

**SHIRE OF CUNDERDIN**  
**BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

Adopted 10th August 2017

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**SHIRE OF CUNDERDIN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
<b>Revenue</b>				
Rates	8	1,992,788	1,890,058	1,906,228
Operating grants, subsidies and contributions	15	1,070,052	2,563,216	1,690,968
Fees and charges	14	243,916	362,581	253,305
Service charges	11	0	0	0
Interest earnings	2(a)	56,000	36,803	62,380
Other revenue	2(a)	20,000	11,598	19,000
		<u>3,382,756</u>	<u>4,864,256</u>	<u>3,931,881</u>
<b>Expenses</b>				
Employee costs		(1,894,654)	(1,791,197)	(1,713,072)
Materials and contracts		(1,428,152)	(1,314,032)	(1,418,400)
Utility charges		(209,425)	(212,170)	(228,410)
Depreciation on non-current assets	2(a)	(3,616,600)	(2,809,922)	(1,424,334)
Interest expenses	2(a)	(74,453)	(63,218)	(78,265)
Insurance expenses		(145,838)	(103,660)	(161,149)
Other expenditure		(75,531)	(148,572)	(71,531)
		<u>(7,444,653)</u>	<u>(6,442,771)</u>	<u>(5,095,161)</u>
		(4,061,897)	(1,578,515)	(1,163,280)
Non-operating grants, subsidies and contributions	15	1,492,366	2,895,383	1,622,286
Profit on asset disposals	6	0	0	2,000
Loss on asset disposals	6	0	(46,072)	0
Loss on revaluation of non current assets		0	0	0
<b>Net result</b>		<b>(2,569,531)</b>	<b>1,270,796</b>	<b>461,006</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b><u>(2,569,531)</u></b>	<b><u>1,270,796</u></b>	<b><u>461,006</u></b>

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 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
<b>Revenue (refer notes 1,2,8,10 to 15)</b>				
Governance		0	388	0
General purpose funding		2,788,373	4,041,522	3,315,718
Law, order, public safety		35,980	56,450	35,000
Health		500	2,042	0
Education and welfare		75,000	84,770	71,000
Housing		15,600	17,255	9,880
Community amenities		125,916	224,355	122,825
Recreation and culture		25,700	34,455	40,600
Transport		107,771	176,215	161,228
Economic services		7,000	16,645	4,000
Other property and services		200,916	210,159	171,630
		<u>3,382,756</u>	<u>4,864,256</u>	<u>3,931,881</u>
<b>Expenses excluding finance costs (refer notes 1, 2 &amp; 16)</b>				
Governance		(165,775)	(149,180)	(177,395)
General purpose funding		(48,000)	(30,316)	(55,700)
Law, order, public safety		(134,186)	(112,750)	(142,715)
Health		(57,743)	(58,849)	(67,737)
Education and welfare		(167,922)	(151,376)	(160,345)
Housing		(84,096)	(54,454)	(59,506)
Community amenities		(651,684)	(558,516)	(580,430)
Recreation and culture		(1,422,520)	(1,231,119)	(1,113,762)
Transport		(4,279,730)	(3,641,005)	(2,333,234)
Economic services		(85,073)	(63,762)	(82,674)
Other property and services		(273,471)	(328,226)	(243,398)
		<u>(7,370,200)</u>	<u>(6,379,553)</u>	<u>(5,016,896)</u>
<b>Finance costs (refer notes 2 &amp; 7)</b>				
Recreation and culture		(62,462)	(50,487)	(64,749)
Transport		0	0	0
Economic services		0	0	0
Other property and services		(11,991)	(12,731)	(13,516)
		<u>(74,453)</u>	<u>(63,218)</u>	<u>(78,265)</u>
		<u>(4,061,897)</u>	<u>(1,578,515)</u>	<u>(1,163,280)</u>
Non-operating grants, subsidies and contributions:	15	1,492,366	2,895,383	1,622,286
Profit on disposal of assets	6	0	0	2,000
(Loss) on disposal of assets	6	0	(46,072)	0
Loss on revaluation of non current assets		0	0	0
		<u>1,492,366</u>	<u>2,849,311</u>	<u>1,624,286</u>
<b>Net result</b>		<b>(2,569,531)</b>	<b>1,270,796</b>	<b>461,006</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>Total comprehensive income</b>		<u><b>(2,569,531)</b></u>	<u><b>1,270,796</b></u>	<u><b>461,006</b></u>

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

**SHIRE OF CUNDERDIN  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		2,042,788	1,901,346	1,956,228
Operating grants, subsidies and contributions		1,090,052	2,732,761	1,750,968
Fees and charges		243,916	362,581	253,305
Service charges		0	0	0
Interest earnings		56,000	36,803	62,380
Goods and services tax		15,000	(10,523)	30,000
Other revenue		20,000	11,598	17,000
		<u>3,467,756</u>	<u>5,034,566</u>	<u>4,069,881</u>
<b>Payments</b>				
Employee costs		(1,854,620)	(1,839,986)	(1,700,572)
Materials and contracts		(1,499,407)	(1,194,700)	(1,383,822)
Utility charges		(209,425)	(212,170)	(228,410)
Interest expenses		(74,453)	(63,218)	(80,265)
Insurance expenses		(145,838)	(103,660)	(161,149)
Goods and services tax		0	0	0
Other expenditure		(75,531)	(148,572)	(69,531)
		<u>(3,859,274)</u>	<u>(3,562,306)</u>	<u>(3,623,749)</u>
<b>Net cash provided by (used in) operating activities</b>	3(b)	<u>(391,518)</u>	<u>1,472,260</u>	<u>446,132</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for development of land held for resale	5	0	0	0
Payments for purchase of property, plant & equipment	5	(2,427,629)	(736,697)	(804,727)
Payments for construction of infrastructure	5	(1,242,511)	(1,158,590)	(1,161,159)
Non-operating grants, subsidies and contributions used for the development of assets		1,492,366	2,895,383	1,622,286
Proceeds from sale of plant & equipment	6	0	55,454	10,000
<b>Net cash provided by (used in) investing activities</b>		<u>(2,177,774)</u>	<u>1,055,550</u>	<u>(333,600)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	7	(70,144)	(66,374)	(66,374)
Advances to community groups		0	0	0
Proceeds from self supporting loans		0	0	0
Proceeds from new borrowings	7	0	0	0
<b>Net cash provided by (used in) financing activities</b>		<u>(70,144)</u>	<u>(66,374)</u>	<u>(66,374)</u>
<b>Net increase (decrease) in cash held</b>		(2,639,436)	2,461,436	46,158
Cash at beginning of year		<u>3,780,221</u>	<u>1,124,227</u>	<u>1,124,227</u>
<b>Cash and cash equivalents at the end of the year</b>	3(a)	<u><u>1,140,785</u></u>	<u><u>3,780,221</u></u>	<u><u>1,162,385</u></u>

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

**SHIRE OF CUNDERDIN  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>	4	2,750,426	842,067	627,945
		<b>2,750,426</b>	<b>842,067</b>	<b>627,945</b>
<b>Revenue from operating activities (excluding rates)</b>				
Governance		0	388	0
General purpose funding		795,585	2,151,464	1,409,490
Law, order, public safety		35,980	56,450	35,000
Health		500	2,042	0
Education and welfare		75,000	84,770	71,000
Housing		15,600	17,255	9,880
Community amenities		125,916	224,355	124,825
Recreation and culture		25,700	34,455	40,600
Transport		107,771	176,215	161,228
Economic services		7,000	16,645	4,000
Other property and services		200,916	210,159	171,630
		<b>1,389,968</b>	<b>2,974,198</b>	<b>2,027,653</b>
<b>Expenditure from operating activities</b>				
Governance		(165,775)	(149,180)	(177,395)
General purpose funding		(48,000)	(30,316)	(55,700)
Law, order, public safety		(134,186)	(112,750)	(142,715)
Health		(57,743)	(58,849)	(67,737)
Education and welfare		(167,922)	(151,376)	(160,345)
Housing		(84,096)	(54,454)	(59,506)
Community amenities		(651,684)	(558,516)	(580,430)
Recreation and culture		(1,484,982)	(1,281,606)	(1,178,511)
Transport		(4,279,730)	(3,641,005)	(2,333,234)
Economic services		(85,073)	(63,762)	(82,674)
Other property and services		(285,462)	(387,029)	(256,914)
		<b>(7,444,653)</b>	<b>(6,488,843)</b>	<b>(5,095,161)</b>
<b>Operating activities excluded from budget</b>				
(Profit) on asset disposals	6	0	0	(2,000)
Loss on disposal of assets	6	0	46,072	0
Depreciation on assets	2(a)	3,616,600	2,809,922	1,424,334
Movement in employee benefit provisions (non-current)		0	0	0
<b>Amount attributable to operating activities</b>		<b>312,341</b>	<b>183,416</b>	<b>(1,017,229)</b>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	15	1,492,366	2,895,383	1,622,286
Purchase land held for resale	5	0	0	0
Purchase property, plant and equipment	5	(2,427,629)	(736,697)	(804,727)
Purchase and construction of infrastructure	5	(1,242,511)	(1,158,590)	(1,161,159)
Proceeds from disposal of assets	6	0	55,454	10,000
<b>Amount attributable to investing activities</b>		<b>(2,177,774)</b>	<b>1,055,550</b>	<b>(333,600)</b>
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	7	(70,144)	(66,374)	(66,374)
Proceeds from new borrowings	7	0	0	0
Proceeds from self supporting loans		0	0	0
Transfers to cash backed reserves (restricted assets)	9	(20,000)	(352,224)	(187,380)
Transfers from cash backed reserves (restricted assets)	9	59,436	40,000	40,000
<b>Amount attributable to financing activities</b>		<b>(30,708)</b>	<b>(378,598)</b>	<b>(213,754)</b>
<b>Budgeted deficiency before general rates</b>		<b>(1,896,141)</b>	<b>860,368</b>	<b>(1,564,583)</b>
<b>Estimated amount to be raised from general rates</b>	8	<b>1,992,788</b>	<b>1,890,058</b>	<b>1,906,228</b>
<b>Net current assets at end of financial year - surplus/(deficit)</b>	4	<b>96,647</b>	<b>2,750,426</b>	<b>341,645</b>

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

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation**

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government 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 budget are presented below and have been consistently applied unless stated otherwise.

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

**Critical accounting estimates**

The preparation of a budget 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 eEntity**

All funds through which the Shire of Cunderdin controls resources to carry on its functions have been included in the financial statements forming part of this budget.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 17 to the budget.

**(b) 2016/17 actual balances**

Balances shown in this budget as 2016/17 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

**(c) Rounding off figures**

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

**(d) Comparative figures**

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

**(e) Budget comparative figures**

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

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

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

**(f) Forecast fair value adjustments**

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

**(g) Rates, grants, donations and other contributions**

Rates, grants, donations and other contributions are recognised as revenues when the Shire of Cunderdin 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.

**(h) 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.

**(i) Superannuation**

The Shire of Cunderdin contributes to a number of superannuation funds on behalf of employees.

All funds to which the Shire of Cunderdin contributes are defined contribution plans.

**(j) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, 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 shown as short term borrowings in current liabilities in Note 4 - Net Current Assets.

**(k) Trade and other receivables**

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

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

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

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

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

**(l) 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 resale**

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

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

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

**(m) Fixed assets**

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

**Mandatory requirement to revalue non-current assets**

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

During the year ended 30 June 2013, the Shire of Cunderdin commenced the process of adopting fair value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at fair value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire of Cunderdin revalues its asset classes in accordance with this mandatory timetable.

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

**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 of Cunderdin 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 of the next anniversary date in accordance with the mandatory measurement framework detailed above.



**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

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

**(m) Fixed assets (continued)**

***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 BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

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

**(m) 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.

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
gravel sheet	12 years
Formed roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping & drainage systems	75 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

**SHIRE OF CUNDERDIN  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

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

**(n) Fair value of assets and liabilities**

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

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

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

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie 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 of Cunderdin 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 of Cunderdin are consistent with one or more of the following valuation approaches:

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

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

**(n) Fair value of assets and liabilities (continued)**

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

The mandatory measurement framework imposed by the *Local Government (Financial Management) Regulations* requires, as a minimum, all assets to be revalued at least every 3 years. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards have been made in the budget as necessary.

**(o) Financial instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the Shire of Cunderdin becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire of Cunderdin commits itself to either the purchase or sale of the asset (ie 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 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.

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

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

**(o) Financial instruments (continued)**

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.

*(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. Assets in this category are classified as current assets. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

*(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 of Cunderdin management 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 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 (excl. financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss.

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

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

**(o) 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 has 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 for receipt of cash flows expire or the asset is transferred to another party, whereby the Shire of Cunderdin 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.

**(p) Impairment of assets**

In accordance with Australian Accounting Standards the Shire of Cunderdin 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 revaluation decrease in accordance with that other standard.

**SHIRE OF CUNDERDIN  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

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

**(p) Impairment of assets (continued)**

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

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2018.

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

**(q) 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 of Cunderdin 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.

**(r) Employee benefits**

**Short-term employee benefits**

Provision is made for the Shire of Cunderdin'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 of Cunderdin'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 of Cunderdin's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**Other long-term employee benefits**

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

The Shire of Cunderdin's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire of Cunderdin 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.

**SHIRE OF CUNDERDIN  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

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

**(s) 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.

**(t) Provisions**

Provisions are recognised when the Shire of Cunderdin has a 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.

**(u) 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 of Cunderdin, 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.

**(v) Investment in associates**

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

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire of Cunderdin'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.



**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

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

**(w) Investment in associates (continued)**

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

When the Shire of Cunderdin's share of losses in an associate equals or exceeds its interest in the associate, the Shire of Cunderdin 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 of Cunderdin will resume recognising its share of these profits once its share of the profits equals the share of the losses not recognised.

**(x) 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 of Cunderdin'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 20.

**(y) 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 of Cunderdin's operational cycle. In the case of liabilities where the Shire of Cunderdin 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 of Cunderdin's intentions to

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
<b>2. REVENUES AND EXPENSES</b>			
(a) <b>Net result</b>			
The net result includes:			
(i) Charging as an expense:			
<b>Auditors remuneration</b>			
Audit services	30,000	19,640	26,500
Other services	2,000	1,100	0
<b>Depreciation by program</b>			
Governance	6,000	2,521	38,429
General purpose funding	0	0	0
Law, order, public safety	25,000	11,758	19,491
Health	21,000	10,485	17,972
Education and welfare	3,500	1,789	6,181
Housing	25,000	13,460	9,010
Community amenities	5,500	4,940	896
Recreation and culture	298,600	276,777	84,683
Transport	3,136,000	2,332,916	1,247,672
Economic services	0	0	0
Other property and services	96,000	155,276	0
	<u>3,616,600</u>	<u>2,809,922</u>	<u>1,424,334</u>
<b>Depreciation by asset class</b>			
Land and buildings	253,300	191,786	254,850
Furniture and equipment	10,800	6,173	8,244
Plant and equipment	104,900	169,058	135,460
Roads	3,000,000	2,200,000	957,630
Footpaths	5,000	4,288	7,657
Airfield	103,000	102,032	59,815
Other Infrastructure	139,600	136,585	678
	<u>3,616,600</u>	<u>2,809,922</u>	<u>1,424,334</u>
<b>Interest expenses (finance costs)</b>			
- Borrowings (refer note 7(a))	74,453	63,218	78,265
Other	0	0	0
	<u>74,453</u>	<u>63,218</u>	<u>78,265</u>
(ii) Crediting as revenues:			
<b>Interest earnings</b>			
Investments			
- Reserve funds	20,000	18,342	19,380
- Other funds	6,000	5,491	14,000
Other interest revenue (refer note 12)	30,000	12,970	29,000
	<u>56,000</u>	<u>36,803</u>	<u>62,380</u>
<b>Other revenue</b>			
Reimbursements and recoveries			
Other	20,000	11,598	19,000
	<u>20,000</u>	<u>11,598</u>	<u>19,000</u>

**SHIRE OF CUNDERDIN  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

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

**(b) Statement of objective**

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

**COMMUNITY VISION**

*"Providing opportunities for everyone."*

**GOVERNANCE**

Governance and Members expenses.

**GENERAL PURPOSE FUNDING**

Rates and general purpose government grants, interest revenue and associated expenses pertaining

**LAW, ORDER, PUBLIC SAFETY**

Supervision of various Local Laws, fire prevention and animal control. Also assistance to emergency

**HEALTH**

Inspection of food outlets and their control, provision of meat inspection services, noise control and

**EDUCATION AND WELFARE**

Care of the aged, disabled families and children.

**HOUSING**

Provision of Staff and Other Housing, including maintenance.

**COMMUNITY AMENITIES**

Operation and control of cemeteries, public conveniences, rubbish collection services, refuse

**RECREATION AND CULTURE**

Maintenance of halls, recreation centres and various reserves; operation of public library operations.

**TRANSPORT**

Construction and maintenance of roads, drainage works, footpaths, parking facilities and traffic signs.

**ECONOMIC SERVICES**

Tourism and area promotion including operation of a caravan park, provision of rural services

**OTHER PROPERTY & SERVICES**

Private works, administration costs allocated, public works overheads, plant operation costs and other

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**3. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of cash**

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

	<b>2017/18 Budget \$</b>	<b>2016/17 Actual \$</b>	<b>2016/17 Budget \$</b>
Cash - unrestricted	92,770	2,692,770	239,778
Cash - restricted	1,048,015	1,087,451	922,607
	<u>1,140,785</u>	<u>3,780,221</u>	<u>1,162,385</u>

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

Staff Entitlements Reserve	169,961	166,892	162,825
Cunderdin Building Reserve	214,347	219,835	216,184
Plant & Equipment Reserve	176,056	172,876	28,709
Cunderdin Airfield Reserve	110,004	108,017	105,385
Community Bus Reserve	19,421	19,070	18,606
Asset Replacement Reserve	269,111	313,255	303,648
Cunderdin Museum Reserve	20,883	20,506	20,250
Surfaces Replacement Reserve	68,232	67,000	67,000
	<u>1,048,015</u>	<u>1,087,451</u>	<u>922,607</u>

**(b) Reconciliation of net cash provided by operating activities to net result**

Net result	(2,569,531)	1,270,796	461,006
Depreciation	3,616,600	2,809,922	1,424,334
(Profit)/loss on sale of asset	0	46,072	(2,000)
Loss on revaluation of non current assets	0	0	0
(Increase)/decrease in receivables	85,000	170,310	140,000
(Increase)/decrease in inventories	(5,000)	(752)	0
Increase/(decrease) in payables	(66,255)	45,453	45,078
Increase/(decrease) in employee provisions	40,034	25,842	0
Grants/contributions for the development of assets	<u>(1,492,366)</u>	<u>(2,895,383)</u>	<u>(1,622,286)</u>
<b>Net cash from operating activities</b>	<u>(391,518)</u>	<u>1,472,260</u>	<u>446,132</u>

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**3. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)**

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
<b>© Undrawn borrowing facilities</b>			
<b>credit standby arrangements</b>			
Bank overdraft limit	0	0	0
Bank overdraft at balance date	0	0	0
Credit card limit	10,000	10,000	10,000
Credit card balance at balance date	0	0	0
<b>Total amount of credit unused</b>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
<b>Loan facilities</b>			
Loan facilities in use at balance date	<u>1,310,734</u>	<u>1,380,878</u>	<u>1,380,878</u>
Unused loan facilities at balance date	<u>0</u>	<u>0</u>	<u>0</u>

	Note	2017/18 Budget \$	2016/17 Actual \$
<b>4. NET CURRENT ASSETS</b>			

**Composition of estimated net current assets**

**Current assets**

Cash - unrestricted	3(a)	92,770	2,692,770
Cash - restricted reserves	3(a)	1,048,015	1,087,451
Receivables		285,165	370,165
Inventories		8,844	3,844
		<u>1,434,794</u>	<u>4,154,230</u>

**Less: current liabilities**

Trade and other payables		(130,763)	(197,018)
Short term borrowings		0	0
Long term borrowings		0	(70,144)
Provisions		(159,369)	(119,335)
		<u>(290,132)</u>	<u>(386,497)</u>

**Unadjusted net current assets**

**1,144,662**      **3,767,733**

Differences between the net current assets at the end of each financial year in the rate setting statement and net current assets detailed above arise from amounts which have been excluded when calculating the budget deficiency in accordance with *Local Government (Financial Management) Regulation 32* as movements for these items have been funded within the budget estimates. These differences are disclosed as adjustments below.

**Adjustments**

Less: Cash - restricted reserves	3(a)	(1,048,015)	(1,087,451)
Less: Land held for resale		0	0
Less: Current loans - clubs / institutions		0	0
Add: Current portion of borrowings		0	70,144
Add: Current liabilities not expected to be cleared at end of year		0	0
<b>Adjusted net current assets - surplus/(deficit)</b>		<u>96,647</u>	<u>2,750,426</u>

SHIRE OF CUNDERDIN  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018

5. ACQUISITION OF ASSETS

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

Asset class	Reporting program										2017/18 Budget total \$	2016/17 Actual total \$	
	Governance \$	General purpose funding \$	Law, order, public safety \$	Health \$	Education and welfare \$	Housing \$	Community amenities \$	Recreation and culture \$	Transport \$	Economic services \$			Other property and services \$
<u>Property, Plant and Equipment</u>													
Land and buildings		2,390,736			32,000							2,422,736	579,096
Furniture and equipment										4,893		4,893	0
Plant and equipment													157,601
Financial Assets	0	0	0	0	2,390,736	0	0	0	0	4,893	0	2,427,629	736,697
<u>Infrastructure</u>													
Roads								901,405				901,405	1,155,445
Footpaths													0
Airfield													0
Other Infrastructure					341,106							341,106	3,145
	0	0	0	0	0	0	0	901,405	0	0	0	1,242,511	1,158,590
<u>Land Held for Resale</u>													
Land held for resale	0	0	0	0	2,390,736	0	0	373,106	901,405	4,893	0	3,670,140	1,895,287
<b>Total acquisitions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,390,736</b>	<b>0</b>	<b>0</b>	<b>373,106</b>	<b>901,405</b>	<b>4,893</b>	<b>0</b>	<b>3,670,140</b>	<b>1,895,287</b>
													0

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**6. DISPOSALS OF ASSETS**

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

<u>By Program</u>	Net book value \$	Sale proceeds \$	2017/18 Budget Profit \$	2017/18 Budget Loss \$	2016/17 Actual Profit \$	2016/17 Actual Loss \$	2016/17 Budget Profit \$	2016/17 Budget Loss \$
Community amenities	0	0	0	0	0	0	2,000	0
Recreation and culture	0	0	0	0	0	0	0	0
Transport	0	0	0	0	0	0	0	0
Other property and services	0	0	0	0	0	(46,072)	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(46,072)</b>	<b>2,000</b>	<b>0</b>

<u>By Class</u>	Net book value \$	Sale proceeds \$	2017/18 Budget Profit \$	2017/18 Budget Loss \$	2016/17 Actual Profit \$	2016/17 Actual Loss \$	2016/17 Budget Profit \$	2016/17 Budget Loss \$
Land and buildings	0	0	0	0	0	0	0	0
Plant and equipment	0	0	0	0	0	(46,072)	2,000	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(46,072)</b>	<b>2,000</b>	<b>0</b>

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**7. INFORMATION ON BORROWINGS**

**(a) Borrowing repayments**

Movement in borrowings and interest between the beginning and the end of the current financial year.

Purpose	Principal 1-Jul-17	New loans	Principal repayments		Principal outstanding		Interest repayments	
			2017/18 Budget \$	2016/17 Actual \$	2017/18 Budget \$	2016/17 Actual \$	2017/18 Budget \$	2016/17 Actual \$
<b>Recreation and culture</b>								
Loan 76 - Recreation Centre	1,182,903		44,599	42,355	1,138,304	1,182,903	62,462	50,487
<b>Other property and services</b>								
Loan 73 Ettamogah Pub	116,594		15,034	14,132	101,560	116,594	7,090	7,527
Loan 74 Ettamogah Pub	81,381		10,511	9,887	70,870	81,381	4,901	5,204
	<b>1,380,878</b>	<b>0</b>	<b>70,144</b>	<b>66,374</b>	<b>1,310,734</b>	<b>1,380,878</b>	<b>74,453</b>	<b>63,218</b>
<b>Self Supporting Loans</b>								
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>1,380,878</b>	<b>0</b>	<b>70,144</b>	<b>66,374</b>	<b>1,310,734</b>	<b>1,380,878</b>	<b>74,453</b>	<b>63,218</b>

All borrowing repayments will be financed by general purpose revenue.

**(b) New borrowings - 2017/18**

The Shire will not be taking out any new loans for the 2017/18 year.

**(c) Unspent borrowings**

The Shire had no unspent borrowing funds as at 30th June 2017 nor is it expected to have unspent borrowing funds as at 30th June 2018.

**(d) Overdraft**

The Shire does not anticipate that it will require an overdraft facility during the financial year ending 30th June 2018.



**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**8. RATING INFORMATION**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of properties</b>	<b>Rateable value \$</b>	<b>2017/18 Budgeted rate revenue \$</b>	<b>2017/18 Budgeted interim rates \$</b>	<b>2017/18 Budgeted back rates \$</b>	<b>2017/18 Budgeted total revenue \$</b>	<b>2016/17 Actual \$</b>
<b>Differential general rate or general rate</b>								
GRV - Townsites	0.081700	376	5,288,181	432,044	0	0	432,044	409,682
UV - Rural	0.009261	293	151,039,500	1,398,777	0	0	1,398,777	1,340,815
UV - Mining	0.009261	0	0	0	0	0	0	0
<b>Sub-Totals</b>		<b>669</b>	<b>156,327,681</b>	<b>1,830,821</b>	<b>0</b>	<b>0</b>	<b>1,830,821</b>	<b>1,750,497</b>
<b>Minimum payment</b>								
GRV - Townsites	671	131	430,997	87,901	0	0	87,901	82,818
UV - Rural	671	87	3,589,100	58,377	0	0	58,377	41,730
UV - Mining	671	1	17,928	671	0	0	671	642
<b>Sub-Totals</b>		<b>219</b>	<b>4,038,025</b>	<b>146,949</b>	<b>0</b>	<b>0</b>	<b>146,949</b>	<b>125,190</b>
<b>Ex Gratia Rates</b>								
		<b>888</b>	<b>160,365,706</b>	<b>1,977,770</b>	<b>0</b>	<b>0</b>	<b>1,977,770</b>	<b>1,875,687</b>
<b>Total rates</b>							<b>15,018</b>	<b>14,371</b>
							<b>1,992,788</b>	<b>1,890,058</b>

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

The general rates detailed above for the 2017/18 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**9. CASH BACKED RESERVES**

	2017/18	2017/18	2017/18	2017/18	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17
	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Budget	Budget
	Opening	Transfer	Transfer	Transfer	Opening	Actual	Actual	Opening	Transfer	Transfer	Transfer	Transfer	Closing
	balance	to	(from)	(from)	balance	Opening	Actual	balance	to	to	(from)	to	balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Staff Entitlements Reserve	166,892	3,069		169,961	158,854	8,038		158,854	3,971			3,971	162,825
Plant & Equipment Reserve	219,835	4,043	(9,531)	214,347	142,619	77,216		142,619	73,565			73,565	216,184
Cunderdin Building Reserve	172,876	3,180		176,056	6,545	166,331		6,545	22,164			22,164	28,709
Cunderdin Airfield Reserve	108,017	1,987		110,004	102,815	5,202		102,815	2,570			2,570	105,385
Community Bus Reserve	19,070	351		19,421	18,152	918		18,152	454			454	18,606
Asset Replacement Reserve	313,255	5,761	(49,905)	269,111	336,242	17,013	(40,000)	336,242	7,406	(40,000)		7,406	303,648
Cunderdin Museum Reserve	20,506	377		20,883	10,000	10,506		10,000	10,250			10,250	20,250
Surfaces Replacement Reserve	67,000	1,232		68,232	0	67,000		0	67,000			67,000	67,000
	<b>1,087,451</b>	<b>20,000</b>	<b>(59,436)</b>	<b>1,048,015</b>	<b>775,227</b>	<b>352,224</b>	<b>(40,000)</b>	<b>775,227</b>	<b>187,380</b>	<b>(40,000)</b>		<b>187,380</b>	<b>922,607</b>

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

<b>Reserve name</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
Staff Entitlements Reserve	Ongoing	Used to fund annual and long service leave requirements.
Cunderdin Building Reserve	Ongoing	Used for the acquisition, disposal and maintenance of shire buildings.
Plant & Equipment Reserve	Ongoing	Used for the acquisition, disposal and maintenance of Shire plant and equipment.
Cunderdin Airfield Reserve	Ongoing	Used for the acquisition and maintenance of property, buildings, plant & equipment associated with the Cunderdin Airfield.
Community Bus Reserve	Ongoing	Used for the acquisition, disposal and maintenance of the Community Bus.
Asset Replacement Reserve	Ongoing	To provide for the replacement of furniture and infrastructure comprising of roads, drains, footpaths and recreational reserves.
Cunderdin Museum Reserve	Ongoing	Used for the operational, maintenance and capital costs associated with the Cunderdin Museum.
Surfaces Replacement Reserve	Ongoing	To be used for the replacement of the sporting surfaces at Cunderdin and Meckering Recreational Centres.

**SHIRE OF CUNDERDIN  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**10. SPECIFIED AREA RATE**

The Shire of Cunderdin did not imposed any Specified Area Rates for 2017/18.

**11. SERVICE CHARGES**

The Shire of Cunderdin did not imposed any Service Charges for 2017/18.

**12. INTEREST CHARGES AND INSTALMENTS - RATES AND SERVICE CHARGES**

The following instalment options are available to ratepayers for the payment of rates and service charges.

	Interest Rate	Instalment Plan Admin Charge \$	2017/18 Budget revenue \$	2016/17 Actual \$
Instalment plan admin charge revenue		22.50	5,000	5,813
Instalment plan interest earned	5.00%		5,000	8,531
Unpaid rates interest earned	11.00%		25,000	27,370
			<u>35,000</u>	<u>41,714</u>

**Option one**

Full payment of rates and charges, including arrears to be paid on or before 26th September 2017.

**Option two**

The first instalment is due to be received on or before 26th September 2017 and includes all arrears, Emergency Services Levy and a quarter of the current rates and rubbish charge. The second, third and fourth instalments will be due on 27th November 2017, 29th January 2018 and 30th March 2018 respectively.

The cost of instalment plans will comprise of simple interest of 5.00% p.a. calculated from the date the first instalment is due, together with an administration fee of \$7.50 for each instalment notice (i.e. \$22.50). The estimate income from administration fees is \$5,000.

Upon application, Council may accept payment by way of other than one or four instalments (subject to agreement by both parties). A single administration fee of \$50.00 (plus 10% GST) will apply for this type of payment.

**Late Payment Penalty**

A charge of 11% calculated daily at 0.03014% by simple interest will apply as follows:

No instalment option taken - Interest shall begin to accrue on Rates and/or Emergency Services Levy and Rubbish Charges that remain unpaid at 27th September 2017. Eligible Pensioners are exempt.

Instalment Option taken - Interest shall begin to accrue daily on any rates instalment payment that remains unpaid after the due date Rates, Emergency Services Levy and Rubbish Charge in arrears will continue to accrue interest each day until paid.

The estimated income for penalty interest is \$25,000.

**13. PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS**

Council resolved not to offer any discount on rates for the 2017/18 financial year.

**SHIRE OF CUNDERDIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	<b>2017/18</b>	<b>2016/17</b>
	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>14. FEES &amp; CHARGES REVENUE</b>		
Governance	0	0
General purpose funding	4,000	6,519
Law, order, public safety	1,200	2,317
Health	500	2,042
Education and welfare	21,000	21,438
Housing	15,600	17,255
Community amenities	125,916	199,355
Recreation and culture	10,700	30,234
Transport	40,000	42,714
Economic services	5,000	14,609
Other property and services	20,000	26,098
	<u>243,916</u>	<u>362,581</u>
<b>15. GRANT REVENUE</b>		
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:		
<b>By Program:</b>		
<b>Operating grants, subsidies and contributions</b>		
Governance	0	388
General purpose funding	730,585	2,102,330
Law, order, public safety	34,780	54,133
Health	0	0
Education and welfare	54,000	63,332
Housing	0	0
Community amenities	0	25,000
Recreation and culture	0	4,221
Transport	67,771	116,228
Economic services	2,000	2,036
Other property and services	180,916	195,548
	<u>1,070,052</u>	<u>2,563,216</u>
<b>Non-operating grants, subsidies and contributions</b>		
Governance	0	0
General purpose funding	0	0
Law, order, public safety	0	54,504
Health	0	0
Education and welfare	575,454	1,844,840
Housing	0	0
Community amenities	135,000	40,000
Recreation and culture	32,000	32,000
Transport	749,912	924,039
Economic services	0	0
Other property and services	0	0
	<u>1,492,366</u>	<u>2,895,383</u>

**SHIRE OF CUNDERDIN  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

	<b>2017/18 Budget \$</b>	<b>2016/17 Actual \$</b>
<b>16. ELECTED MEMBERS REMUNERATION</b>		
The following fees, expenses and allowances were paid to council members and the President.		
Meeting fees	27,781	23,421
President's allowance	1,500	0
Deputy President's allowance	750	0
Travelling expenses	500	113
	<b>30,531</b>	<b>23,534</b>

**17. TRUST FUNDS**

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

Detail	Balance 1-Jul-17 \$	Estimated amounts received \$	Estimated amounts paid (\$)	Estimated balance 30-Jun-18 \$
Reba Bond Trust Account	0	0	0	0
Trust Working Account	20,586	6,155	(7,230)	19,511
	<b>20,586</b>	<b>6,155</b>	<b>(7,230)</b>	<b>19,511</b>

**SHIRE OF CUNDERDIN  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**18. MAJOR LAND TRANSACTIONS**

It is not anticipated any major land transactions will occur in 2017/18.

**19. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

It is not anticipated any trading undertakings or major trading undertakings will occur in 2017/18.

**20. INTERESTS IN JOINT ARRANGEMENTS**

The Shire of Cunderdin together with the Cunderdin-Meckering Cottage Homes Inc. and Homeswest has a joint venture arrangement for the provision of Aged Persons Homes in Kennedy Street Cunderdin

The only asset at 30th June 2017 is the land and associated development costs.  
The shire has a 5.6% equitable interest in the Joint Venture.