Plant & Equipment	647,500	665,937	704,550
Furniture & Equipment	-	-	-
	647,500	1,140,937	6,454,550
Book Value on Disposal			
Land	-	475,000	5,750,000
Buildings	-	-	-
Plant & Equipment	647,500	652,487	704,550
Furniture & Equipment	-	-	-
	647,500	1,127,487	6,454,550
Profit / (Loss) on Disposal	-	13,450	-
Represented by:			
Profit on Disposal	-	39,750	-
Loss on Disposal	-	(26,300)	-
	-	13,450	-

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2013

NOTES TO AND FORMING PART OF THE BUDGET

8 NON-CURRENT ASSETS

	2011/12 BUDGET \$	2011/12 FORECAST \$	2012/13 BUDGET \$
Acquisition of Assets, including Infrastructure Assets, have been capitalised in accordance with Australian Accounting Standards.			
CAPITAL ACQUISITIONS BY PROGRAM			
Governance	672,700	-	-
Law, Order & Public Safety	944,818	-	-
Health	28,000	-	-
Education & Welfare	295,620	-	-
Community Amenities	122,282	-	-
Recreation & Culture	1,454,271	-	-
Transport	6,397,857	-	-
Economic Services	33,500	-	-
Other Property & Services	841,990	-	-
	10,791,038	-	-
SCHEDULE OF CAPITAL OUTLAYS BY NATURE / TYPE			
Land	730,000	908,147	6,235,000
Buildings	1,721,923	1,488,883	1,049,090
Plant & Equipment	2,099,990	2,056,479	2,080,000
Furniture & Equipment	40,723	21,490	50,120
Infrastructure Assets - Roads, Streets	5,406,474	3,746,589	3,938,121
Infrastructure Assets - Other Structures	504,700	377,707	562,000
Infrastructure Assets - Parks, Plant & Equipment	97,865	842,591	387,161
Infrastructure Assets - Drainage	95,800	93,820	544,000
Infrastructure Assets - Gardens	93,563	-	24,000
	10,791,038	9,535,706	14,869,492

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2013

NOTES TO AND FORMING PART OF THE BUDGET

9 PROPERTY, PLANT & EQUIPMENT, INFRASTRUCTURE ASSETS

	2011/12 FORECAST \$	2012/13 BUDGET \$
Land at Cost	2,124,238	2,609,238
Buildings at Cost	28,584,939	29,634,029
Less: Accumulated Depreciation	(9,572,803)	(10,439,630)
	<u>19,012,136</u>	<u>19,194,399</u>
Plant & Equipment (external) at Cost	10,812,301	11,992,301
Less: Accumulated Depreciation	(4,967,649)	(5,763,844)
	<u>5,844,652</u>	<u>6,228,457</u>
Furniture & Equipment (internal) at Cost	4,158,740	4,208,860
Less: Accumulated Depreciation	(3,191,614)	(3,329,188)
	<u>967,126</u>	<u>879,672</u>
Infrastructure Assets: Roads, Streets at Management Valuation	125,505,169	124,045,429
Infrastructure Assets : (#) Other Structures at Cost	6,200,818	6,762,818
Less : Accumulated Depreciation	(1,682,600)	(1,824,048)
	<u>4,518,218</u>	<u>4,938,770</u>
Infrastructure Assets : Drainage at Cost	18,595,216	19,139,216
Less : Accumulated Depreciation	(4,671,830)	(5,094,838)
	<u>13,923,386</u>	<u>14,044,378</u>
Infrastructure Assets: Parks, Plant & Machinery at Cost	14,627,132	15,014,293
Less : Accumulated Depreciation	(6,215,824)	(6,741,790)
	<u>8,411,308</u>	<u>8,272,503</u>
Infrastructure Assets : Gardens at Cost	1,943,226	1,967,226
Less : Accumulated Depreciation	-	-
	<u>1,943,226</u>	<u>1,967,226</u>
Total Property, Plant & Equipment, Infrastructure Assets Net Book Value	<u><u>182,249,458</u></u>	<u><u>182,180,072</u></u>

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

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Annual Budget for the Year ending 30 June 2013

NOTES TO AND FORMING PART OF THE BUDGET

10 ADVANCES TO CLUBS / INSTITUTIONS

	2011/12 FORECAST \$	2012/13 BUDGET \$
Opening Balance	-	-
Add: New Loans	-	-
	-	-
Less: Repayments	-	-
Closing Balance	-	-

11 BORROWINGS - DEBENTURE LOANS

Opening Balance	5,066,438	4,904,438
Add: New Loan	-	1,500,000
	5,066,438	6,404,438
Less: Repayments	(162,000)	(173,315)
	4,904,438	6,231,123
Less: Principal on Self Supporting Loans to Clubs/Institutions	-	-
Net Principal Outstanding Requiring Servicing	4,904,438	6,231,123

Represents :

Current Liability	173,315	512,315
Non-Current Liability	4,731,123	5,718,808
	4,904,438	6,231,123

DEBENTURE LOANS RAISED DURING THE YEAR

Infrastructure Services Development	-	1,500,000
WA Treasury Corp -10 years at monthly intervals Interest rate 6.95%		
Balance of unspent loan monies at reporting date	-	-

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Annual Budget for the Year ending 30 June 2013

11 Budget Loan Schedule for the Year Ending 30 June 2013

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 2012	Loans Taken Out During Year ending 30 June 2013	Principal Repayments During Year ending 30 June 2013	Interest Repayments During Year ending 30 June 2013	Total Repayments Year ending 30 June 2013	BALANCE as at 30 June 2013	
Governance - Civic Facility Redevelopment	170	W. A. Treasury Corp	31 Jan 08	20	31 Jul 28	\$5,500,000	6.95%	\$42,667	12	\$4,904,438		\$173,315	\$339,000	\$512,315	\$4,731,123	
Governance - Infrastructure Development	171	W. A. Treasury Corp	29 Jun 12	10	May 21	\$0	6.95%	\$0	12	\$0	\$1,500,000	\$0	\$0	\$0	\$1,500,000	
										Loan Liability	\$4,904,438	\$1,500,000	\$173,315	\$339,000	\$512,315	\$6,231,123
										Less Loans Repayable by Third Party Clubs & Institutions (Self Supporting Loans)						\$0
										No Self Supporting Loans						\$6,231,123

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2013

NOTES TO AND FORMING PART OF THE BUDGET

12 CASH AND CASH EQUIVALENTS

	2011/12 FORECAST \$	2012/13 BUDGET \$
a) Cash on Hand and at Bank	4,171,937	3,133,183
Term Deposits	11,749,896	9,208,993
	15,921,833	12,342,176
b) Restricted	12,338,660	11,040,388
Unrestricted	3,583,173	1,301,788
	15,921,833	12,342,176

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

Loan Funds unspent at 30 June		-
Gravel Pit Reserve	196,311	274,509
Insurance Reserve	0	0
Plant Replacement Reserve	614,051	709,743
Civic Facilities Reserve	2,435,677	2,365,687
Information Technology Reserve	506,758	553,472
Long Service Leave Reserve	197,010	222,621
Childrens Services Reserve	1,348,934	1,566,736
Capital Investment Reserve	4,678,696	4,223,696
Capital Income Reserve	861,223	1,123,923
Grant Funds unspent at 30 June	1,500,000	-
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	-	-
	12,338,660	11,040,388

NOTES TO AND FORMING PART OF THE BUDGET

13 RESERVES - CASH BACKED

	2011/12 FORECAST \$	2012/13 BUDGET \$
a) Insurance Reserve		
Opening Balance	480,472	0
Transfer from Accumulated Surplus	-	-
Interest applied to Reserve from Accumulated Surplus	20,753	-
Transfer to Civic Facilities Reserve	(501,225)	-
Closing Balance	0	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	591,628	614,051
Transfer from Accumulated Surplus	909,912	900,000
Interest applied to Reserve from Accumulated Surplus	22,423	28,143
Transfer to Accumulated Surplus	(909,912)	(832,450)
Closing Balance	614,051	709,743
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	2,294,298	2,435,677
Transfer from Accumulated Surplus	850,000	658,000
Interest applied to Reserve from Accumulated Surplus	109,154	111,010
Transfer to Accumulated Surplus	(1,319,000)	(839,000)
Transfer from Insurance Reserve	501,225	-
Closing Balance	2,435,677	2,365,687
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	533,716	506,758
Transfer from Accumulated Surplus	150,000	125,000
Interest applied to Reserve from Accumulated Surplus	23,042	21,714
Transfer to Accumulated Surplus	(200,000)	(100,000)
Closing Balance	506,758	553,472
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	103,923	197,010
Transfer from Accumulated Surplus	250,000	150,000
Interest applied to Reserve from Accumulated Surplus	6,013	10,407
Transfer to Accumulated Surplus	(162,926)	(134,796)
Closing Balance	197,010	222,621
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.		
f) Childrens' Services Reserve		
Opening Balance	1,076,854	1,348,934
Transfer from Accumulated Surplus	225,563	160,000
Interest applied to Reserve from Accumulated Surplus	46,517	57,802
Transfer to Accumulated Surplus	-	-
Closing Balance	1,348,934	1,566,736
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.		

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NOTES TO AND FORMING PART OF THE BUDGET

13 RESERVES - CASH BACKED

	2011/12 FORECAST \$	2012/13 BUDGET \$
g) Gravel Pit Rehabilitation Reserve		
Opening Balance	130,853	196,311
Transfer from Accumulated Surplus	60,000	70,000
Interest applied to Reserve from Accumulated Surplus	5,458	8,198
Transfer to Accumulated Surplus	-	-
Closing Balance	196,311	274,509
Purpose: To provide funding to produce gravel and Rehabilitation of a Gravel Pit area.		
h) Capital Investment Reserve		
Opening Balance	4,333,696	4,678,696
Transfer from Accumulated Surplus	475,000	5,750,000
Interest applied to Reserve from Accumulated Surplus	179,658	185,698
Transfer to Accumulated Surplus	(130,000)	(6,205,000)
Transfer to Capital Income Reserve	(179,658)	(185,698)
Closing Balance	4,678,696	4,223,696
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	679,129	861,223
Transfer from Accumulated Surplus	130,305	265,250
Interest applied to Reserve from Accumulated Surplus	36,982	27,028
Transfer to Accumulated Surplus	(164,851)	(215,276)
Transfer from Capital Investment Reserve	179,658	185,698
Closing Balance	861,223	1,123,923
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	10,224,569	10,838,660
Transfer from Accumulated Surplus	3,050,780	8,078,250
Interest applied to Reserve from Accumulated Surplus	450,000	450,000
Transfer to Accumulated Surplus	(2,886,689)	(8,326,522)
Closing Balance	10,838,660	11,040,388

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

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Annual Budget for the Year ending 30 June 2013

NOTES TO AND FORMING PART OF THE BUDGET

14 NOTES TO STATEMENT OF CASH FLOWS

	2011/12 FORECAST \$	2012/13 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	4,171,937	3,133,183
Term Deposits	11,749,896	9,208,993
	<u>15,921,833</u>	<u>12,342,176</u>
(b) Reconciliation of Net Cash from Operating Activities to Net Result		
Net Result	(164,027)	(4,958,690)
(Increase)/Decrease in Rates Debtors and Deferred Rates	(359,047)	(6,456)
(Increase)/Decrease in Sanitation Debtors	(3,348)	2,727
(Increase)/Decrease in Stock On Hand	7,830	(8,970)
(Increase)/Decrease in Accrued Interest Income	-	-
(Increase)/Decrease in Other Receivables	(28,908)	(58,946)
Depreciation and Amortisation	8,413,965	8,484,329
(Profit)/Loss on Disposal of Non-current Assets	(13,450)	-
Increase/(Decrease) in Employee Entitlements	430,040	(115,709)
Increase/(Decrease) in Accrued Interest Expense	-	-
Increase/(Decrease) in Other Operating Creditors	(600,030)	180,315
GST Movements	(30,000)	(10,000)
Grants/Contributions for the Development of Assets	(2,091,026)	(2,269,141)
Net Cash from Operating Activities	<u>5,561,999</u>	<u>1,239,459</u>

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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

	Deposits, Bonds and Retentions \$	Public Open Space and Road Construction \$	Scheme Cost # 6, 7 \$	Total \$
Opening Balance	1,262,439	3,633,342	37,471	4,933,252
Receipts	125,000	785,012	24,025	934,037
Payments	(250,350)	(805,000)	(35,010)	(1,090,360)
Closing 2011/12 Forecast	1,137,089	3,613,354	26,486	4,776,929
Receipts	350,000	155,000	40,000	545,000
Payments	(350,000)	(155,000)	(55,000)	(560,000)
Closing 2012/13 Budget	1,137,089	3,613,354	11,486	4,761,929

Purpose:-

- a) Deposits, Bonds and Retentions - collected by the Shire and paid on
- 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
- 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.

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NOTES TO AND FORMING PART OF THE BUDGET

16 CREDIT STANDBY ARRANGEMENTS

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
Bank Overdraft at Reporting Period
Amount of Credit Unused

	2011/12 FORECAST \$	2012/13 BUDGET \$
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>
 The above Overdraft Facility is for the 'Municipal Fund' for its normal course of operation	 1,000,000	 1,000,000

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NOTES TO AND FORMING PART OF THE BUDGET

17 FINANCIAL PERFORMANCE INDICATORS

	2011/12 FORECAST \$	2012/13 BUDGET \$
Rate Coverage Ratio	51.98%	58.21%
Outstanding Rates Ratio	3.88%	3.49%
Debt Service Ratio	1.32%	1.39%

Formulae for Calculation of Ratios:

(a) Rate Coverage Ratio

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

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

(b) Outstanding Rates Ratio

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

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

(c) Debt Service Ratio

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

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

18 STATISTICAL COMPARISONS

	2011/12 FORECAST \$	2012/13 BUDGET \$	Increase/ (Decrease)
Rate Revenue	21,095,636	22,688,736	7.55%
General Purpose Grants	* 4,047,622	1,500,000	-62.94%
Interest Earnings	1,053,384	1,038,000	-1.46%
Loan Repayments:			
Interest	350,000	339,000	-3.14%
Principal	162,000	173,315	6.98%
TOTAL	512,000	512,315	
Loan Principal Outstanding	4,904,438	6,231,123	27.05%

* General Purpose Grant - \$1.5M of 2012/13 funding included in 2011/12 forecast as per directive from Department of Local Government.

SHIRE OF MUNDARING
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NOTES TO AND FORMING PART OF THE BUDGET

19 GRANTS AND SUBSIDIES

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

Description	2011/12 BUDGET \$	2011/12 FORECAST \$	2012/13 BUDGET \$
Grants, Contributions & Subsidies			
Capital Grants			
010711 GRANT - PERTH HILLS TRAILS MASTER PLAN	0	15,000	45,000
015215 GRANT - SEDO SOLAR PANELS ADMIN CENTRE	10,000	24,240	0
016127 CONTRIBUTION RECEIVED - ESL CAPITAL GRANTS	571,000	571,000	525,000
016130 GRANT - ROADS TO RECOVERY	704,534	704,534	464,534
016135 GRANT - STATE ROADS	152,104	152,104	155,000
016136 GRANT - METRO ROAD	103,324	103,324	256,617
016166 GRANT - BROWN PARK YOUTH CTR CCAFF	186,923	186,923	0
016176 GRANT - SAWYERS VALLEY VBFB FIRE STATION (FESA)	150,000	0	150,000
016184 GRANT - (STATE) MT HELENA AQUATIC	36,750	36,750	0
016188 GRANT - SAWYERS VALLEY VBFB FIRE STATION (LOTTERYWEST)	20,000	0	20,000
016189 GRANT - STONEVILLE VBFB PROPERTY IMPROV (LOTTERYWEST)	11,818	11,818	0
016196 GRANT - BLACK SPOT 11/12 BROOKING RD	333,333	133,333	200,000
016197 GRANT - BLACK SPOT 11/12 SAWYERS RD	152,000	152,000	0
016203 GRANT - DARLINGTON BUSHFIRE BRIGADE (LOTTERYWEST)	0	0	25,125
016204 GRANT - DARLINGTON BUSHFIRE BRIGADE (FESA)	0	0	46,500
016210 GRANT - WOOROLOO BUSHFIRE BRIGADE (LOTTERYWEST)	0	0	8,000
016211 GRANT - BLACKSPOT 12/13 HELENA VALEY ROAD	0	0	373,365
Total Capital Grants	2,431,786	2,091,026	2,269,141
Capital Grants by Function			
RECREATION AND CULTURE	223,673	238,673	45,000
TRANSPORT	1,445,295	1,245,295	1,449,516
LAW, ORDER, PUBLIC SAFETY	752,818	582,818	774,625
GOVERNANCE	10,000	24,240	0
Total Capital Grants by Function	2,431,786	2,091,026	2,269,141

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19 GRANTS and SUBSIDIES (Cont.)

Description	2010/11 BUDGET \$	2011/12 FORECAST \$	2012/13 BUDGET \$
Operating Grants			
010005 GENERAL PURPOSE GRANT	1,376,000	2,972,915	1,100,000
010006 FORMULA LOCAL ROAD GRANT	421,000	1,074,707	400,000
010062 GRANT - PACS	77,000	79,900	82,320
010063 GRANT - CHILD CARE BENEFIT	750,000	940,000	780,000
010064 GRANT - DAY CARE OPERATING	210,000	210,000	211,500
010122 GOVERNMENT GRANT POOLS	3,500	3,000	3,000
010239 STREET LIGHTING GRANT	40,500	40,500	41,000
010318 SPECIAL BRIDGE GRANT	66,000	0	66,000
010334 GRANT - OMCF / LOTTERYWEST	1,000	0	0
010431 GRANT MCC - PARENTING PROJECT / PaCE 1	102,320	102,320	41,120
010434 GRANT - SPECIAL NEEDS SUBSIDY	2,000	9,000	5,000
010442 GRANT - OPERATIONAL / PaCE 2	95,468	95,468	47,733
010515 ESL COMMISSION	37,000	25,200	25,200
010522 ESL GRANT	231,963	268,963	288,975
010529 SENIORS WEEK GRANT	1,100	1,000	1,000
010550 ENVIRONMENTAL GRANTS	0	17,000	0
010553 GRANT - CRIME PREVENTION PLANNING	1,200	0	0
010562 GRANT - TREK THE TRAIL	34,000	24,519	34,000
010605 ISA OPERATIONAL	0	303,000	150,610
010606 ISA ISA FLEXIBLE SUPPORT	0	43,500	22,000
010612 FRUNDAISING/LOTERRYWEST	0	2,000	2,000
010625 GRANT FUNDS RECEIVED FOR FRIENDS GROUPS	0	5,764	0
010637 GRANT - TRUFFLE FESTIVAL	80,000	95,000	100,000
010641 GRANT - GENERAL PURPOSE INCOME	4,000	4,000	7,300
010661 GRANT - STAY ON YOUR FEET	0	636	0
010697 GRANT - MRRG GUIDELINES	95,846	95,846	0
010706 GRANT - COMMUNITIES FOR CHILDREN PLAYGROUP	0	60,000	60,000
010707 GRANT - KIDSPORT FUNDING	0	34,000	10,000
010708 GRANT - LIBRARIES BOOK CLUB	0	1,818	0
010709 GRANT - TELSTRA CONNECTED SENIORS	0	3,150	0
010710 GRANT - COMMUNITIES FOR CHILDREN LINKS	0	31,000	73,003
016201 GRANT - MUNDARING HALL UPGRADE	100,000	100,000	0
Total Operating Grants	3,729,897	6,644,206	3,551,761
Total Grants	6,161,683	8,735,232	5,820,902

SHIRE OF MUNDARING
Annual Budget for the Year ending 30 June 2013

NOTES TO AND FORMING PART OF THE BUDGET

20 SUMMARY OF FEES AND CHARGES

	2011/12 FORECAST \$	2012/13 BUDGET \$
General Purpose Funding		
Instalment Charge	105,000	110,000
Law, Order & Public Safety		
Bushfire Fines & Infringements	21,855	10,550
Dog Fines	10,350	10,350
Dog Licences	60,000	60,000
Impoundment Fees	14,500	13,000
Vehicle By-Law Infringements	1,300	1,750
Litter Infringements	500	500
Health		
Fees & Charges	40,600	24,500
Licences	6,700	6,700
Inspection Fees	26,000	25,000
Welfare & Education		
Childcare Fees	1,436,000	1,538,200
Leases	8,000	8,000
Community Amenities		
Fines	255,000	15,000
Town Planning Fees	247,825	248,000
Refuse Disposal	3,344,194	3,658,697
Cemetery Charges	23,323	26,220
Recreation & Culture		
Hire of Halls and Ovals	238,899	216,255
Swimming Facility Fees	230,344	236,450
Entry to Lake Leschenaultia	155,000	360,557
Childrens Holiday Program	44,147	46,000
Leases	8,000	8,000
Sale of Water	39,000	39,000
Other	72,270	66,050
Economic Services		
Building Licences & Fees	256,351	240,000
Building Fines & Costs	2,797	1,000
Total	6,647,955	6,969,779

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Annual Budget for the Year ending 30 June 2013

NOTES TO AND FORMING PART OF THE BUDGET

21 RATING INFORMATION

(a) GENERAL PURPOSE FUNDING INCOME

2011/12						2011/12	2012/13
Budgeted Yield \$	Particulars	Count	Rate Class	Cents in \$	Rateable Land Value \$	Forecast Yield \$	Budgeted Yield \$
Rate Revenue							
General Rate GRV							
1,517,426	Commercial	251	GRV	8.63600	18,777,045	1,517,426	1,621,586
1,121,748	Light Industrial	278	GRV	8.63600	14,072,416	1,121,748	1,215,294
12,834,868	Residential	10,168	GRV	8.63600	160,301,884	12,847,086	13,843,672
3,775,403	RLL Residential	2,780	GRV	8.63600	47,147,583	3,778,504	4,071,665
211,928	Rural & SP Residential	137	GRV	8.63600	2,628,744	211,929	227,018
General Rate UV							
625,688	Rural	235	UV	0.40030	169,120,000	625,688	676,987
0	Mining Lease	0	UV	0.40030	0	0	0
Minimum Rate GRV							
11,200	Commercial	14	GRV	\$854	117,632	11,200	11,956
7,200	Light Industrial	9	GRV	\$854	79,864	7,200	7,686
632,000	Residential	763	GRV	\$854	6,251,884	629,000	651,602
124,000	RLL Residential	155	GRV	\$854	1,387,350	124,000	132,370
2,400	Rural & SP Residential	3	GRV	\$854	26,208	2,400	2,562
Minimum Rate UV							
0	Rural	0	UV	\$854	0	0	0
5,600	Mining Lease	8	UV	\$854	20,712	5,600	6,832
20,869,462	RATES	14,801			287,709,556	20,881,781	22,469,230
125,250	INTERIMS					111,950	112,501
0	RATES PREVIOUS YEARS					0	0
20,994,712	Total Rates Levled					20,993,731	22,581,731
(2,500)	Less Rates (Written Off)/Recovered					(3,100)	(2,500)
20,992,212	Total Rates Income					20,990,631	22,579,231
0	RATES SUSPENSE					0	0
0	CASH RECEIPTS ROUNDING					5	5
110,000	INSTALMENT CHARGE					105,000	109,500
21,102,212	Total Amount Made Up From Rates					21,095,636	22,688,736
General Purpose Income							
1,797,000	GENERAL PURPOSE GRANTS					4,047,622	1,500,000
Other General Purpose Income							
470,000	INTEREST MUNICIPAL					470,000	470,000
563,000	INTEREST OTHER					583,384	568,000
5,007	RATES COLLECTION					18,000	5,000
23,937,219	Total General Purpose Income					26,214,642	25,231,736

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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 - Aspen Parks - One night's accommodation in standard family cabin to a maximum value of \$200 in any WA park
- 7th and 8th - Club Sierra - One month gym membership and one hour personal training session. (\$165 x2)
- 9th - Mount Helena Tavern & Restaurant - Dinner for 2 to the Value of \$100
- 10th and 11th Sawyers Valley Growers Market 2 x \$50 shopping vouchers
- 12th to 14th - Shire pools - season tickets (3)

Ratepayers other than Councillors, Government organisations and staff who pay their rates in full by 10 August 2012 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 \$4300 being \$2500 towards the first prize, \$1500 towards the second prize, \$300 for pool entry.

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

a) In full by 10 August 2012

b) Payment by four instalments being due on

10 Aug 2012	1st Instalment
12 Oct 2012	2nd Instalment
14 Dec 2013	3rd Instalment
15 Feb 2013	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 2012/13 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
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NOTES TO AND FORMING PART OF THE BUDGET

	2011/12 FORECAST \$	2012/13 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

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.