



SHIRE OF MUNDARING

BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

TABLE OF CONTENTS

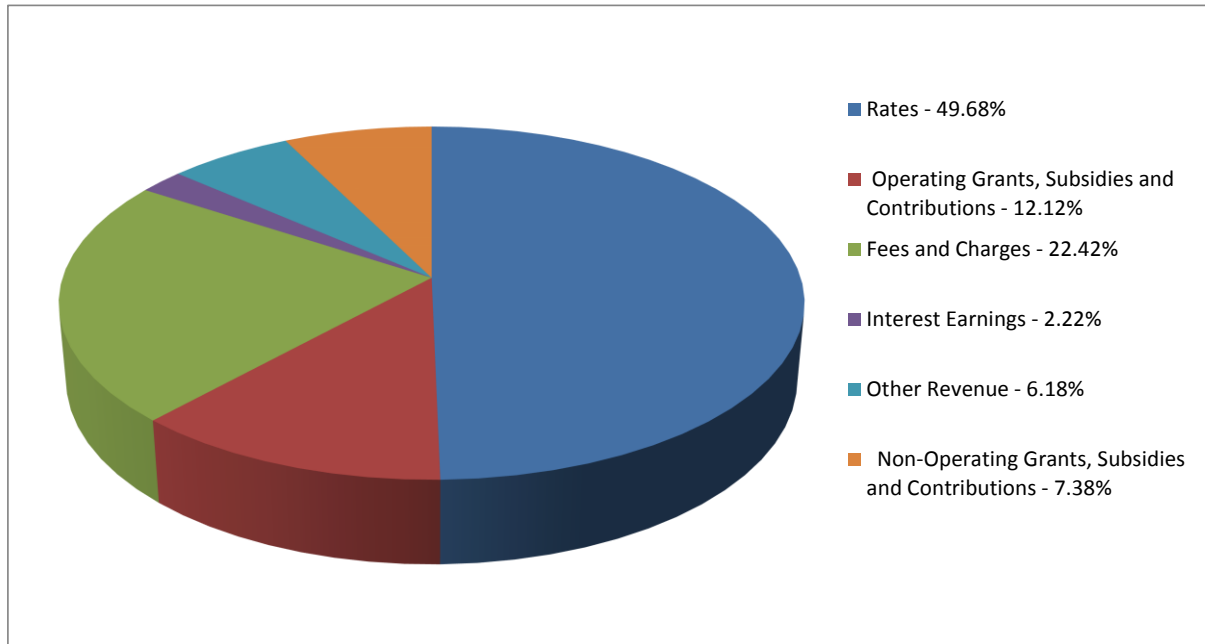
Budget Overview	3
Statement of Comprehensive Income by Nature and Type	5
Statement of Comprehensive Income by Program	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and forming part of the budget	9

BUDGET OVERVIEW

The Shire of Mundaring's 2014/15 budget has been based on a rate increase of 7.3%. The budget forecasts a closing surplus of \$1,529,220 as at 30 June 2015.

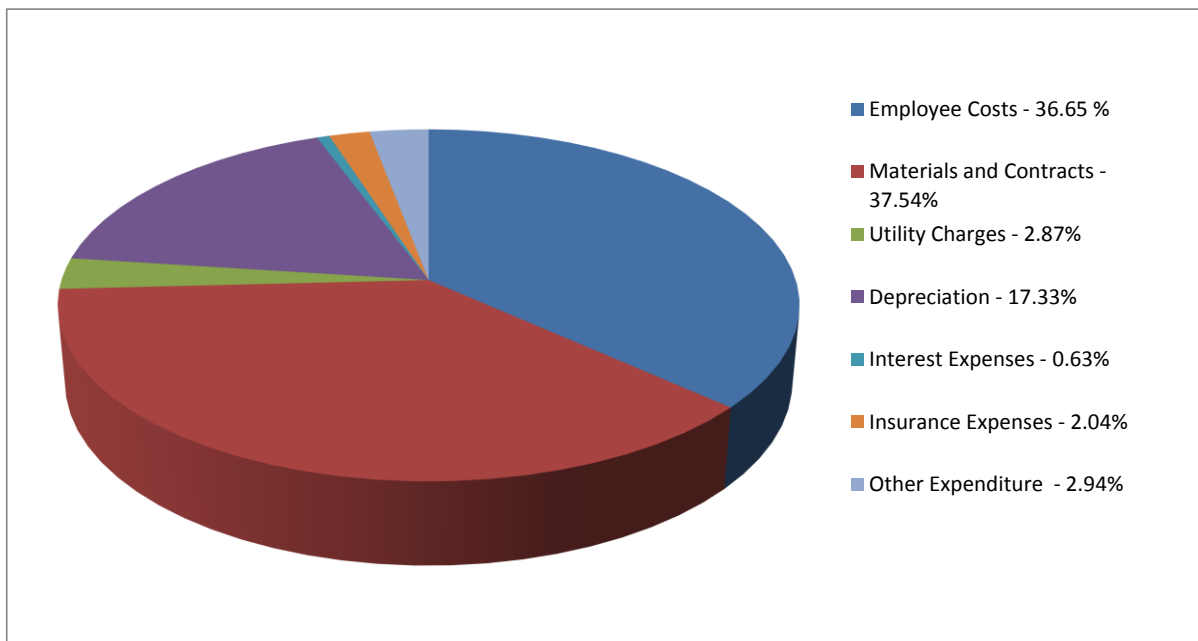
Operating Revenue

The Shire's total operating revenue for 2014/15 is forecast to be \$47,711,384. The breakdown of operating revenue by nature and type is provided below.



Operating Expenditure

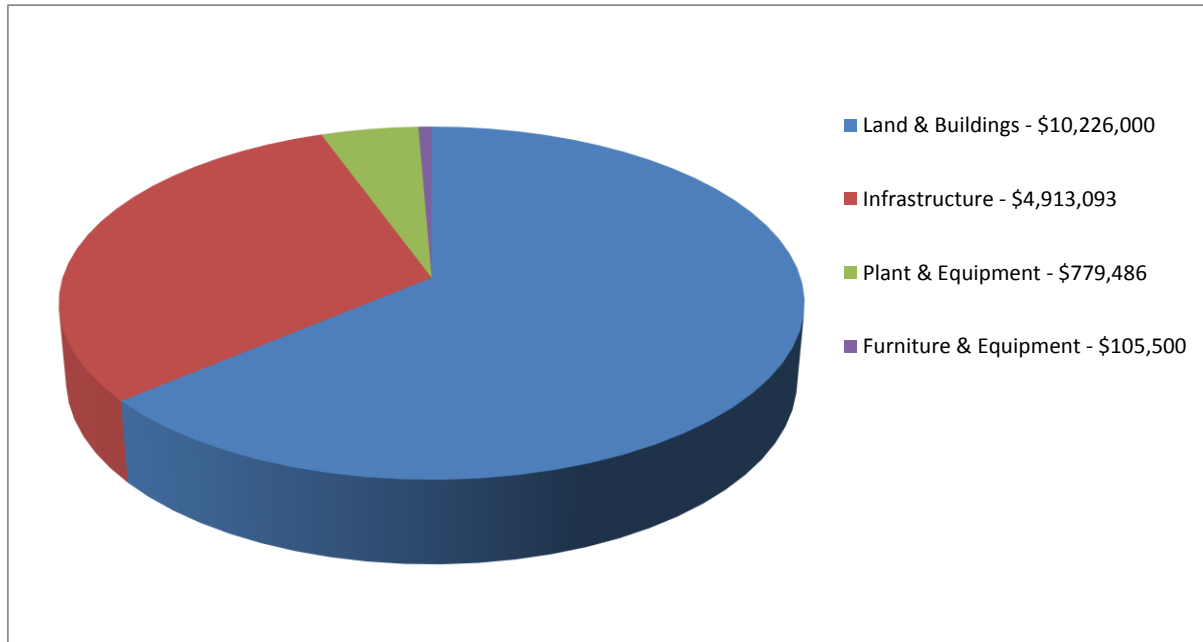
The Shire's total operating expenditure for 2014/15 is forecast to be \$49,289,393. The breakdown of operating expenditure by nature and type is provided below.



BUDGET OVERVIEW continued

Capital Expenditure

The Shire's total capital expenditure for 2014/15 is forecast to be \$16,024,079. A breakdown of capital expenditure by class of assets is provided below.



Cash Backed Reserves

During the 2014/15 financial year the Shire has forecast to utilise \$9,159,283 from its cash backed reserves to fund capital expenditure. At the same time the Shire has forecast to transfer \$21,886,000 to its cash backed reserves to fund future capital expenditure. These transfers to and from the cash backed reserves will result in the Shire having a forecast balance of \$24,223,068 in cash backed reserves as of 30 June 2015. A more detailed disclosure of the Shire's cash backed reserves is provided in Note 6 of the budget.

Loan Liability

The Shire has budgeted for a loan of \$16 million to be drawn down on the 30 June 2015. These funds will be utilised to fund major building and reserve capital projects over the next three years. The Shire's forecast loan liability at 30 June 2015, as disclosed in Note 5 of the budget, is \$20,346,637.

SHIRE OF MUNDARING
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
Revenue				
Rates	8	23,702,860	24,041,908	23,969,512
Operating Grants, Subsidies and Contributions		5,780,407	4,587,814	3,928,315
Fees and Charges	11	10,695,085	7,807,841	7,565,841
Interest Earnings	2(a)	1,065,000	1,010,179	1,205,000
Other Revenue		2,948,525	5,127,065	2,919,046
		<u>44,191,877</u>	<u>42,574,807</u>	<u>39,587,714</u>
Expenses				
Employee Costs		(18,064,167)	(16,417,597)	(15,843,163)
Materials and Contracts		(18,503,986)	(18,484,383)	(16,582,651)
Utility Charges		(1,413,028)	(1,188,710)	(1,184,879)
Depreciation on Non-Current Assets	2(a)	(8,541,748)	(8,506,520)	(8,536,396)
Interest Expenses	2(a)	(309,661)	(326,462)	(326,370)
Insurance Expenses		(1,005,352)	(913,253)	(898,107)
Other Expenditure		(1,451,451)	(1,440,987)	(2,525,368)
		<u>(49,289,393)</u>	<u>(47,277,913)</u>	<u>(45,896,934)</u>
		(5,097,516)	(4,703,106)	(6,309,220)
Non-Operating Grants, Subsidies and Contributions		3,519,507	3,491,139	2,922,661
Profit on Asset Disposals	4	0	0	0
Loss on Asset Disposals	4	0	(132,401)	0
		<u>0</u>	<u>(132,401)</u>	<u>0</u>
NET RESULT		(1,578,009)	(1,344,368)	(3,386,559)
Other Comprehensive Income				
Changes on Revaluation of non-current assets		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>(1,578,009)</u>	<u>(1,344,368)</u>	<u>(3,386,559)</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss and (if any) changes on revaluation of non-current assets in accordance with the mandating of fair value measurement through Other Comprehensive Income, is impacted upon by external forces and is not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

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

SHIRE OF MUNDARING
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
Revenue (Refer Notes 1,2,8 to 13)				
General Purpose Funding		27,756,952	26,468,539	26,922,894
Governance		81,200	781,526	61,260
Law, Order, Public Safety		418,200	3,187,621	409,400
Health		55,700	79,346	65,200
Education and Welfare		4,818,166	4,337,349	3,771,838
Community Amenities		7,124,290	4,332,145	4,251,282
Recreation and Culture		1,053,713	1,216,725	1,132,019
Transport		186,000	343,825	186,000
Economic Services		238,500	267,806	238,500
Other Property and Services		2,459,156	1,559,923	2,549,321
		<u>44,191,877</u>	<u>42,574,807</u>	<u>39,587,714</u>
Expenses Excluding				
Finance Costs (Refer Notes 1,2 & 14)				
General Purpose Funding		(681,138)	(885,876)	(662,502)
Governance		(5,125,476)	(4,625,390)	(4,676,896)
Law, Order, Public Safety		(2,395,826)	(5,446,244)	(2,193,216)
Health		(814,610)	(607,687)	(792,285)
Education and Welfare		(6,664,979)	(5,830,796)	(5,590,983)
Community Amenities		(8,779,786)	(7,308,037)	(7,920,633)
Recreation and Culture		(8,679,958)	(7,814,675)	(8,198,820)
Transport		(11,868,068)	(11,191,762)	(11,695,148)
Economic Services		(809,159)	(710,443)	(769,854)
Other Property and Services		(3,160,731)	(2,530,540)	(3,070,229)
		<u>(48,979,732)</u>	<u>(46,951,451)</u>	<u>(45,570,564)</u>
Finance Costs (Refer Notes 2 & 5)				
Governance		<u>(309,661)</u>	<u>(326,462)</u>	<u>(326,370)</u>
		(309,661)	(326,462)	(326,370)
Non-operating Grants, Subsidies and Contributions				
Law, Order, Public Safety		0	156,239	248,000
Education and Welfare		58,500	0	58,500
Recreation and Culture		1,920,000	1,387,000	42,000
Transport		1,541,007	1,947,899	2,574,161
		<u>3,519,507</u>	<u>3,491,139</u>	<u>2,922,661</u>
Profit/(Loss) On				
Disposal Of Assets (Refer Note 4)				
Law, Order, Public Safety		0	(2,000)	0
Health		0	(2,206)	0
Education and Welfare		0	(4,273)	0
Recreation and Culture		0	(2,313)	0
Transport		0	(121,610)	0
		<u>0</u>	<u>(132,401)</u>	<u>0</u>
		0	(132,401)	0
NET RESULT		(1,578,009)	(1,344,368)	(3,386,559)
Other Comprehensive Income				
Changes on Revaluation of non-current assets		<u>0</u>	<u>0</u>	<u>0</u>
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>(1,578,009)</u>	<u>(1,344,368)</u>	<u>(3,386,559)</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss and (if any) changes on revaluation of non-current assets in accordance with the mandating of fair value measurement through Other Comprehensive Income, is impacted upon by external forces and is not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

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

SHIRE OF MUNDARING
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		23,702,860	24,041,908	23,969,512
Operating Grants, Subsidies and Contributions		5,780,407	4,587,814	3,928,315
Fees and Charges		10,695,085	7,807,841	7,565,841
Interest Earnings		1,065,000	1,010,179	1,205,000
Goods and Services Tax		1,500,000	1,500,000	1,500,000
Other Revenue		<u>2,948,525</u>	<u>5,127,065</u>	<u>2,919,046</u>
		45,691,877	44,074,807	41,087,714
Payments				
Employee Costs		(18,064,167)	(16,417,597)	(15,843,163)
Materials and Contracts		(18,503,986)	(18,484,383)	(16,582,651)
Utility Charges		(1,413,028)	(1,188,710)	(1,184,879)
Interest Expenses		(309,661)	(326,462)	(326,370)
Insurance Expenses		(1,005,352)	(913,253)	(898,107)
Goods and Services Tax		(1,500,000)	(1,592,906)	(1,500,001)
Other Expenditure		<u>(1,451,451)</u>	<u>(1,440,987)</u>	<u>(2,525,368)</u>
		(42,247,645)	(40,364,299)	(38,860,539)
Net Cash Provided By Operating Activities	15(b)	<u>3,444,232</u>	<u>3,710,508</u>	<u>2,227,175</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment	3	(11,110,986)	(3,828,806)	(5,893,942)
Payments for Construction of Infrastructure	3	(4,913,093)	(4,287,327)	(7,424,533)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		3,519,507	3,491,139	2,922,661
Proceeds from Sale of Non-Current Assets	4	<u>2,638,140</u>	<u>312,720</u>	<u>6,699,225</u>
Net Cash Used in Investing Activities		(9,866,432)	(4,312,275)	(3,696,589)
Cash Flows from Financing Activities				
Repayment of Debentures	5	(199,080)	(185,695)	(185,751)
Proceeds from New Debentures	5	<u>16,000,000</u>	<u>0</u>	<u>10,000,000</u>
Net Cash Provided By (Used In) Financing Activities		15,800,920	(185,695)	9,814,249
Net Increase (Decrease) in Cash Held		9,378,720	(787,461)	8,344,835
Cash at Beginning of Year		18,836,108	19,623,569	17,228,686
Cash and Cash Equivalents at the End of the Year	15(a)	<u><u>28,214,828</u></u>	<u><u>18,836,108</u></u>	<u><u>25,573,521</u></u>

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

**SHIRE OF MUNDARING
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
Revenues	1,2			
General Purpose Funding		4,054,092	2,426,631	2,953,382
Governance		81,200	781,526	61,260
Law, Order, Public Safety		418,200	3,343,861	657,400
Health		55,700	79,346	65,200
Education and Welfare		4,876,666	4,337,349	3,830,338
Community Amenities		7,124,290	4,332,145	4,251,282
Recreation and Culture		2,973,713	2,603,725	1,174,019
Transport		1,727,007	2,291,725	2,760,161
Economic Services		238,500	267,806	238,500
Other Property and Services		2,459,156	1,559,923	2,549,321
		<u>24,008,524</u>	<u>22,024,037</u>	<u>18,540,863</u>
Expenses	1,2			
General Purpose Funding		(681,138)	(885,876)	(662,502)
Governance		(5,435,137)	(4,951,852)	(5,003,266)
Law, Order, Public Safety		(2,395,826)	(5,448,244)	(2,193,216)
Health		(814,610)	(609,893)	(792,285)
Education and Welfare		(6,664,979)	(5,835,069)	(5,590,983)
Community Amenities		(8,779,786)	(7,308,037)	(7,920,633)
Recreation and Culture		(8,679,958)	(7,816,988)	(8,198,820)
Transport		(11,868,068)	(11,313,373)	(11,695,148)
Economic Services		(809,159)	(710,443)	(769,854)
Other Property and Services		(3,160,731)	(2,530,540)	(3,070,229)
		<u>(49,289,393)</u>	<u>(47,410,314)</u>	<u>(45,896,934)</u>
Net Operating Result Excluding Rates		(25,280,869)	(25,386,276)	(27,356,071)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	4	0	132,401	0
Depreciation on Assets	2(a)	8,541,748	8,506,520	8,536,396
Movement in Non-Current Receivables		0		0
Capital Expenditure and Revenue				
Purchase Land and Buildings	3	(10,226,000)	(2,536,922)	(4,592,501)
Purchase Infrastructure Assets	3	(4,913,093)	(4,287,327)	(7,424,533)
Purchase Plant and Equipment	3	(779,486)	(1,231,628)	(1,220,641)
Purchase Furniture and Equipment	3	(105,500)	(60,255)	(80,800)
Proceeds from Disposal of Assets	4	2,638,140	312,720	6,699,225
Repayment of Debentures	5	(199,080)	(185,695)	(185,751)
Proceeds from New Debentures	5	16,000,000	0	10,000,000
Transfers to Reserves (Restricted Assets)	6	(21,886,000)	(2,223,706)	(18,871,511)
Transfers from Reserves (Restricted Assets)	6	9,159,283	1,780,719	7,829,513
ADD Estimated Surplus/(Deficit) July 1 B/Fw d.	7	4,877,217	6,014,758	3,757,517
LESS Estimated Surplus/(Deficit) June 30 C/Fw d.	7	1,529,220	4,877,217	1,060,355
Amount Required to be Raised from General Rate	8	<u>(23,702,860)</u>	<u>(24,041,908)</u>	<u>(23,969,512)</u>

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

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. Material accounting policies which have been adopted in the preparation of this budget are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the budget has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this budget.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 16 to this budget document.

(b) 2013/14 Actual Balances

Balances shown in this budget as 2013/14 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(c) Rounding Off Figures

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

(d) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a Gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

(f) Superannuation

The Council contributes to a number of Superannuation Funds on behalf of employees.

All funds to which the Council contributes are defined contribution plans.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities in the statement of financial position.

(h) Trade and Other Receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

(i) Inventories

General

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land Held for Resale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on Council's intentions to release for sale.

(j) Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

(a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and

(b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

(c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the budget as necessary.

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the Council was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of state or regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Whilst they were initially recorded at cost (being fair value at the date of acquisition (deemed cost) as per AASB 116) they were revalued along with other items of Land and Buildings at 30 June 2014.

Initial Recognition and Measurement between Mandatory Revaluation Dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation of the next anniversary date in accordance with the mandatory measurement framework detailed above.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

Revaluation

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Transitional Arrangement

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation Methodology*** section as detailed above.

Land Under Roads

In Western Australia, all land under roads is Crown land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

**SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

Major depreciation periods used for each class of depreciable asset are:

Buildings	
Buildings	3%
Stationary Plant & Equipment	3% - 10%
Fixtures & Fittings	9% - 33%
Furniture and Equipment	
Office Furniture	9% - 33%
Computer Hardware & Communications	9% - 33%
Computer Software	9% - 33%
Other Office Equipment	9% - 33%
Plant and Equipment	
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%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

Land

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

Buildings

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

Furniture and Equipment

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

Plant and Equipment

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

Infrastructure Assets – Roads and Streets

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

Infrastructure Assets - Other Categories

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

Tools

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

(k) Fair Value of Assets and Liabilities

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

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

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fair Value of Assets and Liabilities (Continued)

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

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Council are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fair Value of Assets and Liabilities (Continued)

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(l) Financial Instruments

Initial Recognition and Measurement

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

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

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

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short term profit taking. Assets in this category are classified as current assets. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Council's management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available for sale financial assets are classified as non-current.

(v) Financial liabilities

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

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments (Continued)

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

Financial assets are derecognised where the contractual rights for receipt of cash flows expire or the asset is transferred to another party, whereby the Council no longer has any significant continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(m) Impairment of Assets

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

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

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

**SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of Assets (Continued)

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

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2015.

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

(n) Trade and Other Payables

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

(o) Employee Benefits

Short-Term Employee Benefits

Provision is made for the Council's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Council's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Council's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

(q) Provisions

Provisions are recognised when the Council has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(r) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Council's intentions to release for sale.

(s) Comparative Figures

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

(t) Budget Comparative Figures

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

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
2. REVENUES AND EXPENSES			
(a) Net Result			
The Net Result includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	17,000	14,560	14,000
Other Services	18,000	18,000	21,000
 Depreciation			
 By Program			
General Purpose Funding	0	0	134
Governance	306,815	306,815	336,557
Law, Order, Public Safety	345,554	345,554	345,554
Health	21,516	21,516	21,516
Education and Welfare	145,543	145,539	145,539
Community Amenities	127,221	127,221	127,221
Recreation and Culture	929,638	894,414	894,414
Transport	6,500,359	6,500,359	6,500,359
Economic Services	7,554	7,554	7,554
Other Property and Services	157,548	157,548	157,548
	<u>8,541,748</u>	<u>8,506,520</u>	<u>8,536,396</u>
 By Class			
Buildings	841,669	806,431	836,173
Plant and Equipment	1,082,810	1,082,813	1,082,813
Furniture and Equipment	128,989	128,996	129,130
Infrastructure	6,488,280	6,488,280	6,488,280
	<u>8,541,748</u>	<u>8,506,520</u>	<u>8,536,396</u>
 Interest Expenses (Finance Costs)			
- Debentures (<i>refer note 5(a)</i>)	309,661	326,462	326,370
	<u>309,661</u>	<u>326,462</u>	<u>326,370</u>
(ii) Crediting as Revenues:			
 Interest Earnings			
Investments			
- Reserve Funds	415,000	370,659	450,000
- Other Funds	500,000	485,205	620,000
Other Interest Revenue (<i>refer note 13</i>)	150,000	154,315	135,000
	<u>1,065,000</u>	<u>1,010,179</u>	<u>1,205,000</u>

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

COMMUNITY VISION
"connecting community and environment"

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 in accordance with Council's Investment Policy.

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.

Ensuring the good governance of the Shire.

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

Ensuring sound financial management of the Shire's resources.

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

LAW, ORDER, PUBLIC SAFETY

Supervision of various local laws, 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.

Objectives:

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

**SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

EDUCATION AND 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.

Objectives:

Family and Children's Services

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

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

To support families with issues pertaining to parenting.

Youth Services

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

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

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

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

To develop community and Council awareness of youth issues and culture.

Playgroups

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

To assist in the formation of new playgroups where appropriate.

To link playgroups to Shire services.

To facilitate the linking of playgroups to form a support group.

Toy Libraries

To support the development of Toy Libraries.

To supervise the part-time Toy Library Coordinator.

To link playgroups to Shire services.

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

Aged Services

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

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

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:

To set a direction for management of the environment.

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

To promote and ensure ecologically sustainable development.

To maintain the identity of the localities in the Shire.

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

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

To ensure Council and the community comply with relevant legislation.

To achieve a safe, health and attractive environment.

Protection of natural resources while respecting the rights of individuals.

To provide economic, safe and environmentally acceptable waste management services.

A sensible and socially responsible waste minimisation strategy.

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

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

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

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

**SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

RECREATION AND CULTURE

Public halls, recreation facilities, swimming areas, other recreation and sport, libraries and other 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.

TRANSPORT

Construction, maintenance and cleaning of streets, roads, bridges, drainage works, footpaths, parking facilities, traffic signs and Shire depots, including plant purchase and maintenance.

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.

10 year plan to 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 & 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
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

3. ACQUISITION OF ASSETS	2014/15 Budget \$
The following assets are budgeted to be acquired during the year:	
<u>By Program</u>	
Governance	27,000
Law, Order, Public Safety	6,000
Education and Welfare	83,000
Community Amenities	100,000
Recreation and Culture	5,264,500
Transport	6,333,579
Other Property and Services	4,210,000
	16,024,079
<u>By Class</u>	
Land and Buildings	10,226,000
Infrastructure Assets	4,913,093
Plant and Equipment	779,486
Furniture and Equipment	105,500
	16,024,079

A detailed breakdown of acquisitions on an individual asset basis can be found in supplementary information to this budget document as follows:

1. 2014/15 - 2017/18 Corporate Business Plan
2. 2014/15 - 2023/24 Long Term Financial Plan

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

4. DISPOSALS OF ASSETS

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

<u>By Program</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2014/15 BUDGET \$	2014/15 BUDGET \$	2014/15 BUDGET \$
Transport	313,140	313,140	0
Other Property and Services	2,325,000	2,325,000	0
	2,638,140	2,638,140	0

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2014/15 BUDGET \$	2014/15 BUDGET \$	2014/15 BUDGET \$
Plant and Equipment	313,140	313,140	0
Land and Buildings	2,325,000	2,325,000	0
	2,638,140	2,638,140	0

<u>Summary</u>	2014/15 BUDGET \$
Profit on Asset Disposals	0
Loss on Asset Disposals	0
	<u>0</u>

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Lender	Amount Borrowed \$	Date Advanced	Duration (Years)	Maturity Date	Interest Rate	Principal 1-Jul-14	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
									2014/15 Budget \$	2013/14 Forecast \$	2014/15 Budget \$	2013/14 Forecast \$	2014/15 Budget \$	2013/14 Forecast \$
Loan 170 - Civic Facility Redevelopment	WA Treasury Corporation	5,500,000	31/01/2008	20	31/07/2028	6.95%	4,545,717	0	199,080	185,695	4,346,637	4,545,717	309,661	326,462
Loan 171 - Infrastructure Projects	WA Treasury Corporation	16,000,000	30/06/2015	30	30/06/2045	6.45%	0	16,000,000	0	0	16,000,000	0	0	0
							4,545,717	16,000,000	199,080	185,695	20,346,637	4,545,717	309,661	326,462

(b) New Debentures - 2014/15

Particulars/Purpose	Amount Borrowed Budget	Institution	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used Budget	Balance Unspent \$
Loan 171 - Infrastructure Projects	16,000,000	WA Treasury Corporation	30	20,217,920	6.45	16,000,000	0

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2014 nor is it expected to have unspent debenture funds as at 30th June 2015.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$1,000,000 with Westpac Banking Corporation does exist. It is not anticipated that this facility will be required to be utilised during 2014/15.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
6. RESERVES			
(a) Works Plant Replacement Reserve			
Opening Balance	558,145	639,844	626,191
Amount Set Aside / Transfer to Reserve	220,131	798,404	801,391
Amount Used / Transfer from Reserve	<u>(466,346)</u>	<u>(880,103)</u>	<u>(781,921)</u>
	<u>311,929</u>	<u>558,145</u>	<u>645,661</u>
(b) Civic Facilities Reserve			
Opening Balance	2,488,679	2,723,882	2,741,752
Amount Set Aside / Transfer to Reserve	18,089,759	91,259	10,106,941
Amount Used / Transfer from Reserve	<u>(3,885,661)</u>	<u>(326,462)</u>	<u>(2,941,370)</u>
	<u>16,692,777</u>	<u>2,488,679</u>	<u>9,907,323</u>
(c) Information Technology Reserve			
Opening Balance	705,148	578,164	524,065
Amount Set Aside / Transfer to Reserve	105,433	144,370	145,441
Amount Used / Transfer from Reserve	<u>0</u>	<u>(17,386)</u>	<u>(24,800)</u>
	<u>810,580</u>	<u>705,148</u>	<u>644,706</u>
(d) Long Service Leave Reserve			
Opening Balance	162,075	119,425	157,184
Amount Set Aside / Transfer to Reserve	205,846	204,001	206,131
Amount Used / Transfer from Reserve	<u>(144,726)</u>	<u>(161,351)</u>	<u>(107,485)</u>
	<u>223,195</u>	<u>162,075</u>	<u>255,830</u>
(e) Children's Service Reserve			
Opening Balance	1,791,532	1,550,563	1,702,799
Amount Set Aside / Transfer to Reserve	244,615	240,969	430,462
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2,036,148</u>	<u>1,791,532</u>	<u>2,133,261</u>
(f) Gravel Pit Rehabilitation			
Opening Balance	160,138	165,918	330,885
Amount Set Aside / Transfer to Reserve	94,776	161,701	101,906
Amount Used / Transfer from Reserve	<u>(36,000)</u>	<u>(167,481)</u>	<u>(36,000)</u>
	<u>218,914</u>	<u>160,138</u>	<u>396,791</u>
(g) Capital Investment Reserve			
Opening Balance	4,065,132	4,008,723	4,206,526
Amount Set Aside / Transfer to Reserve	2,471,617	134,305	6,509,074
Amount Used / Transfer from Reserve	<u>(4,410,000)</u>	<u>(77,896)</u>	<u>(3,750,000)</u>
	<u>2,126,749</u>	<u>4,065,132</u>	<u>6,965,600</u>
(h) Capital Income Reserve			
Opening Balance	1,575,502	1,276,846	1,247,658
Amount Set Aside / Transfer to Reserve	453,824	448,696	570,165
Amount Used / Transfer from Reserve	<u>(216,550)</u>	<u>(150,040)</u>	<u>(187,937)</u>
	<u>1,812,776</u>	<u>1,575,502</u>	<u>1,629,886</u>
Total Reserves	<u>24,233,068</u>	<u>11,506,351</u>	<u>22,579,058</u>

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

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

6. RESERVES (Continued)	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
SUMMARY OF RESERVE TRANSFERS			
Transfers to Reserves			
Works Plant Replacement Reserve	220,131	798,404	801,391
Civic Facilities Reserve	18,089,759	91,259	10,106,941
Information Technology Reserve	105,433	144,370	145,441
Long Service Leave Reserve	205,846	204,001	206,131
Children's Service Reserve	244,615	240,969	430,462
Gravel Pit Rehabilitation	94,776	161,701	101,906
Capital Investment Reserve	2,471,617	134,305	6,509,074
Capital Income Reserve	453,824	448,696	570,165
	<u>21,886,000</u>	<u>2,223,706</u>	<u>18,871,511</u>
Transfers from Reserves			
Works Plant Replacement Reserve	(466,346)	(880,103)	(781,921)
Civic Facilities Reserve	(3,885,661)	(326,462)	(2,941,370)
Information Technology Reserve	0	(17,386)	(24,800)
Long Service Leave Reserve	(144,726)	(161,351)	(107,485)
Children's Service Reserve	0	0	0
Gravel Pit Rehabilitation	(36,000)	(167,481)	(36,000)
Capital Investment Reserve	(4,410,000)	(77,896)	(3,750,000)
Capital Income Reserve	(216,550)	(150,040)	(187,937)
	<u>(9,159,283)</u>	<u>(1,780,719)</u>	<u>(7,829,513)</u>
Total Transfer to/(from) Reserves	<u>12,726,717</u>	<u>442,986</u>	<u>11,041,998</u>

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Works Plant Replacement Reserve

- to fund the replacement of works plant and light vehicles.

Civic Facilities Reserve

- to fund the construction and/or purchase of Public Buildings and Facilities.

Information Technology Reserve

- to fund the upgrade and replacement of the Shire's Information Technology.

Long Service Leave Reserve

- to fund the Shire's Long Service Leave Liability.

Children's Service Reserve

- to provide funds for the purchase of capital equipment, preventative maintenance for Children's Services buildings and employee entitlements. Also allows cash surpluses to be carried forward to fund operating expenditure for future years.

Gravel Pit Rehabilitation

- to fund the productions of gravel and the rehabilitation of gravel pits.

Capital Investment Reserve

- to fund the advancement of the Shire's Property Strategy.

Capital Income Reserve

- to fund the development of Shire facilities and infrastructure.

**SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

	Note	2014/15 Budget \$	2013/14 Actual \$
7. NET CURRENT ASSETS			
Composition of Estimated Net Current Asset Position			
CURRENT ASSETS			
Cash - Unrestricted	15(a)	3,981,760	7,329,757
Cash - Restricted Reserves	15(a)	24,233,068	11,506,351
Receivables		1,345,079	1,345,079
Inventories		101,226	101,226
		<u>29,661,133</u>	<u>20,282,413</u>
LESS: CURRENT LIABILITIES			
Payables and Provisions		<u>(3,898,845)</u>	<u>(3,898,845)</u>
NET CURRENT ASSET POSITION		25,762,289	16,383,569
Less: Cash - Restricted Reserves	15(a)	<u>(24,233,068)</u>	<u>(11,506,351)</u>
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		<u>1,529,220</u>	<u>4,877,217</u>

The estimated surplus/(deficiency) c/fwd. in the 2013/14 actual column represents the surplus (deficit) brought forward as at 1 July 2014.

The estimated surplus/(deficiency) c/fwd. in the 2014/15 budget column represents the surplus (deficit) carried forward as at 30 June 2015.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

8. RATING INFORMATION - 2014/15 FINANCIAL YEAR

<u>RATE TYPE</u>	Rate in \$	Number of Properties	Rateable Value \$	2014/15 Budgeted Rate Revenue \$	2014/15 Budgeted Interim Rates \$	2014/15 Budgeted Back Rates \$	2014/15 Budgeted Total Revenue \$	2013/14 Actual \$
General Rate								
GRV - Commercial	0.07242902	256	21,177,649	1,533,876	4,300	0	1,538,176	1,720,040
GRV - Light Industrial	0.07242902	285	17,971,308	1,301,644	8,800	0	1,310,444	1,305,742
GRV - Residential	0.07242902	10,711	208,990,913	15,137,008	101,250	0	15,238,258	14,902,637
GRV - Rural Residential	0.07242902	2,980	61,955,675	4,487,389	3,000	0	4,490,389	4,466,289
UV - Rural	0.00442574	239	160,705,000	711,239	0	0	711,239	713,985
Sub-Totals		14,471	470,800,545	23,171,156	117,350	0	23,288,506	23,108,693
Minimum Payment	Minimum \$							
GRV - Commercial	724	6	51,936	4,344	0	0	4,344	12,670
GRV - Light Industrial	724	1	9,328	724	0	0	724	9,050
GRV - Residential	724	483	3,759,488	349,692	0	0	349,692	755,118
GRV - Rural Residential	724	76	687,462	55,024	0	0	55,024	151,135
UV - Mining Lease	914	5	63,127	4,570	0	0	4,570	5,242
Sub-Totals		571	4,571,341	414,354	0	0	414,354	933,215
Total Rates							23,702,860	24,041,908

All land except exempt land in the Shire of Mundaring is rated according to its Gross Rental Value (GRV) in town sites or Unimproved Value (UV) in the remainder of the Shire.

The general rates detailed above for the 2014/15 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of the Local Government services/facilities.

**SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

9. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

The Shire of Mundaring will not levy any Specified Area Rates in 2014/15.

10. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

The Shire of Mundaring will not levy any Service Charges in 2014/15.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

11. FEES & CHARGES REVENUE	2014/15 Budget \$	2013/14 Actual \$
General Purpose Funding	120,000	112,470
Law, Order, Public Safety	119,200	246,247
Health	55,700	79,346
Education and Welfare	2,166,604	1,833,048
Community Amenities	7,111,166	4,330,317
Recreation & Culture	858,883	893,677
Transport	16,000	34,382
Economic Services	238,500	267,806
Other Property & Services	9,032	10,548
	<u>10,695,085</u>	<u>7,807,841</u>

The detail of fees and charges on an individual basis can be found in the 2014/15 Schedule of Fees and Charges.

12. RATE PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS
- 2014/15 FINANCIAL YEAR

The Shire of Mundaring will not be offering a discount for the early payment of rates in the 2014/15 financial year.

The Shire of Mundaring will be offering incentive prizes to ratepayers during the 2014/15 financial year. The cost to Council in relation to the rates incentive competition is \$4,300, being \$2,500 towards the first prize, \$1,500 towards the second prize and \$300 for pool entry.

Ratepayers other than Councillors, Government organisations and Shire staff who pay their rates in full by 4 September 2014 will be automatically entered into the draw. The computer will randomly select winners for the rates incentive prizes.

An allowance of \$3,500 has been included in the 2014/15 budget for the write-off of rates.

**SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

13. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR

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

1) In full by 4 September 2014

2) Payment by four instalments being due on

4 Sept 2014	1st Instalment
6 Nov 2014	2nd Instalment
8 Jan 2015	3rd Instalment
12 Mar 2015	4th Instalment

3) A payment arrangement agreed under section 6.49 of the Local Government Act 1995

An administrative charge of \$25.00 is levied where rates payment is made by the four instalments option. Budgeted income in 2014/15 for instalment administrative charges is \$120,000.

No interest is levied for payment by instalments.

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 11% per annum will be applied on a daily basis for any rate payment outstanding after it is due and payable. Budgeted income for 2014/15 for interest charges is \$150,000.

14. ELECTED MEMBERS REMUNERATION

The following fees, expenses and allowances will be paid to elected members.

	2014/15 Budget \$	2013/14 Actual \$
Meeting Allowance	247,475	240,275
President's Allowance	46,505	45,150
Deputy President's Allowance	11,626	11,288
Travelling Expenses	10,000	7,385
Telecommunications Allowance	42,000	42,000
	<u>357,606</u>	<u>346,098</u>

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
Cash - Unrestricted	3,981,760	7,329,757	2,994,463
Cash - Restricted	<u>24,233,068</u>	<u>11,506,351</u>	<u>22,579,058</u>
	<u>28,214,828</u>	<u>18,836,108</u>	<u>25,573,521</u>

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

Works Plant Replacement Reserve	311,929	558,145	645,661
Civic Facilities Reserve	16,692,777	2,488,679	9,907,323
Information Technology Reserve	810,580	705,148	644,706
Long Service Leave Reserve	223,195	162,075	255,830
Children's' Services Reserve	2,036,148	1,791,532	2,133,261
Gravel Pit Rehabilitation Reserve	218,914	160,138	396,791
Capital Investment Reserve	2,126,749	4,065,132	6,965,600
Capital Income Reserve	<u>1,812,776</u>	<u>1,575,502</u>	<u>1,629,886</u>
	<u>24,233,068</u>	<u>11,506,351</u>	<u>22,579,058</u>

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

Net Result	(1,578,009)	(1,344,368)	(3,386,559)
Depreciation	8,541,748	8,506,520	8,536,396
(Profit)/Loss on Sale of Asset	0	132,401	0
(Increase)/Decrease in Receivables	0	0	0
(Increase)/Decrease in Inventories	0	0	0
Increase/(Decrease) in Payables	0	0	0
Increase/(Decrease) in Employee Provisions	0	0	0
GST Movements	0	(92,906)	(1)
Grants/Contributions for the Development of Assets	<u>(3,519,507)</u>	<u>(3,491,139)</u>	<u>(2,922,661)</u>
Net Cash from Operating Activities	<u>3,444,232</u>	<u>3,710,508</u>	<u>2,227,175</u>

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

Bank Overdraft limit	1,000,000	1,000,000	1,000,000
Bank Overdraft at Balance Date	0	0	0
Total Credit Cards limit	300,000	300,000	375,000
Total Credit Cards Balance at Balance Date	<u>(100,000)</u>	<u>(128,485)</u>	<u>(65,000)</u>
Total Amount of Credit Unused	<u>1,200,000</u>	<u>1,171,515</u>	<u>1,310,000</u>

Loan Facilities

Loan Facilities in use at Balance Date	<u>16,000,000</u>	<u>0</u>	<u>10,000,000</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>

**SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

16. TRUST FUNDS

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

Detail	Balance 1-Jul-14 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-15 \$
Deposits, Bonds & Retentions	1,357,751	510,000	(870,000)	997,751
POS and Road Construction	3,939,909	330,000	(200,000)	4,069,909
Developer Scheme Costs	39,907	8,500	(14,000)	34,407
BCITF Levy	0	110,000	(110,000)	0
BRB Levy	0	120,000	(120,000)	0
	<u>5,337,567</u>	<u>1,078,500</u>	<u>(1,314,000)</u>	<u>5,102,067</u>

17. MAJOR LAND TRANSACTIONS

It is not anticipated any major land transactions will occur in 2014/15.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2014/15.