



Annual Budget

For the year ended 30 June 2017



Contents

Budget Overview.....	2
Statement of Comprehensive Income by Nature or Type.....	6
Statement of Comprehensive Income by Program.....	6
Statement of Cash Flows	9
Rate Setting Statement	10
Notes to and forming part of the budget.....	11
Supplementary Information – Budgets by Directorate	36

Document Control

Version Number	Date	Position	Comment
1	28.6.16	Director Corporate Services	Final DRAFT presented to Council Meeting 28 June 2016.
2	26.7.16	Director Corporate Services	Updated following Special Council meeting of 28 June 2016, decision (SC3.06.16), to lower rate increase proposed by 1% for 2016/17 and remove organisational functions and structure review from CBP.

This document is available in alternative formats on request.

Budget Overview

Shire of Mundaring's 2016/17 budget has been based on a 3% increase in the rate in the dollar, which results in a 4.35% increase in the total rate yield. The total rate yield includes expected rates growth during the financial year. The average increase in rates payable per assessment (excluding minimum rated properties) by rate type is as below:

Rate Type	\$ Increase	% Increase
GRV - Commercial	\$ 181.53	2.86%
GRV - Light Industrial	\$ 176.21	3.67%
GRV - Residential	\$ 54.48	3.69%
GRV - Rural Residential	\$ 54.43	3.46%
UV - Rural	\$ 91.31	2.92%

The above amounts do not include waste charges and the Emergency Services Levy.

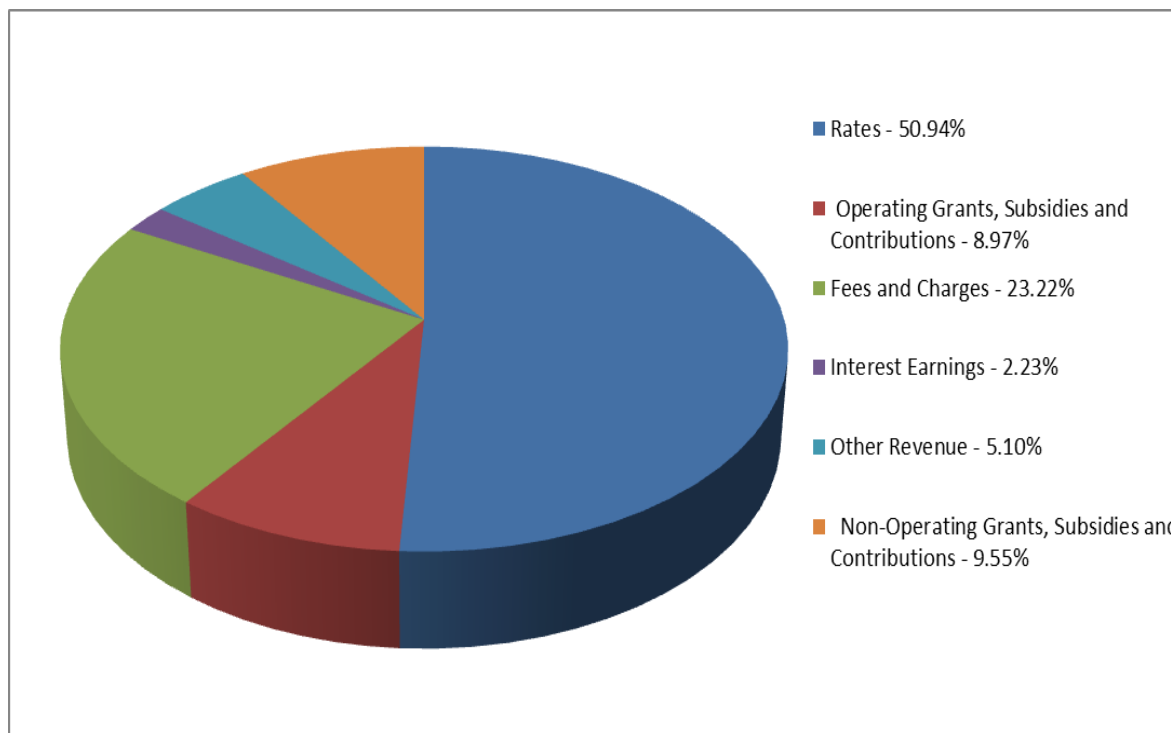
A detailed disclosure of rating information for 2016/17 is provided in Note 8 of the Budget document.

Closing Budget Position

The budget forecasts a closing surplus of \$1,439,706 as at 30 June 2017. A detailed disclosure of the Shire's forecast closing budget position is provided in the Rate Setting Statement and Note 4 of the Budget document.

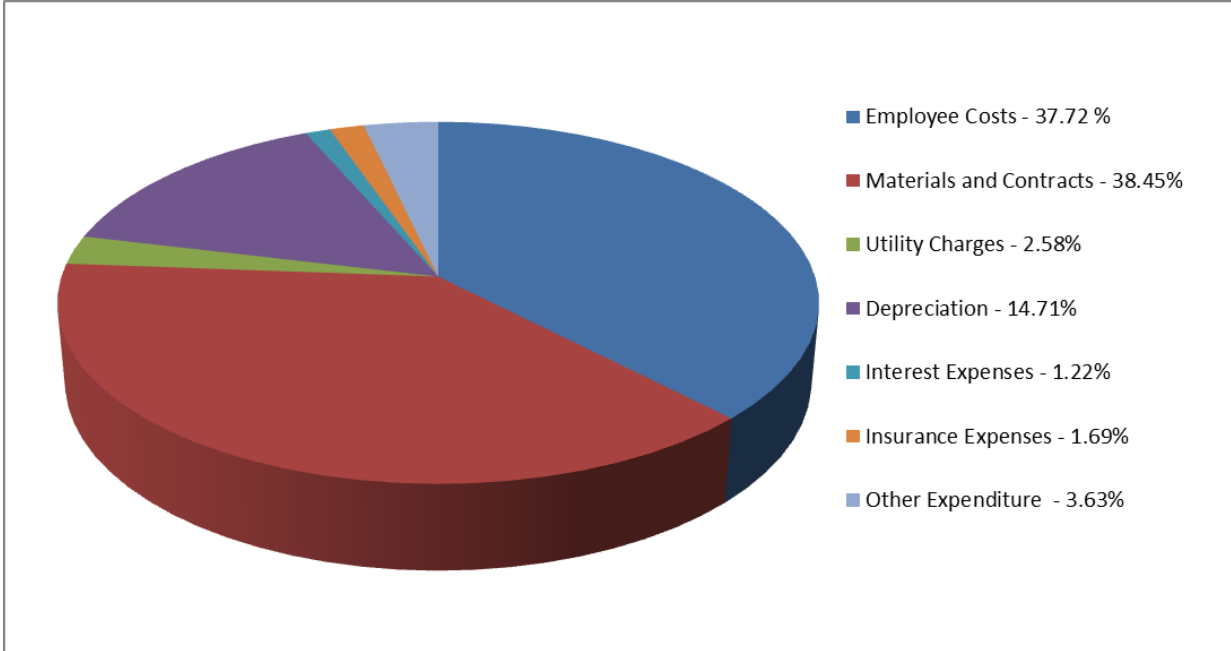
Revenue

The Shire's total revenue for 2016/17 is forecast to be \$51,548,777. The breakdown of revenue by nature and type is provided below:

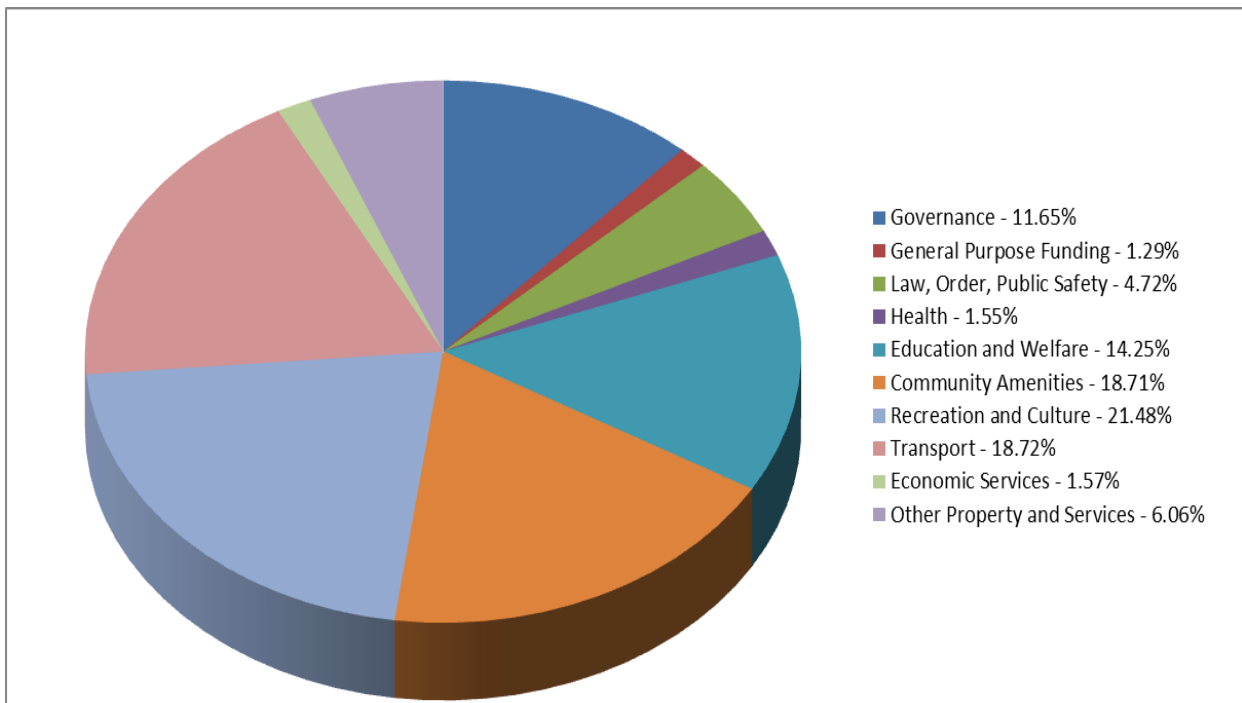


Operating Expenses

The Shire's total operating expenditure for 2016/17 is forecast to be \$50,720,203. The breakdown of operating expenditure by nature and type is provided below:



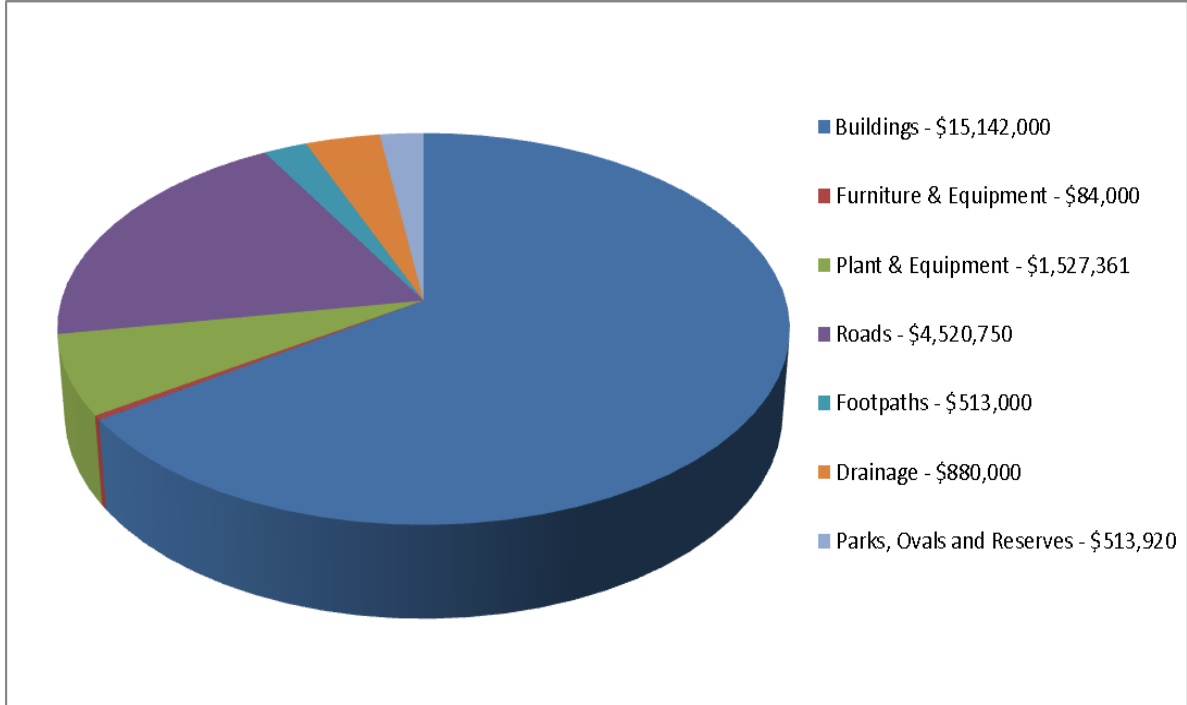
The breakdown of operating expenditure by Program is provided below:



A detailed explanation of the activities undertaken under each Program can be found in Note 2 (b) of the budget document.

Capital Expenditure

The Shire's total capital expenditure for 2016/17 is forecast to be \$23,181,031. A breakdown of capital expenditure by class of assets is provided below:



A detailed breakdown of acquisitions on an individual asset basis can be found in the Shire's Corporate Business Plan and Long Term Financial Plan.

Loan Liability

The Shire's forecast loan liability at 30 June 2017, as disclosed in Note 7 of the budget, is \$12,381,908. There is no new loan debt forecast in the 2016/17 budget.

Statement of Comprehensive Income by Nature or Type

SHIRE OF MUNDARING
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
Revenue				
Rates	8	26,259,031	25,163,785	25,009,786
Operating grants, subsidies and contributions		4,622,520	4,192,934	5,630,261
Fees and charges	14	11,970,019	11,600,217	11,332,521
Interest earnings	2(a)	1,148,750	905,000	980,000
Other revenue	2(a)	<u>2,627,538</u>	<u>3,147,810</u>	<u>3,290,687</u>
		46,627,858	45,009,746	46,243,255
Expenses				
Employee costs		(19,133,690)	(18,558,432)	(18,603,742)
Materials and contracts		(19,500,713)	(18,677,762)	(18,196,176)
Utility charges		(1,310,656)	(1,255,636)	(1,384,400)
Depreciation on non-current assets	2(a)	(7,462,491)	(7,458,666)	(8,230,604)
Interest expenses	2(a)	(617,808)	(327,135)	(580,395)
Insurance expenses		(855,467)	(844,257)	(890,488)
Other expenditure		<u>(1,839,378)</u>	<u>(1,836,034)</u>	<u>(2,681,830)</u>
		<u>(50,720,203)</u>	<u>(48,957,922)</u>	<u>(50,567,635)</u>
		(4,092,345)	(3,948,176)	(4,324,380)
Non-operating grants, subsidies and contributions		4,920,919	5,810,784	5,387,174
Profit on asset disposals	6	0	1,330,000	1,330,000
Loss on asset disposals	6	<u>(114,255)</u>	<u>(91,183)</u>	<u>(63,636)</u>
NET RESULT		714,319	3,101,425	2,329,158
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>714,319</u>	<u>3,101,425</u>	<u>2,329,158</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and 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.

Statement of Comprehensive Income by Program

SHIRE OF MUNDARING
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2016/17 Budget	2015/16 Actual	2015/16 Budget
Revenue (Refer Notes 1,2,8,10 to 14)		\$	\$	\$
Governance		91,500	131,445	91,700
General purpose funding		30,172,183	27,369,505	28,997,477
Law, order, public safety		477,200	657,688	455,200
Health		55,700	56,130	55,700
Education and welfare		4,541,318	5,054,557	4,964,318
Community amenities		7,744,284	7,691,785	7,626,183
Recreation and culture		1,169,180	1,180,771	1,130,210
Transport		203,000	132,000	198,000
Economic services		298,625	250,040	243,500
Other property and services		1,874,868	2,484,967	2,480,967
		<u>46,627,858</u>	<u>45,008,888</u>	<u>46,243,255</u>
Expenses Excluding Finance Costs Refer Notes 1, 2 & 15)				
Governance		(5,623,869)	(4,863,830)	(5,186,168)
General purpose funding		(655,034)	(632,992)	(609,075)
Law, order, public safety		(2,394,299)	(2,529,433)	(2,288,974)
Health		(785,579)	(819,494)	(816,121)
Education and welfare		(7,226,524)	(7,165,986)	(7,301,420)
Community amenities		(9,489,766)	(9,209,356)	(9,295,788)
Recreation and culture		(10,562,548)	(10,439,747)	(10,332,069)
Transport		(9,493,175)	(9,121,365)	(10,120,141)
Economic services		(796,591)	(797,359)	(785,364)
Other property and services		(3,075,010)	(3,051,225)	(3,252,120)
		<u>(50,102,395)</u>	<u>(48,630,787)</u>	<u>(49,987,240)</u>
Finance Costs (Refer Notes 2 & 9)				
Governance		(283,445)	(298,755)	(580,395)
Recreation and culture		(334,363)	(28,380)	0
		<u>(617,808)</u>	<u>(327,135)</u>	<u>(580,395)</u>
Non-operating Grants, Subsidies and Contributions				
Law, order, public safety		0	260,000	180,000
Recreation and culture		2,300,000	2,418,699	2,330,000
Transport		2,620,919	3,132,085	2,877,174
		<u>4,920,919</u>	<u>5,810,784</u>	<u>5,387,174</u>

SHIRE OF MUNDARING
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
Profit/(Loss) On				
Disposal Of Assets (Refer Note 6)				
Law, order, public safety		0	(63,289)	0
Recreation and culture		0	858	0
Transport		(114,255)	(27,609)	(63,636)
Economic services		0	(285)	0
Other property and services		0	1,330,000	1,330,000
		<u>(114,255)</u>	<u>1,239,675</u>	<u>1,266,364</u>
NET RESULT		714,319	3,101,425	2,329,158
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>714,319</u>	<u>3,101,425</u>	<u>2,329,158</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the remeasurement 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.

Statement of Cash Flows

SHIRE OF MUNDARING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		26,259,031	25,163,785	25,009,786
Operating grants, subsidies and contributions		4,622,520	4,192,934	5,630,261
Fees and charges		11,970,019	11,600,217	11,332,521
Interest earnings		1,148,750	905,000	980,000
Goods and services tax		1,700,000	1,700,000	1,700,000
Other revenue		<u>2,627,538</u>	<u>3,147,810</u>	<u>3,290,687</u>
		48,327,858	46,709,746	47,943,255
Payments				
Employee costs		(19,133,690)	(18,558,432)	(18,603,742)
Materials and contracts		(19,500,713)	(18,677,762)	(18,196,176)
Utility charges		(1,310,656)	(1,255,636)	(1,384,400)
Interest expenses		(617,808)	(327,135)	(580,395)
Insurance expenses		(855,467)	(844,257)	(890,488)
Goods and services tax		(1,700,000)	(1,700,000)	(1,700,000)
Other expenditure		<u>(1,839,378)</u>	<u>(1,836,034)</u>	<u>(2,681,830)</u>
		(44,957,712)	(43,199,256)	(44,037,031)
Net cash provided by (used in) operating activities	3(b)	<u>3,370,146</u>	<u>3,510,490</u>	<u>3,906,224</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	5	(16,753,361)	(6,485,891)	(9,726,397)
Payments for construction of infrastructure	5	(6,427,670)	(8,199,216)	(7,611,854)
Non-operating grants, subsidies and contributions used for the development of assets		4,920,919	5,810,784	5,387,174
Proceeds from sale of assets	6	517,846	7,874,700	7,827,509
Net cash provided by (used in) investing activities		<u>(17,742,266)</u>	<u>(999,623)</u>	<u>(4,123,568)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures	7	(527,018)	(237,711)	(341,075)
Proceeds from new debentures	7	<u>0</u>	<u>8,800,000</u>	<u>9,600,000</u>
Net cash provided by (used in) financing activities		<u>(527,018)</u>	<u>8,562,289</u>	<u>9,258,925</u>
Net increase (decrease) in cash held		(14,899,138)	11,073,156	9,041,581
Cash at beginning of year		<u>32,636,868</u>	<u>21,563,712</u>	<u>17,926,611</u>
Cash and cash equivalents at the end of the year	3(a)	<u><u>17,737,730</u></u>	<u><u>32,636,868</u></u>	<u><u>26,968,192</u></u>

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

Rate Setting Statement

SHIRE OF MUNDARING RATE SETTING STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
Net current assets at start of financial year - surplus/(deficit)	4	3,298,762	7,225,367	5,041,094
Revenue from operating activities (excluding rates and non-operating grants, subsidies and contributions)	1,2			
Governance		91,500	131,445	91,700
General purpose funding		3,913,152	2,205,720	3,987,691
Law, order, public safety		477,200	657,688	455,200
Health		55,700	56,130	55,700
Education and welfare		4,541,318	5,054,557	4,964,318
Community amenities		7,744,284	7,691,785	7,626,183
Recreation and culture		1,169,180	1,181,629	1,130,210
Transport		203,000	132,000	134,364
Economic services		298,625	250,040	243,500
Other property and services		1,874,868	3,814,967	3,810,967
		<u>20,368,827</u>	<u>21,175,961</u>	<u>22,499,833</u>
Expenditure from operating activities	1,2			
Governance		(5,623,869)	(5,162,585)	(5,766,563)
General purpose funding		(938,479)	(632,992)	(609,075)
Law, order, public safety		(2,394,299)	(2,592,722)	(2,288,974)
Health		(785,579)	(819,494)	(816,121)
Education and welfare		(7,226,524)	(7,165,986)	(7,301,420)
Community amenities		(9,489,766)	(9,209,356)	(9,295,788)
Recreation and culture		(10,896,911)	(10,468,127)	(10,332,069)
Transport		(9,607,430)	(9,148,974)	(10,120,141)
Economic services		(796,591)	(797,644)	(785,364)
Other property and services		(3,075,010)	(3,051,225)	(3,252,120)
		<u>(50,834,458)</u>	<u>(49,049,105)</u>	<u>(50,567,635)</u>
Operating activities excluded from budget				
(Profit)/Loss on asset disposals	6	114,255	(1,238,817)	(1,266,364)
Depreciation on assets	2(a)	7,462,491	7,458,666	8,230,604
Amount attributable to operating activities		<u>(19,590,123)</u>	<u>(14,427,928)</u>	<u>(16,062,468)</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		4,920,919	5,810,784	5,387,174
Purchase property, plant and equipment	5	(16,753,361)	(6,485,891)	(9,726,397)
Purchase and construction of infrastructure	5	(6,427,670)	(8,199,216)	(7,611,854)
Proceeds from disposal of assets	6	517,846	7,874,700	7,827,509
Amount attributable to investing activities		<u>(17,742,266)</u>	<u>(999,623)</u>	<u>(4,123,568)</u>
FINANCING ACTIVITIES				
Repayment of debentures	7	(527,018)	(237,711)	(341,075)
Proceeds from new debentures	7	0	8,800,000	9,600,000
Transfers to cash backed reserves (restricted assets)	9	(2,218,000)	(26,409,227)	(26,211,000)
Transfers from cash backed reserves (restricted assets)	9	15,258,082	11,409,466	13,902,166
Amount attributable to financing activities		<u>12,513,064</u>	<u>(6,437,472)</u>	<u>(3,049,909)</u>
Budgeted deficiency before general rates		<u>(24,819,325)</u>	<u>(21,865,023)</u>	<u>(23,235,945)</u>
Estimated amount to be raised from general rates	8	26,259,031	25,163,785	25,009,786
Net current assets at end of financial year - surplus/(deficit)	4	<u>1,439,706</u>	<u>3,298,762</u>	<u>1,773,841</u>

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

Notes to and forming part of the budget

SHIRE OF MUNDARING NOTES TO AND FORMING PART OF THE BUDGET FOR THE YEAR ENDED 30 JUNE 2017

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 Shire 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) 2015/16 Actual Balances

Balances shown in this budget as 2015/16 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 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 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 Shire contributes to a number of superannuation funds on behalf of employees.

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

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

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 Note 4 - Net Current Assets.

(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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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 Shire 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.

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.

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 Shire

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

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.

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

Buildings

- Structure	25 to 50 years
- Fit out	10 years
- Mechanical	5 to 15 years
- Roof Cladding	30 to 50 years

Furniture and Equipment

3 to 12 years

Plant and Equipment

3 to 20 years

Sealed Roads and Streets

- Formation	not depreciated
- Pavement	60 years
- Surface	12 to 15 years
- Kerb	70 years

Unsealed Roads

- Formation	not depreciated
- Surface	15 years

Drainage

75 years

Culverts

70 years

Bridges

35 to 100 years

Footpaths

15 to 30 years

Heritage Trails

75 years

Waste Transfer Stations

15 to 100 years

Bus Shelters

50 years

Parks Hard Assets

10 to 75 years

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.

Capitalisation Threshold

Infrastructure Assets – Roads and Streets

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

All other Assets

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 Shire uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that the Shire 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.

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 (ie 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 Shire 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 Shire 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.

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 Shire 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.

The mandatory measurement framework imposed by the *Local Government (Financial Management) Regulations* requires, as a minimum, all assets to be revalued at least every 3 years. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards have been made in the budget as necessary.

(l) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or 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 30 JUNE 2017

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 Shire 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.

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 Shire 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 Shire 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.

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 2017.

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 Shire prior to the end of the financial year that are unpaid and arise when the Shire 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 Shire'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 Shire'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 Shire'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 of 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 Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire 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 30 JUNE 2017

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 Shire 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) 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 at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

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

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

(s) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint venture is set out in Note 19.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) 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 Shire's operational cycle. In the case of liabilities where the Shire 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 Shire's intentions to release for sale.

(u) Comparative Figures

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

(v) 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 30 JUNE 2017

	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
2. REVENUES AND EXPENSES			
(a) Net Result			
The net result includes:			
(i) Charging as an expense:			
Auditors remuneration			
Annual Audit	20,000	18,640	18,000
Other services	15,000	6,360	17,000
Depreciation By Program			
Governance	539,957	540,537	561,814
Law, order, public safety	402,783	402,779	316,496
Health	46,966	46,966	49,394
Education and welfare	207,011	203,288	232,778
Community amenities	79,086	79,086	76,061
Recreation and culture	2,353,234	2,352,668	2,360,979
Transport	3,718,755	3,718,184	4,506,684
Economic services	6,174	6,202	6,942
Other property and services	108,525	108,956	119,456
	<u>7,462,491</u>	<u>7,458,666</u>	<u>8,230,604</u>
Depreciation By Asset Class			
Buildings	2,761,124	2,762,321	2,835,289
Furniture and equipment	161,193	161,233	162,563
Plant and equipment	853,241	848,179	755,819
Infrastructure	3,686,933	3,686,933	4,476,933
	<u>7,462,491</u>	<u>7,458,666</u>	<u>8,230,604</u>
Interest Expenses (Finance Costs)			
- Debentures (<i>refer note 7(a)</i>)	617,808	327,135	580,395
	<u>617,808</u>	<u>327,135</u>	<u>580,395</u>
(ii) Crediting as revenues:			
Interest Earnings			
Investments			
- Reserve funds	650,000	375,000	450,000
- Municipal fund	343,750	375,000	375,000
Other interest revenue (<i>refer note 12</i>)	155,000	155,000	155,000
	<u>1,148,750</u>	<u>905,000</u>	<u>980,000</u>
(iii) Other Revenue			
Reimbursements and recoveries	1,538,868	2,120,946	2,198,967
Other	1,088,670	1,026,864	1,091,720
	<u>2,627,538</u>	<u>3,147,810</u>	<u>3,290,687</u>

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

"a sense of space, a sense of place"

The Shire operations as disclosed in this budget encompass the following service orientated activities/programs:

GOVERNANCE

Objective:

To provide a decision making process for the efficient allocation of scarce resources.

Activities:

Includes the activities of members of council and the administrative support available to the Council and the Shire for the provision of governance of the district.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer community.

Activities:

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Prevention of human illnesses, including inspection of premises/food control.

EDUCATION AND WELFARE

Objective:

To provide services to disadvantaged persons, the elderly, children and youth.

Activities:

Maintenance of child minding centres and playgroup centres.

Provision of services and programs for the youth and seniors of the Shire.

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide essential services required by the community.

Activities:

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

RECREATION AND CULTURE

Objective:

To establish and effectively manage infrastructure and resource which will help the social well being of the community.

Activities:

Maintenance of public halls, civic centres, aquatic centres, lake, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of libraries and other cultural facilities.

TRANSPORT

Objective:

To provide safe, effective and efficient transport services to the community.

Activities:

Construction and maintenance of roads, streets, pathways, depots, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

ECONOMIC SERVICES

Objective:

To help promote the Shire and its economic wellbeing.

Activities:

Tourism and area promotion. Provision of standpipes. Approval of building construction and implementation of building controls.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control the Shire's overheads operating accounts.

Activities:

Private works operation, plant repair and operation costs and engineering operation costs.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

3. 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:

	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
Cash - unrestricted	3,320,882	5,179,938	3,906,740
Cash - restricted	14,416,848	27,456,930	23,061,452
	<u>17,737,730</u>	<u>32,636,868</u>	<u>26,968,192</u>

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

Plant Replacement Reserve	539,530	701,196	716,008
Civic Facilities Reserve	2,919,734	14,625,568	11,573,396
Information Technology Reserve	721,380	870,463	874,686
Long Service Leave Reserve	471,110	377,823	456,707
Children Services Reserve	2,317,771	2,979,380	2,066,344
Gravel Pit Rehabilitation Reserve	35,162	93,905	45,642
Capital Investment Reserve	5,144,737	5,024,016	4,883,197
Capital Income Reserve	2,267,424	2,378,404	2,445,472
Unspent Grants Reserve	0	406,175	0
	<u>14,416,848</u>	<u>27,456,930</u>	<u>23,061,452</u>

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

Net result	714,319	3,101,425	2,329,158
Depreciation	7,462,491	7,458,666	8,230,604
(Profit)/loss on sale of asset	114,255	(1,238,817)	(1,266,364)
Grants/contributions for the development of assets	(4,920,919)	(5,810,784)	(5,387,174)
Net Cash from Operating Activities	<u>3,370,146</u>	<u>3,510,490</u>	<u>3,906,224</u>

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

3. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
(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
Credit card limit	300,000	300,000	300,000
Credit card balance at balance date	<u>(35,000)</u>	<u>(70,000)</u>	<u>(100,000)</u>
Total Amount of Credit Unused	<u>1,265,000</u>	<u>1,230,000</u>	<u>1,200,000</u>
 Loan Facilities			
Loan facilities in use at balance date	<u>12,381,908</u>	<u>12,908,926</u>	<u>13,605,562</u>
Unused loan facilities at balance date	<u>0</u>	<u>0</u>	<u>0</u>

	Note	2016/17 Budget \$	2015/16 Actual \$
4. NET CURRENT ASSETS			
Composition of estimated net current assets			
CURRENT ASSETS			
Cash - unrestricted	3(a)	3,320,882	5,179,938
Cash - restricted reserves	3(a)	14,416,848	27,456,930
Receivables		2,278,492	2,278,492
Inventories		<u>109,036</u>	<u>109,036</u>
		20,125,258	35,024,396
 LESS: CURRENT LIABILITIES			
Trade and other payables		(1,285,827)	(1,285,827)
Long term borrowings		(555,180)	(527,018)
Provisions		<u>(2,982,877)</u>	<u>(2,982,877)</u>
		(4,823,884)	(4,795,722)
Unadjusted net current assets		15,301,374	30,228,674
Differences between the net current assets at the end of each financial year in the rate setting statement and net current assets detailed above arise from amounts which have been excluded when calculating the budget deficiency in accordance with FM Reg 32 as movements for these items have been funded within the budget estimates. These differences are disclosed as adjustments below.			
Adjustments			
Less: Cash - restricted reserves	3(a)	(14,416,848)	(27,456,930)
Less: Land held for resale		0	0
Add: Current portion of debentures		<u>555,180</u>	<u>527,018</u>
Adjusted net current assets - surplus/(deficit)		<u>1,439,706</u>	<u>3,298,762</u>

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

5. ACQUISITION OF ASSETS

The following assets are budgeted to be acquired during the year.

Asset Class	Reporting Program							2016/17 Budget Total \$	2015/16 Actual Total \$
	Governance \$	Law, Order, Public Safety \$	Health \$	Education and Welfare \$	Community Amenities \$	Recreation and Culture \$	Transport \$		
<i>Property, Plant and Equipment</i>									
Land and buildings	27,000	0	0	30,000	0	15,045,000	40,000	15,142,000	5,258,559
Furniture and equipment	0	0	0	40,000	0	44,000	0	84,000	92,000
Plant and equipment	0	81,581	28,559	38,000	28,417	29,285	1,321,518	1,527,361	1,135,332
	27,000	81,581	28,559	108,000	28,417	15,118,285	1,361,518	16,753,361	6,485,891
<i>Infrastructure</i>									
Roads	0	0	0	0	0	0	4,520,750	4,520,750	4,759,970
Footpaths	0	0	0	0	0	0	513,000	513,000	469,379
Drainage	0	0	0	0	0	0	880,000	880,000	443,872
Parks and ovals	0	0	0	0	39,050	474,870	0	513,920	2,525,995
	0	0	0	0	39,050	474,870	5,913,750	6,427,670	8,199,216
Total Acquisitions	27,000	81,581	28,559	108,000	67,467	15,593,155	7,275,268	23,181,031	14,685,107

A detailed breakdown of acquisitions on an individual asset basis can be found in the Shire's Corporate Business Plan and Long Term Financial Plan.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

6. DISPOSALS OF ASSETS

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

<u>By Program and Class</u>	2016/17 Budget			
	Net Book Value \$	Sale Proceeds \$	Profit \$	Loss \$
Transport Plant and Equipment	632,101	517,846	0	(114,255)
	632,101	517,846	0	(114,255)

7. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Movement in debentures and interest between the beginning and the end of the current financial year.

Particulars	Principal 1-Jul-16	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2016/17 Budget \$	2015/16 Actual \$	2016/17 Budget \$	2015/16 Actual \$	2016/17 Budget \$	2015/16 Actual \$
Loan 170 - Civic Facility Redevelopment	4,133,271	0	228,676	213,366	3,904,595	4,133,271	283,445	298,755
Loan 171 - Community Building Projects	8,775,655	0	298,342	24,345	8,477,313	8,775,655	334,363	28,380
	12,908,926	0	527,018	237,711	12,381,908	12,908,926	617,808	327,135

All debenture repayments will be financed by general purpose revenue.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

7. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2016/17

The Shire will not undertake any new debentures in 2016/17.

(c) Unspent Debentures

The Shire had \$3 million in unspent debenture funds as at 30 June 2016. These unspent funds were held in the Civic Facilities Reserve as at 30 June 2016. The Shire is not expected to have unspent debenture funds as at 30 June 2017.

(d) Overdraft

The Shire has not utilised an overdraft facility during the financial year although an overdraft facility of \$1,000,000 with the Westpac Bank does exist. It is not anticipated that this facility will be required to be utilised during 2016/17.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

8. RATING INFORMATION - 2016/17 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2016/17 Budgeted Rate Revenue \$	2016/17 Budgeted Interim Rates \$	2016/17 Budgeted Back Rates \$	2016/17 Budgeted Total Revenue \$	2015/16 Actual \$
General Rate								
GRV - Residential	0.077868	10,978	215,732,828	16,798,684	132,000	0	16,930,684	16,155,790
GRV - Commercial	0.077868	269	22,541,015	1,755,224	0	0	1,755,224	1,682,214
GRV - Light Industrial	0.077868	283	18,085,709	1,408,298	0	0	1,408,298	1,365,203
GRV - Rural Residential	0.077868	3,020	63,087,498	4,912,497	0	0	4,912,497	4,739,453
UV - Rural	0.004841	238	158,485,000	767,226	0	0	767,226	735,633
Sub-Totals		14,788	477,932,050	25,641,929	132,000	0	25,773,929	24,678,293
Minimum payment	Minimum \$							
GRV - Residential	790	524	3,946,541	413,960	0	0	413,960	414,200
GRV - Commercial	790	6	51,936	4,740	0	0	4,740	4,560
GRV - Light Industrial	790	1	9,328	790	0	0	790	760
GRV - Rural Residential	790	78	704,150	61,620	0	0	61,620	61,560
UV - Mining Lease	998	4	52,379	3,992	0	0	3,992	4,412
Sub-Totals		613	4,764,334	485,102	0	0	485,102	485,492
Total Rates							26,259,031	25,163,785

**SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

8(a). RATING INFORMATION - 2016/17 FINANCIAL YEAR (CONTINUED)

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

The general rates detailed above for the 2016/17 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 Shire's services and facilities.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

9. CASH BACKED RESERVES

	2016/17 Budget				2015/16 Actual				2015/16 Budget			
	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$
Plant Replacement Reserve	701,196	809,849	(971,515)	539,530	316,102	766,217	(381,123)	701,196	324,905	770,191	(379,088)	716,008
Civic Facilities Reserve	14,625,568	351,436	(12,057,270)	2,919,734	1,938,928	15,812,672	(3,126,032)	14,625,568	1,075,188	16,596,963	(6,098,755)	11,573,396
Information Technology Reserve	870,463	60,916	(210,000)	721,380	812,501	66,262	(8,300)	870,463	807,707	75,279	(8,300)	874,686
Long Service Leave Reserve	377,823	169,079	(75,792)	471,110	195,316	366,313	(183,806)	377,823	180,587	367,888	(91,768)	456,707
Children Services Reserve	2,979,380	71,591	(733,200)	2,317,771	2,200,153	827,167	(47,940)	2,979,380	2,016,277	88,067	(38,000)	2,066,344
Gravel Pit Rehabilitation Reserve	93,905	91,256	(150,000)	35,162	110,339	3,566	(20,000)	93,905	102,179	93,463	(150,000)	45,642
Capital Investment Reserve	5,024,016	120,722	0	5,144,737	3,920,966	7,656,737	(6,553,687)	5,024,016	3,720,684	7,692,513	(6,530,000)	4,883,197
Capital Income Reserve	2,378,404	543,150	(654,130)	2,267,424	2,107,416	504,118	(233,130)	2,378,404	2,075,091	526,636	(156,255)	2,445,472
Unspent Grants Reserve	406,175	0	(406,175)	0	855,448	406,175	(855,448)	406,175	450,000	0	(450,000)	0
	27,456,930	2,218,000	(15,258,082)	14,416,848	12,457,169	26,409,227	(11,409,466)	27,456,930	10,752,618	26,211,000	(13,902,166)	23,061,452

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

Purpose of the reserve

Plant Replacement Reserve	to fund the replacement and purchase 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 Services Reserve	to provide funds for the purchase of capital items, preventative maintenance for Children Service's buildings and employee entitlements. Also allows cash surpluses to be quarantined to fund operations for future years.
Gravel Pit Rehabilitation Reserve	to fund the production 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.
Unspent Grants Reserve	to isolate any unspent grant funds at the end of each financial year.

The Unspent Grants Reserve is expected to be utilised in 2016/17.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

10. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

The Shire of Mundaring will not levy any Specified Area Rates in 2016/17.

11. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

The Shire of Mundaring will not levy any Service Charges in 2016/17.

12. INTEREST CHARGES AND INSTALMENTS - RATES AND SERVICE CHARGES - 2016/17 FINANCIAL YEAR

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

1) In full by 12 September 2016

2) Payment by four instalments being due on

12 September 2016	1st Instalment
14 November 2016	2nd Instalment
16 January 2017	3rd Instalment
20 March 2017	4th Instalment

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

An administrative charge of \$27.00 is levied where rates payment is made by the four instalments option. □
Budgeted income in 2016/17 for instalment administrative charges is \$135,000.
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 2016/17 for interest charges is \$155,000.

13. PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS
- 2016/17 FINANCIAL YEAR

The Shire of Mundaring will not be offering a discount for the early payment of rates in the 2016/17 financial year.

The Shire of Mundaring will be offering incentive prizes to ratepayers during the 2016/17 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 12 September 2016 will be automatically entered into the draw. The computer will randomly select winners for the rates incentive prizes.

An allowance of \$1,500 has been included in the 2016/17 budget for the write-off of rates.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

14. FEES & CHARGES REVENUE	2016/17 Budget \$	2015/16 Actual \$
General purpose funding	135,000	132,500
Governance	0	341
Law, order, public safety	165,200	257,850
Health	55,700	56,130
Education and welfare	2,734,800	2,364,597
Community amenities	7,744,284	7,691,785
Recreation and culture	807,410	795,974
Transport	21,000	39,000
Economic services	298,625	250,040
Other property and services	8,000	12,000
	<u>11,970,019</u>	<u>11,600,217</u>

15. ELECTED MEMBERS REMUNERATION	2016/17 Budget \$	2015/16 Actual \$
The following fees, expenses and allowances were paid to council members and/or the Mayor/President.		
Meeting fees	255,420	252,707
President's allowance	50,852	49,831
Deputy President's allowance	12,713	12,458
Travelling expenses	11,500	10,000
Telecommunications allowance and expenses	43,500	43,500
	<u>373,985</u>	<u>368,496</u>

**SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

16. TRUST FUNDS

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

Detail	Balance 1-Jul-16 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-17 \$
Deposits, bonds & retentions	1,609,366	1,216,151	(1,009,996)	1,815,521
POS and road construction	4,040,350	318,655	(283,185)	4,075,820
Developer scheme costs	40,926	1,291	0	42,218
BCITF Levy	0	206,548	(206,548)	0
Building Services Levy	0	135,494	(135,494)	0
	<u>5,690,642</u>	<u>1,878,139</u>	<u>(1,635,222)</u>	<u>5,933,559</u>

17. MAJOR LAND TRANSACTIONS

It is not anticipated any major land transactions will occur in 2016/17.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2016/17.

19. INTERESTS IN JOINT ARRANGEMENTS

The Shire has an 11% share in the net assets of the Eastern Metropolitan Regional Council (EMRC) as a member Council. The value of this investment is based on the Shire's share of the net assets as disclosed in the financial statements of the EMRC.

Supplementary Information – Budgets by Directorate

SHIRE OF MUNDARING
SUPPLEMENTARY INFORMATION FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

20. DIRECTORATE BUDGETS

	2016/17 Budget \$	2015/16 Actual \$
STRATEGIC AND COMMUNITY SERVICES		
Revenue		
AFM Branch Librarian	16,950	24,666
Bilgoman Aquatic Centre Manager	417,760	375,994
Brown Park Manager	91,900	110,200
Communities For Children	0	120,000
Community Facilities Coordinator	127,300	135,165
Coordinator Lake Leschenaultia	360,000	375,000
Director Strategic & Community Services	0	50,000
Eastern Region Family Day Care Scheme	1,415,000	1,327,000
Inclusion Support Agency	241,200	365,940
Indigenous Advancement Strategy - CSS	300,000	300,000
KSP Branch Librarian	15,613	14,064
Manager Libraries & Community Engagement	121,388	231,437
Manager Recreation and Leisure Services	94,800	112,866
Midvale Early Childhood & Parenting Centre	1,741,300	1,653,200
Midvale Playgroup & Toy Library	0	9,000
Mt Helena Aquatic & Recreation Centre Manager	64,690	85,571
Swan Child and Parent Centre - Middle Swan	544,730	152,000
Swan Children and Family Centre - Clayton View	878,100	818,000
Toy Library Coordinator	0	48,456
Total Revenue	<u>6,430,731</u>	<u>6,308,559</u>
Expenses		
AFM Branch Librarian	(780,126)	(720,425)
Bilgoman Aquatic Centre Manager	(1,195,603)	(1,152,551)
Brown Park Manager	(473,360)	(619,139)
Communities For Children	0	(119,000)
Community Facilities Coordinator	(1,015,855)	(1,001,092)
Community Playgroups	(150,272)	(150,911)
Coordinator Lake Leschenaultia	(732,267)	(780,797)
Director Strategic & Community Services	(1,526,573)	(1,334,836)
Eastern Region Family Day Care Scheme	(1,379,505)	(1,314,454)
Inclusion Support Agency	(241,200)	(346,896)
Indigenous Advancement Strategy - CSS	(291,300)	(299,818)
KSP Branch Librarian	(817,948)	(716,681)
Manager Libraries & Community Engagement	(1,268,940)	(1,383,268)
Manager Recreation and Leisure Services	(889,826)	(911,541)
Maternal & Infant Health	(37,332)	(37,332)
Midvale Early Childhood & Parenting Centre	(1,703,881)	(2,407,705)
Midvale Playgroup & Toy Library	(591)	(9,169)
Mt Helena Aquatic & Recreation Centre Manager	(335,161)	(343,180)
Swan Child and Parent Centre - Middle Swan	(502,693)	(355,021)
Swan Children and Family Centre - Clayton View	(849,632)	(794,940)
Toy Library Coordinator	(39,100)	(93,552)
Total Expenses	<u>(14,231,166)</u>	<u>(14,892,308)</u>
Net Income	<u>(7,800,435)</u>	<u>(8,583,749)</u>

**SHIRE OF MUNDARING
SUPPLEMENTARY INFORMATION FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

20. DIRECTORATE BUDGETS (Continued)

	2016/17 Budget \$	2015/16 Actual \$
OFFICE OF CHIEF EXECUTIVE AND CORPORATE SERVICES		
Revenue		
Allocations Vehicles	396,295	542,129
Chief Executive Officer	0	14,857
Director Corporate Services	3,663,080	18,365,828
Governance and Risk	27,000	63,484
Manager Finance and Governance	27,574,276	26,826,644
Manager Information Systems	210,000	8,300
Profit and Loss on disposal of Assets	(114,255)	1,239,675
Total Revenue	<u>31,756,396</u>	<u>47,060,917</u>
Expenses		
Allocations Office Vehicles	(322,545)	(444,369)
Allocations Ranger Vehicles	(73,750)	(97,760)
Chief Executive Officer	(512,136)	(548,528)
Director Corporate Services	(1,628,901)	(24,714,477)
Governance and Risk	(33,055)	(56,942)
Human Resource Manager	(631,389)	(531,679)
Manager Finance and Governance	(4,870,527)	(4,373,818)
Manager Information Systems	(2,270,453)	(1,902,239)
Total Expenses	<u>(10,342,756)</u>	<u>(32,669,812)</u>
Net Income	<u>21,413,640</u>	<u>14,391,105</u>

SHIRE OF MUNDARING
SUPPLEMENTARY INFORMATION FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

20. DIRECTORATE BUDGETS (Continued)

	2016/17	2015/16
	Budget	Actual
	\$	\$
INFRASTRUCTURE SERVICES		
Revenue		
Coordinator Civil Works	0	93,349
Coordinator Parks Services	72,000	335,333
Coordinator Plant and Depot Services	2,415,109	2,119,954
Director Infrastructure Services	15,295,366	12,937,364
Engineering Technical Officer - Civil	45,000	51,000
Maintenance Supervisor	1,000	5,000
Manager Building Assets	2,500,000	1,650,000
Manager Design Service	0	533,824
Manager Operations Service	249,000	30,000
Waste & Recycling Coordinator	7,403,864	7,317,763
Total Revenue	<u>27,981,339</u>	<u>25,073,587</u>
Expenses		
Construction Supervisor	(3,506,685)	(3,218,420)
Coordinator Civil Works	(1,128,967)	(2,151,722)
Coordinator Parks Services	(4,241,552)	(5,669,720)
Coordinator Plant and Depot Services	(3,158,468)	(2,340,810)
Director Infrastructure Services	(4,556,429)	(4,703,375)
Engineering Technical Officer - Civil	(806,500)	(728,000)
Maintenance Supervisor	(1,962,350)	(1,822,460)
Manager Building Assets	(17,140,271)	(6,926,156)
Manager Design Service	114,623	107,938
Manager Operations Service	(1,426,930)	(1,132,110)
Waste & Recycling Coordinator	(7,208,561)	(7,228,510)
Works Supervisor	(1,590,548)	(979,279)
Total Expenses	<u>(46,612,638)</u>	<u>(36,792,624)</u>
Net Income	<u>(18,631,299)</u>	<u>(11,719,037)</u>

**SHIRE OF MUNDARING
SUPPLEMENTARY INFORMATION FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

20. DIRECTORATE BUDGETS (Continued)

	2016/17 Budget \$	2015/16 Actual \$
STATUTORY SERVICES		
Revenue		
Bushcare Coordinator	0	20,000
Coordinator Environment and Sustainability	3,934	2,734
Manager Building Services	298,625	268,519
Manager Health & Community Safety Service (CSS)	475,527	964,456
Manager Health & Community Safety Services (HS)	65,191	65,191
Manager Planning	330,707	379,550
Total Revenue	<u>1,173,984</u>	<u>1,700,450</u>
Expenses		
Bushcare Coordinator	(228,650)	(205,100)
Coordinator Environment and Sustainability	(686,466)	(614,674)
Director Statutory Services	(135,417)	(131,384)
Manager Building Services	(607,870)	(601,329)
Manager Health & Community Safety Service (CSS)	(2,169,040)	(2,789,599)
Manager Health & Community Safety Services (HS)	(566,695)	(586,220)
Manager Planning	(1,065,554)	(1,006,917)
Total Expenses	<u>(5,459,692)</u>	<u>(5,935,223)</u>
Net Income	<u>(4,285,708)</u>	<u>(4,234,773)</u>