

ANNUAL REPORT

YEAR ENDED 30TH JUNE 2014



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SHIRE OF CUNDERDIN

ANNUAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

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SHIRE OF CUNDERDIN

President's Report

It is with pleasure that I present the 2013/14 Annual Report.

SEAVROC/RTG

Our push to form a regional transition group with York, Quairading, and Tammin was torpedoed by the Local Government Advisory Board. The group then tried to reform the original SEAVROC which also included the Shires of Beverley and Brookton, however after an initial meeting it was decided that the group could no longer work together and at subsequent meetings the ROC was disbanded when the shires of Cunderdin, Quairading and Tammin withdrew to pursue their own regional co-operation group. These three shires are now progressing to an understanding of shared services with the view of preparing for any local government amalgamations and to reduce the inevitable increases in the costs of operations.

Recreation and Culture

Following the upgrades to the Meckering sports facilities in 2011/12, the centralization of sports facilities in Cunderdin is nearing completion and is coming in under budget. The renovation of the changerooms are complete and although only one home game of football in 2014 was possible, the changerooms were considered to be first class. The lack of home games did not effect the football teams as both A and B grades won their grand finals. The new Community Centre is operational with new synthetic surfaces for bowls and tennis being well accepted. Final landscaping and incidentals are still to be completed which will add to an excellent precinct.

The Cunderdin Museum continues to enhance its reputation as one of the best country WA museums and is a credit to Manager Michelle Samson and the committee of volunteers.

Council Operations

New Councillors Norm Jenzen and Terri Jasper were elected at the October 2013 elections and have been immediate and constructive contributors to council matters.

Council has introduced Long Term Financial Plan for 10 years 2013/14 – 2023/24 which aligned to the Business Plan forms the basis for the preparation of future budgets.

Adopted an Asset Management Policy (Part of the Corporate Business Plan)

Adopted a Strategic Community Plan to manage social, environmental and economic growth within the district.

While most of these plans are statutory requirements, we see them as significant tools in assisting our planning into the future.

Cunderdin Airfield

Council has been negotiating with a private investor to lease the Cunderdin airfield to substantially develop the precinct. We are keen to pursue the planned multi-million dollar project to substantially benefit the Shire well into the future while ensuring any development, construction and infrastructure will not have a detrimental effect on either town or impact on rates. Further details will be communicated upon their release.

Health

Since the departure of Dr. Ken Gray, the doctor's surgery has been run by the Karis Medical Group who are a husband and wife medical business based in Merredin. They have secured the services of Dr. Joseph Akinjobi who was previously practicing in Canada. Dr. Herma Invererity is still involved with the surgery, which is providing services five days a week with on call services.

Staff

I sincerely thank all staff for their commitment during a sometimes trying year with many projects (not the least the Cunderdin Sports Centre project) under way. Special thanks to our CEO Peter Naylor for his strong support and leadership and commitment to the overall welfare and development of Cunderdin Shire.

I thank all Councillors for their donated time and their commitment to provide a sustainable and prosperous future for our community.

Cr. RC (Clive) Gibsone
Shire President



SHIRE OF CUNDERDIN

Chief Executive Officer's Report

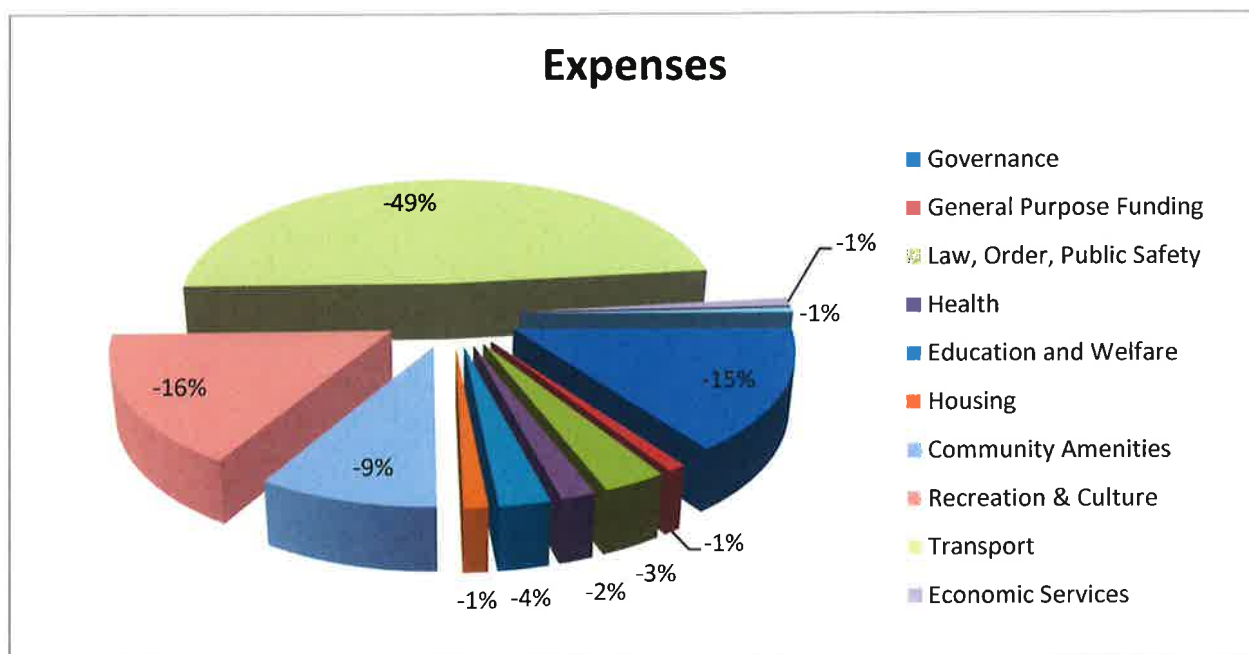
The Shire of Cunderdin continues its return to financial stability ending the financial year to the 30th June 2014 with a surplus of \$1,284,748.

The surplus is made up from the following sources

Unrestricted

Operating Surplus \$ 1,284,748

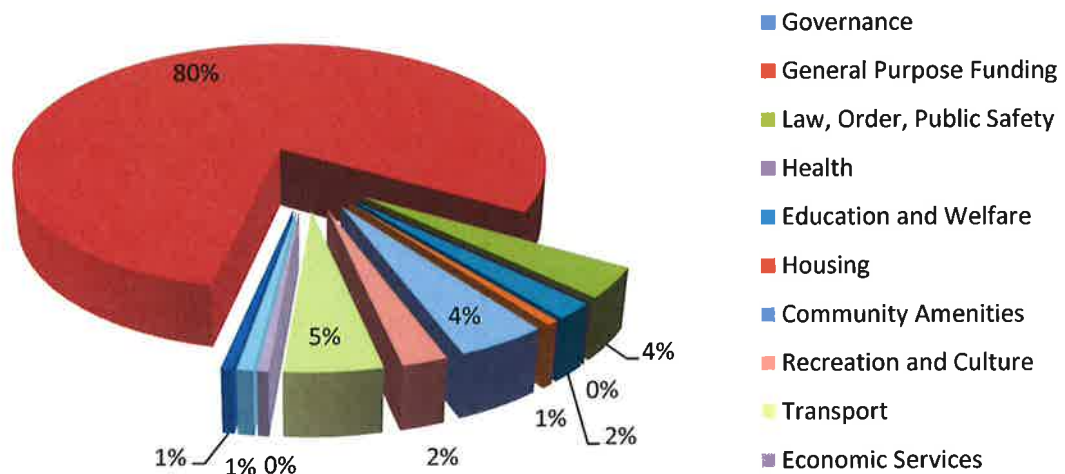
Operating Expenditure by Program 2013/14



- Council's Operating Expenditure for the financial year ending 30th June 2014 amounted to \$4.5 million compared to \$5.8 million for 2012/13 financial year.
- Repayment of loans amounted to \$158,639 leaving a principal balance of \$2,030,762.
- Interest expenses on loans amounted to \$42,219, compared to \$49,756 last year.

Operating Revenue by Program 2013/14

Revenue



- Council's Operating Revenue for the financial year ending 30th June 2014 amounted to \$3.02 million down from \$5.9 million for the 2012/13 financial year.
- Reserve accounts held \$1.17m at the end of June.
- A new loan was raised during the year, as per the Council budget of \$1.5m for the Cunderdin Recreation Grounds Development project.

A capital program of \$4.4 million was completed during the year;

Infrastructure Assets	\$1,111,517
Work In Progress (Buildings)	\$3,314,725
Plant & Equipment	\$ 8,263
<u>Furniture & Equipment</u>	<u>\$ 31,621</u>
Total	\$4,466,126

Combined operating & capital program of for 2013/14 totaled \$7.4 million compared to \$8.2 million for the 2012/13 year.

To all staff I offer my sincere appreciation for their valuable support since my commencement in January 2012 and look forward to building on our positive working relationship in future years.

The following Annual report has been prepared in accordance with section 5.53 of the Local Government Act 1995 and details the operations of the Shire for the 2013/2014 financial year.

Peter Naylor
Chief Executive Officer

Shire of Cunderdin General Information

(The Councillors)

President

Councillor: RL (Rod) Carter
Phone: 9641 7045
Ward: District 2015
Years of Service : 2000 to present
President: 2009 to present

Councillor: TE (Todd) Harris
Phone: 9636 2030
Ward: District 2013
Years of Service : 2005 to present

Deputy President

Councillor: RC (Clive) Gibsone
Phone: 9635 1030
Ward: District 2017
Years of Service : 2003 to present

Councillor: NW (Norm) Jenzen
Phone: 9635 2046
Ward: District 2017
Years of Service: 2013 to present

Councillor: TA (Terri) Jasper
Phone: 0438 351 050
Ward: District 2017
Years of Service : 2013 to present

Councillor: DA (Dennis) Whisson
Phone: 9625 1314
Ward: District 2017
Years of Service: 2003 to present

Councillor: D (Doug) Kelly
Phone: 9625 1305
Ward: District 2015
Years of Service: 2007 to present

Councillor: DG (Dianne) Kelly
Phone: 9625 1313
Ward: District 2015
Years of Service: 2004 to present

(The Staff)

Chief Executive Officer

Peter Naylor

Deputy Chief Executive Officer

Paul Godfrey

Manager of Works and Services

Ian Bartlett

Community Development Officer

Antoinette Gibson

Mechanic

Rick Buxton

Records/Admin Officer

Kelly Whisson

Outside Crew

Garry Roulston

Keith Kehlet

Geoff Don

Daphane O'Donnell

Robert Bell

Robert Glover

Robert Wilson

Adam Takacs

Barry Bell

Environmental Health Services

Tim Jurmann

Phone : 9635 2700

Building Inspector

Tim Jurmann

Phone : 9635 2700

Finance Officers

Alicia Clarke
Hayley Byrnes

Transfer Station Attendants

Trillian Cole
Gary Coward

Gardeners

Clint Carter
Stan Wilkins
Steve Stokes

Early Learning Centre

Deanne Frear
Marilyn Catilo
Cheska Grampil
Leeanne Bell

Community Emergency Services Manager

Daniel Birleson
Mobile : 0448 008 653

Cleaner

Cathy Winterswyk

Pool Manager

Contract Aquatic Services

Museum Officer

Michelle Samson

Ranger Services

Mathew Sharpe
Office : 9635 2700
Mobile : 0459 678 154

Town Planning Services

Jacky Jurmann
Phone : 9635 2700

The Council Offices and Chambers are located on Lundy Avenue, Cunderdin.

The **postal address** for all correspondence is:

Chief Executive Officer
Shire of Cunderdin
PO Box 100
Cunderdin WA 6407

Office hours are from: 8:30 am to 4:00 pm Monday to Friday.

Telephone Number : (08) 9635 2700
Facsimile Number : (08) 9635 1464
Emergencies : 0427 991 000

Email Address: admin@cunderdin.wa.gov.au
Website: www.cunderdin.wa.gov.au

Disability Services Plan

IntroductionThe Disability Services Act 1993 Part 5 Section 29 (2) requires that the Shire report on its disability service plan.

The Shire has adopted the following Disability Service Plan to ensure that people with disabilities can access Council facilities and services. It is subject to annual review and may be amended and extended as priorities and needs change.

The plan includes:

- Information on Council functions, facilities and services (both in-house and contracted).
- A policy statement about the Shire's commitment to addressing the issue of access for people with disabilities, their families and carers.
- A description of the process used to consult with people with disabilities, their families, carers and disability organisations and relevant community groups.
- The identification of objectives and strategies to overcome barriers that people with disabilities identified during the consultation process.
- A method of review and evaluation of the plan.
- Information about how the plan is being communicated to staff and people with disabilities.

Access policy statement for people with disabilities, their families and carers. The Shire of Cunderdin is committed to conducting an ongoing review of its services to ensure that, where practicable, services are accessible to people with disabilities, their families and carers. The Shire of Cunderdin believes that people with disabilities, their families and carers who live in country areas should be supported to remain in the community of their choice and is committed to consulting with people with disabilities, their families and carers and where required, disability organisations to ensure that barriers to access are addressed appropriately.

The Shire of Cunderdin is committed to consulting with people with disabilities, their families and carers and, where required, disability organisations to ensure that barriers to access are addressed appropriately.

Outcomes

The Shire of Cunderdin is committed to achieving the following outcomes:

Outcome 1:

- Existing functions, facilities and services are adapted to meet the needs of people with disabilities.
- Council will endeavour to be adaptable in responding to the barriers experienced by people with various disabilities, including people with physical, sensory, cognitive and psychiatric disabilities.
- Council will ensure that all policies and practices that govern the operation of Council facilities, functions and services are consistent with Council's policy on access.

Outcome 2:

- Access to buildings and facilities is improved. Initially priority will be given to persons with ambulant disabilities given that they form the greater number of persons with disabilities.
- Council will undertake to incorporate the priorities regarding access for people with disabilities, identified during the consultations, into its submission for its capital works improvement programme.
- Modifications will commence as funds are made available.
- Council will undertake to liaise with developers to increase their awareness of the access requirements of people with disabilities.

Outcome 3:

- Information, where practicable, about functions, facilities, and services is provided in formats, which meet the communication requirements of people with disabilities.
- Council will produce all of its information on Council facilities, functions and services using clear and concise language.
- Council will advise the community that, upon request, information about Council functions, facilities and services can be made available in alternative formats, such as large print and audio cassette.

Outcome 4:

- Staff awareness of the needs of people with disabilities and skills in delivering advice and services are improved.
- Council will undertake to ensure that staff is aware of the key access needs of residents with disabilities and people with disabilities who visit the local government area in relation to the provision of all services.
- Where required, council will seek advice from the disability field on how to meet the access needs of people with disabilities.

Outcome 5:

- Opportunities for people with disabilities to participate in public consultations, grievance mechanisms and decision making processes are provided.
- Council will ensure that information is available in clear and concise language on how residents can participate in decision making processes, public consultations and grievance mechanisms.
- Council will advise the community that this information can be made available in alternative formats upon request, if such is practicable.
- Council will also undertake to support people with disabilities to attend meetings of council.

The Shire of Cunderdin Disability Access & Inclusion Plan is currently under review which will be completed early in the 2015 Calendar Year.

Long Term Financial Plan

In place of the Plan for the future, the legislation now requires a local government to prepare a Long Term Financial Plan, this must be prepared for at least ten financial years, set out the broad objectives of the local government for the period specified in the plan and in the annual report provide an overview of the plan including major initiatives that are proposed to commence or continue in the next financial year.

A copy of the plan is available at the Shire of Cunderdin's administration centre on Lundy Avenue, Cunderdin.

Major Projects 2013/14

Cunderdin Sports Centre

The Shire has awarded the tender for the Sport Centre Upgrade and the successful tenderer has started works with a completion date of approximately October 2014.

Proposed Projects 2014/15

Cunderdin Sports Centre

Completion of this project is expected to be October 2014.

Record Keeping Plan

The State Records Act 2000 requires that the Shire maintains and disposes of all records in the proscribed manner. Principle 6 – Compliance: Government organisations ensure their employees comply with the record keeping plan. An organisation and its employees must comply with the organisation’s record keeping plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities. The Shire has reviewed their record keeping plan during the 2013/14 financial year.

The efficiency and effectiveness of the record keeping plan is reviewed by senior staff on a regular basis. During the induction of new employees, an awareness program is conducted on the record keeping plan, procedures and policies and continues to adhere to an ongoing staff training program.

The shire is currently reviewing the record keeping plan to ensure that it remains current and complies with the state records act.

National Competition Policy

The introduction of the National Competition Policy requires all local governments to include in the Annual Report, statements relating to the following:

The Structural Reform of Public Monopolies

The intention of the Structural Reform of Public Monopolies, is that:

- There is a separation of regulatory and commercial functions of Public Monopolies.
- There is a separation of natural monopolistic operations and potentially competitive activities of Public Monopolies.
- There is a separation of potential competitive activities into a number of smaller, essentially independent business units.

The Shire of Cunderdin is not considered a natural monopoly, nor does it conduct any business activity that can be considered a Public Monopoly. Therefore the principle of structural reform of Public Monopolies does not apply to the Shire of Cunderdin.

Competitive Neutrality

For significant local government business enterprises, which are classified as 'Public Financial Enterprises', local government will, where appropriate:

- Adopt a corporatisation model for those local government business enterprises.
- Impose on significant business enterprises:
 - Full Commonwealth, State and Territory taxes on tax equivalent systems;
 - Debt guarantee fees directed towards off setting the competitive advantages provided by government guarantees; and

- Those regulations to which private sector businesses are normally subject, such as those relating to the protection of the environment and planning and approval processes, on an equivalent basis to private sector competitors.

These principles have been designed to ensure that a local government has no unfair advantage over any competitor in the market place.

These principles only apply to business activities that receive more than \$200,000 in annual income, of which the Shire of Cunderdin has only one in the financial year, this was due to a one off project of private works, where the shire reconstructed a road for another shire .

Council has not received any allegations of non-compliance with Competitive Neutrality Principles from the private sector.

Legislation Review

In accordance with the National Competition Policy, all Local Laws are currently being reviewed.

Freedom of Information

The Freedom of Information Act 1992 is applicable to the Shire of Cunderdin.

During the year ended 30th June 2014 the Shire of Cunderdin received no requests for information under the Freedom of Information Act.

In accordance with section 96(1) of the freedom of Information Act 1992, the Shire of Cunderdin has produced an "Information Statement" which is available at the Shire Office.

The Information Statement contains information on the type of documents available to the public and how to access those documents.

Public Interest Disclosure

The Public Interest Disclosure Act 2003 aims to facilitate and encourage the disclosure of public interest information and to provide protection for those who have made a disclosure and for those about whom disclosures are made.

The Shire of Cunderdin does not tolerate corrupt or other improper conduct, including mismanagement of public resources and the exercise of the public functions of the Shire and its officers, employees and contractors.

The Shire is committed to the aims and objectives of the Act and recognises the value and importance of contributions of staff to enhance administrative and management practices and supports disclosures being made by staff as to corrupt or other improper conduct.

During 2013/14 there were no disclosures made under the Act.

Disclosure of Annual Salaries

Local governments are required to include in their annual report the number of employees with an annual salary of \$100,000 or more, and the number of employees with each \$10,000 band.

The Shire of Cunderdin has for the 2013/14 financial year :

- Number of employees in the \$130,000 to \$140,000 band: 1

Strategic Community Plan

The Shire of Cunderdin developed the Strategic Community Plan, in partnership with community and stakeholders, and this was adopted by council on 17th May 2012.

The Shire consulted with the community to get feedback as this was critical to understand our identity in building our shared vision. The community was given the opportunity to be involved in a number of ways, previous surveys were analysed, interest groups were interviewed, a survey via web and front counter and a large focus group were all utilised.

The Strategic Community Plan is due for Review during the 2014/15 Financial Year.

The outcomes, objectives and results are list in the table below :

Outcomes	Objectives	Result
Connected Inclusive Community	Strengthen community participation	The Shire is involved in the running of community events such as carols in the park and Australia Day, and is working on future activities for both aged and youth.
	Maintain and build service capacity	The new sportsground buildings will be a multipurpose facility to provide a meeting place for all ages.
Sustainable Resource Management	Enhance the shire's sustainability through efficient use of natural resources	A Water Management Plan has been prepared and Council is implementing identified actions as the opportunity arises.
		The Shire continues to be involved in the regional waste scheme initiatives with neighbouring local governments and will investigate the use of solar panels for the new sportsground pavilion once completed.
Sustained Natural Environment	Maintain and enhance the local environment	The Shire continues to plant new trees around the town and maintains ovals and parks for the community use.
Planned Growth	Balanced land use planning for housing	The Shire in conjunction with Landcorp has developed new land for housing and industrial use.
Enhanced and Maintained Infrastructure	Improve town centre	The Cunderdin Main Street has been upgraded with new asphalt surface, line marking, street furniture and kerbing to the car park.
		Maintenance of the town hall frontage will be scheduled in accordance with the Asset Management Plan provisions.
	Maintain assets and infrastructure	An Asset Management Plan was prepared as part of the Local Government Integrated Planning Framework. The Plan will be monitored and reviewed on a regular basis.
	Improve access and safety	The Manager Works and Services has compiled a report on the road infrastructure and this will be considered annually during budget deliberations. Kerbing and footpaths is currently being assessed.
	Improve main distributor roads	Maintenance of traffic corridors has been assessed as a priority.

Economic Growth	Maximise business development	Council is working on the development of a Regional Economic Plan with neighbouring local governments.
	Create youth skill based employment	This is being considered in conjunction with Airfield Feasibility Study and a Business Plan is being prepared.
	Strengthen the transport corridor	Feasibility Study and Business Plan currently being prepared for the Cunderdin Airfield.
	Provide affordable residential and industrial land	The shire has worked with Landcorp to develop new blocks of land for housing and industrial purposes
Sustainable resource Management	Build financial capability	The Shire has developed a new Strategic Community Plan, Long Term Financial Plan, Asset Management Plan and Corporate Business Plan as part of the Integrated Planning Framework. Council has also prepared risk management plans in consultation with the LGIS Risk Management Coordinator.
	Develop workforce capability	Council is also developing IT Implementation, Service and Risk Plans in conjunction with neighbouring local governments.
Enhanced Leadership	Provide leadership	New Workforce Plan developed as part of Integrated Planning Framework, and a human resource plan is being prepared with LGIS Risk Management Coordinator.
	Build community capacity	Council is continually lobbying the relevant State Government Ministers and Agencies for improved services within the Shire. This is identified as high priority and will be ongoing when a new Community Development Officer is employed.

SHIRE OF CUNDERDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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**SHIRE OF CUNDERDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Cunderdin being the annual financial report and other information for the financial year ended 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the Shire of Cunderdin at 30th June 2014 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 17th day of December 2014



Peter Naylor
Chief Executive Officer

SHIRE OF CUNDERDIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Rates	22	1,598,847	1,596,620	1,517,230
Operating Grants, Subsidies and Contributions	28	965,021	980,718	1,465,978
Fees and Charges	27	328,063	277,875	2,702,577
Interest Earnings	2(a)	106,714	113,676	132,202
Other Revenue		21,552	86,749	122,320
		<u>3,020,197</u>	<u>3,055,638</u>	<u>5,940,307</u>
Expenses				
Employee Costs		(1,348,189)	(1,258,200)	(3,254,882)
Materials and Contracts		(1,017,509)	(1,188,338)	(645,747)
Utility Charges		(211,114)	(205,907)	(192,312)
Depreciation on Non-Current Assets	2(a)	(1,544,688)	(1,503,150)	(1,246,476)
Interest Expenses	2(a)	(51,821)	(42,219)	(49,756)
Insurance Expenses		(164,407)	(171,802)	(113,354)
Other Expenditure		(253,793)	(326,175)	(333,664)
		<u>(4,591,521)</u>	<u>(4,695,791)</u>	<u>(5,836,191)</u>
		(1,571,324)	(1,640,153)	104,116
Non-Operating Grants, Subsidies and Contributions				
	28	1,723,479	4,057,899	1,865,609
Profit on Asset Disposals	20	0	4,400	36,004
Loss on Asset Disposals	20	0	0	(13,990)
		<u>1,723,479</u>	<u>4,062,300</u>	<u>1,887,623</u>
NET RESULT		152,155	2,422,146	1,991,739
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	6,180,577	0	122,035
Total Other Comprehensive Income		<u>6,180,577</u>	<u>0</u>	<u>122,035</u>
Total Comprehensive Income		<u><u>6,332,732</u></u>	<u><u>2,422,146</u></u>	<u><u>2,113,774</u></u>

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

SHIRE OF CUNDERDIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Governance		17,914	6,936	38,472
General Purpose Funding		2,413,266	2,476,084	2,926,775
Law, Order, Public Safety		112,737	91,461	83,407
Health		840	646	8,349
Education and Welfare		60,614	81,216	74,528
Housing		18,575	13,080	11,320
Community Amenities		137,118	123,447	147,857
Recreation and Culture		69,110	63,560	61,453
Transport		148,332	150,466	139,821
Economic Services		16,853	5,197	18,936
Other Property and Services		24,838	43,545	2,429,390
		<u>3,020,197</u>	<u>3,055,638</u>	<u>5,940,308</u>
Expenses				
Governance		(683,618)	(419,096)	(560,732)
General Purpose Funding		(41,524)	(74,135)	(1,918)
Law, Order, Public Safety		(143,484)	(190,134)	(177,228)
Health		(79,092)	(76,314)	(48,908)
Education and Welfare		(116,443)	(130,968)	(152,278)
Housing		(56,552)	(73,569)	(60,131)
Community Amenities		(404,400)	(501,693)	(393,446)
Recreation & Culture		(731,151)	(745,188)	(589,991)
Transport		(2,207,319)	(2,356,257)	(1,862,793)
Economic Services		(48,089)	(34,454)	(105,823)
Other Property and Services		(28,028)	(51,765)	(1,833,188)
		<u>(4,539,700)</u>	<u>(4,653,573)</u>	<u>(5,786,436)</u>
Finance Costs				
Recreation & Culture		(21,613)	(6,346)	(3,462)
Transport		(4,942)	(6,424)	(16,868)
Other Property and Services		(25,266)	(29,449)	(29,426)
	2(a)	<u>(51,821)</u>	<u>(42,219)</u>	<u>(49,756)</u>
Non-Operating Grants, Subsidies and Contributions				
Governance		0	691,312	0
Law, Order, Public Safety		0	5,000	10,238
Recreation & Culture		838,750	1,469,000	0
Transport		884,729	1,892,587	1,855,371
		<u>1,723,479</u>	<u>4,057,899</u>	<u>1,865,609</u>
Profit/(Loss) on Disposal of Assets				
Governance		0	1,950	0
Health		0	600	0
Transport		0	1,600	(13,990)
Economic Services		0	250	0
Other Property and Services		0	0	36,004
		<u>0</u>	<u>4,400</u>	<u>22,014</u>
Net Result		152,155	2,422,145	1,991,739
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	6,180,577	0	122,035
Total Other Comprehensive Income		<u>6,180,577</u>	<u>0</u>	<u>122,035</u>
Total Comprehensive Income		<u>6,332,732</u>	<u>2,422,145</u>	<u>2,113,774</u>

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

**SHIRE OF CUNDERDIN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014**

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,393,691	3,721,479
Trade and Other Receivables	4	524,582	316,554
Inventories	5.1	16,064	7,717
TOTAL CURRENT ASSETS		<u>2,934,337</u>	<u>4,045,750</u>
NON-CURRENT ASSETS			
Other Receivables	4	0	0
Financial Assets	5.2	73,144	73,144
Property, Plant and Equipment	6	13,624,807	4,712,156
Infrastructure	7	39,607,742	39,418,377
TOTAL NON-CURRENT ASSETS		<u>53,305,693</u>	<u>44,203,677</u>
TOTAL ASSETS		<u>56,240,030</u>	<u>48,249,427</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	482,657	169,929
Short Term Borrowings	9	213,312	158,638
Provisions	10	94,864	91,083
TOTAL CURRENT LIABILITIES		<u>790,833</u>	<u>419,650</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	1,817,450	530,762
Provisions	10	40,170	40,170
TOTAL NON-CURRENT LIABILITIES		<u>1,857,620</u>	<u>570,932</u>
TOTAL LIABILITIES		<u>2,648,453</u>	<u>990,582</u>
		<u>53,591,577</u>	<u>47,258,845</u>
EQUITY			
Retained Surplus		15,995,335	14,898,871
Reserves - Cash Backed	11	1,166,932	2,111,241
Revaluation Surplus	12	36,429,310	30,248,734
TOTAL EQUITY		<u>53,591,577</u>	<u>47,258,846</u>

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

SHIRE OF CUNDERDIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2012		12,843,013	2,175,361	30,126,699	45,145,072
Comprehensive Income					
Net Result		1,991,739	0	0	1,991,739
Changes on Revaluation of Non-Current Assets	12	0	0	122,035	122,035
Total Comprehensive Income		<u>1,991,739</u>	<u>0</u>	<u>122,035</u>	<u>2,113,774</u>
Transfers from/(to) Reserves		64,120	(64,120)	0	0
Balance as at 30 June 2013		14,898,871	2,111,241	30,248,734	47,258,846
Comprehensive Income					
Net Result		152,155	0	0	152,155
Changes on Revaluation of Non-Current Assets	12	0	0	6,180,577	6,180,577
Total Comprehensive Income		<u>152,155</u>	<u>0</u>	<u>6,180,577</u>	<u>6,332,732</u>
Transfers from/(to) Reserves		944,309	(944,309)	0	0
Balance as at 30 June 2014		15,995,335	1,166,932	36,429,310	53,591,577

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

**SHIRE OF CUNDERDIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,584,704	1,596,620	1,440,727
Operating Grants, Subsidies and Contributions		965,021	980,718	1,405,828
Fees and Charges		224,104	277,874	2,861,937
Service Charges		0	0	0
Interest Earnings		106,714	113,676	132,202
Goods and Services Tax		472,553	250,000	447,780
Other Revenue		21,551	86,750	122,320
		<u>3,374,647</u>	<u>3,305,638</u>	<u>6,410,794</u>
Payments				
Employee Costs		(1,314,775)	(1,258,200)	(3,184,074)
Materials and Contracts		(736,532)	(1,188,338)	(682,013)
Utility Charges		(211,114)	(205,014)	(192,312)
Interest Expenses		(39,265)	(42,219)	(52,537)
Insurance Expenses		(164,407)	(172,695)	(113,354)
Goods and Services Tax		(554,219)	(250,000)	(584,588)
Other Expenditure		(280,837)	(326,176)	(342,827)
		<u>(3,301,149)</u>	<u>(3,442,642)</u>	<u>(5,151,705)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>73,498</u>	<u>(137,004)</u>	<u>1,259,089</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	(103,727)
Payments for Purchase of Property, Plant & Equipment		(3,354,609)	(5,971,480)	(409,349)
Payments for Construction of Infrastructure		(1,111,517)	(2,597,617)	(1,975,615)
Advances to Community Groups		0	0	0
Non-Operating Grants, Subsidies and Contributions		1,723,479	4,057,899	1,644,290
Proceeds from Sale of Fixed Assets		0	738,000	57,241
Proceeds from Advances		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
Net Cash Provided by (Used in) Investment Activities		<u>(2,742,647)</u>	<u>(3,773,198)</u>	<u>(787,160)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(158,639)	(158,639)	(148,598)
Proceeds from Self Supporting Loans		0	0	0
Proceeds from New Debentures		1,500,000	1,500,000	0
		<u>1,500,000</u>	<u>1,500,000</u>	<u>0</u>
Net Cash Provided By (Used In) Financing Activities		<u>1,341,361</u>	<u>1,341,361</u>	<u>(148,598)</u>
Net Increase (Decrease) in Cash Held		<u>(1,327,788)</u>	<u>(2,568,841)</u>	<u>323,331</u>
Cash at Beginning of Year		3,721,479	3,710,379	3,398,148
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>2,393,692</u></u>	<u><u>1,141,538</u></u>	<u><u>3,721,479</u></u>

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

**SHIRE OF CUNDERDIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
Revenue				
Governance		17,914	8,886	38,472
General Purpose Funding		814,419	879,464	1,409,545
Law, Order, Public Safety		112,737	91,461	83,407
Health		840	1,246	8,349
Education and Welfare		60,614	81,216	74,528
Housing		18,575	13,080	11,320
Community Amenities		137,118	123,447	147,857
Recreation and Culture		69,110	63,560	61,453
Transport		148,332	152,066	139,821
Economic Services		16,853	5,447	18,936
Other Property and Services		24,838	43,545	2,465,394
		<u>1,421,350</u>	<u>1,463,418</u>	<u>4,459,082</u>
Expenses				
Governance		(683,618)	(419,096)	(560,732)
General Purpose Funding		(41,524)	(74,135)	(1,918)
Law, Order, Public Safety		(143,484)	(190,134)	(177,228)
Health		(79,092)	(76,314)	(48,908)
Education and Welfare		(116,443)	(130,968)	(152,278)
Housing		(56,552)	(73,569)	(60,131)
Community Amenities		(404,400)	(501,693)	(393,446)
Recreation and Culture		(752,764)	(751,534)	(593,453)
Transport		(2,212,261)	(2,362,681)	(1,893,651)
Economic Services		(48,089)	(34,454)	(105,823)
Other Property and Services		(53,292)	(81,213)	(1,862,613)
		<u>(4,591,519)</u>	<u>(4,695,791)</u>	<u>(5,850,181)</u>
Net Result Excluding Rates		(3,170,169)	(3,232,373)	(1,391,099)
Adjustments for Cash Budget Requirements:				
(Profit)/Loss on Asset Disposals	20	0	(4,400)	(22,014)
Movement in Employee Benefit Provisions (Non-current)		0	25,013	20,029
Movement in Employee Entitlements (Current) - cash backed		3,781	0	(21,606)
Prior Year Adjustment			0	88
Depreciation and Amortisation on Assets	2(a)	1,544,688	1,503,150	1,246,476
Capital Expenditure and Revenue				
Purchase Land Held for Resale		0	0	(103,727)
Purchase Land and Buildings	6(a)	0	(5,753,910)	(132,516)
Purchase Furniture and Equipment	6(a)	(31,621)	(55,570)	(8,559)
Purchase Work In Progress (Buildings)	6(a)	(3,314,725)	(162,000)	(268,274)
Purchase Roads	7(a)	(1,096,509)	(1,091,957)	(1,636,885)
Purchase Airfield Infrastructure	7(a)	(15,008)	(1,505,660)	(338,730)
Contributions towards the development of Assets		1,723,479	4,057,899	1,865,609
Proceeds from Disposal of Fixed Assets	20	0	738,000	57,241
Repayment of Debentures	21(a)	(158,639)	(158,639)	(148,598)
Proceeds from New Debentures	21(a)	1,500,000	1,500,000	0
Transfers to Reserves (Restricted Assets)	11	(55,691)	(93,450)	(85,880)
Transfers from Reserves (Restricted Assets)	11	1,000,000	1,389,393	150,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	1,764,580	1,267,049	1,065,795
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	1,284,748	19,165	1,764,580
Total Amount Raised from General Rate	22(a)	<u><u>(1,598,847)</u></u>	<u><u>(1,596,620)</u></u>	<u><u>(1,517,230)</u></u>

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

**SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

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 financial report.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19. to these financial statements.

(b) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

(c) Cash and Cash Equivalents

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

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

(d) Trade and Other Receivables

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

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

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

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Inventories

General

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

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

Land Held for Sale

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

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

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

(f) Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
 - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
 - (i) that are plant and equipment; and
 - (ii) that are -
 - (I) land and buildings; or-
 - (II) Infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the Council was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

The Shire of Cunderdin has determined that it does not have any land to be recognised under this requirement.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Initial Recognition and Measurement between Mandatory Revaluation Dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, 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 an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Transitional Arrangements

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation Methodology*** section as detailed above.

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to Fair Value, AASB 13 – Fair Value Measurement only become applicable for the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology in the previous reporting period (year ended 30 June 2013) the Council chose to early adopt AASB 13

As a consequence, the principles embodied in AASB 13 - Fair Value Measurement have been applied to the previous reporting period (year ended 30 June 2013).

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 such 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 CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Buildings	5 to 50 years
Furniture and Equipment	4 to 20 years
Plant and Equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement seal	50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
Formed roads (unsealed) formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

When revalued assets are disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

Expenditure on items of equipment under \$500 is not capitalised. Rather, it is recorded on an asset inventory listing.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that Council would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Council are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

**SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities (Continued)

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(h) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. 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 and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Council has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in non-current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(i) Impairment of Assets

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 impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

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.

(j) Trade and Other Payables

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

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-Term Employee Benefits

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

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

Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(l) Borrowing Costs

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

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

An associate is an entity over which the Council has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of net assets of the associate. In addition, the Council's share of the profit or loss of the associate is included in the Council's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Council's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Council and the associate are eliminated to the extent of the Council's interest in the associate.

When the Council's share of losses in an associate equals or exceeds its interest in the associate, the Council discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Council will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(p) Interests in Joint Arrangements

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

(q) 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.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to 'those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

(r) Superannuation

The Council contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

(s) 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 the 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 sale where it is held as non-current based on the Council's intentions to release for sale.

**SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Rounding Off Figures

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

(u) Comparative Figures

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(v) Budget Comparative Figures

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

**SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Council.

Management's assessment of the new and amended pronouncements that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments	December 2013	1 January 2017	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2013	1 January 2017	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iii) AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities] [AASB 1, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	December 2012	1 January 2014	Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128. It is not expected to have a significant impact on Council.
(iv) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	1 January 2014	This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. This Standard is not expected to significantly impact the Council's financial statements.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(v) AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	June 2013	1 January 2014	This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets.
(vi) AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	1 January 2014	It is not expected to have a significant impact on Council. This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities. It is not expected to have a significant impact on Council.
(vii) AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]	December 2013	Refer Title column	Part A of this standard makes various editorial corrections to Australian Accounting Standards. Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031. Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

During the current year, the Council adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 10	AASB 128	AASB 2012 - 2
AASB 11	AASB 2011 - 7	AASB 2012 - 3
AASB 12	AASB 2011 - 9	AASB 2012 - 5
AASB 119	AASB 2011 - 10	AASB 2012 - 10
AASB 127		

Most of the standards adopted had a minimal effect on the accounting and reporting practices of the Council as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

(y) Easements

Due to legislative changes, easements are required to be recognised as assets. The Shire of Cunderdin does not have any easements.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES	2014	2013	
	\$	\$	
(a) Net Result			
The Net Result includes:			
(i) Charging as an Expense:			
Auditors Remuneration			
- Audit of the annual financial report	17,002	10,002	
- Audit of Grant acquittals	3,100	2,000	
	<u>20,102</u>	<u>12,002</u>	
Depreciation			
Buildings	191,784	147,792	
Furniture and Equipment	19,958	17,129	
Plant and Equipment	410,793	203,730	
Roads	874,184	842,101	
Footpaths	8,483	7,918	
Airfield Infrastructure	38,810	27,130	
Other Infrastructure	676	676	
	<u>1,544,688</u>	<u>1,246,476</u>	
Interest Expenses (Finance Costs)			
Debentures (<i>refer Note 21.(a)</i>)	42,219	49,756	
Accrued Interest on Loans	9,602	0	
	<u>51,821</u>	<u>49,756</u>	
(ii) Crediting as Revenue:			
Other Revenue			
Other	21,552	122,320	
	<u>21,552</u>	<u>122,320</u>	
	2014	2014	2013
	Actual	Budget	Actual
	\$	\$	\$
Interest Earnings			
- Reserve Funds	55,691	84,450	85,881
- Other Funds	35,348	24,000	39,493
Other Interest Revenue (<i>refer note 26</i>)	15,675	5,226	6,828
	<u>106,714</u>	<u>113,676</u>	<u>132,202</u>

**SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

Our Shire will be:

- A regional place that is progressive and will provide opportunities and offer a unique lifestyle, a sense of belonging,
- A place that connects people,
- A place that connects transport, and
- A place that connects business.

Our aim is to manage growth sustainably through governance, leadership, targeted service and economic growth.

Council operations as disclosed in these financial statements encompass the following service orientated activities/programs.

GOVERNANCE

Objective:

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

Activities:

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer and environmentally conscious community.

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

EDUCATION AND WELFARE

Objective:

Activities:

Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home and community care programs and youth services.

Objective:

To provide and maintain elderly residents housing.

Activities:

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

RECREATION AND CULTURE

Objective:

To establish and effectively manage infrastructure and resource which will help the social well being

Activities:

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

TRANSPORT

Objective:

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

Activities:

Construction and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

Private works operation, plant repair and operation costs and engineering operation costs.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening	Expended ⁽³⁾		Closing	Expended ⁽³⁾		Closing
		Balance ⁽¹⁾ 1/07/12	Received ⁽²⁾ 2012/13	2012/13	Balance ⁽¹⁾ 30/06/13	2013/14	2013/14	Balance 30/06/14
Grant/Contribution	Function/ Activity	\$	\$	\$	\$	\$	\$	\$
MRWA - RRG Grants	Transport	0	336,838	(336,838)	0	274,398	(274,398)	0
DIT - RTR Funding	Transport	0	245,979	(245,979)	0	256,098	(256,098)	0
MRWA - Strategic Grain Funding	Transport	0	759,600	(656,765)	102,835	336,638	(439,473)	0
DRD - Reg. Airport Dev Funding	Transport	42,926	41,403	(84,329)	0	30,000	(30,000)	0
MRWA - BlackSpot Grant	Transport	0	26,051	(26,051)	0	0	0	0
WBDC - Airport Upgrades	Transport	0	75,000	(75,000)	0	0	0	0
Lotterywest	Recreation	0	0	0	0	400,000	(400,000)	0
Department of Sport & Rec	Recreation	0	0	0	0	438,750	(438,750)	0
Department of Youth	Recreation	0	0	0	0	10,000	0	10,000
DFES - Aware Grant	Law, Order, PS	0	0	0	0	18,114	0	18,114
DEEWR - Day Care Grant	Education & We	0	0	0	0	16,177	(16,177)	0
Total		42,926	1,484,871	(1,424,962)	102,835	1,780,175	(1,854,896)	28,114

Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	Note	2014 \$	2013 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,198,645	1,507,403
Restricted		1,195,046	2,214,076
		<u>2,393,691</u>	<u>3,721,479</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Staff Entitlements Reserve	11	148,555	144,374
Plant Reserve	11	136,262	132,429
Building Reserve	11	426,121	1,391,275
Aerodrome Reserve	11	96,149	93,442
Community Bus Reserve	11	26,327	25,587
Asset Replacement Reserve	11	333,517	324,134
Unspent Grants	2(c)	28,114	102,835
		<u>1,195,046</u>	<u>2,214,076</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		145,302	131,159
Sundry Debtors		283,165	179,206
GST Receivable		96,115	6,189
		<u>524,582</u>	<u>316,554</u>
5.1 INVENTORIES			
Current			
Fuel		16,064	7,717
		<u>16,064</u>	<u>7,717</u>
5.2 FINANCIAL ASSETS			
Non-current			
Investments - Shares at:			
- Cost		70,968	70,968
		<u>70,968</u>	<u>70,968</u>
Coop Shares at:			
- Cost		2,176	2,176
		<u>2,176</u>	<u>2,176</u>
		<u>73,144</u>	<u>73,144</u>

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2013 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land		
Freehold Land at:		
- Independent Valuation 2014	1,512,000	0
- Cost of Acquisition	<u>0</u>	<u>383,109</u>
	1,512,000	383,109
Total Land	<u>1,512,000</u>	<u>383,109</u>
Buildings at:		
- Independent Valuation 2014	21,497,000	0
- Cost	0	5,180,249
Less: Accumulated Depreciation	<u>(14,349,000)</u>	<u>(2,240,922)</u>
	7,148,000	2,939,327
Total Land and Buildings	<u>8,660,000</u>	<u>3,322,436</u>
Furniture and Equipment at:		
- Cost	318,764	287,142
Less Accumulated Depreciation	<u>(260,182)</u>	<u>(240,223)</u>
	58,582	46,919
Plant and Equipment at:		
- Independent Valuation 2014	1,591,500	0
- Management Valuation 2013	0	2,992,306
Less Accumulated Depreciation	<u>0</u>	<u>(1,649,505)</u>
	1,591,500	1,342,801
Work In Progress		
- Buildings	3,314,725	0
	<u>13,624,807</u>	<u>4,712,156</u>

**SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and Buildings:

The Shire's Land was revalued at 30 June 2014 by independent valuation.

The revaluation resulted in an overall increase of \$1,128,891 in the net value of the Shire's land. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(b) for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

The Shire's Buildings were revalued at 30 June 2014 by independent valuation.

The revaluation resulted in an overall increase of \$4,400,457 in the net value of the Shire's buildings. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(b) for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

Furniture and Equipment

The Shire's Furniture and Equipment will be revalued during the 2014/15 financial year

Plant and Equipment:

The Shire's Plant & Equipment was revalued at 30 June 2014 by independent valuation.

The revaluation resulted in an overall increase of \$651,229 in the net value of the Shire's plant and equipment. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(b) for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

Refer to Note 35 for detailed disclosures regarding fair value measurement.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Freehold Land	383,109	0	0	1,128,891	0	0	1,512,000
Total Land	383,109	0	0	1,128,891	0	0	1,512,000
Buildings	2,939,327	0	0	4,400,457	0	(191,784)	7,148,000
Total Buildings	2,939,327	0	0	4,400,457	0	(191,784)	7,148,000
Total Land and Buildings	3,322,436	0	0	5,529,348	0	(191,784)	8,660,000
Furniture and Equipment	46,919	31,621	0	0	0	(19,958)	58,582
Plant and Equipment	1,342,801	8,263	0	651,229	0	(410,793)	1,591,500
Work In Progress (Buildings)	0	3,314,725	0	0	0	0	3,314,725
Total Property, Plant and Equipment	4,712,156	3,354,609	0	6,180,577	0	(622,535)	13,624,807

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013
	\$	\$
7. INFRASTRUCTURE		
Roads		
- Cost	53,913,236	52,816,726
Less Accumulated Depreciation	<u>(15,364,055)</u>	<u>(14,489,871)</u>
	38,549,181	38,326,855
Footpaths		
- Cost	369,932	369,932
Less Accumulated Depreciation	<u>(24,057)</u>	<u>(15,575)</u>
	345,875	354,357
Airfield Infrastructure		
- Cost	798,462	783,455
Less Accumulated Depreciation	<u>(100,707)</u>	<u>(61,898)</u>
	697,755	721,557
Other Infrastructure		
- Cost	16,963	16,963
Less Accumulated Depreciation	<u>(2,032)</u>	<u>(1,355)</u>
	14,931	15,608
	<u>39,607,742</u>	<u>39,418,377</u>

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Roads	38,326,855	1,096,509	0	0	0	(874,184)	38,549,180
Footpaths	354,357	0	0	0	0	(8,483)	345,875
Airfield Infrastructure	721,557	15,008	0	0	0	(38,810)	697,755
Other Infrastructure	15,608	0	0	0	0	(676)	14,932
Total	39,418,377	1,111,517	0	0	0	(922,153)	39,607,742

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	367,629	78,305
Accrued Interest on Debentures	29,047	16,491
Accrued Salaries and Wages	38,522	40,646
ATO Liabilities	47,459	34,487
	<u>482,657</u>	<u>169,929</u>

9. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge Debentures	213,312	158,638
	<u>213,312</u>	<u>158,638</u>
Non-Current		
Secured by Floating Charge Debentures	1,817,450	530,762
	<u>1,817,450</u>	<u>530,762</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Current		
Provision for Annual Leave	81,327	77,945
Provision for Long Service Leave	13,537	13,138
	<u>94,864</u>	<u>91,083</u>
Non-Current		
Provision for Long Service Leave	40,170	40,170
	<u>40,170</u>	<u>40,170</u>
	<u>135,034</u>	<u>131,253</u>

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2013	77,945	53,308	131,253
Additional provision	3,382	399	3,781
Balance at 30 June 2014	<u>81,327</u>	<u>53,707</u>	<u>135,034</u>

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED			
(a) Staff Entitlements Reserve			
Opening Balance	144,374	156,692	167,751
Amount Set Aside / Transfer to Reserve	4,181	6,268	6,623
Amount Used / Transfer from Reserve	0	0	(30,000)
	<u>148,555</u>	<u>162,960</u>	<u>144,374</u>
(b) Plant Reserve			
Opening Balance	132,429	151,741	127,404
Amount Set Aside / Transfer to Reserve	3,833	6,070	5,025
Amount Used / Transfer from Reserve	0	0	0
	<u>136,262</u>	<u>157,811</u>	<u>132,429</u>
(c) Building Reserve			
Opening Balance	1,391,275	1,345,884	1,338,432
Amount Set Aside / Transfer to Reserve	34,846	53,835	52,843
Amount Used / Transfer from Reserve	(1,000,000)	(1,341,633)	0
	<u>426,121</u>	<u>58,086</u>	<u>1,391,275</u>
(d) Aerodrome Reserve			
Opening Balance	93,442	92,360	205,336
Amount Set Aside / Transfer to Reserve	2,707	3,694	8,106
Amount Used / Transfer from Reserve	0	(21,760)	(120,000)
	<u>96,149</u>	<u>74,294</u>	<u>93,442</u>
(e) Community Bus Reserve			
Opening Balance	25,587	26,015	24,615
Amount Set Aside / Transfer to Reserve	740	1,041	972
Amount Used / Transfer from Reserve	0	(26,000)	0
	<u>26,327</u>	<u>1,056</u>	<u>25,587</u>
(f) Asset Replacement Reserve			
Opening Balance	324,134	338,553	311,823
Amount Set Aside / Transfer to Reserve	9,384	13,542	12,311
Amount Used / Transfer from Reserve	0	0	0
	<u>333,518</u>	<u>352,095</u>	<u>324,134</u>
(g) Cunderdin Early Learning Centre Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	9,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>9,000</u>	<u>0</u>
TOTAL RESERVES	<u>1,166,932</u>	<u>815,302</u>	<u>2,111,241</u>
Total Opening Balance	2,111,241	2,111,245	2,175,361
Total Amount Set Aside / Transfer to Reserve	55,691	93,450	85,880
Total Amount Used / Transfer from Reserve	(1,000,000)	(1,389,393)	(150,000)
TOTAL RESERVES	<u>1,166,932</u>	<u>815,302</u>	<u>2,111,241</u>

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

11. RESERVES - CASH BACKED (continued)

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

- (a) Staff Entitlements Reserve**
 - to be used to fund annual and long service leave requirements
- (b) Plant Reserve**
 - to be used to fund acquisition, disposal, maintenance and funding of Shire plant & equipment
- (c) Building Reserve**
 - to be used to fund acquisition, disposal, maintenance and funding of Shire buildings
- (d) Aerodrome Reserve**
 - to be used to fund acquisition, disposal, maintenance and funding of property, buildings, plant and equipment associated with the Cunderdin airstrip, and working capital for the Cunderdin airshow.
- (e) Community Bus Reserve**
 - to be used to fund acquisition, disposal, maintenance and funding of the community bus
- (f) Asset Replacement Reserve**
 - to provide, replace, upgrade the necessary equipment, furniture, and infrastructure comprising of road, drains, footpaths and recreational reserves
- (g) Cunderdin Early Learning Centre Reserve**
 - to be used to fund operational, maintenance and capital costs associated with the Cunderdin Early Learning Centre.

All are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

12. REVALUATION SURPLUS	2014	2013
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land		
Opening Balance	0	0
Revaluation Increment	1,128,891	0
Revaluation Decrement	0	0
	<u>1,128,891</u>	<u>0</u>
(b) Buildings		
Opening Balance	0	0
Revaluation Increment	4,400,457	0
Revaluation Decrement	0	0
	<u>4,400,457</u>	<u>0</u>
(c) Plant & Equipment		
Opening Balance	122,035	0
Revaluation Increment	651,229	122,035
Revaluation Decrement	0	0
	<u>773,264</u>	<u>122,035</u>
(d) Roads		
Opening Balance	30,126,698	30,126,698
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>30,126,698</u>	<u>30,126,698</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>36,429,310</u></u>	<u><u>30,248,733</u></u>
Summary of Revaluation Surplus		
Opening Balance	30,248,733	30,126,698
Revaluation Increment	6,180,577	122,035
Revaluation Decrement	0	0
Closing Balance	<u><u>36,429,310</u></u>	<u><u>30,248,733</u></u>

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

13. 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. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2014 \$	2014 Budget \$	2013 \$
Cash and Cash Equivalents	<u>2,393,691</u>	<u>1,141,538</u>	<u>3,721,479</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	152,155	2,422,146	1,991,739
Depreciation	1,544,688	1,503,150	1,246,476
(Profit)/Loss on Sale of Asset	0	(4,400)	(22,014)
(Increase)/Decrease in Receivables	(208,028)	0	(231,761)
(Increase)/Decrease in Inventories	(8,347)	0	3,043
Increase/(Decrease) in Payables	312,728	0	(82,529)
Increase/(Decrease) in Employee Provisions	3,781	0	(1,575)
Grants Contributions for the Development of Assets	(1,723,479)	(4,057,899)	(1,644,290)
Loss on Revaluation of Fixed Assets	0	0	0
Net Cash from Operating Activities	<u>73,498</u>	<u>(137,004)</u>	<u>1,259,089</u>
(c) Undrawn Borrowing Facilities			
	2014		2013
	\$		\$
Credit Standby Arrangements			
Credit Card limit	10,000		10,000
Credit Card Balance at Balance Date	0		(1,500)
Total Amount of Credit Unused	<u>10,000</u>		<u>8,500</u>
Loan Facilities			
Loan Facilities - Current	213,312		158,639
Loan Facilities - Non-Current	1,817,450		530,762
Total Facilities in Use at Balance Date	<u>2,030,762</u>		<u>689,401</u>
Unused Loan Facilities at Balance Date	<u>NIL</u>		<u>NIL</u>

**SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

14. CONTINGENT LIABILITIES

The Shire of Cunderdin is not aware of any contingent liabilities at 30th June 2014.

15. CAPITAL AND LEASING COMMITMENTS	2014	2013
	\$	\$

(a) Operating Lease Commitments

The Shire did not have any future operating lease commitments at the reporting date.

(b) Capital Expenditure Commitments

Contracted for:		
- capital expenditure projects	2,513,710	0
- plant & equipment purchases	0	0
Payable:		
- not later than one year	2,513,710	0

16. JOINT VENTURE ARRANGEMENTS

The Shire of Cunderdin together with the Cunderdin-Meckering Cottage Homes Committee Inc. and Homeswest has a joint venture arrangement for the provision of an Aged Persons Home located at Lot 391 Kennedy St, Cunderdin. The only asset at 30th June 2013 is the land and associated development costs. The Shire has a 5.6% equitable interest in the Joint Venture.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2014	2013
	\$	\$
Governance	946,184	272,953
Law, Order, Public Safety	499,469	131,977
Health	675,000	261,569
Education and Welfare	182,500	58,484
Housing	824,000	193,919
Community Amenities	372,607	207,777
Recreation and Culture	6,248,479	1,176,870
Transport	43,108,311	41,429,608
Other Property and Services	376,000	478,238
Unallocated	3,007,480	4,066,256
	<u>56,240,030</u>	<u>48,277,651</u>

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013	2012
18. FINANCIAL RATIOS			
Current Ratio	2.50	5.57	3.14
Asset Sustainability Ratio	2.89	1.85	2.52
Debt Service Cover Ratio	0.13	7.17	8.54
Operating Surplus Ratio	(0.76)	0.03	0.16
Own Source Revenue Coverage Ratio	0.45	0.77	0.57

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

RATIO INFORMATION

The following information relates to these ratios which only require attestation they have been checked and are supported by verifiable information.

	2014	2013	2012
Asset Consumption Ratio	62%	70%	N/A
Asset Renewal Funding Ratio	41%	56%	N/A
Asset Consumption Ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$		
Asset Renewal Funding Ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$		

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

19. TRUST FUNDS

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

	Balance 1 July 2013 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2014 \$
Working Trust	28,636	13,175	(27,196)	14,615
REBA Trust	5,308	0	0	5,308
Community Centre Trust	104,191	19,339	0	123,530
	<u>138,135</u>			<u>143,452</u>

20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance						
CEO Vehicle	0	37,050	0	39,000	0	1,950
Health						
Doctor Vehicle	0	11,400	0	12,000	0	600
Transport						
Works Vehicle	0	30,400	0	32,000	0	1,600
Economic Services						
Community Bus	0	4,750	0	5,000	0	250
Other Property and Services						
Bulgin Farm	0	500,000	0	500,000	0	0
Land Sale to CBH	0	150,000	0	150,000	0	0
	<u>0</u>	<u>733,600</u>	<u>0</u>	<u>738,000</u>	<u>0</u>	<u>4,400</u>

Profit	0	4,400
Loss	0	0
	<u>0</u>	<u>4,400</u>

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

	Principal 1 July 2013 \$	New Loans \$	Principal Repayments		Principal 30 June 2014		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Particulars								
Recreation and Culture								
Swimming Pool	111,456		32,833	32,833	78,623	72,434	6,346	6,346
Community and Recreation Centre	0	1,500,000	0	0	1,500,000	1,500,000	0	0
Transport								
Works Depot	105,267		34,919	34,919	70,348	76,537	6,424	6,424
Other Property and Services								
Ettamogah Hotel	186,897		70,920	70,920	115,977	115,977	11,880	11,880
Ettamogah Hotel	168,239		11,739	11,739	156,500	156,500	10,384	10,384
Ettamogah Hotel Refurbishment	117,541		8,227	8,227	109,314	109,314	7,185	7,185
	689,400	1,500,000	158,638	158,638	2,030,762	2,030,762	42,219	42,219

(*) Self supporting loan financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2013/14

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Community & Recreation Centre	1,500,000	1,500,000	WATC	P&I	20	954,605	5.23	1,500,000	1,500,000	0
	1,500,000	1,500,000				954,605		1,500,000	1,500,000	0

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1 July 13 \$	Borrowed During Year \$	Expended During Year \$	Balance 30 June 14 \$
		0	1,500,000	1,500,000	0

(d) Overdraft

Council does not have an overdraft facility.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR

(a) Rates	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$	
RATE TYPE												
Uniform General Rate												
UV Rural	0.008234	351	136,340,053	1,140,221	0	0	1,140,221	1,122,624	0	0	1,122,624	
UV Mining	0.008234	0	0	0	0	0	0	0	0	0	0	
GRV Residential	0.085624	508	4,369,522	362,026	0	0	362,026	374,136	500	0	374,636	
Sub-Totals		859	140,709,575	1,502,247	0	0	1,502,247	1,496,760	500	0	1,497,260	
Minimum Payment												
	\$											
UV Rural	552	50	195,447	27,600	0	0	27,600	27,600	0	0	27,600	
UV Mining	552	2	0	1,104	0	0	1,104	3,864	0	0	3,864	
GRV Residential	552	123	427,870	67,896	0	0	67,896	67,896	0	0	67,896	
Sub-Totals		175	623,317	96,600	0	0	96,600	99,360	0	0	99,360	
Discounts (refer note 25.)							1,598,847				1,596,620	
Total Amount Raised From General Rate							1,598,847				1,596,620	
Specified Area Rate (refer note 23.)							0				0	
Totals							1,598,847				1,596,620	

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward

	2014 (30 June 2014 Carried Forward) \$	2014 (1 July 2013 Brought Forward) \$	2013 (30 June 2013 Carried Forward) \$
Surplus/(Deficit) 1 July 13 Brought Forward	<u>1,284,748</u>	<u>1,764,580</u>	<u>1,764,580</u>
Comprises:			
Cash and Cash Equivalents			
Unrestricted	1,198,645	1,507,403	1,507,403
Restricted	1,195,046	2,214,076	2,214,076
Receivables			
Rates Outstanding	145,302	131,159	131,159
Sundry Debtors	283,165	179,206	179,206
GST Receivable	96,115	6,189	6,189
Inventories			
Fuel	16,064	7,717	7,717
Less:			
Trade and other Payables			
Sundry Creditors	(367,629)	(78,305)	(78,305)
Accrued Interest on Debentures	(29,047)	(16,491)	(16,491)
Accrued Salaries and Wages	(38,522)	(40,646)	(40,646)
ATO Liabilities	(47,459)	(34,487)	(34,487)
Accrued Expenses	0	0	0
Short Term Borrowings			
Secured by Floating Charge Debentures	(213,312)	(158,639)	(158,639)
Provisions			
Provision for Annual Leave	(81,327)	(77,945)	(77,945)
Provision for Long Service Leave	(13,537)	(13,138)	(13,138)
Net Current Assets	<u>2,143,504</u>	<u>3,626,099</u>	<u>3,626,099</u>
Less:			
Reserves - Restricted Cash	(1,166,932)	(2,111,241)	(2,111,241)
Add:			
Secured by Floating Charge Debentures	213,312	158,639	158,639
Current Employee Benefits Provision - cash backed	94,864	91,083	91,083
Surplus/(Deficit)	<u>1,284,748</u>	<u>1,764,580</u>	<u>1,764,580</u>

Difference

There was no difference between the Surplus/(Deficit) 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2013 audited financial report.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

23. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

24. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

The Shire did not impose any service charges.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2013/14 FINANCIAL YEAR**

No discount on rates is available.

26. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		15,675	5,226
Charges on Instalment Plan		7.50	4,058	6,198
			19,733	11,424

Ratepayers had the option of paying rates in four equal instalments, due on 6 September 2013, 6 November 2013, 6 January 2014 and 6 March 2014. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2014 \$	2013 \$
Governance	9	0
General Purpose Funding	9,958	8,379
Law, Order, Public Safety	53,775	2,437
Health	840	7,730
Education and Welfare	17,412	28,326
Housing	18,575	11,320
Community Amenities	137,118	147,858
Recreation and Culture	14,335	16,780
Transport	54,929	52,010
Economic Services	10,553	8,231
Other Property and Services	10,559	2,419,506
	328,063	2,702,577

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

28. GRANT REVENUE

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

	2014 \$	2013 \$
By Nature or Type:		
Operating Grants, Subsidies and Contributions	965,021	1,465,978
Non-Operating Grants, Subsidies and Contributions	1,723,479	1,865,609
	2,688,500	3,331,587
By Program:		
Governance	9,507	6,945
General Purpose Funding	697,747	1,268,963
Law, Order, Public Safety	58,962	39,200
Health	0	618
Education and Welfare	43,203	46,202
Recreation and Culture	880,371	27,476
Transport	978,132	1,942,183
Economic Services	6,299	0
Other Property and Services	14,279	0
	2,688,500	3,331,587

**SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>23.96</u>	<u>22.76</u>
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30. ELECTED MEMBERS REMUNERATION

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

	2014 \$	2014 Budget \$	2013 \$
Meeting Fees	24,203	24,456	13,090
President's Allowance	0	1,500	250
Travelling Expenses	0	500	0
	<u>24,203</u>	<u>26,456</u>	<u>13,340</u>

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2013/14.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2013/14 financial year.

33. Events After the Reporting Period

The Shire of Cunderdin is currently building a new sporting complex at the Cunderdin Sports Ground, the project will be complete by mid October 2014. The cost to complete the project has been included in the 2014/15 budget and is currently on budget.

The new facility will have no impact on the Shire's budget as the operating costs are borne by the Cunderdin Community Club and are funded by the sporting clubs and event proceeds.

The Shire will continue to maintain the bowling and tennis surfaces, this is not a new cost, as the Parks and Garden crew previously maintained these at the old location.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

34. FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	2,393,691	3,721,479	2,393,691	3,721,479
Receivables	524,582	316,554	524,582	316,554
	<u>2,918,273</u>	<u>4,038,033</u>	<u>2,918,273</u>	<u>4,038,033</u>
Financial Liabilities				
Payables	482,657	169,929	482,657	169,929
Borrowings	2,030,762	689,400	1,975,412	602,912
	<u>2,513,419</u>	<u>859,329</u>	<u>2,458,069</u>	<u>772,841</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables - estimated to the carrying value which approximates net market value.
- Borrowings, Held to Maturity Investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial Assets at Fair Value through profit and loss, Available for Sale Financial Assets - based on quoted market prices at the reporting date or independent valuation.

**SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only investing in registered commercial banks. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2014	2013
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	23,937	37,215
- Statement of Comprehensive Income	23,937 ⁽²⁾	37,215 ^(*)

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.

⁽²⁾ Maximum impact.

**SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

34. FINANCIAL RISK MANAGEMENT (Continued)
(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Council's credit risk at balance date was:

	2014	2013
Percentage of Rates and Annual Charges		
- Current	0%	70%
- Overdue	100%	31%
Percentage of Other Receivables		
- Current	29%	65%
- Overdue	71%	35%

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	<u>2014</u>	<u>2013</u>			
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	482,657	0	0	482,657	482,657
Borrowings	323,589	762,987	2,009,864	3,096,440	2,030,762
	<u>806,246</u>	<u>762,987</u>	<u>2,009,864</u>	<u>3,579,097</u>	<u>2,513,419</u>
Payables	169,929	0	0	169,929	169,929
Borrowings	200,859	435,389	206,446	842,694	689,401
	<u>370,788</u>	<u>435,389</u>	<u>206,446</u>	<u>1,012,623</u>	<u>859,330</u>

**SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

34. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings (Continued)**

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2014								
Borrowings								
Fixed Rate Debentures	0	264,948	0	0	0	1,765,814	2,030,762	5.46%
Weighted Average Effective Interest Rate		5.55%				5.37%		
Year Ended 30 June 2013								
Borrowings								
Fixed Rate Debentures	0	0	403,620	0	0	285,781	689,401	6.38%
Weighted Average Effective Interest Rate			6.50%			6.26%		

**SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014**

35. FAIR VALUE MEASUREMENTS

The shire measures the following non current assets on a recurring basis:

- Land
- Buildings
- Furniture and Equipment
- Plant and Equipment
- Infrastructure

The following table provides the fair values of the shire's non current assets measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

Recurring Fair Value Measurements

	30-Jun-14			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Land		1,105,000	407,000	1,512,000
Buildings		1,090,000	6,058,000	7,148,000
Furniture and Equipment				
Plant and Equipment		1,591,500		1,591,500
Infrastructure				
	<u>0</u>	<u>3,786,500</u>	<u>6,465,000</u>	<u>10,251,500</u>
	30-Jun-13			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Plant and Equipment		2,992,306		2,992,306
	<u>0</u>	<u>2,992,306</u>	<u>0</u>	<u>2,992,306</u>

(a) Transfers Policy

The policy of the shire of is to recognise transfers into and transfer out of the fair value hierarchy levels as at the end of the reporting period. There were no transfers in and out of Levels 1, 2 or 3 measurements.

(b) Highest and Best Use

There were no assets valued where it was assumed that the highest and best use was other than their current use.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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35. FAIR VALUE MEASUREMENTS (Continued)

(c) Valuation techniques and inputs used to derive fair values

The following table summaries valuation inputs and techniques used to determine the fair value for each asset class.

<u>Asset Class</u>	<u>Level of Valuation Input</u>	<u>Fair Value at 30 June 2014</u>	<u>Valuation Technique(s)</u>	<u>Inputs Used</u>
Land	2	1,105,000	Market Approach	Price per square metre
	3	407,000	Cost Approach	Price per square metre
Buildings	2	1,090,000	Market Approach	Price per square metre
	3	6,058,000	Cost Approach	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount
Plant and Equipment	2	1,591,500	Market Approach	Make, size, year of manufacture and condition.
Total		<u>10,251,500</u>		

**SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014**

35. FAIR VALUE MEASUREMENTS (Continued)

(c) Valuation techniques and inputs used to derive fair values (Continued)

Recurring fair value measurements

In order to estimate the price implied by the appropriate basis of value, the valuer will need to apply one or more valuation approaches. A valuation approach or method refers to generally accepted analytical methodologies that are in common use.

Land

Level 2 inputs refer to a comparative approach that considers the sales of similar or substitute properties and related market data, and establishes a value estimate by processes involving comparison. In general, a property being valued (a subject property) is compared with sales of similar properties that have been transacted in the market. Listing and offerings may also be considered.

Level 3 inputs are used to value land held in freehold title as well as land used for special purposes that are restricted in use under current zoning rules (i.e. Commercial, Recreation or Parks). Professional judgement from a registered valuer, was engaged to investigate land value within a wider a general area of the region, where traditionally land values are at their lowest. The appropriate sales of this marginal land was then applied to the subject property after making due allowances for location, size and utility. The most significant inputs in this valuation approach were price per square metre.

Buildings

The shire's building and improvement assets are considered to be of a "specialised nature" (non - market type properties which are not readily traded in the market place), such assets valued by a professionally qualified registered valuer using the cost approach. This approach is commonly referred to as the depreciated replacement cost (DRC).

The "DRC" approach considers the cost (sourced from cost guides such as Rawlinson's, Cordell, professional quantity surveyors and recent construction costs for similar projects throughout Western Australia) to reproduce or replace similar assets with an asset in new condition, including allowance for installation, less an amount for depreciation in the form of accrued physical wear and tear, economic and functional obsolescence. The depreciation consists of a combination of unit rates based on square metres and quantification of the component parts of the asset. Other inputs (i.e. remaining useful life, asset condition and utility) required extensive professional judgement and impacted significantly on the final determination of fair value. Therefore all the shire's building and improvements assets were classified as having been valued using Level 3 valuation inputs.

Furniture and Equipment

The shire's furniture and equipment were not revalued in 2013-14, but are due to be done in the 2014-15 financial year.

35. FAIR VALUE MEASUREMENTS (Continued)

(c) Valuation techniques and inputs used to derive fair values (Continued)

Plant and Equipment

Plant and equipment assets were revalued in 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A. Whilst the additions since 1 July 2013 have been brought in the books at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered that the recorded written down values approximate fair values. Thus, the value of the class of assets in the shire's asset register is considered to be in accordance with Local Government (Financial Management) Regulations 17A(2) which requires these assets to be shown at fair value. Plant and equipment will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1(g).

Most plant and equipment assets are generally valued using the market and cost approach using comparable sales and relevant industry market price reference guides, and have been classified as being valued at Level 2 of the fair value hierarchy. The most significant inputs into this valuation approach are the make, size, year of manufacture and condition.

Roads and Footpaths

Roads and footpaths were not revalued in 2013-14, but are due to be done in 2014-15 financial year.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

35. FAIR VALUE MEASUREMENTS (Continued)

(d) Quantitative Information about significant unobservable inputs and relationship to fair value

The following table summarises the quantitative information about the key significant unobservable inputs (level 3 fair value hierarchy), the ranges of those inputs and the relationships of unobservable inputs to the fair value measurements.

Description and Fair Value as at 30 June 2014	Valuation Technique(s)	Unobservable Inputs	Range of Inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Land (\$407,000)	Cost Approach	Price per square metre	+/- 10%	A change of 10% would result in a change in fair value by \$40,700
Buildings (\$6,058,000)	Depreciated Replacement Cost	Cost to reproduce or replace asset in new condition, less an amount for depreciation	+/- 10%	A change of 10% would result in a change in fair value by \$605,800

(e) Valuation Processes

The shire engaged an external, independent and qualified valuer to determine the fair value of the shire's non current assets (Griffin Valuation Advisory). The shire and the valuer had regular discussions regarding the valuation methodology, assumptions, completeness of asset data and asset information. The relevance of valuation methodology was reviewed with the valuer to ensure that the valuations and the output from the valuer would be fully compliant with the related Accounting Standards. In accordance with the mandatory asset measurement framework detailed at Note 1(g) the shire prepare the revaluation of its non current assets on a regular basis.

An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. If any variation is considered material, a revaluation is undertaken either by comprehensive revaluation or by applying an interim revaluation using appropriate indices.

As at 30 June 2014 a comprehensive revaluation was undertaken by Griffin Valuation Advisory for the following non current asset classes:

- Land
- Buildings
- Plant and Equipment

The main Level 3 inputs used are derived and evaluated as follows:

Cost for land restricted in use (non saleable)

This is the cost estimate to replace the existing land if the shire had to acquire it on the open market in competition with other market participants. Because of the restricted nature and unique characteristics of this land, there was insufficient market evidence of directly comparable sales. Professional judgement was used by the valuer who investigated land value within a wider general area of the region where traditionally land values are at their lowest. The appropriate sales of this marginal land was then applied to the subject property after making due allowances for location, size and utility. This provided only a low level of comparability.

Relationship between asset consumption rating scale and the level of consumed service potential

Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. In order to achieve this, the valuer determines an asset consumption rating scale for each asset type based on legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value, useful life and pattern of consumption of the future economic benefit. The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of the shire's own engineers, asset management and finance staff. The results of the valuation were further evaluated by confirmation against the shire's own understanding of the assets and the level of remaining service potential.

INDEPENDENT AUDITOR'S REPORT

TO: RATEPAYERS OF SHIRE OF CUNDERDIN

We have audited the financial report of the Shire of Cunderdin, which comprises the Statement of Financial Position as at 30 June 2014 and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity and Statement of Cash Flows and Rate Setting Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information and the Statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal controls as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. Our audit has been conducted in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with the relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional accounting bodies.



INDEPENDENT AUDITOR'S REPORT (Cont'd)

Auditor's Opinion

In our opinion, the financial report of the Shire of Cunderdin:

- (a) gives a true and fair view of the financial position of the Shire of Cunderdin as at 30 June 2014 and of its financial performance for the year ended on that date; and
- (b) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards.

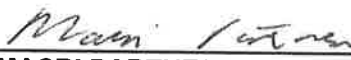
Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996, we also report that:


- (a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Council.
- (b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- (c) In relation to the asset consumption ratio and asset renewal funding ratio (presented at Note 18 of the annual financial report) we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - (i) reasonably calculated; and
 - (ii) based on verifiable information.
- (d) All necessary information and explanations were obtained by us.
- (e) All audit procedures were satisfactorily completed in conducting our audit.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of Shire of Cunderdin for the year ended 30 June 2014 included on the Shire of Cunderdin's website. Management is responsible for the integrity of the Shire of Cunderdin's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



**MACRI PARTNERS
CERTIFIED PRACTISING ACCOUNTANTS
SUITE 2, 137 BURSWOOD ROAD
BURSWOOD WA 6100**



**A MACRI
PARTNER**

**PERTH
DATED THIS 18th DAY OF DECEMBER 2014.**

