



**ANNUAL STATUTORY BUDGET
FOR THE YEAR ENDING 30TH JUNE 2011**



SHIRE OF AUGUSTA - MARGARET RIVER
ANNUAL STATUTORY BUDGET
FOR THE YEAR ENDING 30TH JUNE 2011

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SHIRE OF AUGUSTA - MARGARET RIVER
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FOR THE YEAR ENDING 30TH JUNE 2011

STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM

	NOTE	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
OPERATING REVENUES				
Governance		629,241	604,740	570,531
General Purpose Funding		15,269,112	14,698,848	14,395,065
Law, Order, Public Safety		341,012	298,205	434,918
Health		84,000	80,370	79,320
Education and Welfare		157,000	106,996	135,000
Community Amenities		2,985,096	2,785,524	2,877,472
Recreation and Culture		749,920	646,672	715,570
Transport		227,300	232,116	68,800
Economic Services		1,501,796	1,538,383	1,378,400
Other Property and Services		0	56,589	0
		21,944,477	21,048,443	20,655,076
OPERATING EXPENSES				
Governance		(5,158,899)	(4,973,623)	(5,580,588)
General Purpose Funding		(937,417)	(610,594)	(289,954)
Law, Order, Public Safety		(1,294,335)	(1,219,389)	(1,178,548)
Health		(451,725)	(407,364)	(410,220)
Education and Welfare		(208,232)	(196,950)	(162,800)
Community Amenities		(3,235,545)	(2,903,181)	(3,320,777)
Recreation & Culture		(4,457,315)	(4,137,735)	(4,017,185)
Transport		(6,523,467)	(6,203,429)	(5,986,667)
Economic Services		(1,112,616)	(1,066,932)	(1,059,542)
Other Property and Services		0	(54,918)	0
		(23,379,551)	(21,774,115)	(22,006,281)
BORROWING COSTS EXPENSE				
Governance	5	(603,077)	(324,343)	(462,224)
Education and Welfare				0
Community Amenities				0
Recreation & Culture				0
Transport		(21,908)	(20,985)	0
Economic Services				0
Other Property and Services				(17,845)
Finance & Borrowing				0
		(624,985)	(345,328)	(480,069)
GRANTS/CONTRIBUTIONS FOR THE DEVELOPMENT OF ASSETS				
Governance		1,767,699	528,619	482,840
General Purpose Funding		0	0	0
Law, Order, Public Safety		563,000	240,266	0
Community Amenities		55,000	118,240	92,808
Recreation & Culture		701,000	155,474	464,000
Transport		2,512,493	2,065,559	1,520,367
Economic Services		45,000	0	1,525,000
Other Property and Services				0
		5,644,192	3,108,158	4,085,015
PROFIT/(LOSS) ON DISPOSAL OF ASSETS				
Governance	3	10,382	136	0
Law, Order, Public Safety		7,398	10,000	1,711
Health				0
Education and Welfare				0
Community Amenities		2,817	8,415	7,000
Recreation & Culture		4,289	0	0
Transport		96,634	144,286	45,908
Economic Services		953	0	0
Other Property and Services				0
		122,473	162,837	54,619
NET RESULT				
		3,706,606	2,199,995	2,308,360
Other Comprehensive Income		0	0	0
TOTAL COMPREHENSIVE INCOME		3,706,606	2,199,995	2,308,360

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

**SHIRE OF AUGUSTA - MARGARET RIVER
ANNUAL STATUTORY BUDGET
FOR THE YEAR ENDING 30TH JUNE 2011**

STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE

	NOTE	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	8	13,818,698	12,988,526	13,050,177
Grants, Subsidies and Contributions		1,343,666	1,545,235	1,306,651
Fees and Charges	11	6,183,462	5,902,473	5,728,403
Service Charges	10	14,062	14,062	14,062
Interest Earnings	4(e)	328,500	388,262	354,513
Other Revenue		256,089	209,885	201,270
		21,944,477	21,048,443	20,655,076
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(10,591,568)	(9,853,835)	(9,139,561)
Materials and Contracts		(5,383,726)	(5,039,998)	(5,994,596)
Utilities		(687,760)	(690,894)	(663,823)
Depreciation	4(a)	(5,912,456)	(5,475,367)	(5,449,017)
Interest Expenses	4(c)	(624,985)	(345,328)	(480,068)
Insurance		(396,637)	(345,756)	(379,930)
Other Expenditure		(407,404)	(368,265)	(379,355)
		(24,004,536)	(22,119,443)	(22,486,350)
		(2,060,059)	(1,071,000)	(1,831,274)
Grants, Subsidies and Contributions - non-operating		5,644,192	3,108,158	4,085,015
Fair value adjustment to financial assets at fair value through profit and loss				
Profit on Asset Disposals	3	122,473	162,837	54,619
Loss on Asset Disposals		0		0
NET RESULT		3,706,606	2,199,995	2,308,360
Other Comprehensive Income		0	0	0
TOTAL COMPREHENSIVE INCOME		3,706,606	2,199,995	2,308,360

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

**SHIRE OF AUGUSTA - MARGARET RIVER
ANNUAL STATUTORY BUDGET
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CASH FLOW STATEMENT

	NOTE	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		13,804,081	13,011,805	13,200,177
Grants, Subsidies and Contributions- Operating		1,343,666	1,545,235	1,306,651
Fees and Charges		6,183,462	5,902,473	5,728,403
Service Charges		14,062	14,062	14,062
Interest Earnings		328,500	388,262	354,513
Goods and Services Tax		1,592,109	2,289,051	2,123,866
Other		256,089	209,885	201,270
		23,521,969	23,360,773	22,928,942
Payments				
Employee Costs		(10,591,568)	(9,853,835)	(9,139,561)
Materials and Contracts		(5,383,726)	(5,039,998)	(5,994,596)
Utilities (gas, electricity, water, etc)		(687,760)	(690,894)	(663,823)
Insurance		(396,637)	(345,756)	(379,930)
Interest		(624,985)	(345,328)	(480,068)
Goods and Services Tax		(2,513,401)	(500,000)	(1,316,388)
Other		(407,404)	(368,265)	(379,355)
		(20,605,481)	(17,144,076)	(18,353,721)
Net Cash Provided By Operating Activities	15(b)	2,916,488	6,216,697	4,575,221
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment	2	(13,035,726)	(4,213,358)	(11,151,063)
Payments for Construction of Infrastructure	2	(5,840,734)	(5,212,320)	(3,762,284)
Advances to Community Groups		0	0	
Proceeds from Sale of Investments				
Payment for Purchase of Investment Grants/Contributions for the Development of Assets		5,644,192	3,108,158	4,085,015
Proceeds from Sale of Plant & Equipment	3	265,000	384,269	389,078
Proceeds from Advances				
		(12,967,268)	(5,933,251)	(10,439,254)
Cash Flows from Financing Activities				
Repayment of Debentures	5(a)	(580,315)	(1,484,237)	(622,646)
Repayment of Bonds				(71,601)
Repayment of Finance Leases				
Proceeds from Self Supporting Loans		24,921	966,530	12,752
Proceeds from New Debentures	5(b)	10,580,000	675,351	5,508,427
		10,024,607	157,645	4,826,932
Net Cash Provided By Financing Activities				
Net Increase (Decrease) in Cash Held		(26,174)	441,091	(1,037,101)
Cash at Beginning of Year		3,216,292	2,775,201	2,956,576
Cash at End of Year	15(a)	3,190,118	3,216,292	1,919,475

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

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RATE SETTING STATEMENT

	NOTE	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
REVENUES	1,2			
Governance		2,396,940	1,133,359	1,053,371
General Purpose Funding		1,450,414	1,710,322	1,332,136
Law, Order, Public Safety		904,012	538,471	434,918
Health		84,000	80,370	79,320
Education and Welfare		157,000	106,996	135,000
Community Amenities		3,040,096	2,903,764	2,970,280
Recreation and Culture		1,450,920	802,146	1,179,570
Transport		2,739,793	2,297,675	1,589,167
Economic Services		1,546,796	1,538,383	2,903,400
Other Property and Services		0	56,589	0
		13,769,971	11,168,075	11,677,162
EXPENSES	1,2			
Governance		(5,751,594)	(5,297,830)	(6,042,812)
General Purpose Funding		(937,417)	(610,594)	(289,954)
Law, Order, Public Safety		(1,286,937)	(1,209,389)	(1,176,837)
Health		(451,725)	(407,364)	(410,220)
Education and Welfare		(208,232)	(196,950)	(162,800)
Community Amenities		(3,232,728)	(2,894,766)	(3,313,777)
Recreation & Culture		(4,453,026)	(4,137,735)	(4,017,185)
Transport		(6,448,741)	(6,080,128)	(5,940,759)
Economic Services		(1,111,663)	(1,066,932)	(1,059,542)
Other Property and Services		0	(54,918)	(17,845)
		(23,882,063)	(21,956,606)	(22,431,731)
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	3	(122,473)	(162,837)	(54,619)
Depreciation on Assets	4	5,912,456	5,475,367	5,449,017
Unrealised Loss on Investments				
Capital Expenditure and Revenue				
Purchase Land and Buildings	2	(11,067,581)	(2,580,932)	(6,161,861)
Purchase Infrastructure Assets - Roads	2	(4,028,426)	(3,454,948)	(3,762,284)
Purchase Infrastructure Assets - Other	2	(1,812,308)	(1,757,372)	(3,685,209)
Purchase Plant and Equipment	2	(1,889,145)	(1,584,926)	(1,230,565)
Purchase Furniture and Equipment	2	(79,000)	(47,500)	(73,428)
Proceeds from Disposal of Assets	3	265,000	384,269	389,078
Repayment of Debentures	5(a)	(580,315)	(1,484,237)	(622,646)
Proceeds from New Debentures	5(b)	10,580,000	682,994	5,508,427
Proceeds from Self-Supporting Loans			963,015	12,752
Transfers to Restricted Cash		(763,315)	0	(300,000)
Transfers to Reserves (Restricted Assets)	6	(370,000)	(887,910)	(252,000)
Transfers from Reserves (Restricted Assets)	6	248,500	221,607	697,000
Plus: Estimated Surplus/(Deficit) July 1 B/Fwd	7	0	2,033,416	1,790,730
Less: Estimated Surplus/(Deficit) June 30 C/Fwd	7	(0)	0	0
AMOUNT TO BE RAISED FROM RATES	8	(13,818,698)	(12,988,526)	(13,050,177)

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

SHIRE OF AUGUSTA - MARGARET RIVER
ANNUAL STATUTORY BUDGET
FOR THE YEAR ENDING 30TH JUNE 2011

1a SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

The budget has been prepared in accordance with applicable Australian Accounting Standards, (as they apply to local government and non-for-profit entities), other mandatory professional reporting requirements and the Local Government Act 1995 (as amended) and accompanying regulations. 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 document.

(c) 2009/10 Actual Balances

Balances shown in this budget as 2009/10 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 in the Statement of Financial Position are stated inclusive of applicable GST.

(g) Superannuation

The Shire of Augusta Margaret River 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.

**SHIRE OF AUGUSTA - MARGARET RIVER
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1a. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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.

**SHIRE OF AUGUSTA - MARGARET RIVER
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1a. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst this treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

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

SHIRE OF AUGUSTA - MARGARET RIVER
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1a. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

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	4 to 10 years
Plant and Equipment	5 to 10 years
Computer and Electrical Equipment	3 years
Bridges	66 Years
Car Parks	40 Years
Cemeteries	Infinite
Culverts	50 Years
Cycle Ways	50 Years
Drains	75 Years
Footpath (Concrete)	40 Years
Footpath (Slab)	20 Years
Kerbs/Channels	20 Years
Median Strips	50 Years
Sealed Roads:	
- Road Base	50 Years
- Initial Seal	20 Years
- First Re-seal	20 Years
- Second Re-seal	20 Years
Roads (unsealed)	50 Years
Roads (gravel)	50 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 AUGUSTA - MARGARET RIVER
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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Investments and Other Financial Assets (Continued)

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the 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.

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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Investments and Other Financial Assets (Continued)

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.

(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 Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

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

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

For non-cash generating assets such as roads, drains, public 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 2011.

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

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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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 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.

SHIRE OF AUGUSTA - MARGARET RIVER
ANNUAL STATUTORY BUDGET
FOR THE YEAR ENDING 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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.

(u) Self - Supporting Loans

The following policy applies in respect to self - supporting loans:

Guarantors, legally bound by contract, will be required for self - supporting loans.

All self - supporting loans will require a repayment agreement before the loan funds will be advanced.

The cost of preparation of all legal documentation will be borne by the borrowing organisation.

Clubs or other organisations requiring self - supporting loans will be required to provide financial statements and a budget, which will demonstrate the Club's etc. ability to repay the loan.

All self - supporting loans for sporting associations raised in accordance with the Local Government Act and where Council has no direct interest in the land and/or buildings of the beneficiary organisation requesting such a loan, that the following scale of charges be applicable.

Loan establishment fee

This fee will be the equivalent to that which may be incurred by Council from its lending source should there be such a fee.

Loan Servicing fee

\$50 per payment with all fees payable as a once-only charge prior to raising the loan.

**SHIRE OF AUGUSTA - MARGARET RIVER
ANNUAL STATUTORY BUDGET
FOR THE YEAR ENDING 30TH JUNE 2011**

1b MISSION STATEMENT

“Our Mission is to strengthen our communities, foster local economic prosperity, protect the natural environment and responsibly manage the community’s infrastructure and assets.”

1c SHIRE 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 quality and pest control, immunisation services, inspection of abattoir and operation of child health clinics.

EDUCATION AND WELFARE

Care of families and children, contributions to education and other welfare.

HOUSING

Operation of staff and rental housing.

COMMUNITY AMENITIES

Rubbish collection and disposal services, recycling, septic tank inspection services, environmental protection initiatives, administration of town planning and regional development services and the operation of other community amenities.

RECREATION AND CULTURE

Provision and maintenance of halls, swimming areas, recreation and sporting areas, reserves, re-broadcasting services, libraries, museums and other cultural activities.

TRANSPORT

Construction and maintenance of streets, roads, bridges, drainage works, footpaths, parking, traffic control, aerodromes and water transport facilities.

ECONOMIC SERVICES

Provision of rural services, tourism and area promotion, building control, saleyards, plant nursery, landcare, water and public utility services.

OTHER PROPERTY & SERVICES

Private works operations, general administration overheads, public works overheads, plant operating costs and any other unclassified items.

**SHIRE OF AUGUSTA - MARGARET RIVER
ANNUAL STATUTORY BUDGET
FOR THE YEAR ENDING 30TH JUNE 2011**

2 ACQUISITION OF ASSETS BY TYPE/BUSINESS UNIT

The following assets are planned to be purchased during 2010/11

Business Unit	Land & Buildings	Plant & Equip't	Furn. & Equip't	Infrast. - Other	Infrast. - Roads	TOTAL
Chief Executive Officer		25,455				25,455
Director, Corporate & Community	135,000	0				135,000
Director, Planning Services		0				0
Director, Infrastructure Services	350,000	0		754,200		1,104,200
Finance		0				0
Records		0				0
Customer Relations			0			0
Information Technology		111,000				111,000
Human Resources		0				0
Community Development		0				0
Emergency Management	11,056	563,000				574,056
Rangers		112,000				112,000
Libraries	50,000		35,000			85,000
Health						0
Child Care		10,000				10,000
Waste Services	190,000	273,327				463,327
Environment						0
Town Planning		33,636				33,636
Community Buildings	10,262,883					10,262,883
Sport and Recreation	25,000	22,000	29,000			76,000
Reserves				135,500		135,500
Asset Services				896,250		896,250
Construction of Roads					4,028,426	4,028,426
Plant Program		608,727				608,727
Caravan Parks	43,642	130,000	15,000	26,358		215,000
Building Control		0				0
Other Property and Services						0
TOTALS	11,067,581	1,889,145	79,000	1,812,308	4,028,426	18,876,460

2 ACQUISITION OF ASSETS BY TYPE/PROGRAM

Program	Land & Buildings	Plant & Equip't	Furn. & Equip't	Infrast. - Other	Infrast. - Roads	TOTAL
Governance	135,000	136,455	0	0	0	271,455
General Purpose Funding						0
Law, Order, Public Safety	11,056	675,000	0	0	0	686,056
Health	0	0	0	0	0	0
Education and Welfare	0	10,000	0	0	0	10,000
Housing	0	0	0	0	0	0
Community Amenities	10,452,883	306,963	0	0	0	10,759,846
Recreation and Culture	75,000	22,000	64,000	135,500	0	296,500
Transport	0	608,727	0	0	4,028,426	4,637,153
Economic Services	43,642	130,000	15,000	780,558	0	969,200
Other Property and Services	350,000	0	0	896,250	0	1,246,250
TOTALS	11,067,581	1,889,145	79,000	1,812,308	4,028,426	18,876,460

**SHIRE OF AUGUSTA - MARGARET RIVER
ANNUAL STATUTORY BUDGET
FOR THE YEAR ENDING 30TH JUNE 2011**

3 DISPOSAL OF ASSETS BY TYPE/BUSINESS UNIT

The following plant/vehicles are planned to be disposed of during 2010/11

Business Unit	Historical Value	Accum. Deprecn.	Written Down	Sale Proceeds	(Profit) / Loss
CEO			0	8,182	(8,182)
Executive, Corporate Services				0	
Executive, Planning Services				0	
Executive, Infrastructure Services				0	
Finance				0	
Customer & Information Services			0	0	0
Customer Relations			0	0	0
Information Technology			10,527	12,727	(2,200)
Human Resources			0	0	0
Community Development			0	0	0
Emergency Management			0	0	0
Rangers			18,056	25,454	(7,398)
Libraries			8,438	12,727	(4,289)
Health			0	0	0
ChildCare				0	0
Town Planning			0	10,000	(10,000)
Waste			15,365	8,182	7,183
Community Buildings					0
Sport & Recreation			0	0	0
Asset Services			0	0	0
Plant Program			79,730	176,364	(96,634)
Caravan Parks				0	0
Building Control			10,411	11,364	(953)
TOTALS	0	0	142,527	265,000	(122,473)

3 DISPOSAL OF ASSETS BY TYPE/PROGRAM

Program	Historical Value	Accum. Deprecn.	Written Down	Sale Proceeds	(Profit) / Loss
Governance	0	0	10,527	20,909	(10,382)
Law, Order, Public Safety	0	0	18,056	25,454	(7,398)
Health	0	0	0	0	0
Education and Welfare	0	0	0	0	0
Housing	0	0	0	0	0
Community Amenities	0	0	15,365	18,182	(2,817)
Recreation and Culture	0	0	8,438	12,727	(4,289)
Transport	0	0	79,730	176,364	(96,634)
Economic Services	0	0	10,411	11,364	(953)
Other Property and Services	0	0	0	0	0
TOTALS	0	0	142,527	265,000	(122,473)

**SHIRE OF AUGUSTA - MARGARET RIVER
ANNUAL STATUTORY BUDGET
FOR THE YEAR ENDING 30TH JUNE 2011**

4a DEPRECIATION OF ASSETS BY TYPE/BUSINESS UNIT

The following depreciation expenses are forecast during 2010/11

Business Unit	Land & Buildings	Plant & Equip't	Furn. & Equip't	Infrast. - Other	Infrast. - Roads	TOTAL
Members of Council		264				264
Chief Executive Officer		2,000	11,200			13,200
Director, Corporate Services						0
Director, Planning Services						0
Director, Infrastructure Services				13,488		13,488
Finance			5,760			5,760
Records			1,512			1,512
Shared Services		14,000				14,000
Customer Relations		2,000				2,000
Information Technology		58,800				58,800
Human Resources		7,072	500			7,572
Community Development		9,784				9,784
Emergency Management		514,800				514,800
Libraries		7,400	1,000			8,400
Health		16,170				16,170
Child Care			1,800			1,800
Waste Services		80,000				80,000
Town Planning		29,400				29,400
Community Buildings	361,413					361,413
Sport and Recreation		96,940				96,940
Reserves	33,600					33,600
Asset Services			22,200			22,200
Construction of Roads						0
Plant Program		18,000				18,000
Caravan Parks		55,680				55,680
Building Control		14,040				14,040
Public Works Overheads		66,960				66,960
Maintenance of Roads					3,764,673	3,764,673
Plant Operation Costs		702,000				702,000
TOTALS	395,013	1,695,310	43,972	13,488	3,764,673	5,912,456

4b DEPRECIATION OF ASSETS BY TYPE/PROGRAM

Program	Land & Buildings	Plant & Equip't	Furn. & Equip't	Infrast. - Other	Infrast. - Roads	TOTAL
Governance		93,920	18,972	13,488		126,380
Law, Order, Public Safety		514,800				514,800
Health		16,170				16,170
Education and Welfare		0	1,800			1,800
Housing						0
Community Amenities		109,400	1,000			110,400
Recreation and Culture	395,013	104,340				499,353
Transport		18,000	22,200		3,764,673	3,804,873
Economic Services		69,720				69,720
Other Property and Services		768,960				768,960
TOTALS	395,013	1,695,310	43,972	13,488	3,764,673	5,912,456

4c BORROWING COSTS (INTEREST PAID)

	2010/11 Budget	2009/10 Actual	2009/10 Budget
Debentures (refer note 5(a))	\$ 624,985	\$ 345,328	\$ 480,068
Other			0
	<u>624,985</u>	<u>345,328</u>	<u>480,068</u>

4d RENTALCHARGES

- Operating Leases	<u>614,600</u>	<u>375,273</u>	<u>458,613</u>
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4e INTEREST EARNINGS

Investments			
- Reserve Funds	85,060	80,807	41,912
- Other Funds	123,440	173,927	172,601
Other Interest Revenue (Refer Note 13)	120,000	133,528	140,000
	<u>328,500</u>	<u>388,262</u>	<u>354,513</u>

**SHIRE OF AUGUSTA - MARGARET RIVER
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5. DEBENTURE REPAYMENTS		Principal 1-Jul-10	New Loans	Principal Repayments			Principal Outstanding		Interest Repayments	
			2010/11 Budget \$	2010/11 Budget \$	2009/10 Actual \$	2010/11 Budget \$	2009/10 Actual \$	2010/11 Budget \$	2009/10 Actual \$	
#	Particulars									
Education and Welfare										
166	SSL Silver Chain (principal only)	0			953,210		0		52,318	
173	Augusta Rural Transaction Centre	610,196		28,385	26,645	581,812	610,196	38,225	39,964	
Community Amenities										
146	Buildings & Toilets	0			2,711		0		45	
183	SSL Augusta BC - Synthetic Green	37,797		3,307	3,105	34,490	37,797	2,155	2,357	
184	Augusta Town Toilets	90,000		7,355	6,966	82,645	90,000	4,435	4,823	
186	MR Memorial Toilet Block	166,411		14,419	13,589	151,992	166,411	9,717	10,547	
188	Augusta Water Wheel Toilets (DEC)	88,350		6,848	1,648	81,502	88,350	5,303	1,390	
Recreation & Culture										
164	Aquatic Centre	726,949		50,250	46,858	676,699	726,949	49,928	53,319	
171	Toilet Block - Caravan Parks	35,863		8,771	8,248	27,092	35,863	2,019	2,541	
172	Toilet Block - Cowaramup	35,863		8,771	8,248	27,092	35,863	2,019	2,541	
174	Cowaramup Recreation Centre	404,548		19,077	17,910	385,471	404,548	25,280	26,447	
179	Gnarabup Café	327,496		14,998	14,077	312,498	327,496	20,572	21,494	
181	Gnarabup Café	177,013		6,690	6,289	170,323	177,013	10,977	11,378	
185	Solar Power for MR Rec Centre	64,582		5,720	5,418	58,862	64,582	3,449	3,751	
187	MR Recreation Centre (stage 1)	439,894		20,496	19,182	419,398	439,894	30,321	31,635	
189	MR Recreation Centre (stage 2)	582,136		45,119	10,858	537,017	582,136	34,938	9,156	
Economic Services										
154	Undergrounding of Power	26,269		26,269	24,631	0	26,269	1,074	2,712	
180	SSL Community Resource Centre	41,476		1,868	1,761	39,609	41,476	2,475	2,582	
Transport										
158	Purchase of Motor Vehicles	239,671		33,526	31,340	206,145	239,671	15,455	17,641	
170	Various Plant (Engineering)	60,432		60,431	76,410	0	60,432	1,859	6,642	
175	Mowen Road	134,484		32,890	30,931	101,594	134,484	7,571	9,530	
176	Road Works	186,126		45,520	42,808	140,606	186,126	10,478	13,190	
182	Various Plant	112,458		112,458	105,853	0	112,458	4,595	11,201	
Governance										
178/A	Administration Office	115,918		27,148	25,540	88,770	115,918	6,514	8,123	
191	Civic & Admin Building Up to \$15,050,000 [adopted SM0910/005]	0	10,580,000			10,580,000	0	335,626		
		4,703,932	10,580,000	580,315	1,484,237	14,703,617	4,703,932	624,985	345,328	
Self Supporting Loans		79,273	0	5,175	958,076	74,098	79,273	4,630	4,939	
Shire Loans		4,624,659	10,580,000	575,140	526,161	14,629,519	4,624,659	620,355	340,389	
		4,703,932	10,580,000	580,315	1,484,237	14,703,617	4,703,932	624,985	345,328	

**SHIRE OF AUGUSTA - MARGARET RIVER
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FOR THE YEAR ENDING 30TH JUNE 2011**

5(b). New Debenture			New Loans	Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate	Amount Used 2010/11
#	Particulars								
		Start							
191	Governance Civic & Admin Building	15/07/2010	15,000,000	WATC	Short Term Facility	2	1,867,736	6.1%	10,580,000
			15,000,000				1,867,736		10,580,000

(c) Unspent Debentures

Council had unspent debenture funds as at 30th June 2010 and it is expected to have no unspent debenture funds as at 30th June 2011.

	Amount b/fwd	Amount Used 2010/11	Remaining at 30/06/11
187 MR Recreation Centre (stage 1)	58,171	58,171	0
189 MR Recreation Centre (stage 2)	110,994	110,994	0
	<u>169,165</u>	<u>169,165</u>	<u>0</u>

SHIRE OF AUGUSTA - MARGARET RIVER
ANNUAL STATUTORY BUDGET
FOR THE YEAR ENDING 30TH JUNE 2011

6. RESERVES	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
(a) Leave Reserve			
Opening Balance	158,717	158,717	158,717
Amount Set Aside / Transfer to Reserve			0
Amount Used / Transfer from Reserve			0
	<u>158,717</u>	<u>158,717</u>	<u>158,717</u>
(b) Administration Building Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve			0
Amount Used / Transfer from Reserve			0
	<u>0</u>	<u>0</u>	<u>0</u>
(c) Debt Reduction Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
(d) Public Open Space Reserve			
Opening Balance	138,274	0	0
Amount Set Aside / Transfer to Reserve		138,274	0
Amount Used / Transfer from Reserve			0
	<u>138,274</u>	<u>138,274</u>	<u>0</u>
(e) Caravan Park Reserve			
Opening Balance	160,000	85,000	85,000
Amount Set Aside / Transfer to Reserve	100,000	125,000	50,000
Amount Used / Transfer from Reserve	(50,000)	(50,000)	(50,000)
	<u>210,000</u>	<u>160,000</u>	<u>85,000</u>
(f) Boranup Pit Reserve			
Opening Balance	34,532	34,532	34,532
Amount Set Aside / Transfer to Reserve			0
Amount Used / Transfer from Reserve			0
	<u>34,532</u>	<u>34,532</u>	<u>34,532</u>
(g) Cemeteries Reserve			
Opening Balance	8,883	8,883	8,883
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>8,883</u>	<u>8,883</u>	<u>8,883</u>
(h) Interest Free Loan Reserve			
Opening Balance	33,481	33,481	33,481
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>33,481</u>	<u>33,481</u>	<u>33,481</u>
(i) Cedarvale Reserve			
Opening Balance	128,993	120,596	120,596
Amount Set Aside / Transfer to Reserve		8,397	0
Amount Used / Transfer from Reserve			0
	<u>128,993</u>	<u>128,993</u>	<u>120,596</u>
(j) Waste Reserve			
Opening Balance	0	0	40,000
Amount Set Aside / Transfer to Reserve	0	0	40,000
Amount Used / Transfer from Reserve	0	0	(80,000)
	<u>0</u>	<u>0</u>	<u>0</u>

**SHIRE OF AUGUSTA - MARGARET RIVER
ANNUAL STATUTORY BUDGET
FOR THE YEAR ENDING 30TH JUNE 2011**

6. RESERVES Cash Backed Reserves (Continued)	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
(k) Parking Reserve			
Opening Balance	261,542	237,402	237,402
Amount Set Aside / Transfer to Reserve		24,140	0
Amount Used / Transfer from Reserve	(76,000)	0	(76,000)
	<u>185,542</u>	<u>261,542</u>	<u>161,402</u>
(l) Roadworks Reserve			
Opening Balance	1,013,177	797,077	797,077
Amount Set Aside / Transfer to Reserve	120,000	372,100	52,000
Amount Used / Transfer from Reserve	(122,500)	(156,000)	(471,000)
	<u>1,010,677</u>	<u>1,013,177</u>	<u>378,077</u>
(m) Computer Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve			0
Amount Used / Transfer from Reserve			0
	<u>0</u>	<u>0</u>	<u>0</u>
(n) Gloucester Park Reserve			
Opening Balance	4,340	4,340	4,340
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>4,340</u>	<u>4,340</u>	<u>4,340</u>
(o) Biodiversity Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve			0
Amount Used / Transfer from Reserve			0
	<u>0</u>	<u>0</u>	<u>0</u>
(p) Building Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve			0
Amount Used / Transfer from Reserve			0
	<u>0</u>	<u>0</u>	<u>0</u>
(q) Margaret River CBD Reserve			
Opening Balance	66,837	66,837	66,837
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve		0	
	<u>66,837</u>	<u>66,837</u>	<u>66,837</u>
(r) Plant Reserve			
Opening Balance	210,000	60,000	60,000
Amount Set Aside / Transfer to Reserve	150,000	150,000	150,000
Amount Used / Transfer from Reserve		0	(100,000)
	<u>360,000</u>	<u>210,000</u>	<u>110,000</u>
(s) Affordable Housing Fund			
Opening Balance	90,000	20,000	20,000
Amount Set Aside / Transfer to Reserve		70,000	
Amount Used / Transfer from Reserve		0	
	<u>90,000</u>	<u>90,000</u>	<u>20,000</u>
(t) LGIS Members Bonus			
Opening Balance	0	15,607	15,607
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	(15,607)	
	<u>0</u>	<u>0</u>	<u>15,607</u>
Total Reserves	<u>2,430,275</u>	<u>2,308,775</u>	<u>1,197,471</u>

SHIRE OF AUGUSTA - MARGARET RIVER
ANNUAL STATUTORY BUDGET
FOR THE YEAR ENDING 30TH JUNE 2011

6. RESERVES

Cash Backed Reserves (Continued)

	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
Summary of Transfers			
To Cash Backed Reserves			
Transfers to Reserves			
Leave Reserve	0	0	0
Administration Building Reserve	0	0	0
Debt Reduction Reserve	0	0	0
Public Open Space Reserve	0	138,274	0
Caravan Park Reserve	100,000	125,000	50,000
Boranup Pit Reserve	0	0	0
Cemeteries Reserve	0	0	0
Interest Free Loan Reserve	0	0	0
Cedarvale Reserve	0	8,397	0
Waste Reserve	0	0	0
Parking Reserve	0	24,140	0
Roadworks Reserve	120,000	372,100	52,000
Computer Reserve	0	0	0
Gloucester Park Reserve	0	0	0
Biodiversity Reserve	0	0	0
Building Reserve	0	0	0
Margaret River CBD Reserve	0	0	0
Plant Reserve	150,000	150,000	150,000
Affordable Housing Fund	0	70,000	0
LGIS Members Bonus	0	0	0
	<u>370,000</u>	<u>887,910</u>	<u>252,000</u>
Transfers from Reserves			
Leave Reserve	0	0	0
Administration Building Reserve	0	0	0
Debt Reduction Reserve	0	0	0
Public Open Space Reserve	0	0	0
Caravan Park Reserve	(50,000)	(50,000)	(50,000)
Boranup Pit Reserve	0	0	0
Cemeteries Reserve	0	0	0
Interest Free Loan Reserve	0	0	0
Cedarvale Reserve	0	0	0
Waste Reserve	0	0	0
Parking Reserve	(76,000)	0	(76,000)
Roadworks Reserve	(122,500)	(156,000)	(471,000)
Computer Reserve	0	0	0
Gloucester Park Reserve	0	0	0
Biodiversity Reserve	0	0	0
Building Reserve	0	0	0
Margaret River CBD Reserve	0	0	0
Plant Reserve	0	0	(100,000)
Affordable Housing Fund	0	0	0
LGIS Members Bonus	0	(15,607)	0
	<u>(248,500)</u>	<u>(221,607)</u>	<u>(697,000)</u>
Total Transfer to/(from) Reserves	<u>121,500</u>	<u>666,303</u>	<u>(445,000)</u>

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6. RESERVES

Cash Backed 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:

Leave Reserve.

- to be used to fund annual and long service leave requirements.

Administration Building Reserve.

- To be used for the construction of a new administration building.

Debt Reduction Reserve.

- To be used for the reduction of Council Debt.

Public Open Space Reserve.

- To be used to fund future public open space requirements.

Caravan Park Reserve.

- To be used for the upgrading of Caravan Parks.

Boranup Pit Rehabilitation Reserve.

- Funds for the rehabilitation of the boranup Limesand Pit

Cemetery Reserve.

- To be used for the upgrade of cemeteries.

Interest Free Loans Reserve.

- Funding for eligible groups involved with sporting and cultural activities.

Cedarvale Reserve.

- Funds allocated to meet Council's obligations in respect of the agreement with Cedarvale for the Gnarabup site and future foreshore rehabilitation required at Prevelly and Gnarabup.

Waste Reserve.

- To be used to fund future waste facility and plant requirements.

Plant Reserve.

- To be used for the purchase of plant, vehicles and equipment.

Parking Reserve.

- To be used to fund future car parking requirements.

Roadworks Reserve.

- To be used to fund future road and drainage maintenance and construction requirements.

Computer Reserve.

- To be used to purchase computer equipment.

Gloucester Park Reserve.

- To be used to fund future requirements at Gloucester Park.

Biodiversity Reserve.

- To be used for the funding of Biodiversity Initiatives.

Building Reserve.

- To be used for the construction and major maintenance of buildings.

Margaret River CBD Reserve

- Development and maintenance of the Margaret River Business District

Affordable Housing Fund

-Expenditure on capital and improvements of infrastructure within the Cowaramup Townsite and the area covered by the West Cowaramup Townsite Strategy as determined by the Shire

LGIS Members Bonus

- Managing Risk within the organisation.

The majority of the Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

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

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7. NET CURRENT ASSETS	2010/11 Budget \$	2009/10 Actual \$
Composition of Estimated Net Current Asset Position		
CURRENT ASSETS		
Cash - Unrestricted	320,681	(202,370)
Cash - Restricted	2,869,438	3,418,662
Other Financial Assets -Unrestricted		
Other Financial Assets -Restricted	412,160	412,160
Receivables	1,089,126	1,244,063
Inventories	250,000	229,176
	<u>4,941,405</u>	<u>5,101,691</u>
LESS: CURRENT LIABILITIES		
Payables and Provisions	<u>(2,071,967)</u>	<u>(1,683,029)</u>
NET CURRENT ASSET POSITION	2,869,438	3,418,662
Less: Cash - Restricted	<u>(2,869,438)</u>	<u>(3,418,662)</u>
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD	<u><u>(0)</u></u>	<u><u>(0)</u></u>

The estimated surplus/(deficiency) c/fwd in the 2009/10 actual column represents the surplus (deficit) brought forward as at 1 July 2010.

The estimated surplus/(deficiency) c/fwd in the 2010/11 budget column represents the surplus (deficit) carried forward as at 30th June 2011.

**SHIRE OF AUGUSTA - MARGARET RIVER
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8. RATING INFORMATION

RATE TYPE	Rate in \$	Number of Properties	Rateable Value	2010/11 Budget Rate Revenue	2010/11 Budget Interim Rates	2010/11 Budget Back Rates	2010/11 Budget Total Revenue	2009/10 Actual
			\$	\$	\$	\$	\$	\$
Differential General Rate								
General GRV (inc. vacant land)	9.2735	3,853	58,816,538	5,454,352	147,853	10,000	5,612,205	5,249,076
Special Rural GRV (inc vacant land)	9.5184	643	11,599,356	1,104,073			1,104,073	1,088,415
Industrial	10.0919	160	3,822,138	385,726			385,726	367,413
Commercial	10.0919	450	17,870,598	1,803,483			1,803,483	1,687,900
Rural Farming UV	0.2822	955	849,663,000	2,397,749			2,397,749	2,280,186
Rural Strata Title Vineyard UV	0.5644	37	4,249,995	23,987			23,987	
Sub-Totals		6,098	946,021,625	11,169,370	147,853	10,000	11,327,223	10,672,990
Minimum Rates	Minimum \$							
General GRV (inc. vacant land)	961.00	1,934	16,046,681	1858574			1,858,574	1,681,770
Special Rural GRV (inc vacant land)	1169.00	217	2,355,892	253673			253,673	239,295
Industrial	1032.00	44	340,480	45408			45,408	43,252
Commercial	1032.00	152	1,061,250	156864			156,864	142,535
Rural Farming UV	1079.00	164	43,966,048	176956			176,956	208,684
Rural Strata Title Vineyard UV	648.00	0	0	0			0	0
Sub-Totals		2,511	63,770,351	2,491,475	0	0	2,491,475	2,315,536
				13,660,845	147,853	10,000	13,818,698	12,988,526
Ex-Gratia Rates							0	0
Specified Area Rates (Note 9)							0	0
							13,818,698	12,988,526
Sundry Income, Penalty Interest + Instalment Charges							0	0
Discounts							0	0
Write-offs							0	0
Totals							13,818,698	12,988,526

All land except exempt land in the Shire of Augusta - Margaret River 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 2010/11 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.

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9. SPECIFIED AREA RATE - 2010/11 FINANCIAL YEAR

Council will not impose any specified area rates in the 2010/11 financial year.

10. SERVICE CHARGES - 2010/11 FINANCIAL YEAR

Council imposes a service charge on 79 Commercial properties to recoup the cost of servicing a loan for underground power. The expected yield from this charge in 2010/11 totals \$14,062, the same as in 2009/10.

11. FEES & CHARGES REVENUE	2010/11 Budget \$	2009/10 Actual \$
Governance	298,652	350,347
General Purpose Funding	143,498	163,449
Law, Order, Public Safety	93,000	88,406
Health	84,000	80,370
Education and Welfare	157,000	106,996
Housing	0	0
Community Amenities	2,985,096	2,715,525
Recreation & Culture	733,920	631,324
Transport	186,500	227,673
Economic Services	1,501,796	1,538,383
Other Property & Services	0	0
	<u>6,183,462</u>	<u>5,902,473</u>

12. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS

Rating Incentive Prizes - \$1,000

13. INTEREST CHARGES AND INSTALMENTS

An interest rate of 11% per annum (the maximum allowed under the Financial Management Regulations 1996),

Penalty interest will commence being charged 36 days from the issue date of the rate notice.

Payment of Rates

2 options are available:

Option 1	Payment in full by the due date.	Due date 35 days from the issue date of the rate notice.
Option 2	Payment by four instalments	
	1st Instalment	Due date 35 days from the issue date of the rate notice.
	2nd Instalment	Payable 63 days from the due date of the first instalment.
	3rd Instalment	Payable 63 days from the due date of the second instalment.
	4th Instalment	Payable 63 days from the due date of the third instalment.

All arrears must be paid with the first instalment.

Instalment payments are not available if the first is not paid within 35 days of the date of issue of the rate notice.

Instalment interest is charged on the second, third, and fourth instalments at a rate of 5.5% per annum (the

	2010/11 Budget \$	2009/10 Actual \$
Administration Charges	70,000	80,554
Interest Charges	50,000	52,974
	<u>120,000</u>	<u>133,528</u>

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14. COUNCILLORS' REMUNERATION	2010/11 Budget \$	2009/10 Actual \$
The following fees, expenses and allowances were paid to council members and/or the president.		
President's Allowance	35,000	35,000
Deputy President's Allowance	8,750	8,750
Meeting Fees	56,000	56,000
Travelling Expenses Reimbursement	18,000	21,987
Information Technology Allowance	7,000	7,000
Telecommunications Allowance	14,400	12,498
	<u>139,150</u>	<u>141,235</u>

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments, net of outstanding bank overdrafts.

Estimated cash at the end of the reporting period is as follows:

	2010/11 Budget \$	2009/10 Actual \$
Cash - Unrestricted	320,681	(202,370)
Cash - Restricted	2,869,438	3,418,662
	<u>3,190,119</u>	<u>3,216,292</u>

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

Leave Reserve	158,717	158,717
Public Open Space Reserve	138,274	138,274
Caravan Reserve	210,000	160,000
Boranup Pit Reserve	34,532	34,532
Cemeteries Reserve	8,883	8,883
Interest Free Loan Reserve	33,481	33,481
Cedarvale Reserve	128,993	128,993
Waste Reserve	0	0
Parking Reserve	185,542	261,542
Roadworks Reserve	1,010,677	1,013,177
Gloucester Park Reserve	4,340	4,340
Margaret River CBD Reserve	66,837	66,837
Plant Reserve	360,000	210,000
Affordable Housing Fund	90,000	90,000
LGIS Members Bonus	0	0
	<u>2,430,275</u>	<u>2,308,775</u>

Conditions Over Contributions 0 262,027

Prepayments, Deposits and Bonds

Bonds - Building	15,312	15,312
Bonds - Town Planning	10,000	10,000
Bonds - Roadworks	407,443	689,785
Bonds - Other	6,408	11,028
Bonds - M/R Cultural Centre	-	-
Bonds - Kerbs & Crossings	-	-
	<u>439,163</u>	<u>726,125</u>

Unspent Loans 0 121,735

2,869,438 3,418,662

**SHIRE OF AUGUSTA - MARGARET RIVER
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(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result	2010/11 Budget \$	2009/10 Actual \$
Net Result	3,706,606	2,199,995
Depreciation	5,912,456	5,475,367
(Profit)/Loss on Sale of Asset	(122,473)	(162,837)
(Increase)/Decrease in Receivables	154,937	534,675
(Increase)/Decrease in Inventories	(20,824)	45,839
Writedown in Fair Value of Investment		
Increase/(Decrease) in Payables	(721,334)	732,136
Increase/(Decrease) in Employee Provisions	(61,726)	284,319
Increase/(Decrease) in Bonds	(286,962)	215,361
Grants/Contributions for the Development of Assets	(5,644,192)	(3,108,158)
Net Cash from Operating Activities	<u>2,916,487</u>	<u>6,216,697</u>

(c) Undrawn Borrowing Facilities Credit Standby Arrangements		
Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	68,000	68,000
Credit Card Balance at Balance Date	(8,000)	(8,000)
Total Amount of Credit Unused	<u>60,000</u>	<u>60,000</u>

Loan Facilities		
Loan Facilities in use at Balance Date	<u>14,703,617</u>	<u>4,703,932</u>
Unused Loan Facilities at Balance Date	<u>4,420,000</u>	<u>15,000,000</u>

16. Investments - Other Financial Assets	2010/11 Budget \$	2009/10 Actual \$
Financial Assets at Fair Value Through Profit or Loss		
At the beginning of the Year	412,160	412,160
Additions	0	0
Deletions	0	0
Revaluation to Income Statement	0	0
At the end of the Year	<u>412,160</u>	<u>412,160</u>
Held for Trading		
Collateralised Debt Obligations	<u>412,160</u>	<u>412,160</u>

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

Prepayments, Deposits and Bonds

Bonds - Building		
Bonds - Town Planning		
Bonds - Roadworks	412,160	412,160
Bonds - Other		
Bonds - M/R Cultural Centre		
Bonds - Kerbs & Crossings		
Other Restricted Cash	<u>412,160</u>	<u>412,160</u>

**SHIRE OF AUGUSTA - MARGARET RIVER
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17. 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:

	Balance 30-Jun-09 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-10 \$
Unclaimed Monies	7,518	0	0	7,518
Fire Protection	1,690	0	(1,050)	640
BCTIF Levy	9,608	141,171	(142,107)	8,672
Police Licensing	51,811	3,569,612	(3,594,023)	27,400
BRB Levy	2,067	21,039	(21,746)	1,360
ESL Levy	4,306	468,856	(469,372)	3,790
Public Open Space	70,500	0	0	70,500
Rate Payment Suspense	0	0	0	0
Deposits Other	33,875	0	(33,875)	0
Deposits Councillor Nom	0	0	0	0
	181,375	4,200,678	(4,262,173)	119,880

18. MAJOR LAND TRANSACTIONS

(a) details

The sale of Council's current administration centre and civic centre (Lot 66 in Town View Terrace) and construction of a new civic and administration centre in Wallcliffe Road will involve a land transaction over the legislative threshold of \$1 million and Shire has prepared a business plan for a major land transaction in accordance with Sec 3.59 of the LG Act. Income for development of the administration building will come from the sale of the existing administration building site and loan funds. A tender for the sale of Lot 66 Town View Terrace for \$5,782,000 has been accepted by Council and is used in the estimate. Loan funds of \$9,218,000 have been approved for funding the balance of the \$15,000,000 budget for construction of the building and associated works.

(b) Current Year Transactions

	2010/11 Budget \$	2009/10 Actual \$
Operating Revenue - Profit on Sale	0	0
Capital Revenue - Sale Proceeds	0	0
Capital Expenditure - Development Costs	9,680,000	900,000

(c) Expected Future Year Transactions

	2009-10	2010-11	2011-12	Total Cost
Project Cost	\$0.9M	\$9.7M	\$4.4M	\$15.0M
Loan Funded		\$10.6M	\$4.4M	\$9.2M
Sale of Land			\$5.8M	

Item	Estimate \$'s
Construction Cost	11,418,966
Fitout Works	576,821
Shire Works	847,875
Landscape Works	701,748
External Items	0
Contingencies	522,533
Public Artwork	125,000
Consultants Fees	797,057
Escalation	60,000
TOTAL	15,050,000

19. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Nil