

# ANNUAL REPORT

## YEAR ENDED 30<sup>TH</sup> JUNE 2015



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## SHIRE OF CUNDERDIN

### ANNUAL REPORT

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2015

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## SHIRE OF CUNDERDIN

### President's Report

The financial year 1<sup>st</sup> July 2014 to 30<sup>th</sup> June 2015 was a standout year for the Shire for many reasons but not the least being the sad loss of our President Rod Carter on 13<sup>th</sup> October.

Rod had over 15 years of experience as a Councillor, Deputy President and finally President where through his knowledge, community engagement and overall common sense approach guided council through many difficult and involved situations. His presence is and will be for some time missed on council.

#### HEALTH

Council continues to work with WA Country Health Services (WACHS) to progress the establishment of the Primary Health Care Demonstration Site. The chosen site is adjacent to the old bowling and tennis club building. The local Project User Group (PUG) has been working on service planning and project development and consists of community members from Cunderdin, Meckering and Tammin plus representatives from the Shire and WACHS. The service planning stage has now been completed and architects have been appointed to complete building plans to incorporate the PUG and other stakeholder recommendations. The plans will be returned to the PUG for comment and further recommendations.

#### AGED CARE

A condition of Council accepting the Primary Health Care Centre was that Aged facilities were to be completed in conjunction with the new centre. Conditions also require that palliative, respite and rehabilitative care are to be included in the new facility. This is a non-negotiable condition. A business plan is being produced to assist Council in the progression of the project which it is hoped will have a completion time-line similar to the Primary Health Centre.

#### SPORTING FACILITIES

October saw the first use of the new sports centre at the oval with the bowling club holding their annual carnival. As expected there were a few teething problems, not the least of which was the breakdown of the air conditioning which proved to be a big test for the 112 bowlers and workers taking part.

There are still some minor problems to be sorted out, made that little bit more difficult by the fact that the building contractor has gone into receivership. Council will continue to follow up on these issues and some of the unfinished work to the surrounds as funds become available.

We now have a facility that we can be proud of and we expect it will serve the community for at least the next 50 years as did our previous facility.

#### STAFF

Leading up to the end of the 2014/15 financial year, council decided to upgrade the Shires financial and accounting systems. This was to bring our systems on to the same platform as the Shires of Quairading and Tammin to help facilitate any shared services arrangements which we may enter into with these shires in the future. At the same time, we lost one of our financial staff which resulted in a testing time for the remaining staff who volunteered to forego their rostered days off and worked long hours to ensure that the new system was implemented as smoothly as possible.

The outside staff under Works Manager Ian Bartlett have been able to complete the programs set by council over the year. The gardeners continue to keep both town sites in a neat and very presentable condition. The comments I receive from visitors and travelers are testament to their hard work and dedication.

Our transfer station attendants have also maintained a high standard in their duties to ensure that the sites are kept as neat and tidy as a rubbish site can be and ensuring that only permitted rubbish is deposited at the sites which eases shire expenses in disposal costs.

#### ADMINISTRATION STAFF

Under the guidance of our CEO Peter Naylor with assistance of Deputy CEO Paul Godfrey and Manager Works and Services Ian Bartlett, the Shire finds itself in a reasonably sound position despite the outside pressures of lack of staff, State Government compliance regulations and financial cut backs. My thanks and appreciation goes to them, who often work outside of their contracted hours to ensure the wellbeing of the Cunderdin Shire.

#### COUNCILLORS

Council has operated with seven Councillors instead of the normal eight since October 2014. Each and every Councilor has taken on extra portfolios since that time and have dedicated their time to ensure that the Shire of Cunderdin remains in a strong, forward thinking and financially sound Shire well into the future.

There will be many more challenges to come but I feel confident with community support, we will continue to prosper. For their support, I thank Cr Dennis Whisson (Deputy Pres.), Cr. Todd Harris, Cr Doug Kelly, Cr Terri Jasper, Cr Norm Jenzen and Cr Di Kelly and hope that that support will continue into the next financial year.

Clive Gibsone

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 30<sup>th</sup> June 2015 with a surplus of \$1,207,671.

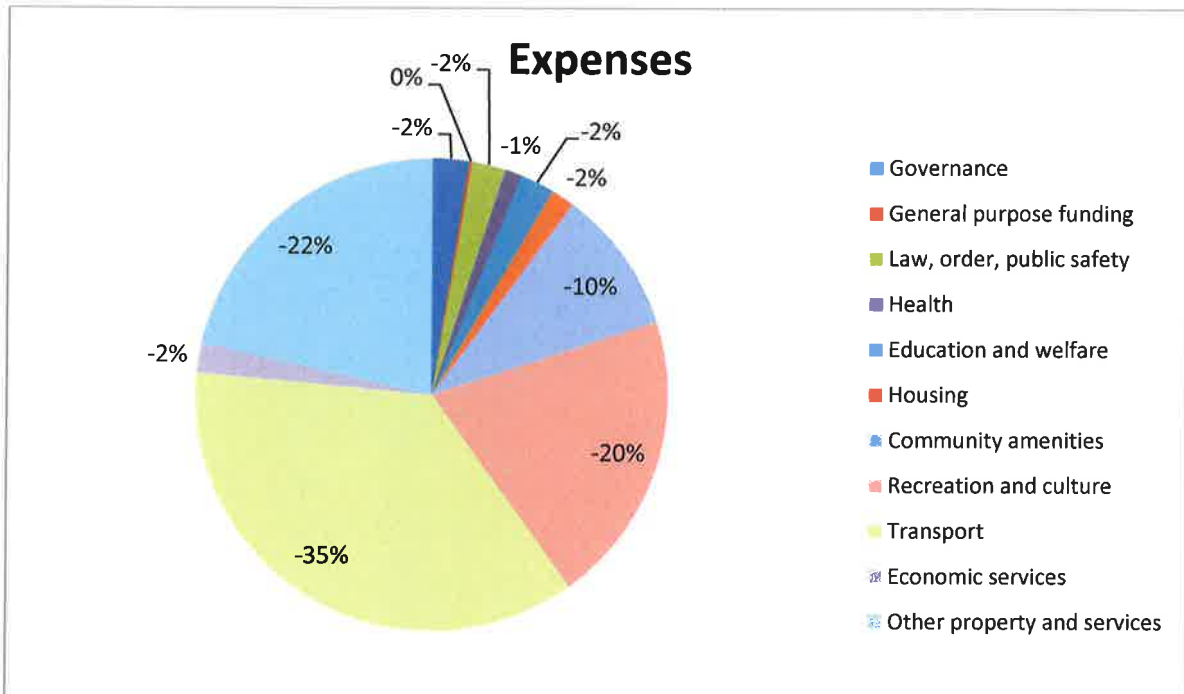
The surplus is made up from the following sources

**Unrestricted**

Operating Surplus

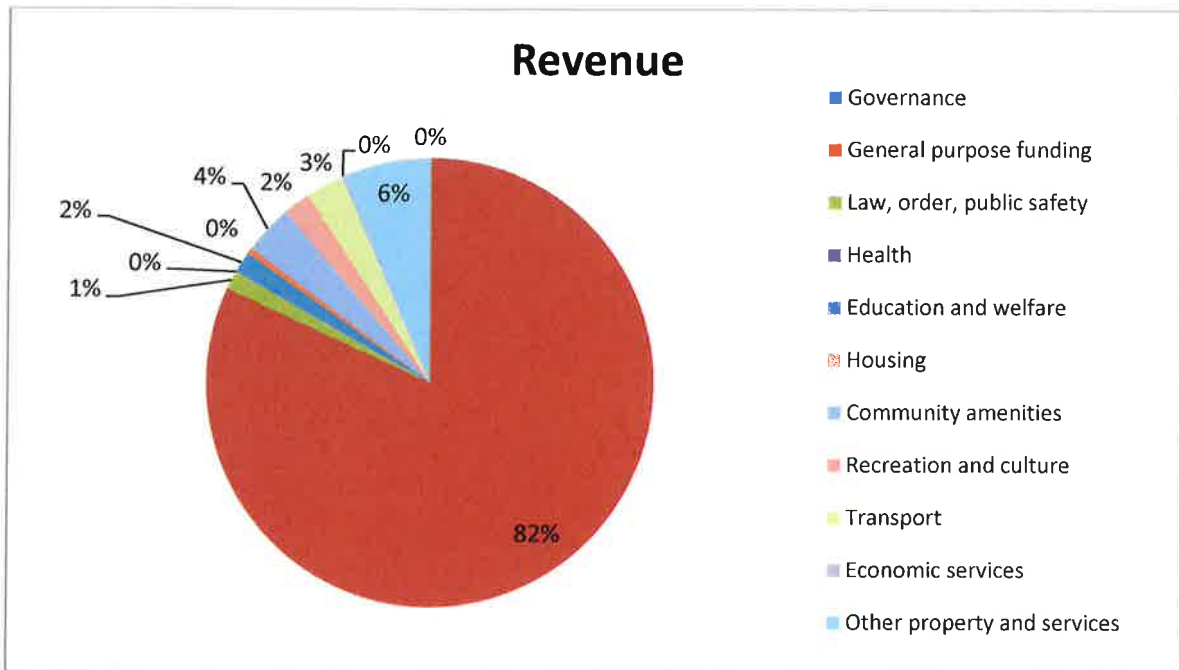
\$ 1,207,671

**Operating Expenditure by Program 2014/15**



- Council's Operating Expenditure for the financial year ending 30<sup>th</sup> June 2015 amounted to \$5 million compared to \$4.5 million for 2013/14 financial year.
- Repayment of loans amounted to \$392,319 leaving a principal balance of \$1,638,442.
- Interest expenses on loans amounted to \$123,991, compared to \$42,219 last year.

**Operating Revenue by Program 2014/15**



- Council’s Operating Revenue for the financial year ending 30<sup>th</sup> June 2015 amounted to \$4.67 million up from \$3.02 million for the 2013/14 financial year.
- Reserve accounts held \$562,049m at the end of June 2015.
- The Cunderdin Sports and Recreation Centre has been completed, with some minor landscaping and lighting still to be installed.

A capital program of \$3.31 million was completed during the year;

Infrastructure Assets	\$ 1,751,039
Buildings	\$ 1,334,829
Plant & Equipment	\$ 193,043
<u>Furniture &amp; Equipment</u>	<u>\$ 26,406</u>
<b>Total</b>	<b>\$ 3,305,317</b>

Combined operating & capital program of for 2014/15 totaled \$6.21 million compared to \$7.4 million for the 2013/14 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 2014/2015 financial year.

Peter Naylor  
Chief Executive Officer

## Shire of Cunderdin General Information

### (The Councillors)

#### **President**

**Councillor:** RC (Clive) Gibsone  
**Phone:** 9635 1030  
**Ward:** District 2015  
**Years of Service :** 2003 to present  
**President:** 2014 to present

**Councillor:** TE (Todd) Harris  
**Phone:** 9636 2030  
**Ward:** District 2015  
**Years of Service :** 2005 to present

#### **Deputy President**

**Councillor:** DA (Dennis) Whisson  
**Phone:** 9625 1022  
**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:** DG (Dianne) Kelly  
**Phone:** 9625 1313  
**Ward:** District 2017  
**Years of Service:** 2004 to present

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

**Councillor:** Vacant  
**Phone:**  
**Ward:**  
**Years of Service:**

### (The Staff)

#### **Chief Executive Officer**

Peter Naylor

#### **Deputy Chief Executive Officer**

Paul Godfrey

#### **Manager of Works and Services**

Ian Bartlett

#### **Community Development Officer**

Kayla James

#### **Mechanic**

Rick Buxton

#### **Records/Admin Officer**

Antoinette Gibson

#### **Outside Crew**

Garry Roulston

Robert Glover

Adam Takacs

Daphane O'Donnell

Robert Bell

Robert Wilson

Jacob Winterswyk

#### **Environmental Health Services**

Tim Jurmann

Phone : 9635 2700

#### **Building Inspector**

Tim Jurmann

Phone : 9635 2700

**Finance Officer**

Hayley Byrnes

**Gardeners**

Clint Carter  
Stan Wilkins  
Steve Stokes

**Community Emergency Services Manager**

Daniel Birleson  
Mobile : 0448 008 653

**Pool Manager**

Contract Aquatic Services

**Ranger Services**

Mathew Sharpe  
Office : 9635 2700  
Mobile : 0459 678 154

**Transfer Station Attendants**

Trillian Cole  
Gary Coward

**Early Learning Centre**

Deanne Frear  
Marilyn Catilo  
Hendrina Jacobs

**Cleaner**

Cathy Winterswyk

**Museum Officer**

Michelle Samson

**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](mailto:admin@cunderdin.wa.gov.au)

Website: [www.cunderdin.wa.gov.au](http://www.cunderdin.wa.gov.au)



## Disability Services Plan

**Introduction**The 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 2016 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 2014/15**

#### **Cunderdin Sports Centre**

The Shire has awarded the tender for the Sport and Recreation Centre, the centre was completed in October 2014 and landscaping is being installed.

## **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 2014/15 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 have recently and 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 2015 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 2014/15 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 2014/15 financial year :

- Number of employees in the \$140,000 to \$150,000 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 2015/16 Financial Year.

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

Outcomes	Objectives	Result
<b>Connected Inclusive Community</b>	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.
<b>Sustainable Resource Management</b>	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.
<b>Sustained Natural Environment</b>	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.
<b>Planned Growth</b>	Balanced land use planning for housing	The Shire in conjunction with Landcorp has developed new land for housing and industrial use.
<b>Enhanced and Maintained Infrastructure</b>	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.

<b>Economic Growth</b>	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
<b>Sustainable resource Management</b>	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.
<b>Enhanced Leadership</b>	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 2015**

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Principal place of business:  
Lot 50 Lundy Ave  
Cunderdin WA 6407



**SHIRE OF CUNDERDIN  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2015 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 2nd day of February 2016



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Peter Naylor  
Chief Executive Officer

**SHIRE OF CUNDERDIN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Revenue</b>				
Rates	23	1,681,310	1,715,701	1,598,847
Operating grants, subsidies and contributions	29	2,591,117	1,642,407	965,021
Fees and charges	28	282,950	269,031	328,063
Interest earnings	2(a)	47,998	46,600	106,714
Other revenue		67,737	85,136	21,552
		<u>4,671,112</u>	<u>3,758,875</u>	<u>3,020,197</u>
<b>Expenses</b>				
Employee costs		(1,326,528)	(1,463,209)	(1,348,189)
Materials and contracts		(1,376,534)	(1,151,554)	(1,017,509)
Utility charges		(242,218)	(246,720)	(211,114)
Depreciation on non-current assets	2(a)	(1,643,842)	(1,424,334)	(1,544,688)
Interest expenses	2(a)	(123,991)	(110,275)	(51,821)
Insurance expenses		(170,383)	(170,296)	(164,407)
Other expenditure		(124,228)	(424,514)	(253,793)
		<u>(5,007,724)</u>	<u>(4,990,902)</u>	<u>(4,591,521)</u>
		(336,612)	(1,232,027)	(1,571,324)
Non-operating grants, subsidies and contributions	29	1,542,837	2,036,020	1,723,479
Profit on asset disposals	21	9,968	2,900	0
Loss on asset disposals	21	(16,302)	0	0
<b>Net result</b>		<b>1,199,891</b>	<b>806,893</b>	<b>152,155</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets	13	73,098,492	0	6,180,577
<b>Total other comprehensive income</b>		<u><b>73,098,492</b></u>	<u><b>0</b></u>	<u><b>6,180,577</b></u>
<b>Total comprehensive income</b>		<u><u><b>74,298,383</b></u></u>	<u><u><b>806,893</b></u></u>	<u><u><b>6,332,732</b></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 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Revenue</b>				
	2(a)			
Governance		0	7,000	17,914
General purpose funding		3,822,300	3,201,869	2,413,266
Law, order, public safety		62,102	101,776	112,737
Health		0	0	840
Education and welfare		72,732	59,804	60,614
Housing		21,222	23,000	18,575
Community amenities		164,514	135,849	137,118
Recreation and culture		92,729	31,395	69,110
Transport		127,510	158,360	148,332
Economic services		8,510	9,500	16,853
Other property and services		299,493	30,322	24,838
		<u>4,671,112</u>	<u>3,758,875</u>	<u>3,020,197</u>
<b>Expenses</b>				
	2(a)			
Governance		(118,761)	(460,785)	(683,618)
General purpose funding		(9,944)	(72,457)	(41,524)
Law, order, public safety		(112,965)	(198,986)	(143,484)
Health		(54,717)	(73,908)	(79,092)
Education and welfare		(116,649)	(139,032)	(116,443)
Housing		(78,419)	(69,897)	(56,552)
Community amenities		(482,407)	(505,716)	(404,400)
Recreation and culture		(981,019)	(853,494)	(731,151)
Transport		(1,780,242)	(2,416,521)	(2,207,319)
Economic services		(97,981)	(54,243)	(48,089)
Other property and services		(1,050,629)	(35,588)	(28,028)
		<u>(4,883,733)</u>	<u>(4,880,627)</u>	<u>(4,539,700)</u>
<b>Finance costs</b>				
	2(a)			
Recreation and culture		(99,786)	(82,937)	(21,613)
Transport		(3,150)	(4,217)	(4,942)
Other property and services		(21,055)	(23,121)	(25,266)
		<u>(123,991)</u>	<u>(110,275)</u>	<u>(51,821)</u>
<b>Non-operating grants, subsidies and contributions</b>				
Law, order, public safety		0	450,000	0
Education and welfare		55,859	0	0
Recreation and culture		891,906	1,021,906	838,750
Transport		587,478	564,114	884,729
Other property and services		7,594	0	0
	29	<u>1,542,837</u>	<u>2,036,020</u>	<u>1,723,479</u>
<b>Profit/(Loss) on disposal of assets</b>				
Governance		(13,729)	0	0
Transport		7,395	2,900	0
	21	<u>(6,334)</u>	<u>2,900</u>	<u>0</u>
<b>Net result</b>		<u>1,199,891</u>	<u>806,893</u>	<u>152,155</u>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets	13	73,098,492	0	6,180,577
<b>Total other comprehensive income</b>		<u>73,098,492</u>	<u>0</u>	<u>6,180,577</u>
<b>Total comprehensive income</b>		<u>74,298,383</u>	<u>806,893</u>	<u>6,332,732</u>

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

**SHIRE OF CUNDERDIN  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	1,642,874	2,393,691
Trade and other receivables	5	451,947	524,582
Inventories	6	3,092	16,064
<b>TOTAL CURRENT ASSETS</b>		<u>2,097,913</u>	<u>2,934,337</u>
<b>NON-CURRENT ASSETS</b>			
Financial Assets	4	73,144	73,144
Property, plant and equipment	7	14,333,765	13,624,807
Infrastructure	8	113,535,210	39,607,742
<b>TOTAL NON-CURRENT ASSETS</b>		<u>127,942,119</u>	<u>53,305,693</u>
<b>TOTAL ASSETS</b>		<u>130,040,032</u>	<u>56,240,030</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	328,193	482,657
Borrowings	10	191,189	213,312
Provisions	11	111,779	94,864
<b>TOTAL CURRENT LIABILITIES</b>		<u>631,161</u>	<u>790,833</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	10	1,447,253	1,817,450
Provisions	11	71,658	40,170
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>1,518,911</u>	<u>1,857,620</u>
<b>TOTAL LIABILITIES</b>		<u>2,150,072</u>	<u>2,648,453</u>
<b>NET ASSETS</b>		<u>127,889,960</u>	<u>53,591,577</u>
<b>EQUITY</b>			
Retained surplus		17,800,109	15,995,335
Reserves - cash/investment backed	12	562,049	1,166,932
Revaluation surplus	13	109,527,802	36,429,310
<b>TOTAL EQUITY</b>		<u>127,889,960</u>	<u>53,591,577</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 2015**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2013</b>		14,898,871	2,111,241	30,248,733	47,258,845
Comprehensive income					
Net result		152,155	0	0	152,155
Changes on revaluation of non-current assets	13	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
<b>Balance as at 30 June 2014</b>		<u>15,995,335</u>	<u>1,166,932</u>	<u>36,429,310</u>	<u>53,591,577</u>
Comprehensive income					
Net result		1,199,891	0	0	1,199,891
Changes on revaluation of non-current assets	13	0	0	73,098,492	73,098,492
Total comprehensive income		<u>1,199,891</u>	<u>0</u>	<u>73,098,492</u>	<u>74,298,383</u>
Transfers from/(to) reserves		604,883	(604,883)	0	0
<b>Balance as at 30 June 2015</b>		<u>17,800,109</u>	<u>562,049</u>	<u>109,527,802</u>	<u>127,889,960</u>

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 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,658,635	1,775,241	1,584,704
Operating grants, subsidies and contributions		2,591,117	1,642,407	965,021
Fees and charges		340,900	416,677	224,104
Interest earnings		47,998	46,600	106,714
Goods and services tax		497,375	340,696	472,553
Other revenue		67,737	85,136	21,551
		<u>5,203,762</u>	<u>4,306,757</u>	<u>3,374,647</u>
<b>Payments</b>				
Employee costs		(1,258,429)	(1,476,552)	(1,314,775)
Materials and contracts		(1,531,339)	(1,237,251)	(736,532)
Utility charges		(242,218)	(246,720)	(211,114)
Interest expenses		(130,374)	(110,275)	(39,265)
Insurance expenses		(170,383)	(170,296)	(164,407)
Goods and services tax		(460,015)	(258,260)	(554,219)
Other expenditure		(124,228)	(430,598)	(280,837)
		<u>(3,916,986)</u>	<u>(3,929,952)</u>	<u>(3,301,149)</u>
<b>Net cash provided by (used in) operating activities</b>	14(b)	<u>1,286,776</u>	<u>376,805</u>	<u>73,498</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(1,554,278)	(3,172,710)	(3,354,609)
Payments for construction of infrastructure		(1,751,039)	(932,481)	(1,111,517)
Non-operating grants, Subsidies and contributions		1,542,837	2,036,020	1,723,479
Proceeds from sale of fixed assets		117,207	208,000	0
<b>Net cash provided by (used in) investment activities</b>		<u>(1,645,273)</u>	<u>(1,861,171)</u>	<u>(2,742,647)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(392,319)	(213,312)	(158,639)
Proceeds from new debentures		0	0	1,500,000
<b>Net cash provided by (used in) financing activities</b>		<u>(392,319)</u>	<u>(213,312)</u>	<u>1,341,361</u>
<b>Net increase (decrease) in cash held</b>		(750,816)	(1,697,678)	(1,327,788)
Cash at beginning of year		2,393,691	2,393,691	3,721,479
<b>Cash and cash equivalents at the end of the year</b>	14(a)	<u>1,642,874</u>	<u>696,013</u>	<u>2,393,691</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 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
<b>Revenue</b>				
Governance		0	7,000	17,914
General purpose funding		2,140,990	1,486,168	814,419
Law, order, public safety		62,102	101,776	112,737
Health		0	0	840
Education and welfare		72,732	59,804	60,614
Housing		21,222	23,000	18,575
Community amenities		164,514	135,849	137,118
Recreation and culture		92,729	31,395	69,110
Transport		134,905	161,260	148,332
Economic services		8,510	9,500	16,853
Other property and services		299,493	30,322	24,838
		<u>2,997,197</u>	<u>2,046,074</u>	<u>1,421,350</u>
<b>Expenses</b>				
Governance		(132,490)	(460,785)	(683,618)
General purpose funding		(9,944)	(72,457)	(41,524)
Law, order, public safety		(112,965)	(198,986)	(143,484)
Health		(54,717)	(73,908)	(79,092)
Education and welfare		(116,649)	(139,032)	(116,443)
Housing		(78,419)	(69,897)	(56,552)
Community amenities		(482,407)	(505,716)	(404,400)
Recreation and culture		(1,080,805)	(936,431)	(752,764)
Transport		(1,783,392)	(2,420,738)	(2,212,261)
Economic services		(97,981)	(54,243)	(48,089)
Other property and services		(1,071,685)	(58,709)	(53,292)
		<u>(5,021,454)</u>	<u>(4,990,902)</u>	<u>(4,591,519)</u>
<b>Net result excluding rates</b>		<b>(2,024,257)</b>	<b>(2,944,828)</b>	<b>(3,170,169)</b>
<b>Adjustments for cash budget requirements:</b>				
<b>Non-cash expenditure and revenue</b>				
(Profit)/Loss on asset disposals	21	6,334	(2,900)	0
Movement in employee benefit provisions (non-current)		48,403	0	3,781
Depreciation and amortisation on assets	2(a)	1,643,842	1,424,334	1,544,688
<b>Capital Expenditure and Revenue</b>				
Purchase land and buildings	7(b)	(1,334,829)	(2,541,210)	0
Purchase plant & equipment	7(b)	(193,043)	(588,000)	0
Purchase furniture & equipment	7(b)	(26,406)	(43,500)	(31,621)
Work In Progress		0	0	(3,314,725)
Construct roads	8(b)	(920,894)	(859,981)	(1,096,509)
Construct footpaths		0	(25,000)	0
Construct recreation		0	(45,000)	0
Construct airfield		0	0	(15,008)
Construct other infrastructure	8(b)	(830,145)	(2,500)	0
Contributions towards the development of assets		1,542,837	2,036,020	1,723,479
Proceeds from disposal of fixed assets	21	117,207	208,000	0
Repayment of debentures	22(a)	(392,319)	(213,312)	(158,639)
Proceeds from new debentures	22(a)	0	0	1,500,000
Transfers to reserves (restricted assets)	12	(24,117)	(16,600)	(55,691)
Transfers from reserves (restricted assets)	12	629,000	629,000	1,000,000
ADD Estimated surplus/(deficit) July 1 b/fwd	23(b)	1,284,748	1,269,776	1,764,580
LESS Estimated surplus/(deficit) June 30 c/fwd	23(b)	1,207,671	0	1,284,748
<b>Total amount raised from general rate</b>	23(a)	<u><b>(1,681,310)</b></u>	<u><b>(1,715,701)</b></u>	<u><b>(1,598,847)</b></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 2015**

**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 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 Shire 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 20 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.



**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(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.

**(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 the 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 fair value as indicated.

**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, the Shire 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.

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Land under control***

In accordance with Local Government (Financial Management) Regulation 16(a), the Shire 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.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this note.

***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 Shire 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.

***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 Shire.

**SHIRE OF CUNDERDIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**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	4 to 50 years
Furniture and equipment	4 to 20 years
Plant and equipment	5 to 15 years
Airfield	
Sealed roads and streets	
formation	not depreciated
pavement	70-90 years
seal	
- bituminous seals	20-30 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	12 years
Formed roads (unsealed)	
formation	not depreciated
pavement	12 years
Footpaths - slab	40 years
Drainage systems	8-60 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.

***Capitalisation threshold***

Expenditure on items of equipment under \$5,000 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 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

Fair Value is the price that the Shire 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 or liability. 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 or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) 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 Shire 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 Shire 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 2015**

**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.

**Valuation Technique**

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 Shire 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 are 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 Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire 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 2015**

**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 Shire 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 2015**

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

Where such an indication exists, an 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 Shire prior to the end of the financial year that are unpaid and arise when the Shire 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 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Employee Benefits**

**Short-term employee benefits**

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

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Shire'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 of 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 Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire 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 Shire 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 Shire, 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 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) Investment in Associates**

An associate is an entity over which the Shire 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 Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire'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 Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire 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 Shire 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 Shire'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 17.

**(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 Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**(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 Shire 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 2015**

**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 Shire.

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	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 Shire, 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]	September 2012	1 January 2018	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 Shire (refer (i) above).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(iv) AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments	December 2013	Refer title column	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.
[Operative date: Part C Financial Instruments - 1 January 2015]			As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Shire.
(v) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.
			Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.
(vi) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis for calculation of depreciation, it is not expected to have a significant impact.

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15.  It will require changes to reflect the impact of AASB 15.
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101  [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.  This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.  It is not anticipated it will have any significant impact on disclosures.
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn.  It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.

**SHIRE OF CUNDERDIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.  The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

**Notes:**

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**(x) Adoption of New and Revised Accounting Standards**

During the current year, the Shire 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 2011-7
- AASB 2012-3
- AASB 2013-3
- AASB 2013-8
- AASB 2013-9 Parts A & B

Most of the Standards adopted had a minimal effect on the accounting and reporting practices of the Shire 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.

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

<b>2. REVENUE AND EXPENSES</b>	<b>2015</b>	<b>2014</b>	
	<b>\$</b>	<b>\$</b>	
<b>(a) Net Result</b>			
The Net result includes:			
(i) Charging as an expense:			
<b>Auditors remuneration</b>			
- Audit of the annual financial report	19,502	17,002	
- Other services	2,600	3,100	
<b>Depreciation</b>			
Buildings	368,469	191,784	
Plant & Equipment	335,444	410,793	
Furniture & Equipment	17,866	19,958	
Roads	873,432	874,184	
Footpaths	8,506	8,483	
Airfield	39,447	38,810	
Other Infrastructure	678	676	
	<u>1,643,842</u>	<u>1,544,688</u>	
<b>Interest expenses (finance costs)</b>			
Debentures (refer Note 22 (a))	123,991	42,219	
Accrued Interest on Loans	0	9,602	
	<u>123,991</u>	<u>51,821</u>	
(ii) Crediting as revenue:			
<b>Other revenue</b>			
Other	67,737	21,552	
	<u>67,737</u>	<u>21,552</u>	
	<b>2015</b>	<b>2015</b>	<b>2014</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Interest earnings</b>			
- Reserve funds	24,117	16,600	55,691
- Other funds	19,290	24,000	35,348
Other interest revenue (refer note 27)	4,591	6,000	15,675
	<u>47,998</u>	<u>46,600</u>	<u>106,714</u>

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**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
- 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 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 2015**

**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.

**HOUSING**

**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 2015**

**2. REVENUE AND EXPENSES (Continued)**

<b>(c) Conditions Over Grants/Contributions</b>	<b>Grant/Contribution</b>	<b>Function/ Activity</b>	<b>Opening</b>	<b>Received<sup>(2)</sup></b>	<b>Expended<sup>(3)</sup></b>	<b>Closing</b>	<b>Received<sup>(2)</sup></b>	<b>Expended<sup>(3)</sup></b>	<b>Closing</b>
			<b>Balance<sup>(1)</sup> 1/07/13</b>	<b>2013/14</b>	<b>2013/14</b>	<b>Balance<sup>(1)</sup> 30/06/14</b>	<b>2014/15</b>	<b>2014/15</b>	<b>Balance 30/06/15</b>
			<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
	Department of Youth	Recreation	0	10,000	0	10,000	10,000	0	20,000
	DFES - Aware Grant	Law, Order Public Safety	0	18,114	0	18,114	0	0	18,114
	<b>Total</b>		<b>0</b>	<b>28,114</b>	<b>0</b>	<b>28,114</b>	<b>10,000</b>	<b>0</b>	<b>38,114</b>

**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 2015**

	Note	2015 \$	2014 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		1,042,711	1,198,645
Restricted		600,163	1,195,046
		<u>1,642,874</u>	<u>2,393,691</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Staff Entitlements Reserve	12	155,215	148,555
Plant Reserve	12	80,726	136,262
Building Reserve	12	6,395	426,121
Aerodrome Reserve	12	100,460	96,149
Community Bus Reserve	12	27,507	26,327
Asset Replacement Reserve	12	191,746	333,518
Unspent grants	2(c)	38,114	28,114
		<u>600,163</u>	<u>1,195,046</u>
<b>4. FINANCIAL ASSETS</b>			
<b>Non-current</b>			
Investments in WALGA Local Government House Trust*			
- Cost		70,968	70,968
		<u>70,968</u>	<u>70,968</u>
Co-op Shares at:			
- Cost		2,176	2,176
		<u>2,176</u>	<u>2,176</u>
		<u>73,144</u>	<u>73,144</u>
* This note discloses the equity the Shire has in the Local Government House Trust as a consequence of a contribution towards the cost of purchasing Local Government House. The Total contribution by all Councils towards the cost of the building was \$582,000. There are 620 units in the Local Government House Unit Trust, 4 of which are held by the Shire of Cunderdin.			
<b>5. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates outstanding		167,977	145,302
Sundry debtors		225,215	283,165
GST receivable		58,755	96,115
		<u>451,947</u>	<u>524,582</u>
<b>6. INVENTORIES</b>			
<b>Current</b>			
Fuel and materials		3,092	16,064
		<u>3,092</u>	<u>16,064</u>

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	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>7 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Freehold land at:		
- Independent valuation 2014	<u>1,512,000</u>	<u>1,512,000</u>
	<u>1,512,000</u>	<u>1,512,000</u>
	<u>1,512,000</u>	<u>1,512,000</u>
Buildings at:		
- Independent valuation 2014	21,497,000	21,497,000
- Additions after valuation - cost	4,649,554	0
Less: accumulated depreciation	<u>(14,717,469)</u>	<u>(14,349,000)</u>
	<u>11,429,085</u>	<u>7,148,000</u>
	<u>11,429,085</u>	<u>7,148,000</u>
<b>Total land and buildings</b>	<u>12,941,085</u>	<u>8,660,000</u>
Plant & Equipment at:		
- Independent valuation 2014	1,446,500	1,591,500
- Additions after valuation - cost	193,043	0
Less accumulated depreciation	<u>(313,985)</u>	<u>0</u>
	<u>1,325,558</u>	<u>1,591,500</u>
Furniture & Equipment at:		
- Management valuation 2015	345,170	318,764
Less accumulated depreciation	<u>(278,048)</u>	<u>(260,182)</u>
	<u>67,122</u>	<u>58,582</u>
Work In Progress :		
- Buildings	<u>0</u>	<u>3,314,725</u>
	<u>0</u>	<u>3,314,725</u>
	<u>14,333,765</u>	<u>13,624,807</u>

**SHIRE OF CUNDERDIN**  
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**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) 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) \$	Transfers \$	Carrying Amount at the End of Year \$
Freehold land	1,512,000	0	0	0	0	0	0	1,512,000
<b>Total land</b>	<b>1,512,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,512,000</b>
Buildings	7,148,000	1,334,829	0	0	0	(368,469)	3,314,725	11,429,085
<b>Total buildings</b>	<b>7,148,000</b>	<b>1,334,829</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(368,469)</b>	<b>3,314,725</b>	<b>11,429,085</b>
<b>Total land and buildings</b>	<b>8,660,000</b>	<b>1,334,829</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(368,469)</b>	<b>3,314,725</b>	<b>12,941,085</b>
Plant & Equipment	1,591,500	193,043	(123,541)	0	0	(335,444)	0	1,325,558
Furniture & Equipment	58,582	26,406	0	0	0	(17,866)	0	67,122
Work In Progress	3,314,725	0	0	0	0	0	(3,314,725)	0
<b>Total property, plant and equipment</b>	<b>13,624,807</b>	<b>1,554,278</b>	<b>(123,541)</b>	<b>0</b>	<b>0</b>	<b>(721,779)</b>	<b>0</b>	<b>14,333,765</b>

**SHIRE OF CUNDERDIN**  
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<b>8 (a). INFRASTRUCTURE</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Roads</b>		
- Independent valuation 2015	140,332,088	0
- Cost	0	53,913,236
Less accumulated depreciation	<u>(36,675,051)</u>	<u>(15,364,055)</u>
	103,657,037	38,549,181
<b>Footpaths</b>		
- Independent valuation 2015	644,675	0
- Cost	0	369,932
Less accumulated depreciation	<u>(280,502)</u>	<u>(24,057)</u>
	364,173	345,875
<b>Airfield</b>		
- Independent valuation 2015	16,896,000	0
- Cost	0	798,462
Less accumulated depreciation	<u>(11,537,000)</u>	<u>(100,707)</u>
	5,359,000	697,755
<b>Other Infrastructure</b>		
- Independent valuation 2015	6,075,000	0
- Cost	0	16,963
Less accumulated depreciation	<u>(1,920,000)</u>	<u>(2,032)</u>
	4,155,000	14,931
	<u>113,535,210</u>	<u>39,607,742</u>

SHIRE OF CUNDERDIN  
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8. INFRASTRUCTURE (Continued)

(b) 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) \$	Transfers \$	Carrying Amount at the End of the Year \$
Roads	38,549,181	920,894	0	65,060,393	0	(873,431)	0	103,657,037
Footpaths	345,875	0	0	26,804	0	(8,506)	0	364,173
Airfield	697,755	0	0	4,700,692	0	(39,447)	0	5,359,000
Other Infrastructure	14,931	830,145	0	3,310,603	0	(679)	0	4,155,000
<b>Total infrastructure</b>	<b>39,607,742</b>	<b>1,751,039</b>	<b>0</b>	<b>73,098,492</b>	<b>0</b>	<b>(922,063)</b>	<b>0</b>	<b>113,535,210</b>

The revaluation of infrastructure assets resulted in an increase on revaluation of \$73,098,492 in the net value of infrastructure. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 13) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

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	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>9. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	192,680	367,629
Accrued interest on debentures	22,664	29,047
Accrued salaries and wages	44,891	38,522
ATO/ payroll liabilities	60,786	47,459
Trust Fund	7,172	0
	<u>328,193</u>	<u>482,657</u>

**10. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by floating charge		
Debentures	191,189	213,312
	<u>191,189</u>	<u>213,312</u>
<b>Non-current</b>		
Secured by floating charge		
Debentures	1,447,253	1,817,450
	<u>1,447,253</u>	<u>1,817,450</u>

Additional detail on borrowings is provided in Note 22.

**11. PROVISIONS**

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Total \$</b>
<b>Opening balance at 1 July 2014</b>	81,327	13,537	94,864
Non-current provisions	0	40,170	40,170
	<u>81,327</u>	<u>53,707</u>	<u>135,034</u>
Additional provision	17,580	30,823	48,403
<b>Balance at 30 June 2015</b>	<u>98,907</u>	<u>84,530</u>	<u>183,437</u>
<b>Comprises</b>			
Current	98,907	12,872	111,779
Non-current	0	71,658	71,658
	<u>98,907</u>	<u>84,530</u>	<u>183,437</u>



**SHIRE OF CUNDERDIN**  
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	2015 \$	2015 Budget \$	2014 \$
<b>12. RESERVES - CASH/INVESTMENT BACKED</b>			
<b>(a) Staff Entitlements Reserve</b>			
Opening balance	148,555	147,928	144,374
Amount set aside / transfer to reserve	6,660	1,000	4,181
Amount used / transfer from reserve	0	0	0
	<u>155,215</u>	<u>148,928</u>	<u>148,555</u>
<b>(b) Plant Reserve</b>			
Opening balance	136,262	135,687	132,429
Amount set aside / transfer to reserve	3,464	2,000	3,833
Amount used / transfer from reserve	(59,000)	(59,000)	0
	<u>80,726</u>	<u>78,687</u>	<u>136,262</u>
<b>(c) Building Reserve</b>			
Opening balance	426,121	429,249	1,391,275
Amount set aside / transfer to reserve	274	600	34,846
Amount used / transfer from reserve	(420,000)	(420,000)	(1,000,000)
	<u>6,395</u>	<u>9,849</u>	<u>426,121</u>
<b>(d) Aerodrome Reserve</b>			
Opening balance	96,149	95,743	93,442
Amount set aside / transfer to reserve	4,311	3,000	2,707
Amount used / transfer from reserve	0	0	0
	<u>100,460</u>	<u>98,743</u>	<u>96,149</u>
<b>(e) Community Bus Reserve</b>			
Opening balance	26,327	26,216	25,587
Amount set aside / transfer to reserve	1,180	3,000	740
Amount used / transfer from reserve	0	0	0
	<u>27,507</u>	<u>29,216</u>	<u>26,327</u>
<b>(f) Asset Replacement Reserve</b>			
Opening balance	333,518	332,109	324,134
Amount set aside / transfer to reserve	8,228	7,000	9,384
Amount used / transfer from reserve	(150,000)	(150,000)	0
	<u>191,746</u>	<u>189,109</u>	<u>333,518</u>
<b>TOTAL RESERVES</b>	<u>562,049</u>	<u>554,532</u>	<u>1,166,932</u>
Total Opening balance	1,166,932	1,166,932	2,111,241
Total Amount set aside / transfer to reserve	24,117	16,600	55,691
Total Amount used / transfer from reserve	(629,000)	(629,000)	(1,000,000)
<b>TOTAL RESERVES</b>	<u>562,049</u>	<u>554,532</u>	<u>1,166,932</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  
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**12. RESERVES - CASH/INVESTMENT 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, maintenance and funding of property, buildings, plant and equipment associated with the Cunderdin Airfield.
- (e) Community Bus Reserve**
  - to be used to fund acquisition, 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 recreation reserves.

The staff entitlements, plant and building reserves 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**  
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<b>13. REVALUATION SURPLUS</b>	<b>2015</b>	<b>2014</b>
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
<b>(a) Land</b>		
Opening balance	1,128,891	0
Revaluation increment	0	1,128,891
Revaluation decrement	0	0
	<u>1,128,891</u>	<u>1,128,891</u>
<b>(b) Buildings</b>		
Opening balance	4,400,457	0
Revaluation increment	0	4,400,457
Revaluation decrement	0	0
	<u>4,400,457</u>	<u>4,400,457</u>
<b>(c) Plant &amp; Equipment</b>		
Opening balance	773,264	0
Revaluation increment	0	773,264
Revaluation decrement	0	0
	<u>773,264</u>	<u>773,264</u>
<b>(d) Roads</b>		
Opening balance	30,126,698	0
Revaluation increment	65,060,393	30,126,698
Revaluation decrement	0	0
	<u>95,187,091</u>	<u>30,126,698</u>
<b>(e) Footpaths</b>		
Opening balance	0	0
Revaluation increment	26,804	0
Revaluation decrement	0	0
	<u>26,804</u>	<u>0</u>
<b>(f) Furniture &amp; Equipment</b>		
Opening balance	0	0
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>0</u>	<u>0</u>
<b>(g) Airfield</b>		
Opening balance	0	0
Revaluation increment	4,700,692	0
Revaluation decrement	0	0
	<u>4,700,692</u>	<u>0</u>
<b>(h) Other Infrastructure</b>		
Opening balance	0	0
Revaluation increment	3,310,603	0
Revaluation decrement	0	0
	<u>3,310,603</u>	<u>0</u>
<b>TOTAL ASSET REVALUATION SURPLUS</b>	<u><u>109,527,802</u></u>	<u><u>36,429,310</u></u>

**SHIRE OF CUNDERDIN**  
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**14. 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:

	2015 \$	2015 Budget \$	2014 \$
Cash and cash equivalents	<u>1,642,874</u>	<u>696,013</u>	<u>2,393,691</u>

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

Net result	1,199,891	806,893	152,155
Non-cash flows in Net result:			
Depreciation	1,643,842	1,424,334	1,544,688
(Profit)/Loss on sale of asset	6,334	(2,900)	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	72,635	302,961	(208,028)
(Increase)/Decrease in inventories	12,972	7,564	(8,347)
Increase/(Decrease) in payables	(154,464)	(126,027)	312,728
Increase/(Decrease) in provisions	48,403	0	3,781
Grants contributions for the development of assets	<u>(1,542,837)</u>	<u>(2,036,020)</u>	<u>(1,723,479)</u>
Net cash from operating activities	<u>1,286,776</u>	<u>376,805</u>	<u>73,498</u>

	2015 \$	2014 \$
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	10,000	10,000
Credit card balance at balance date	<u>0</u>	<u>0</u>
<b>Total amount of credit unused</b>	<u>10,000</u>	<u>10,000</u>
<b>Loan facilities</b>		
Loan facilities - current	191,189	213,312
Loan facilities - non-current	1,447,253	1,817,450
<b>Total facilities in use at balance date</b>	<u>1,638,442</u>	<u>2,030,762</u>
<b>Unused loan facilities at balance date</b>	<u>NIL</u>	<u>NIL</u>

**SHIRE OF CUNDERDIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**15. CONTINGENT LIABILITIES**

The Shire is not aware of any contingent liabilities as at 30 June 2015.

**16. CAPITAL AND LEASING COMMITMENTS**

**(a) Operating Lease Commitments**

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

**(b) Capital Expenditure Commitments**

The Shire did not have any future capital expenditure commitments at the reporting date.

**17. JOINT VENTURE ARRANGEMENTS**

The Shire was not involved in any joint venture arrangements at the reporting date.

**18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Governance	244,999	946,184
Law, order, public safety	88,000	499,469
Health	648,283	675,000
Education and welfare	164,496	182,500
Housing	1,063,300	824,000
Community amenities	346,865	372,607
Recreation and culture	11,260,512	6,248,479
Transport	112,517,101	43,108,311
Economic services	0	376,000
Other property and services	2,194,068	376,000
Unallocated	1,512,408	2,631,480
	<u>130,040,032</u>	<u>56,240,030</u>

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	2015	2014	2013
<b>19. FINANCIAL RATIOS</b>			
Current ratio	2.88	2.50	5.57
Asset sustainability ratio	2.01	2.89	1.85
Debt service cover ratio	2.76	0.13	7.17
Operating surplus ratio	(0.16)	(0.76)	0.03
Own source revenue coverage ratio	0.42	0.45	0.77

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	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	2015	2014	2013
Asset consumption ratio	0.66	0.62	0.70
Asset renewal funding ratio	0.38	0.41	0.56

The above ratios are calculated as follows:

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**  
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**20. 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 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Working Trust	14,615	2,301	(9,314)	7,602
REBA Trust	5,308	456	0	5,764
Community Centre Trust	123,530	569,862	(672,211)	21,181
Community Centre Term Deposit	0	496,641	0	496,641
	<u>143,453</u>			<u>531,188</u>

**21. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Plant and Equipment</b>						
<b>Governance</b>						
Ceo Vehicle	24,168	0	20,000	0	(4,168)	0
Dceo Vehicle	22,288	0	12,727	0	(9,561)	0
<b>Transport</b>						
Works Manager Vehicle	20,835	23,750	22,727	25,000	1,892	1,250
Loader	26,250	17,100	34,326	18,000	8,076	900
Tip Truck	25,000	9,500	22,727	10,000	(2,273)	500
Tractor	5,000	4,750	4,700	5,000	(300)	250
<b>Other property and services</b>						
Land Sale Lundy Ave	0	150,000	0	150,000	0	0
	<u>123,541</u>	<u>205,100</u>	<u>117,207</u>	<u>208,000</u>	<u>(6,334)</u>	<u>2,900</u>

Profit	9,968	2,900
Loss	(16,302)	0
	<u>(6,334)</u>	<u>2,900</u>

**SHIRE OF CUNDERDIN**  
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**22. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Loan No	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
				Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Recreation and culture</b>									
Swimming pool	67	76,537	0	37,106	37,106	39,431	35,328	3,487	4,159
Community Recreation Centre	76	1,500,000	0	222,960	43,952	1,277,040	1,456,048	96,299	78,778
<b>Transport</b>									
Works depot	66	72,434	0	35,040	35,040	37,394	41,497	3,150	4,217
Ettamogah Hotel	68	115,977	0	75,979	75,979	39,998	39,998	5,258	6,821
Ettamogah Hotel	73	156,500	0	12,488	12,488	144,012	144,012	9,338	9,635
Ettamogah Hotel	74	109,313	0	8,746	8,747	100,567	100,567	6,459	6,665
		2,030,761	0	392,319	213,312	1,638,442	1,817,450	123,991	110,275

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



**SHIRE OF CUNDERDIN  
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**22. INFORMATION ON BORROWINGS (Continued)**

**(b) New Debentures - 2014/15**

The Shire did not take up any new debentures during the year ended 30 June 2015.

**(c) Unspent Debentures**

The Shire did not have any unspent debentures as at 30 June 2015.

**(d) Overdraft**

The Shire does not have an overdraft facility.

**SHIRE OF CUNDERDIN**  
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**23 RATING INFORMATION - 2014/15 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 \$
<b>Differential general rate / general rate</b>											
<b>Gross rental value valuations</b>											
Townsite	0.0881	402	4,223,951	370,313	0	0	370,313	369,809	0	0	369,809
<b>Unimproved value valuations</b>											
Rural	0.0089	309	138,370,300	1,193,880	0	0	1,193,880	1,239,752	0	0	1,239,752
Mining	0.0089	0	0	0	0	0	0	0	0	0	0
<b>Sub-Totals</b>		711	142,594,251	1,564,193	0	0	1,564,193	1,609,561	0	0	1,609,561
<b>Minimum payment</b>	<b>Minimum \$</b>										
<b>Gross rental value valuations</b>											
Townsite	580	129	319,418	74,820	0	0	74,820	74,820	0	0	74,820
<b>Unimproved value valuations</b>											
Rural	580	52	1,841,500	30,160	0	0	30,160	30,160	0	0	30,160
Mining	580	2	19,450	1,160	0	0	1,160	1,160	0	0	1,160
<b>Sub-Totals</b>		183	2,180,368	106,140	0	0	106,140	106,140	0	0	106,140
Ex-gratia rates							1,670,333				1,715,701
Discounts/concessions (refer note 26)							10,977				0
<b>Total amount raised from general rate</b>							<b>1,681,310</b>				<b>1,715,701</b>
Specified Area Rate (refer note 24)							0				0
<b>Totals</b>							<b>1,681,310</b>				<b>1,715,701</b>

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**23. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)**

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

	<b>2015</b> <b>(30 June 2015</b> <b>Carried Forward)</b> <b>\$</b>	<b>2015</b> <b>(1 July 2014</b> <b>Brought Forward)</b> <b>\$</b>	<b>2014</b> <b>(30 June 2014</b> <b>Carried Forward)</b> <b>\$</b>
<b>Surplus/(Deficit) 1 July 14 brought forward</b>	<u>1,207,671</u>	<u>1,284,748</u>	<u>1,284,748</u>
<b>Comprises:</b>			
Cash and cash equivalents			
Unrestricted	1,042,711	1,198,645	1,198,645
Restricted	600,163	1,195,046	1,195,046
Receivables			
Rates outstanding	167,977	145,302	145,302
Sundry debtors	225,215	283,165	283,165
GST receivable	58,755	96,115	96,115
Inventories			
Fuel and materials	3,092	16,064	16,064
<b>Less:</b>			
Trade and other payables			
Sundry creditors	(192,680)	(367,629)	(367,629)
Accrued interest on debentures	(22,664)	(29,047)	(29,047)
Accrued salaries and wages	(44,891)	(38,522)	(38,522)
ATO/ payroll liabilities	(60,786)	(47,459)	(47,459)
Trust Fund	(7,172)	0	0
Borrowings			
Secured by floating charge	(191,189)	(213,312)	(213,312)
Provisions			
Provision for annual leave	(98,907)	(81,327)	(81,327)
Provision for long service leave	(12,872)	(13,537)	(13,537)
<b>Net current assets</b>	<u><b>1,466,752</b></u>	<u><b>2,143,504</b></u>	<u><b>2,143,504</b></u>
<b>Less:</b>			
Reserves - restricted cash	(562,049)	(1,166,932)	(1,166,932)
<b>Add:</b>			
Secured by floating charge	191,189	213,312	213,312
Provision for employees cash backed	111,779	94,864	94,864
<b>Surplus/(deficit)</b>	<u><b>1,207,671</b></u>	<u><b>1,284,748</b></u>	<u><b>1,284,748</b></u>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2014 audited financial report.

**SHIRE OF CUNDERDIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**24. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR**

The Shire did not impose any Specified Area Rates.

**25. SERVICE CHARGES - 2014/15 FINANCIAL YEAR**

The Shire did not impose any service charges.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2014/15 FINANCIAL YEAR**

Council did not offer a discount on rates.

**27. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	11.00%	0	2,649	6,000
Interest on instalments plan		0	1,942	0
Charges on instalment plan		7	0	4,000
			4,591	10,000

<b>28. FEES &amp; CHARGES</b>	<b>2015 \$</b>	<b>2014 \$</b>
Governance	0	9
General purpose funding	7,848	9,958
Law, order, public safety	2,674	53,775
Health	0	840
Education and welfare	18,611	17,412
Housing	20,022	18,575
Community amenities	164,514	137,118
Recreation and culture	14,187	14,335
Transport	28,310	54,929
Economic services	7,034	10,553
Other property and services	19,750	10,559
	282,950	328,063

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

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**29. GRANT REVENUE**

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature or Type:</b>		
Operating grants, subsidies and contributions	2,591,117	965,021
Non-operating grants, subsidies and contributions	1,542,837	1,723,479
	<u>4,133,954</u>	<u>2,688,500</u>
<b>By Program:</b>		
Governance	0	9,507
General purpose funding	2,085,143	697,747
Law, order, public safety	59,428	58,962
Education and welfare	109,980	43,203
Recreation and culture	959,057	880,371
Transport	686,678	978,132
Economic services	1,477	6,299
Other property and services	232,191	14,279
	<u>4,133,954</u>	<u>2,688,500</u>

**30. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>24</u>	<u>24</u>
-----------	-----------

**31. ELECTED MEMBERS REMUNERATION**

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

	<b>2015</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Meeting Fees	21,510	25,212	24,203
President's allowance	0	1,500	0
Travelling expenses	0	500	0
Telecommunications allowance	0	15,000	0
	<u>21,510</u>	<u>42,212</u>	<u>24,203</u>

**32. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2014/15.

**33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**34. FINANCIAL RISK MANAGEMENT**

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

The Shire 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 Shire held the following financial instruments at balance date:*

	Carrying Value		Fair Value	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	1,642,874	2,393,691	1,642,874	2,393,691
Financial Assets	73,144	73,144	73,144	73,144
Receivables	525,091	597,726	525,091	524,582
	<u>2,241,109</u>	<u>3,064,561</u>	<u>2,241,109</u>	<u>2,991,417</u>
<b>Financial liabilities</b>				
Payables	328,193	482,657	328,193	482,657
Borrowings	1,638,442	2,030,762	1,244,035	1,975,412
	<u>1,966,635</u>	<u>2,513,419</u>	<u>1,572,228</u>	<u>2,458,069</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 2015**

**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**

The Shire'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 the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Impact of a 10% <sup>(1)</sup> movement in price of financial assets		
- Equity	7,314	7,314
- Statement of Comprehensive Income	7,314	7,314
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	16,429	23,937
- Statement of Comprehensive Income	16,429	23,937

**Notes:**

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

**SHIRE OF CUNDERDIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**34. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Receivables**

The Shire'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. The Shire 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 the Shire to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. The Shire 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.

The Shire 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 Shire's credit risk at balance date was:

	<b>2015</b>	<b>2014</b>
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	96%	29%
- Overdue	4%	71%





**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**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. The Shire 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 2015**

**Borrowings**

Fixed rate Debentures	(116,822)	0	0	0	0	(1,521,620)	(1,638,442)	5.48%
Weighted average Effective interest rate	6.60%	0.00%	0.00%	0.00%	0.00%	5.39%		

**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	0.00%	5.55%	0.00%	0.00%	0.00%	5.37%		

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**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**

	<b>30-Jun-15</b>			Total
	Level 1	Level 2	Level 3	
Land	0	1,105,000	407,000	1,512,000
Buildings		1,090,000	10,339,085	11,429,085
Furniture and Equipment		67,122	0	67,122
Plant and Equipment		1,325,558	0	1,325,558
Infrastructure		0	113,535,210	113,535,210
	<u>0</u>	<u>3,587,680</u>	<u>124,281,295</u>	<u>127,868,975</u>

	<b>30-Jun-14</b>			Total
	Level 1	Level 2	Level 3	
Land	0	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>

**(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**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**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 2015</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	10,339,085	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
Furniture and Equipment	2	67,122	Market Approach	Make, size, tear of manufacture and condition.
Plant and Equipment	2	1,325,558	Market Approach	Make, size, year of manufacture and condition.
Infrastructure - Roads, footpaths, airfield and other infrastructure	3	113,535,210	Cost Approach	Cost of components used to create the assets and condition based on estimates
<b>Total</b>		<u><u>127,868,975</u></u>		

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**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 acquires its furniture and equipment at arms length from approved suppliers. These acquisitions are recorded at cost, any accumulated depreciation reflects the usage of service potential.

The Shire has determined that the recorded written down values approximate the fair value of furniture and equipment because it is unlikely that an active market in furniture and equipment exists given the location of the Shire to allow for fair value measurement.

**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.

**Infrastructure**

The shire's infrastructure 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).

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**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 2015	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 (\$10,339,085)	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 \$1,033,909

**(e) Valuation Processes**

The shire engaged external, independent and qualified valuers to determine the fair value of the shire's infrastructure assets (Griffin Valuation Advisory and Talis Consultants Pty Ltd). 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 2015 a comprehensive revaluation was undertaken by Griffin Valuation Advisory and Talis Consultants, for the following non current asset classes:

- Roads
- Footpaths
- Airfield
- Other Infrastructure

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 is 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.

**36 EVENTS AFTER THE REPORTING PERIOD**

There have been no significant events after the reporting period that are required to be included in the 2014/15 Annual Financial Report.

## **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 2015 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 2015 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) There are 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 19 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 2015 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 2<sup>nd</sup> DAY OF FEBRUARY 2016.**