

SHIRE OF MUNDARING

BUDGET

FOR THE YEAR ENDED 30 JUNE 2019

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BUDGET OVERVIEW

The Shire of Mundaring's 2018/19 budget has been based on an increase of 3.1% in the total rate yield (actual rates increase plus forecast growth during 2018/19).

Whilst not being a revaluation year Landgate did process interim valuations during the 2017/18 financial year, which in turn effected some property valuations. As a result the average valuation for each category of properties changed as per the table below.

Rate Type	Average increase/(decrease)
GRV - Commercial	-3.1%
GRV - Light Industrial	-0.3%
GRV - Residential	0.7%
GRV - Rural Residential	0.4%
UV - Rural	-3.8%

The rate in the dollar for GRV properties has been increased by 2.3%, whilst the rate in the dollar for UV properties has been increased by 7.1%.

For non-minimum rated properties the average increase per assessment for 2018/19 is as per the table below.

Rate Type	2017/18	2018/19	% Increase/(decrease)
GRV - Commercial	\$ 7,016.56	\$ 6,955.62	-0.9%
GRV - Light Industrial	\$ 4,620.13	\$ 4,711.20	2.0%
GRV - Residential	\$ 1,564.71	\$ 1,611.82	3.0%
GRV - Rural Residential	\$ 1,713.13	\$ 1,759.53	2.7%
UV - Rural	\$ 3,330.71	\$ 3,430.16	3.0%

The minimum rate for GRV and UV properties has been increased by 3.1% and 3% respectively.

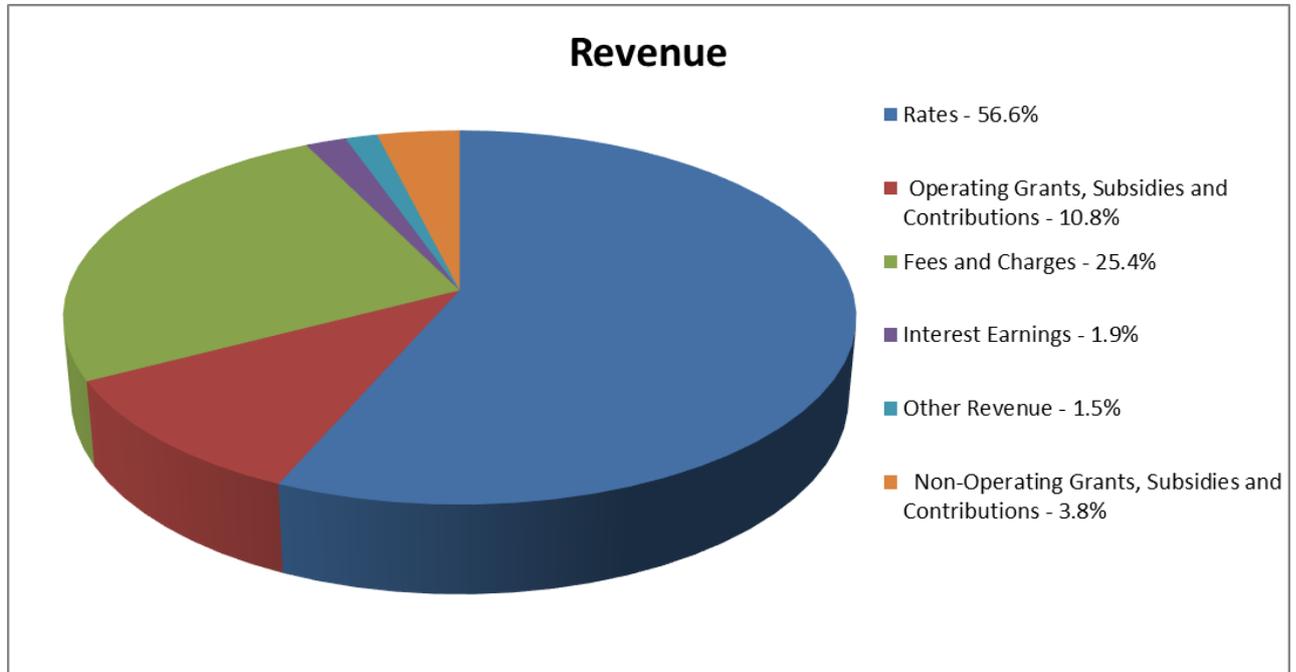
A detailed disclosure of rating information for 2018/19 is provided in Note 1 of the Budget document.

Closing Budget Position

The budget forecasts a closing surplus of \$1,637,504 as at 30 June 2019. A detailed disclosure of the Shire's forecast closing budget position is provided in the Rate Setting Statement and Note 2 of the Budget document.

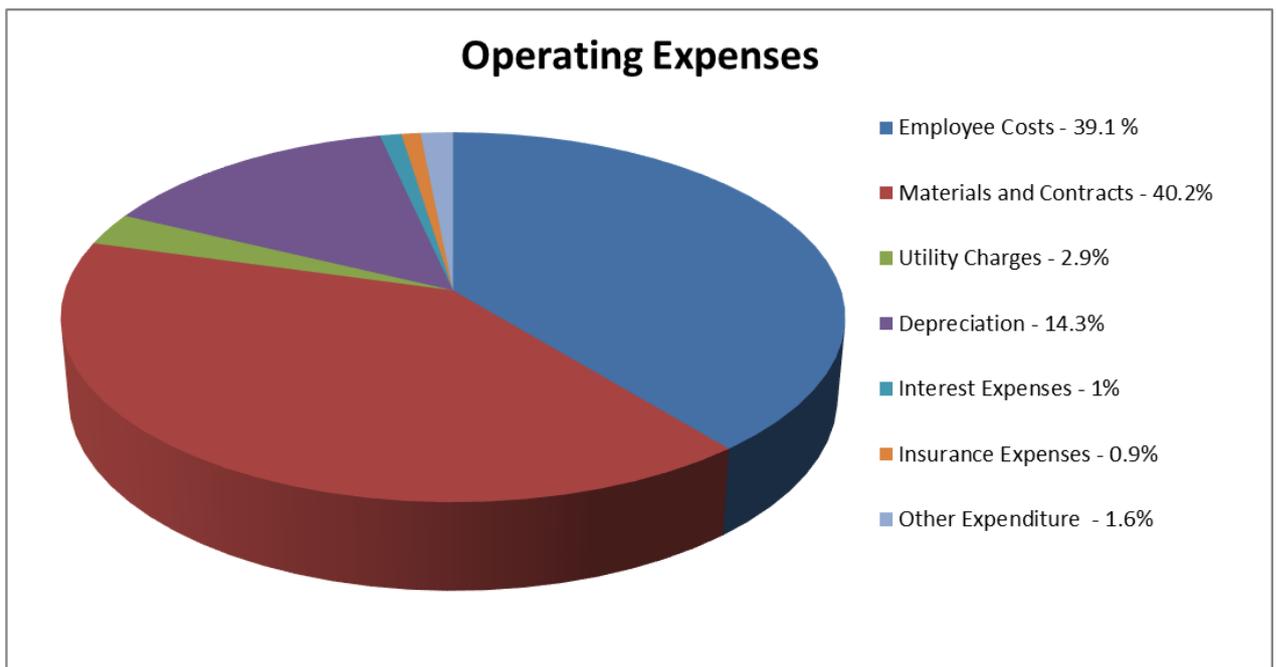
Revenue

The Shire's total revenue for 2018/19 is forecast to be \$49,795,990 (excluding profit on disposal of assets). The breakdown of revenue by nature and type is provided below:

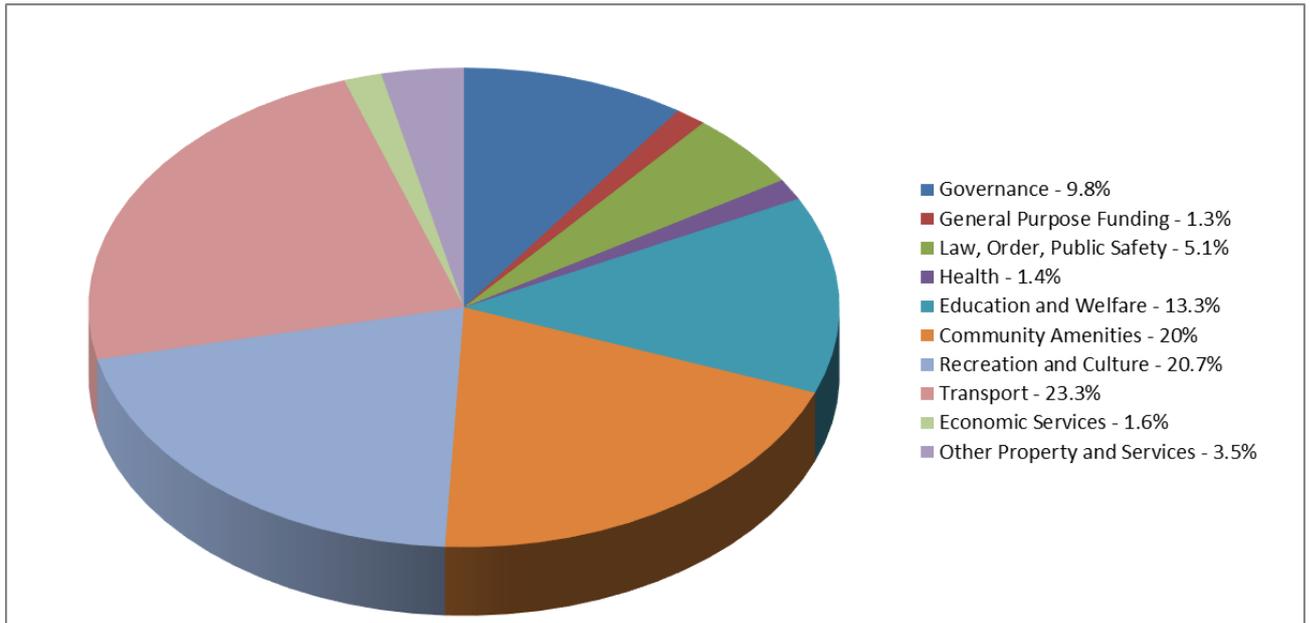


Operating Expenses

The Shire's total operating expenditure for 2018/19 is forecast to be \$49,201,059 (excluding loss on disposal of assets). The breakdown of operating expenditure by nature and type is provided below:

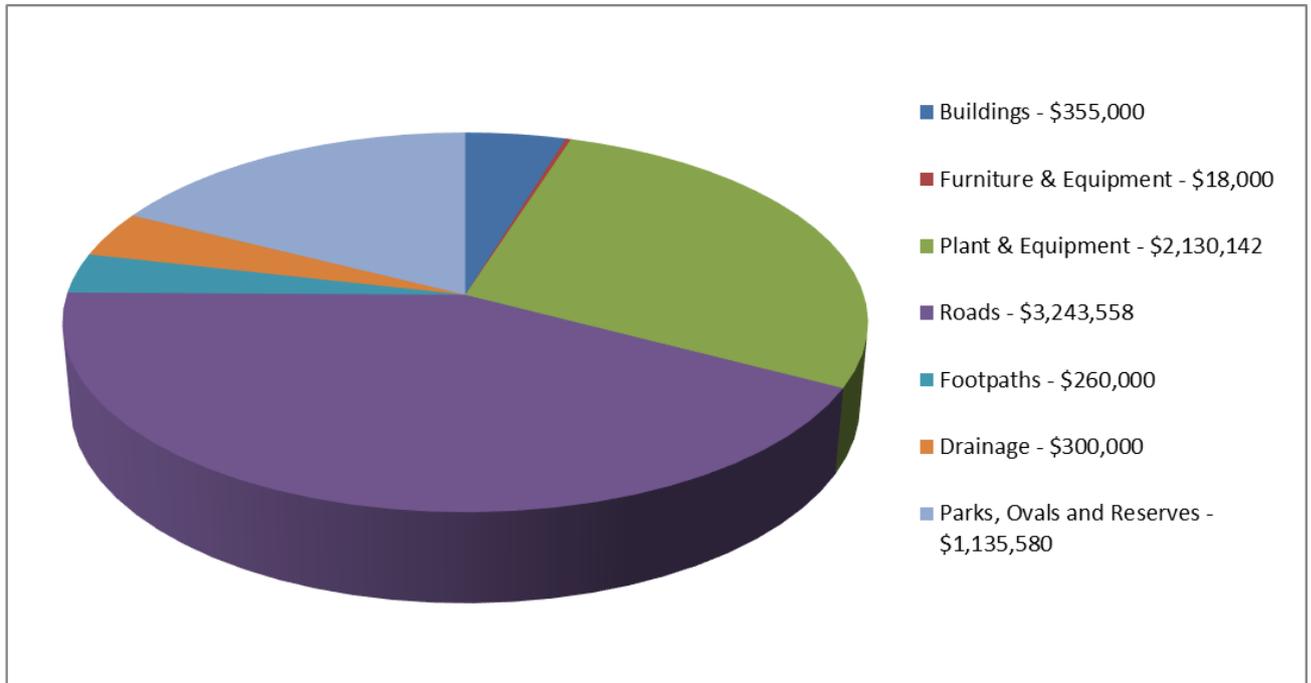


The breakdown of operating expenditure by Program is provided below:



Capital Expenditure

The Shire's total capital expenditure for 2018/19 is forecast to be \$7,642,280. A breakdown of capital expenditure by class of assets is provided below:



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

Loan Liability

The Shire's forecast loan liability at 30 June 2019, as disclosed in Note 6 of the budget, is \$11,136,668. There is no new loan debt forecast in the 2018/19 budget.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2019**

BY NATURE OR TYPE

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
Revenue				
Rates	1	28,160,287	27,305,738	27,296,129
Operating grants, subsidies and contributions	9	5,366,702	4,258,195	3,546,836
Fees and charges	8	12,637,433	12,562,405	12,916,830
Interest earnings	10(a)	952,840	1,043,788	1,033,788
Other revenue	10(b)	749,870	846,735	936,875
		<u>47,867,132</u>	<u>46,016,861</u>	<u>45,730,458</u>
Expenses				
Employee costs		(19,258,728)	(18,982,143)	(19,220,313)
Materials and contracts		(19,788,790)	(19,081,858)	(19,033,695)
Utility charges		(1,403,696)	(1,283,144)	(1,386,974)
Depreciation on non-current assets	5	(7,048,166)	(7,130,316)	(8,573,167)
Interest expenses	10(d)	(500,716)	(528,979)	(528,979)
Insurance expenses		(446,126)	(429,919)	(510,904)
Other expenditure		(754,837)	(751,893)	(653,787)
		<u>(49,201,059)</u>	<u>(48,188,252)</u>	<u>(49,907,819)</u>
		(1,333,927)	(2,171,391)	(4,177,361)
Non-operating grants, subsidies and contributions	9	1,928,858	3,370,465	3,264,108
Profit on asset disposals	4(b)	1,728,391	1,818	0
Loss on asset disposals	4(b)	(3,930)	(182,864)	(43,700)
Net result		2,319,392	1,018,028	(956,953)
Other comprehensive income				
Total other comprehensive income		0	0	0
Total comprehensive income		2,319,392	1,018,028	(956,953)

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

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

BASIS OF PREPARATION

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 14 to the budget.

2017/18 ACTUAL BALANCES

Balances shown in this budget as 2017/18 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES

RATES

All rates levied under the *Local Government Act 1995*. Includes general, differential, specific area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Exclude administration fees, interest on instalments, interest on arrears and service charges.

SERVICE CHARGES

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services.

PROFIT ON ASSET DISPOSAL

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

REVENUES (CONTINUED)

FEES AND CHARGES

Revenues (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

INTEREST EARNINGS

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates etc.

EXPENSES

EMPLOYEE COSTS

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.

MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc.

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

Expenditures made to the respective agencies for the provision of power, gas or water.

INSURANCE

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

LOSS ON ASSET DISPOSAL

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

INTEREST EXPENSES

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

OTHER EXPENDITURE

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2019**

BY PROGRAM

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		231,500	299,170	108,800
General purpose funding		31,287,329	29,771,936	29,633,119
Law, order, public safety		469,200	579,252	519,200
Health		55,700	60,200	55,700
Education and welfare		4,835,750	5,167,962	5,181,184
Community amenities		8,187,998	7,927,937	7,975,885
Recreation and culture		1,344,070	1,322,987	1,336,930
Transport		641,000	84,000	48,000
Economic services		332,185	260,585	332,185
Other property and services		482,400	542,832	539,455
		47,867,132	46,016,861	45,730,458
Expenses excluding finance costs	5, 10(c),(e),(f)			
Governance		(4,709,587)	(5,013,840)	(5,453,054)
General purpose funding		(650,773)	(653,787)	(646,034)
Law, order, public safety		(2,479,686)	(2,365,491)	(2,369,109)
Health		(690,177)	(691,137)	(736,140)
Education and welfare		(6,467,843)	(6,773,022)	(6,868,933)
Community amenities		(9,743,248)	(9,110,663)	(9,292,660)
Recreation and culture		(10,081,844)	(9,896,728)	(10,867,052)
Transport		(11,356,639)	(10,702,342)	(10,706,924)
Economic services		(793,651)	(723,208)	(733,653)
Other property and services		(1,726,895)	(1,729,055)	(1,705,281)
		(48,700,343)	(47,659,273)	(49,378,840)
Finance costs	6, 10(d)			
Governance		(249,449)	(267,034)	(267,034)
Recreation and culture		(251,267)	(261,945)	(261,945)
		(500,716)	(528,979)	(528,979)
		(1,333,927)	(2,171,391)	(4,177,361)
Non-operating grants, subsidies and contributions	9	1,928,858	3,370,465	3,264,108
Profit on disposal of assets	4(b)	1,728,391	1,818	0
(Loss) on disposal of assets	4(b)	(3,930)	(182,864)	(43,700)
Net result		2,319,392	1,018,028	(956,953)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		2,319,392	1,018,028	(956,953)

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

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of resources.	Includes the activities of members of council and the administrative support required for the Council and Shire services.
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer community.	Supervision and enforcement of legislation and various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH	To provide an operational framework for environmental and community health.	Prevention of human illnesses, including inspection of premises/food control.
EDUCATION AND WELFARE	To provide services to disadvantaged persons, the elderly, children and youth.	Operating and maintaining child minding centres and playgroup centres. Provision of services and programs for the youth and seniors of the Shire.
COMMUNITY AMENITIES	To provide essential services required by the community.	Rubbish collection services, operation of waste disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes , cemeteries and public conveniences.
RECREATION AND CULTURE	To establish and effectively manage infrastructure and resources which will help the social well being of the community.	Maintenance of public halls, civic centres, aquatic centres, lake, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of libraries and other cultural facilities.
TRANSPORT	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, pathways, depots, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
ECONOMIC SERVICES	To help promote the shire and its economic wellbeing.	Tourism and area promotion. Provision of standpipes. Approval of building construction and implementation of statutory building controls.
OTHER PROPERTY AND SERVICES	To monitor and control the Shire's overheads operating accounts.	Public works overheads, plant and equipment operations and activities not reported in the above programs.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019**

BY NATURE OR TYPE

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		28,160,287	27,305,738	27,296,129
Operating grants, subsidies and contributions		5,366,702	4,258,195	3,546,836
Fees and charges		12,637,433	12,562,405	12,916,830
Interest earnings		952,840	1,043,788	1,033,788
Goods and services tax		1,700,000	1,700,000	1,350,000
Other revenue		749,870	846,735	936,875
		49,567,132	47,716,861	47,080,458
Payments				
Employee costs		(19,258,728)	(18,982,143)	(19,550,744)
Materials and contracts		(19,788,790)	(19,081,858)	(18,373,695)
Utility charges		(1,403,696)	(1,283,144)	(1,386,974)
Interest expenses		(500,716)	(528,979)	(528,979)
Insurance expenses		(446,126)	(429,919)	(840,473)
Goods and services tax		(1,700,000)	(1,700,000)	(1,350,000)
Other expenditure		(754,837)	(751,893)	(653,787)
		(43,852,893)	(42,757,936)	(42,684,652)
Net cash provided by (used in) operating activities	3	5,714,239	4,958,925	4,395,806
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(2,503,142)	(8,467,349)	(9,621,600)
Payments for construction of infrastructure	4(a)	(5,139,138)	(7,395,071)	(4,713,616)
Non-operating grants, subsidies and contributions used for the development of assets	9	1,928,858	3,370,465	3,264,108
Proceeds from sale of property, plant & equipment	4(b)	3,291,831	486,400	2,709,437
Net cash provided by (used in) investing activities		(2,421,591)	(12,005,555)	(8,361,671)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6	(605,330)	(577,065)	(577,065)
Net cash provided by (used in) financing activities		(605,330)	(577,065)	(577,065)
Net increase (decrease) in cash held		2,687,318	(7,623,695)	(4,542,930)
Cash at beginning of year		24,595,036	32,218,731	29,239,159
Cash and cash equivalents at the end of the year	3	27,282,354	24,595,036	24,696,229

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

**RATES SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019**

BY REPORTING PROGRAM

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2	3,859,575	7,720,764	6,069,313
		3,859,575	7,720,764	6,069,313
Revenue from operating activities (excluding rates)				
Governance		242,345	299,170	108,800
General purpose funding		3,127,042	2,466,198	2,336,990
Law, order, public safety		469,200	579,252	519,200
Health		55,700	60,200	55,700
Education and welfare		4,837,010	5,167,962	5,181,184
Community amenities		8,193,183	7,929,755	7,975,885
Recreation and culture		2,179,070	1,322,987	1,336,930
Transport		657,101	84,000	48,000
Economic services		332,185	260,585	332,185
Other property and services		1,342,400	542,832	539,455
		21,435,236	18,712,941	18,434,329
Expenditure from operating activities				
Governance		(4,959,036)	(5,280,874)	(5,725,188)
General purpose funding		(650,773)	(653,787)	(646,034)
Law, order, public safety		(2,483,616)	(2,391,809)	(2,369,109)
Health		(690,177)	(691,137)	(736,140)
Education and welfare		(6,467,843)	(6,773,022)	(6,868,933)
Community amenities		(9,743,248)	(9,110,663)	(9,293,460)
Recreation and culture		(10,333,111)	(10,160,082)	(11,131,497)
Transport		(11,356,639)	(10,852,024)	(10,742,224)
Economic services		(793,651)	(723,208)	(733,653)
Other property and services		(1,726,895)	(1,734,510)	(1,705,281)
		(49,204,989)	(48,371,116)	(49,951,519)
Operating activities excluded from budget				
(Profit) on asset disposals	4(b)	(1,728,391)	(1,818)	0
Loss on disposal of assets	4(b)	3,930	182,864	43,700
Depreciation on assets	5	7,048,166	7,130,316	8,573,167
Amount attributable to operating activities		(18,586,473)	(14,626,049)	(16,831,010)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	1,928,858	3,370,465	3,264,108
Purchase property, plant and equipment	4(a)	(2,503,142)	(8,467,349)	(9,621,600)
Purchase and construction of infrastructure	4(a)	(5,139,138)	(7,395,071)	(4,713,616)
Proceeds from disposal of assets	4(b)	3,291,831	486,400	2,709,437
Amount attributable to investing activities		(2,421,591)	(12,005,555)	(8,361,671)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(605,330)	(577,065)	(577,065)
Transfers to cash backed reserves (restricted assets)	7(a)	(6,716,149)	(4,263,432)	(6,616,787)
Transfers from cash backed reserves (restricted assets)	7(a)	1,806,760	8,025,938	6,976,732
Amount attributable to financing activities		(5,514,719)	3,185,441	(217,120)
Budgeted deficiency before general rates		(26,522,783)	(23,446,163)	(25,409,801)
Estimated amount to be raised from general rates	1	28,160,287	27,305,738	27,296,129
Net current assets at end of financial year - surplus/(deficit)	2	1,637,504	3,859,575	1,886,328

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2018/19 Budgeted rate revenue	2018/19 Budgeted interim rates	2018/19 Budgeted back rates	2018/19 Budgeted total revenue	2017/18 Actual Revenue
	\$		\$	\$	\$	\$	\$	\$
General rate								
GRV - Commercial	0.081948	278	23,596,215	1,933,663	0	0	1,933,663	1,948,281
GRV - Light Industrial	0.081948	283	16,269,688	1,333,268	0	0	1,333,268	1,303,202
GRV - Residential	0.081948	11,282	221,903,364	18,184,537	140,101	0	18,324,638	17,627,779
GRV - Rural Residential	0.081948	3,053	65,551,750	5,371,835	0	0	5,371,835	5,251,000
UV - Rural	0.005780	243	144,209,000	833,528	0	0	833,528	786,200
Sub-Totals		15,139	471,530,017	27,656,831	140,101	0	27,796,932	26,916,462
Minimum								
	\$							
Minimum payment								
GRV - Commercial	841	3	22,790	2,523	0	0	2,523	2,448
GRV - Light Industrial	841	1	8,400	841	0	0	841	816
GRV - Residential	841	347	2,749,378	291,827	0	0	291,827	328,032
GRV - Rural Residential	841	76	697,430	63,916	0	0	63,916	53,856
UV - Mining	1,062	4	52,514	4,248	0	0	4,248	4,124
Sub-Totals		431	3,530,512	363,355	0	0	363,355	389,276
		15,570	475,060,529	28,020,186	140,101	0	28,160,287	27,305,738
Total rates							28,160,287	27,305,738

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

The general rates detailed for the 2018/19 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

1. RATES AND SERVICE CHARGES (CONTINUED)

(b) Interest Charges and Instalments - Rates and Service Charges

The following instalment options are available to ratepayers for the payment of rates and service charges.

Instalment options	Date due	Instalment plan admin charge	Unpaid rates interest rates
		\$	%
Option one			
Single full payment	23-August-2018	0	11.00%
Option two			
First instalment	23-August-2018	0	11.00%
Second instalment	25-October-2018	9.50	11.00%
Third instalment	10-January-2019	9.50	11.00%
Fourth instalment	14-March-2019	9.50	11.00%

Option three

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

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 (11%) is paid on the rates balance outstanding until it is paid in full.

	2018/19 Budget	2017/18 Actual
	\$	\$
Instalment plan admin charge revenue	153,000	141,850
Unpaid rates interest earned	175,000	175,000
	328,000	316,850

(c) Specified Area Rate

The Shire did not raise specified area rates for the year ended 30th June 2019.

(d) Service Charges

The Shire did not raise service charges for the year ended 30th June 2019.

(e) Waivers or concessions

The Shire does not anticipate any waivers or concessions for the year ended 30th June 2019.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

2. NET CURRENT ASSETS

	2018/19	2017/18
Note	Budget	Actual
	\$	\$
Composition of estimated net current assets		
Current assets		
Cash - unrestricted	3 5,259,367	7,481,438
Cash - restricted reserves	3 22,022,987	17,113,598
Receivables	1,947,352	1,947,352
Inventories	92,741	92,741
	29,322,447	26,635,129
Less: current liabilities		
Trade and other payables	(2,383,374)	(2,383,374)
Long term borrowings	(635,200)	(605,330)
Provisions	(3,278,582)	(3,278,582)
	(6,297,156)	(6,267,286)
Unadjusted net current assets	23,025,291	20,367,843
Adjustments		
Less: Cash - restricted reserves	3 (22,022,987)	(17,113,598)
Add: Current portion of borrowings	635,200	605,330
Adjusted net current assets - surplus/(deficit)	1,637,504	3,859,575

Reason for Adjustments

The differences between the net current assets at the end of each financial year in the rate setting statement and net current assets detailed above arise from amounts which have been excluded when calculating the budget deficiency in accordance with *Local Government (Financial Management) Regulation 32* as movements for these items have been funded within the budget estimates. These differences are disclosed as adjustments above.

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

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

TRADE AND OTHER RECEIVABLES

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

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

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

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

2. NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

TRADE AND OTHER PAYABLES

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

PROVISIONS

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

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

INVENTORIES

General

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

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

Superannuation

The Shire of Mundaring contributes to a number of superannuation funds on behalf of employees.

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

EMPLOYEE BENEFITS

Short-term employee benefits

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

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

LAND HELD FOR RESALE

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

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

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

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

3. RECONCILIATION OF CASH

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

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
Cash - unrestricted	5,259,367	7,481,438	5,615,849
Cash - restricted	22,022,987	17,113,598	19,080,380
	<u>27,282,354</u>	<u>24,595,036</u>	<u>24,696,229</u>
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Reserves cash backed - Plant Replacement	727,187	878,889	849,562
Reserves cash backed - Civic Facilities	7,596,556	5,904,862	5,953,596
Reserves cash backed - Information Technology	893,510	826,748	694,090
Reserves cash backed - Long Service Leave	565,919	130,689	298,711
Reserves cash backed - Children Services	2,009,677	2,059,025	2,066,311
Reserves cash backed - Gravel Pit Rehabilitation	76,316	22,585	111,055
Reserves cash backed - Capital Investment	6,571,605	3,896,605	6,358,838
Reserves cash backed - Capital Income	3,582,217	3,394,195	2,748,217
Reserves cash backed - Unspent Grants	0	0	0
	<u>22,022,987</u>	<u>17,113,598</u>	<u>19,080,380</u>
Reconciliation of net cash provided by operating activities to net result			
Net result	2,319,392	1,018,028	(956,953)
Depreciation	7,048,166	7,130,316	8,573,167
(Profit)/loss on sale of asset	(1,724,461)	181,046	43,700
Grants/contributions for the development of assets	(1,928,858)	(3,370,465)	(3,264,108)
Net cash from operating activities	<u>5,714,239</u>	<u>4,958,925</u>	<u>4,395,806</u>

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 2 - Net Current Assets.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program					2018/19	2017/18
	Law, order, public safety	Education and welfare	Community amenities	Recreation and culture	Transport	Budget total	Actual total
	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>							
Buildings	0	50,000	0	305,000	0	355,000	6,866,166
Furniture and equipment	0	1,000	0	17,000	0	18,000	51,779
Plant and equipment	632,000	0	0	0	1,498,142	2,130,142	1,549,404
	632,000	51,000	0	322,000	1,498,142	2,503,142	8,467,349
<i>Infrastructure</i>							
Infrastructure - Roads	0	0	0	0	3,243,558	3,243,558	4,006,800
Infrastructure - Footpaths	0	0	0	0	260,000	260,000	607,750
Infrastructure - Drainage	0	0	0	0	300,000	300,000	892,858
Infrastructure - Parks and ovals	0	0	30,000	1,305,580	0	1,335,580	1,887,663
	0	0	30,000	1,305,580	3,803,558	5,139,138	7,395,071
Total acquisitions	632,000	51,000	30,000	1,627,580	5,301,700	7,642,280	15,862,420

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

1. Corporate Business Plan
2. Long Term Financial Plan

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	Net book	Sale	2018/19 Budget		2017/18 Actual		2017/18 Budget	
	value	proceeds	Profit	Loss	Profit	Loss	Profit	Loss
	\$	\$	\$	\$	\$	\$	\$	\$
By Program								
Governance	36,125	46,970	10,845	0	0	0	0	(5,100)
Law, order, public safety	36,250	32,320	0	(3,930)	0	(26,318)	0	0
Education and welfare	25,000	26,260	1,260	0	0	0	0	0
Community amenities	13,500	18,685	5,185	0	1,818	0	0	(800)
Recreation and culture	340,000	1,175,000	835,000	0	0	(1,409)	0	(2,500)
Transport	476,495	492,596	16,101	0	0	(149,682)	0	(35,300)
Other property and services	640,000	1,500,000	860,000	0	0	(5,455)	0	0
	1,567,370	3,291,831	1,728,391	(3,930)	1,818	(182,864)	0	(43,700)
By Class								
<i>Property, Plant and Equipment</i>								
Land - freehold land	980,000	2,675,000	1,695,000	0	0	0	0	0
Plant and equipment	587,370	616,831	33,391	(3,930)	1,818	(182,864)	0	(43,700)
	1,567,370	3,291,831	1,728,391	(3,930)	1,818	(182,864)	0	(43,700)

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

5. ASSET DEPRECIATION

By Program

Governance
Law, order, public safety
Health
Education and welfare
Community amenities
Recreation and culture
Transport
Economic services
Other property and services

By Class

Buildings
Furniture and equipment
Plant and equipment
Infrastructure

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
286,256	286,252	541,930	
222,243	234,025	248,644	
22,840	22,857	41,141	
98,894	98,104	178,907	
49,792	48,849	48,982	
1,360,250	1,411,665	2,507,667	
4,894,387	4,919,790	4,894,387	
4,979	4,984	2,984	
108,525	103,790	108,525	
7,048,166	7,130,316	8,573,167	
1,274,205	1,346,648	2,731,228	
32,229	32,139	78,374	
671,267	682,008	694,044	
5,070,465	5,069,521	5,069,521	
7,048,166	7,130,316	8,573,167	

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

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

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

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

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

DEPRECIATION (CONTINUED)

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

Buildings	
- Structure	30 to 75 years
- Fit out	18 to 45 years
- Mechanical	18 to 45 years
- Roof Cladding	24 to 60 years
Furniture and Equipment	3 to 12 years
Plant and Equipment	3 to 20 years
Sealed Roads and Streets	
- Formation	not depreciated
- Pavement	70 to 110 years
- Surface	15 to 30 years
- Kerb	70 years
Unsealed Roads	
- Formation	not depreciated
- Surface	15 years
Drainage	75 years
Culverts	70 years
Bridges	35 to 100 years
Footpaths	15 to 80 years
Heritage Trails	75 years
Waste Transfer Stations	15 to 100 years
Bus Shelters	50 years
Parks Hard Assets	10 to 75 years

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Principal 30-Jun-18	New loans	Principal repayments		Principal outstanding		Interest repayments	
			2018/19 Budget	2017/18 Actual	2018/19 Budget	2017/18 Actual	2018/19 Budget	2017/18 Actual
			\$	\$	\$	\$	\$	\$
Governance								
Loan 170 - Civic Facility and Depot Redevelopment	3,659,454	0	262,672	245,085	3,396,782	3,659,454	249,449	267,034
Recreation and culture								
Loan 171 - Community Building Projects	8,082,544	0	342,658	331,980	7,739,886	8,082,544	251,267	261,945
	11,741,998	0	605,330	577,065	11,136,668	11,741,998	500,716	528,979

All borrowing repayments will be financed by general purpose revenue.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2018/19

The Shire does not intend to undertake any new borrowings for the year ended 30th June 2019

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2018 nor is it expected to have unspent borrowing funds as at 30th June 2019.

(d) Credit Facilities

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
Undrawn borrowing facilities credit standby arrangements			
Bank overdraft limit	500,000	500,000	500,000
Bank overdraft at balance date	0	0	0
Credit card limit	83,000	83,000	83,000
Credit card balance at balance date	(30,000)	(30,000)	(45,000)
Total amount of credit unused	553,000	553,000	538,000
Loan facilities			
Loan facilities in use at balance date	11,136,668	11,741,998	11,741,998
Unused loan facilities at balance date	0	0	0

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2018/19 Budget Opening Balance	2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance	2017/18 Actual Opening Balance	2017/18 Actual Transfer to	2017/18 Actual Transfer (from)	2017/18 Actual Closing Balance	2017/18 Budget Opening Balance	2017/18 Budget Transfer to	2017/18 Budget Transfer (from)	2017/18 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Reserves cash backed - Plant Replacement	878,889	729,609	(881,311)	727,187	682,282	877,285	(680,678)	878,889	667,091	873,971	(691,500)	849,562
Reserves cash backed - Civic Facilities	5,904,862	1,941,143	(249,449)	7,596,556	9,233,832	2,288,064	(5,617,034)	5,904,862	9,027,431	2,243,199	(5,317,034)	5,953,596
Reserves cash backed - Information Technology	826,748	66,762	0	893,510	918,106	68,642	(160,000)	826,748	792,734	61,356	(160,000)	694,090
Reserves cash backed - Long Service Leave	130,689	654,230	(219,000)	565,919	63,718	427,632	(360,661)	130,689	114,623	403,088	(219,000)	298,711
Reserves cash backed - Children Services	2,059,025	66,652	(116,000)	2,009,677	2,483,263	77,469	(501,707)	2,059,025	2,060,793	55,518	(50,000)	2,066,311
Reserves cash backed - Gravel Pit Rehabilitation	22,585	89,731	(36,000)	76,316	56,813	1,772	(36,000)	22,585	56,532	90,523	(36,000)	111,055
Reserves cash backed - Capital Investment	3,896,605	2,675,000	0	6,571,605	3,896,605	0	0	3,896,605	3,962,099	2,396,739	0	6,358,838
Reserves cash backed - Capital Income	3,394,195	493,022	(305,000)	3,582,217	3,191,627	522,568	(320,000)	3,394,195	2,575,824	492,393	(320,000)	2,748,217
Reserves cash backed - Unspent Grants	0	0	0	0	349,858	0	(349,858)	0	183,198	0	(183,198)	0
	17,113,598	6,716,149	(1,806,760)	22,022,987	20,876,104	4,263,432	(8,025,938)	17,113,598	19,440,325	6,616,787	(6,976,732)	19,080,380

(b) Cash Backed Reserves - Purposes

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

Reserve name	Anticipated date of use	Purpose of the reserve
Reserves cash backed - Plant Replacement	Ongoing	To fund the replacement and purchase of works plant and light vehicles.
Reserves cash backed - Civic Facilities	Ongoing	To fund the construction and/or purchase of public buildings and facilities.
Reserves cash backed - Information Technology	Ongoing	To fund the upgrade and replacement of the Shire's information technology.
Reserves cash backed - Long Service Leave	Ongoing	To fund the Shire's Long Service Leave Liability.
Reserves cash backed - Children Services	Ongoing	To provide funds for the purchase of capital items, preventative maintenance for Children Service's buildings and employee entitlements. Also allows cash surpluses to be quarantined to fund operations for future years.
Reserves cash backed - Gravel Pit Rehabilitation	Ongoing	To fund the production of gravel and the rehabilitation of gravel pits.
Reserves cash backed - Capital Investment	Ongoing	To fund the advancement of the Shire's Property Strategy.
Reserves cash backed - Capital Income	Ongoing	To fund the development of Shire facilities and infrastructure.
Reserves cash backed - Unspent Grants	Ongoing	To quarantine any unspent grant funds at the end of each financial year.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

8. FEES & CHARGES REVENUE

	2018/19 Budget	2017/18 Actual
	\$	\$
Governance	65,000	62,300
General purpose funding	210,500	199,350
Law, order, public safety	170,200	187,252
Health	55,700	60,200
Education and welfare	2,354,000	2,714,132
Community amenities	8,187,998	7,927,937
Recreation and culture	1,244,850	1,119,349
Transport	16,000	22,000
Economic services	332,185	260,585
Other property and services	1,000	9,300
	12,637,433	12,562,405

9. GRANT REVENUE

	2018/19 Budget	2017/18 Actual
	\$	\$
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:		
By Program:		
Operating grants, subsidies and contributions		
General purpose funding	1,930,202	1,190,202
Law, order, public safety	299,000	392,000
Education and welfare	2,463,750	2,446,730
Recreation and culture	42,500	151,395
Transport	625,000	62,000
Other property and services	6,250	15,868
	5,366,702	4,258,195
Non-operating grants, subsidies and contributions		
Law, order, public safety	632,000	348,257
Recreation and culture	20,000	2,036,486
Transport	1,276,858	985,722
	1,928,858	3,370,465

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

10. OTHER INFORMATION

	2018/19 Budget	2017/18 Actual	2017/18 Budget
The net result includes as revenues	\$	\$	\$
(a) Interest earnings			
Investments			
- Reserve funds	427,840	518,788	518,788
- Municipal funds	350,000	350,000	350,000
Other interest revenue (refer note 1b)	175,000	175,000	165,000
	952,840	1,043,788	1,033,788
(b) Other revenue			
Reimbursements and recoveries	184,720	256,004	155,425
Other	565,150	590,731	781,450
	749,870	846,735	936,875
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	33,000	23,143	21,500
Other services	10,000	10,857	8,500
	43,000	34,000	30,000
(d) Interest expenses (finance costs)			
Borrowings (refer note 6(a))	500,716	528,979	528,979
	500,716	528,979	528,979
(e) Elected members remuneration			
Councillors' allowances in lieu of meeting fees	255,420	259,084	255,420
President's allowance	50,852	50,852	50,852
Deputy President's allowance	12,713	12,713	12,713
Travelling expenses	12,000	11,500	11,500
Telecommunications allowance	42,000	39,000	42,000
	372,985	373,149	372,485
(f) Write offs			
General rate	500	500	1,500
Rates - Penalty Interest	5,000	4,400	1,500
Waste Charges	500	500	1,000
Legal Fees	50	50	50
Infringements	2,750	7,250	3,250
Fees and charges	500	300	500
	9,300	13,000	7,800
(g) Operating lease expenses			
Office equipment	211,000	207,000	207,000
	211,000	207,000	207,000

SIGNIFICANT ACCOUNTING POLICIES

LEASES

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire of Mundaring are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

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

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

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

11. MAJOR LAND TRANSACTIONS

It is not anticipated any land transactions or major land transactions will occur in 2018/19.

12. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2018/19.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

13. INTERESTS IN JOINT ARRANGEMENTS

The Shire is a member of the Eastern Metropolitan Council (EMRC). The Shire's interest in the joint venture as calculated by the EMRC is 10.84%.

The Shire's interest in the assets and liabilities of the EMRC is as follows:

	2018	2017
	\$	\$
Current Assets	10,254,273	10,254,273
Non-Current Assets	10,115,462	10,115,462
Total Assets	20,369,735	20,369,735
Current Liabilities	573,002	573,002
Non-Current Liabilities	821,801	821,801
Total Liabilities	1,394,803	1,394,803
Net Assets	18,974,932	18,974,932

SIGNIFICANT ACCOUNTING POLICIES

INTERESTS IN JOINT ARRANGEMENTS

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

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

14. TRUST FUNDS

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

Detail	Balance 30-Jun-18	Estimated amounts received	Estimated amounts paid	Estimated balance 30-Jun-19
	\$	\$	(\$)	\$
Deposits, Bonds & Retentions	817,992	257,865	(275,590)	800,267
POS & Road Construction	4,511,013	287,425	(213,211)	4,585,227
Scheme 7 Costs	41,600	1,077	0	42,677
BCITF Levy	0	141,395	(141,395)	0
Building Services Levy	0	163,163	(163,163)	0
	5,370,605	850,925	(793,359)	5,428,171

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

**15. SIGNIFICANT ACCOUNTING POLICIES - OTHER
INFORMATION**

GOODS AND SERVICES TAX (GST)

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

ROUNDING OFF FIGURES

All figures shown in this statement are rounded to the nearest dollar.

COMPARATIVE FIGURES

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

BUDGET COMPARATIVE FIGURES

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

REVENUE RECOGNITION

Rates, grants, donations and other contributions are recognised as revenues when the Shire of Mundaring obtains control over the assets comprising the contributions.

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

15. BUDGET RATIOS

	2015/16	2016/17	2017/18	2018/19
	Actual	Actual	Actual	Budget
Operating Surplus	(0.06)	(0.002)	(0.03)	(0.04)
Funds After Operations	0.45	0.44	0.44	0.32
PPE	(0.07)	(0.01)	0.07	(0.01)
Infrastructure	0.005	0.01	0.01	0.0002
Cash Reserves	0.64	0.57	0.53	0.67
Borrowings	0.49	0.41	0.41	0.37
Debt Servicing	0.03	0.04	0.04	0.04
Average Rates (UV)	3,136	2,952	3,331	3,430
Average Rates (GRV) - Residential	1,497	1,546	1,564	1,611
Average Rates (GRV) - Rural Residential	1,587	1,644	1,713	1,760
Average Rates (GRV) - Commercial	6,432	6,918	7,017	6,966
Average Rates (GRV) - Industrial	4,823	4,999	4,620	4,711

The ratios are calculated as follows:

OPERATIONS

Operating Surplus $\frac{\text{Adjusted underlying surplus (or deficit)}}{\text{Adjusted underlying revenue}}$

Funds After Operations $\frac{\text{Funds remaining after operations}}{\text{General funds}}$

ASSET RATIOS

PPE $\frac{\text{Closing WDV value of PPE less Opening WDV value of PPE}}{\text{Opening WDV value of PPE}}$

Infrastructure $\frac{\text{Closing WDV Infrastructure less Opening WDV infrastructure}}{\text{Opening WDV Infrastructure}}$

FINANCING RATIOS

Cash Reserves $\frac{\text{Discretionary Reserve Balance}}{\text{General Funds}}$

Borrowings $\frac{\text{Principal outstanding}}{\text{General funds}}$

Debt Servicing $\frac{\text{Principal and interest due}}{\text{General funds}}$

RATES RATIOS

Average Rates $\frac{\text{Rate revenue per category}}{\text{Number of properties per category}}$

**RATES SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019**

BY NATURE OR TYPE

NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget	
	\$	\$	\$	
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2	3,859,575	7,720,764	6,069,313
		3,859,575	7,720,764	6,069,313
Revenue from operating activities (excluding rates)				
Operating grants, subsidies and contributions	9	5,366,702	4,258,195	3,546,836
Fees and charges	8	12,637,433	12,562,405	12,916,830
Interest earnings	10(a)	952,840	1,043,788	1,033,788
Other revenue	10(b)	749,870	846,735	936,875
Profit on asset disposals	4(b)	1,728,391	1,818	0
		21,435,236	18,712,941	18,434,329
Expenditure from operating activities				
Employee costs		(19,258,728)	(18,982,143)	(19,220,313)
Materials and contracts		(19,788,790)	(19,081,858)	(19,033,695)
Utility charges		(1,403,696)	(1,283,144)	(1,386,974)
Depreciation on non-current assets	5	(7,048,166)	(7,130,316)	(8,573,167)
Interest expenses	10(d)	(500,716)	(528,979)	(528,979)
Insurance expenses		(446,126)	(429,919)	(510,904)
Other expenditure		(754,837)	(751,893)	(653,787)
Loss on asset disposals	4(b)	(3,930)	(182,864)	(43,700)
		(49,204,989)	(48,371,116)	(49,951,519)
Operating activities excluded from budget				
(Profit) on asset disposals	4(b)	(1,728,391)	(1,818)	0
Loss on disposal of assets	4(b)	3,930	182,864	43,700
Depreciation on assets	5	7,048,166	7,130,316	8,573,167
Amount attributable to operating activities		(18,586,473)	(14,626,049)	(16,831,010)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	1,928,858	3,370,465	3,264,108
Purchase property, plant and equipment	4(a)	(2,503,142)	(8,467,349)	(9,621,600)
Purchase and construction of infrastructure	4(a)	(5,139,138)	(7,395,071)	(4,713,616)
Proceeds from disposal of assets	4(b)	3,291,831	486,400	2,709,437
Amount attributable to investing activities		(2,421,591)	(12,005,555)	(8,361,671)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(605,330)	(577,065)	(577,065)
Transfers to cash backed reserves (restricted assets)	7(a)	(6,716,149)	(4,263,432)	(6,616,787)
Transfers from cash backed reserves (restricted assets)	7(a)	1,806,760	8,025,938	6,976,732
Amount attributable to financing activities		(5,514,719)	3,185,441	(217,120)
Budgeted deficiency before general rates		(26,522,783)	(23,446,163)	(25,409,801)
Estimated amount to be raised from general rates	1	28,160,287	27,305,738	27,296,129
Net current assets at end of financial year - surplus/(deficit)	2	1,637,504	3,859,575	1,886,328

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