

SHIRE OF MUNDARING  
ANNUAL FINANCIAL REPORT  
2008/09



A vibrant community enjoying a rich mix of lifestyles

# SHIRE OF MUNDARING

## Annual Financial Report 2008/09

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**Local Government Act 1995**  
**Local Government (Financial Management) Regulations 1996**

**STATEMENT BY THE CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Mundaring being the annual financial report, supporting notes and other information for the year ended 30 June 2009 are in my opinion properly drawn up to present fairly the financial position of the Shire of Mundaring as at 30 June 2009 and the results of the operations for the financial year then ended in accordance with Australian Accounting Standards and comply with the provisions of the *Local Government Act 1995* (as amended) and the Regulations under that Act.

Dated: 14 September 2009



Signed: Jonathan Throssell  
CHIEF EXECUTIVE OFFICER

# Shire of Mundaring

## INCOME STATEMENT (BY PROGRAM) FOR THE YEAR ENDED 30 JUNE 2009

|  | Note | 2009<br>BUDGET<br>\$      | 2009<br>ACTUAL<br>\$      | 2008<br>ACTUAL<br>\$    |
|--|------|---------------------------|---------------------------|-------------------------|
| <b>REVENUES FROM ORDINARY ACTIVITIES</b>   |      |                           |                           |                         |
| General Purpose Funding  |      | 20,405,637                | 21,779,901                | 19,206,156              |
| Governance   |      | 67,800                    | 81,096                    | 70,587                  |
| Law, Order and Public Safety   |      | 317,570                   | 305,711                   | 330,716                 |
| Health   |      | 29,819                    | 39,104                    | 42,226                  |
| Education and Welfare  |      | 2,466,272                 | 3,039,651                 | 3,344,175               |
| Community Amenities  |      | 2,559,981                 | 2,922,014                 | 3,037,055               |
| Recreation and Culture   |      | 932,032                   | 779,314                   | 875,530                 |
| Transport  |      | 260,360                   | 1,482,460                 | 1,564,695               |
| Economic Services  |      | 312,663                   | 431,875                   | 301,755                 |
| Other Property and Services  |      | 279,168                   | 1,246,664                 | 106,086                 |
|  |      | <u>27,631,302</u>         | <u>32,107,791</u>         | <u>28,878,980</u>       |
| <b>EXPENSES FROM ORDINARY ACTIVITIES<br/>(Excluding borrowing costs expense)</b> |      |                           |                           |                         |
| General Purpose Funding  |      | (720,830)                 | (748,576)                 | (890,471)               |
| Governance   |      | (3,547,588)               | (3,256,215)               | (2,763,014)             |
| Law, Order and Public Safety   |      | (1,366,135)               | (1,540,634)               | (1,139,471)             |
| Health   |      | (503,111)                 | (500,299)                 | (462,739)               |
| Education and Welfare  |      | (4,999,578)               | (5,463,591)               | (4,180,123)             |
| Community Amenities  |      | (5,103,689)               | (5,305,317)               | (4,685,126)             |
| Recreation and Culture   |      | (6,010,962)               | (5,712,116)               | (5,243,820)             |
| Transport  |      | (9,178,089)               | (11,192,329)              | (9,868,744)             |
| Economic Services  |      | (595,548)                 | (513,110)                 | (528,207)               |
| Other Property and Services  |      | (438,461)                 | (1,272,009)               | (556,895)               |
|  |      | <u>(32,463,991)</u>       | <u>(35,504,196)</u>       | <u>(30,318,609)</u>     |
| <b>Sub-Total</b>   |      | <b>(4,832,689)</b>        | <b>(3,396,406)</b>        | <b>(1,439,628)</b>      |
| <b>BORROWING COSTS EXPENSE</b>   |      |                           |                           |                         |
| Governance   |      | (385,000)                 | (380,765)                 | (162,428)               |
| Education and Welfare  |      | (4,400)                   | (1,595)                   | (2,784)                 |
| Recreation and Culture   |      | (7,050)                   | -                         | -                       |
|  |      | <u>(396,450)</u>          | <u>(382,360)</u>          | <u>(165,212)</u>        |
| <b>GRANTS/CONTRIBUTIONS FOR THE<br/>DEVELOPMENT OF ASSETS</b>                    |      |                           |                           |                         |
| Governance   |      | -                         | -                         | (30,000)                |
| Law, Order and Public Safety   |      | 220,000                   | 394,842                   | 183,571                 |
| Education and Welfare  |      | 176,806                   | -                         | -                       |
| Recreation and Culture   |      | 50,000                    | 205,812                   | 25,836                  |
| Transport  |      | 2,196,042                 | 2,354,514                 | 980,525                 |
|  |      | <u>2,642,848</u>          | <u>2,955,168</u>          | <u>1,159,932</u>        |
| <b>DISPOSAL OF ASSETS</b>  |      |                           |                           |                         |
| Proceeds of Sale   |      | 600,630                   | 1,175,122                 | 4,498,962               |
| Book Value   |      | (600,630)                 | (1,558,569)               | (2,172,308)             |
| Profit (Loss) on Disposal  | 3(c) | <u>-</u>                  | <u>(383,447)</u>          | <u>2,326,654</u>        |
| <b>NET RESULT</b>  |      | <b><u>(2,586,291)</u></b> | <b><u>(1,207,045)</u></b> | <b><u>1,881,745</u></b> |

This Statement should be read in conjunction with the accompanying notes

## Shire of Mundaring

### INCOME STATEMENT (BY NATURE OR TYPE) FOR THE YEAR ENDED 30 JUNE 2009

|  | Note | 2009<br>BUDGET<br>\$ | 2009<br>ACTUAL<br>\$ | 2008<br>ACTUAL<br>\$ |
|--|------|----------------------|----------------------|----------------------|
| <b>REVENUE FROM ORDINARY ACTIVITIES</b>    |      |                      |                      |                      |
| Rates                                      | 15   | 16,183,587           | 16,257,296           | 14,997,789           |
| Grants and Subsidies - Operating           |      | 4,578,804            | 6,832,894            | 4,803,523            |
| Contributions , Reimbursements & Donations |      | 851,819              | 1,997,648            | 3,758,964            |
| Fees and Charges                           | 20   | 4,143,987            | 4,132,642            | 3,732,776            |
| Interest Earnings                          | 3(a) | 1,179,000            | 1,692,192            | 1,384,175            |
| Other Revenue                              |      | 694,105              | 451,520              | 420,496              |
|  |      | <u>27,631,302</u>    | <u>31,364,192</u>    | <u>29,097,724</u>    |
| <b>EXPENSES FROM ORDINARY ACTIVITIES</b>   |      |                      |                      |                      |
| Employee Costs                             |      | (11,159,888)         | (11,110,097)         | (8,631,253)          |
| Materials and Contracts                    |      | (12,259,511)         | (11,351,555)         | (10,150,000)         |
| Utility Charges                            |      | (288,616)            | (631,245)            | (544,901)            |
| Depreciation on Non Current Assets         | 3(a) | (6,671,480)          | (9,518,047)          | (9,003,514)          |
| Interest Expenses                          |      | (396,450)            | (382,360)            | (170,077)            |
| Insurance Expenses                         |      | (683,634)            | (602,852)            | (561,522)            |
| Subsidy Payments                           |      | (470,418)            | (1,189,278)          | (1,084,466)          |
| Other Expenses                             |      | (930,444)            | (357,524)            | (556,833)            |
|  |      | <u>(32,860,441)</u>  | <u>(35,142,958)</u>  | <u>(30,702,566)</u>  |
| Sub-Total                                  |      | (5,229,139)          | (3,778,766)          | (1,604,842)          |
| Non-Operating Grants and Contributions     |      | 2,642,848            | 2,955,168            | 1,159,933            |
| Profit on Asset Disposals                  |      | -                    | 13,112               | 2,562,666            |
| Loss on Asset Disposals                    |      | -                    | (396,559)            | (236,012)            |
| Net Profit (Loss) on Asset Disposals       | 3(c) | <u>-</u>             | <u>(383,447)</u>     | <u>2,326,654</u>     |
| <b>NET RESULTS</b>                         |      | <u>(2,586,291)</u>   | <u>(1,207,045)</u>   | <u>1,881,745</u>     |

This Statement should be read in conjunction with the accompanying notes

# Shire of Mundaring

## BALANCE SHEET AS AT 30 JUNE 2009

|  | Note | 2009<br>\$         | 2008<br>\$         |
|--|------|--------------------|--------------------|
| <b>CURRENT ASSETS</b>                                      |      |                    |                    |
| Cash and Cash Equivalents                                  | 4    | 18,125,303         | 18,503,954         |
| Trade and Other Receivables                                | 5    | 1,101,839          | 1,643,092          |
| Inventories  |      | 118,437            | 239,556            |
| <b>TOTAL CURRENT ASSETS</b>                                |      | <b>19,345,579</b>  | <b>20,386,602</b>  |
| <b>NON-CURRENT ASSETS</b>                                  |      |                    |                    |
| Trade and Other Receivables                                | 5    | 630,957            | 614,273            |
| Property, Plant and Equipment<br>and Infrastructure Assets | 6    | 178,777,612        | 179,418,270        |
| Other non current Assets (EMRC Share)                      | 7    | 449,631            | 449,631            |
| <b>TOTAL NON CURRENT ASSETS</b>                            |      | <b>179,858,200</b> | <b>180,482,174</b> |
| <b>TOTAL ASSETS</b>  |      | <b>199,203,779</b> | <b>200,868,776</b> |
| <b>CURRENT LIABILITIES</b>                                 |      |                    |                    |
| Trade and Other Payables                                   | 8    | 1,225,335          | 1,689,658          |
| Borrowings - Current Portion                               | 10   | 150,790            | 150,432            |
| Provisions   | 9    | 981,190            | 979,303            |
| <b>TOTAL CURRENT LIABILITIES</b>                           |      | <b>2,357,315</b>   | <b>2,819,393</b>   |
| <b>NON-CURRENT LIABILITIES</b>                             |      |                    |                    |
| Borrowings - Long Term Portion                             | 10   | 5,217,322          | 5,368,112          |
| Provisions   | 9    | 954,878            | 799,963            |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                       |      | <b>6,172,200</b>   | <b>6,168,075</b>   |
| <b>TOTAL LIABILITIES</b>                                   |      | <b>8,529,515</b>   | <b>8,987,468</b>   |
| <b>NET ASSETS</b>  |      | <b>190,674,264</b> | <b>191,881,308</b> |
| <b>EQUITY</b>  |      |                    |                    |
| Retained Surplus   |      | 116,139,014        | 117,331,079        |
| Reserves - Cash backed                                     | 11   | 8,582,630          | 8,597,609          |
| Asset Revaluation Reserve                                  | 14   | 65,952,620         | 65,952,620         |
| <b>TOTAL EQUITY</b>  |      | <b>190,674,264</b> | <b>191,881,308</b> |

This Statement should be read in conjunction with the accompanying notes

# Shire of Mundaring

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

|  | Note | 2009<br>\$         | 2008<br>\$         |
|--|------|--------------------|--------------------|
| <b>RESERVES - CASH BACKED</b>                  |      |                    |                    |
| Opening Balance                                |      | 8,597,609          | 7,306,502          |
| Transfers from Retained Surplus                |      | 3,192,676          | 13,383,334         |
| Transfers to Retained Surplus                  |      | (3,207,656)        | (12,092,226)       |
| Closing Balance                                | 11   | <u>8,582,630</u>   | <u>8,597,609</u>   |
| <b>ASSET REVALUATION RESERVE</b>               |      |                    |                    |
| Opening Balance                                |      | 65,952,620         | 60,138,470         |
| Increment/(Decrement)                          |      | -                  | 5,814,150          |
| Closing Balance                                | 14   | <u>65,952,620</u>  | <u>65,952,620</u>  |
| <b>RETAINED SURPLUS</b>                        |      |                    |                    |
| Opening Balance                                |      | 117,331,079        | 116,740,544        |
| Change in net assets resulting from operations |      | (1,207,043)        | 1,881,644          |
| Transfers to Reserves                          |      | (3,192,676)        | (13,383,334)       |
| Transfers from Reserves                        |      | 3,207,656          | 12,092,226         |
| Closing Balance                                |      | <u>116,139,014</u> | <u>117,331,079</u> |
| <b>TOTAL EQUITY</b>                            |      | <u>190,674,264</u> | <u>191,881,308</u> |

This Statement should be read in conjunction with the accompanying notes

# Shire of Mundaring

## RATES SETTING STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

|  | NOTE | 2009<br>BUDGET<br>\$ | 2009<br>ACTUAL<br>\$ |
|--|------|----------------------|----------------------|
| <b>INCOME STATEMENT</b>                              |      |                      |                      |
| <b>Expenses from Ordinary Activities</b>             |      |                      |                      |
| General Purpose Funding                              |      | (720,830)            | (748,576)            |
| Governance   |      | (3,547,588)          | (3,256,215)          |
| Law, Order and Public Safety                         |      | (1,366,135)          | (1,540,634)          |
| Health   |      | (503,111)            | (500,299)            |
| Education and Welfare                                |      | (4,999,578)          | (5,463,591)          |
| Community Amenities                                  |      | (5,103,689)          | (5,305,317)          |
| Recreation and Culture                               |      | (6,010,962)          | (5,712,116)          |
| Transport  |      | (9,178,089)          | (11,192,329)         |
| Economic Services                                    |      | (595,548)            | (513,109)            |
| Other Property and Services                          |      | (438,461)            | (1,272,009)          |
|  |      | <u>(32,463,991)</u>  | <u>(35,504,195)</u>  |
| <b>Borrowing Costs</b>                               |      |                      |                      |
| Governance   |      | (395,000)            | (380,765)            |
| Education and Welfare                                |      | (4,400)              | (1,595)              |
| Recreation and Culture                               |      | (7,050)              | -                    |
|  |      | <u>(396,450)</u>     | <u>(382,360)</u>     |
| <b>Revenues from Ordinary Activities</b>             |      |                      |                      |
| General Purpose Funding (Exc Rates)                  |      | 4,222,050            | 5,522,603            |
| Governance   |      | 67,800               | 81,096               |
| Law, Order and Public Safety                         |      | 317,570              | 305,711              |
| Health   |      | 29,819               | 39,104               |
| Education and Welfare                                |      | 2,466,272            | 3,039,651            |
| Community Amenities                                  |      | 2,559,981            | 2,922,014            |
| Recreation and Culture                               |      | 932,032              | 779,314              |
| Transport  |      | 260,360              | 1,482,460            |
| Economic Services                                    |      | 312,663              | 431,875              |
| Other Property and Services                          |      | 279,168              | 1,246,664            |
|  |      | <u>11,447,715</u>    | <u>15,850,493</u>    |
| <b>Sub-Total</b>                                     |      | (21,412,726)         | (20,036,063)         |
| Write Back Non-Cash Items-Depreciation               | 3(a) | 6,671,480            | 9,518,047            |
| Grants/Contributions - for the Development of Assets |      | 2,642,848            | 2,955,169            |
| <b>Funds Demand from Operations</b>                  |      | <u>(12,098,398)</u>  | <u>(7,562,847)</u>   |
| <b>Acquisition of Non-Current Assets</b>             |      |                      |                      |
| Land   |      | (15,000)             | (74,232)             |
| Buildings  |      | (1,660,710)          | (1,342,892)          |
| Plant and Equipment                                  |      | (2,222,980)          | (2,558,947)          |
| Furniture and Equipment                              |      | (53,550)             | (312,840)            |
| Infrastructure Assets - Roads, Streets,              |      | (5,407,018)          | (3,239,392)          |
| Infrastructure Assets - Other Structures             |      | (350,542)            | (369,695)            |
| Infrastructure Assets - Parks Plant and equipment    |      | (566,167)            | (765,802)            |
| Infrastructure Assels - Drainage                     |      | -                    | (403,857)            |
| Infrastructure Assets - Gardens                      |      | (104,897)            | (30,198)             |
|  | 6    | <u>(10,380,864)</u>  | <u>(9,097,856)</u>   |

This Statement should be read in conjunction with the accompanying notes

# Shire of Mundaring

## RATES SETTING STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

| RATES SETTING STATEMENT (continued)                 | NOTE | 2009<br>BUDGET<br>\$ | 2009<br>ACTUAL<br>\$ |
|---|------|----------------------|----------------------|
| Proceeds from Sale of Assets                        | 3(c) | 600,630              | 1,175,121            |
| Self-Supporting Advances                            |      | -                    | -                    |
| Self-Supporting Loan Repayments                     |      | -                    | 20,226               |
| Funding to Reserves                                 | 11   | (2,545,000)          | (3,192,676)          |
| Restricted Assets Movement                          |      | (282,815)            | (295,041)            |
| Prov for Employee Benefits (Non current) adj        |      | -                    | 155,902              |
| Subdiv. Infrastructure Assets vested (non cash) adj |      | -                    | (1,338,100)          |
| Debt Redemption                                     | 10   | (272,150)            | (150,432)            |
| Closing Funds                                       |      | (549,474)            | (5,512,203)          |
|   |      | <u>(3,048,809)</u>   | <u>(9,137,204)</u>   |
| <b>Demand from Resources</b>                        |      | <u>(25,528,071)</u>  | <u>(25,797,906)</u>  |
| <b>Funding Sources</b>                              |      |                      |                      |
| Opening Funds                                       |      | 6,490,274            | 6,332,953            |
| Loan Funds  |      | -                    | -                    |
| Reserves  | 11   | 2,854,210            | 3,207,656            |
|   |      | <u>9,344,484</u>     | <u>9,540,609</u>     |
| <b>AMOUNT MADE UP FROM RATES</b>                    |      | <u>(16,183,587)</u>  | <u>(16,257,298)</u>  |

This Statement should be read in conjunction with the accompanying notes

# Shire of Mundaring

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

|  | Note   | 2009<br>BUDGET<br>\$ | 2009<br>ACTUAL<br>\$ | 2008<br>ACTUAL<br>\$ |
|--|--------|----------------------|----------------------|----------------------|
| <b>Cash Flows from Operating Activities</b>                  |        |                      |                      |                      |
| <b>Receipts</b>  |        |                      |                      |                      |
| Rates  |        | 16,142,942           | 16,155,729           | 15,100,275           |
| Fees and Charges   |        | 4,877,119            | 4,907,808            | 3,876,800            |
| Contributions, Reimbursements and Donations                  |        | 990,819              | 709,548              | 2,141,209            |
| Interest Earnings  |        | 1,194,000            | 1,520,304            | 1,381,605            |
| Other Income   |        | 694,105              | 451,520              | 400,497              |
| Grants - Operating   |        | 4,778,804            | 6,920,792            | 4,408,523            |
| GST Refund   |        | 1,338,815            | 1,864,569            | 1,902,531            |
| <b>Total Receipts</b>  |        | <b>30,016,604</b>    | <b>32,530,270</b>    | <b>29,211,441</b>    |
| <b>Payments</b>  |        |                      |                      |                      |
| Employee Costs   |        | (11,238,555)         | (10,926,632)         | (8,526,056)          |
| Utility Charges  |        | (348,616)            | (681,245)            | (652,027)            |
| Interest Expenses  |        | (386,450)            | (382,360)            | (175,204)            |
| Materials and Contracts                                      |        | (13,539,226)         | (13,138,222)         | (12,477,166)         |
| Insurance Expenses   |        | (683,635)            | (658,852)            | (561,522)            |
| Subsidy Payments   |        | (470,419)            | (1,289,278)          | (1,229,466)          |
| Other Expenditure  |        | (1,105,442)          | (357,524)            | (731,832)            |
| <b>Total Payments</b>  |        | <b>(27,772,343)</b>  | <b>(27,434,113)</b>  | <b>(24,353,273)</b>  |
| <b>Net Cash Inflows/(Outflows) from Operating Activities</b> | 12 (b) | <b>2,244,262</b>     | <b>5,096,157</b>     | <b>4,858,168</b>     |
| <b>Cash Flows from Investing Activities</b>                  |        |                      |                      |                      |
| <b>Proceeds from the Sale of Non-Current Assets</b>          |        |                      |                      |                      |
| Assets   | 3(c)   | 600,630              | 1,175,122            | 4,498,862            |
| Grants - Non Operating                                       |        | 2,642,848            | 2,955,168            | 1,159,933            |
| Repayment by Community Groups                                |        | -                    | 20,226               | 139,616              |
| <b>Payments for Non-Current Assets</b>                       |        |                      |                      |                      |
| Land and Buildings   |        | (1,675,710)          | (1,417,124)          | (8,944,868)          |
| Plant and Equipment  |        | (2,222,980)          | (2,558,947)          | (1,050,322)          |
| Furniture and Equipment                                      |        | (53,550)             | (312,840)            | (221,190)            |
| Infrastructure Assets  |        | (6,428,624)          | (4,808,944)          | (3,268,462)          |
| <b>Net Cash Inflows/(Outflows) from Investing Activities</b> |        | <b>(7,137,386)</b>   | <b>(4,947,340)</b>   | <b>(7,686,431)</b>   |

This Statement should be read in conjunction with the accompanying notes

# Shire of Mundaring

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

|  | Note   | 2009<br>BUDGET<br>\$     | 2009<br>ACTUAL<br>\$     | 2008<br>ACTUAL<br>\$     |
|--|--------|--------------------------|--------------------------|--------------------------|
| <b>Cash Flows from Financing Activities</b>                  |        |                          |                          |                          |
| Increase (Decrease) in Deposits and Bonds Held               |        | -                        | (377,035)                | (232,725)                |
| Hostel Residents Loan Contribution                           |        | -                        | -                        | 953,772                  |
| Hostel Residents Loan Repayments                             |        | -                        | -                        | (426,478)                |
| Yallambee Residents - Debt Redemption                        |        | -                        | -                        | (1,904,355)              |
| Borrowings   |        | -                        | -                        | 5,500,000                |
| Repayment of Borrowings                                      | 10     | (272,150)                | (150,432)                | (149,017)                |
| <b>Net Cash Inflows/(Outflows) from Financing Activities</b> |        | <u>(272,150)</u>         | <u>(527,467)</u>         | <u>3,741,197</u>         |
| <b>Net Increase/(Decrease) In Cash Held</b>                  |        | (5,165,275)              | (378,650)                | 912,933                  |
| <b>Net Cash at the Beginning of the Year</b>                 |        | <u>18,343,166</u>        | <u>18,503,953</u>        | <u>17,591,020</u>        |
| <b>Cash and Cash equivalents at the End of the Year</b>      | 12 (a) | <u><u>13,177,892</u></u> | <u><u>18,125,303</u></u> | <u><u>18,503,953</u></u> |
| Represented by:  |        |                          |                          |                          |
| Municipal Funds  |        | 2,156,184                | 6,054,728                | 6,730,486                |
| Reserve Funds  |        | 8,366,166                | 8,554,633                | 8,552,563                |
| Restricted Assets  |        | <u>2,655,542</u>         | <u>3,515,942</u>         | <u>3,220,905</u>         |
| <b>Cash and Cash equivalents at the End of the Year</b>      |        | <u><u>13,177,892</u></u> | <u><u>18,125,303</u></u> | <u><u>18,503,954</u></u> |

This Statement should be read in conjunction with the accompanying notes

## 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 financial statement is a general purpose financial statement and has been prepared to comply with applicable Australian Accounting Standards, other mandatory professional reporting requirements, the Local Government Act 1995 (as amended) and the Local Government Regulations.

It has been prepared on the accrual basis under the convention of historical cost accounting except where otherwise stated.

### **Critical Accounting Estimates**

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

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

### (b) *The Local Government Reporting Entity*

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

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

#### Trust Funds

The council acts as a collection agency for the Building Industry Authority, the Builder's Registration Board of WA, and other bodies. As the council performs only a custodial role in respect of those monies, they are excluded from the budget.

### (c) *Classification and Capitalisation of Non-Current Assets*

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

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

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

## **1 ) SIGNIFICANT ACCOUNTING POLICIES**

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

### **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 (Internal)**

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

### **Plant and Equipment (external)**

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

### **Infrastructure Assets – Roads and Streets**

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

### **Infrastructure Assets - Other Categories**

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

### **Tools**

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

Council has resolved that each class of property, plant, equipment and infrastructure assets are carried at cost less any accumulated depreciation with the exception of road assets. Road assets are carried at Management valuation.

### **Land under Roads**

Acquired on or before 30 June 2008 -

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

Acquired on or after 1 July 2008 -

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

Local Government (Financial Management) Regulation 4 states that where the Accounting Standard is inconsistent with the provisions of the regulations, the provisions of the regulations prevail to the extent of that inconsistency.

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

### **Revaluation**

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits.

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

Other non-current assets are measured on the cost basis. The carrying amount of non-current assets are reviewed annually by management to ensure that they are not in excess of the recoverable amount.

**1 ) SIGNIFICANT ACCOUNTING POLICIES**

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

**(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.

|   | Residual<br>Value | Depreciation<br>Rate |
|---|-------------------|----------------------|
| <b>Buildings</b>  |                   |                      |
| Buildings   | 10%               | 3%                   |
| Stationary Plant & Equipment                                | 5%                | 10%                  |
| Fixtures & Fittings   | 10%               | 9.5%                 |
| <b>Furniture and Equipment (Internal)</b>                   |                   |                      |
| Office Furniture  | 10%               | 6.2%                 |
| Computer Hardware & Communications                          | 0%                | 33.3%                |
| Computer Software   | 0%                | 33.3%                |
| Other Office Equipment                                      | 5%                | 9.5%                 |
| <b>Plant and Equipment (external)</b>                       |                   |                      |
| Sedans & Wagons – Base Models                               | 40%               | 25%                  |
| Sedans & Wagons – Executive Models                          | 35%               | 30%                  |
| Utilities and 4WDs  | 25%               | 30%                  |
| Construction Plant  | 10%               | 9%                   |
| Construction Vehicles and Equipment                         | 40%               | 9%                   |
| <b>Infrastructure Assets - Roads, Streets</b>               |                   | 2% - 5%              |
| <b>Infrastructure Assets - Other Structures</b>             |                   | 1% - 5%              |
| <b>Infrastructure Assets - Drainage</b>                     |                   | 1% - 2%              |
| <b>Infrastructure Assets - Gardens</b>                      |                   | Nil                  |
| <b>Infrastructure Assets - Parks, Plant &amp; Equipment</b> |                   | 1.5% to 33.3%        |

Assets are depreciated on the straight-line method from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

**(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 Balance Sheet are stated inclusive of GST.

**(f) Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet 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 Cash Flow Statement, 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 balance sheet.

## 1 ) SIGNIFICANT ACCOUNTING POLICIES

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

### **(g) Inventories**

#### **General**

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

#### **Land Held for Resale**

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

Revenue arising from the sale of property is recognised in the Income Statement 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 council makes to the WA Local Government Superannuation Plan which provides benefits to its employees. The plan is a cash accumulation scheme and therefore the council bears no liabilities in relation to the plan that might arise if it was a defined benefits scheme.

### **(l) 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 balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

## 1 ) SIGNIFICANT ACCOUNTING POLICIES

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

### *(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 balance sheet 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 income statement. 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 income statement as gains and losses from investment securities.

### **Subsequent measurement**

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

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement 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 income statement 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 income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

## 1 ) SIGNIFICANT ACCOUNTING POLICIES

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

### *(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 balance sheet date.

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

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

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

### *(k) Impairment*

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

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 income statement.

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 council 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.

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 council's operations for the current reporting period are disclosed.

### *(m) Trade and Other Receivables*

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

Collectibility 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.

## 1 ) SIGNIFICANT ACCOUNTING POLICIES

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

### **(n) Provisions**

Provisions are recognised when: The Council has a 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. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same of obligations may be small.

### **(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 balance sheet 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 council 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.

### **(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 financial statement, other than the rate in the dollar, are rounded to the nearest dollar.

### **(t) Comparative figures**

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

### **(u) Budget Comparative figures**

**SHIRE OF MUNDARING**

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

**1 ) SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(v) New Accounting Standards and Interpretations**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ended 30 June 2009.

Councils assessment of these new standards and Interpretations is set out below.

|        | <b>Title and Topic</b>  | <b>Issued</b>                    | <b>Applicable</b> | <b>Impact</b>  |
|--------|---|----------------------------------|-------------------|--|
| (i)    | AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8   | Feb-07                           | 1-Jan-09          | Nil - the Standard is not applicable to not-for-profit entities  |
| (ii)   | Revised AASB 123 Borrowing Costs (includes AASB 2009-1) and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]      | June 2007 and April 2009         | 1-Jan-09          | Nil - There have been two revisions to the Standard. The first removed the option to expense all borrowing costs and required the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The second (AASB2009-1) reinstated the choice to either expense or capitalise in the case of not-for-profit entities. There will be no impact on the financial report of the Council as it already capitalises borrowing costs relating to qualifying assets and will continue to do so. |
| (iii)  | Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10. Further Amendments to Australian Accounting Standards arising from AASB 101 | September 2007 and December 2007 | 1-Jan-09          | Nil - The revised Standard requires the presentation of a Statement of comprehensive income and makes changes to the Statement of changes in equity, but will not affect any of the amounts recognised in the financial statements, If Council has made a prior period adjustment or has reclassified items in the financial statements, it is likely it will need to disclose a third balance sheet (Statement of financial position) being as at the beginning of the comparative period.  |
| (iv)   | AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project  | 1/07/2008                        | 1-Jan-09          | Nil - The revisions are part of the AASBs annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs.  |
| (v)    | AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project  | 3/9/08                           | 1-Jul-09          | The revisions embodied in these standards relate largely to terminology or editorial comments and will have a minimal effect on the accounting practices of the Council.   |
| (vi)   | AASB 2008-11 Amendments to Australian Accounting Standard - Business Considerations Among Not-for-Profit Entities   | 1/11/2008                        | 1-Jul-09          | Nil - Whilst this standard has the effect of applying AASB 3 Business Combinations to the Not-for-Profit sector, specific provisions are provided in respect of local government. These specific provisions are very similar to the previous requirements of AAS 27.   |
| (vii)  | AASB 2008-1 Amendments to Australian Accounting Standard - Share-Based Payments: Vesting Conditions and Cancellations   | 1/02/2008                        | 1-Jan-09          | Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.   |
| (viii) | AASB 2008-2 Amendments to Australian Accounting Standards Puttable Financial Instruments and Obligations Arising on Liquidation.  | 1/03/2008                        | 1-Jan-09          |  |

**SHIRE OF MUNDARING**

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

|      |   |           |          |  |
|------|---|-----------|----------|--|
| (ix) | AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127  | 1/03/2008 | 1-Jan-09 | Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of Council. |
| (x)  | AASB 2007-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate | 1/07/2008 | 1-Jan-09 |  |

**1 ) SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**New Accounting Standards and Interpretations(Continued)**

|         |   |           |                    |  |
|---------|---|-----------|--------------------|--|
| (xi)    | AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items   | 1/08/2008 | 1-Jul-09           |  |
| (xii)   | AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101   | 1/09/2008 | 1-Jan-09           |  |
| (xiii)  | AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-Cash Assets to Owners | 1/12/2008 | 1-Jul-09           |  |
| (xiv)   | Interpretation 1 – Changes in Existing, Decommissioning, Restoration and Similar Liabilities  | 1/06/2007 | 1-Jan-09           |  |
| (xv)    | Interpretation 12 – Service Concession Arrangements   | 1/06/2007 | 1-Jan-09           | Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council. |
| (xvi)   | Interpretation 15 –Agreements for the Construction of Real Estate   | 1/08/2008 | 1-Jan-09           |  |
| (xvii)  | Interpretation 16 – Hedges of a Net Investment in a Foreign Operation   | 1/08/2008 | 1-Oct-08           |  |
| (xviii) | Interpretation 17 – Distributions of Non-Cash Assets to Owners  | 1/12/2008 | 1-Jul-09           |  |
| (xix)   | Interpretation 18 – Transfers of Assets from Customers  | 1/03/2009 | Ending 1 July 2009 |  |

## **2. COMPONENTS OF THE INCOME STATEMENT BY FUNCTION AND ACTIVITY**

The activities relating to the Shire's components reported in the Income Statement are as follows. (The schedule number in the supporting schedules is shown in brackets):

### **GENERAL PURPOSE FUNDING (Schedule 3)**

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 (Schedule 4)**

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

#### **Objectives:**

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

Providing a voice for the people.

Setting the strategic direction of the Shire.

Enacting Local Laws for the good governance of the Shire.

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

Ensuring sound financial management of Council's resources.

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

### **LAW, ORDER AND PUBLIC SAFETY (Schedule 5)**

Supervision of various bylaws, fire prevention and animal control.

#### **Objectives:**

To provide an effective Community Ranger Service in accordance with the expectations of Council and the community.

To administer and control an effective fire fighting service within the Shire of Mundaring.

To provide an educational and support system for animal control and management.

### **HEALTH (Schedule 7)**

Prevention and treatment of human illnesses, including inspection of premises/food control, immunisation and child health services.

#### **Objectives:**

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

**EDUCATION & WELFARE (Schedule 8)**

Provision, management and support of services for families, children and the aged and disabled within the community; including pre-school playgroups, day care, assistance to schools, senior citizens support groups and meals on wheels. Principal and interest repayments on Council and self-supporting loans.

**Objectives:**

**Family and Children's Services**

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

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

To support families with issues pertaining to parenting

**Youth Services**

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

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

To provide greater availability of facilities and services to meet the needs of 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 (Schedule 10)**

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

**Objectives:**

**Developmental Services**

To set a direction for management of the environment

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

To promote and ensure ecologically sustainable development

To maintain the identity of the localities in the Shire

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

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

To ensure Council and the community comply with relevant legislation

To achieve a safe, health and attractive environment

Protection of natural resources while respecting the rights of individuals

To provide economic, safe and environmentally acceptable waste management services

A sensible and socially responsible waste minimisation strategy

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

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

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

Continued improvements to the Copplin 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 (Schedule 11)**

**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 (Schedule 12)**

Construction, maintenance and cleaning of streets, roads, bridges, drainage works, footpaths, parking facilities, traffic signs and Shire depots, including plant purchase and maintenance. Principal and interest repayments on borrowed funds.

**Objectives:**

To maintain or improve the existing level of service provided by the road system and to extend its useful life to its optimum level in the most efficient manner possible

Maintain roads in accordance with defined standard objectives

Gradually seal all gravel roads in the Shire

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

**ECONOMIC SERVICES (Schedule 13)**

Approval of building construction and implementation of building controls.

**Objectives:**

Provision of an effective Building Management service

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

**OTHER PROPERTY AND SERVICES (Schedule 14)**

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 Financial Statements for the year ended 30 June 2009

|  | <b>2009<br/>BUDGET<br/>\$</b> | <b>2009<br/>ACTUAL<br/>\$</b> | <b>2008<br/>ACTUAL<br/>\$</b> |
|--|-------------------------------|-------------------------------|-------------------------------|
| <b>3. REVENUES AND EXPENSES FROM ORDINARY ACTIVITIES</b>                         |                               |                               |                               |
| (a) The net result was arrived at after charging/crediting the following Items : |                               |                               |                               |
| <b>After Charging</b>  |                               |                               |                               |
| <b>Depreciation -</b>  |                               |                               |                               |
| Buildings  | 663,700                       | 722,193                       | 639,527                       |
| Plant and Equipment  | 733,710                       | 608,091                       | 563,382                       |
| Furniture and Equipment  | 374,070                       | 335,068                       | 375,404                       |
| Infrastructure Assets - Roads, Streets   | 3,846,325                     | 6,908,456                     | 6,362,668                     |
| Infrastructure Assets - Other Structures   | 112,289                       | 113,453                       | 95,705                        |
| Infrastructure Assets - Drainage   | 558,429                       | 390,583                       | 375,139                       |
| Infrastructure Assets - Parks Plant & Machinery                                  | 382,957                       | 440,204                       | 591,689                       |
|  | <b>6,671,480</b>              | <b>9,518,048</b>              | <b>9,003,514</b>              |
| <b>Auditors Remuneration</b>   |                               |                               |                               |
| - Audit  | 15,000                        | 15,000                        | 9,000                         |
| - Other Services   | 10,000                        | 10,488                        | 9,940                         |
|  | <b>25,000</b>                 | <b>25,488</b>                 | <b>18,940</b>                 |
| <b>Interest Earnings</b>   |                               |                               |                               |
| Reserve Funds  | 350,000                       | 557,107                       | 579,262                       |
| Other Funds  | 829,000                       | 1,135,085                     | 804,913                       |
|  | <b>1,179,000</b>              | <b>1,692,192</b>              | <b>1,384,175</b>              |
| <b>Significant Revenue</b>   |                               |                               |                               |
| Non Cash contribution - subdivision Infrastructure assets vested with Shire      | -                             | 1,338,100                     | 1,347,980                     |

**SHIRE OF MUNDARING**

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

**3 REVENUES AND EXPENSES (continued)**

|   | <b>2009</b>        | <b>2008</b>        | <b>2009</b>      | <b>2008</b>      |
|---|--------------------|--------------------|------------------|------------------|
|   | <b>\$</b>          | <b>\$</b>          | <b>\$</b>        | <b>\$</b>        |
|   | <b>VALUES</b>      | <b>VALUES</b>      | <b>DEP'N</b>     | <b>DEP'N</b>     |
| <b>(b) Total Assets/<br/>Depreciation Classified by<br/>Program</b> |                    |                    |                  |                  |
| General Purpose Funding   | 1,001,011          | 1,677,566          | 297              | 592              |
| Governance  | 8,620,938          | 15,824,874         | 518,019          | 404,888          |
| Law, Order and Public Safety  | 2,714,611          | 2,441,588          | 246,811          | 234,831          |
| Health  | 60,177             | 51,516             | 10,160           | 10,203           |
| Welfare and Education   | 3,817,279          | 8,335,857          | 83,851           | 207,143          |
| Community Amenities   | 4,022,556          | 1,662,124          | 50,683           | 39,729           |
| Recreation and Culture  | 17,891,481         | 17,857,333         | 753,737          | 758,461          |
| Transport   | 158,930,542        | 148,587,697        | 7,697,643        | 7,227,461        |
| Economic Services   | 64,976             | 45,830             | 7,476            | 7,635            |
| Other Property & Services   | 2,080,208          | 4,384,388          | 149,370          | 112,572          |
|   | <u>199,203,779</u> | <u>200,868,774</u> | <u>9,518,047</u> | <u>9,003,515</u> |

**(c) Disposal of Assets**

|                         | <b>Net Book Value</b> |                | <b>Sale Price</b> |                | <b>Profit/(Loss)</b> |               |
|-------------------------|-----------------------|----------------|-------------------|----------------|----------------------|---------------|
|                         | 2009                  | 2009           | 2009              | 2009           | 2009                 | 2009          |
|                         | <u>Actual</u>         | <u>Budget</u>  | <u>Actual</u>     | <u>Budget</u>  | <u>Actual</u>        | <u>Budget</u> |
| Land                    | -                     | -              | -                 | -              | -                    | -             |
| Buildings               | 796,560               | -              | 400,001           | -              | (396,559)            | -             |
| Plant & Equipment       | 762,009               | 600,630        | 773,757           | 600,630        | 11,748               | -             |
| Furniture and Equipment | 0                     | -              | 1,364             | -              | 1,364                | -             |
| Infrastructure Assets   | -                     | -              | -                 | -              | -                    | -             |
|                         | <u>1,558,569</u>      | <u>600,630</u> | <u>1,175,122</u>  | <u>600,630</u> | <u>(383,447)</u>     | <u>-</u>      |

## SHIRE OF MUNDARING

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

|   |             | 2009<br>\$       | 2008<br>\$       |
|---|-------------|------------------|------------------|
| <b>3. REVENUES AND EXPENSES (continued)</b>   |             |                  |                  |
| <b>d) Control Over Contributions</b>  |             |                  |                  |
| <i>Grants which were recognised as revenues during the reporting period and which were obtained on the condition that they be expended for the purposes for which they were granted but have yet to be applied in that manner at the reporting date were ;</i>          |             |                  |                  |
| Grant - Eastern Region Family Day Care  | Fee Relief  | -                | 51,440           |
| Grant - Tralls Marketing and Promotion  | Operational | -                | 26,187           |
| Grant - Midvale Chlld Care  | Operational | 327,908          | -                |
| Grant - East Metro Inclusion Support Program  | Operational | 46,392           | 32,054           |
| Grant - Constable Care  | Operational | -                | 4,260            |
| Grant - Crime Prevention  | Operational | -                | 40,000           |
| Grant - Your Welcome  | Operational | 7,800            | 5,824            |
| Grant - Disability Plan   | Operational | -                | 50               |
| Grant - Inclusion Support Subsidy   | CCB         | -                | 774,603          |
| Grant - ACAST Disability Tracking   | Operational | -                | 12,950           |
| Grant - Community Arts WA   | Operational | -                | 16,600           |
| Grant - RLCIP Grant   | Operational | 365,765          | -                |
| Grant - Roads to Recovery   | Operational | -                | 460,677          |
| Grant - OMCF Outreach and Recruitment   | Operational | 60,826           | -                |
|   |             | <b>808,691</b>   | <b>1,424,645</b> |
| <i>Grants which were recognised as revenues during the previous reporting period and which were obtained on the condition that they be expended for the purposes for which they were granted but have yet to be applied in that manner at the reporting date were ;</i> |             |                  |                  |
| Grant - Crime Prevention  | Operational | 40,000           | -                |
| Grant - Community Arts WA   | Operational | 4,798            | -                |
| Grant - Trails Marketing and Promotion  | Operational | 26,187           | -                |
|   |             | <b>70,985</b>    | <b>-</b>         |
| <i>Grants which were recognised as revenues in a previous reporting period and were expended during the current reporting period in the manner specified by the grantor were ;</i>  |             |                  |                  |
| Grant - Eastern Region Family Day Care  | Fee Relief  | 51,440           | 51,440           |
| Grant - Trails Marketing and Promotion  | Operational | -                | 26,187           |
| Grant - East Metro Inclusion Support Program  | Operational | 32,054           | 32,054           |
| Grant - Constable Care  | Operational | 4,260            | -                |
| Grant - Your Welcome  | Operational | 5,824            | 5,824            |
| Grant - Disability Plan   | Operational | 50               | 50               |
| Grant - Inclusion Support Subsidy   | CCB         | 774,603          | 774,603          |
| Grant - Roads to Recovery   | Operational | 460,677          | -                |
| Grant - ACAST Disability Tracking   | Operational | 12,950           | 460,677          |
| Grant - Community Arts WA   | Operational | 11,802           | -                |
|   |             | <b>1,353,660</b> | <b>1,350,835</b> |
| Net Increase/(Decrease) resulting from Grant revenues for the Reporting Period.   |             | <b>(615,954)</b> | <b>73,810</b>    |

## SHIRE OF MUNDARING

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

|   | 2009<br>\$        | 2008<br>\$        |
|---|-------------------|-------------------|
| <b>4. CASH AND CASH EQUIVALENTS</b>   |                   |                   |
| (a) Cash on Hand and at Bank  | 800,116           | 333,846           |
| Term Deposits   | 17,325,187        | 18,170,108        |
|   | <u>18,125,303</u> | <u>18,503,954</u> |
| (b) Restricted  | 13,703,308        | 14,345,256        |
| Unrestricted  | 4,421,995         | 4,158,698         |
|   | <u>18,125,303</u> | <u>18,503,954</u> |
| <br><i>The following restrictions have been imposed by regulations or other externally imposed requirements :</i> |                   |                   |
| Insurance Reserve   | 462,239           | 350,849           |
| Plant Replacement Reserve   | 503,403           | 627,832           |
| Civic Facilities Reserve  | 1,802,939         | 1,357,380         |
| Information Technology Reserve  | 294,675           | 275,954           |
| Aged Persons Facilities Reserve   | 0                 | 689,451           |
| Childrens Services Reserve  | 707,066           | 740,355           |
| Conflict Counselling Reserve  | -                 | -                 |
| Yallambee Retention Reserve   | -                 | -                 |
| Capital Investment Reserve  | 4,333,696         | 4,333,696         |
| Capital Income Reserve  | 338,020           | 91,438            |
| Gravel Reserve  | 130,348           | 100,106           |
| Long Service Leave Reserve  | 10,243            | 30,548            |
| Deposits and Bonds  | 725,062           | 1,102,097         |
| Restricted Assets - Fire Suppression Facilities   | 3,930             | 3,930             |
| Restricted Assets - Public Open Space Deposits  | 2,003,870         | 1,710,057         |
| Restricted Assets - Public Open Space Deposits #6, 7  | 50,481            | 50,481            |
| Restricted Assets - Public Open Space Special Rural Zone  | 46,207            | 46,207            |
| Restricted Assets - Subdivision Road Construction Deposits  | 1,385,557         | 1,384,333         |
| Restricted Assets - Parking Space Deposits  | 25,897            | 25,897            |
| Grant - Eastern Region Family Day Care Fee Relief   | -                 | 51,440            |
| Grant - Trails Marketing and Promotion Operational  | 26,187            | 26,187            |
| Grant - Midvale Child Care Operational  | 327,908           | -                 |
| Grant - East Metro Inclusion Support Program Operational  | 46,392            | 32,054            |
| Grant - Constable Care Operational  | -                 | 4,260             |
| Grant - Community Arts Operational  | 4,798             | -                 |
| Grant - Crime Prevention Operational  | 40,000            | 40,000            |
| Grant - Your Welcome Operational  | 7,800             | 5,824             |
| Grant - Disability Plan Operational   | -                 | 50                |
| Grant - Inclusion Support Subsidy CCB   | -                 | 774,603           |
| Grant - ACAST Disability Tracking Operational   | -                 | 12,950            |
| Grant - Community Arts WA Operational   | -                 | 16,600            |
| Grant - RLCIP Grant Operational   | 365,765           | -                 |
| Grant - OMCF Outreach and Recruitment Operational   | 60,826            | 460,677           |
|   | <u>13,703,308</u> | <u>14,345,256</u> |

## SHIRE OF MUNDARING

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

|  | 2009<br>\$         | 2008<br>\$         |
|--|--------------------|--------------------|
| <b>5. TRADE AND OTHER RECEIVABLES</b>  |                    |                    |
| <i>Current</i>   |                    |                    |
| Rates Debtors  | 72,746             | -                  |
| Sanitation Debtors   | 55,639             | 27,299             |
| Trade Debtors  | 910,009            | 1,520,455          |
| Less : Provision for Doubtful Debts  | -                  | -                  |
| Long Service Leave Contributions - Other Councils  | 49,204             | 74,878             |
| Loans - Clubs and Institutions   | 11,139             | 20,216             |
| Scheme Costs   | 205                | 205                |
| Pool Inspection  | 2,897              | 39                 |
|  | <b>1,101,839</b>   | <b>1,643,092</b>   |
| <i>Non-Current</i>   |                    |                    |
| Rates Debtors - Pensioners Deferred  | 482,860            | 454,040            |
| Debtors - POS Payments*  | 117,602            | 117,602            |
| Loans - Clubs and Institutions   | 570                | 11,719             |
| Long Service Leave Contributions - Other Councils  | 29,925             | 30,912             |
|  | <b>630,957</b>     | <b>614,273</b>     |
| <br>   |                    |                    |
| * Public Open Space pre-funding in order to create POS consistent with adopted Local Subdivision and Infrastructure Plan. Debt to be repaid as other landowners within the contributing area subdivide their properties. |                    |                    |
| <br>   |                    |                    |
|  | <b>2009<br/>\$</b> | <b>2008<br/>\$</b> |
| <b>6(a) PROPERTY, PLANT &amp; EQUIPMENT, INFRASTRUCTURE ASSETS</b>   |                    |                    |
| Land at Cost   | 1,231,941          | 1,157,708          |
| <br>   |                    |                    |
| Buildings at Cost  | 17,385,154         | 23,467,080         |
| Less : Accumulated Depreciation  | (722,193)          | (6,625,645)        |
|  | <b>16,662,961</b>  | <b>16,841,435</b>  |
| <br>   |                    |                    |
| Plant & Equipment (external) at Cost   | 8,958,100          | 7,800,539          |
| Less : Accumulated Depreciation  | (2,977,705)        | (3,008,992)        |
|  | <b>5,980,395</b>   | <b>4,791,546</b>   |
| <br>   |                    |                    |
| Furniture & Equipment (internal) at Cost   | 1,678,066          | 3,718,798          |
| Less : Accumulated Depreciation  | (335,068)          | (2,356,186)        |
|  | <b>1,342,998</b>   | <b>1,362,612</b>   |

## SHIRE OF MUNDARING

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

| 6(a) <b>PROPERTY, PLANT &amp; EQUIPMENT, INFRASTRUCTURE ASSETS</b><br>(Continued)      | 2009<br>\$                | 2008<br>\$                |
|--|---------------------------|---------------------------|
| Infrastructure Assets : Roads and Streets<br>At management valuation                   | 126,008,603               | 128,730,642               |
|  | <u>126,008,603</u>        | <u>128,730,642</u>        |
| Infrastructure Assets :Other Structures (#)<br>At Cost                                 | 5,125,644                 | 4,689,549                 |
| Less : Accumulated Depreciation  | (1,319,894)               | (1,206,441)               |
|  | <u>3,805,750</u>          | <u>3,483,108</u>          |
| Infrastructure Assets : Drainage<br>At Cost  | 17,465,328                | 16,736,796                |
| Less : Accumulated Depreciation  | (3,483,239)               | (3,092,656)               |
|  | <u>13,982,089</u>         | <u>13,644,140</u>         |
| Infrastructure Assets : Parks, Plant & Machinery<br>At Cost                            | 12,697,723                | 11,931,921                |
| Less : Accumulated Depreciation  | (4,801,900)               | (4,361,697)               |
|  | <u>7,895,823</u>          | <u>7,570,224</u>          |
| Infrastructure Assets : Gardens<br>At Cost   | 1,867,053                 | 1,836,855                 |
| Less : Accumulated Depreciation  |                           |                           |
|  | <u>1,867,053</u>          | <u>1,836,855</u>          |
| <b>Total Property, Plant &amp; Equipment, Infrastructure Assets<br/>Net Book Value</b> | <u><b>178,777,612</b></u> | <u><b>179,418,270</b></u> |

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

**6(b)** Council have adopted a policy of revaluing Road assets. The valuation was undertaken using the ROMAN Asset Management system based on written down replacement value. The valuation was undertaken on the 30th June 2009.

Assets at cost are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 : "Impairment of Assets".

**SHIRE OF MUNDARING**

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

**6(c) Property, Plant, Equipment and Infrastructure Assets  
Movements In Carrying Amounts**

Movements in the carrying amounts for each class of property, plant, equipment and infrastructure assets between the beginning and end of the current financial year.

|                                    | LAND      | BUILDINGS  | PLANT & EQUIPMENT | FURNITURE & EQUIPMENT | ROADS       | OTHER STRUCTURES | DRAINAGE   | RESERVES - Gardens | RESERVES - Parks, Plant & Machinery | TOTAL       |
|------------------------------------|-----------|------------|-------------------|-----------------------|-------------|------------------|------------|--------------------|-------------------------------------|-------------|
| Balance at beginning of year       | 1,157,708 | 16,841,435 | 4,791,546         | 1,362,612             | 128,730,642 | 3,483,108        | 13,644,140 | 1,836,855          | 7,570,223                           | 179,418,270 |
| Additions #                        | 74,232    | 1,342,892  | 2,558,947         | 312,840               | 4,188,417   | 436,095          | 728,532    | 30,198             | 765,802                             | 10,435,956  |
| Transfers                          |           | (2,614)    | -                 | 2,614                 | -           | -                | -          | -                  | -                                   | -           |
| Revaluation                        | -         | -          | -                 | -                     | -           | -                | -          | -                  | -                                   | -           |
| Disposals                          | -         | (796,560)  | (762,007)         | -                     | -           | -                | -          | -                  | -                                   | (1,558,566) |
| Depreciation Expense               | -         | (722,193)  | (608,091)         | (335,068)             | (6,908,456) | (113,453)        | (390,583)  | -                  | (440,203)                           | (9,518,047) |
| Carrying Amount at end of the year | 1,231,940 | 16,662,961 | 5,980,396         | 1,342,998             | 126,008,603 | 3,805,750        | 13,882,089 | 1,867,053          | 7,895,822                           | 178,777,612 |

# Additions include non cash sub division Infrastructure assets vested with the Shire totalling \$1,338,100

## SHIRE OF MUNDARING

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

|   | 2009<br>\$         | 2008<br>\$         |
|---|--------------------|--------------------|
| <b>7. OTHER NON CURRENT ASSETS</b>  |                    |                    |
| <i>Eastern Metropolitan Regional Council</i>  | 449,631            | 449,631            |
| <p>The Shire is a member of the Eastern Metropolitan Regional Council.</p> <p>The Statement of Financial Position reflects the value of this investment at the initial amount when determined at June 1994, being \$449,631. Any subsequent movements are disclosed in the notes to the Financial Statement as follows ;</p> <p>The accounting share applicable to Shire of Mundaring at 30 June 2009 as disclosed in the Financial Statement of the Eastern Metropolitan Regional Council was \$5,661,487 This represents the Shire's 12.29% share of the total equity of Eastern Metropolitan Regional Council.</p> |                    |                    |
|   | <b>2009<br/>\$</b> | <b>2008<br/>\$</b> |
| <b>8. TRADE AND OTHER PAYABLES</b>  |                    |                    |
| <i>Current</i>  |                    |                    |
| Creditors   | 500,273            | 587,561            |
| Deposits & Bonds held (See Below)   | 725,062            | 1,102,097          |
|   | 1,225,335          | 1,689,658          |

## SHIRE OF MUNDARING

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

|  | <b>2009</b>    | <b>2008</b>      |
|--|----------------|------------------|
|  | <b>\$</b>      | <b>\$</b>        |
| <b>8. TRADE AND OTHER PAYABLES (Continued)</b>   |                |                  |
| <i>Funds controlled by the Shire and included in the financial statements under Current Liabilities above as Deposits and Bond held:</i> |                |                  |
| Hall Bonds   | 8,670          | 6,165            |
| Landscape & Excavation Bonds   | 59,583         | 72,642           |
| Maintenance Bonds (including Trees)  | 199,403        | 342,988          |
| Pool Fence Deposits  | 1,650          | 1,650            |
| Secondhand/Transportable House Deposits  | 11,937         | 6,456            |
| Uncompleted Works Bonds  | 392,606        | 610,845          |
| Sundry Deposits  | 6,723          | 4,408            |
| Contract Retentions  | 2,000          | 22,000           |
| Key Bonds  | 30,349         | 24,152           |
| Unclaimed Monies   | 12,141         | 10,791           |
|  | <b>725,062</b> | <b>1,102,097</b> |
| <b>9. PROVISIONS</b>   |                |                  |
| <b><i>Current</i></b>  |                |                  |
| Provision for Annual Leave   | 879,798        | 813,476          |
| Provision for Accrued Long Service Leave   | 33,000         | 74,105           |
| Contributions for Accrued Long Service Leave owed to other councils  | 46,967         | 70,297           |
| Provision for Sick Leave   | 21,425         | 21,425           |
|  | <b>981,190</b> | <b>979,303</b>   |
| <b><i>Non-Current</i></b>  |                |                  |
| Provision for Accrued Long Service Leave   | 937,633        | 779,258          |
| Contributions for Accrued Long Service Leave owed to other councils  | 17,245         | 20,705           |
|  | <b>954,878</b> | <b>799,963</b>   |

## SHIRE OF MUNDARING

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

|   | 2009<br>Budget<br>\$ | 2009<br>Actual<br>\$ | 2008<br>Actual<br>\$ |
|---|----------------------|----------------------|----------------------|
| <b>10 BORROWINGS</b>  |                      |                      |                      |
| Secured by floating charge                                      |                      |                      |                      |
| (a) <b>Current/Non-Current</b>                                  |                      |                      |                      |
| <b>Current</b>  |                      |                      |                      |
| Loan Liability  | 668,600              | 150,790              | 150,432              |
| <b>Non-Current</b>  |                      |                      |                      |
| Loan Liability  | 4,697,544            | 5,217,322            | 5,368,112            |
| Total Loan Liability Outstanding 30 June                        | <u>5,366,144</u>     | <u>5,368,112</u>     | <u>5,518,544</u>     |
| Less : Principal on Self-Supporting Loans to Clubs/Institutions | -                    | (10,009)             | (29,085)             |
| Net Principal Outstanding Requiring Servicing                   | <u>5,366,144</u>     | <u>5,358,103</u>     | <u>5,489,459</u>     |
| <br>(b) <b>Loan Liability - Movement During Year</b>            |                      |                      |                      |
| Opening Balance - 1 July  | 5,638,294            | 5,518,544            | 167,562              |
| Add : Loan Raised During Year                                   | <u>-</u>             | <u>-</u>             | <u>5,500,000</u>     |
|   | 5,638,294            | 5,518,544            | 5,667,562            |
| Less : Repayments   | (272,150)            | (150,432)            | (149,018)            |
| Closing Balance - 30 June                                       | <u>5,366,144</u>     | <u>5,368,112</u>     | <u>5,518,544</u>     |
| <br>(c) <b>DEBENTURE LOANS RAISED DURING YEAR</b>               | Nil                  | Nil                  |                      |

**SHIRE OF MUNDARING**

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

10 **Borrowings - (Continued)**

(d) **DETAILS BY PROGRAM OF REPAYMENT OF BORROWED MONEY**

| SCHEDULE   | OPENING<br>BALANCE<br>1/7/2008 | NEW LOANS |          | PRINCIPAL<br>REPAYMENTS |                | INTEREST &<br>CHARGES INCURED |                | CLOSING BALANCE<br>30/6/2009 |                  |
|--|--------------------------------|-----------|----------|-------------------------|----------------|-------------------------------|----------------|------------------------------|------------------|
|  |                                | Actual    | Budget   | Actual                  | Budget         | Actual                        | Budget         | Actual                       | Budget           |
| Education and<br>Welfare - Hills<br>Community Support<br>Group | 29,085                         | -         | -        | 19,076                  | 19,076         | 1,595                         | 1,595          | 10,009                       | 10,009           |
| Governance - Civic<br>Facility<br>Redevelopment                | 5,489,459                      | -         | -        | 131,356                 | 131,356        | 380,765                       | 380,765        | 5,358,103                    | 5,358,103        |
| <b>Total</b>   | <b>5,518,544</b>               | <b>-</b>  | <b>-</b> | <b>150,432</b>          | <b>150,432</b> | <b>382,360</b>                | <b>382,360</b> | <b>5,368,112</b>             | <b>5,368,112</b> |

**10. BORROWINGS**

10 Borrowings - (Continued)

**(e) LOAN SCHEDULE AS AT  
30 June 2009**

| Loan Purpose   | Loan No. | Lender             | Date Advanced or renegotiated | Duration (Years) | Maturity Date | Principal (or balance at last renege.) | Interest Rate | Instalments \$ | Frequency (Periods/Year) | Balance as at 1 July 2008 | Principal Repayments During Year Ending 30 June 2009 | Interest repayments During Year Ending 30 June 2009 | Total Repayments Year Ending 30 June 2009 | Balance as at 30 June 2009 |
|--|----------|--------------------|-------------------------------|------------------|---------------|--|---------------|----------------|--------------------------|---------------------------|--|---|---|----------------------------|
| Education and Welfare - Hills Community Support Group            | **168    | W.A. Treasury Corp | 31 Jul 99                     | 10               | Jul 09        | \$150,000                              | 8.54%         | \$10,338       | 2                        | \$29,085                  | \$19,078   | \$1,595   | \$20,671                                  | \$10,009                   |
| Governance - Civic Facility Redevelopment                        | 170      | W.A. Treasury Corp | 31 Jan 08                     | 20               | 31 Jul 28     | \$5,500,000                            | 6.95%         | \$42,677       | 12                       | \$5,489,459               | \$131,356  | \$380,765   | \$512,121                                 | \$5,358,103                |
| <b>Loan Liability</b>  |          |                    |                               |                  |               |  |               |                |                          |                           | \$532,792  | \$5,368,112   |   |                            |
| Less Loans Repayable by Community Groups (Self Supporting Loans) |          |                    |                               |                  |               |  |               |                |                          |                           | (\$20,871)   | (\$10,009)  |   |                            |
| <b>** Self Supporting Loans</b>                                  |          |                    |                               |                  |               |  |               |                |                          |                           |  | \$5,358,103   |   |                            |

SHIRE OF MUNDARING

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

11

|  | 2009<br>BUDGET<br>\$  | 2009<br>ACTUAL<br>\$ | 2008<br>ACTUAL<br>\$ |
|--|---|----------------------|----------------------|
| <b>RESERVES -Cash Backed</b>                         |   |                      |                      |
| <b>(a) Insurance Reserve</b>                         |   |                      |                      |
| Opening Balance                                      | 509,833   | 350,849              | 355,380              |
| Transfer from Accumulated Surplus                    | 100,000   | 100,000              | 154,654              |
| Interest applied to Reserve from Accumulated Surplus | 20,569  | 26,959               | 22,847               |
| Transfer to Accumulated Surplus                      | (30,000)  | (15,569)             | (182,032)            |
| Closing Balance                                      | <u>600,402</u>  | <u>462,239</u>       | <u>350,849</u>       |
| <b>Purpose:</b>                                      | To fund a potential premium liability under a workers compensation performance based insurance policy. The balance will fluctuate yearly in accordance with unfinalised insurance year claims |                      |                      |
| <b>(b) Plant Replacement Reserve</b>                 |   |                      |                      |
| Opening Balance                                      | 631,322   | 627,833              | 506,659              |
| Transfer from Accumulated Surplus                    | 820,000   | 820,000              | 588,950              |
| Interest applied to Reserve from Accumulated Surplus | 25,471  | 42,641               | 34,224               |
| Transfer to Accumulated Surplus                      | (590,000)   | (987,070)            | (500,000)            |
| Closing Balance                                      | <u>886,793</u>  | <u>503,404</u>       | <u>627,833</u>       |
| <b>Purpose:</b>                                      | To fund the replacement of works plant and light vehicles. The balance will fluctuate yearly in accordance with plant replacement policy  |                      |                      |
| <b>(c) Civic Facilities Reserve</b>                  |   |                      |                      |
| Opening Balance                                      | 1,377,627   | 1,357,381            | 3,345,889            |
| Transfer from Accumulated Surplus                    | 1,100,000   | 1,518,163            | 6,600,000            |
| Interest applied to Reserve from Accumulated Surplus | 55,580  | 104,036              | 228,836              |
| Transfer to Accumulated Surplus                      | (2,024,310)   | (1,176,640)          | (8,817,344)          |
| Transfer from Aged Persons Reserve                   | 671,875   | -                    | -                    |
| Closing Balance                                      | <u>1,180,772</u>  | <u>1,802,940</u>     | <u>1,357,381</u>     |
| <b>Purpose:</b>                                      | To fund the construction and/or purchase of Public Buildings. Expenditure will reflect budgeted outgoings recorded in the Plan of the District  |                      |                      |
| <b>(d) Aged Persons Facilities Reserve</b>           |   |                      |                      |
| Opening Balance                                      | 645,819   | 689,451              | 601,077              |
| Transfer from Accumulated Surplus                    | -   | -                    | -                    |
| Interest applied to Reserve from Accumulated Surplus | 26,055  | 5,312                | 88,374               |
| Transfer to Accumulated Surplus                      | -   | (697,763)            | -                    |
| Transfer to Civic Facilities Reserve                 | (671,874)   | -                    | -                    |
| Closing Balance                                      | <u>-</u>  | <u>0</u>             | <u>689,451</u>       |
| <b>Purpose:</b>                                      | To provide for capital costs associated with the provision of accommodation for aged people. Funds to be used in accordance with annual budgeted capital expenditure.                         |                      |                      |
| <b>(e) Conflict Counselling Reserve</b>              |   |                      |                      |
| Opening Balance                                      | -   | 0                    | 3,278                |
| Transfer from Accumulated Surplus                    | -   | -                    | -                    |
| Interest applied to Reserve from Accumulated Surplus | -   | -                    | 172                  |
| Transfer to Accumulated Surplus                      | -   | -                    | (3,449)              |
| Closing Balance                                      | <u>-</u>  | <u>0</u>             | <u>0</u>             |
| <b>Purpose:</b>                                      | To provide a cash backing for the purchase of capital equipment and accrued employee entitlements. Funds to be used in accordance with annual budgeted capital expenditure.                   |                      |                      |
| <b>(f) Yallambee Retention Reserve Fund</b>          |   |                      |                      |
| Opening Balance                                      | -   | 0                    | 1,413,119            |
| Transfer from Accumulated Surplus                    | -   | -                    | 953,772              |
| Interest applied to Reserve from Accumulated Surplus | -   | -                    | 39,505               |
| Transfer to Accumulated Surplus                      | -   | -                    | (2,406,395)          |
| Closing Balance                                      | <u>-</u>  | <u>0</u>             | <u>0</u>             |
| <b>Purpose:</b>                                      | To provide a cash backing for the repayment of Residents Accommodation Bonds. Funds to be used in accordance with Aged Care Act 1997  |                      |                      |

**SHIRE OF MUNDARING**

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

| 11  | RESERVES -Cash Backed (Continued)  | 2009<br>BUDGET<br>\$ | 2009<br>ACTUAL<br>\$ | 2008<br>ACTUAL<br>\$ |
|-----|--|----------------------|----------------------|----------------------|
| (g) | <b>Information Technology Reserve</b>  |                      |                      |                      |
|     | Opening Balance  | 278,470              | 275,954              | 259,178              |
|     | Transfer from Accumulated Surplus  | -                    | -                    | -                    |
|     | Interest applied to Reserve from Accumulated Surplus   | 11,235               | 18,721               | 16,776               |
|     | Transfer to Accumulated Surplus  | (180,000)            | -                    | -                    |
|     | Transfer from various Reserves   | -                    | -                    | -                    |
|     | Closing Balance  | <u>109,705</u>       | <u>294,675</u>       | <u>275,954</u>       |
|     | <b>Purpose:</b> To provide a cash backing for updating the Shire's Information Technology systems<br>Funds to be used in accordance with annual budgeted capital expenditure.                  |                      |                      |                      |
| (h) | <b>Childrens Services Reserve</b>  |                      |                      |                      |
|     | Opening Balance  | 744,667              | 740,354              | 693,075              |
|     | Transfer from Accumulated Surplus  | -                    | -                    | -                    |
|     | Interest applied to Reserve from Accumulated Surplus   | 30,043               | 46,711               | 47,279               |
|     | Transfer to Accumulated Surplus  | (22,000)             | (80,000)             | -                    |
|     | Closing Balance  | <u>752,710</u>       | <u>707,065</u>       | <u>740,354</u>       |
|     | <b>Purpose:</b> To provide a cash backing for the purchase of capital equipment and accrued employee entitlements.<br>Funds to be used in accordance with annual budgeted capital expenditure. |                      |                      |                      |
| (i) | <b>Capital Investment Reserve</b>  |                      |                      |                      |
|     | Opening Balance  | 4,333,696            | 4,333,696            | -                    |
|     | Transfer from Accumulated Surplus  | -                    | -                    | 4,333,696            |
|     | Interest applied to Reserve from Accumulated Surplus   | 174,842              | -                    | 91,438               |
|     | Transfer to Capital Income Reserve   | -                    | -                    | (91,438)             |
|     | Closing Balance  | <u>4,508,538</u>     | <u>4,333,696</u>     | <u>4,333,696</u>     |
|     | <b>Purpose:</b> To provide a cash backing for the advancement of the Shires property strategy.<br>Funds to be used in accordance with annual budgeted capital expenditure.                     |                      |                      |                      |
| (j) | <b>Capital Income Reserve</b>  |                      |                      |                      |
|     | Opening Balance  | -                    | 91,438               | -                    |
|     | Transfer from Capital Investment Reserve   | -                    | -                    | 91,438               |
|     | Interest applied to Reserve from Accumulated Surplus   | -                    | 278,923              | -                    |
|     | Transfer to Accumulated Surplus  | -                    | (32,341)             | -                    |
|     | Closing Balance  | <u>-</u>             | <u>338,020</u>       | <u>91,438</u>        |
|     | <b>Purpose:</b> To provide a cash backing for the development of Shire facilities and Infrastructure.<br>Funds to be used in accordance with annual budgeted capital expenditure.              |                      |                      |                      |
| (k) | <b>Gravel Pit Rehabilitation Reserve</b>   |                      |                      |                      |
|     | Opening Balance  | 100,000              | 100,106              | -                    |
|     | Transfer from Accumulated Surplus  | 100,000              | 100,000              | 100,000              |
|     | Interest applied to Reserve from Accumulated Surplus   | 4,034                | 30,242               | 106                  |
|     | Transfer to Accumulated Surplus  | -                    | (100,000)            | -                    |
|     | Closing Balance  | <u>204,034</u>       | <u>130,348</u>       | <u>100,106</u>       |
|     | <b>Purpose:</b> To provide a cash backing for the purchase of capital equipment and accrued employee entitlements.<br>Funds to be used in accordance with annual budgeted capital expenditure. |                      |                      |                      |
| (l) | <b>Long Service Leave Reserve</b>  |                      |                      |                      |
|     | Opening Balance  | 53,790               | 30,548               | 128,850              |
|     | Transfer from Accumulated Surplus  | 75,000               | 97,406               | 75,000               |
|     | Interest applied to Reserve  | 2,170                | 562                  | 9,705                |
|     | Transfer to Accumulated Surplus  | (7,900)              | (118,273)            | (183,007)            |
|     | Closing Balance  | <u>123,060</u>       | <u>10,243</u>        | <u>30,548</u>        |
|     | <b>Purpose:</b> To provide cash backing to cover Council's Long Service Leave liability.   |                      |                      |                      |
|     | <b>TOTAL OF RESERVES</b>   |                      |                      |                      |
|     | Opening Balance  | 8,675,226            | 8,597,609            | 7,306,502            |
|     | Transfer from Accumulated Surplus  | 2,195,000            | 2,635,569            | 12,804,073           |
|     | Interest applied to Reserve from Accumulated Surplus   | 350,000              | 557,107              | 579,261              |
|     | Transfer to Accumulated Surplus  | <u>(2,854,210)</u>   | <u>(3,207,656)</u>   | <u>(12,092,226)</u>  |
|     | Closing Balance  | <u>8,366,016</u>     | <u>8,582,629</u>     | <u>8,597,609</u>     |

## SHIRE OF MUNDARING

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

### 12. NOTES TO CASH FLOW STATEMENT

(a) **Reconciliation of Cash and Cash Equivalents**

For the purpose of Cash Flow Statement, the entity considers cash and Cash equivalents to include cash on hand and in banks and money market Instruments net of bank overdraft. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the balance sheet as follows:

|                          | 2009<br>\$ | 2008<br>\$ |
|--------------------------|------------|------------|
| Cash on Hand and at Bank | 800,116    | 333,846    |
| Term Deposits            | 17,325,187 | 18,170,108 |
|                          | 18,125,303 | 18,503,954 |

(b) **Reconciliation of Net Cash used in Operating Activities to Net Results**

|   |             |             |
|---|-------------|-------------|
| Operating Surplus from Operating Activities             | (1,207,045) | 1,881,644   |
| Depreciation and Amortisation                           | 9,518,047   | 9,003,512   |
| (Profit)/Loss on disposal of Non-Current Assets         | 383,447     | (2,326,553) |
| (Increase)/Decrease in Rates Debtors and Deferred rates | (101,566)   | 102,486     |
| (Increase)/Decrease in Sanitation Debtors               | (28,340)    | 13,241      |
| (Increase)/Decrease in Accrued Interest Revenue         | (171,888)   | (2,570)     |
| (Increase)/Decrease in Stock on Hand                    | 121,119     | (22,849)    |
| (Increase)/Decrease in Other Receivables                | 779,476     | (1,032,719) |
| Increase/(Decrease) in Employee Entitlements            | 183,465     | 105,197     |
| Increase/(Decrease) in Accrued Interest Expense         | -           | (5,127)     |
| Increase/(Decrease) in Other Operating Creditors        | (87,289)    | (350,180)   |
| Contributions (Non cash)                                | (1,338,100) | (1,347,980) |
| Government Grants and Subsidies - capital               | (2,955,168) | (1,159,933) |
|   | 5,096,157   | 4,858,168   |

### 13. TRUST FUNDS

| Balance<br>1/7/2008 | Received | Paid | Balance<br>30/6/2009 |
|---------------------|----------|------|----------------------|
|---------------------|----------|------|----------------------|

*Funds over which the Shire has no control and which are not included in the financial statements are as follows:*

|  |        |           |         |        |
|--|--------|-----------|---------|--------|
| Building Construction Industry Training Levy | -      | (122,010) | 122,010 | -      |
| Scheme Costs # 6, 7                          | 30,294 | 273       | -       | 30,566 |
| Building Registration Board Levy             | -      | (37,882)  | 37,882  | -      |
|  | 30,294 | (159,619) | 159,892 | 30,566 |

**Purpose:**

- (a) Building Construction Training Levy - a BCITF levy is paid on approval of a building application, it is collected by the Shire and paid monthly to the Building Industry Authority.
- (b) Scheme Costs - are contributions paid by present developers of property within specific scheme areas to cover the costs previously borne by the original developers for infrastructure, road upgrading, legal fees, survey costs and drainage for development of those areas.
- (c) Building Registration Board Levy - is collected in accordance with the Building Registration Act, and is charged on all building licences forwarded to the Builders' Registration Board of WA monthly.

## SHIRE OF MUNDARING

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

| 14. ASSET REVALUATION RESERVE               | 2009<br>\$        | 2008<br>\$        |
|---|-------------------|-------------------|
| <b>(a) Plant &amp; Equipment</b>            |                   |                   |
| Opening Balance                             | 3,800             | 3,800             |
| Revaluation increment (decrement)           | -                 | -                 |
| Closing Balance                             | <u>3,800</u>      | <u>3,800</u>      |
| <b>(b) Furniture &amp; Fittings</b>         |                   |                   |
| Opening Balance                             | 57,775            | 57,775            |
| Revaluation increment (decrement)           | -                 | -                 |
| Closing Balance                             | <u>57,775</u>     | <u>57,775</u>     |
| <b>(c) Roads and Streets</b>                |                   |                   |
| Opening Balance                             | 62,869,577        | 57,531,728        |
| Revaluation increment (decrement)           | 0                 | 5,337,849         |
| Closing Balance                             | <u>62,869,577</u> | <u>62,869,577</u> |
| <b>(d) Drainage</b>                         |                   |                   |
| Opening Balance                             | 343,500           | 284,418           |
| Revaluation adjustment                      | 0                 | 59,082            |
| Closing Balance                             | <u>343,500</u>    | <u>343,500</u>    |
| <b>(e) Other Structures (Footpaths etc)</b> |                   |                   |
| Opening Balance                             | 377,998           | 377,998           |
| Revaluation adjustment                      | 0                 | -                 |
| Closing Balance                             | <u>377,998</u>    | <u>377,998</u>    |
| <b>(f) Gardens</b>                          |                   |                   |
| Opening Balance                             | 251,621           | 256,486           |
| Revaluation adjustment                      | 0                 | (4,865)           |
| Closing Balance                             | <u>251,621</u>    | <u>251,621</u>    |
| <b>(g) Parks - Plant &amp; Machinery</b>    |                   |                   |
| Opening Balance                             | 2,048,349         | 1,626,265         |
| Revaluation adjustment                      | 0                 | 422,084           |
| Closing Balance                             | <u>2,048,349</u>  | <u>2,048,349</u>  |
| <b>Total Asset Revaluation Reserve</b>      | <u>65,952,620</u> | <u>65,952,620</u> |

## SHIRE OF MUNDARING

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

## 15 RATING INFORMATION

## (a) GENERAL PURPOSE FUNDING/INCOME

|   | Number        | Rate<br>In \$<br>cents | Budget<br>Yield<br>\$ | Actual<br>Yield<br>\$ | Rateable<br>Value<br>\$ | 2007/2008<br>Actual Yield<br>\$ |
|---|---------------|------------------------|-----------------------|-----------------------|-------------------------|---------------------------------|
| <b>General Rate - GRV</b>   |               |                        |                       |                       |                         |                                 |
| Residential   | 9,847         | 8.34000                | 9,641,442             | 9,645,875             | 115,657,974             | 9,177,861                       |
| Light Industrial  | 269           | 8.34000                | 805,139               | 814,191               | 9,762,482               | 634,561                         |
| Commercial  | 255           | 8.34000                | 1,221,488             | 1,251,889             | 15,010,659              | 1,181,697                       |
| RLL Residential   | 2,791         | 8.34000                | 3,109,422             | 3,126,874             | 37,492,494              | 2,707,343                       |
| Rural & Special Purpose   | 131           | 8.34000                | 180,505               | 182,521               | 2,188,501               | 77,296                          |
| <b>Total - GRV</b>  |               |                        | <b>14,957,996</b>     | <b>15,021,350</b>     | <b>180,112,110</b>      | <b>13,778,758</b>               |
| <b>General Rate - UV</b>  |               |                        |                       |                       |                         |                                 |
| Rural Landscape Living &<br>General Rural                                 | 209           | 0.33100                | 575,692               | 575,692               | 173,925,076             | 543,282                         |
| <b>Total - UV</b>   |               |                        | <b>575,692</b>        | <b>575,692</b>        | <b>173,925,076</b>      | <b>543,282</b>                  |
| <b>Minimum Rate - GRV</b>   |               |                        |                       |                       |                         |                                 |
| Residential   | 740           | \$655                  | 483,390               | 484,700               | 5,259,601               | 442,476                         |
| Light Industrial  | 21            | \$655                  | 14,410                | 13,755                | 140,017                 | 18,360                          |
| Commercial  | 11            | \$655                  | 7,205                 | 7,205                 | 73,478                  | 12,852                          |
| RLL Residential   | 102           | \$655                  | 66,155                | 66,810                | 734,932                 | 105,876                         |
| Rural & Special Purpose   | 6             | \$655                  | 3,930                 | 3,930                 | 41,592                  | 10,404                          |
| <b>Total Minimum - GRV</b>  |               |                        | <b>575,090</b>        | <b>576,400</b>        | <b>6,249,620</b>        | <b>589,968</b>                  |
| <b>Minimum Rate - UV</b>  |               |                        |                       |                       |                         |                                 |
| Rural Landscape Living &<br>General Rural                                 | -             | \$655                  | -                     | -                     | -                       | -                               |
| Mining Tenements  | 2             | \$655                  | 1,310                 | 1,310                 | 17,165                  | 1,224                           |
| <b>Total Minimum - UV</b>   |               |                        | <b>1,310</b>          | <b>1,310</b>          | <b>17,165</b>           | <b>1,224</b>                    |
| <b>Rates</b>  |               |                        | <b>16,110,088</b>     | <b>16,174,752</b>     | <b>360,303,971</b>      | <b>14,913,232</b>               |
| <b>Interim Rates</b>  |               |                        |                       |                       |                         |                                 |
| Residential   |               |                        | 73,500                | 33,894                | 1,669,311               | 40,942                          |
| Light Industrial  |               |                        |                       | 44,975                | 664,551                 | 4,984                           |
| Commercial  |               |                        |                       | 12,184                | 161,368                 | 4,359                           |
| RLL Residential   |               |                        |                       | (5,479)               | (146,624)               | 19,444                          |
| Rural & Special Purpose   |               |                        |                       | (1,408)               | (30,540)                | 14,830                          |
| <b>Total Interim Rate - GRV</b>   |               |                        | <b>73,500</b>         | <b>84,166</b>         | <b>2,318,066</b>        | <b>84,559</b>                   |
| <b>Interim Rate - UV</b>  |               |                        |                       |                       |                         |                                 |
| General Rural   |               |                        | -                     | (1,620)               | -                       | -                               |
| <b>Total Interim Rate - UV</b>  |               |                        | <b>-</b>              | <b>(1,620)</b>        | <b>-</b>                | <b>-</b>                        |
| <b>Total Rates Levied</b>   |               |                        | <b>16,183,588</b>     | <b>16,257,298</b>     | <b>362,622,037</b>      | <b>14,997,791</b>               |
| Rates Previous Years  |               |                        | -                     | -                     | -                       | -                               |
| Less Rates (Written Off)/Recovered & Rounding                             |               |                        | (2,000)               | (930)                 | -                       | (1,607)                         |
| <b>Total Amount Made Up From Rates</b>                                    |               |                        | <b>16,181,588</b>     | <b>16,256,368</b>     | <b>362,622,037</b>      | <b>14,996,184</b>               |
| <b>General Purpose Grants</b>   |               |                        |                       |                       |                         |                                 |
| General (untied) Grant  |               |                        | 2,134,509             | 2,704,275             | -                       | 1,997,619                       |
| General (untied) Roads Grant  |               |                        | 800,539               | 1,027,418             | -                       | 757,000                         |
| <b>Interest and Charges</b>   |               |                        |                       |                       |                         |                                 |
| Pensioners' Deferred Rates Interest Grant                                 |               |                        | -                     | 27,970                | -                       | 24,670                          |
| Rates Instalment Charge   |               |                        | 100,000               | 93,092                | -                       | 66,380                          |
| Recoup Rates Collection Costs   |               |                        | 10,000                | 8,158                 | -                       | 11,488                          |
| Interest on Investment - Municipal Fund                                   |               |                        | 600,000               | 1,038,133             | -                       | 711,866                         |
| "    "    "    - Restricted Assets  |               |                        | 175,000               | -                     | -                       | -                               |
| "    "    "    - Reserve Account  |               |                        | 350,000               | 557,107               | -                       | 579,261                         |
| "    "    "    - Rate Arrears   |               |                        | 55,000                | 68,004                | -                       | 62,321                          |
| Interest Write Off  |               |                        | (1,000)               | (617)                 | -                       | (625)                           |
| Cash Receipts Rounding  |               |                        | -                     | (7)                   | -                       | (8)                             |
| <b>Total General Purpose Funding/Income<br/>shown on Income Statement</b> | <b>14,384</b> |                        | <b>20,405,636</b>     | <b>21,779,901</b>     | <b>362,622,037</b>      | <b>19,206,156</b>               |

## SHIRE OF MUNDARING

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

### 15 RATING INFORMATION (Continued)

#### (b) RATING INFORMATION

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

|             |   |
|-------------|---|
| 1st         | council cheque for \$2,500.   |
| 2nd - 10th  | council cheques of \$1,500 each.  |
| 11th        | Bonus Saver Account worth   |
| 12th - 21st | 1 month membership to Club Sierra Health & Fitness Centre (10 Prizes)               |
| 22nd - 23rd | WASO double pass tickets. (2 prizes)  |
| 24th        | Aspen Parks - one nights free accommodation in a Standard Family Cabin              |
| 25th        | Annual M/ship to Mundaring Arts Centre each with a \$50 gift voucher (1 Prize)      |
| 26th - 27th | \$50.00 gift vouchers from Groove Music (2 Prizes)                                  |
| 28th - 29th | Hairdressing voucher from Mastercutters, Glen Forrest value of \$50 (2 prizes)      |
| 30th - 49th | Eagle Boys Pizza - each prize being two pizzas, garlic bread and drink. (20 prizes) |
| 50th        | 4 quality Reidel crystal wine glasses valued at \$200 from Liquor Barons            |
| 51st        | \$60 food vouchers or catering from Flavours Lunch Bar & Cafe                       |
| 52nd - 54th | Season tickets to Council swimming pools (3 Prizes)                                 |

Ratepayers other than Councilors, Government organisations and staff who pay their rates in full by 29 August 2008 will be automatically entered into the draw. The computer will randomly select winners for the above prizes.

The cost to Council in relation to the rates incentive competition is \$16,650 being \$2,500 towards the first prize and nine cash prizes of \$1,500. In addition \$300 in income foregone for pool entry and \$350 for printing.

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

- a) In full by 29 August 2008
- b) Payment by four instalments:
  - 29 Aug 2008
  - 31 Oct 2008
  - 09 Jan 2009
  - 13 Mar 2009
- c) A payment arrangement agreed under section 6.49 of the *Local Government Act 1995*.

An administrative charge of \$20.00 is levied where rates payment is made by the four instalments option.

No interest is levied for payment by instalment.

Ratepayers who enter an agreement to pay rates as provided in Section 6.49 of the Act are not levied an administrative charge but interest is paid on the rates balance outstanding until it is paid in full.

Overdue interest charges of 10% per annum will be applied on a daily basis for any rate payment outstanding after it is due and payable.

## SHIRE OF MUNDARING

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

|           |   |                  |                  |
|-----------|---|------------------|------------------|
| <b>16</b> | <b>CREDIT STANDBY ARRANGEMENTS</b>                | <b>2009</b>      | <b>2008</b>      |
|           |   | <b>\$</b>        | <b>\$</b>        |
|           | Bank Overdraft Limit                              | 1,000,000        | 1,000,000        |
|           | Bank Overdraft at Reporting Period                | -                | -                |
|           |   | <u>1,000,000</u> | <u>1,000,000</u> |
|           | The Overdraft Facilities were for:                |                  |                  |
|           | Municipal Fund for its normal course of operation | 1,000,000        | 1,000,000        |
|           |   | <u>1,000,000</u> | <u>1,000,000</u> |
| <b>17</b> | <b>CONTINGENT LIABILITY</b>                       |                  |                  |
|           | Nil   |                  |                  |
| <b>18</b> | <b>CAPITAL EXPENDITURE COMMITMENTS</b>            |                  |                  |
|           | Capital commitments at the 30 June 2009           |                  |                  |
|           | Nil   |                  |                  |
| <b>19</b> | <b>UNUSED LOAN FACILITIES</b>                     |                  |                  |
|           | Nil   |                  |                  |

## SHIRE OF MUNDARING

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

### 20 SUMMARY OF FEES AND CHARGES

|                                      | 2009<br>ACTUAL<br>\$ | 2008<br>ACTUAL<br>\$ |
|--------------------------------------|----------------------|----------------------|
| <b>General Purpose Funding</b>       |                      |                      |
| Instalment Charge                    | 93,092               | 66,380               |
| <b>Law Order &amp; Public Safety</b> |                      |                      |
| Bushfire Fines                       | (13,963)             | 8,000                |
| Dog & Other Fines                    | (7,145)              | 2,775                |
| Dog Licences                         | 70,210               | 62,644               |
| Impoundment Fees                     | 10,528               | 13,543               |
| Vehicle By-Law Infringements         | (438)                | 1,850                |
| Litter Infringements                 | (598)                | 150                  |
| <b>Health</b>                        |                      |                      |
| Fees & Charges                       | 1,681                | 1,433                |
| Licences                             | 4,419                | 3,559                |
| Inspection Fees                      | 32,878               | 36,565               |
| <b>Human Services &amp; Welfare</b>  |                      |                      |
| Childcare Fees                       | 204,502              | 161,824              |
| Leases                               | -                    | 1,956                |
| <b>Community Amenities</b>           |                      |                      |
| Town Planning Fees                   | 216,774              | 179,923              |
| Refuse Disposal                      | 2,399,503            | 2,145,988            |
| Cemetery Charges                     | -                    | 38,470               |
| <b>Recreation and Culture</b>        |                      |                      |
| Swimming Pool Fees                   | 216,692              | 194,577              |
| Childrens Holiday Program            | -                    | 34,295               |
| Entry to Lake Leschenaultia          | 141,190              | 122,403              |
| Hire of Halls & Ovals                | 221,051              | 150,104              |
| Leases                               | 9,477                | 7,266                |
| Sale of Water                        | -                    | 29,163               |
| Other                                | 63,217               | 152,984              |
| <b>Economic Services</b>             |                      |                      |
| Pool Inspection Fees                 | 139,566              | 251                  |
| Building Licences                    | 325,505              | 316,673              |
| Building Fines & Costs               | 4,500                | -                    |
|                                      | <u>4,132,642</u>     | <u>3,732,776</u>     |

## SHIRE OF MUNDARING

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

### 21. FINANCIAL RATIOS

|   | 2009   | 2008   | 2007   |
|---|--------|--------|--------|
| Current Ratio   | 3.88:1 | 4.32:1 | 3.29:1 |
| Debt Ratio  | 4.28%  | 4.47%  | 2.90%  |
| Debt Service Ratio  | 1.70%  | 1.00%  | 0.14%  |
| Rate Coverage Ratio   | 47.86% | 46.53% | 48.34% |
| Outstanding Rates Ratio   | 3.29%  | 0.00%  | 3.74%  |
| Outstanding Rates Ratio (Excluding<br>Pensioner Deferred Rates) | 0.44%  | 0.00%  | 0.89%  |
| Gross Debt to Revenue Ratio                                     | 17.12% | 17.56% | 0.59%  |
| Untied Cash to Trade Creditors Ratio                            | 8.77:1 | 7.08:1 | 5.53:1 |
| Gross Debt to economically realisable assets Ratio              | 11.76% | 12.10% | 0.45%  |

#### Formulae for Calculation of Ratios:

- (a) **Current Ratio**  
Purpose: To assess adequacy of working capital and the ability to satisfy short term obligations.  
  

$$\frac{\text{Current Assets less Restricted Assets}}{\text{Current liabilities less liabilities associated with Restricted Assets}}$$
 Expressed as a Ratio
- (b) **Debt Ratio**  
Purpose: To identify exposure to debts by measuring the proportion of assets funded by creditors.  
  

$$\frac{\text{Total Liabilities}}{\text{Total Assets}}$$
 Expressed as a percentage
- (c) **Debt Service Ratio**  
Purpose: To assess the degree to which revenues are committed to the repayment of debt.  
  

$$\frac{\text{Debt Service Cost}}{\text{Available Operating Revenue}}$$
 Expressed as a percentage
- (d) **Rate Coverage Ratio**  
Purpose: To assess the degree of dependance upon revenue from rates.  
  

$$\frac{\text{Net rates Revenue}}{\text{Operating Revenues}}$$
 Expressed as a percentage

## SHIRE OF MUNDARING

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

### 21. FINANCIAL RATIOS (Continued)

#### Formulae for Calculation of Ratios (Continued)

##### (e) *Outstanding Rates Ratios*

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

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

##### (f) *Gross Debt to Revenue ratio*

Purpose: To assess gross debt as percentage of total revenue excluding specific purpose grants

$$\frac{\text{Gross Debt}}{\text{Total Revenue}}$$
 Expressed as a percentage

##### (g) *Untied cash to Trade creditors ratio*

Purpose: To assess untied cash available to meet trade creditors

$$\frac{\text{Untied Cash}}{\text{Unpaid Trade Creditors}}$$
 Expressed as a ratio

##### (h) *Gross Debt to economically realisable assets value*

Purpose: To assess gross debt as percentage of total assets excluding infrastructure assets

$$\frac{\text{Gross Debt}}{\text{Total Assets Less Infrastructure assets}}$$
 Expressed as a percentage

**SHIRE OF MUNDARING**

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

**22 BUDGET COMPARISONS (FM Reg 36(1)(a) & (b))**

(a) **Statement of Reserve Accounts Movements**  
The following are movements to and from reserve accounts which has not been Included in the income statement.

**Non Operating income**  
Transfers from Reserves

2,854,210 3,207,656

**Non Operating Expenditure**  
Transfer to Reserves

2,545,000 3,192,676

(b) **Net Current Asset Position**

The net current asset position balance carried forward from the previous financial year after adjustment for Restricted Assets for the purpose of the 2008/2009 budget was \$6,490,274.

The actual net current asset position balance shown in the audited financial report as at 30th June 2008 and after adjustment for Restricted Assets was \$6,332,953.

**23 COUNCIL MEMBERS ALLOWANCE AND EXPENSES**

|   | 2009<br>Budget<br>\$ | 2009<br>Actual<br>\$ | 2008<br>Actual<br>\$ |
|---|----------------------|----------------------|----------------------|
| Presidents Allowance                                      | 12,000               | 13,987               | 14,274               |
| Deputy Presidents Allowance                               | 3,000                | 3,070                | 3,456                |
| Councillors Allowance                                     | 98,000               | 87,500               | 104,837              |
| Members Expenses  |                      |                      |                      |
| - Information Technology and Telecommunications Allowance | 44,000               | 36,000               | 61,519               |
| - Travel Costs & Associated Expenses                      | 13,500               | 9,228                | 16,867               |
| Miscellaneous   | 750                  | 3,428                | -                    |
|   | <u>171,250</u>       | <u>153,213</u>       | <u>200,953</u>       |

**SHIRE OF MUNDARING**

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

**24 FINANCIAL RISK MANAGEMENT**

Council activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

Council held the following financial instruments at balance sheet date.

|                              | Carrying Value<br>2009<br>\$ | Fair Value<br>2009<br>\$ | Carrying Value<br>2008<br>\$ | Fair Value<br>2008<br>\$ |
|------------------------------|------------------------------|--------------------------|------------------------------|--------------------------|
| <b>Financial assets</b>      |                              |                          |                              |                          |
| Cash and cash equivalents    | 18,125,303                   | 18,125,303               | 18,503,954                   | 18,503,954               |
| Receivables                  | 1,732,796                    | 1,732,796                | 1,643,092                    | 1,643,092                |
| Other assets (EMRC Share)    | 449,631                      | 449,631                  | 449,631                      | 449,631                  |
|                              | <u>20,307,730</u>            | <u>20,307,730</u>        | <u>20,596,677</u>            | <u>20,596,677</u>        |
| <b>Financial Liabilities</b> |                              |                          |                              |                          |
| Payables                     | 1,225,335                    | 1,225,335                | 1,689,658                    | 1,689,658                |
| Yallambee Creditor           | -                            | -                        | -                            | -                        |
| Borrowings                   | 5,368,112                    | 2,800,157                | 5,315,544                    | 2,537,464                |
|                              | <u>6,593,447</u>             | <u>4,025,492</u>         | <u>7,005,202</u>             | <u>4,227,122</u>         |

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables, Yallambee Creditors - estimated to the carrying value which approximate net market value

- Borrowings - estimated future cash flows discounted by the current market interest rate applicable to assets and liabilities with similar risk profiles.

**(a) Cash and cash equivalents**

Council objective is to maximise its return on cash and investments where appropriate whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An investment report is provided to Council on a monthly basis setting out the make up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or factors affecting similar instruments traded in a market. Council currently do not have any such instruments.

Cash subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk - the risk that a contracting entity will not complete its obligations under a financial instrument resulting in financial loss to the Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers, (where applicable) before placing any cash and investments.

**Sensitivity Analysis**

**Interest Rate Risk**

The Council has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest rate Sensitivity Analysis:

Impact of a 1% movement in interest rate on cash and cash equivalent would be as follows

|                    | 2009<br>\$ | 2008<br>\$ |
|--------------------|------------|------------|
| - Equity           | 180,475    | 185,000    |
| - Income Statement | 180,475    | 185,000    |

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged. The Council has no exposure to fluctuations in foreign currency.

## SHIRE OF MUNDARING

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

### 25. FINANCIAL RISK MANAGEMENT (Continued)

#### (b) Receivables

Councils major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk - the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over land - that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Councils credit risk at balance date was:

|   | 2009   | 2008   |
|---|--------|--------|
| Percentage of Rates and Annual charges: |        |        |
| - Current                               | 87.00% | 97.37% |
| - Overdue                               | 13.00% | 2.63%  |
| Percentage of Other Receivables         |        |        |
| - Current                               | 98.90% | 96.67% |
| - Overdue                               | 1.10%  | 3.33%  |

#### (c) Payables and Borrowings

Payables and borrowings are both subject to liquidity risk - that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages the risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of Councils payables and borrowings are set out in the Liquidity Sensitivity Table below:

|             |  | Due within 1<br>year<br>\$ | Due between 1<br>and 5 years<br>\$ | Due after 5<br>years<br>\$ | Total<br>Contractual<br>Cash flows<br>\$ | Carrying<br>values<br>\$ |
|-------------|--|----------------------------|------------------------------------|----------------------------|--|--------------------------|
| <b>2009</b> |  |                            |                                    |                            |  |                          |
| Payables    |  | 1,225,335                  | 0                                  | 0                          | 1,225,335                                | 1,225,335                |
| Borrowings  |  | 518,750                    | 2,543,707                          | 6,784,479                  | 9,846,936                                | 5,368,112                |
|             |  | 1,744,085                  | 2,543,707                          | 6,784,479                  | 11,072,271                               | 6,593,447                |
| <b>2008</b> |  |                            |                                    |                            |  |                          |
| Payables    |  | 1,689,658                  | -                                  | -                          | 1,689,658                                | 1,689,658                |
| Borrowings  |  | 529,412                    | 2,554,043                          | 7,293,220                  | 10,376,675                               | 5,518,544                |
|             |  | 2,219,070                  | 2,554,043                          | 7,293,220                  | 12,066,333                               | 7,208,202                |

**SHIRE OF MUNDARING**

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

**25. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables and Borrowings (Continued)**

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following table sets out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk.

|  | <1 year<br>\$ | >1<2 years<br>\$ | >2<3 years<br>\$ | >3<4 years<br>\$ | >4<5 years<br>\$ | >5 years<br>\$ | Total<br>\$ | Weighted average<br>effective interest<br>rate<br>% |
|--|---------------|------------------|------------------|------------------|------------------|----------------|-------------|---|
| Year ended<br>30 June 2009                     |               |                  |                  |                  |                  |                |             |   |
| Borrowings                                     |               |                  |                  |                  |                  |                |             |   |
| Fixed rate<br>Debentures                       | 150,790       | 150,884          | 161,710          | 173,315          | 185,751          | 4,545,661      | 5,368,111   | 6.95%   |
| Weighted average<br>effective interest<br>rate | 6.95%         | 6.95%            | 6.95%            | 6.95%            | 6.95%            | 6.95%          |             |   |

|  | <1 year<br>\$ | >1<2 years<br>\$ | >2<3 years<br>\$ | >3<4 years<br>\$ | >4<5 years<br>\$ | >5 years<br>\$ | Total<br>\$ | Weighted average<br>effective interest<br>rate<br>% |
|--|---------------|------------------|------------------|------------------|------------------|----------------|-------------|---|
| Year ended<br>30 June 2008                     |               |                  |                  |                  |                  |                |             |   |
| Borrowings                                     |               |                  |                  |                  |                  |                |             |   |
| Fixed rate<br>Debentures                       | 150,432       | 150,790          | 150,884          | 161,710          | 173,315          | 4,731,412      | 5,518,543   | 6.92%   |
| Weighted average<br>effective interest<br>rate | 6.93%         | 6.92%            | 6.92%            | 6.92%            | 6.92%            | 6.92%          |             |   |

## SHIRE OF MUNDARING

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

### 25. EMPLOYEES' REMUNERATION

The number of employees of the Council, in bands of \$10,000, entitled to an annual salary of \$100,000 or more.

| Salary Range |         | 2009 | 2008 |
|--------------|---------|------|------|
| \$           |         | #    | #    |
| 100,000 -    | 109,999 | 1    | 0    |
| 110,000 -    | 119,999 | 0    | 3    |
| 120,000 -    | 129,999 | 3    | 0    |
| 130,000 -    | 139,999 | 1    | 1    |
| 180,000 -    | 189,999 | 0    | 1    |
| 210,000 -    | 219,000 | 1    | 0    |

### 26. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

| 2009 | 2008 |
|------|------|
| #    | #    |
| 171  | 163  |

### 27. ECONOMIC DEPENDENCY

A significant amount of revenue is received by way of grants from the State and Federal Government.