

SHIRE OF LAVERTON
BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011

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SHIRE OF LAVERTON
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
REVENUE				
Rates	8	2,867,645	2,479,372	2,404,725
Operating Grants, Subsidies and Contributions		9,962,039	2,269,168	2,158,907
Fees and Charges	11	409,456	410,787	399,515
Interest Earnings	2(a)	125,510	199,276	122,131
Other Revenue		<u>117,118</u>	<u>294,861</u>	<u>212,132</u>
		13,481,768	5,653,464	5,297,410
EXPENSES				
Employee Costs		(2,443,493)	(3,205,772)	(2,719,881)
Materials and Contracts		(2,841,267)	(624,660)	(2,883,938)
Utility Charges		(273,260)	(260,000)	(237,095)
Depreciation	2(a)	(1,858,300)	(1,868,433)	(1,745,766)
Interest Expenses	2(a)	(13,322)	(4,120)	(30,813)
Insurance Expenses		(198,483)	(172,000)	(171,030)
Other Expenditure		<u>(164,700)</u>	<u>(300,130)</u>	<u>(132,497)</u>
		<u>(7,792,825)</u>	<u>(6,435,115)</u>	<u>(7,921,020)</u>
		5,688,943	(781,651)	(2,623,610)
Non-Operating Grants, Subsidies and Contributions		896,123	3,215,625	8,075,433
Profit on Asset Disposals	4	103,087	54,548	73,876
Loss on Asset Disposals	4	<u>0</u>	<u>(36,796)</u>	<u>(7,925)</u>
NET RESULT		6,688,153	2,451,726	5,517,774
Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>6,688,153</u>	<u>2,451,726</u>	<u>5,517,774</u>

Please note, Other Comprehensive Income (if any) is impacted upon by external forces and is not able to be reliably estimated.

It is anticipated, in all instances, any other comprehensive income will relate to non-cash transactions and as such, have no impact on this budget document.

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

SHIRE OF LAVERTON

STATEMENT OF COMPREHENSIVE INCOME

BY PROGRAM

FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
REVENUE (Refer Notes 1,2,8 to 13)				
Governance		252,300	197,125	247,750
General Purpose Funding		4,499,796	4,286,062	3,747,161
Law, Order, Public Safety		72,900	32,375	10,506
Health		56,970	55,000	55,100
Education and Welfare		610,291	7,844	455,493
Housing		3,170,435	16,484	101,740
Community Amenities		68,650	60,336	69,170
Recreation and Culture		149,820	105,333	139,385
Transport		4,180,433	562,219	156,330
Economic Services		327,373	241,563	193,025
Other Property and Services		92,800	89,123	121,750
		<u>13,481,768</u>	<u>5,653,464</u>	<u>5,297,410</u>
EXPENSES EXCLUDING				
FINANCE COSTS (Refer Notes 1,2 & 14)				
Governance		(1,076,994)	(659,891)	(996,293)
General Purpose Funding		(201,728)	(185,221)	(187,886)
Law, Order, Public Safety		(156,300)	(76,049)	(87,088)
Health		(237,954)	(196,376)	(220,039)
Education and Welfare		(363,696)	(205,466)	(315,567)
Housing		(51,193)	(118,777)	(39,256)
Community Amenities		(381,771)	(295,284)	(302,099)
Recreation & Culture		(926,161)	(623,933)	(782,469)
Transport		(3,416,159)	(3,109,334)	(4,051,784)
Economic Services		(962,291)	(655,482)	(762,593)
Other Property and Services		(5,256)	(305,182)	(145,133)
		<u>(7,779,503)</u>	<u>(6,430,995)</u>	<u>(7,890,207)</u>
FINANCE COSTS (Refer Notes 2 & 5)				
Housing		<u>(13,322)</u>	<u>(4,120)</u>	<u>(30,813)</u>
		(13,322)	(4,120)	(30,813)
NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS				
Education and Welfare		0	5,000	5,000
Housing		25,000	25,000	50,000
Recreation & Culture		38,000	30,000	95,000
Transport		258,746	3,140,625	3,812,620
Economic Services		574,377	15,000	4,112,813
		<u>896,123</u>	<u>3,215,625</u>	<u>8,075,433</u>
PROFIT/(LOSS) ON				
DISPOSAL OF ASSETS (Refer Note 4)				
Housing		0	0	31,376
Transport		96,690	17,752	34,575
Other Property and Services		6,397	0	0
		<u>103,087</u>	<u>17,752</u>	<u>65,951</u>
NET RESULT				
		<u>6,688,153</u>	<u>2,451,726</u>	<u>5,517,774</u>
Other Comprehensive Income		0	0	0
TOTAL COMPREHENSIVE INCOME		<u><u>6,688,153</u></u>	<u><u>2,451,726</u></u>	<u><u>5,517,774</u></u>

Please note, Other Comprehensive Income (if any) is impacted upon by external forces and is not able to be reliably estimated.

It is anticipated, in all instances, any other comprehensive income will relate to non-cash transactions and as such, have no impact on this budget document.

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

SHIRE OF LAVERTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,867,645	2,479,372	2,404,725
Operating Grants, Subsidies and Contributions		9,962,039	2,618,027	3,641,431
Fees and Charges		409,456	410,787	399,515
Interest Earnings		125,510	199,276	122,131
Goods and Services Tax		700,000	620,000	450,000
Other		1,358,418	294,861	212,132
		<u>15,423,068</u>	<u>6,622,323</u>	<u>7,229,934</u>
Payments				
Employee Costs		(2,222,999)	(3,205,772)	(2,719,881)
Materials and Contracts		(3,572,399)	(819,123)	(3,596,371)
Utility Charges		(273,260)	(260,000)	(237,095)
Insurance Expenses		(198,483)	(172,000)	(171,030)
Interest Expenses		(13,322)	(4,120)	(30,813)
Goods and Services Tax		(700,000)	(620,000)	(450,000)
Other		(164,700)	(300,130)	(132,497)
		<u>(7,145,163)</u>	<u>(5,381,145)</u>	<u>(7,337,687)</u>
Net Cash Provided By Operating Activities	15(b)	<u>8,277,905</u>	<u>1,241,178</u>	<u>(107,753)</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale	3	(62,000)	(51,695)	0
Payments for Purchase of Property, Plant & Equipment	3	(5,544,792)	(1,977,292)	(7,895,791)
Payments for Construction of Infrastructure	3	(6,291,723)	(2,137,937)	(7,860,297)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		896,123	3,215,625	8,075,433
Proceeds from Sale of Plant & Equipment	4	240,000	301,618	2,420,000
Net Cash Used in Investing Activities		<u>(10,762,392)</u>	<u>(649,681)</u>	<u>(5,260,655)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(43,649)	(41,158)	(41,158)
Proceeds from New Debentures	5	1,100,000	0	4,250,000
Net Cash Provided By (Used In) Financing Activities		1,056,351	(41,158)	4,208,842
Net Increase (Decrease) in Cash Held		(1,428,136)	550,339	(1,159,566)
Cash at Beginning of Year		3,586,855	3,036,516	3,036,516
Cash and Cash Equivalents at the End of the Year	15(a)	<u><u>2,158,719</u></u>	<u><u>3,586,855</u></u>	<u><u>1,876,950</u></u>

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

**SHIRE OF LAVERTON
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
REVENUES	1,2			
Governance		252,300	197,125	247,750
General Purpose Funding		1,632,151	1,806,690	1,342,436
Law, Order, Public Safety		72,900	32,375	10,506
Health		56,970	55,000	55,100
Education and Welfare		610,291	12,844	460,493
Housing		3,275,435	41,484	183,116
Community Amenities		68,650	60,336	69,170
Recreation and Culture		665,482	135,333	234,385
Transport		4,535,869	3,757,392	4,011,450
Economic Services		344,088	256,563	4,305,838
Other Property and Services		99,197	89,123	121,750
		<u>11,613,333</u>	<u>6,444,265</u>	<u>11,041,994</u>
EXPENSES	1,2			
Governance		(1,076,994)	(659,891)	(996,293)
General Purpose Funding		(201,728)	(185,221)	(187,886)
Law, Order, Public Safety		(156,300)	(76,049)	(87,088)
Health		(237,954)	(196,376)	(220,039)
Education and Welfare		(363,696)	(194,346)	(315,567)
Housing		(64,515)	(122,897)	(70,069)
Community Amenities		(381,771)	(295,284)	(302,099)
Recreation & Culture		(926,161)	(623,933)	(782,469)
Transport		(3,416,159)	(3,146,130)	(4,059,709)
Economic Services		(962,291)	(666,602)	(762,593)
Other Property and Services		(5,256)	(305,182)	(145,133)
		<u>(7,792,825)</u>	<u>(6,471,911)</u>	<u>(7,928,945)</u>
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	4	(103,087)	(17,752)	(65,951)
Depreciation on Assets	2(a)	1,858,300	1,868,433	1,745,766
Capital Expenditure and Revenue				
Purchase Land Held for Resale	3	(62,000)	(51,695)	0
Purchase Land and Buildings	3	(4,360,431)	(1,451,665)	(7,162,350)
Purchase Infrastructure Assets - Roads	3	(4,168,295)	(2,078,489)	(2,678,297)
Purchase Infrastructure Assets - Other	3	(2,123,428)	(59,448)	(5,182,000)
Purchase Plant and Equipment	3	(980,650)	(472,874)	(544,495)
Purchase Furniture and Equipment	3	(193,961)	(49,280)	(184,546)
Purchase Tools	3	(9,750)	(3,473)	(4,400)
Proceeds from Disposal of Assets	4	240,000	301,618	2,420,000
Repayment of Debentures	5	(43,649)	(41,158)	(41,158)
Proceeds from New Debentures	5	1,100,000	0	4,250,000
Transfers to Reserves (Restricted Assets)	6	(2,034,392)	(263,677)	(553,853)
Transfers from Reserves (Restricted Assets)	6	1,543,092	173,864	254,510
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	2,650,098	2,343,968	2,229,000
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	0	2,650,098	0
Amount Required to be Raised from Rates	8	<u>(2,867,645)</u>	<u>(2,479,372)</u>	<u>(2,404,725)</u>

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

SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011

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, 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 modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

(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 are stated inclusive of applicable GST.

(g) 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 statement of cash flows, 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 LAVERTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) 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.

(i) 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 statement of comprehensive income 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.

(j) 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 by the Council includes the cost of all materials used in construction, direct labour on the project and appropriate proportion of variable and fixed overhead.

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 the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

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.

SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

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.

(k) 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. 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	40 years
Furniture and Equipment	10 years
Plant and Equipment	3 - 10 years
Roads and Streets	35 years
Footpaths - slab	20 years
Airport	20 years
Parks and gardens equipment	35 years
Information Bay	35 years
Town Centre Facilities	35 years
Tools	10 years

SHIRE OF LAVERTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Investments and Other Financial Assets

Classification

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

(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 statement of comprehensive income. 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 statement of comprehensive income as gains and losses from investment securities.

SHIRE OF LAVERTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Investments and Other Financial Assets (Continued)

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 and losses arising from changes in the fair value of the financial assets at fair value category are presented in the statement of comprehensive income 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 statement of comprehensive income as part of revenue from continuing operations when the 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 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 statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

(m) 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 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.

SHIRE OF LAVERTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Impairment

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each balance 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 statement of comprehensive income.

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.

(o) 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.

(p) 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) Annual Leave and 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.

SHIRE OF LAVERTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) 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 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.

(r) 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.

(s) Superannuation

The Council 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.

(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 LAVERTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

2. REVENUES AND EXPENSES	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
(a) Net Result from Ordinary Activities was arrived at after:			
(i) Charging as Expenses:			
Depreciation			
<u>By Program</u>			
Governance	1,500	1,450	1,000
Law, Order, Public Safety	1,500	1,467	1,500
Health	15,000	14,940	15,000
Education and Welfare	1,500	1,456	1,429
Housing	40,000	35,051	32,905
Community Amenities	25,000	56,166	24,565
Recreation and Culture	39,300	36,661	38,607
Transport	1,246,000	1,206,696	1,145,270
Economic Services	52,000	51,093	50,000
Other Property and Services	436,500	463,453	435,490
	<u>1,858,300</u>	<u>1,868,433</u>	<u>1,745,766</u>
<u>By Class</u>			
Land and Buildings	140,000	133,101	148,766
Furniture and Equipment	40,000	35,600	45,000
Plant and Equipment	383,300	558,841	430,000
Roads	1,200,000	1,018,891	1,005,000
Footpaths	5,000	6,000	5,000
Town Streets	40,000	41,000	40,000
Other Infrastructure	10,000	20,000	17,000
Airport	40,000	55,000	55,000
	<u>1,858,300</u>	<u>1,868,433</u>	<u>1,745,766</u>
Borrowing Costs (Interest)			
- Debentures (<i>refer note 5(a)</i>)	13,322	4,120	30,813
	<u>13,322</u>	<u>4,120</u>	<u>30,813</u>
Rental Charges			
- Operating Leases	165,498	166,594	165,498
	<u>165,498</u>	<u>166,594</u>	<u>165,498</u>
(ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	84,010	78,787	66,131
- Other Funds	0	79,845	45,000
Other Interest Revenue (<i>refer note 13</i>)	41,500	40,644	11,000
	<u>125,510</u>	<u>199,276</u>	<u>122,131</u>

SHIRE OF LAVERTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis 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 assessing 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 laws, fire prevention, emergency services and animal control.

HEALTH

Food control, maintenance of child health clinics and health administration, and the retention of a full-time doctor in Laverton.

EDUCATION AND WELFARE

Maintenance of pre-school facilities, day care centre, donations to school, and assistance to welfare groups. In 2008-09 the activities of the Youth Development Program are reported under this objective

HOUSING

Provision of staff housing as well as private housing for the retention of professionals in Laverton.

COMMUNITY AMENITIES

Rubbish collection services, operation of rubbish tip site, noise control, administration of town planning, operation of cemeteries and maintenance of public conveniences.

RECREATION AND CULTURE

Provision of a public hall, swimming pool, recreational facilities, various reserves, operation of library together with television and radio re-broadcasting facilities.

TRANSPORT

Construction and maintenance of roads, drainage, footpaths, parking facilities, traffic signs street cleaning and operation of Laverton Airport.

SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

ECONOMIC SERVICES

Tourism, Telecentre, Community Development, pest control and implementation of building controls. Coachhouse.

OTHER PROPERTY & SERVICES

Technical services administration, plant operations control and miscellaneous services not able to be classified elsewhere.

**SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011**

3. ACQUISITION OF ASSETS

**2010/11
Budget
\$**

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

By Program

Governance

Office Renovations	B	3,400
Council Chamber Upgrade	F	10,000
Council Refridgerator	F	3,400
Council Chambers TV / DVD	F	2,300
White board - Council Chambers	F	800
Airconditioning - Council Chambers	F	5,000

Housing

Houses x 10 GROH JV	B	2,793,467
Executive Houses x 2	B	1,150,564
Housing Upgrade - Various Renovations	B	200,000

Recreation and Culture

Community Gym	B	3,000
Table & Chairs - Hall	F	13,500
Library Shelving	F	1,000
Blinds & Curtains - Lessor Hall	F	5,000
Portable Stage	F	10,000
Gym Equipment	F	1,200
Seats - Alfresco Area	F	1,100
Aluminium Tables Tables - Alfresco Area x 2	F	3,200
Portable PA System	F	200
War memorial lighting	O	10,000
Supply power to racecourse	O	77,928
Pump for Race Course	PE	6,000

**SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011**

3. ACQUISITION OF ASSETS (Continued)	2010/11 Budget \$
Transport	
Oxy Set	T 500
Tyre Changing Equipment for W/Shop	T 3,200
GCR 265 - 285 SPF	R 753,002
GCR RRG - RAAR (I) C/O 09/10	R 90,653
Great Central Road - SBS	R 142,704
Great Central Road - SPG	R 1,100,000
Old Laverton Road - RRG - (P)	R 225,000
Laverton - Mt Margaret Road - RRG	R 13,500
Old Laverton Road - RRG - (I)	R 120,000
Bandya Road - RRG - (I)	R 142,500
Erlistoun - RRG - (I)	R 114,000
Mt Weld Road - RRG - (I)	R 390,351
Bandya Road - RAAR - (I)	R 90,000
Lod Laverton Road - RAAR - (I)	R 28,500
Great Central Road - RAAR - (I)	R 102,000
Great Central Road - R2R - (I) Skull Ck Crossing	R 423,081
Sealing Works - Muniipial	R 309,251
Direct Grant - Unallocated	R 102,543
Great Central Road - Install Grid Slk 49	R 21,210
Depot desks and chairs x 3	F 4,000
Road crew camp items	F 1,500
Roadside Furniture	F 10,000
Flat screen TV - Road crew	F 1,200
Street Furniture - rubbish bins/seat etc	F 4,000
Christmas Lights - Town Centre	F 7,000
Refuelling Facilities - Airport	O 318,000
Repaint Cable Shovel	O 500
Scheme Water Supply to Airport	O 7,000
Concrete Floor & Bundwall for Fuel Tank	PE 20,000
Depot Wash Down Bay Extensions	PE 9,500
Workshop Drain	PE 5,000
Water Transfer Pump	PE 6,000
Trailer Conversion - Water Pumping Station	PE 12,000
Sea Containers x 2	PE 10,000
Grader	PE 488,000
Roller	PE 219,000
Aircon for Crib room	PE 2,500
Freezer - Road Crew	PE 650
Split System Aircon	PE 13,500
Crib Room	PE 35,000
Tandem Dolly	PE 15,000
Wacker Packer	PE 1,700
Cat Engine Analysis	PE 2,800
Lighting & GPO's	PE 2,000
Traffic Counter	PE 16,000
4x4 Vehicle	PE 36,000
Tool Boxes for Operators	T 4,000
Sundry Tools	T 250
Epirbs x 3	T 1,000
Whipper Snipper	T 800

SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011

3. ACQUISITION OF ASSETS (Continued)	2010/11 Budget \$
Economic Services	
Lot 202 Weld Dve	B 32,000
Vacant Land (various)	B 30,000
Remedial & Upgrading Works (grant funded)	B 210,000
Colour Photocopier - Telecentre	F 21,715
GB - Dishwasher	F 4,000
GB - Dell Computer	F 1,700
GB - Work Station	F 2,000
GB - Mens Toilets Refurbishment	F 4,000
GB - TV, DVD, USB	F 2,300
GB - Security Mirrors	F 2,000
GB - Security Roller Doors	F 3,000
GB - Cultery/Crockery	F 1,000
GB - Table & Chairs	F 2,000
GB - Cash Register	F 7,500
GB - Glass Display Cabinets	F 2,000
Redesign Area Network Station - Telecentre	F 1,500
Removal of PC bench - Telecentre	F 1,500
Office Desk	F 346
Rebuild of PC's/IT Upgrade	F 13,000
Chairs	F 1,000
Carpet - Video Conference Room	F 500
Display Cabinets - Telecentre	F 500
Lighting Upgrade	F 10,000
Townsite Revitalisation & Enhancement Project	O 1,700,000
Other Property and Services	
Office Chairs	F 2,000
IT Office Renewal	F 20,000
Document Binder	F 1,500
Office Furniture - various	F 3,000
Printers	F 1,500
Artificial Lawn - Admin Office	O 10,000
CEO Vehicle	PE 80,000
	<u>11,898,515</u>
<u>By Class</u>	
Land Held for Resale	62,000
Land and Buildings	4,360,431
Infrastructure Assets - Roads	4,168,295
Infrastructure Assets - Other	2,123,428
Plant and Equipment	980,650
Furniture and Equipment	193,961
Tools	9,750
	<u>11,898,515</u>

SHIRE OF LAVERTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

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)
	2010/11 BUDGET	2010/11 BUDGET	2010/11 BUDGET
	\$	\$	\$
Transport			
Caterpillar 2005 12H Grader	64,906	140,000	75,094
2001 Cat Roller	18,404	40,000	21,596
Other Property & Services			
Toyota Landcruiser - CEO Vehicle	53,603	60,000	6,397
	136,913	240,000	103,087

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2010/11 BUDGET	2010/11 BUDGET	2010/11 BUDGET
	\$	\$	\$
Plant & Equipment	136,913	240,000	103,087
	136,913	240,000	103,087

Summary

	2010/11 BUDGET
	\$
Profit on Asset Disposals	103,087
Loss on Asset Disposals	0
	<u>103,087</u>

**SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011**

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-10	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2010/11 Budget \$	2009/10 Actual \$	2010/11 Budget \$	2009/10 Actual \$	2010/11 Budget \$	2009/10 Actual \$
Housing								
Loan 75 - Doctor's House	28,749	0	18,871	17,750	9,878	28,749	1,499	1,731
Loan 76 - Rental House	37,706	0	24,778	23,408	12,928	37,706	1,823	2,389
Short term loan Facility	0	0	0		0		10,000	0
Loan 79 - 2 x Exec Houses	0	1,100,000	0		1,100,000	0	0	0
	66,455	1,100,000	43,649	41,158	1,122,806	66,455	13,322	4,120

All debenture repayments are to be financed by general purpose revenue.

SHIRE OF LAVERTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

5. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2010/11

Particulars/Purpose	Amount Borrowed Budget	Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used Budget	Balance Unspent \$
Loan 79 - 2 x Exec Houses	1,100,000	WATC	Debentures	10	1,443,428	5.48	1,100,000	0

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2010 nor is it expected to have unspent debenture funds as at 30th June 2011.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$400,000 with the National Australia bank does exist. It is not anticipated that this facility will be required to be utilised during 2010/11.

SHIRE OF LAVERTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
6. RESERVES			
(a) Leave Reserve			
Opening Balance	175,920	167,552	167,552
Amount Set Aside / Transfer to Reserve	8,800	8,368	5,278
Amount Used / Transfer from Reserve	0	0	(8,666)
	<u>184,720</u>	<u>175,920</u>	<u>164,164</u>
(b) Plant Reserve			
Opening Balance	345,530	455,769	455,769
Amount Set Aside / Transfer to Reserve	67,280	59,761	64,357
Amount Used / Transfer from Reserve	0	(170,000)	(193,573)
	<u>412,810</u>	<u>345,530</u>	<u>326,553</u>
(c) Swimming Pool Reserve			
Opening Balance	166,908	123,729	123,729
Amount Set Aside / Transfer to Reserve	8,345	43,180	53,897
Amount Used / Transfer from Reserve	0	0	(6,399)
	<u>175,253</u>	<u>166,909</u>	<u>171,227</u>
(d) Aerodrome Reserve			
Opening Balance	283,874	235,132	235,132
Amount Set Aside / Transfer to Reserve	14,200	48,742	58,225
Amount Used / Transfer from Reserve	(59,254)	0	(18,399)
	<u>238,820</u>	<u>283,874</u>	<u>274,958</u>
(e) Road Reserve			
Opening Balance	482,561	425,425	425,425
Amount Set Aside / Transfer to Reserve	24,128	57,136	63,401
Amount Used / Transfer from Reserve	0	0	(9,073)
	<u>506,689</u>	<u>482,561</u>	<u>479,753</u>
(f) Great Beyond Reserve			
Opening Balance	85,633	50,000	50,000
Amount Set Aside / Transfer to Reserve	4,282	39,497	51,575
Amount Used / Transfer from Reserve	(41,500)	(3,864)	(18,400)
	<u>48,415</u>	<u>85,633</u>	<u>83,175</u>
(g) Council Buildings			
Opening Balance	125,993	120,000	120,000
Amount Set Aside / Transfer to Reserve	559,264	5,993	184,780
Amount Used / Transfer from Reserve	(200,000)	0	0
	<u>485,257</u>	<u>125,993</u>	<u>304,780</u>
(h) GROH Housing Maintenance Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	0	9,865
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>0</u>	<u>9,865</u>

SHIRE OF LAVERTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

6. RESERVES (Continued)	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
(i) Community Bus Reserve			
Opening Balance	1,000	0	0
Amount Set Aside / Transfer to Reserve	5,050	1,000	1,000
Amount Used / Transfer from Reserve	0	0	0
	<u>6,050</u>	<u>1,000</u>	<u>1,000</u>
(j) GROH Housing Loan Repayment Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	0	61,475
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>0</u>	<u>61,475</u>
(k) Townsite Revitalisation Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	1,317,418	0	0
Amount Used / Transfer from Reserve	(1,222,338)	0	0
	<u>95,080</u>	<u>0</u>	<u>0</u>
(l) Community Loan Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	25,625	0	0
Amount Used / Transfer from Reserve	(20,000)	0	0
	<u>5,625</u>	<u>0</u>	<u>0</u>
Total Reserves	<u>2,158,719</u>	<u>1,667,420</u>	<u>1,876,950</u>

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

SHIRE OF LAVERTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

6. RESERVES (Continued)	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
Summary of Transfers To Cash Backed Reserves	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
Transfers to Reserves			
Leave Reserve	8,800	8,368	5,278
Plant Reserve	67,280	59,761	64,357
Swimming Pool Reserve	8,345	43,180	53,897
Aerodrome Reserve	14,200	48,742	58,225
Road Reserve	24,128	57,136	63,401
Great Beyond Reserve	4,282	39,497	51,575
Council Buildings	559,264	5,993	184,780
GROH Housing Maintenance Reserve	0	0	9,865
Community Bus Reserve	5,050	1,000	1,000
GROH Housing Loan Repayment Reserve	0	0	61,475
Townsite Revitalisation Reserve	1,317,418	0	0
Community Loan Reserve	25,625	0	0
	<u>2,034,392</u>	<u>263,677</u>	<u>553,853</u>
Transfers from Reserves			
Leave Reserve	0	0	(8,666)
Plant Reserve	0	(170,000)	(193,573)
Swimming Pool Reserve	0	0	(6,399)
Aerodrome Reserve	(59,254)	0	(18,399)
Road Reserve	0	0	(9,073)
Great Beyond Reserve	(41,500)	(3,864)	(18,400)
Council Buildings	(200,000)	0	0
GROH Housing Maintenance Reserve	0	0	0
Community Bus Reserve	0	0	0
GROH Housing Loan Repayment Reserve	0	0	0
Townsite Revitalisation Reserve	(1,222,338)	0	0
Community Loan Reserve	(20,000)	0	0
	<u>(1,543,092)</u>	<u>(173,864)</u>	<u>(254,510)</u>
Total Transfer to/(from) Reserves	<u>491,300</u>	<u>89,813</u>	<u>299,343</u>

SHIRE OF LAVERTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

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:

Leave Reserve

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

Plant Reserve

- to be used for the purchase of major plant.

Swimming Pool Reserve

- to be used for the renovation and upgrading works to the swimming pool

Aerodrome Reserve

- to be used to for up keep and major upgrade works to the Laverton Airport

Road Reserve

- to be used for the up keep and major improvements/re-sealing programmes for the roads within the Shire of Laverton

Council Buildings Reserve

- to be used to maintain and construct buildings owned by the local government

GROH Housing Maintenance Reserve

- to be used to maintain buildings purchased to be leased to Government Regional Offices Housing.

Great Beyond Reserve

- to be used to plan, develop, expand or construct facilities for an improved tourism information centre

Community Bus Reserve

- to be used for the maintenace and replacement of the community bus.

GROH Housing Loan Repayment Reserve

- to be used for quarantine of lease money funds from the Government Regional Offices Housing lease payments.

Townsite Revitalisation Reserve

- to be used to hold funds pertaining to the Laverton Townsite Revitalisation and Emhancement Project.

Community Loan Reserve

- to be held for monies that may be made available to community groups as a low interest loan to assist community groups achieve their aims.

SHIRE OF LAVERTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

	2010/11 Budget \$	2009/10 Actual \$
7. NET CURRENT ASSETS		
Composition of Estimated Net Current Asset Position		
 CURRENT ASSETS		
Cash - Unrestricted	0	1,919,435
Cash - Restricted	2,158,719	1,667,420
Receivables	0	1,241,301
Inventories	0	35,547
	2,158,719	4,863,703
 LESS: CURRENT LIABILITIES		
Payables and Provisions	0	(766,679)
NET CURRENT ASSET POSITION	2,158,719	4,097,024
Add back Employee Liabilities	0	220,494
Less: Cash - Restricted	(2,158,719)	(1,667,420)
ESTIMATED SURPLUS C/FWD	0	2,650,098

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

The zero balance c/fwd in the 2010/11 budget column represents a balanced budget as at 30 June 2011.

SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011

8. RATING INFORMATION - 2010/11 FINANCIAL YEAR

<u>RATE TYPE</u>	Rate in \$	Number of Properties	Rateable Value \$	2010/11 Budgeted Rate Revenue \$	2010/11 Budgeted Interim Rates \$	2010/11 Budgeted Back Rates \$	2010/11 Budgeted Total Revenue \$	2009/10 Actual \$
Differential General Rate								
GRV								
Townsite	0.0830	182	2,466,054	204,683	0	0	204,683	178,919
Mining	0.0576	6	11,495,056	662,115	0	0	662,115	575,585
UV								
Pastoral	0.0348	14	792,586	27,582	0	0	27,582	24,161
Mining	0.1207	808	15,918,185	1,921,325	0	0	1,921,325	1,643,954
							0	
Sub-Totals		1,010	30,671,881	2,815,705	0	0	2,815,705	2,422,619
	Minimum \$							
Minimum Rates								
GRV							0	
Townsite	230	50	37,593	11,500	0	0	11,500	8,835
UV								
Pastoral	230	1	6,000	230	0	0	230	0
Mining	230	513	477,904	117,990	0	0	117,990	118,125
Mining Shared	115	28	20,566	3,220	0	0	3,220	0
Sub-Totals		592	542,063	132,940	0	0	132,940	126,960
Write-Off							2,948,645	2,549,579
Discounts							(1,000)	270
Totals							(80,000)	(70,477)
							2,867,645	2,479,372

All land except exempt land in the Shire of Laverton 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.

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 LAVERTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011**

8. RATING INFORMATION - 2010/11 FINANCIAL YEAR (continued)

The differential rates advertised under Sections 6.33 and 6.36 of the Local Government Act 1995 were as follows:

Rate Category		Proposed	Proposed
		Rate in \$	Minimum
UV Pastoral		0.0538	215
GRV Townsite		0.0960	215
UV Mining		0.1103	215
GRV Mining		0.1082	215

The reason for the different rate in \$ being adopted is that a revaluation of the GRV and Pastoral UV valuations occurred post modelling, and secondly the larger anticipated expenditure for 2010/11 necessitated a review of the proposed rate.

SHIRE OF LAVERTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

9. SPECIFIED AREA RATE - 2010/11 FINANCIAL YEAR

It is not anticipated any specified area rates will be levied in the 2010/11 financial year.

10. SERVICE CHARGES - 2010/11 FINANCIAL YEAR

It is not anticipated any service charges will be levied in the 2010/11 financial year.

11. FEES & CHARGES REVENUE	2010/11 Budget \$	2009/10 Actual \$
Governance	1,600	1,574
General Purpose Funding	6,470	11,692
Law, Order, Public Safety	2,300	21,870
Health	100	0
Education and Welfare	12,850	7,343
Housing	24,004	16,484
Community Amenities	68,650	60,336
Recreation & Culture	16,227	11,058
Transport	40,100	49,562
Economic Services	205,055	229,575
Other Property & Services	32,100	1,293
	<u>409,456</u>	<u>410,787</u>

12. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2010/11 FINANCIAL YEAR

A discount of 5% of the current rates levied (excluding other charges) will be offered to rate payers whose payment of the full amount owing, including arrears and charges is received 35 days after the date of service appearing on the rate notice.

The discount will not apply to interim rates after billing date. The total value of the discount is estimated to be \$80,000.

Council Policy Number 3.9 states that pursuant to Section 6.35 of the Local Government Act 1995, "Where a mining tenement crosses Council's boundary with a neighbouring Shire, Council agrees to claim 50% of the minimum rate, regardless of the portion of the mining tenement in this Municipality".

This policy only applies to prospecting, mining or exploration licences which are subject to minimum rates.

Photocopy charges are waived for certain community groups (St Johns Ambulance and the Laverton Volunteer Fire and Rescue Service). Council considers support of these groups necessary for the overall benefit of the community. No specific amount is budgeted for this waiver.

SHIRE OF LAVERTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

13. INTEREST CHARGES AND INSTALMENTS - 2010/11 FINANCIAL YEAR

An interest rate of 11% will be charged on all rate payments which are late. It is estimated this will generate income of \$36,000.

Two payment option plans will be available to ratepayers for payment of their rates.

Option 1 (Full Payment)

Full amount of rates and charges including arrears to be paid 35 days after the date of service appearing on the rate notice. See note 12 for discount provisions under this option.

Option 2 (4 Instalments)

First instalment is to be received 35 days after the date of service appearing on the rate notice. This payment is to include all arrears and one quarter of the current rates and charges. Second, third and fourth instalments are to be made at two monthly intervals thereafter.

The cost of instalment plans will comprise of simple interest of 5.5% per annum calculated from the date that the first instalment is due, together with an administration fee of \$5.00 for each instalment not including the first instalment.

The total revenue from the imposition of the interest and administration charge is estimated at \$6,500 and is detailed as follows:

	2010/11 Budget \$	2009/10 Actual \$
Administration Charges	1,000	0
Instalment Interest	5,500	5,478
	<u>6,500</u>	<u>5,478</u>

14. COUNCILLORS' REMUNERATION

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

	2010/11 Budget \$	2009/10 Actual \$
Meeting Fees	50,000	29,616
President's Allowance	10,000	9,000
Deputy President's Allowance	2,500	3,000
Travelling Expenses	5,000	2,676
	<u>67,500</u>	<u>44,292</u>

SHIRE OF LAVERTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2011

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2010/11 Budget \$	2009/10 Actual \$	2009/10 Budget \$
Cash - Unrestricted	0	1,919,435	0
Cash - Restricted	<u>2,158,719</u>	<u>1,667,420</u>	<u>1,876,950</u>
	<u>2,158,719</u>	<u>3,586,855</u>	<u>1,876,950</u>

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

Leave Reserve	184,720	175,920	164,164
Plant Reserve	412,810	345,530	326,553
Swimming Pool Reserve	175,253	166,909	171,227
Aerodrome Reserve	348,074	283,874	274,958
Road Reserve	556,689	482,561	479,753
Great Beyond Reserve	48,415	85,633	83,175
Council Buildings Reserve	485,257	125,993	304,780
GROH Housing Maintenance Reserve	0	0	9,865
Community Bus Reserve	6,050	1,000	1,000
GROH Housing Loan Repayment Reserve	0	0	61,475
Townsite Revitalisation Reserve	95,080	0	0
Community Loan Reserve	<u>5,625</u>	<u>0</u>	<u>0</u>
	<u>2,317,973</u>	<u>1,667,420</u>	<u>1,876,950</u>

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

Net Result	6,688,153	2,451,726	5,517,774
Depreciation	1,858,300	1,868,433	1,745,766
(Profit)/Loss on Sale of Asset	(103,087)	(17,752)	(65,951)
(Increase)/Decrease in Receivables	1,241,301	348,859	1,482,524
(Increase)/Decrease in Inventories	35,547	22,233	16,660
Increase/(Decrease) in Payables	(766,680)	(208,425)	(729,093)
Increase/(Decrease) in Employee Provisions	220,494	(221,274)	0
Grants/Contributions for the Development of Assets	<u>(896,123)</u>	<u>(3,215,625)</u>	<u>(8,075,433)</u>
Net Cash from Operating Activities	<u>8,277,905</u>	<u>1,028,175</u>	<u>(107,753)</u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

Bank Overdraft limit	400,000	400,000	400,000
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	25,000	25,000	25,000
Credit Card Balance at Balance Date	<u>0</u>	<u>5,511</u>	<u>0</u>
Total Amount of Credit Unused	<u>425,000</u>	<u>430,511</u>	<u>425,000</u>

Loan Facilities

Loan Facilities in use at Balance Date	<u>1,122,806</u>	<u>66,455</u>	<u>0</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>

SHIRE OF LAVERTON

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FOR THE YEAR ENDED 30TH JUNE 2011

16. TRUST FUNDS

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

Detail	Balance 1-Jul-10 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-11 \$
Trust Hall Bonds	50	500	(500)	50
Trust Housing Bonds	1,500	1,000	(500)	2,000
Trust Building Levies	38,111	10,000	(45,000)	3,111
Trust Key Deposits	50	500	(500)	50
Staff Personal Deductions	7,674	5,000	(10,000)	2,674
Youth Advisory Council	1,029	0	0	1,029
Trust Clubs & Discos	1,530	0	0	1,530
North East Goldfields LCDC	14,333	0	0	14,333
Donations Received	9,044	0	(9,044)	0
	<u>73,321</u>			<u>24,777</u>

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NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2011

17. MAJOR LAND TRANSACTIONS

No major land transactions are anticipated in 2010/11.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2010/11.