

SHIRE OF CUNDERDIN
BUDGET
FOR THE YEAR ENDED 30 JUNE 2019

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SHIRE'S VISION

"Providing opportunities for everyone."

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2019**

BY NATURE OR TYPE

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
Revenue				
Rates	1	2,072,795	1,998,635	1,992,788
Operating grants, subsidies and contributions	9	1,122,984	1,858,817	1,070,052
Fees and charges	8	490,184	329,317	243,916
Interest earnings	10(a)	55,000	61,717	56,000
Other revenue	10(b)	5,500	20,820	20,000
		<u>3,746,463</u>	<u>4,269,306</u>	<u>3,382,756</u>
Expenses				
Employee costs		(1,682,764)	(1,772,569)	(1,894,654)
Materials and contracts		(1,363,757)	(1,376,940)	(1,428,152)
Utility charges		(229,400)	(246,361)	(209,425)
Depreciation on non-current assets	5	(4,005,100)	(5,256,518)	(3,616,600)
Interest expenses	10(b)	(74,295)	(60,268)	(74,453)
Insurance expenses		(161,868)	(138,884)	(145,838)
Other expenditure		(82,450)	(57,412)	(75,531)
		<u>(7,599,634)</u>	<u>(8,908,952)</u>	<u>(7,444,653)</u>
		<u>(3,853,171)</u>	<u>(4,639,646)</u>	<u>(4,061,897)</u>
Non-operating grants, subsidies and contributions	9	505,906	1,416,643	1,492,366
Profit on asset disposals	4(b)	109,400	4,500	0
Loss on asset disposals	4(b)	(7,629)	0	0
Net result		(3,245,494)	(3,218,503)	(2,569,531)
Other comprehensive income				
Total other comprehensive income		0	0	0
Total comprehensive income		(3,245,494)	(3,218,503)	(2,569,531)

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

FOR THE YEAR ENDED 30TH JUNE 2019

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.

THE LOCAL GOVERNMENT REPORTING ENTITY

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 14 to the budget.

2017/18 ACTUAL BALANCES

Balances shown in this budget as 2017/18 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES

RATES

All rates levied under the *Local Government Act 1995*. Includes general, differential, specific area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Exclude administration fees, interest on instalments, interest on arrears and service charges.

SERVICE CHARGES

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services. Exclude rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

PROFIT ON ASSET DISPOSAL

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

REVENUES (CONTINUED)

FEES AND CHARGES

Revenues (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

INTEREST EARNINGS

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates etc.

EXPENSES

EMPLOYEE COSTS

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.

MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

INSURANCE

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

LOSS ON ASSET DISPOSAL

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

INTEREST EXPENSES

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

OTHER EXPENDITURE

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2019**

BY PROGRAM

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
General purpose funding		2,870,393	3,448,177	2,788,373
Law, order, public safety		36,000	58,549	35,980
Health		0	164	500
Education and welfare		132,440	134,535	75,000
Housing		15,700	16,340	15,600
Community amenities		139,438	172,724	125,916
Recreation and culture		78,313	62,731	25,700
Transport		108,000	109,954	107,771
Economic services		8,000	34,090	7,000
Other property and services		358,179	207,347	200,916
		<u>3,746,463</u>	<u>4,244,611</u>	<u>3,382,756</u>
Expenses excluding finance costs	5,10(c),(e),(f)			
Governance		(169,831)	(119,676)	(165,775)
General purpose funding		(99,100)	(38,194)	(48,000)
Law, order, public safety		(117,681)	(77,915)	(134,186)
Health		(93,358)	(48,996)	(57,743)
Education and welfare		(241,377)	(142,934)	(167,922)
Housing		(138,623)	(106,265)	(84,096)
Community amenities		(597,127)	(554,184)	(651,684)
Recreation and culture		(1,597,555)	(1,547,353)	(1,422,520)
Transport		(3,901,064)	(4,871,966)	(4,279,730)
Economic services		(84,666)	(76,456)	(85,073)
Other property and services		(484,957)	(1,240,051)	(273,471)
		<u>(7,525,339)</u>	<u>(8,823,990)</u>	<u>(7,370,200)</u>
Finance costs	6, 10(d)			
Recreation and culture		(58,927)	(52,416)	(62,462)
Other property and services		(15,368)	(7,852)	(11,991)
		<u>(74,295)</u>	<u>(60,268)</u>	<u>(74,453)</u>
		<u>(3,853,171)</u>	<u>(4,639,647)</u>	<u>(4,061,897)</u>
Non-operating grants, subsidies and contributions	9	505,906	1,416,643	1,492,366
Profit on disposal of assets	4(b)	109,400	4,500	0
(Loss) on disposal of assets	4(b)	(7,629)	0	0
Net result		(3,245,494)	(3,218,504)	(2,569,531)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(3,245,494)	(3,218,504)	(2,569,531)

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

FOR THE YEAR ENDED 30TH JUNE 2019

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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.

PROGRAM NAME

GOVERNANCE	Governance and Members expenses.
GENERAL PURPOSE FUNDING	Rates and general purpose government grants, interest revenue and associated expenses pertaining to the acquisitions of such revenues.
LAW, ORDER, PUBLIC SAFETY	Supervision of various Local Laws, fire prevention and animal control. Also assistance to emergency service groups.
HEALTH	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
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 disposal sites, noise control, administration of Council's Town Planning Scheme and associated policies and obligations.
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 including vermin control and weed control, implementation of building controls and provision of standpipe water.
OTHER PROPERTY AND SERVICES	Private works, administration costs allocated, public works overheads, plant operation costs and other unclassified works and services.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019**

BY NATURE OR TYPE

	NOTE	2018/19 Budget \$	2017/18 Actual \$	2017/18 Budget \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,122,795	1,980,933	2,042,788
Operating grants, subsidies and contributions		1,222,984	1,745,953	1,090,052
Fees and charges		490,184	329,317	243,916
Interest earnings		55,000	61,717	56,000
Goods and services tax		0	17,693	15,000
Other revenue		5,500	20,820	20,000
		<u>3,896,463</u>	<u>4,156,433</u>	<u>3,467,756</u>
Payments				
Employee costs		(1,682,764)	(1,783,667)	(1,854,620)
Materials and contracts		(1,518,757)	(1,470,737)	(1,499,407)
Utility charges		(229,400)	(246,361)	(209,425)
Interest expenses		(74,295)	(77,895)	(74,453)
Insurance expenses		(161,868)	(138,884)	(145,838)
Other expenditure		(82,450)	(57,412)	(75,531)
		<u>(3,749,534)</u>	<u>(3,774,956)</u>	<u>(3,859,274)</u>
Net cash provided by (used in) operating activities	3	<u>146,929</u>	<u>381,477</u>	<u>(391,518)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(911,394)	(2,179,479)	(2,427,629)
Payments for construction of infrastructure	4(a)	(1,435,744)	(887,592)	(1,242,511)
Non-operating grants, subsidies and contributions used for the development of assets	9	505,906	1,416,643	1,492,366
Proceeds from sale of plant & equipment	4(b)	130,000	50,500	0
Net cash provided by (used in) investing activities		<u>(1,711,232)</u>	<u>(1,599,928)</u>	<u>(2,177,774)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6	(74,131)	(70,144)	(70,144)
Net cash provided by (used in) financing activities		<u>(74,131)</u>	<u>(70,144)</u>	<u>(70,144)</u>
Net increase (decrease) in cash held		<u>(1,638,434)</u>	<u>(1,288,595)</u>	<u>(2,639,436)</u>
Cash at beginning of year		2,497,039	3,785,635	3,780,221
Cash and cash equivalents at the end of the year	3	<u>858,605</u>	<u>2,497,040</u>	<u>1,140,785</u>

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

**RATES SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019**

BY REPORTING PROGRAM

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2	1,630,962	2,590,437	2,750,426
		1,630,962	2,590,437	2,750,426
Revenue from operating activities (excluding rates)				
General purpose funding		797,598	1,449,542	795,585
Law, order, public safety		36,000	58,549	35,980
Health		5,400	164	500
Education and welfare		132,440	134,535	75,000
Housing		15,700	16,340	15,600
Community amenities		139,438	172,724	125,916
Recreation and culture		78,313	62,731	25,700
Transport		212,000	109,954	107,771
Economic services		8,000	34,090	7,000
Other property and services		358,179	211,847	200,916
		1,783,068	2,250,476	1,389,968
Expenditure from operating activities				
Governance		(169,831)	(119,676)	(165,775)
General purpose funding		(99,100)	(38,194)	(48,000)
Law, order, public safety		(117,681)	(77,915)	(134,186)
Health		(93,358)	(48,996)	(57,743)
Education and welfare		(241,377)	(142,934)	(167,922)
Housing		(138,623)	(106,265)	(84,096)
Community amenities		(597,127)	(554,184)	(651,684)
Recreation and culture		(1,656,482)	(1,599,769)	(1,484,982)
Transport		(3,908,693)	(4,871,966)	(4,279,730)
Economic services		(84,666)	(76,456)	(85,073)
Other property and services		(500,325)	(1,247,903)	(285,462)
		(7,607,263)	(8,884,258)	(7,444,653)
Operating activities excluded from budget				
(Profit) on asset disposals	4(b)	(109,400)	(4,500)	0
Loss on disposal of assets	4(b)	7,629	0	0
Depreciation on assets	5	4,005,100	5,256,518	3,616,600
Movement in employee benefit provisions (non-current)		0	0	40,034
Amount attributable to operating activities		(289,904)	1,208,673	352,375
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	505,906	1,416,643	1,492,366
Purchase property, plant and equipment	4(a)	(911,394)	(2,179,479)	(2,427,629)
Purchase and construction of infrastructure	4(a)	(1,435,744)	(887,592)	(1,242,511)
Proceeds from disposal of assets	4(a)	130,000	50,500	0
Amount attributable to investing activities		(1,711,232)	(1,599,928)	(2,177,774)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(74,131)	(70,144)	(70,144)
Transfers to cash backed reserves (restricted assets)	7(a)	(30,000)	(55,220)	(20,000)
Transfers from cash backed reserves (restricted assets)	7(a)	0	148,946	59,436
Amount attributable to financing activities		(104,131)	23,582	(30,708)
Budgeted deficiency before general rates		(2,105,267)	(367,673)	(1,856,107)
Estimated amount to be raised from general rates	1	2,072,795	1,998,635	1,992,788
Net current assets at end of financial year - surplus/(deficit)	2	(32,472)	1,630,962	96,647

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in \$	Number of properties	Rateable value \$	2018/19 Budgeted rate revenue \$	2018/19 Budgeted interim rates \$	2018/19 Budgeted back rates \$	2018/19 Budgeted total revenue \$	2017/18 Actual Revenue \$
Differential general rate or general rate								
GRV _ Townsites	0.084191	380	5,351,101	450,515	0	0	450,515	433,799
UV _ Rural	0.009076	294	159,779,500	1,450,159	0	0	1,450,159	1,402,869
UV _ Mining	0.009076	0	0	0	0	0	0	0
Sub-Totals		674	165,130,601	1,900,674	0	0	1,900,674	1,836,668
Minimum								
Minimum payment								
GRV _ Townsites		129	425,926	90,042	0	0	90,042	87,901
UV _ Rural		87	3,689,800	60,726	0	0	60,726	58,377
UV _ Mining		8	53,103	5,584	0	0	5,584	671
Sub-Totals		224	4,168,829	156,352	0	0	156,352	146,949
Ex Gratia Rates		898	169,299,430	2,057,026	0	0	2,057,026	1,983,617
Total rates							15,769	15,018
							2,072,795	1,998,635

All land (other than 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 for the 2018/19 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 rate(s) has/have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

1. RATES AND SERVICE CHARGES (CONTINUED)

(b) Interest Charges and Instalments - Rates and Service Charges

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

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Full payment of rates and charges, including arrears	6th September 2018	0	0.00%	11.00%
Option two				
First Instalment	6th September 2018	22.50	5.00%	11.00%
Second Instalment	7th November 2018	0.00	5.00%	11.00%
Third Instalment	8th January 2019	0.00	5.00%	11.00%
Fourth Instalment	11th March 2019	0.00	5.00%	11.00%

	2018/19 Budget revenue	2017/18 Actual
	\$	\$
Instalment plan admin charge revenue	5,500	5,528
Instalment plan interest earned	8,000	8,528
Unpaid rates and service charge interest earned	20,000	22,495
	<u>33,500</u>	<u>36,551</u>

(c) Objectives and Reasons for Differential Rating

To provide equity in the rating of properties across the Shire the following rate categories have been determined for the implementation of differential rating.

Differential general rate

Description	Characteristics	Objects
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(d) Differential Minimum Payment

Description	Characteristics	Objects
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**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

1. RATES AND SERVICE CHARGES (CONTINUED)

(e) Specified Area Rate

The Shire did not raise specified area rates for the year ended 30th June 2019.

(f) Service Charges

The Shire did not raise service charges for the year ended 30th June 2019.

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

1. RATES AND SERVICE CHARGES (CONTINUED)

(g) Waivers or concessions

The Shire does not anticipate any waivers or concessions for the year ended 30th June 2019.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

2. NET CURRENT ASSETS

	Note	2018/19 Budget	2017/18 Actual
		\$	\$
Composition of estimated net current assets			
Current assets			
Cash - unrestricted	3	(165,120)	1,503,314
Cash - restricted reserves	3	1,023,725	993,725
Receivables		370,138	520,138
Inventories		5,000	0
		<u>1,233,743</u>	<u>3,017,177</u>
Less: current liabilities			
Trade and other payables		(242,490)	(392,490)
Long term borrowings		(74,131)	(74,131)
Provisions		(135,190)	(135,190)
		<u>(451,811)</u>	<u>(601,811)</u>
Unadjusted net current assets		781,932	2,415,366
Adjustments			
Less: Cash - restricted reserves	3	(1,023,725)	(993,725)
Add: Current portion of borrowings		74,131	74,131
Add: Current liabilities not expected to be cleared at end of year		135,190	135,190
Adjusted net current assets - surplus/(deficit)		<u>(32,472)</u>	<u>1,630,962</u>

Reason for Adjustments

The 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 above.

SIGNIFICANT ACCOUNTING POLICIES

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 release for sale.

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.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

2. NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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.

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.

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.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

3. 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:

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
Cash - unrestricted	(165,120)	1,503,314	92,770
Cash - restricted	1,023,725	993,725	1,048,015
	<u>858,605</u>	<u>2,497,039</u>	<u>1,140,785</u>

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

Reserves cash backed - Leave Reserve	174,104	170,669	169,961
Reserves cash backed - Plant Reserve	219,613	215,280	214,347
Reserves cash backed - Building Reserve	134,751	132,092	176,056
Reserves cash backed - Airfield Reserve	112,685	110,462	110,004
Reserves cash backed - Community Bus Reserve	19,894	19,502	19,421
Reserves cash backed - Asset Replacement Reserve	245,779	240,930	269,111
Reserves cash backed - Cunderdin Museum Reserve	31,392	20,970	20,883
Reserves cash backed - Surfaces Replacement Reserve	85,507	83,820	68,232
	<u>1,023,725</u>	<u>993,725</u>	<u>1,048,015</u>

Reconciliation of net cash provided by operating activities to net result

Net result	(3,245,494)	(3,218,503)	(2,569,531)
Depreciation	4,005,100	5,256,518	3,616,600
(Profit)/loss on sale of asset	(101,771)	(4,500)	0
(Increase)/decrease in receivables	150,000	(112,873)	85,000
(Increase)/decrease in inventories	(5,000)	6,800	(5,000)
Increase/(decrease) in payables	(150,000)	(129,322)	(66,255)
Increase/(decrease) in employee provisions	0	0	40,034
Grants/contributions for the development of assets	(505,906)	(1,416,643)	(1,492,366)
Net cash from operating activities	<u>146,929</u>	<u>381,477</u>	<u>(391,518)</u>

SIGNIFICANT ACCOUNTING POLICES

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 2 - Net Current Assets.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program											2017/18 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		2018/19 Budget total
<i>Property, Plant and Equipment</i>													
Buildings - non-specialised	0	0	0	0	287,219	0	0	0	0	0	0	287,219	2,175,111
Furniture and equipment	0	0	0	0	0	0	0	0	0	0	32,175	32,175	4,368
Plant and equipment	0	0	0	0	0	0	0	0	592,000	0	0	592,000	0
	0	0	0	0	287,219	0	0	0	592,000	0	32,175	911,394	2,179,479
<i>Infrastructure</i>													
Infrastructure - Roads	0	0	0	0	0	0	0	0	861,532	0	0	861,532	755,449
Infrastructure - Footpaths	0	0	0	0	0	0	0	0	20,000	0	0	20,000	0
Infrastructure - Other	0	0	0	0	123,584	0	335,628	95,000	0	0	0	554,212	132,143
	0	0	0	0	123,584	0	335,628	95,000	881,532	0	0	1,435,744	887,592
Total acquisitions	0	0	0	0	410,803	0	335,628	95,000	1,473,532	0	32,175	2,347,138	3,067,071

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	Net book value	Sale proceeds	2018/19 Budget		2017/18 Actual		2017/18 Budget	
			Profit	Loss	Profit	Loss	Profit	Loss
	\$	\$	\$	\$	\$	\$	\$	\$
By Program								
Health	2,600	8,000	5,400	0	0	0	0	0
Transport	25,629	122,000	104,000	(7,629)	0	0	0	0
Other property and services	0	0	0	0	4,500	0	0	0
	28,229	130,000	109,400	(7,629)	4,500	0	0	0
By Class								
<i>Property, Plant and Equipment</i>								
Land - freehold land	0	0	0	0	4,500	0	0	0
Plant and equipment	28,229	130,000	101,771	0	0	0	0	0
	28,229	130,000	101,771	0	4,500	0	0	0

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

5. ASSET DEPRECIATION

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
By Program			
Governance	25,000	24,800	6,000
Law, order, public safety	24,000	24,160	25,000
Health	36,500	36,400	21,000
Education and welfare	18,400	18,348	3,500
Housing	39,300	39,510	25,000
Community amenities	18,000	18,020	5,500
Recreation and culture	597,600	697,146	298,600
Transport	2,987,800	4,089,933	3,136,000
Other property and services	258,500	308,201	96,000
	4,005,100	5,256,518	3,616,600
By Class			
Buildings - non-specialised	512,000	712,100	253,300
Furniture and equipment	10,000	10,057	10,800
Plant and equipment	216,600	316,620	104,900
Infrastructure - Roads	2,845,000	3,695,017	3,000,000
Infrastructure - Footpaths	8,500	8,506	5,000
Infrastructure - Airfield	202,000	202,400	103,000
Infrastructure - Other	211,000	311,818	139,600
	4,005,100	5,256,518	3,616,600

SIGNIFICANT ACCOUNTING POLICIES

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 of the lease or the estimated useful life of the improvements.

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.

DEPRECIATION (CONTINUED)

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

Buildings - non-specialised	30 to 50 Years
Buildings - specialised	30 to 50 Years
Furniture and equipment	4 to 10 Years
Plant and equipment	5 to 15 Years
Work in progress - Buildings	Not depreciated
User defined 2	0 Years
User defined 3	0 Years
User defined 4	0 Years
User defined 5	0 Years
Infrastructure - Roads	12 to 50 Years
Infrastructure - Footpaths	20 Years
Infrastructure - Airfield	10 to 50 Years
Infrastructure - Parks and ovals	Not Depreciated
Infrastructure - Other	10 top 50 Years
Infrastructure - Water supply	0 Years
Infrastructure - User defined 7	0 Years
Infrastructure - User defined 8	0 Years
Infrastructure - User defined 9	0 Years
Infrastructure - User defined 10	0 Years

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Principal 30-Jun-18	New loans	Principal repayments		Principal outstanding		Interest repayments	
			2018/19 Budget	2017/18 Actual	2018/19 Budget	2017/18 Actual	2018/19 Budget	2017/18 Actual
			\$	\$	\$	\$	\$	\$
Recreation and culture								
Loan 76 - Recreation Centre	1,138,304	0	46,962	44,599	1,091,342	1,138,304	58,927	52,416
Other property and services								
Loan 73 - Ettamogah Pub	101,561	0	15,993	15,034	85,568	101,561	6,131	4,641
Loan 74 - Ettamogah Pub	70,869	0	11,176	10,511	59,693	70,869	4,237	3,211
Guarantee Fee	0	0	0	0	0	0	5,000	0
	<u>1,310,734</u>	<u>0</u>	<u>74,131</u>	<u>70,144</u>	<u>1,236,603</u>	<u>1,310,734</u>	<u>74,295</u>	<u>60,268</u>
	1,310,734	0	74,131	70,144	1,236,603	1,310,734	74,295	60,268

All borrowing repayments, other than Self Supporting Loans, will be financed by general purpose revenue.
The self supporting loan(s) repayment will be fully reimbursed.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2018/19

The Shire does not intend to undertake any new borrowings for the year ended 30th June 2019

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2018 nor is it expected to have unspent borrowing funds as at 30th June 2019.

(d) Credit Facilities

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
Undrawn borrowing facilities			
credit standby arrangements			
Bank overdraft limit	0	0	0
Bank overdraft at balance date	0	0	0
Credit card limit	10,000	10,000	10,000
Total amount of credit unused	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Loan facilities			
Loan facilities in use at balance date	<u>1,236,603</u>	<u>1,310,734</u>	<u>1,310,734</u>

SIGNIFICANT ACCOUNTING POLICIES

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.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2018/19 Budget Opening Balance	2018/19 Budget Transfer to (from)	2018/19 Budget Closing Balance	2017/18 Actual Opening Balance	2017/18 Actual Transfer to (from)	2017/18 Actual Closing Balance	2017/18 Budget Opening Balance	2017/18 Budget Transfer to (from)	2017/18 Budget Closing Balance
Reserves cash backed - Leave Reserve	\$ 170,669	\$ 3,435	\$ 174,104	\$ 166,892	\$ 3,777	\$ 170,669	\$ 166,892	\$ 3,069	\$ 169,961
Reserves cash backed - Plant Reserve	215,280	4,333	219,613	219,835	4,976	215,280	219,835	4,043	214,347
Reserves cash backed - Building Reserve	132,092	2,659	134,751	172,876	19,216	132,092	172,876	3,180	176,056
Reserves cash backed - Airfield Reserve	110,462	2,223	112,685	108,017	2,445	110,462	108,017	1,987	110,004
Reserves cash backed - Community Bus Reserve	19,502	392	19,894	19,070	432	19,502	19,070	351	19,421
Reserves cash backed - Asset Replacement Reserve	240,930	4,849	245,779	313,255	7,090	240,930	313,255	5,761	269,111
Reserves cash backed - Cunderdin Museum Reserve	20,970	10,422	31,392	20,506	464	20,970	20,506	377	20,883
Reserves cash backed - Surfaces Replacement Reserve	83,820	1,687	85,507	67,000	16,820	83,820	67,000	1,232	68,232
	993,725	30,000	1,023,725	1,087,451	55,220	993,725	1,087,451	20,000	1,048,015

(b) Cash Backed Reserves - Purposes

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

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

8. FEES & CHARGES REVENUE

	2018/19 Budget	2017/18 Actual
	\$	\$
General purpose funding	4,500	5,330
Law, order, public safety	2,500	4,465
Health	0	164
Education and welfare	77,440	19,581
Housing	15,700	16,340
Community amenities	139,438	152,724
Recreation and culture	33,500	35,907
Transport	40,000	66,879
Economic services	5,000	14,100
Other property and services	172,106	13,827
	490,184	329,317

9. GRANT REVENUE

	2018/19 Budget	2017/18 Actual
	\$	\$
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:		
By Program:		
Operating grants, subsidies and contributions		
General purpose funding	732,598	1,376,967
Law, order, public safety	33,500	54,085
Education and welfare	55,000	114,954
Community amenities	0	20,000
Recreation and culture	44,813	26,823
Transport	68,000	67,772
Economic services	3,000	19,989
Other property and services	186,073	178,227
	1,122,984	1,858,817
Non-operating grants, subsidies and contributions		
Law, order, public safety	0	3,878
Education and welfare	0	573,391
Community amenities	5,000	60,000
Recreation and culture	0	44,813
Transport	500,906	734,561
	505,906	1,416,643

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

10. OTHER INFORMATION

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
The net result includes as revenues			
(a) Interest earnings			
Investments			
- Reserve funds	22,000	24,614	20,000
- Other funds	5,000	6,080	6,000
Other interest revenue (refer note 1b)	28,000	31,023	30,000
	<u>55,000</u>	<u>61,717</u>	<u>56,000</u>
The net result includes as expenses			
(b) Interest expenses (finance costs)			
Borrowings (refer note 6(a))	74,295	60,268	74,453
	<u>74,295</u>	<u>60,268</u>	<u>74,453</u>
(c) Elected members remuneration			
Meeting fees	25,000	27,086	27,781
President's allowance	1,500	0	1,500
Deputy President's allowance	750	0	750
Travelling expenses	200	0	500
	<u>27,450</u>	<u>27,086</u>	<u>30,531</u>

11. MAJOR LAND TRANSACTIONS

It is not anticipated any land transactions or major land transactions will occur in 2018/19.

12. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2018/19.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

13. 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 2018 is the land and associated development costs.
The shire has a 5.6% equitable interest in the Joint Venture.

14. 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 30-Jun-18	Estimated amounts received	Estimated amounts paid	Estimated balance 30-Jun-19
	\$	\$	(\$)	\$
Trust Working Account	22,816	5,200	(11,500)	16,516
	22,816	5,200	(11,500)	16,516

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

**15. SIGNIFICANT ACCOUNTING POLICIES - OTHER
INFORMATION**

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.

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.

ROUNDING OFF FIGURES

All figures shown in this statement are rounded to the nearest dollar.

COMPARATIVE FIGURES

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

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.

REVENUE RECOGNITION

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.