



ANNUAL BUDGET

FOR THE YEAR ENDED 30TH JUNE 2014

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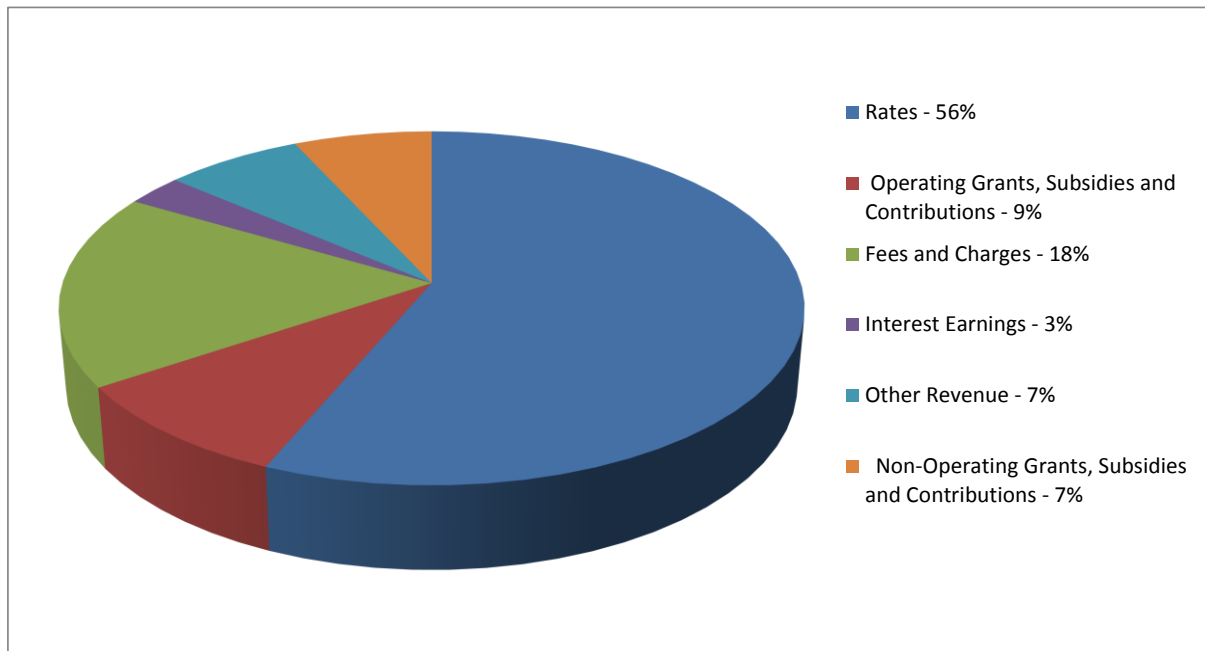
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BUDGET OVERVIEW

The Shire of Mundaring's 2013/14 budget has been based on a rate increase of 6%. The budget forecasts a closing surplus of \$1,060,355 as at 30 June 2014.

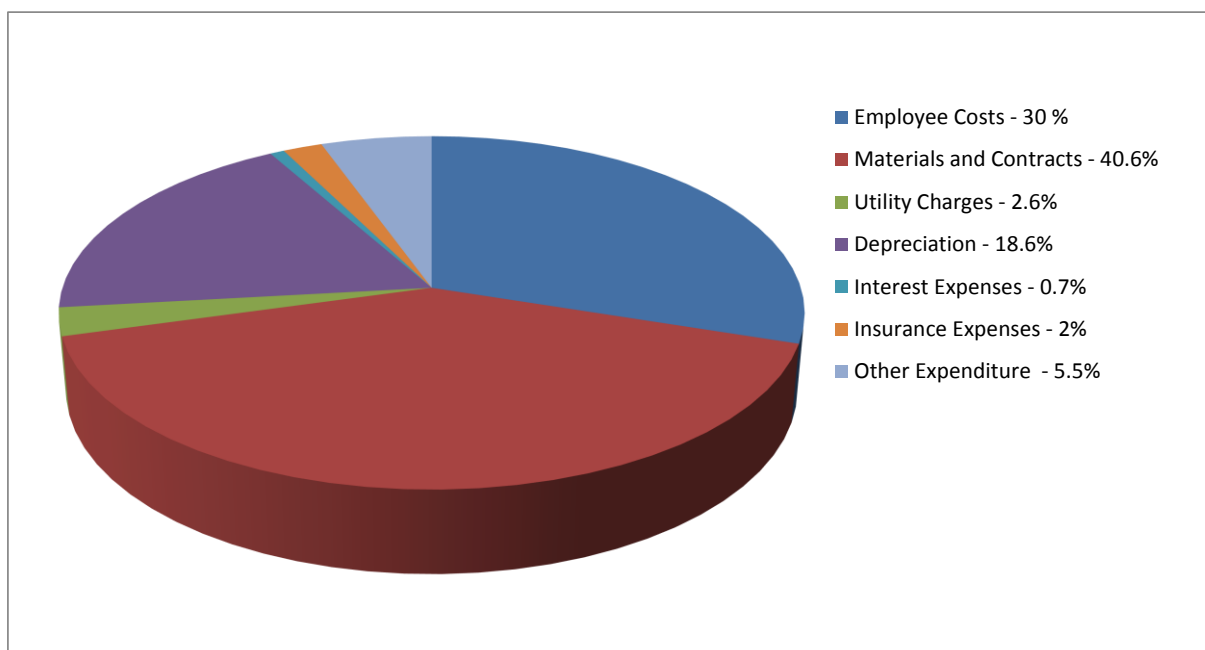
Operating Revenue

The Shire's total operating revenue for 2013/14 is forecast to be \$42,510,375. The breakdown of operating revenue by nature and type is provided below.



Operating Expenditure

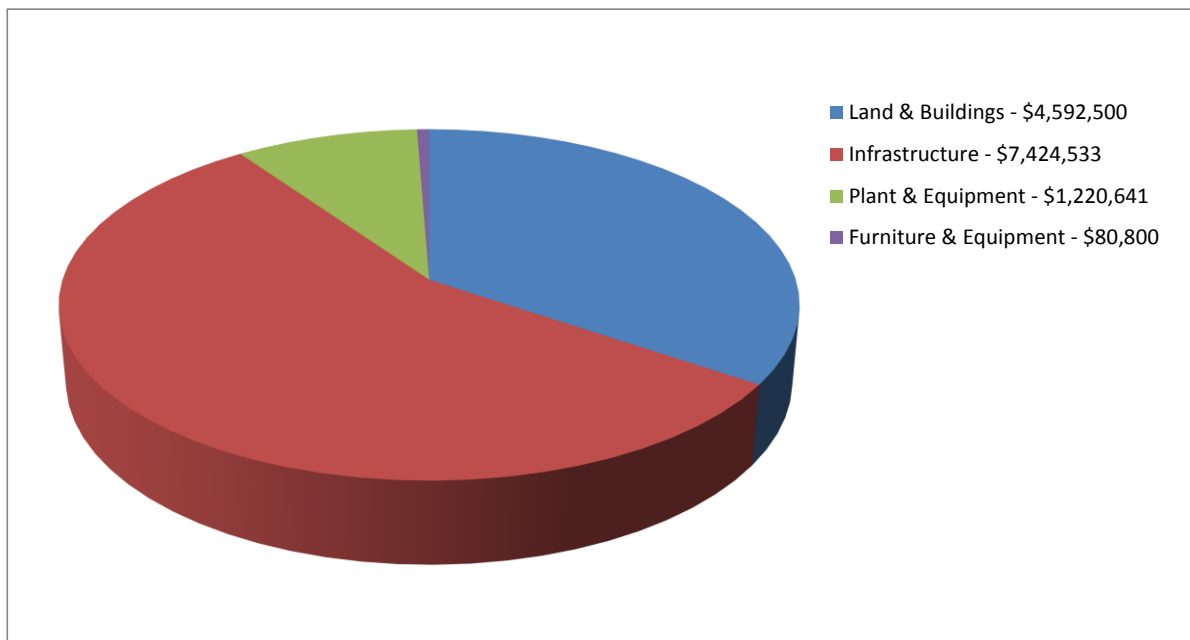
The Shire's total operating expenditure for 2013/14 is forecast to be \$45,896,934. The breakdown of operating expenditure by nature and type is provided below.



BUDGET OVERVIEW continued

Capital Expenditure

The Shire's total capital expenditure for 2013/14 is forecast to be \$13,318,474. A breakdown of capital expenditure by class of assets is provided below.



Cash Backed Reserves

During the 2013/14 financial year the Shire has forecast to utilise \$7,829,513 from its cash backed reserves to fund capital expenditure. At the same time the Shire has forecast to transfer \$18,871,511 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 \$22,579,058 in cash backed reserves as of 30 June 2014. 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 \$10 million to be drawn down on the 30 June 2014. These funds will be utilised to fund major building and reserve capital projects over the next four years. The Shire's forecast loan liability at 30 June 2014, as disclosed in Note 5 of the budget, is \$14,545,372. The \$10m loan does not impact on the shire's capacity to borrow in the future as the Shire's Debt Service Coverage Ratio is well within the acceptable threshold as outlined in the Department of Local Government's financial sustainability ratios guidelines.

SHIRE OF MUNDARING
ANNUAL STATUTORY BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

SHIRE OF MUNDARING
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2013/14 Budget \$	2012/13 Forecast \$	2012/13 Budget \$
REVENUE				
Rates	8	23,969,512	22,166,625	22,581,731
Operating Grants, Subsidies and Contributions		3,928,315	5,239,507	3,886,761
Fees and Charges	11	7,565,841	7,228,222	6,884,779
Interest Earnings	2(a)	1,205,000	1,220,000	1,123,000
Other Revenue		<u>2,919,046</u>	<u>3,065,331</u>	<u>2,403,221</u>
		39,587,714	38,919,685	36,879,492
EXPENSES				
Employee Costs		(13,770,531)	(13,637,084)	(13,875,953)
Materials and Contracts		(18,655,283)	(16,650,310)	(16,964,184)
Utility Charges		(1,184,879)	(1,104,335)	(1,157,856)
Depreciation	2(a)	(8,536,396)	(8,457,466)	(8,484,329)
Interest Expenses	2(a)	(326,370)	(339,000)	(339,000)
Insurance Expenses		(898,107)	(775,405)	(820,281)
Other Expenditure		<u>(2,525,368)</u>	<u>(2,540,918)</u>	<u>(2,465,720)</u>
		<u>(45,896,934)</u>	<u>(43,504,518)</u>	<u>(44,107,323)</u>
		(6,309,220)	(4,584,833)	(7,227,831)
Non-Operating Grants, Subsidies and Contributions		2,922,661	2,027,341	2,269,141
Profit on Asset Disposals	4	0	457,331	0
Loss on Asset Disposals	4	<u>0</u>	<u>(151)</u>	<u>0</u>
NET RESULT		(3,386,559)	(2,100,312)	(4,958,690)
Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>(3,386,559)</u>	<u>(2,100,312)</u>	<u>(4,958,690)</u>

Notes:

All fair value adjustments relating to re-measurement 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 in revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

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

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 2014**

NOTE	2013/14 Budget \$	2012/13 Forecast \$	2012/13 Budget \$
REVENUE (Refer Notes 1, 2, 8 to 13)			
General Purpose Funding	26,922,894	26,478,991	25,231,736
Governance	61,260	66,475	62,200
Law, Order, Public Safety	409,400	423,760	393,725
Health	65,200	85,650	54,600
Education and Welfare	3,771,838	3,909,802	3,617,107
Community Amenities	4,251,282	3,931,410	3,932,917
Recreation and Culture	1,132,019	1,083,098	1,297,164
Transport	186,000	370,489	250,000
Economic Services	238,500	402,850	240,600
Other Property and Services	<u>2,549,321</u>	<u>2,167,160</u>	<u>1,799,443</u>
	39,587,714	38,919,685	36,879,492
EXPENSES EXCLUDING			
FINANCE COSTS (Refer Notes 1, 2 & 14)			
General Purpose Funding	(662,502)	(795,581)	(813,844)
Governance	(4,676,896)	(3,928,214)	(4,622,273)
Law, Order, Public Safety	(2,193,216)	(2,194,863)	(2,031,647)
Health	(792,285)	(721,300)	(729,961)
Education and Welfare	(5,590,983)	(5,567,097)	(5,517,850)
Community Amenities	(7,920,633)	(7,102,419)	(7,346,941)
Recreation and Culture	(8,198,820)	(7,708,699)	(7,726,123)
Transport	(11,695,148)	(11,758,024)	(11,241,867)
Economic Services	(769,854)	(691,094)	(726,291)
Other Property and Services	<u>(3,070,229)</u>	<u>(2,638,227)</u>	<u>(3,011,526)</u>
	(45,570,564)	(43,105,518)	(43,768,323)
FINANCE COSTS (Refer Notes 2 & 5)			
Governance	<u>(326,370)</u>	<u>(399,000)</u>	<u>(339,000)</u>
	(326,370)	(399,000)	(339,000)
NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS			
Law, Order, Public Safety	248,000	424,625	774,625
Education and Welfare	58,500	0	0
Recreation and Culture	42,000	195,000	45,000
Transport	<u>2,574,161</u>	<u>1,407,716</u>	<u>1,449,516</u>
	2,922,661	2,027,341	2,269,141
PROFIT/(LOSS) ON DISPOSAL OF ASSETS (Refer Note 4)			
Governance	0	339,970	0
Law, Order, Public Safety	0	25,284	0
Health	0	6,213	0
Education and Welfare	0	12,947	0
Community Amenities	0	15,199	0
Recreation and Culture	0	20,648	0
Transport	0	37,070	0
Other Property and Services	<u>0</u>	<u>(151)</u>	<u>0</u>
	0	457,180	0
NET RESULT			
	<u>(3,386,559)</u>	<u>(2,100,312)</u>	<u>(4,958,690)</u>
Other Comprehensive Income	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME	<u><u>(3,386,559)</u></u>	<u><u>(2,100,312)</u></u>	<u><u>(4,958,690)</u></u>

Notes:

All fair value adjustments relating to re-measurement 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 in revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

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

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 2014**

	NOTE	2013/14 Budget \$	2012/13 Forecast \$	2012/13 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		23,969,512	22,166,625	22,578,002
Operating Grants, Subsidies and Contributions		3,928,315	5,239,507	4,086,761
Fees and Charges		7,565,841	7,228,222	7,170,228
Interest Earnings		1,205,000	1,220,000	1,038,000
Goods and Services Tax		1,500,000	1,475,151	1,429,888
Other		2,919,046	3,065,331	2,403,221
		<u>41,087,714</u>	<u>40,394,836</u>	<u>38,706,100</u>
Payments				
Employee Costs		(13,770,531)	(13,637,084)	(13,991,662)
Materials and Contracts		(18,655,283)	(16,650,310)	(18,292,839)
Utility Charges		(1,184,879)	(1,104,335)	(1,217,856)
Insurance Expenses		(898,107)	(775,405)	(820,281)
Interest Expenses		(326,370)	(339,000)	(339,000)
Goods and Services Tax		(1,500,001)	(1,000,000)	0
Other		(2,525,368)	(2,540,918)	(2,805,002)
		<u>(38,860,539)</u>	<u>(36,047,052)</u>	<u>(37,466,640)</u>
Net Cash Provided By Operating Activities	15(b)	<u>2,227,175</u>	<u>4,347,784</u>	<u>1,239,460</u>
Cash Flows from Investing Activities				
Payments for Purchase of Non-Current Assets	3	(19,068,474)	(9,815,279)	(14,869,493)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		2,922,661	2,027,341	2,269,141
Proceeds from Sale of Non-Current Assets	4	12,449,225	721,900	6,454,550
Net Cash Used in Investing Activities		<u>(3,696,588)</u>	<u>(7,066,038)</u>	<u>(6,145,802)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(185,751)	(173,315)	(173,315)
Proceeds from New Debentures	5	10,000,000	0	1,500,000
Net Cash Provided By (Used In) Financing Activities		9,814,249	(173,315)	1,326,685
Net Increase (Decrease) in Cash Held		8,344,836	(2,891,569)	(3,579,657)
Cash at Beginning of Year		17,228,686	20,120,255	15,921,833
Cash and Cash Equivalents at the End of the Year	15(a)	<u>25,573,522</u>	<u>17,228,686</u>	<u>12,342,176</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 2014**

	NOTE	2013/14 Budget \$	2012/13 Forecast \$	2012/13 Budget \$
REVENUES				
	1,2			
General Purpose Funding		2,953,382	4,312,366	2,650,005
Governance		61,260	406,445	62,200
Law, Order, Public Safety		657,400	873,669	1,168,350
Health		65,200	91,863	54,600
Education and Welfare		3,830,338	3,922,749	3,617,107
Community Amenities		4,251,282	3,946,609	3,932,917
Recreation and Culture		1,174,019	1,298,746	1,342,164
Transport		2,760,161	1,815,275	1,699,516
Economic Services		238,500	402,850	240,600
Other Property and Services		<u>2,549,321</u>	<u>2,167,009</u>	<u>1,799,443</u>
		18,540,863	19,237,581	16,566,902
EXPENSES				
	1,2			
General Purpose Funding		(662,502)	(795,581)	(813,844)
Governance		(5,003,266)	(4,327,214)	(4,961,273)
Law, Order, Public Safety		(2,193,216)	(2,194,863)	(2,031,647)
Health		(792,285)	(721,300)	(729,961)
Education and Welfare		(5,590,983)	(5,567,097)	(5,517,850)
Community Amenities		(7,920,633)	(7,102,419)	(7,346,941)
Recreation and Culture		(8,198,820)	(7,708,699)	(7,726,123)
Transport		(11,695,148)	(11,758,024)	(11,241,867)
Economic Services		(769,854)	(691,094)	(726,291)
Other Property and Services		<u>(3,070,229)</u>	<u>(2,638,227)</u>	<u>(3,011,526)</u>
		(45,896,934)	(43,504,518)	(44,107,323)
Net Operating Result Excluding Rates		(27,356,071)	(24,266,937)	(27,540,421)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
Deferred Rates Adjustment		0	0	(25,000)
Prov for Employee Benefits Adjustment		0	0	63,000
Depreciation on Assets	2(a)	8,536,396	8,457,466	8,484,329
Capital Expenditure and Revenue				
Purchase Land and Buildings	3	(4,592,500)	(1,276,254)	(7,284,091)
Purchase Infrastructure Assets	3	(7,424,533)	(6,820,781)	(5,455,281)
Purchase Plant and Equipment	3	(1,220,641)	(1,651,881)	(2,080,000)
Purchase Furniture and Equipment	3	(80,800)	(66,363)	(50,120)
Proceeds from Disposal of Assets	4	6,699,225	721,900	6,454,550
Repayment of Debentures	5	(185,751)	(173,315)	(173,315)
Proceeds from New Debentures	5	10,000,000	0	1,500,000
Transfers to Reserves (Restricted Assets)	6	(18,871,512)	(3,029,996)	(8,528,250)
Transfers from Reserves (Restricted Assets)	6	7,829,513	2,008,768	8,326,522
ADD Estimated Surplus/(Deficit) July 1 B/Fw d	7	3,757,517	7,688,285	3,744,695
LESS Estimated Surplus/(Deficit) June 30 C/Fw d	7	1,060,355	3,757,517	18,349
Amount Required to be Raised from Rates	8	<u>(23,969,512)</u>	<u>(22,166,625)</u>	<u>(22,581,731)</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 2014

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

This statutory budget is a general purpose statutory budget and has been prepared to comply with applicable Australian Accounting Standards, other mandatory professional reporting requirements, the Local Government Act 1995 (as amended) and the Local Government Regulations. It has been prepared on the accrual basis under the convention of historical cost

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

Critical Accounting Estimates

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

(b) The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the budget.

In the process of reporting on the 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, but a separate statement of those monies appears at Note 16 to this budget document.

(c) Classification and Capitalisation of Non-Current Assets

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

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

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

Land

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

**SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

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.

Council has commenced the process of adopting Fair Value in accordance with the Regulations.

Land Under Control

In accordance with local Government (Financial Management) Regulation 16 (a), the Council is 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 other policies detailed in this Note.

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2013.

Initial Recognition

All assets are initially recognised at cost. 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Shire and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

Revaluation

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

**SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

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

Revaluation (Continued)

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

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

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to fair value, AASB 13 - Fair Value Measurement does not become applicable until the end of the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB 13 (as allowed for in the standard).

As a consequence, the principles embodied in AASB 13 - Fair Value Measurement have been applied to this reporting period (year ended 30 June 2013).

Land under Roads

Acquired on or before 30 June 2008 -

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

Acquired on or after 1 July 2008 -

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

Local Government (Financial Management) Regulation 4 states that where the Accounting Standard is inconsistent with the provisions of the regulations, the provisions of the regulations prevail to the extent of that inconsistency. Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Council.

(d) Depreciation of Non-Current Assets

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

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

Buildings

Buildings	3%
Stationary Plant & Equipment	3% - 10%
Fixtures & Fittings	9% - 33%

**SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Depreciation of Non-Current Assets (Continued)

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%

(e) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Statement of Financial Position are stated inclusive of GST.

(f) Cash and Cash Equivalents

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

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

(g) Inventories

General

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

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Inventories (Continued)

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

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

(h) Employee Benefits

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

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

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

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

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

Superannuation

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

(i) Investments and Other Financial Assets

Classification

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

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

Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the Statement of Financial Position date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Recognition and derecognition

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

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

Subsequent measurement

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

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

Impairment

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

(j) Estimation of Fair Value

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

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

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Estimation of Fair Value (Continued)

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

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

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

(k) Impairment

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

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 "Impairment of Assets" and appropriate adjustments made.

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

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

(l) Rates, Grants, Donations and Other

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

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature and amounts pertaining to those undischarged conditions are disclosed where applicable. Where applicable, the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the Shire's operations for the current reporting period are disclosed.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Trade and Other Receivables

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

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

(n) Provisions

Provisions are recognised when:

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

(o) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Local Government prior to the end of the financial year that are unpaid and arise when the Local Government becomes obligated to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Interest-bearing Loans and Borrowings

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

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

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

Borrowing Costs

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

(q) Leases

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

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

**SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Current and Non-current classification

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

(s) Rounding Off Figures

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

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

(u) Statement of Comprehensive Income

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

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

	2013/14 Budget \$	2012/13 Forecast \$	2012/13 Budget \$
2. REVENUES AND EXPENSES			
(a) Net Result from Ordinary Activities was arrived at after:			
(i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	14,000	13,000	18,000
Other Services	21,000	22,000	24,415
 Depreciation			
<u>By Program</u>			
General Purpose Funding	134	193	193
Governance	336,557	359,735	369,734
Law, Order, Public Safety	345,554	319,689	302,689
Health	21,516	20,143	25,143
Education and Welfare	145,539	148,602	149,460
Community Amenities	127,221	130,586	130,586
Recreation and Culture	894,414	873,810	904,816
Transport	6,500,359	6,407,944	6,407,945
Economic Services	7,554	6,551	3,549
Other Property and Services	157,548	190,213	190,214
	<u>8,536,396</u>	<u>8,457,466</u>	<u>8,484,329</u>
 <u>By Class</u>			
Buildings	836,173	849,696	866,827
Plant and Equipment	1,082,813	996,487	137,575
Furniture and Equipment	129,130	123,001	991,645
Infrastructure	6,488,280	6,488,282	6,488,282
	<u>8,536,396</u>	<u>8,457,466</u>	<u>8,484,329</u>
 Borrowing Costs (Interest)			
- Debentures (<i>refer note 5(a)</i>)	326,370	339,000	339,000
	<u>326,370</u>	<u>339,000</u>	<u>339,000</u>
 (ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	450,000	480,000	450,000
- Other Funds	620,000	620,000	588,000
Other Interest Revenue (<i>refer note 13</i>)	135,000	120,000	85,000
	<u>1,205,000</u>	<u>1,220,000</u>	<u>1,123,000</u>

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

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 and for each of its broad activities/programs.

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

GENERAL PURPOSE FUNDING

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

Objectives:

Provision of an efficient and cost effective rates collection service.

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

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

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

GOVERNANCE

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

Objectives:

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

Providing a voice for the people.

Setting the strategic direction of the Shire.

Enacting Local Laws for the good governance of the Shire.

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

Ensuring sound financial management of 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 2014

2. REVENUES AND EXPENSES (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 provide affordable quality child care services for the benefit of people who live or work in the designated area.

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

To support families with issues pertaining to parenting.

Youth Services

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

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

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

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

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

Playgroups

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

To assist in the formation of new playgroups where appropriate.

To link playgroups to Shire services.

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

Toy Libraries

To support the development of Toy Libraries.

To supervise the part-time Toy Library Coordinator.

To link playgroups to Shire services.

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

Aged Services

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

COMMUNITY AMENITIES

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

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.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES (CONTINUED)

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

To ensure Council and the community comply with relevant legislation.

To achieve a safe, health and attractive environment.

Protection of natural resources while respecting the rights of individuals.

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

A sensible and socially responsible waste minimisation strategy.

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

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

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

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

RECREATION AND CULTURE

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.

Gradually seal all gravel roads in the Shire.

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

ECONOMIC SERVICES

Approval of building construction and implementation of building controls.

Objectives:

Provision of an effective Building Management service.

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

**SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

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 2014**

3. ACQUISITION OF ASSETS	2012/13 Budget \$
The following assets are budgeted to be acquired during the year:	
<u>By Program</u>	
Governance	56,955
Law, Order, Public Safety	70,000
Health	28,135
Education and Welfare	47,500
Community Amenities	10,000
Recreation and Culture	109,661
Transport	9,180,581
Other Property and Services	3,815,642
	13,318,474
<u>By Class</u>	
Land & Buildings	4,592,500
Infrastructure Assets	7,424,533
Plant and Equipment	1,220,641
Furniture and Equipment	80,800
	13,318,474

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

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)
	2013/14 BUDGET	2013/14 BUDGET	2013/14 BUDGET
	\$	\$	\$
Governance	13,395	13,395	0
Law, Order, Public Safety	20,000	20,000	0
Health	13,910	13,910	0
Recreation and Culture	36,586	36,586	0
Transport	235,816	235,816	0
Other Property and Services	6,379,518	6,379,518	0
	6,699,225	6,699,225	0

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2013/14 BUDGET	2013/14 BUDGET	2013/14 BUDGET
	\$	\$	\$
Land	6,345,000	6,345,000	0
Plant and Equipment	354,225	354,225	0
	6,699,225	6,699,225	0

<u>Summary</u>	2013/14 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 2014

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Lender	Amount Borrowed \$	Date Advanced	Duration (Years)	Maturity Date	Interest Rate	Principal 1-Jul-13	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
									2013/14 Budget \$	2012/13 Forecast \$	2013/14 Budget \$	2012/13 Forecast \$	2013/14 Budget \$	2012/13 Forecast \$
Loan 170 - Civic Facility Redevelopment	WA Treasury Corporation	5,500,000	31/01/2008	20	31/07/2028	6.95%	4,731,123	0	185,751	173,315	4,545,372	4,731,123	326,370	339,000
Loan 171 - Infrastructure Projects	WA Treasury Corporation	10,000,000	30/06/2014	30	1/07/2044	6.45%	0	10,000,000	0	0	10,000,000	0	0	0
							4,731,123	10,000,000	185,751	173,315	14,545,372	4,731,123	326,370	339,000

All debenture repayments are to be financed by general purpose revenue.

(b) New Debentures - 2013/14

Particulars/Purpose	Amount Borrowed Budget	Institution	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used Budget	Balance Unspent \$
Loan 171 - Infrastructure Projects	10,000,000	WA Treasury Corporation	30	19,471,140	6.45	10,000,000	0

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2013 nor is it expected to have unspent debenture funds as at 30th June 2014.

(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 2013/14.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

	2013/14 Budget \$	2012/13 Forecast \$	2012/13 Budget \$
6. RESERVES			
(a) Works Plant Replacement Reserve			
Opening Balance	626,191	597,988	614,051
Amount Set Aside / Transfer to Reserve	801,391	804,262	928,143
Amount Used / Transfer from Reserve	<u>(781,921)</u>	<u>(776,059)</u>	<u>(832,450)</u>
	<u>645,661</u>	<u>626,191</u>	<u>709,744</u>
(b) Civic Facilities Reserve			
Opening Balance	2,741,752	2,483,998	2,435,677
Amount Set Aside / Transfer to Reserve	10,106,941	771,383	769,010
Amount Used / Transfer from Reserve	<u>(2,941,370)</u>	<u>(513,629)</u>	<u>(839,000)</u>
	<u>9,907,323</u>	<u>2,741,752</u>	<u>2,365,687</u>
(c) Information Technology Reserve			
Opening Balance	524,065	477,279	506,758
Amount Set Aside / Transfer to Reserve	145,441	146,786	146,714
Amount Used / Transfer from Reserve	<u>(24,800)</u>	<u>(100,000)</u>	<u>(100,000)</u>
	<u>644,706</u>	<u>524,065</u>	<u>553,472</u>
(d) Long Service Leave Reserve			
Opening Balance	157,184	149,361	197,010
Amount Set Aside / Transfer to Reserve	206,131	156,818	160,407
Amount Used / Transfer from Reserve	<u>(107,485)</u>	<u>(148,995)</u>	<u>(134,796)</u>
	<u>255,830</u>	<u>157,184</u>	<u>222,621</u>
(e) Children's Service Reserve			
Opening Balance	1,702,799	1,364,994	1,348,934
Amount Set Aside / Transfer to Reserve	430,462	529,835	217,802
Amount Used / Transfer from Reserve	0	<u>(192,030)</u>	0
	<u>2,133,261</u>	<u>1,702,799</u>	<u>1,566,736</u>
(f) Gravel Pit Rehabilitation			
Opening Balance	330,885	221,270	196,311
Amount Set Aside / Transfer to Reserve	101,906	140,100	78,198
Amount Used / Transfer from Reserve	<u>(36,000)</u>	<u>(30,485)</u>	0
	<u>396,791</u>	<u>330,885</u>	<u>274,509</u>
(g) Capital Investment Reserve			
Opening Balance	4,206,526	4,178,920	4,678,696
Amount Set Aside / Transfer to Reserve	6,509,074	190,749	5,935,698
Amount Used / Transfer from Reserve	<u>(3,750,000)</u>	<u>(163,143)</u>	<u>(6,390,698)</u>
	<u>6,965,600</u>	<u>4,206,526</u>	<u>4,223,696</u>
(h) Capital Income Reserve			
Opening Balance	1,247,658	1,042,021	861,223
Amount Set Aside / Transfer to Reserve	570,165	290,064	477,976
Amount Used / Transfer from Reserve	<u>(187,937)</u>	<u>(84,427)</u>	<u>(215,276)</u>
	<u>1,629,886</u>	<u>1,247,658</u>	<u>1,123,923</u>
Total Reserves	<u><u>22,579,058</u></u>	<u><u>11,537,060</u></u>	<u><u>11,040,388</u></u>

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

Council have a policy of annual revaluation of road infrastructure. The amount of any revaluation adjustment at 30 June 2013 is not known. Any transfer to or from an asset revaluation reserve will be a non-cash transaction (treated as Other Comprehensive Income) and as such, has no impact on this budget document.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

6. RESERVES (Continued)	2013/14 Budget \$	2012/13 Forecast \$	2012/13 Budget \$
Summary of Transfers			
To Cash Backed Reserves			
Transfers to Reserves			
Works Plant Replacement Reserve	801,391	804,262	928,143
Civic Facilities Reserve	10,106,941	771,383	769,010
Information Technology Reserve	145,441	146,786	146,714
Long Service Leave Reserve	206,131	156,818	160,407
Children's Service Reserve	430,462	529,835	217,802
Gravel Pit Rehabilitation	101,906	140,100	78,198
Capital Investment Reserve	6,509,074	190,749	5,935,698
Capital Income Reserve	570,165	290,064	477,976
	<u>18,871,511</u>	<u>3,029,997</u>	<u>8,713,948</u>
Transfers from Reserves			
Works Plant Replacement Reserve	(781,921)	(776,059)	(832,450)
Civic Facilities Reserve	(2,941,370)	(513,629)	(839,000)
Information Technology Reserve	(24,800)	(100,000)	(100,000)
Long Service Leave Reserve	(107,485)	(148,995)	(134,796)
Children's Service Reserve	0	(192,030)	0
Gravel Pit Rehabilitation	(36,000)	(30,485)	0
Capital Investment Reserve	(3,750,000)	(163,143)	(6,390,698)
Capital Income Reserve	(187,937)	(84,427)	(215,276)
	<u>(7,829,513)</u>	<u>(2,008,768)</u>	<u>(8,512,220)</u>
Total Transfer to/(from) Reserves	<u>11,041,998</u>	<u>1,021,229</u>	<u>201,728</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.

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 2014**

	Note	2013/14 Budget \$	2012/13 Forecast \$
7. NET CURRENT ASSETS			
Composition of Estimated Net Current Asset Position			
CURRENT ASSETS			
Cash - Unrestricted	15(a)	2,994,464	5,691,626
Cash - Restricted Reserves	15(a)	22,579,058	11,537,060
Receivables		1,405,779	1,405,779
Inventories		<u>466,266</u>	<u>466,266</u>
		27,445,567	19,100,731
LESS: CURRENT LIABILITIES			
Payables and Provisions		<u>(3,806,154)</u>	<u>(3,806,154)</u>
NET CURRENT ASSET POSITION		23,639,413	15,294,577
Less: Cash - Restricted Reserves	15(a)	<u>(22,579,058)</u>	<u>(11,537,060)</u>
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		<u><u>1,060,355</u></u>	<u><u>3,757,517</u></u>

The estimated surplus/(deficiency) c/fwd in the 2012/13 forecast column represents the surplus (deficit) brought forward as at 1 July 2013.

The estimated surplus/(deficiency) c/fwd in the 2013/14 budget column represents the surplus (deficit) carried forward as at 30 June 2014.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

8. RATING INFORMATION - 2013/14 FINANCIAL YEAR

<u>RATE TYPE</u>	Rate in \$	Number of Properties	Rateable Value \$	2013/14 Budgeted Rate Revenue \$	2013/14 Budgeted Interim Rates \$	2013/14 Budgeted Back Rates \$	2013/14 Budgeted Total Revenue \$	2012/13 Forecast \$
General Rates								
GRV - Commercial	0.09059338	250	18,918,058	1,713,851	4,300	0	1,718,151	1,620,362
GRV - Light Industrial	0.09059338	276	14,446,889	1,308,793	12,000	0	1,320,793	1,218,404
GRV - Residential	0.09059338	10,205	161,572,708	14,637,422	106,000	0	14,743,422	13,629,994
GRV - RLL Residential	0.09059338	2,783	47,274,889	4,282,793	0	0	4,282,793	4,008,156
GRV - Rural & SP Residential	0.09059338	138	2,679,824	242,774	3,500	0	246,274	230,250
UV - Rural	0.00438100	235	163,785,000	717,542	0	0	717,542	660,012
Sub-Totals		13,887	408,677,368	22,903,175	125,800	0	23,028,975	21,367,178
Minimum Rates								
	Minimum \$							
GRV - Commercial	905	14	117,632	12,670	0	0	12,670	11,956
GRV - Light Industrial	905	10	89,763	9,050	0	0	9,050	7,686
GRV - Residential	905	839	6,896,942	758,836	0	0	758,836	638,792
GRV - RLL Residential	905	163	1,468,744	147,515	0	0	147,515	133,224
GRV - Rural & SP Residential	905	7	65,808	6,335	0	0	6,335	2,562
UV - Mining Lease	905	7	157	6,131	0	0	6,131	5,227
Sub-Totals		1,040	8,639,046	940,537	0	0	940,537	799,447
Ex-Gratia Rates							23,969,512	22,166,625
Specified Area Rates (Note 9)							0	0
Discounts							0	0
Totals							23,969,512	22,166,625

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

The general rates detailed above for the 2013/14 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 2014**

9. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

The Shire of Mundaring will not levy any Specified Area Rates in 2013/14.

10. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

The Shire of Mundaring will not levy any Service Charges in 2013/14.

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

	2013/14 Budget \$	2012/13 Forecast \$
11. FEES & CHARGES REVENUE		
Governance	60	0
General Purpose Funding	110,000	98,817
Law, Order, Public Safety	110,300	126,150
Health	65,200	85,650
Education and Welfare	1,719,200	1,675,705
Community Amenities	4,251,282	3,931,410
Recreation & Culture	1,062,299	893,640
Transport	1,000	1,000
Economic Services	238,500	402,850
Other Property & Services	8,000	13,000
	<u>7,565,841</u>	<u>7,228,222</u>

12. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2013/14 FINANCIAL YEAR

The Shire of Mundaring will not be offering a discount for the early payment of rates in the 2013/14 financial year.

The Shire of Mundaring will be offering incentive prizes to ratepayers during the 2013/14 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 15 August 2013 will be automatically entered into the draw. The computer will randomly select winners for the rates incentive prizes.

An allowance of \$2,500 has been included in the 2013/14 budget for the write-off of rates.

13. INTEREST CHARGES AND INSTALMENTS - 2012/13 FINANCIAL YEAR

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

1) In full by 15 August 2013

2) Payment by four instalments being due on

15 Aug 2013	1st Instalment
17 Oct 2013	2nd Instalment
19 Dec 2013	3rd Instalment
20 Feb 2014	4th Instalment

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

An administrative charge of \$24.00 is levied where rates payment is made by the four instalments option.

Budgeted income in 2013/14 for instalment administrative charges is \$110,000.

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 2013/14 for interest charges is \$135,000.

**SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

	2013/14 Budget \$	2012/13 Forecast \$
14. ELECTED MEMBERS REMUNERATION		
The following fees, expenses and allowances were paid to council members.		
Meeting Fees	98,000	98,000
Meeting Fees - Contingency for SAT determination	98,000	0
President's Allowance	12,000	12,000
Deputy President's Allowance	3,000	3,000
Travelling Expenses	10,000	7,500
Telecommunications Allowance & Expenses	36,550	36,550
	<u>257,550</u>	<u>157,050</u>

SHIRE OF MUNDARING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

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:

	2013/14 Budget \$	2012/13 Forecast \$	2012/13 Budget \$
Cash - Unrestricted	2,994,464	5,691,626	1,301,788
Cash - Restricted	<u>22,579,058</u>	<u>11,537,060</u>	<u>11,040,388</u>
	<u>25,573,522</u>	<u>17,228,686</u>	<u>12,342,176</u>

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

Works Plant Replacement Reserve	645,661	626,191	709,744
Civic Facilities Reserve	9,907,323	2,741,752	2,365,687
Information Technology Reserve	644,706	524,065	553,472
Long Service Leave Reserve	255,830	157,184	222,621
Childrens' Services Reserve	2,133,261	1,702,799	1,566,736
Gravel Pit Rehabilitation Reserve	396,791	330,885	274,509
Capital Investment Reserve	6,965,600	4,206,526	4,223,696
Capital Income Reserve	<u>1,629,886</u>	<u>1,247,658</u>	<u>1,123,923</u>
	<u>22,579,058</u>	<u>11,537,060</u>	<u>11,040,388</u>

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

Net Result	(3,386,559)	(2,100,312)	(4,958,690)
Depreciation	8,536,396	8,457,466	8,484,329
(Profit)/Loss on Sale of Asset	0	(457,180)	0
(Increase)/Decrease in Receivables	0	0	(62,674)
(Increase)/Decrease in Inventories	0	0	(8,970)
Increase/(Decrease) in Payables	0	0	180,315
Increase/(Decrease) in Employee Provisions	0	0	(115,709)
GST Movements	(1)	475,151	(10,000)
Grants/Contributions for the Development of Assets	<u>(2,922,661)</u>	<u>(2,027,341)</u>	<u>(2,269,141)</u>
Net Cash from Operating Activities	<u>2,227,175</u>	<u>4,347,784</u>	<u>1,239,460</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
NAB Credit Cards limit	375,000	375,000	300,000
NAB Credit Card Balances at Balance Date	<u>(65,000)</u>	<u>(65,000)</u>	<u>(63,741)</u>
Total Amount of Credit Unused	<u>1,310,000</u>	<u>1,310,000</u>	<u>1,236,259</u>
Loan Facilities			
Loan Facilities in use at Balance Date	<u>10,000,000</u>	<u>0</u>	<u>1,500,000</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 2014**

16. TRUST FUNDS

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

Detail	Balance 1-Jul-13 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-14 \$
Deposits, Bonds & Retentions	1,304,311	460,000	(290,000)	1,474,311
POS and Road Construction	3,562,941	740,000	(840,000)	3,462,941
Developer Scheme Costs	34,898	4,000	0	38,898
BCITF Levy	0	86,500	(86,500)	0
BRB Levy	0	40,500	(40,500)	0
	<u>4,902,150</u>			<u>4,976,150</u>

17. MAJOR LAND TRANSACTIONS

It is not anticipated any major land transactions will occur in 2013/14.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2013/14.