

SHIRE OF MUNDARING
BUDGET
FOR THE YEAR ENDING 30 JUNE 2020

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BUDGET OVERVIEW

The Shire of Mundaring's 2019/20 budget has been based on an increase of 3.3% in the total rate yield (actual rates increase plus forecast growth during 2019/20).

The rate in the dollar for GRV properties has been increased by 2.5%, whilst the rate in the dollar for UV properties has been increased by 4.9%. This is due to UV properties being revalued to a lower valuation than the prior year (an overall reduction of 2.3 percent).

For non-minimum rated properties the average increase per assessment for 2019/20 is as per the table below.

Rate Type	2018/19	2019/20	\$ Increase	% Increase
GRV - Commercial	\$7,184.00	\$7,400.34	\$ 216.34	3.0%
GRV - Light Industrial	\$4,711.20	\$4,829.74	\$ 118.54	2.5%
GRV - Residential	\$1,605.55	\$1,648.87	\$ 43.32	2.7%
GRV - Rural Residential	\$1,759.53	\$1,805.24	\$ 45.72	2.6%
UV - Rural	\$3,430.16	\$3,515.88	\$ 85.72	2.5%

The minimum rate for GRV and UV properties has been increased by 2.7%.

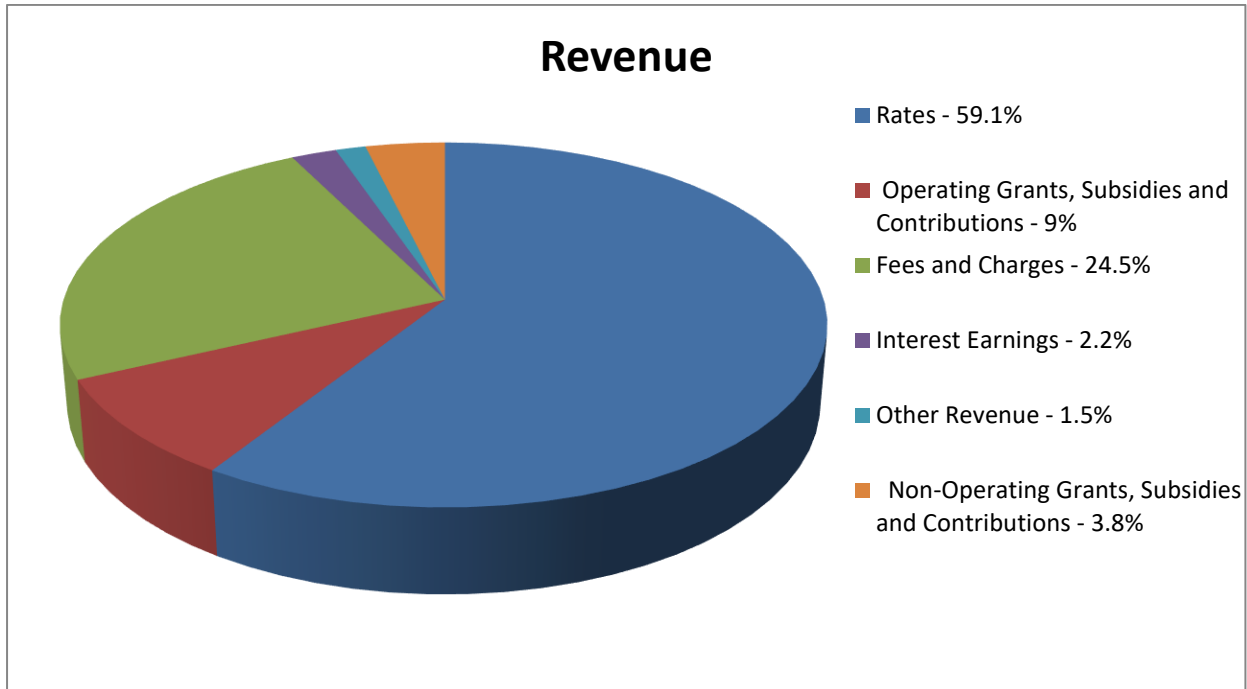
A detailed disclosure of rating information for 2019/20 is provided in Note 1 of the Budget document.

Closing Budget Position

The budget forecasts a closing surplus of \$1,462,769 as at 30 June 2020. 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.

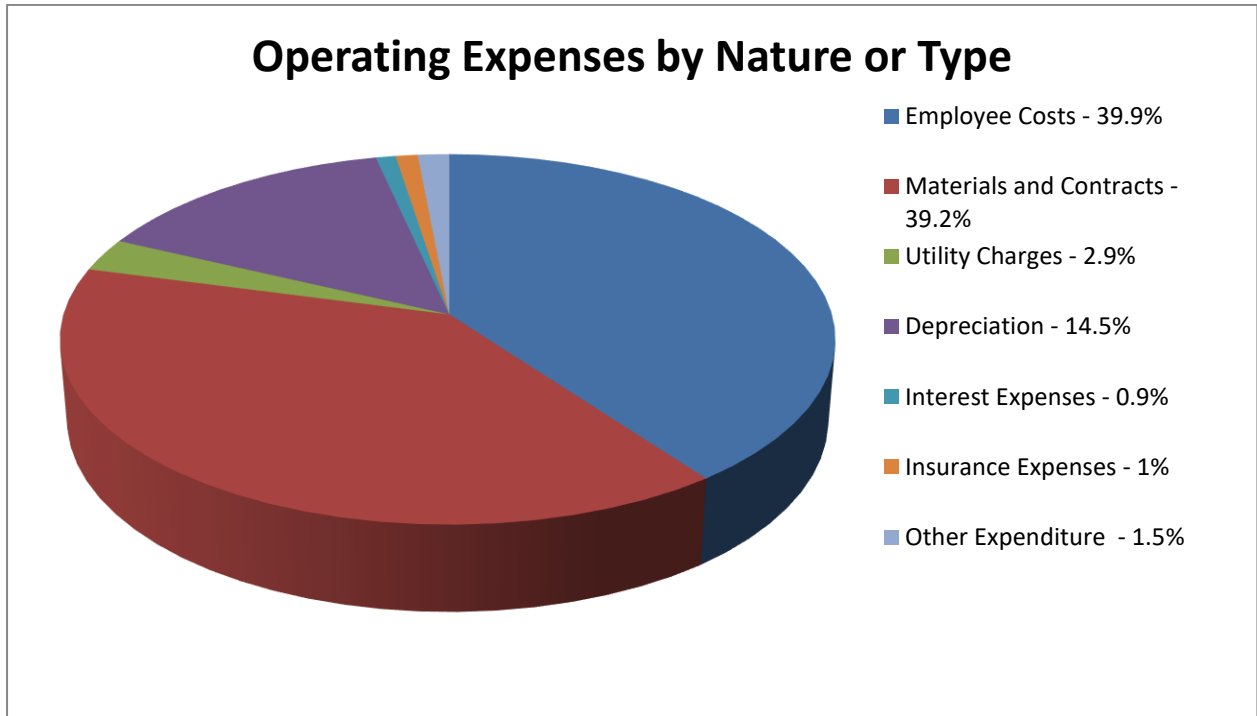
Revenue

The Shire's total revenue for 2019/20 is forecast to be \$49,260,470 (excluding profit on disposal of assets). The breakdown of revenue by nature and type is provided below:

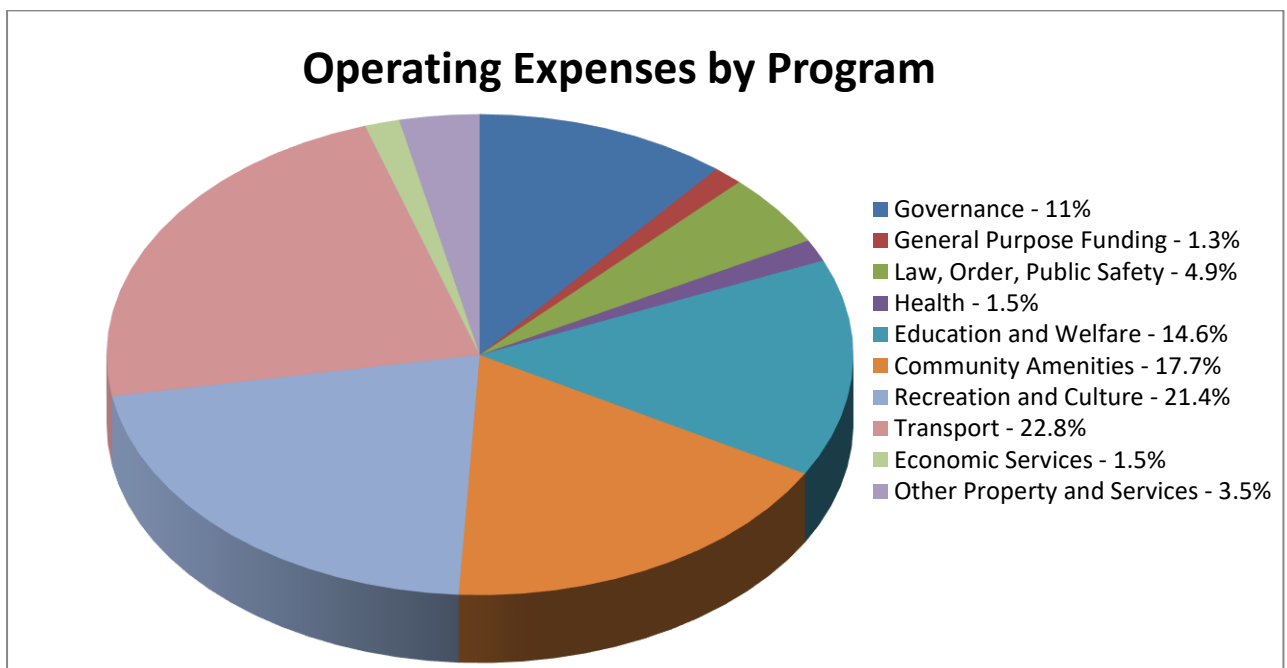


Operating Expenses

The Shire's total operating expenditure for 2019/20 is forecast to be \$50,332,425 (excluding loss on disposal of assets). The breakdown of operating expenditure by nature and type is provided below:

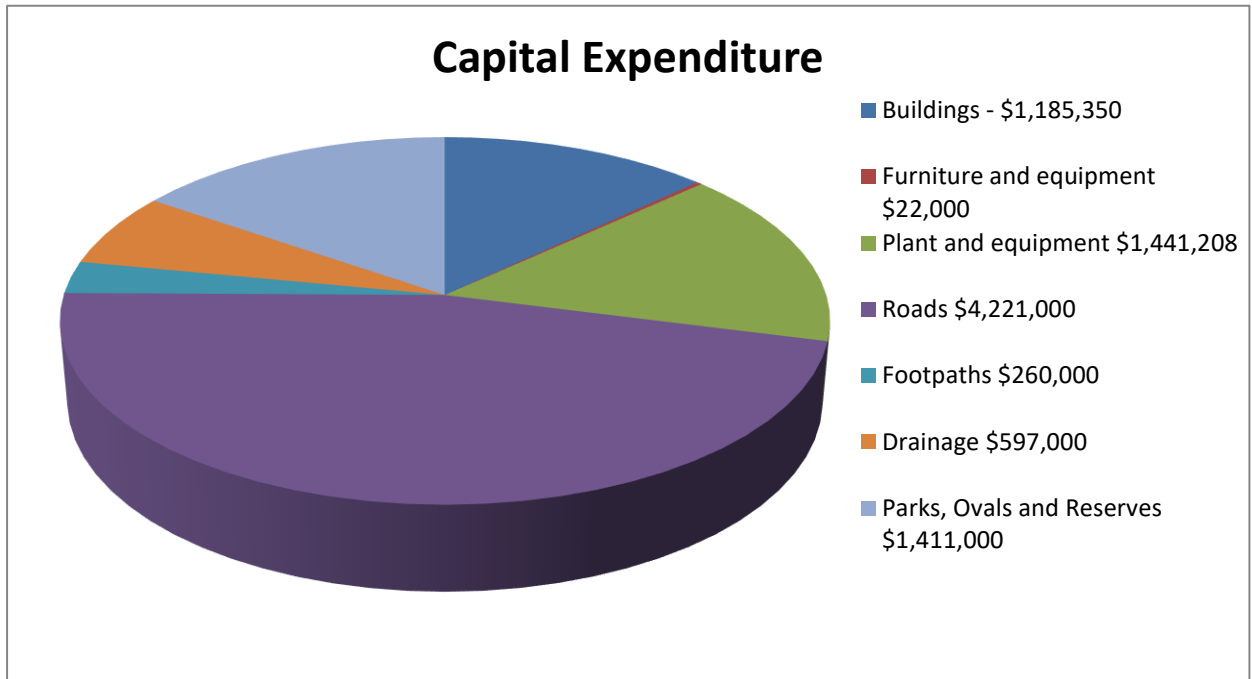


The breakdown of operating expenditure by Program is provided below:



Capital Expenditure

The Shire's total capital expenditure for 2019/20 is forecast to be \$9,137,558. 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 2020, as disclosed in Note 6 of the budget, is \$10,501,469. There is no new loan debt forecast in the 2019/20 budget.

STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2020**

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	29,092,301	28,218,634	28,160,287
Operating grants, subsidies and contributions	9	4,436,750	5,221,365	5,366,702
Fees and charges	8	12,071,901	12,601,623	12,637,433
Interest earnings	10(a)	1,070,620	1,062,840	952,840
Other revenue	10(b)	714,575	700,795	749,870
		47,386,147	47,805,257	47,867,132
Expenses				
Employee costs		(20,073,418)	(19,396,688)	(19,258,728)
Materials and contracts		(19,755,212)	(18,611,440)	(19,788,790)
Utility charges		(1,450,928)	(1,395,696)	(1,403,696)
Depreciation on non-current assets	5	(7,309,307)	(7,309,063)	(7,048,166)
Interest expenses	10(d)	(470,846)	(500,716)	(500,716)
Insurance expenses		(524,246)	(513,823)	(446,126)
Other expenditure		(748,468)	(749,864)	(754,837)
		(50,332,425)	(48,477,290)	(49,201,059)
Subtotal		(2,946,278)	(672,033)	(1,333,927)
Non-operating grants, subsidies and contributions	9	1,874,323	1,561,425	1,928,858
Profit on asset disposals	4(b)	1,225,000	52,081	1,728,391
Loss on asset disposals	4(b)	(129,375)	(73,086)	(3,930)
		2,969,948	1,540,420	3,653,319
Net result		23,670	868,387	2,319,392
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		23,670	868,387	2,319,392

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

BASIS OF PREPARATION

FOR THE YEAR ENDED 30TH JUNE 2020

BASIS OF PREPARATION

The budget has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations. The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this budget. This is not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

Accounting policies which have been adopted in the preparation of this budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the budget has 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 13 to the budget.

2018/19 ACTUAL BALANCES

Balances shown in this budget as 2018/19 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

CHANGE IN ACCOUNTING POLICIES

On the 1 July 2019 the following new accounting policies are to be adopted and have impacted on the preparation of the budget:

- AASB 15 - Revenue from Contracts with Customers;
- AASB 16 - Leases; and
- AASB 1058 - Income of Not-for-Profit Entities.

Explanation of the changes arising from these standards is provided at Note 15.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES

RATES

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

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

Revenue (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. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

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, and rebates. Reimbursements and recoveries should be separated by note to ensure the correct calculation of ratios.

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. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

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, overcraft 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 BY PROGRAM

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2020

BY REPORTING PROGRAM

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		191,500	213,018	231,500
General purpose funding		31,354,421	31,461,676	31,287,329
Law, order, public safety		571,400	494,700	469,200
Health		50,700	68,200	55,700
Education and welfare		5,722,200	4,986,109	4,835,750
Community amenities		7,358,836	8,085,274	8,187,998
Recreation and culture		1,309,385	1,312,853	1,344,070
Transport		48,000	441,951	641,000
Economic services		(387,220)	250,185	332,185
Other property and services		1,166,925	491,291	482,400
		47,386,147	47,805,257	47,867,132
Expenses excluding finance costs	5,10(c)(e)(f)(g)			
Governance		(5,283,025)	(4,680,775)	(4,709,587)
General purpose funding		(650,773)	(655,773)	(650,773)
Law, order, public safety		(2,455,857)	(2,540,941)	(2,479,686)
Health		(732,343)	(705,222)	(690,177)
Education and welfare		(7,352,394)	(6,380,520)	(6,467,843)
Community amenities		(8,913,618)	(8,739,238)	(9,743,248)
Recreation and culture		(10,508,626)	(10,403,861)	(10,081,844)
Transport		(11,459,306)	(11,331,116)	(11,356,639)
Economic services		(759,663)	(785,363)	(793,651)
Other property and services		(1,745,974)	(1,753,765)	(1,726,895)
		(49,861,579)	(47,976,574)	(48,700,343)
Finance costs	6, 10(d)			
Governance		(230,601)	(249,449)	(249,449)
Recreation and culture		(240,245)	(251,267)	(251,267)
		(470,846)	(500,716)	(500,716)
Subtotal		(2,946,278)	(672,033)	(1,333,927)
Non-operating grants, subsidies and contributions	9	1,874,323	1,561,425	1,928,858
Profit on disposal of assets	4(b)	1,225,000	52,081	1,728,391
(Loss) on disposal of assets	4(b)	(129,375)	(73,086)	(3,930)
		2,969,948	1,540,420	3,653,319
Net result		23,670	868,387	2,319,392
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		23,670	868,387	2,319,392

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

FOR THE YEAR ENDED 30TH JUNE 2020

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.

OBJECTIVE

GOVERNANCE

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

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

LAW, ORDER, PUBLIC SAFETY

To provide services to help ensure a safer community.

HEALTH

To provide an operational framework for environmental and community health.

EDUCATION AND WELFARE

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

COMMUNITY AMENITIES

To provide essential services required by the community.

RECREATION AND CULTURE

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

TRANSPORT

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

ECONOMIC SERVICES

To help promote the Shire and its economic wellbeing.

OTHER PROPERTY AND SERVICES

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

ACTIVITIES

Includes the activities of members of council and the administrative support required for the Council and Shire services.

Rates, general purpose government grants and interest revenue.

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

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

Operating and maintaining child minding centres and playgroup centres. Provision of services and programs for the youth and seniors of the Shire.

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.

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.

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

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

Public works overheads, plant and equipment operations and activities not reported in the above programs.

STATEMENT OF CASHFLOWS

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2020

BY NATURE OR TYPE

NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	29,092,301	28,218,634	28,160,287
Operating grants, subsidies and contributions	4,436,750	5,221,365	5,366,702
Fees and charges	12,071,901	12,601,623	12,637,433
Interest earnings	1,070,620	1,062,840	952,840
Goods and services tax	2,400,000	2,400,000	1,700,000
Other revenue	714,575	700,795	749,870
	49,786,147	50,205,257	49,567,132
Payments			
Employee costs	(20,073,418)	(19,396,688)	(19,258,728)
Materials and contracts	(19,755,212)	(18,611,439)	(19,788,790)
Utility charges	(1,450,928)	(1,395,696)	(1,403,696)
Interest expenses	(470,846)	(500,716)	(500,716)
Insurance expenses	(524,246)	(513,823)	(446,126)
Goods and services tax	(2,400,000)	(2,400,000)	(1,700,000)
Other expenditure	(748,468)	(749,864)	(754,837)
	(45,423,118)	(43,568,226)	(43,852,893)
Net cash provided by (used in) operating activities	3	4,363,029	6,637,031
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	4(a)	(2,648,558)	(2,796,699)
Payments for construction of infrastructure	4(a)	(6,489,000)	(5,912,220)
Non-operating grants, subsidies and contributions used for the development of assets	9	1,874,323	1,561,425
Proceeds from sale of plant & equipment	4(b)	3,032,211	614,328
Net cash provided by (used in) investing activities		(4,231,024)	(6,533,166)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	6(a)	(635,200)	(605,330)
Net cash provided by (used in) financing activities		(635,200)	(605,330)
Net increase (decrease) in cash held		(503,195)	2,687,318
Cash at beginning of year		28,766,678	29,268,142
Cash and cash equivalents at the end of the year	3	28,263,483	27,282,354

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

RATE SETTING STATEMENT BY PROGRAM

RATES SETTING STATEMENT FOR THE YEAR ENDED 30TH JUNE 2020

BY REPORTING PROGRAM

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2 (b)(i)	5,274,142	7,301,336	3,859,575
		5,274,142	7,301,336	3,859,575
Revenue from operating activities (excluding rates)				
Governance		191,500	213,018	242,345
General purpose funding		2,262,120	3,243,042	3,127,042
Law, order, public safety		571,400	494,700	469,200
Health		50,700	68,200	55,700
Education and welfare		5,722,200	4,986,109	4,837,010
Community amenities		7,358,836	8,085,274	8,193,183
Recreation and culture		1,869,385	1,312,853	2,179,070
Transport		48,000	494,032	657,101
Economic services		277,780	250,185	332,185
Other property and services		1,166,925	491,291	1,342,400
		19,518,846	19,638,704	21,435,236
Expenditure from operating activities				
Governance		(5,513,626)	(4,953,586)	(4,959,036)
General purpose funding		(650,773)	(655,773)	(650,773)
Law, order, public safety		(2,464,182)	(2,545,970)	(2,483,616)
Health		(738,090)	(705,221)	(690,177)
Education and welfare		(7,365,239)	(6,400,247)	(6,467,843)
Community amenities		(8,975,930)	(8,764,206)	(9,743,248)
Recreation and culture		(10,748,871)	(10,655,128)	(10,333,111)
Transport		(11,499,452)	(11,331,116)	(11,356,639)
Economic services		(759,663)	(785,363)	(793,651)
Other property and services		(1,745,974)	(1,753,765)	(1,726,895)
		(50,461,800)	(48,550,375)	(49,204,989)
Non-cash amounts excluded from operating activities	2 (b)(ii)	6,213,682	7,330,068	5,323,705
Amount attributable to operating activities		(19,455,130)	(14,280,267)	(18,586,473)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	1,874,323	1,561,425	1,928,858
Purchase property, plant and equipment	4(a)	(2,648,558)	(2,796,699)	(2,503,142)
Purchase and construction of infrastructure	4(a)	(6,489,000)	(5,912,220)	(5,139,138)
Proceeds from disposal of assets	4(b)	3,032,211	614,328	3,291,831
Amount attributable to investing activities		(4,231,024)	(6,533,166)	(2,421,591)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(635,200)	(605,330)	(605,330)
Transfers to cash backed reserves (restricted assets)	7(a)	(5,644,276)	(4,046,116)	(6,716,149)
Transfers from cash backed reserves (restricted assets)	7(a)	2,336,098	2,520,387	1,806,760
Amount attributable to financing activities		(3,943,378)	(2,131,059)	(5,514,719)
Budgeted deficiency before general rates		(27,629,532)	(22,944,492)	(26,522,783)
Estimated amount to be raised from general rates	1	29,092,301	28,218,634	28,160,287
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	1,462,769	5,274,142	1,637,504

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

RATES AND SERVICE CHARGES

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2019/20 Budgeted rate revenue	2019/20 Budgeted interim rates	2019/20 Budgeted back rates	2019/20 Budgeted total revenue	2018/19 Actual total revenue	2018/19 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
General rate									
Gross rental valuations									
GRV - Commercial	0.08401	280	24,664,851	2,072,094			2,072,094	1,944,670	1,933,663
GRV - Light Industrial	0.08401	283	16,269,688	1,366,816			1,366,816	1,333,268	1,333,268
GRV - Residential	0.08401	11,308	221,943,114	18,645,441	144,738		18,790,179	18,342,971	18,324,638
GRV - Rural Residential	0.08401	3,072	66,012,446	5,545,706			5,545,706	5,400,842	5,371,835
Unimproved valuations									
UV - Rural	0.00607	243	140,867,000	854,358			854,358	833,528	833,528
Sub-Totals		15,186	469,757,099	28,484,415	144,738	0	28,629,153	27,855,279	27,796,932
Minimum									
Minimum payment									
Gross rental valuations									
GRV - Commercial	864	3	22,790	2,592			2,592	2,523	2,523
GRV - Light Industrial	864	1	8,400	864			864	841	841
GRV - Residential	864	453	3,524,208	391,392			391,392	291,827	291,827
GRV - Rural Residential	864	74	677,630	63,936			63,936	63,916	63,916
Unimproved valuations									
UV - Rural	1,091	4	50,239	4,364			4,364	4,248	4,248
Sub-Totals		535	4,283,267	463,148	0	0	463,148	363,355	363,355
		15,721	474,040,366	28,947,563	144,738	0	29,092,301	28,218,634	28,160,287
Total rates							29,092,301	28,218,634	28,160,287

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 2019/20 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 2020**

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 Payment	22/08/2019	0	11.0%
Option two			
First Instalment	22/08/2019	0	11.0%
Second Instalment	24/10/2019	9.50	11.0%
Third Instalment	9/01/2020	9.50	11.0%
Fourth Instalment	12/03/2020	9.50	11.0%
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.

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	153,000	153,000	153,000
Unpaid rates and service charge interest earned	195,000	195,000	175,000
	348,000	348,000	328,000

(c) Specified Area Rate

The Shire did not raise specified area rates for the year ended 30th June 2020.

(c) Service Charges

The Shire did not raise service charges for the year ended 30th June 2020.

(d) Rates discounts

The Shire does not anticipate any waivers or concessions for the year ended 30th June 2020.

NET CURRENT ASSETS

NOTES TO AND FORMING PART OF THE BUDGET FOR THE YEAR ENDED 30TH JUNE 2020

2 (a). NET CURRENT ASSETS

Note	2019/20	2019/20	2018/19	2018/19
	Budget 30 June 2020	Budget 01 July 2019	Estimated Actual 30 June 2019	Budget 30 June 2019
	\$	\$	\$	\$
Composition of estimated net current assets				
Current assets				
Cash - unrestricted	4,078,374	7,889,747	7,889,747	5,259,367
Cash - restricted reserves	24,185,109	20,876,931	20,876,931	22,022,987
Receivables	1,981,982	1,981,982	1,981,982	1,947,352
Inventories	112,090	112,090	112,090	92,741
	30,357,555	30,860,750	30,860,750	29,322,447
Less: current liabilities				
Trade and other payables	(1,429,155)	(1,429,155)	(1,429,155)	(2,383,374)
Long term borrowings	(666,777)	(635,200)	(635,200)	(635,200)
Provisions	(3,280,522)	(3,280,522)	(3,280,522)	(3,278,582)
	(5,376,454)	(5,344,877)	(5,344,877)	(6,297,156)
Net current assets	24,981,101	25,515,873	25,515,873	23,025,291

NOTES TO AND FORMING PART OF THE BUDGET FOR THE YEAR ENDED 30TH JUNE 2020

2 (b). NET CURRENT ASSETS (CONTINUED)

EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

Operating activities excluded from budgeted deficiency

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the *Local Government Act 1995* the following amounts have been excluded as provided by *Local Government (Financial Management) Regulation 32* which will not fund the budgeted expenditure.

Note	2019/20	2019/20	2018/19	2018/19
	Budget 30 June 2020	Budget 01 July 2019	Estimated Actual 30 June 2019	Budget 30 June 2019
	\$	\$	\$	\$
(i) Current assets and liabilities excluded from budgeted deficiency				
Net current assets	24,981,101	25,515,873	25,515,873	23,025,291
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.				
Adjustments to net current assets				
Less: Cash - restricted reserves	(24,185,109)	(20,876,931)	(20,876,931)	(22,022,987)
Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings	666,777	635,200	635,200	635,200
Adjusted net current assets - surplus/(deficit)	1,462,769	5,274,142	5,274,142	1,637,504
(ii) Operating activities excluded from budgeted deficiency				
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.				
Adjustments to operating activities				
Less: Profit on asset disposals	(1,225,000)	(52,081)	(52,081)	(1,728,391)
Add: Loss on disposal of assets	129,375	73,086	73,086	3,930
Add: Depreciation on assets	7,309,307	7,309,063	7,309,063	7,048,166
Non cash amounts excluded from operating activities	6,213,682	7,330,068	7,330,068	5,323,705

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

2 (c). NET CURRENT ASSETS (CONTINUED)

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

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.

CONTRACT ASSETS

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

PROVISIONS

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

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

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.

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.

CONTRACT LIABILITIES

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. Grants to acquire or construct recognisable non-financial assets to be controlled by the Shire are recognised as a liability until such time as the Shire satisfies its obligations under the agreement.

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.

RECONCILIATION OF CASH

NOTES TO AND FORMING PART OF THE BUDGET FOR THE YEAR ENDED 30TH JUNE 2020

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:

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Cash - unrestricted	4,078,374	7,889,747	5,259,367
Cash - restricted	24,185,109	20,876,931	22,022,987
	28,263,483	28,766,678	27,282,354
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Reserves cash backed - Plant Replacement	565,087	751,982	727,187
Reserves cash backed - Civic Facilities	9,337,202	8,837,765	7,596,556
Reserves cash backed - Information Technology	1,079,475	1,027,668	893,510
Reserves cash backed - Long Service Leave	560,917	553,717	565,919
Reserves cash backed - Children Services	1,726,705	1,721,276	2,009,677
Reserves cash backed - Gravel Pit Rehabilitation	24,943	24,194	76,316
Reserves cash backed - Capital Investment	6,621,605	3,896,605	6,571,605
Reserves cash backed - Capital Income	4,259,175	4,063,724	3,582,217
Reserves cash backed - Unspent Grants	0	0	0
Reserves cash backed - Telecommunications Facility Bailup (Reserve 11625)	10,000	0	0
	24,185,109	20,876,931	22,022,987
Reconciliation of net cash provided by operating activities to net result			
Net result	23,670	868,388	2,319,392
Depreciation	7,309,307	7,309,063	7,048,166
(Profit)/loss on sale of asset	(1,095,625)	21,005	(1,724,461)
Grants/contributions for the development of assets	(1,874,323)	(1,561,425)	(1,928,858)
Net cash from operating activities	4,363,029	6,637,031	5,714,239

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.

FIXED ASSETS

NOTES TO AND FORMING PART OF THE BUDGET FOR THE YEAR ENDED 30TH JUNE 2020

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program											2019/20 Budget total	2018/19 Actual total	2018/19 Budget total
	Governance	General purpose funding	Law, order, public safety	Health	Education and welfare	Housing	Community amenities	Recreation and culture	Transport	Economic services	Other property and services			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>														
Buildings	0	0	0	0	300,000	0	0	209,850	675,500	0	0	1,185,350	714,470	355,000
Furniture and equipment	0	0	0	0	0	0	0	22,000	0	0	0	22,000	179,572	18,000
Plant and equipment	0	0	0	0	0	0	30,000	0	1,411,208	0	0	1,441,208	1,902,657	2,130,142
	0	0	0	0	300,000	0	30,000	231,850	2,086,708	0	0	2,648,558	2,796,699	2,503,142
<i>Infrastructure</i>														
Infrastructure - Roads	0	0	0	0	0	0	0	0	4,221,000	0	0	4,221,000	3,206,558	3,243,558
Infrastructure - Footpaths	0	0	0	0	0	0	0	0	260,000	0	0	260,000	536,000	260,000
Infrastructure - Drainage	0	0	0	0	0	0	0	0	597,000	0	0	597,000	874,500	300,000
Infrastructure - Parks and Ovals	0	0	0	0	0	0	0	220,000	1,191,000	0	0	1,411,000	1,295,162	1,335,580
	0	0	0	0	0	0	0	220,000	6,269,000	0	0	6,489,000	5,912,220	5,139,138
Total acquisitions	0	0	0	0	300,000	0	30,000	451,850	8,355,708	0	0	9,137,558	8,708,919	7,642,280

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 2020

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss	2018/19 Actual Net Book Value	2018/19 Actual Sale Proceeds	2018/19 Actual Profit	2018/19 Actual Loss	2018/19 Budget Net Book Value	2018/19 Budget Sale Proceeds	2018/19 Budget Profit	2018/19 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Governance	0	0	0	0	87,765	64,403	0	(23,362)	36,125	46,970	10,845	0
Law, order, public safety	37,500	29,175	0	(8,325)	52,340	47,311	0	(5,029)	36,250	32,320	0	(3,930)
Health	20,000	14,253	0	(5,747)	0	0	0	0	0	0	0	0
Education and welfare	40,000	27,155	0	(12,845)	44,039	24,312	0	(19,727)	25,000	26,260	1,260	0
Community amenities	117,186	54,874	0	(62,312)	91,968	67,000	0	(24,968)	13,500	18,685	5,185	0
Recreation and culture	340,000	900,000	560,000	0	0	0	0	340,000	1,175,000	835,000	0	0
Transport	221,900	181,754	0	(40,146)	303,164	355,245	52,081	0	476,495	492,596	16,101	0
Economic services	1,160,000	1,825,000	665,000	0	19,190	19,190	0	0	0	0	0	0
Other property and services	0	0	0	0	36,867	36,867	0	0	640,000	1,500,000	860,000	0
	1,936,586	3,032,211	1,225,000	(129,375)	635,333	614,328	52,081	(73,086)	1,567,370	3,291,831	1,728,391	(3,930)
By Class												
<i>Property, Plant and Equipment</i>												
Land - freehold land	1,500,000	2,725,000	1,225,000	0	0	0	0	0	980,000	2,675,000	1,695,000	0
Plant and equipment	436,586	307,211	0	(129,375)	635,333	614,328	52,081	(73,086)	587,370	616,831	33,391	(3,930)
	1,936,586	3,032,211	1,225,000	(129,375)	635,333	614,328	52,081	(73,086)	1,567,370	3,291,831	1,728,391	(3,930)

ASSET DEPRECIATION

NOTES TO AND FORMING PART OF THE BUDGET FOR THE YEAR ENDED 30TH JUNE 2020

5. ASSET DEPRECIATION

By Program

Governance	286,023	285,716	286,256
Law, order, public safety	223,518	222,243	222,243
Health	22,840	22,840	22,840
Education and welfare	92,607	96,344	98,894
Community amenities	62,600	62,356	49,792
Recreation and culture	1,596,775	1,594,560	1,360,250
Transport	4,916,615	4,916,615	4,894,387
Economic services	4,979	4,979	4,979
Other property and services	103,350	103,410	108,525

By Class

Buildings	1,505,685	1,505,155	1,274,205
Furniture and equipment	26,869	29,574	32,229
Plant and equipment	706,288	703,869	671,267
Infrastructure	5,070,465	5,070,465	5,070,465

2019/20 Budget	2018/19 Actual	2018/19 Budget
\$	\$	\$
286,023	285,716	286,256
223,518	222,243	222,243
22,840	22,840	22,840
92,607	96,344	98,894
62,600	62,356	49,792
1,596,775	1,594,560	1,360,250
4,916,615	4,916,615	4,894,387
4,979	4,979	4,979
103,350	103,410	108,525
7,309,307	7,309,063	7,048,166
1,505,685	1,505,155	1,274,205
26,869	29,574	32,229
706,288	703,869	671,267
5,070,465	5,070,465	5,070,465
7,309,307	7,309,063	7,048,166

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 period 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.

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

DEPRECIATION (CONTINUED)

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.

RECOGNITION OF ASSETS

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately.

BORROWINGS

NOTES TO AND FORMING PART OF THE BUDGET FOR THE YEAR ENDED 30TH JUNE 2020

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Budget Principal 1 July 2019	2019/20 Budget New loans	2019/20 Budget Principal repayments	2019/20 Budget Interest repayments	Budget Principal outstanding 30 June 2020	Actual Principal 1 July 2018	2018/19 Actual New loans	2018/19 Actual Principal repayments	2018/19 Actual Interest repayments	Actual Principal outstanding 30 June 2019	Budget Principal 1 July 2018	2018/19 Budget New loans	2018/19 Budget Principal repayments	2018/19 Budget Interest repayments	Budget Principal outstanding 30 June 2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance															
Loan 170 - Civic Facility and Depot Redevelopment	3,396,782	0	281,520	230,601	3,115,262	3,659,454	0	262,672	249,449	3,396,782	3,659,454	0	262,672	249,449	3,396,782
Recreation and culture															
Loan 171 - Community Building Projects	7,739,887	0	353,679	240,245	7,386,208	8,082,544	0	342,658	251,267	7,739,887	8,082,544	0	342,658	251,267	7,739,886
	11,136,669	0	635,200	470,846	10,501,469	11,741,998	0	605,330	500,716	11,136,669	11,741,998	0	605,330	500,716	11,136,668
	11,136,669	0	635,200	470,846	10,501,469	11,741,998	0	605,330	500,716	11,136,669	11,741,998	0	605,330	500,716	11,136,668

All borrowing repayments, other than self supporting loans, will be financed by general purpose revenue.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2019/20

The Shire does not intend to undertake any new borrowings for the year ended 30th June 2020

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2019 nor is it expected to have unspent borrowing funds as at 30th June 2020.

(d) Credit Facilities

	2019/20 Budget	2018/19 Actual	2018/19 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	56,000	83,000	83,000
Credit card balance at balance date	(30,000)	(30,000)	(30,000)
Total amount of credit unused	526,000	553,000	553,000
Loan facilities			
Loan facilities in use at balance date	10,501,469	11,136,669	11,136,668

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.

CASH BACKED RESERVES

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2019/20 Budget Opening Balance	2019/20 2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance	2018/19 Actual Opening Balance	2018/19 Actual Transfer to	2018/19 Actual Transfer (from)	2018/19 Actual Closing Balance	2018/19 Budget Opening Balance	2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Reserves cash backed - Plant Replacement	751,982	854,256	(1,041,151)	565,087	1,185,811	741,183	(1,175,012)	751,982	878,889	729,609	(881,311)	727,187
Reserves cash backed - Civic Facilities	8,837,765	1,173,538	(674,101)	9,337,202	7,097,652	1,989,562	(249,449)	8,837,765	5,904,862	1,941,143	(249,449)	7,596,556
Reserves cash backed - Information Technology	1,027,668	81,807	(30,000)	1,079,475	982,506	73,162	(28,000)	1,027,668	826,748	66,762	0	893,510
Reserves cash backed - Long Service Leave	553,717	227,200	(220,000)	560,917	79,914	652,697	(178,894)	553,717	130,689	654,230	(219,000)	565,919
Reserves cash backed - Children Services	1,721,276	53,275	(47,846)	1,726,705	2,154,342	72,714	(505,780)	1,721,276	2,059,025	66,652	(116,000)	2,009,677
Reserves cash backed - Gravel Pit Rehabilitation	24,194	749	0	24,943	58,229	1,965	(36,000)	24,194	22,585	89,731	(36,000)	76,316
Reserves cash backed - Capital Investment	3,896,605	2,725,000	0	6,621,605	3,896,605	0	0	3,896,605	3,896,605	2,675,000	0	6,571,605
Reserves cash backed - Capital Income	4,063,724	518,451	(323,000)	4,259,175	3,783,891	514,833	(235,000)	4,063,724	3,394,195	493,022	(305,000)	3,582,217
Reserves cash backed - Unspent Grants	0	0	0	0	112,252	0	(112,252)	0	0	0	0	0
Reserves cash backed - Telecommunications Facility Bailup (Reserve 11625)	0	10,000	0	10,000	0	0	0	0	0	0	0	0
	20,876,931	5,644,276	(2,336,098)	24,185,109	19,351,202	4,046,116	(2,520,387)	20,876,931	17,113,598	6,716,149	(1,806,760)	22,022,987

(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.
Reserves cash backed - Telecommunications Facility Bailup (Reserve 11625)	Ongoing	To maintain the grounds and facilities of the reserve. Where there are surplus reserve funds, to maintain the grounds and facilities of other reserves within the locality

FEES AND CHARGES, GRANT REVENUE

NOTES TO AND FORMING PART OF THE BUDGET FOR THE YEAR ENDED 30TH JUNE 2020

8. FEES & CHARGES REVENUE

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Governance	210,500	210,500	65,000
General purpose funding	35,000	50,000	210,500
Law, order, public safety	193,500	179,700	170,200
Health	50,700	68,200	55,700
Education and welfare	2,676,200	2,504,109	2,354,000
Community amenities	7,355,836	8,082,774	8,187,998
Recreation and culture	1,246,385	1,222,731	1,244,850
Transport	16,000	20,660	16,000
Economic services	277,780	250,185	332,185
Other property and services	10,000	12,764	1,000
	12,071,901	12,601,623	12,637,433

9. GRANT REVENUE

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	941,500	1,930,202	1,930,202
Law, order, public safety	375,000	315,000	299,000
Education and welfare	3,024,000	2,464,000	2,463,750
Community amenities	3,000	2,500	0
Recreation and culture	55,000	82,122	42,500
Transport	32,000	421,291	625,000
Other property and services	6,250	6,250	6,250
	4,436,750	5,221,365	5,366,702

Non-operating grants, subsidies and contributions

Law, order, public safety	0	0	632,000
Recreation and culture	855,000	187,000	20,000
Transport	1,019,323	1,374,425	1,276,858
	1,874,323	1,561,425	1,928,858

OTHER INFORMATION

NOTES TO AND FORMING PART OF THE BUDGET FOR THE YEAR ENDED 30TH JUNE 2020

10. OTHER INFORMATION

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
The net result includes as revenues			
(a) Interest earnings			
Investments			
- Reserve funds	525,620	517,840	427,840
- Other funds	350,000	350,000	350,000
Other interest revenue (refer note 1b)	195,000	195,000	175,000
	1,070,620	1,062,840	952,840
(b) Other revenue			
Reimbursements and recoveries	162,400	157,659	184,720
Other	552,175	543,136	565,150
	714,575	700,795	749,870
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	45,000	66,290	33,000
Other services	3,000	2,710	10,000
	48,000	69,000	43,000
(d) Interest expenses (finance costs)			
Borrowings (refer Note 6(a))	470,846	500,716	500,716
	470,846	500,716	500,716
(e) Elected members remuneration			
Councillors' allowances in lieu of meeting fees	265,024	257,975	255,420
President's allowance	53,759	51,361	50,852
Deputy President's allowance	13,440	12,840	12,713
Travelling expenses	12,000	12,000	12,000
Telecommunications allowance	43,000	43,000	42,000
	387,223	377,176	372,985
(f) Write offs			
General rate	500	500	500
Rates - Penalty Interest	5,000	5,000	5,000
Waste Charges	500	500	500
Legal Fees	50	50	50
Infringements	1,000	9,000	2,750
Fees and charges	500	927	500
	7,550	15,977	9,300
(g) Low Value lease expenses			
Office equipment	210,501	209,500	211,000
	210,501	209,500	211,000

SIGNIFICANT ACCOUNTING POLICIES

LEASES

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability.

At the commencement date, a lessee shall measure the right-of-use asset at cost.

LEASES (CONTINUED)

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

MAJOR LAND TRANSACTIONS, MAJOR TRADING UNDERTAKING

NOTES TO AND FORMING PART OF THE BUDGET FOR THE YEAR ENDED 30TH JUNE 2020

11. MAJOR LAND TRANSACTIONS

It is not anticipated any land transactions or major land transactions will occur in 2019/20.

11. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2019/20.

INTERESTS IN JOINT ARRANGEMENTS, TRUST

NOTES TO AND FORMING PART OF THE BUDGET FOR THE YEAR ENDED 30TH JUNE 2020

12. 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:

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Current Assets	10,782,685	10,782,685	10,254,273
Non-Current Assets	10,040,381	10,040,381	10,115,462
Total Assets	20,823,066	20,823,066	20,369,735
Current Liabilities	549,957	549,957	573,002
Non-Current Liabilities	381,933	381,933	821,801
Total Liabilities	931,890	931,890	1,394,803
Net Assets	19,891,176	19,891,176	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.

13. TRUST FUNDS

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

Detail	Balance 1 July 2019	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2020
	\$	\$	\$	\$
Deposits, Bonds & Retentions	1,008,617	78,705	(209,626)	877,696
POS & Road Construction	4,940,471	15,000	(15,000)	4,940,471
Scheme 6 Costs	42,502	0	0	42,502
	5,991,590	93,705	(224,626)	5,860,669

SIGNIFICANT ACCOUNTING POLICIES - OTHER

NOTES TO AND FORMING PART OF THE BUDGET FOR THE YEAR ENDED 30TH JUNE 2020

14. 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 financial 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

Accounting Policies for the recognition of income and revenue from contracts with customers is described in Note 15.

RATIOS

NOTES TO AND FORMING PART OF THE BUDGET FOR THE YEAR ENDED 30TH JUNE 2020

16. BUDGET RATIOS

	2019/20 Budget	2018/19 Actual	2017/18 Actual	2016/17 Actual
Operating Surplus	0.0005	0.0176	0.0207	(0.0021)
Funds After Operations	0.3434	0.4623	0.5064	0.435
PPE	(0.0207)	(0.0010)	0.0527	(0.014)
Infrastructure	0.0048	0.0028	(0.1881)	0.0080
Cash Reserves	0.7478	0.6354	0.5776	0.5715
Borrowings	0.3497	0.3694	0.3965	0.4108
Debt Servicing	0.0379	0.0377	0.0410	0.0406
Average Rates (UV)	3,516	3,430	3,276	2,952
Average Rates (GRV) - Residential	1,649	1,606	1,575	1,546
Average Rates (GRV) - Rural Residential	1,805	1,760	1,720	1,644
Average Rates (GRV) - Commercial	7,400	7,184	7,141	6,918
Average Rates (GRV) - Industrial	4,830	4,711	4,605	4,999

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 BY NATURE OR TYPE

RATES SETTING STATEMENT FOR THE YEAR ENDED 30TH JUNE 2020

BY NATURE OR TYPE

NOTE	2019/20 Budget	2018/19 Actual	2018/198 Budget	
	\$	\$	\$	
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2 (b)(i)	5,274,142	7,301,336	3,859,575
		5,274,142	7,301,336	3,859,575
Revenue from operating activities (excluding rates)				
Operating grants, subsidies and contributions	9	4,436,750	5,221,365	5,366,702
Fees and charges	8	12,071,901	12,601,623	12,637,433
Interest earnings	10(a)	1,070,620	1,062,840	952,840
Other revenue	10(b)	714,575	700,795	749,870
Profit on asset disposals	4(b)	1,225,000	52,081	1,728,391
		19,518,846	19,638,704	21,435,236
Expenditure from operating activities				
Employee costs		(20,073,418)	(19,396,688)	(19,258,728)
Materials and contracts		(19,755,212)	(18,611,439)	(19,788,790)
Utility charges		(1,450,928)	(1,395,696)	(1,403,696)
Depreciation on non-current assets	5	(7,309,307)	(7,309,063)	(7,048,166)
Interest expenses	10(d)	(470,846)	(500,716)	(500,716)
Insurance expenses		(524,246)	(513,823)	(446,126)
Other expenditure		(748,468)	(749,864)	(754,837)
Loss on asset disposals	4(b)	(129,375)	(73,086)	(3,930)
		(50,461,800)	(48,550,375)	(49,204,989)
Operating activities excluded from budgeted deficiency				
Non-cash amounts excluded from operating activities	2 (b)(ii)	6,213,682	7,330,068	5,323,705
Amount attributable to operating activities		(19,455,130)	(14,280,267)	(18,586,473)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	1,874,323	1,561,425	1,928,858
Purchase property, plant and equipment	4(a)	(2,648,558)	(2,796,699)	(2,503,142)
Purchase and construction of infrastructure	4(a)	(6,489,000)	(5,912,220)	(5,139,138)
Proceeds from disposal of assets	4(b)	3,032,211	614,328	3,291,831
Amount attributable to investing activities		(4,231,024)	(6,533,166)	(2,421,591)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(635,200)	(605,330)	(605,330)
Transfers to cash backed reserves (restricted assets)	7(a)	(5,644,276)	(4,046,116)	(6,716,149)
Transfers from cash backed reserves (restricted assets)	7(a)	2,336,098	2,520,387	1,806,760
Amount attributable to financing activities		(3,943,378)	(2,131,059)	(5,514,719)
Budgeted deficiency before general rates		(27,629,532)	(22,944,492)	(26,522,783)
Estimated amount to be raised from general rates	1	29,092,301	28,218,634	28,160,287
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	1,462,769	5,274,142	1,637,504

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