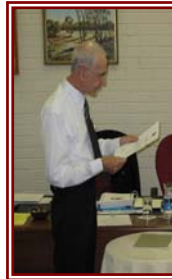
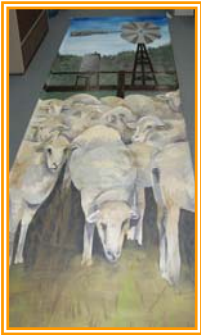
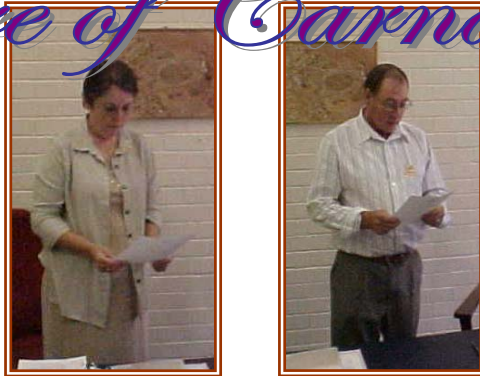


ANNUAL BUDGET

2008 to 2009

Adopted by Council 7th August 2008

Shire of Carnamah



3.1. 2008/09 BUDGET AND IMPOSITION OF RATES & CHARGES

Applicant: N/A
Location / Address: N/A
File Ref: 3.7.2
Disclosure of Interest: None
Date: 29 July 2008
Author: Samantha Appleton, Deputy Chief Executive Officer
Signature of Author:
Attachments: Item 3.1.

Summary

Every year a budget is prepared and submitted to Council. The budget details anticipated income and expenditure for the coming year.

Background:

Nil

Comment

The draft budget has been prepared in accordance with Council's 2006 – 2011 Plan for the Future of the District with the following amendments:

- Deferral of Carnamah townscape work;
- Deferral of extension to dual use footpath network;
- Deferral of purchase of new grader, loader, and 2 trucks;
- Deferral of replacement of light vehicles.

Plant changeover rates detailed in the Plan for the Future have been under review, as usage rates are lower than industry standard for heavy plant. Additionally light vehicles have had their replacement cycles extended as substantial losses are sustained when changing over at 12 months.

The budget includes a proposed 5% increase in rate yields with similar increases in rubbish charges or fees and charges generally.

Operating grants have risen modestly; however increases in Council's general purpose grants will be less than inflation as indicated by the WA Local Government Grants Commission. Large amounts of grant funds are budgeted for the Carnamah Dam project (\$160,000) and smaller grants for the Netball/Basketball Court resurfacing and the preparation of a Trails Master Plan. Grant funding received in 2007/08 will also be expended on a youth group based at the Carnamah Youth and Community Centre. The group commenced operating in May 2007 and are enjoying a variety of activities, using

equipment obtained as part of the Carnamah Youth and Community Centre development completed in 2007/08.

Of particular note is a reduction in contributions from Iluka Resources (\$30,000). This contribution is made towards the maintenance of the Eneabba townsite in lieu of rates which would normally be incurred, but are exempt under the State Agreement Act. The contribution is significantly less than that which would be received, should Council be in a position to fully rate all Iluka mining tenements in the Shire of Carnamah.

Earnings from interest on investments are expected to rise due to the large amounts of funds being held in reserve as well as an increase in interest rates.

Employee costs are budgeted to be similar to the actual amount incurred during 2007/08, with a provision for a 5% overall increase in pay rates.

Insurance charges are expected to be similar to those incurred during 2008/09 however there will be some increase with the addition of new assets to be insured and CPI increases. Professional valuations of major assets have been undertaken for insurance, so that these assets are not "under insured" and replacement value is taken into account.

Generally, the budget contains little in terms of "discretionary" expenditure but provision has been made for transfers to reserves totalling \$159,290 including interest. This will enable future period projects to be carried out, including major plant replacement and house construction.

Council continues to improve its position with regard to loan liabilities. This along conservative spending and increased reserves has strengthened Councils overall financial position.

Council is now focusing on their ten year plan, rather than the majority to be done on four – five years.

It appears Council's long-term outlook is very much dependent on how it approaches the issue of resource sharing, this will need to be a continuing focus so that sustainability issues can continue to be addressed.

Consultation

- Council staff
- Councillors
- WA Local Government Grants Commission
- Various funding agencies

Statutory Environment

Section 6.2 Budget to be adopted prior to 31st August
Section 6.32 Imposition of rates to make up budget deficiency
Section 6.45 Imposition of rates instalment administration charge
Section 6.51 Imposition of interest on overdue rates
Section 6.46 Granting of discounts for the early payment of rates
Section 6.16 Imposition of Fees and Charges.
Health Act, 1911 Section 112A - Imposition of Refuse Collection Fees.

Policy Implications

Nil

Financial Implications

The 2008/09 Budget proposes a surplus as at 30th June 2008. of \$120 following the budget workshop and end of year adjustments

Voting Requirement – Absolute Majority

OFFICER RECOMMENDATION AND COUNCIL DECISION	ITEM: 3.1.
--	-------------------

RESOLUTION 1 :

MOVED: CR. C. BENNIER

SECONDED: CR. T. DAVIES

That Council adopts the draft 2008/09 budget as presented in attachment 3.1.

AMENDMENTS TO DRAFT BUDGET

VOTING REQUIREMENTS: ABSOLUTE MAJORITY

CARRIED 7 - 0

RESOLUTION 2:

MOVED: CR. D. MILLS

SECONDED: CR. C. CONRAD

That Council imposes the following uniform general and minimum rates on rateable land:

General Rates:

Gross Rental Values - 9.2301 cents in the \$

Unimproved Values - 2.2612 cents in the \$

Minimum Rates:

Gross Rental Values - \$300 per rateable property
Unimproved Values - \$300 per rateable property

VOTING REQUIREMENTS: ABSOLUTE MAJORITY

CARRIED 7 - 0

RESOLUTION 3:

Moved: CR. C. CONRAD
Seconded: CR. M. WHITLCOCK

That Council impose an additional charge of \$7.00 per rates instalment notice and a single administration charge of \$21.00 for persons entering into arrangements to pay rates other than by the instalment plan.

VOTING REQUIREMENTS: SIMPLE MAJORITY

CARRIED 7 - 0

RESOLUTION 4:

Moved: CR. D. MILLS
Seconded: CR. E. COCKIN

That Council impose an interest charge of 5.5% per annum on rates where an election is made to pay in accordance with the permitted instalment plan.

VOTING REQUIREMENTS: SIMPLE MAJORITY

CARRIED 7 - 0

RESOLUTION 5:

Moved: CR. C. CONRAD
Seconded: CR. T. DAVIES

That Council impose an interest charge of 11.00% per annum on all other rates that remain unpaid after becoming due and payable, including all payment arrangements other than the instalment plan.

VOTING REQUIREMENTS: ABSOLUTE MAJORITY

CARRIED 7 - 0

RESOLUTION 6:

Moved: CR. C. BENNIER
Seconded: CR. D. MILLS

That Council grants a discount equal to 5.00% on current years rates where such rates are paid in full within 35 days of the date of issue.

That owners of rateable properties where rates are fully paid by 21 days of the date of issue be entered in the Early Rate Payment competition.

VOTING REQUIREMENTS: ABSOLUTE MAJORITY

CARRIED 7 - 0

RESOLUTION 7:

MOVED: CR. T. DAVIES

SECONDED: CR. D. MILLS

That Council impose the following refuse collection charges where a property receives, or is eligible to receive, a rubbish collection service:

Domestic Refuse Collection: \$180 per annum per mobile garbage bin service
(+ GST where applicable)

Commercial Refuse Collection

\$180 per annum per mobile garbage bin service
(+GST where applicable).

\$1,410 + GST per annum per 1.5m³ bin service.

\$2,830 + GST per annum for 3.0m³bin service.

VOTING REQUIREMENTS: ABSOLUTE MAJORITY

CARRIED 7 - 0

RESOLUTION 8:

MOVED: CR. C. BENNIER

SECONDED: CR. E. COCKIN

That Council imposes fees and charges for the 2008-09 financial year as presented in the draft budget.

VOTING REQUIREMENTS: ABSOLUTE MAJORITY

CARRIED 7 - 0

RESOLUTION 9:

MOVED: CR. T. DAVIES

SECONDED: CR. C. BENNIER

That Council re-affirm its materiality policy of 10%.

VOTING REQUIREMENTS: ABSOLUTE MAJORITY

CARRIED 7 - 0

SHIRE OF CARNAMAH
BUDGET
FOR THE YEAR ENDED 30TH JUNE 2009

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SHIRE OF CARNAMAH

INCOME STATEMENT

BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2009

	NOTE	2008/09 Budget \$	2007/08 Actual \$	2007/08 Budget \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	8	1,046,500	995,058	994,953
Grants and Subsidies		947,995	1,072,513	1,019,411
Contributions Reimbursements and Donations		108,482	435,215	360,245
Fees and Charges	11	417,915	368,059	278,700
Interest Earnings	2(a)	108,440	80,564	80,800
Other Revenue		29,300	28,719	153,295
		<u>2,658,632</u>	<u>2,980,128</u>	<u>2,887,404</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(1,089,895)	(1,106,489)	(1,318,902)
Materials and Contracts		(782,656)	(906,041)	(1,037,655)
Utilities		(150,000)	(168,286)	(168,960)
Depreciation	2(a)	(1,672,979)	(1,540,546)	(1,500,431)
Interest Expenses	2(a)	(63,800)	(67,503)	(57,690)
Insurance		(73,828)	(94,847)	(67,330)
Other Expenditure		(41,200)	(12,365)	212,716
		<u>(3,874,358)</u>	<u>(3,896,077)</u>	<u>(3,938,252)</u>
		(1,215,726)	(915,949)	(1,050,848)
Grants and Subsidies - non-operating		530,618	967,044	1,000,934
Contributions Reimbursements and Donations - non-operating		25,000	0	0
Profit on Asset Disposals	4	1,000	121,154	84,770
Loss on Asset Disposals	4	(4,030)	(3,299)	(1,345)
		<u>(663,138)</u>	<u>168,950</u>	<u>33,511</u>
NET RESULT				

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

SHIRE OF CARNAMAH

OPERATING STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2009

	NOTE	2008/09 Budget \$	2007/08 Actual \$	2007/08 Budget \$
OPERATING REVENUES (Refer Notes 1,2,8 to 13)				
Governance		29,812	33,380	16,250
General Purpose Funding		2,047,488	1,910,271	1,935,954
Law, Order, Public Safety		25,987	46,215	73,900
Health		18,950	234,256	241,299
Education and Welfare		26,900	24,065	18,200
Housing		158,820	139,839	147,350
Community Amenities		141,900	81,339	125,030
Recreation and Culture		76,625	47,856	47,561
Transport		23,860	125,630	69,690
Economic Services		54,980	45,245	35,490
Other Property and Services		53,310	292,032	176,400
		<u>2,658,632</u>	<u>2,980,128</u>	<u>2,887,124</u>
OPERATING EXPENSES (Refer Notes 1,2 & 14)				
Governance		(65,750)	(66,306)	(81,810)
General Purpose Funding		(102,770)	(106,930)	(142,535)
Law, Order, Public Safety		(120,833)	(151,371)	(93,420)
Health		(125,375)	(300,797)	(323,769)
Education and Welfare		(65,254)	(47,009)	(65,400)
Housing		(213,940)	(199,011)	(182,855)
Community Amenities		(339,226)	(343,448)	(367,565)
Recreation & Culture		(836,639)	(751,202)	(695,214)
Transport		(1,678,451)	(1,731,838)	(1,758,734)
Economic Services		(220,410)	(134,697)	(140,130)
Other Property and Services		(41,910)	4,035	(28,850)
		<u>(3,810,558)</u>	<u>(3,828,574)</u>	<u>(3,880,282)</u>
BORROWING COSTS EXPENSE (Refer Notes 2 & 5)				
Housing		(61,847)	(64,771)	(55,160)
Recreation & Culture		(1,953)	(2,732)	(2,530)
		<u>(63,800)</u>	<u>(67,503)</u>	<u>(57,690)</u>
GRANTS/CONTRIBUTIONS FOR THE DEVELOPMENT OF ASSETS				
Law, Order, Public Safety		0	114,569	0
Community Amenities		10,000	0	0
Recreation & Culture		160,000	451,992	596,690
Transport		370,618	400,483	404,244
Other Property and Services		15,000	0	0
		<u>555,618</u>	<u>967,044</u>	<u>1,000,934</u>
PROFIT/(LOSS) ON DISPOSAL OF ASSETS (Refer Note 4)				
Governance		0	(1,066)	6,270
Law, Order, Public Safety		0	24,358	0
Health		(930)	0	(1,345)
Housing		0	93,723	78,500
Transport		(2,100)	840	0
		<u>(3,030)</u>	<u>117,855</u>	<u>83,425</u>
NET RESULT		<u>(663,138)</u>	<u>168,950</u>	<u>33,511</u>

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

2008/2009 Budget

SHIRE OF CARNAMAH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE 2009

	NOTE	2008/09 Budget \$	2007/08 Actual \$	2007/08 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,049,085	977,065	947,803
Grants and Subsidies - operating		972,995	1,072,513	949,830
Contributions, Reimbursements & Donations		93,482	439,310	286,843
Service Charges		0	0	0
Fees and Charges		429,915	199,493	375,319
Interest Earnings		108,440	80,564	56,500
Goods and Services Tax		193,906	152,775	84,240
Other		29,300	28,719	123,750
		<u>2,877,123</u>	<u>2,950,439</u>	<u>2,824,285</u>
Payments				
Employee Costs		(1,100,914)	(1,106,489)	(1,055,193)
Materials and Contracts		(804,899)	(854,202)	(833,116)
Utilities (gas, electricity, water, etc)		(146,900)	(168,286)	(165,745)
Insurance		(73,828)	(94,847)	(93,397)
Interest		(63,800)	(67,503)	(65,093)
Goods and Services Tax		(187,343)	(157,540)	(200,444)
Other		(41,340)	(4,819)	(1,000)
		<u>(2,419,024)</u>	<u>(2,453,686)</u>	<u>(2,413,988)</u>
Net Cash Provided By Operating Activities	15(b)	<u>458,099</u>	<u>496,753</u>	<u>410,297</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment	3	(646,630)	(1,004,987)	(922,650)
Payments for Construction of Infrastructure	3	(607,260)	(663,916)	(1,144,370)
Advances to Community Groups		0	0	0
Grants/Contributions for the Development of Assets		555,618	967,044	1,000,934
Proceeds from Sale of Plant & Equipment	4	9,700	182,291	198,375
Proceeds from Advances		0	0	0
		<u>(688,572)</u>	<u>(519,568)</u>	<u>(867,711)</u>
Net Cash Used in Investing Activities				
Cash Flows from Financing Activities				
Repayment of Debentures	5	(53,758)	(53,212)	48,700
Repayment of Finance Leases		0	0	0
Proceeds from Self Supporting Loans		7,760	7,307	0
Proceeds from New Debentures	5	175,000	0	175,000
		<u>129,002</u>	<u>(45,905)</u>	<u>223,700</u>
Net Cash Provided By (Used In) Financing Activities				
Net Increase (Decrease) in Cash Held		(101,471)	(68,720)	(233,714)
Cash at Beginning of Year		995,212	1,063,932	1,063,932
Cash at End of Year	15(a)	<u>893,741</u>	<u>995,212</u>	<u>830,218</u>

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

SHIRE OF CARNAMAH

RATE SETTING STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2009

	NOTE	2008/09 Budget \$	2007/08 Actual \$	2007/08 Budget \$
REVENUES	1,2			
Governance		29,812	33,380	22,520
General Purpose Funding		1,000,988	915,213	905,061
Law, Order, Public Safety		25,987	187,375	73,900
Health		18,950	234,256	241,579
Education and Welfare		26,900	24,065	18,200
Housing		158,820	233,562	225,851
Community Amenities		151,900	81,339	125,030
Recreation and Culture		236,625	499,848	644,250
Transport		395,478	526,953	473,934
Economic Services		54,980	45,245	35,490
Other Property and Services		68,310	292,030	176,400
		<u>2,168,750</u>	<u>3,073,266</u>	<u>2,942,215</u>
EXPENSES	1,2			
Governance		(65,750)	(67,372)	(81,810)
General Purpose Funding		(102,770)	(106,930)	(142,535)
Law, Order, Public Safety		(120,833)	(153,604)	(93,420)
Health		(126,305)	(300,797)	(325,394)
Education and Welfare		(65,254)	(47,009)	(65,400)
Housing		(275,787)	(263,782)	(238,015)
Community Amenities		(339,226)	(343,448)	(367,565)
Recreation & Culture		(838,592)	(753,934)	(697,744)
Transport		(1,681,551)	(1,731,838)	(1,758,734)
Economic Services		(220,410)	(134,697)	(140,130)
Other Property and Services		(41,910)	4,035	(28,850)
		<u>(3,878,388)</u>	<u>(3,899,376)</u>	<u>(3,939,597)</u>
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	4	3,030	(117,855)	(83,425)
Adjustment for Dividing Fences Written Off		0	4,095	0
Depreciation on Assets	2(a)	1,672,979	1,540,546	1,500,431
Capital Expenditure and Revenue				
Purchase Land and Buildings	3	(458,430)	(707,118)	(760,050)
Purchase Infrastructure Assets - Roads	3	(607,260)	(650,723)	(687,920)
Purchase Infrastructure Assets - Parks	3	0	(13,193)	(456,450)
Purchase Equipment on Reserves	3	(70,000)	0	0
Purchase Plant and Equipment	3	(59,500)	(202,645)	(147,280)
Purchase Furniture and Equipment	3	(58,700)	(95,224)	(15,320)
Proceeds from Disposal of Assets	4	9,700	182,291	198,375
Repayment of Debentures	5	(53,758)	(53,212)	(48,700)
Proceeds from New Debentures	5	175,000	0	175,000
Self-Supporting Loan Principal Income		7,760	7,307	4,560
Transfers to Reserves (Restricted Assets)	6	(166,790)	(218,405)	(216,510)
Transfers from Reserves (Restricted Assets)	6	18,900	120,000	120,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	250,327	285,515	300,600
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	120	250,327	(83,418)
Amount Req'd to be Raised from Rates	8	<u>(1,046,500)</u>	<u>(995,058)</u>	<u>(1,030,653)</u>

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

SHIRE OF CARNAMAH

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), other mandatory professional reporting requirements and the Local Government Act 1995 (as amended) and accompanying regulations (as amended). The budget has also been prepared on the accrual basis under the convention of historical cost accounting.

(b) The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial 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, but a separate statement of those monies appears at Note 16 to this budget.

(c) 2007/08 Actual Balances

Balances shown in this budget as 2007/08 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(d) Rounding Off Figures

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

(e) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government 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.

(f) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables are stated inclusive of applicable GST.

(g) Superannuation

The Shire of Carnamah contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent a cash refund or a reduction in the future payments is available.

(h) Cash and Cash Equivalents

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

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

SHIRE OF CARNAMAH

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Trade and Other Receivables

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

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

(j) Inventories

General

Inventories are valued 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.

Inventories held from trading are classified as current even if not expected to be realised in the next 12 months.

Land Held for Resale

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

Revenue arising from the sale of property is recognised in the operating statement as at the time of signing a binding contract of sale.

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

(k) Fixed Assets

Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed includes the cost of all materials, direct labour and variable and fixed overheads.

Revaluation

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

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

Land Under Roads

Land under roads is excluded from infrastructure in accordance with the transitional arrangements available under AASB 1045 and in accordance with legislative requirements.

SHIRE OF CARNAMAH

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Depreciation of Non-Current Assets

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

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	30 to 50 years
Furniture and Equipment	5 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets clearing and earthworks construction/road base original surfacing and major re-surfacing	not depreciated 50 years
- bituminous seals	45 years
- asphalt surfaces	45 years
Gravel roads clearing and earthworks construction/road base gravel sheet	not depreciated 45 years 15 years
Formed roads (unsealed) clearing and earthworks construction/road base	not depreciated 45 years
Footpaths - slab	40 years
Carparks	35 years
Water supply piping & drainage systems	75 years

(m) Investments and Other Financial Assets

Classification

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

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

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

(ii) Loans and receivables

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

SHIRE OF CARNAMAH

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Investments and Other Financial Assets (Continued)

Classification (Continued)

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Recognition and derecognition

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

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

Subsequent measurement

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

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

Impairment

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

SHIRE OF CARNAMAH
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Estimation of Fair Value

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

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

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

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

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

(o) Impairment

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

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

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

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

At the time of adopting the budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2009.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget document.

(p) Trade and Other Payables

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

SHIRE OF CARNAMAH

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Employee Benefits

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

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

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

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

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

(r) Interest-bearing Loans and Borrowings

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

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

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

Borrowing Costs

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

(s) Provisions

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

SHIRE OF CARNAMAH

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where Council 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 resale where it is held as non-current based on Council's intentions to release for sale.

SHIRE OF CARNAMAH
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2009

	2008/09 Budget \$	2007/08 Actual \$	2007/08 Budget \$
2. REVENUES AND EXPENSES			
(a) Net Result from Ordinary Activities was arrived at after:			
(i) Charging as Expenses:			
Depreciation			
<u>By Program</u>			
Governance	17,000	16,765	17,745
Law, Order, Public Safety	61,500	61,845	35,000
Health	1,640	1,782	2,399
Education and Welfare	12,550	12,528	12,710
Housing	60,000	58,146	58,000
Community Amenities	10,489	5,184	5,120
Recreation and Culture	174,850	101,852	98,727
Transport	1,107,030	1,057,019	1,056,600
Economic Services	13,560	13,431	14,130
Other Property and Services	214,360	211,994	200,000
	<u>1,672,979</u>	<u>1,540,546</u>	<u>1,500,431</u>
<u>By Class</u>			
Land and Buildings	154,741	142,492	150,000
Furniture and Equipment	17,076	15,724	18,000
Plant and Equipment	305,848	281,637	256,000
Roads	1,140,263	1,050,000	1,042,000
Parks & Ovals	20,479	18,858	0
Equipment on Reserves	34,572	31,835	34,431
	<u>1,672,979</u>	<u>1,540,546</u>	<u>1,500,431</u>
Borrowing Costs (Interest)			
- Debentures (<i>refer note 5(a)</i>)	63,800	67,503	57,690
	<u>63,800</u>	<u>67,503</u>	<u>57,690</u>
Rental Charges			
- Operating Leases	7,185	7,185	11,200
	<u>7,185</u>	<u>7,185</u>	<u>11,200</u>
(ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	83,140	58,859	50,000
- Other Funds	18,000	14,169	25,000
Other Interest Revenue (<i>refer note 13</i>)	7,300	7,536	5,800
	<u>108,440</u>	<u>80,564</u>	<u>80,800</u>

SHIRE OF CARNAMAH
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2009

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

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

GOVERNANCE

Administration and operation of facilities and services to members of Council;
Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.

GENERAL PURPOSE FUNDING

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Supervision of various by-laws, fire prevention, emergency services and animal control.

HEALTH

Food control, immunisation services, mosquito control and operation of medical centre.

EDUCATION AND WELFARE

Support for child care, sponsorship of HACC, development of aged accommodation and

HOUSING

Provision and maintenance of staff and joint venture housing.

COMMUNITY AMENITIES

Rubbish collection services, operation of tips, noise control, support for waste recycling, litter control, administration of the town planning scheme, strategic planning, maintenance of cemetery, public conveniences and town drainage maintenance.

RECREATION AND CULTURE

Maintenance of halls, swimming pools, recreation centres and various reserves, operation of libraries, maintenance of cultural heritage assets and TV/Radio retransmission services.

TRANSPORT

Construction and maintenance of streets, roads, footpaths, drainage works, parking facilities cleaning and lighting of streets, depot maintenance and airstrip maintenance.

ECONOMIC SERVICES

The regulation and provision of tourism, area promotion and building control.

OTHER PROPERTY & SERVICES

Private works operations, plant repairs and operations costs.

SHIRE OF CARNAMAH

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2009

3. ACQUISITION OF ASSETS	2008/09 Budget \$
<p>The following assets are budgeted to be acquired during the year:</p>	
<u>By Program</u>	
Governance	
Fridge for Chambers	2,500
CEO Office Furnishings	4,000
Airconditioning CEO & MCS Offices	6,000
Re-roof Patio Area	3,000
Housing	
Unit 2 King St - Erect Carport	4,000
Community Amenities	
Effluent Pond Construction	70,000
Recreation and Culture	
Carnamah Hall Upgrade	10,000
Carnamah Dam Project	292,000
Netball/Basketball Court Refurbishment	36,000
Volleyball Court Construction	12,430
TV Transmitting Equipment	6,200
Carnamah Pool - Automatic Chlorinator	35,000
Carnamah Pool - Controlled Gate System	11,000
Transport	
Water Tanker	50,000
Ride on Mower	5,000
Gardener's Trailer	4,500
R022 - Carnamah Perenjori Rd	170,420
R023 - Carnamah - Eneabba Rd	169,480
R024 - Eneabba - Three Springs Rd	6,000
R025 - Garibaldi Willis Rd Gravel Sheeting	57,900
R027 - Caron Rd - Gravel Sheeting	57,900
R030 - Rowland Rd	33,030
R031 - Brand Mudge Rd	57,885
R032 - Carnamah Bunjil Rd	46,235
R033 - Chappell Rd Intersection	8,410
Economic Services	
Construct BBQ Pergola & Seating	20,000
Other Property & Services	
Purchase Vacant Land Eneabba	75,000
	1,253,890
	1,253,890

SHIRE OF CARNAMAH
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2009

3. ACQUISITION OF ASSETS (Continued)	2008/09 Budget \$
 <u>By Class</u>	
Land and Buildings	458,430
Infrastructure Assets - Roads	607,260
Infrastructure Assets - Parks and Ovals	0
Equipment on Reserves	70,000
Plant and Equipment	59,500
Furniture and Equipment	58,700
	<u>1,253,890</u>

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

- plant replacement programme
- other assets
- road replacement programme
- other infrastructure

SHIRE OF CARNAMAH

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2009

4. DISPOSALS OF ASSETS

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

<u>By Program</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2008/09	2008/09	2008/09
	BUDGET	BUDGET	BUDGET
	\$	\$	\$
Health			
NMHS Vehicle	8,630	7,700	(930)
Transport			
Ride on Mower	4,100	1,000	(3,100)
Water Tanker	0	1,000	1,000
	12,730	9,700	(3,030)

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2008/09	2008/09	2008/09
	BUDGET	BUDGET	BUDGET
	\$	\$	\$
Plant & Equipment			
NMHS Vehicle	8,630	7,700	(930)
Ride on Mower	4,100	1,000	(3,100)
Water Tanker	0	1,000	1,000
	12,730	9,700	(3,030)

<u>Summary</u>	2008/09
	BUDGET
	\$
Profit on Asset Disposals	1,000
Loss on Asset Disposals	(4,030)
	<u>(3,030)</u>

SHIRE OF CARNAMAH

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2009

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-08	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2008/09 Budget \$	2007/08 Actual \$	2008/09 Budget \$	2007/08 Actual \$	2008/09 Budget \$	2007/08 Actual \$
Housing								
Lucas Drive Dwellings (126)	400,000		0	0	400,000	400,000	24,000	23,540
Residential Dwellings (129)	381,441		14,167	13,364	367,274	381,441	21,954	22,884
Residential Dwellings (130)	295,031		29,933	28,270	265,098	295,031	15,893	18,347
Education & Welfare								
Yarra Yarra Village (128)	0		0	2,500	0	0	0	0
Other Sport & Recreation								
Carnamah Bowling Club (131)*	36,590		9,658	9,078	26,932	36,590	1,953	2,732
Carnamah Dam (132)		100,000			100,000			
Economic Development								
Eneabba Land Purchase (133)		75,000			75,000			
	1,113,062	175,000	53,758	53,212	1,234,304	1,113,062	63,800	67,503

All debenture repayments are to be financed by general purpose revenue except for Loan 131 which is self supporting.

SHIRE OF CARNAMAH

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2009

5. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2008/09

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate	Amount Used		Balance Unspent \$
	Actual	Budget						Actual	Budget	
Carnamah Dam (132)	100,000	100,000	WATC	Debenture	5	20,241	7%	100,000	100,000	0
Eneabba Land Purchase (133)	75,000	75,000	WATC	Debenture	10	30,541	7%	75,000	75,000	0

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2008 nor is it expected to have unspent debenture funds as at 30th June 2009.

(d) Overdraft

Council has utilised an temporary overdraft facility during the financial year of \$150,0000 with the Westpac Bank

SHIRE OF CARNAMAH

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2009

	2008/09 Budget \$	2007/08 Actual \$	2007/08 Budget \$
6. RESERVES			
Cash Backed Reserves			
(a) Long Service Leave Reserve			
Opening Balance	21,257	19,967	19,967
Amount Set Aside / Transfer to Reserve	1,275	1,290	2,664
Amount Used / Transfer from Reserve	0	0	0
	<u>22,532</u>	<u>21,257</u>	<u>22,631</u>
(b) Plant Reserve			
Opening Balance	178,922	168,066	168,066
Amount Set Aside / Transfer to Reserve	63,750	10,856	8,260
Amount Used / Transfer from Reserve	0	0	0
	<u>242,672</u>	<u>178,922</u>	<u>176,326</u>
(c) Housing Reserve			
Opening Balance	345,198	222,420	222,420
Amount Set Aside / Transfer to Reserve	27,812	122,778	117,200
Amount Used / Transfer from Reserve	(18,900)	0	0
	<u>354,110</u>	<u>345,198</u>	<u>339,620</u>
(d) Computer Reserve			
Opening Balance	5,233	4,916	4,916
Amount Set Aside / Transfer to Reserve	305	317	656
Amount Used / Transfer from Reserve	0	0	0
	<u>5,538</u>	<u>5,233</u>	<u>5,572</u>
(e) Town Enhancement Reserve			
Opening Balance	77,298	172,607	172,607
Amount Set Aside / Transfer to Reserve	4,680	4,691	3,570
Amount Used / Transfer from Reserve	0	(100,000)	(100,000)
	<u>81,978</u>	<u>77,298</u>	<u>76,177</u>
(f) Coastal Initiatives Reserve			
Opening Balance	188,293	184,618	184,618
Amount Set Aside / Transfer to Reserve	13,750	23,675	34,280
Amount Used / Transfer from Reserve	0	(20,000)	(20,000)
	<u>202,043</u>	<u>188,293</u>	<u>198,898</u>
(g) Carnamah Hall Reserve			
Opening Balance	411	386	386
Amount Set Aside / Transfer to Reserve	0	25	20
Amount Used / Transfer from Reserve	0	0	0
	<u>411</u>	<u>411</u>	<u>406</u>
(h) Eneabba Pool Reserve			
Opening Balance	6,255	3,375	3,375
Amount Set Aside / Transfer to Reserve	2,872	2,880	2,784
Amount Used / Transfer from Reserve	0	0	0
	<u>9,127</u>	<u>6,255</u>	<u>6,159</u>

SHIRE OF CARNAMAH

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2009

	2008/09 Budget \$	2007/08 Actual \$	2007/08 Budget \$
6. RESERVES (Continued)			
Cash Backed Reserves (Continued)			
(i) Factory Unit Housing Reserve			
Opening Balance	158,365	113,755	113,754
Amount Set Aside / Transfer to Reserve	45,088	44,610	40,803
Amount Used / Transfer from Reserve	0	0	0
	<u>203,453</u>	<u>158,365</u>	<u>154,557</u>
(j) Joint Venture Housing Reserve			
Opening Balance	29,633	27,835	27,835
Amount Set Aside / Transfer to Reserve	2,388	1,798	1,420
Amount Used / Transfer from Reserve	0	0	0
	<u>32,021</u>	<u>29,633</u>	<u>29,255</u>
(l) Land Subdivision Reserve			
Opening Balance	26,079	24,497	24,498
Amount Set Aside / Transfer to Reserve	1,596	1,582	1,250
Amount Used / Transfer from Reserve	0	0	0
	<u>27,675</u>	<u>26,079</u>	<u>25,748</u>
(j) Regional Local Government Reserve			
Opening Balance	17,685	16,612	16,612
Amount Set Aside / Transfer to Reserve	446	1,073	847
Amount Used / Transfer from Reserve	0	0	0
	<u>18,131</u>	<u>17,685</u>	<u>17,459</u>
(k) Carnamah Pool Reserve			
Opening Balance	5,437	2,607	2,607
Amount Set Aside / Transfer to Reserve	2,828	2,830	2,756
Amount Used / Transfer from Reserve	0	0	0
	<u>8,265</u>	<u>5,437</u>	<u>5,363</u>
TOTAL CASH BACKED RESERVES	<u>1,207,956</u>	<u>1,060,066</u>	<u>1,058,171</u>

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

Council have a policy of annual revaluation of road infrastructure. The amount of any revaluation adjustment at 30 June 2009 is not known. Any transfer to or from an asset revaluation reserve will be a non-cash transaction and as such, has no impact on this budget document.

SHIRE OF CARNAMAH

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2009

	2008/09 Budget \$	2007/08 Actual \$	2007/08 Budget \$
6. RESERVES (Continued)			
Transfers to Reserves			
Leave Reserve	1,275	1,290	2,664
Plant Reserve	63,750	10,856	8,260
Housing Reserve	27,812	122,778	117,200
Computer Reserve	305	317	656
Town Enhancement Reserve	4,680	4,691	3,570
Coastal Initiatives Reserve	13,750	23,675	34,280
Carnamah Hall Reserve	0	25	20
Eneabba Pool Reserve	2,872	2,880	2,784
Factory Unit Housing Reserve	45,088	44,610	40,803
Joint Venture Housing Reserve	2,388	1,798	1,420
Land Subdivision Reserve	1,596	1,582	1,250
Regional Local Government Reserve	446	1,073	847
Carnamah Pool Reserve	2,828	2,830	2,756
	<u>166,790</u>	<u>218,405</u>	<u>216,510</u>
Transfers from Reserves			
Leave Reserve	0	0	0
Plant Reserve	0	0	0
Housing Reserve	(18,900)	0	0
Computer Reserve	0	0	0
Town Enhancement Reserve	0	(100,000)	(100,000)
Coastal Initiatives Reserve	0	(20,000)	(20,000)
Carnamah Hall Reserve	0	0	0
Eneabba Pool Reserve	0	0	0
Factory Unit Housing Reserve	0	0	0
Joint Venture Housing Reserve	0	0	0
Land Subdivision Reserve	0	0	0
Regional Local Government Reserve	0	0	0
Carnamah Pool Reserve	0	0	0
	<u>(18,900)</u>	<u>(120,000)</u>	<u>(120,000)</u>
Total Transfer to/(from) Reserves	<u>147,890</u>	<u>98,405</u>	<u>96,510</u>

SHIRE OF CARNAMAH

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2009

6. RESERVES (Continued)

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

Long Service Leave Reserve

- to be used to fund long service leave requirements.

Plant Reserve

- For the purchase of road plant, machinery and equipment

Housing Reserve

- Providing for new dwellings and major renovations to existing dwellings.

Town Enhancement Reserve

- Provision of townscape improvements as per townscape plan

Coastal Initiatives Reserve

- Purpose of this reserve at Councils discretion, and without limiting the generality of its use, is for such things as planning, research and practical works which have specific or general benefit to coastal activities and the use of the coastal land and its adjacent seas.

Carnamah Community/Arts Centre Reserve

- To be used to attract Governemnt Grants to enable Carnamah Hall to be used as a mulit-purpose facility.

Eneabba Pool Reserve

- To be used to fund future major maintenance for the Eneabba Swimming Pool

Carnamah Pool Reserve

- To be used to fund future major maintenance for the Carnamah Swimming Pool

Factory Units Housing Reserve

- Loan 126 sinking fund

Joint Venture Housing Reserve

- To provide for long term maintenance at the King St & Caron St joint venture units

Computer Reserve

- To provide for the replacement of hardware and/or software

Land Subdivision Reserve

- To provide for the future subdivision of residential, commercial or industrial land within the Carnamah townsite.

Local Government Reserve

- To provide for future development of the Regional Local Governemnt

Land Subdivision Reserve

- To provide for future land purchases and subdivisions.

SHIRE OF CARNAMAH

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2009

	2008/09 Budget \$	2007/08 Actual \$
7. NET CURRENT ASSETS		
Composition of Estimated Net Current Asset Position		
CURRENT ASSETS		
Cash - Unrestricted	(482,179)	(232,818)
Cash - Restricted Municipal	167,964	167,964
Cash - Restricted Reserves	1,207,956	1,060,066
Sundry Debtors - General	416,914	438,914
Sundry Debtors - Rates	42,775	45,360
Provision for Doubtful Debts	(5,010)	(5,010)
GST Receivable / Paid	0	7,465
Inventories	8,121	8,378
	<u>1,356,541</u>	<u>1,490,319</u>
LESS: CURRENT LIABILITIES		
Sundry Creditors	(140,787)	(171,206)
Accrued Expenses	0	0
Payroll Liabilities	0	0
Other Payables	0	(140)
Police Licensing Control	(7,678)	(7,678)
GST Payable / Received	0	(902)
	<u>(148,465)</u>	<u>(179,926)</u>
NET CURRENT ASSET POSITION	1,208,076	1,310,393
Less: Cash - Reserves - Restricted	(1,207,956)	(1,060,066)
Less: Cash - Restricted/Committed	0	0
	<u>0</u>	<u>0</u>
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD	<u>120</u>	<u>250,327</u>

The estimated surplus/(deficiency) c/fwd in the 2007/08 actual column represents the surplus (deficit) brought forward as at 1 July 2008.

The estimated surplus/(deficiency) c/fwd in the 2008/09 budget column represents the surplus (deficit) carried forward as at 30 June 2009.

SHIRE OF CARNAMAH

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2009

8. RATING INFORMATION - 2008/09 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2008/09 Budgeted Rate Revenue \$	2008/09 Budgeted Interim Rates \$	2008/09 Budgeted Back Rates \$	2008/09 Budgeted Total Revenue \$	2007/08 Actual \$
Differential General Rate								
GRV Carnamah & Eneabba	9.2301	268	2,184,613	201,642	0	0	201,642	191,849
UV Rural & Mining	2.2612	167	38,115,072	861,858	0	0	861,858	820,813
Sub-Totals		435	40,299,685	1,063,500	0	0	1,063,500	1,012,662
Minimum Rates	Minimum \$							
GRV Carnamah & Eneabba	300	41	44,811	12,300	0	0	12,300	11,760
UV Rural & Mining	300	29	115,114	8,700	0	0	8,700	8,716
Sub-Totals		70	159,925	21,000	0	0	21,000	20,476
Specified Area Rates (Refer note 9)							1,084,500 0	1,033,138 0
Discounts							(38,000)	(38,080)
Totals							1,046,500	995,058

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

The general rates detailed above for the 2008/09 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 bearing considering the extent of any increase in rating over the level adopted in the previous year.

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

SHIRE OF CARNAMAH
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2009

9. SPECIFIED AREA RATE - 2008/09 FINANCIAL YEAR

Council has not imposed a specified area rate for the 2008/09 financial year.

10. SERVICE CHARGES - 2008/09 FINANCIAL YEAR

Council has not imposed any service charges for the 2008/09 financial year.

11. FEES & CHARGES REVENUE

	2008/09 Budget \$	2007/08 Actual \$
Governance	9,400	9,539
General Purpose Funding	1,800	1,778
Law, Order, Public Safety	1,850	1,684
Health	300	150
Education and Welfare	20,600	18,815
Housing	155,620	138,427
Community Amenities	98,550	79,745
Recreation & Culture	37,655	30,016
Transport	950	917
Economic Services	54,880	45,161
Other Property & Services	36,310	41,827
	<u>417,915</u>	<u>368,059</u>

**12. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2008/09 FINANCIAL YEAR**

A five per cent (5%) discount is offered on current years rates providing all outstanding rates are paid within 35 days of the date of service of rate notice.

SHIRE OF CARNAMAH

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2009

13. INTEREST CHARGES AND INSTALMENTS - 2008/09 FINANCIAL YEAR

An interest charge of 11% will be charged on all rate payments which are late. It is estimated this will generate an income of \$4,100. Two separate option plans will be available to ratepayers for the payment of their rates.

Option 1 (Full Payment)

Full amount of rates and charges including arrears to be paid on or before the 15th September 2008 or 35 days after the date of service appearing on the rate notice, whichever is the later. See Note 12 for discount provisions under this option.

Option 2 (4 Instalments)

First instalment to be received on or before 15th September 2007 or 35 days after the date of service appearing on the rate notice, whichever is later and including all arrears and quarter of the current rates and service charges. Second, third and fourth instalments to be made at two monthly intervals thereafter.

The cost of the instalment plans will comprise of simple interest of 5.5% p.a. calculated from the date the first instalment is due, together with an administration fee of \$7.00 for each instalment notice.

The total revenue from the imposition of the interest and administration charge under this option is estimated at \$4,800 and is dissected as follows:

	2008/09 Budget \$
Administration Charges	1,800
Interest Charges	3,000
	<u>4,800</u>

14. COUNCILLORS' REMUNERATION

The following fees, expenses and allowances were paid to council members and/or the president.

	2008/09 Budget \$	2007/08 Actual \$
Meeting Fees	4,000	2,220
President's Allowance	3,000	5,000
Deputy President's Allowance	0	0
Travelling Expenses	3,500	2,484
Telecommunications Allowance	0	0
	<u>10,500</u>	<u>9,704</u>

SHIRE OF CARNAMAH

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2009

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2008/09 Budget \$	2007/08 Actual \$	2007/08 Budget \$
Cash - Unrestricted	(482,179)	(232,818)	0
Cash - Restricted	1,375,920	1,228,030	1,060,916
	<u>893,741</u>	<u>995,212</u>	<u>1,060,916</u>

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

Long Service Leave Reserve	22,532	21,257	22,631
Plant Reserve	242,672	178,922	176,326
Housing Reserve	354,110	345,198	339,620
Town Enhancement Reserve	81,978	77,298	76,177
Coastal Initiatives Reserve	202,043	188,293	198,898
Multi Purpose Building Reserve	411	411	406
Land Subdivision Reserve	27,675	26,079	25,973
Eneabba Pool Reserve	9,127	6,255	6,159
Carnamah Pool Reserve	8,265	5,437	5,107
Factory Unit Housing Reserve	203,453	158,365	155,600
Joint Venture Housing Reserve	32,021	29,633	30,735
Regional Local Government Reserve	18,131	17,685	17,712
Computer Reserve	5,538	5,233	5,572
Unspent Grants	167,964	167,964	0
	<u>1,375,920</u>	<u>1,228,030</u>	<u>1,060,916</u>

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

Net Result	(663,138)	168,950	33,511
Amortisation			
Depreciation	1,672,979	1,540,546	1,500,431
(Profit)/Loss on Sale of Asset	3,030	(117,855)	(86,115)
(Increase)/Decrease in Receivables	32,050	(187,229)	
(Increase)/Decrease in Inventories	257	0	0
Increase/(Decrease) in Payables	(41,961)	59,385	
Increase/(Decrease) in Employee Provisions	10,500	0	
Grants/Contributions for the Development of Assets	(555,618)	(967,044)	(1,000,934)
Net Cash from Operating Activities	<u>458,099</u>	<u>496,753</u>	<u>446,893</u>

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

Bank Overdraft limit	150,000	150,000	0
Bank Overdraft at Balance Date	0	(77,062)	0
Credit Card limit	9,000	9,000	9,000
Credit Card at Balance Date	0	(1,178)	0
Total Amount of Credit Unused	<u>159,000</u>	<u>80,760</u>	<u>9,000</u>

Loan Facilities

Loan Facilities in use at Balance Date	<u>1,234,304</u>	<u>1,113,062</u>	<u>1,283,062</u>
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Unused Loan Facilities at Balance Date

0

0

0

SHIRE OF CARNAMAH

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2009

16. TRUST FUNDS

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

Detail	Balance 01-Jul-08 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-09 \$
Housing Bonds - Carnamah Units	538	400	(600)	338
Housing Bonds - Staff Dwellings	830	0	0	830
Homeswest JV Income	6,190	0	0	6,190
Lucas Drive Housing Bonds	3,060	0	0	3,060
Factory Unit and Housing Bonds	1,843	400	0	2,243
Other Housing Bonds	1,040	200	0	1,240
Key Bonds	680	200	(200)	680
Sundry Refunds	6,376	3,000	(2,000)	7,376
Liquor Licencing Bonds	200	400	(400)	200
Unclaimed Monies	9	0	0	9
Carnamah Roadwise	211	0	0	211
En Safe School Routes	600	0	0	600
Joint Venture Housing Bonds	770	250	(250)	770
BCITF	449	2,000	(2,000)	449
Demolition Bonds	500	500	(500)	500
Country Comfort	75	0	0	75
Councillor Nomination	(30)	0	0	(30)
BRB Levy	67	1,000	(1,000)	67
Disaster Relief	4,000	0	0	4,000
	<u>27,408</u>			<u>28,808</u>

17. MAJOR LAND TRANSACTIONS

It is not anticipated any majorland transactions will occur in 2008/09

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2008/09.