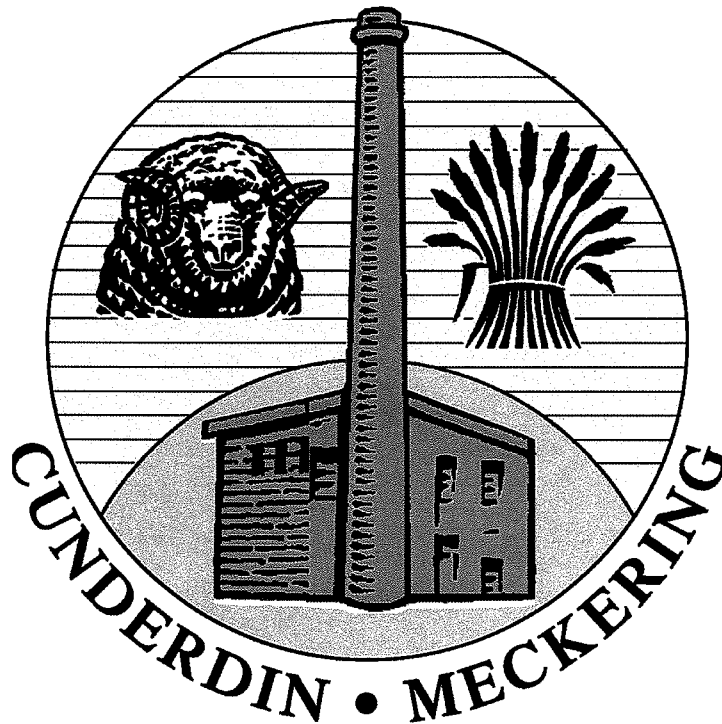


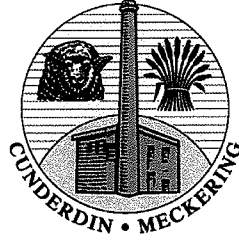
FINANCIAL REPORT

YEAR ENDED 30TH JUNE 2013



“Golden Wheatbelt”

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CUNDERDIN WA 6407
Phone: 08 9635 1005
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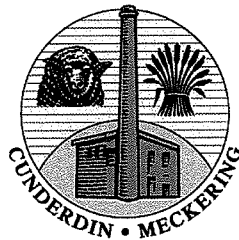
SHIRE OF CUNDERDIN

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2013

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SHIRE OF CUNDERDIN

President's Report

It is with pleasure and anticipation that I present this 2012/13 Annual Report.

Overview

It is pleasing to report to you that Cunderdin has been officially recognised by the Bureau of Census and Statistics as one of the only small wheat belt town in WA, achieving growth in population over the past five years. This is a major achievement for our community during a decade of challenging agricultural conditions. It must be recognised that much of the growth is attributed to our Brethren Business's and we look forward to working with them to ensure continued success. Council also welcomes numerous Philippino residents to our community and it has been a great pleasure for me to conduct Citizenship Ceremonies for some of them. To view Cunderdin from the air is exciting when you see many sand pads in place, now awaiting new houses to be constructed. An "air of optimism abounds" as we look forward to embracing opportunity and further development in both Cunderdin and Meckering.

The past year has been a year of opportunity for our Council with numerous major projects either in the planning stage or already underway. These include:

1. Completion of the Meckering Sports Centre upgrade

December 2012 saw the completion of a project to provide synthetic playing surfaces for both bowls and tennis at the Meckering Sports Club. Whilst the project proved challenging due to drainage problems during construction of the tennis court foundations, the end result was successful and provides a quality and more sustainable facility for Meckering.

2. Final planning of the Cunderdin Sports Centre upgrade

This major project aims to join together five of Cunderdin's sporting clubs into one venue situated on the west side of the town oval. Whilst planning and funding provision have both been challenging, Council is now confident that this opportunity of a life time project is ready to proceed. Total budgeted cost is \$5,716,910. Funding is allocated in the 2013/14 Budget from the following sources:

Royalties for Regions (regional component)	\$ 905,977
Royalties for Regions (local component) – 2011/12	\$ 345,656
*Royalties for Regions (local component) – 2012/13	\$ 345,656
Department of Sport and Recreation	\$ 585,000
LotteryWest	\$ 800,000
*Regional Development Australia	\$ 84,000
Councils Budget 13/14 - Loan	\$1,500,000
Council Budget 13/14 – General Revenue	\$ 410,621
Councils Reserves	\$ 90,000
Community Trust – sale Bulgin Farm	\$ 500,000
Sale of land to CBH	\$ 150,000
TOTAL	\$5,716,910

The funding avenues identified with the * are in jeopardy due to change in State and Federal Government funding streams and the honouring of ongoing commitments, however this is more than adequately covered by additional surplus funds from operations in the 2012/13 financial year and additional reserve account transfers. This change in funding will be incorporated into Councils mid-year budget review.

3. Working with Landcorp for the provision of both residential and industrial subdivisions

Council has been successful in working closely with Landcorp to provide eight new residential blocks and six new light industrial blocks to accommodate growth of our town. Whilst the light industrial development was done on Shire owned land, the land for the residential development was purchased from John Harris and then transferred to Landcorp for a nominal sum, with Landcorp then paying for the development costs of each block.

4. Working with the Ascent Group to investigate future development of Cunderdin Airfield

The potential for Cunderdin Airfield to provide future growth for our community and our economy is becoming evident as we work closely with the Ascent Group in looking at the possibilities. It has become increasingly evident that both Perth and Jandakot Airports are now operating at full capacity, and with continued strong growth forecast for aviation related activity in WA, Cunderdin could be well situated to benefit from ownership of our large airfield.

5. Assisting Soarability to develop a \$2.8m disabled soaring complex at Cunderdin Airfield

Soarability's new facilities are now near completion and we await the official opening of this very worthy project. Soarability aims to provide gliding for the disabled and includes the construction of a large hangar (the first since 1945), a maintenance workshop and accommodation facilities. Privately funded by Damien O'Reilly, the project includes development of a gliding flight simulator and lifting gear to provide disabled access into a glider.

6. Discussions with CBH to enable expansion of the Cunderdin grain receival facility

With the possible closure of Tier three rail lines at Quairading, CBH are looking to expand their facility at Cunderdin. Council has worked closely with CBH in looking at possible plans and a road realignment for Carter Drive. Included in the process is the possible relocation of Cunderdin Railway Station to provide safer access for pedestrian passengers.

7. Continued involvement in our RTG with Tammin Quairading and York planning structural reform and possible amalgamation.

The planned amalgamation with the Shires listed above is currently before the Local Government Advisory Board for their consideration. Council expects the Boards Report and Recommendation to be released to the Minister for Local Government and Communities by the end of 2013.

8. Successful selection as a Southern Inland Health Primary Health Care Demonstration Site Pilot Project

After successful selection as a pilot project site in November 2012, numerous community workshops and public meetings were held during early 2013, to discuss the future of healthcare provision in Cunderdin. The issue proved to be contentious due to the possible closure of the Cunderdin Hospital and concern relating to future provision of aged care places in our town. Council was, and still is very mindful of gaining community support for this project. Council has now signed a MOU with WA Country Health Services to build a new Health Centre. Further work continues with all the agencies involved to secure funding for provision of a cluster of aged care units adjoining the new health centre. The next steps in the project will be to select a suitable site, and the calling for nominations to form a community users group (PUG) with representation from Cunderdin, Meckering and Tammin.

9. Planning of a school car park enabling safe access for students and staff.

Council has worked closely with Main Roads and Senior Members of our local School Staff to plan construction of a new car park to be situated within the school grounds. This will provide much needed safer access for students and staff and assist in mitigating the risks involved with increased heavy vehicle movements anticipated to occur on Cubbine Rd.

10. Main Street Upgrade

Work has now been completed on the Cunderdin Main Street project. Works included re-sealing of the road, brick paving of the footpath, new street lighting, change to angle parking, landscaping and street furniture.

Council's Operations for 2012/13

Administration & Governance

- Council's commitment to the recovery of the Shire's finances has seen significant improvement in its operations and financial position, resulting in outstanding loans now totalling \$689,400 with no new borrowings, representing a further reduction of \$148,598 in Council's borrowings.
- The Windows based version of (LGS) Local Government Enterprise (LGE) software continues to be Councils software of choice and staff have worked closely with the Provider to resolve issues encountered during the year.

Law, Order & Public Safety

- Once again I would like to acknowledge and extend a sincere note of appreciation to all the members of the Local Police Service, Department of Fire & Emergency Services, and our local volunteers St John's Ambulance, Cunderdin Town Fire Brigade and the Bush Fire Brigades of Cunderdin, Meckering & Ygnattering, your efforts are truly appreciated.
- Ranger Services continue to be provided by the Shire of York on an hourly contract basis.

Community Amenities

- Council's in-house waste collection services continue to be delivered on an efficient and effective basis.
- Council has manned and introduced restricted operating hours for both the Cunderdin & Meckering Transfer Stations to attempt to reduce the financial burden placed on waste services.

Health

- Council continues to support the Local General Practitioner (GP), Dr Ken Gray with the provision of an operating premises, housing and a vehicle with all associated operating costs.
- Dr Gray has announced plans to sell his practice and move to Perth. Council has assisted in providing financial assistance for potential purchasers who in return guarantee to maintain existing levels GP of service in Cunderdin. This agreement is subject to negotiation with any possible incumbent. The guarantee was deemed necessary to ensure we attract the right GP for Cunderdin. Thanks to both Ken and Linley Gray for their eighteen years of service to our community.
- The Shire of York continues to provide Environmental Health & Building Services on an hourly basis (as and when required).

Regional Representation

Council has been active once again representing its community of interest attending various regional meetings and forums over the past year ensuring its voice is heard on issues of importance that effect our residents and in the spirit of regional co-operation continues its membership with the following organisations;

- South East Avon Volunteer Regional Organisation of Councils (SEAVROC) - (Consisting of Beverley, Brookton, Cunderdin, Quairading, Tammin & York)
- Great Eastern Country Zone - Western Australian Local Government Association (WALGA)
- Kellerberrin Regional Road Sub-group
- Wheat belt North Regional Road Group

Recreation & Culture

- Commencement of Cunderdin Sports Ground project.
- Michelle Samson has taken over the role of Museum Manager following the resignation of Wendy Davey. Thank you to Wendy for a job well done.

Town Planning

- Council has continued its relationship with the Shire of York for the provision of professional Town Planning Services.

Transport

Major capital projects undertaken during 2012/13;

- Finalisation of Main Street Upgrade
- Cunderdin-Quairading Road – Strategic Grain Freight Network
- Cunderdin-Wyalkatchem Rd – preservation works (pavement repairs, shoulder improvements & reseal)
- Meckering-Dowerin Rd – preservation works (pavement repairs, shoulder improvements & reseal)
- Quelagetting Rd – verge clearing, shoulder widening & drainage improvements
- Coleman Rd – verge clearing, improve drainage, reformation & re-sheeting
- Mt Anne Rd – gravel re-sheeting
- Footpath in Cunderdin along Great Eastern Highway

Plant Replacement:

- Purchase 2 vehicles – Deputy CEO and Manager Works & Services
- Purchase Multi Tyred Roller
- Purchase Bitumen Sprayer
- Purchase Mobile Light Tower

Economic Services

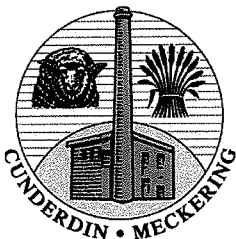
Licensing Services have been successfully transferred to the Cunderdin Resource Centre

Staff

Council has been pleased to welcome two new senior staff to the team, with Paul Godfrey as our new Deputy Chief Executive Officer, and Ian Bartlett as our new Manager Works and Services.

I sincerely thank all Councillors for their strong commitment and willing donation of time and effort. I also thank all of our staff for their commitment during another successful year of operations. Thanks particularly to Peter Naylor our CEO for his strong commitment in pursuing successful outcomes to the numerous major projects that Council is currently involved with.

Cr. R L (Rod) Carter
Shire President



SHIRE OF CUNDERDIN

Chief Executive Officer's Report

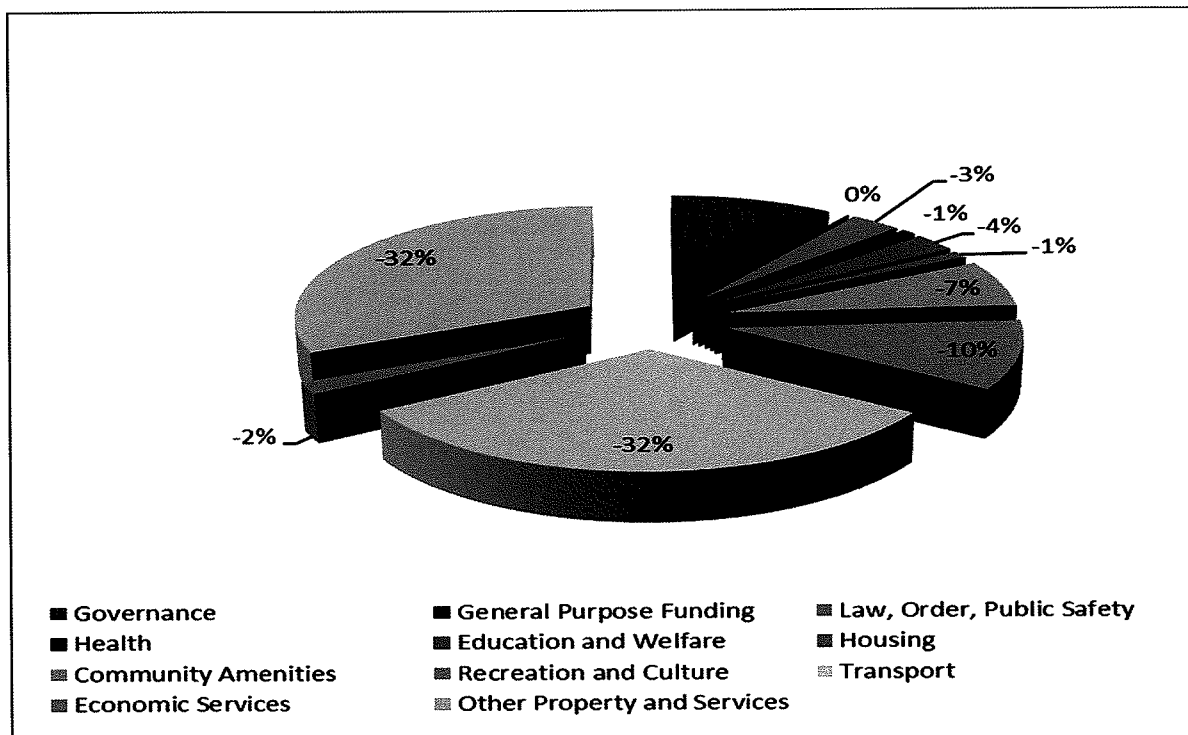
The Shire of Cunderdin continues its return to financial stability ending the financial year to the 30th June 2013 with a surplus of \$1,764,580 less payments in advance of \$667,049 leaving a true surplus of \$1,097,531, this surplus can largely be attributed to a large private works project for the Shire of Bruce Rock and to the delay in commencement of the Cunderdin Sports Ground Project.

The surplus is made up from the following sources

Unrestricted

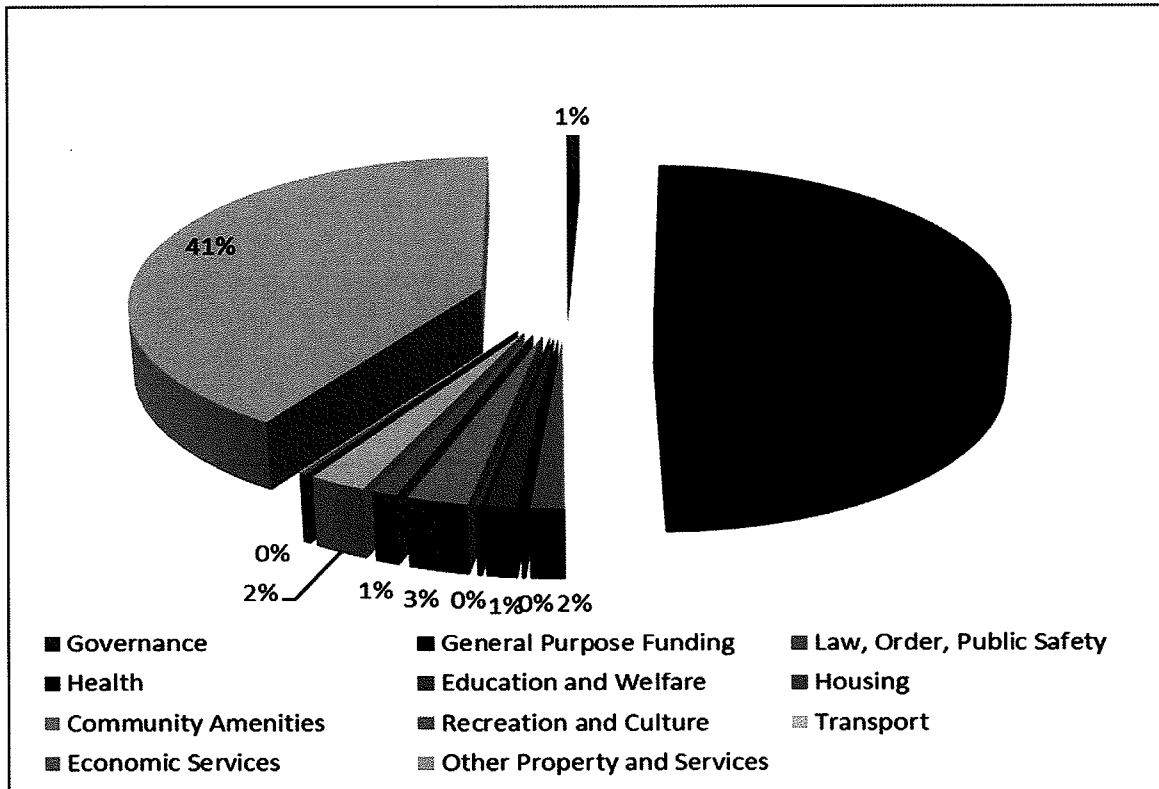
Federal Assistance Grant paid in advance (2012/13)	\$ 667,049
Operating Surplus	\$ 1,097,531
Total Operating surplus 2012/13	\$ 1,764,580

Operating Expenditure by Program 2012/13



- Council's Operating Expenditure for the financial year ending 30th June 2013 amounted to \$5.8 million compared to \$3.6 million for 2011/12 financial year.
- Repayment of loans amounted to \$148,598 leaving a principal balance of \$689,400.
- Interest expenses on loans amounted to \$49,756, compared to \$61,664 last year.

Operating Revenue by Program 2012/13



- Council’s Operating Revenue for the financial year ending 30th June 2013 amounted to \$5.9 million up from \$3.8 million for the 2011/12 financial year.
- Reserve accounts held \$2.1m at the end of June, this was largely due to grant funding received for the Cunderdin Recreation Grounds which had not been spent and is set aside as restricted cash.
- No new loans were raised during the year, although Council did budget to raise a \$1m loan for the Cunderdin Recreation Grounds Development project.

A capital program of \$2.4 million was completed during the year;

Infrastructure Assets	\$1,975,615
Land & Buildings	\$ 236,243
Plant & Equipment	\$ 268,274
Furniture & Equipment	\$ 8,559
Total	\$2,488,691

Combined operating & capital program of for 2012/13 totaled \$8.2 million compared to \$7.0 million for the 2011/12 year.

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

The following Annual report has been prepared in accordance with section 5.53 of the Local Government Act 1995 and details the operations of the Shire for the 2012/2013 financial year.

Peter Naylor
Chief Executive Officer

Shire of Cunderdin General Information

(The Councillors)

President

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

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

Deputy President

Councillor: RC (Clive) Gibsone
Phone: 9635 1030
Ward: District 2013
Years of Service 2003 to present

Councillor: GJ (Graham) Cooper
Phone: 9635 1180
Ward: District 2015
Years of Service 2001 to present

Councillor: Vacant
Phone:
Ward: District
Years of Service to present

Councillor: DA (Dennis) Whisson
Phone: 9625 1314
Ward: District 2013
Years of Service 2003 to present

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

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

(The Staff)

Chief Executive Officer

Peter Naylor

Deputy Chief Executive Officer

Paul Godfrey

Manager of Works and Services

Ian Bartlett

Community Development Officer

Vacant

Mechanic

Rick Buxton

Records/Admin Officer

Kelly Whisson

Outside Crew

Garry Roulston

Keith Kehlet

Geoff Don

Daphane O'Donnell

Robert Bell

Robert Glover

Robert Wilson

Adam Takacs

Andrew O'Brien

Environmental Health Services

Gordon Tester (Shire of York)

Building Inspector

Tim Jurmann (Shire of York)

Finance Officers

Alicia Clarke
Hayley Byrnes

Transfer Station Attendants

Trillian Cole
Gary Coward

Gardeners

Clint Carter
Stan Wilkins
Steve Stokes

Early Learning Centre

Deanne Frear
Alvina Temporal
Marilyn Catilo
Cheska Grampil

Community Emergency Services Manager

Brad Slater
Mobile : 0448 008 653

Cleaner

Cathy Winterswyk

Pool Manager

Contract Aquatic Services

Museum Officer

Michelle Samson

Ranger Services

Shire of York
Mathew Sharpe
Office : (08) 9641 2489 (Depot)
Mobile : 0417 181 349

Town Planning Services

Shire of York
Jacky Jurmann
Phone : 08 9641 2233

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

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

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

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

Telephone Number : (08) 9635 1005
Facsimile Number : (08) 9635 1464
Emergencies : 0427 991 000

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

Website: www.cunderdin.wa.gov.au

Disability Services Plan

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

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

The plan includes:

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

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

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

Outcomes

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

Outcome 1:

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

Outcome 2:

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

Outcome 3:

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

Outcome 4:

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

Outcome 5:

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

Plan for the Future

In place of the Plan and Principal Activities the legislation now requires a local government to prepare a Plan for the Future in respect of each financial year. The Plan for the Future must be prepared for at least two financial years, set out the broad objectives of the local government for the period specified in the plan and in the annual report provide an overview of the plan including major initiatives that are proposed to commence or continue in the next financial year.

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

Major Projects 2012/13

Airfield Upgrade

The Cunderdin Airfield was upgraded with the installation of an emergency water supply, this involved the installation of new water tanks and hydrants, this system can be used to refill water bomber planes or for fire fighting purposes if there is every a fire at the airfield .

Residential land lots

The Cunderdin Shire purchased land for developing housing lots in Yilgarn Street, Landcorp has now finalized the development and lots are currently available for purchase to build new houses.

Proposed Projects 2013/14

Cunderdin Sports Centre

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

Record Keeping Plan

The State Records Act 2000 requires that the Shire maintains and disposes of all records in the proscribed manner. Principle 6 – Compliance: Government organisations ensure their employees comply with the record keeping plan. An organisation and its employees must comply with the organisation’s record keeping plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities. The Shire has reviewed their record keeping plan during the 2007/08 financial year.

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

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

National Competition Policy

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

The Structural Reform of Public Monopolies

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

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

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

Competitive Neutrality

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

- Adopt a corporatisation model for those local government business enterprises.
- Impose on significant business enterprises:
 - Full Commonwealth, State and Territory taxes on tax equivalent systems;
 - Debt guarantee fees directed towards off setting the competitive advantages provided by government guarantees; and
 - Those regulations to which private sector businesses are normally subject, such as those relating to the protection of the environment and planning and approval processes, on an equivalent basis to private sector competitors.

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

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

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

Legislation Review

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

Freedom of Information

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

During the year ended 30th June 2013 the Shire of Cunderdin received no requests for information under the Freedom of Information Act.

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

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

Public Interest Disclosure

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

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

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

During 2012/13 there were no disclosures made under the Act.

Disclosure of Annual Salaries

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

The Shire of Cunderdin has for the 2012/13 financial year :

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

Strategic Community Plan

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

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

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

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

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

SHIRE OF CUNDERDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

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SHIRE OF CUNDERDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Cunderdin being the annual financial report and other information for the financial year ended 30th June 2013 are in my opinion properly drawn up to present fairly the financial position of the Shire of Cunderdin at 30th June 2013 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 13th day of DECEMBER 2013



Mr P Naylor
Chief Executive Officer

SHIRE OF CUNDERDIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Rates	23	1,517,230	1,534,082	1,457,457
Operating Grants, Subsidies and Contributions	29	1,465,978	1,014,312	1,901,696
Fees and Charges	28	2,702,577	342,791	330,793
Service Charges	25	0	0	0
Interest Earnings	2(a)	132,202	62,414	84,340
Other Revenue		122,320	128,195	99,069
		<u>5,940,307</u>	<u>3,081,794</u>	<u>3,873,355</u>
Expenses				
Employee Costs		(3,254,882)	(1,721,952)	(765,150)
Materials and Contracts		(645,747)	(677,223)	(618,105)
Utility Charges		(192,312)	(209,843)	(139,163)
Depreciation on Non-Current Assets	2(a)	(1,246,476)	(1,414,811)	(1,331,087)
Interest Expenses	2(a)	(49,756)	(52,261)	(58,826)
Insurance Expenses		(113,354)	(136,092)	(176,929)
Other Expenditure		(333,664)	(147,923)	(520,586)
		<u>(5,836,191)</u>	<u>(4,360,105)</u>	<u>(3,609,846)</u>
		104,116	(1,278,311)	263,509
Non-Operating Grants, Subsidies and Contributions	29	1,865,609	4,779,855	2,759,369
Profit on Asset Disposals	21	36,004	0	78,713
Loss on Asset Disposal	21	(13,990)	(12,343)	(6,324)
		<u>1,991,739</u>	<u>3,489,201</u>	<u>3,095,267</u>
Net Result				
Other Comprehensive Income				
Changes on revaluation of non-current assets	13	122,035	0	0
		<u>122,035</u>	<u>0</u>	<u>0</u>
Total Other Comprehensive Income				
		<u>122,035</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income				
		<u><u>2,113,774</u></u>	<u><u>3,489,201</u></u>	<u><u>3,095,267</u></u>

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

SHIRE OF CUNDERDIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Governance		38,472	11,366	17,764
General Purpose Funding		2,926,775	2,298,347	3,092,316
Law, Order, Public Safety		83,407	204,843	204,870
Health		8,349	9,987	9,126
Education and Welfare		74,528	76,368	1,700
Housing		11,320	13,300	13,018
Community Amenities		147,857	107,362	106,695
Recreation and Culture		61,453	69,280	63,670
Transport		139,821	175,568	166,644
Economic Services		18,936	26,473	29,180
Other Property and Services		2,429,390	88,900	168,372
	2(a)	<u>5,940,308</u>	<u>3,081,794</u>	<u>3,873,355</u>
Expenses				
Governance		(560,732)	(362,336)	(194,124)
General Purpose Funding		(1,918)	(70,451)	(104,617)
Law, Order, Public Safety		(177,228)	(286,630)	(229,199)
Health		(48,908)	(61,272)	(43,091)
Education and Welfare		(152,278)	(119,085)	(17,179)
Housing		(60,131)	(60,372)	(40,897)
Community Amenities		(393,446)	(372,921)	(302,000)
Recreation and Culture		(589,991)	(665,029)	(622,932)
Transport		(1,862,793)	(2,109,663)	(1,805,653)
Economic Services		(105,823)	(100,656)	(86,885)
Other Property and Services		(1,833,188)	(99,429)	(104,443)
	2(a)	<u>(5,786,436)</u>	<u>(4,307,844)</u>	<u>(3,551,020)</u>
Finance Costs				
Recreation and Culture		(3,462)	(8,405)	(4,846)
Transport		(16,868)	(8,492)	(9,550)
Other Property and Services		(29,426)	(35,364)	(44,430)
	2(a)	<u>(49,756)</u>	<u>(52,261)</u>	<u>(58,826)</u>
Fair Value Adjustments to Financial Assets at Fair Value through Profit or Loss				
General Purpose Funding		0	0	0
Non-Operating Grants, Subsidies and Contributions				
Governance		0	345,656	1,251,633
Law, Order & Public Safety		10,238	0	0
Recreation & Culture		0	1,385,000	0
Transport		1,855,371	3,049,199	1,507,736
		<u>1,865,609</u>	<u>4,779,855</u>	<u>2,759,369</u>
Profit/(Loss) on Disposal of Assets				
Governance		0	0	(6,324)
Transport		(13,081)	(12,343)	78,713
Other Property & Services		35,095	0	0
		<u>22,014</u>	<u>(12,343)</u>	<u>72,389</u>
Net Result		<u>1,991,739</u>	<u>3,489,201</u>	<u>3,095,267</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	13	122,035	0	0
Total Other Comprehensive Income		<u>122,035</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u><u>2,113,774</u></u>	<u><u>3,489,201</u></u>	<u><u>3,095,267</u></u>

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

**SHIRE OF CUNDERDIN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2013**

	NOTE	2013 \$	2012 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	3,721,479	3,398,148
Trade and Other Receivables	4	316,554	111,752
Inventories	5	7,717	10,759
TOTAL CURRENT ASSETS		<u>4,045,750</u>	<u>3,520,659</u>
NON-CURRENT ASSETS			
Inventories	5	383,109	282,604
Financial Assets	6	73,144	73,144
Property, Plant and Equipment	7	4,329,047	4,198,406
Infrastructure	8	39,418,379	38,320,590
TOTAL NON-CURRENT ASSETS		<u>44,203,678</u>	<u>42,874,744</u>
TOTAL ASSETS		<u>48,249,428</u>	<u>46,395,403</u>
CURRENT LIABILITIES			
Trade and Other Payables	9	169,929	279,503
Short Term Borrowings	10	158,638	148,598
Provisions	11	91,083	112,687
TOTAL CURRENT LIABILITIES		<u>419,650</u>	<u>540,788</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	10	530,762	689,401
Provisions	11	40,170	20,141
TOTAL NON-CURRENT LIABILITIES		<u>570,932</u>	<u>709,542</u>
TOTAL LIABILITIES		<u>990,582</u>	<u>1,250,330</u>
NET ASSETS		<u>47,258,846</u>	<u>45,145,073</u>
EQUITY			
Retained Surplus		14,898,871	12,843,013
Reserves - Cash Backed	12	2,111,241	2,175,361
Revaluation Surplus	13	30,248,734	30,126,699
TOTAL EQUITY		<u>47,258,846</u>	<u>45,145,073</u>

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

SHIRE OF CUNDERDIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2011		11,131,695	791,413	30,126,699	42,049,807
Comprehensive Income		3,095,267	0	0	3,095,267
Net Result		0	0	0	0
Changes on Revaluation of Non-Current Assets	13	3,095,267	0	0	3,095,267
Total Comprehensive Income		(1,383,948)	1,383,948	0	0
Reserve Transfers					
Balance as at 30 June 2012		12,843,013	2,175,361	30,126,699	45,145,073
Comprehensive Income		1,991,739	0	0	1,991,739
Net Result		0	0	122,035	122,035
Changes on Revaluation of Non-Current Assets	13	1,991,739	0	122,035	2,113,774
Total Other Comprehensive Income		64,120	(64,120)	0	0
Reserve Transfers					
Balance as at 30 June 2013		14,898,871	2,111,241	30,248,734	47,258,846

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

**SHIRE OF CUNDERDIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,440,727	1,569,877	1,429,142
Operating Grants, Subsidies and Contributions		1,405,828	973,466	1,901,696
Fees and Charges		2,861,937	374,965	417,996
Service Charges		0	0	0
Interest Earnings		132,202	57,188	84,340
Goods and Services Tax		447,780	364,946	350,763
Other Revenue		122,320	128,195	99,069
		<u>6,410,794</u>	<u>3,468,637</u>	<u>4,283,006</u>
Payments				
Employee Costs		(3,184,074)	(1,718,531)	(745,345)
Materials and Contracts		(682,013)	(673,010)	(582,017)
Utility Charges		(192,312)	(209,843)	(139,162)
Insurance Expenses		(113,354)	(136,092)	(176,929)
Interest expenses		(52,537)	(28,647)	(61,940)
Goods and Services Tax		(584,588)	(364,973)	(200,000)
Other Expenditure		(342,827)	(147,923)	(520,586)
		<u>(5,151,705)</u>	<u>(3,279,019)</u>	<u>(2,425,979)</u>
Net Cash Provided By (Used In) Operating Activities	14(b)	<u>1,259,089</u>	<u>189,618</u>	<u>1,857,027</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		(103,727)	0	(103,635)
Payments for Purchase of Property, Plant & Equipment		(409,349)	(4,239,089)	(1,154,982)
Payments for Construction of Infrastructure		(1,975,615)	(4,030,232)	(2,202,172)
Payments for Purchase of Investments		0	0	(70,968)
Non-Operating Grants, Subsidies and Contributions		1,644,290	4,779,855	2,759,369
Proceeds from Sale of Plant & Equipment		57,241	19,000	129,545
Net Cash Provided By (Used In) Investing Activities		<u>(787,160)</u>	<u>(3,470,466)</u>	<u>(642,843)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(148,598)	(148,598)	(143,190)
Proceeds from New Debentures		0	1,000,000	0
Net Cash Provided By (Used In) Financing Activities		<u>(148,598)</u>	<u>851,402</u>	<u>(143,190)</u>
Net Increase (Decrease) in Cash Held		323,331	(2,448,445)	1,070,994
Cash at Beginning of Year		3,398,148	3,398,148	2,327,154
Cash and Cash Equivalents at the End of the Year	14(a)	<u><u>3,721,479</u></u>	<u><u>949,703</u></u>	<u><u>3,398,148</u></u>

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

**SHIRE OF CUNDERDIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 Actual \$	2013 Budget \$	2012 Actual \$
Revenue				
Governance		38,472	11,366	1,269,397
General Purpose Funding		1,409,545	764,265	1,634,859
Law, Order, Public Safety		83,407	204,843	204,870
Health		8,349	9,987	9,127
Education and Welfare		74,528	76,368	1,700
Housing		11,320	13,300	13,018
Community Amenities		147,857	107,362	106,695
Recreation and Culture		61,453	69,280	63,670
Transport		140,730	175,568	1,753,093
Economic Services		18,936	26,473	29,180
Other Property and Services		2,464,485	88,900	168,371
		<u>4,459,082</u>	<u>1,547,712</u>	<u>5,253,980</u>
Expenses				
Governance		(1,918)	(70,451)	(200,449)
General Purpose Funding		(560,732)	(362,336)	(104,617)
Law, Order, Public Safety		(177,228)	(286,630)	(229,198)
Health		(48,908)	(61,272)	(43,091)
Education and Welfare		(152,278)	(119,085)	(17,179)
Housing		(60,131)	(60,372)	(40,897)
Community Amenities		(393,446)	(372,921)	(302,000)
Recreation and Culture		(593,452)	(673,434)	(627,778)
Transport		(1,893,651)	(2,130,498)	(1,815,203)
Economic Services		(105,823)	(100,656)	(86,885)
Other Property and Services		(1,862,614)	(134,793)	(148,874)
		<u>(5,850,181)</u>	<u>(4,372,448)</u>	<u>(3,616,171)</u>
Net Result Excluding Rates		(1,391,099)	(2,824,736)	1,637,809
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	21	(22,014)	12,343	(72,389)
Movement in Deferred Pensioner Rates (Non-Current)		0	0	0
Movement in Employee Benefit Provisions (Non-Current)		20,029	0	19,805
Movement in Employee Entitlements (Current) - cash backed		(21,606)		
Prior Year Adjustment		88	0	0
Depreciation and Amortisation on Assets	2(a)	1,246,476	1,414,811	1,331,087
Capital Expenditure and Revenue				
Purchase Land Held for Resale		(103,727)	0	(103,635)
Purchase of Investments		0	0	(70,968)
Purchase Land and Buildings		(132,516)	(4,190,089)	(868,322)
Purchase Infrastructure Assets - Roads, Footpaths, Drainage		(1,636,885)	(2,954,932)	(2,202,172)
Purchase Infrastructure Assets - Airfield		(338,730)	(1,075,300)	0
Purchase Plant and Equipment		(268,274)	(42,000)	(280,412)
Purchase Furniture and Equipment		(8,559)	(7,000)	(6,248)
Proceeds from Disposal of Investments		0	0	0
Proceeds from Disposal of Assets	21	57,241	19,000	129,545
Contributions towards the Development of Assets		1,865,609	4,779,855	0
Repayment of Debentures	22	(148,598)	(148,598)	(143,190)
Proceeds from New Debentures	22	0	1,000,000	0
Self-Supporting Loan Principal Income		0	0	0
Transfers to Reserves (Restricted Assets)	12	(85,881)	(74,688)	(1,413,948)
Transfers from Reserves (Restricted Assets)	12	150,000	1,799,633	30,000
ADD Surplus/(Deficit) July 1 B/Fwd	23(b)	1,065,795	757,619	1,621,376
LESS Surplus/(Deficit) June 30 C/Fwd	23(b)	1,764,580	0	1,065,795
Total Amount Raised from General Rates	23(a)	<u>(1,517,233)</u>	<u>(1,534,082)</u>	<u>(1,457,457)</u>

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the local Government Act 1995 and accompanying regulations.

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 20 to these financial statements.

(c) 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) 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 with original maturities of three months or less 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 the statement of financial position.

(e) 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.

Collectibility 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.

(f) 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 purchased for development and/or resale 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 the statement of comprehensive income 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 resale is classified as current except where it is held as non-current based on Council's intention to release for sale.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets

Each class of fixed assets is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or impairment losses.

Mandatory Requirement to Revalue Non-Current Assets

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

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

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

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

Council has commenced the process of adopting Fair Value in accordance with the Regulations.

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

Land Under Control

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

Revaluation

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Transitional Arrangement

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

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

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

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to fair value, *AASB 13 - Fair Value Measurement* does not become applicable until the end of the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB 13 (as allowed for in the standard).

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

Due to the nature and timing of the adoption (driven by legislation), the adoption of this standard has had no effect on previous reporting periods.

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 AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Council.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets

All non-current assets having a limited useful life (excluding freehold land) are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	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 seal	50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
Formed roads formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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

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

Gains and losses on disposals are determined by comparing proceeds with with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

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

(h) Intangible Assets

Easements

The Council does not have any easements.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments

Initial Recognition and Measurement

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

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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;
- (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; and
- (d) less any reduction for impairment.

The effective interest rate 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 at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current. They are subsequently measured at fair value with changes to carrying amount being included in profit or loss.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(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 and fixed maturities that the Council's 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.

They are subsequently measured at fair value with changes in such fair value (ie 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 the asset previously recognised in other comprehensive income, is reclassified into profit or loss.

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

(v) Financial liabilities

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

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

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 having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial instruments, 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 into profit or loss at this point.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Derecognition

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. 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.

(j) Impairment

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

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

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

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

(k) Trade and Other Payables

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

(l) Employee Benefits

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

(m) 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) 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.

(o) Leases

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

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

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

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

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

(p) Investments in Associates

Associates are entities in which the Council has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Council. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of net assets of the associate entity. In addition, Council's share of the profit or loss of the associate entity is included in the Council's profit or loss.

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Joint Venture

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 17.

The Council's interest in joint venture entities are recorded using the equity method of accounting (refer to Note 1(p) for details) in the financial report.

When the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of gain or loss not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(r) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

(s) Superannuation

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

(t) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on Council's intentions to release for sale.

(u) Rounding Off Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Comparative Figures

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

(w) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures	September 2012	Deferred AASB 9 until 1 January 2015	
(ii) AASB 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(iii) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iv) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2011 - 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(vi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2012-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(vii) AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 32]	June 2012	01 January 2013	Principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This Standard is not expected to significantly impact on the Council's financial statements.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	01 January 2014	This Standard adds application guidance to AASB 132: <i>Financial Instruments: Presentation</i> to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.
(ix) AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132, 134 and Interpretation 2]	June 2012	01 January 2013	This Standard is not expected to significantly impact on the Council’s financial statements. Outlines changes to the various standards and interpretations as listed. These topics are not currently relevant to Council, nor are they expected to be in the future. As a consequence, this Standard is not expected to significantly impact on the Council’s financial statements.
(x) AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]	December 2012	01 January 2013	Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 2010 – 8
AASB 2011 - 3
AASB 2011 - 13

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

The Council also chose to early adopt AASB 13 – *Fair Value Measurement* as allowed for in the standard. For further details with respect to this early adoption, refer to Note 1(g).

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

2. REVENUE AND EXPENSES	2013 \$	2012 \$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit of the financial report	12,002	13,500
Depreciation		
Buildings	147,792	181,155
Furniture and Equipment	17,129	17,299
Plant and Equipment	203,730	260,436
Roads	842,101	842,101
Footpaths	7,918	7,657
Airfield	27,130	21,760
Other Infrastructure	676	679
	<u>1,246,476</u>	<u>1,331,087</u>
Interest Expenses (Finance Costs)		
Debentures (<i>refer Note 22(a)</i>)	49,756	58,826
	<u>49,756</u>	<u>58,826</u>

(ii) Crediting as Revenue:

	2013 \$	2013 Budget \$	2012 \$
Interest Earnings			
Investments			
- Reserve Funds	85,881	27,188	36,573
- Other Funds	39,493	30,000	42,315
Other Interest Revenue (<i>refer note 27</i>)	6,828	5,226	5,452
	<u>132,202</u>	<u>62,414</u>	<u>84,340</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

The Shire of Cunderdin is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

GOVERNANCE

Members expenses and the costs associated with meetings of Council, Policy determination and public ceremonies and presentations and general administration expenses.

GENERAL PURPOSE FUNDING

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Supervision of local laws, fire prevention, emergency services and animal control.

HEALTH

Health administration, food quality and pest control. This includes contributions towards the provision of a local doctor.

EDUCATION AND WELFARE

Operations of a senior citizens centre. Assistance with playgroup, schools, retirement villages and other voluntary services.

HOUSING

Maintenance of staff and rental housing.

COMMUNITY AMENITIES

Rubbish collection services, operations of tips, noise control, administration of the town planning scheme, maintenance of rest centres and storm water drainage maintenance.

RECREATION AND CULTURE

Maintenance of halls and the swimming pool, recreation centres, operation of the library and various reserves.

TRANSPORT

Construction and maintenance of streets, roads, bridges, lighting and cleaning of streets and depot maintenance.

ECONOMIC SERVICES

The regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control, plant nursery and standpipes.

OTHER PROPERTY AND SERVICES

Private Works operations, plant repairs and operation costs.

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance (*) 1-Jul-11 \$	Received (+) 2011/12 \$	Expended (#) 2011/12 \$	Closing Balance (*) 30-Jun-12 \$	Received (+) 2012/13 \$	Expended (#) 2012/13 \$	Closing Balance 30-Jun-13 \$
Grant/Contribution	Function/ Activity							
DRD - CLGF Individ.	Recreation	393,215	0	(393,215)	0			0
DIT - RTR Bridge Funding	Transport	300,000	0	(300,000)	0			0
DAWA - Dry Season Assistance	Recreation	8,875	0	(8,875)	0			0
DRD - CLGF Regional	Recreation	0	1,251,633	(1,251,633)	0			0
FESA - Water Tanks Grant	Law, Order	0	13,636	(13,636)	0	336,838	(336,838)	0
MRWA - RRG Grants	Transport	0	362,580	(362,580)	0	245,979	(245,979)	0
DIT - RTR Funding	Transport	0	245,979	(245,979)	0	759,600	(656,765)	102,835
MRWA - Strategic Grain Funding	Transport	0	779,177	(779,177)	0	41,403	(84,329)	0
DRD - Reg. Airport Dev Funding	Transport	0	120,000	(77,074)	42,926	26,051	(26,051)	0
MRWA - BlackSpot Grant	Transport	0	0	0	0	75,000	(75,000)	0
WBDC - Airport Upgrades	Transport	0	0	0	0			0
Total		702,090	2,773,005	(3,432,169)	42,926	1,484,871	(1,424,962)	102,835

Notes:

(*) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(+) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(#) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

(**) - Grant funds have been transferred to a Reserve to be held until required to be expended on the identified project.

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

	2013	2012
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	1,507,403	1,222,787
Restricted	<u>2,214,076</u>	<u>2,175,361</u>
	<u><u>3,721,479</u></u>	<u><u>3,398,148</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Staff Entitlements Reserve	144,374	167,752
Building Reserve	1,391,275	1,338,432
Plant & Equipment Reserve	132,429	127,404
Airfield Reserve	93,442	205,335
Community Bus Reserve	25,587	24,615
Asset Replacement, Acquisition & Development Reserve	324,134	311,823
Unspent Grants	102,835	0
Unspent Loans	0	0
	<u><u>2,214,076</u></u>	<u><u>2,175,361</u></u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	90,219	89,148
Pensioner Rebates Receivable	40,940	16,841
Sundry Debtors	194,714	55,763
Less : Provision for Doubtful Debts	(15,508)	(50,000)
GST Receivable	6,189	0
	<u><u>316,554</u></u>	<u><u>111,752</u></u>
5. INVENTORIES		
Current		
Fuel and Materials	7,717	10,759
Land Held for Resale - Cost		
Cost of Acquisition	0	0
Development Costs	0	0
	<u><u>7,717</u></u>	<u><u>10,759</u></u>
Non-Current		
Land Held for Resale - Cost	0	0
Cost of Acquisition	383,109	282,604
Development Costs	0	0
	<u><u>383,109</u></u>	<u><u>282,604</u></u>
6. Financial Assets		
Non-Current		
<i>Available-for-sale financial assets:</i>		
Co-op Shares - at cost	2,176	2,176
Local Government House Trust Shares - at valuation	70,968	70,968
	<u><u>73,144</u></u>	<u><u>73,144</u></u>

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

	2013	2012
	\$	\$
7. PROPERTY, PLANT AND EQUIPMENT		
Land & Buildings - Cost	5,180,249	5,047,820
Less Accumulated Depreciation	<u>(2,240,922)</u>	<u>(2,093,130)</u>
Total Land and Buildings	2,939,327	2,954,690
Furniture and Equipment - Cost	287,142	278,583
Less Accumulated Depreciation	<u>(240,223)</u>	<u>(223,094)</u>
	46,919	55,489
Plant and Equipment - Management Valuation 2013	2,992,306	0
- At Cost	0	2,684,265
Less Accumulated Depreciation	<u>(1,649,505)</u>	<u>(1,496,038)</u>
	1,342,801	1,188,227
	<u>4,329,047</u>	<u>4,198,406</u>

Plant and Equipment:

This asset class has been revalued in accordance with AASB13 - "Fair Value" requirements.

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land and Buildings (Level 3) \$	Plant and Equipment (Level 2) \$	Furniture and Equipment (Level 3) \$	Total \$
Balance as at the beginning of the year	2,954,690	1,188,227	55,489	4,198,406
Additions	132,517	268,274	8,559	409,350
(Disposals)	0	(32,005)	0	(32,005)
Revaluation - Increments - (Decrements)	0 0	122,035 0	0 0	122,035 0
Impairment - (Losses) - Reversals	0 0	0 0	0 0	0 0
Adjustment	(88)	0	0	(88)
Depreciation (Expense)	(147,792)	(203,730)	(17,129)	(368,651)
Carrying amount at the end of year	<u>2,939,327</u>	<u>1,342,801</u>	<u>46,919</u>	<u>4,329,047</u>

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

	2013	2012
	\$	\$
8. INFRASTRUCTURE		
Roads - Management Valuation	52,811,478	51,208,181
Less Accumulated Depreciation	<u>(14,489,871)</u>	<u>(13,647,770)</u>
	38,321,607	37,560,411
Footpaths - Cost	369,932	341,594
Less Accumulated Depreciation	<u>(15,575)</u>	<u>(7,657)</u>
	354,357	333,937
Airfield Taxiway - Cost	783,455	444,725
Less Accumulated Depreciation	<u>(61,898)</u>	<u>(34,768)</u>
	721,557	409,957
Drainage - Cost	5,249	0
Less Accumulated Depreciation	<u>0</u>	<u>0</u>
	5,249	0
Other Infrastructure - Cost	16,963	16,963
Less Accumulated Depreciation	<u>(1,354)</u>	<u>(678)</u>
	15,609	16,285
	<u>39,418,379</u>	<u>38,320,590</u>

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

8. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads \$	Footpaths \$	Drainage \$	Airfield Taxiway \$	Other Infrastructure \$	Total \$
Balance at the beginning of the year	37,560,411	333,937	0	409,957	16,285	38,320,590
Additions	1,603,297	28,338	5,249	338,730	0	1,975,614
(Disposals)	0	0	0	0	0	0
Revaluation - Increments - (Decrements)	0	0	0	0	0	0
Impairment - (Losses) - Reversals	0	0	0	0	0	0
Depreciation (Expense)	(842,101)	(7,918)	0	(27,130)	(676)	(877,825)
Carrying amount at the end of year	<u>38,321,607</u>	<u>354,357</u>	<u>5,249</u>	<u>721,557</u>	<u>15,609</u>	<u>39,418,379</u>

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

	2013	2012
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	78,305	129,614
Accrued Interest on Debentures	16,491	19,272
GST Liability	0	110,176
Other ATO Liabilities	34,487	20,441
Accrued Salaries and Wages	40,646	0
	<u>169,929</u>	<u>279,503</u>
10. BORROWINGS		
Current		
Secured by Floating Charge		
Debentures	158,638	148,598
	<u>158,638</u>	<u>148,598</u>
Non-Current		
Secured by Floating Charge		
Debentures	530,762	689,401
	<u>530,762</u>	<u>689,401</u>
Additional detail on borrowings is provided in Note 21.		
11. PROVISIONS		
Current		
Provision for Annual leave	77,945	70,436
Provision for Long Service Leave	13,138	42,251
	<u>91,083</u>	<u>112,687</u>
Non-Current		
Provision for Long Service Leave	40,170	20,141
	<u>40,170</u>	<u>20,141</u>
Total Provisions	<u>131,253</u>	<u>132,828</u>

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance as at 1 July 2012	70,436	62,392	132,828
Additional provisions	101,937	33,167	135,104
Amounts used	(94,428)	0	(94,428)
Unused amounts reversed	0	(42,251)	(42,251)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	0	0
Balance at 30 June 2013	<u>77,945</u>	<u>53,308</u>	<u>131,253</u>

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

	2013 \$	2013 Budget \$	2012 \$
12. RESERVES - CASH BACKED			
(a) Staff Entitlements Reserve			
Opening Balance	167,751	167,751	188,419
Amount Set Aside / Transfer to Reserve	6,623	8,535	9,332
Amount Used / Transfer from Reserve	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>
	<u>144,374</u>	<u>146,286</u>	<u>167,751</u>
(b) Building Reserve			
Opening Balance	1,338,432	1,338,432	83,128
Amount Set Aside / Transfer to Reserve	52,843	4,420	1,255,304
Amount Used / Transfer from Reserve	0	<u>(1,251,633)</u>	<u>0</u>
	<u>1,391,275</u>	<u>91,219</u>	<u>1,338,432</u>
(c) Plant & Equipment Reserve			
Opening Balance	127,404	127,404	115,413
Amount Set Aside / Transfer to Reserve	5,025	2,049	11,991
Amount Used / Transfer from Reserve	0	<u>(23,000)</u>	<u>0</u>
	<u>132,429</u>	<u>106,453</u>	<u>127,404</u>
(d) Airfield Reserve			
Opening Balance	205,336	205,336	81,874
Amount Set Aside / Transfer to Reserve	8,106	36,695	123,462
Amount Used / Transfer from Reserve	<u>(120,000)</u>	<u>(195,000)</u>	<u>0</u>
	<u>93,442</u>	<u>47,031</u>	<u>205,336</u>
(e) Community Bus Reserve			
Opening Balance	24,615	24,615	23,925
Amount Set Aside / Transfer to Reserve	972	17,017	690
Amount Used / Transfer from Reserve	0	<u>0</u>	<u>0</u>
	<u>25,587</u>	<u>41,632</u>	<u>24,615</u>
(f) Asset Replacement, Acquisition/Development Reserve			
Opening Balance	311,823	311,823	298,653
Amount Set Aside / Transfer to Reserve	12,316	5,972	13,170
Amount Used / Transfer from Reserve	0	<u>(300,000)</u>	<u>0</u>
	<u>324,139</u>	<u>17,795</u>	<u>311,823</u>
TOTAL CASH BACKED RESERVES	<u><u>2,111,246</u></u>	<u><u>450,416</u></u>	<u><u>2,175,361</u></u>

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

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

12. RESERVES - CASH BACKED (continued)

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

Staff Entitlements Reserve

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

Building Reserve

- to be used to fund acquisition, disposal, maintenance and funding of Shire buildings

Plant & Equipment Reserve

- to be used to fund acquisition, disposal, maintenance and funding of Shire plant & equipment

Airfield Reserve

- to be used to fund acquisition, disposal, maintenance and funding of property, buildings, plant and equipment associated with the Cunderdin airstrip, and working capital for the Cunderdin airshow

Community Bus Reserve

- to be used to fund acquisition, disposal, maintenance and funding of the community bus

Asset Replacement, Acquisition & Development Reserve

- to provide, replace, upgrade the necessary equipment, furniture, and infrastructure comprising of road, drains, footpaths and recreational reserves

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

13. REVALUATION SURPLUS

2013 **2012**
\$ **\$**

Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:

(a) **Land and Buildings**

Opening balance	0	0
Revaluation Increment	0	0
Revaluation Decrement	0	0
	0	0

(b) **Plant and Equipment**

Opening Balance	0	0
Revaluation Increment	122,035	0
Revaluation Decrement	0	0
	122,035	0

(b) **Road Infrastructure**

Opening Balance	30,126,699	30,126,699
Revaluation Increment	0	0
Revaluation Decrement	0	0
	30,126,699	30,126,699

TOTAL REVALUATION SURPLUS	30,248,734	30,126,699
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SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	2013 \$	2013 Budget \$	2012 \$
Cash and Cash Equivalents	<u>3,721,479</u>	<u>949,703</u>	<u>3,398,148</u>

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

Net Result	1,991,739	3,489,201	3,095,267
Depreciation	1,246,476	1,414,811	1,331,087
(Profit)/Loss on Sale of Asset	(22,014)	12,343	(72,389)
(Increase)/Decrease in Receivables	(231,761)	21,897	58,889
(Increase)/Decrease in Inventories	3,043	0	(2,739)
Increase/(Decrease) in Payables	(82,529)	8,394	147,649
Increase/(Decrease) in Employee Provisions	(1,575)	0	19,805
Increase/(Decrease) in Accrued Expenses	0	22,827	38,827
Grants/Contributions for the Development of Assets	(1,644,290)	(4,779,855)	(2,759,369)
Non-Current Assets recognised due to changes in legislative requirements	0	0	0
Net Cash from Operating Activities	<u>1,259,089</u>	<u>189,618</u>	<u>1,857,027</u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	10,000	10,000
Credit Card Balance at Balance Date	<u>(1,500)</u>	<u>(237)</u>
Total Amount of Credit Unused	<u>8,500</u>	<u>9,763</u>

Loan Facilities

Loan Facilities - Current	158,638	148,598
Loan Facilities - Non-Current	<u>530,762</u>	<u>689,401</u>
Total Facilities in Use at Balance Date	<u>689,400</u>	<u>837,999</u>

Unused Loan Facilities at Balance Date

	<u>0</u>	<u>0</u>
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**SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

15. CONTINGENT LIABILITIES

The Shire of Cunderdin is not aware of any contingent liabilities at 30th June 2013.

16. CAPITAL AND LEASING COMMITMENTS

The Shire of Cunderdin did not have any capital and leasing commitments at 30th June 2013.

17. JOINT VENTURE

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

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	272,953	251,423
General Purpose Funding	0	0
Law, Order, Public Safety	131,977	150,489
Health	261,569	277,671
Education and Welfare	58,484	62,893
Housing	193,919	206,917
Community Amenities	207,777	224,266
Recreation and Culture	1,176,870	1,125,793
Transport	41,429,608	40,201,328
Economic Services	0	0
Other Property and Services	478,238	300,821
Unallocated	4,066,256	3,593,802
	<u>48,277,651</u>	<u>46,395,403</u>

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

	2013	2012	2011
19. FINANCIAL RATIOS			
Current Ratio	5.58	3.14	2.88
Asset Sustainability Ratio	1.85	2.52	1.65
Debt Service Cover Ratio	7.17	8.54	6.00
Operating Surplus Ratio	0.03	0.16	(0.07)
Own Source Revenue Coverage Ratio	0.77	0.57	0.54

The above ratios are calculated as follows:

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

RATIO INFORMATION

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

	2013	2012	2011
Asset Consumption Ratio	70%	N/A	N/A
Asset Renewal Funding Ratio	56%	N/A	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

N/A -In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for the two preceding years (being 2012 and 2011) have not been reported as financial information is not available.

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

20. TRUST FUNDS

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

	Balance 1-Jul-12 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-13 \$
Police Licensing	716	61,607	(62,323)	0
Working Trust	29,579	243	(1,186)	28,636
REBA Trust	3,297	2,011	0	5,308
	<u>33,592</u>			<u>33,944</u>

21. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land held for Resale						
Lot 6 Centenary Place	3,222	0	38,317	0	35,095	0
Plant & Equipment						
Transport	32,005	31,343	18,924	19,000	(13,081)	(12,343)
	<u>35,227</u>	<u>31,343</u>	<u>57,241</u>	<u>19,000</u>	<u>22,014</u>	<u>(12,343)</u>

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

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-12 \$	New Loans \$	Principal Repayments		Principal 30-Jun-13		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation & Culture	144,316		32,860	32,860	111,456	111,456	3,462	8,405
Loan 67 - Swim Pool								
New Loan - Comm. Centre	0	0	0		0	1,000,000	0	0
Transport	136,034		30,766	30,766	105,268	106,652	16,868	8,492
Loan 66 - Depot								
Other Property	253,095		66,198	66,198	186,897	186,897	20,166	16,602
Loan 68 - Ettamogah Pub								
Loan 73 - Ettamogah Pub	179,275		11,036	11,036	168,239	168,239	5,472	11,088
Loan 74 - Ettamogah Pub	125,278		7,738	7,738	117,540	117,541	3,788	7,674
	837,998	0	148,598	148,598	689,400	1,690,785	49,756	52,261

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

(b) New Debentures - 2012/13

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
New Loan - Comm Centre	0	1,000,000						0	1,000,000	0

No new loans were raised during the financial year ending 30th June 2013.

(c) Unspent Debentures

There were no unspent loan funds at the 30th June 2013.

(d) Overdraft

Council does not have an overdraft facility.

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

23. RATING INFORMATION - 2012/13 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Uniform General Rate											
UV Rural	0.0069205	358	158,799,000	1,088,472	(2,828)	0	1,085,644	1,098,962	0	0	1,098,962
UV Mining	0.0069205	0	0	0	0	0	0	0	0	0	0
GRV Residential	0.0801740	507	4,196,024	326,064	11,497	0	337,561	336,412	533	0	336,945
Sub-Totals		865	162,995,024	1,414,536	8,669	0	1,423,205	1,435,374	533	0	1,435,907
Minimum Rates	Minimum \$										
UV Rural	525	52	2,362,000	27,300	0	0	27,300	27,300	0	0	27,300
UV Mining	525	12	147,182	2,150	0	0	2,150	6,300	0	0	6,300
GRV Residential	525	123	335,017	64,575	0	0	64,575	64,575	0	0	64,575
Sub-Totals		187	2,844,199	94,025	0	0	94,025	98,175	0	0	98,175
Discounts (refer note 26)							1,517,230				1,534,082
Total Amount Raised from General Rate							0				0
Specified Area Rate (refer note 24)							1,517,230				1,534,082
Total Rates							1,517,230				1,534,082

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

23. RATING INFORMATION - 2012/13 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward	2013 (30 June 2013 Carried Forward) \$	2013 (1 July 2012 Brought Forward) \$	2012 (30 June 2012 Carried Forward) \$
Surplus/(Deficit) - Rate Setting Statement	<u>1,764,580</u>	<u>1,065,795</u>	<u>1,065,795</u>
<u>Comprises:</u>			
Cash - Unrestricted	1,507,403	1,222,787	1,222,787
Cash - Restricted	2,214,076	2,175,361	2,175,361
Pensioners receivable	40,940	0	0
Rates - Current	90,219	89,148	89,148
Sundry Debtors	194,714	22,604	22,604
GST Receivable	6,189	0	0
Provision for doubtful debts	(15,508)	0	0
Inventories			
- Fuel and Materials	7,717	10,759	10,759
	<u>4,045,750</u>	<u>3,520,659</u>	<u>3,520,659</u>
Less:			
Reserves - Restricted Cash			
- Staff Entitlements Reserve	(144,374)	(55,066)	(55,066)
- Building Reserve	(1,391,275)	(1,338,432)	(1,338,432)
- Plant & Equipment Reserve	(132,429)	(127,404)	(127,404)
- Airfield Reserve	(93,442)	(205,335)	(205,335)
- Community Bus Reserve	(25,587)	(24,615)	(24,615)
- Asset Replacement Reserve	(324,134)	(311,823)	(311,823)
	<u>(2,111,241)</u>	<u>(2,062,675)</u>	<u>(2,062,675)</u>
Sundry Creditors	(78,305)	(260,231)	(260,231)
Accrued Interest on Debentures	(16,491)	(19,272)	(19,272)
Accrued Salaries and Wages	(40,646)	0	0
PAYG Liability	(31,737)	0	0
FBT Liability	(2,750)	0	0
Current Employee Benefits Provision	(91,083)	(112,686)	(112,686)
	<u>(261,012)</u>	<u>(392,189)</u>	<u>(392,189)</u>
Less:			
Current Employee Benefits Provision - cash backed	91,083	0	0
Surplus/(Deficit)	<u>1,764,580</u>	<u>1,065,795</u>	<u>1,065,795</u>

Difference:

There was no difference between the Surplus/(Deficit) 1 July 2012 Brought Forward position used in the 2013 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2012 audited financial report.

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

24. SPECIFIED AREA RATE - 2012/13 FINANCIAL YEAR

The Council did not impose any specified area rates during 2012/13 financial year.

25. SERVICE CHARGES - 2012/13 FINANCIAL YEAR

The Council did not impose any service charges during the 2012/13 financial year.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2012/13 FINANCIAL YEAR**

Council did not offer any discounts, incentives, concessions or approve any write-offs during the 2012/13 financial year.

27. INTEREST CHARGES AND INSTALMENTS - 2012/13 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		6,828	5,228
Interest on Instalments Plan	0.00%		0	0
Charges on Instalment Plan		7.50	6,195	6,017
			<u>13,023</u>	<u>11,245</u>

Ratepayers had the option of paying rates in four equal instalments, due on 21st September 2012, 21st November 2012, 23rd January 2013 and 23rd March 2013. Administration charges and interest applied for the final three instalments.

28. FEES & CHARGES	2013 \$	2012 \$
Governance	0	1,305
General Purpose Funding	8,379	8,348
Law, Order, Public Safety	2,437	2,084
Health	7,730	8,821
Education and Welfare	28,326	1,700
Housing	11,320	13,018
Community Amenities	147,858	106,695
Recreation and Culture	16,780	17,336
Transport	52,010	87,346
Economic Services	8,231	4,333
Other Property and Services	<u>2,419,506</u>	<u>79,807</u>
	<u><u>2,702,577</u></u>	<u><u>330,793</u></u>

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

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

29. GRANT REVENUE

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

	2013	2012
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	1,465,978	1,901,696
Non-Operating Grants, Subsidies and Contributions	1,865,609	2,759,369
	<u>3,331,587</u>	<u>4,661,065</u>
By Program:		
Governance	6,945	1,266,062
General Purpose Funding	1,268,963	1,542,171
Law, Order, Public Safety	39,200	154,292
Health	618	306
Education and Welfare	46,202	0
Housing	0	0
Community Amenities	0	0
Recreation and Culture	27,476	33,974
Transport	1,942,183	1,588,161
Economic Services	0	5,131
Other Property and Services	0	70,968
	<u>3,331,587</u>	<u>4,661,065</u>

30. ELECTED MEMBERS REMUNERATION

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

	2013	2013	2012
	\$	Budget	\$
		\$	
Meeting Fees	13,090	11,536	11,760
President's Allowance	250	1,000	1,014
Deputy President's Allowance	0	250	0
Travelling Expenses	0	500	0
Telecommunications Allowance	0	0	0
	<u>13,340</u>	<u>13,286</u>	<u>12,774</u>

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2013	2012
	<u>22.76</u>	<u>23</u>

**SHIRE OF CUNDERDIN
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32. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2012/13 financial year.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2012/13 financial year.

34. ECONOMIC DEPENDENCY

A significant portion of revenue is received by way of grants from the State and federal Governments. The total of grant revenue from government sources is disclosed in Note 29.

35. EVENTS AFTER THE REPORTING PERIOD

Subsequent to year end, the state government has announced the proposed amalgamation of some metropolitan councils in Western Australia effective from 1 July 2015. The impact on the Shire of Cunderdin has not yet been quantified.

SHIRE OF CUNDERDIN
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36. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2013	2012	2013	2012
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	3,721,479	3,398,148	3,721,479	3,398,148
Receivables	343,600	111,752	343,600	111,752
Investments	0	0	0	0
	<u>4,065,079</u>	<u>3,509,900</u>	<u>4,065,079</u>	<u>3,509,900</u>
Financial Liabilities				
Payables	196,975	279,503	196,975	279,503
Borrowings	689,400	837,999	602,912	716,725
	<u>886,375</u>	<u>1,117,502</u>	<u>799,887</u>	<u>996,228</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Investments – based on quoted market prices at the reporting date or at independent valuation.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

SHIRE OF CUNDERDIN
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FOR THE YEAR ENDED 30TH JUNE 2013

36. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2013	2012
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	37,215	33,981
- Statement of Comprehensive Income	37,215	33,981

Notes:

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

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

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

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

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

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

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

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

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

	2013	2012
Percentage of Rates and Annual Charges		
- Current	68.79%	84.10%
- Overdue	31.21%	15.90%
Percentage of Other Receivables		
- Current	65.34%	40.84%
- Overdue	34.66%	59.16%

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

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	<u>2013</u>				<u>2012</u>			
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Total contractual cash flows \$	Total contractual cash flows \$	Total contractual cash flows \$	Carrying values \$
Payables	198,152	0	0	198,152	198,152	198,152	198,152	198,152
Borrowings	200,859	435,389	206,446	842,694	689,400	689,400	689,400	689,400
	<u>399,011</u>	<u>435,389</u>	<u>206,446</u>	<u>1,040,846</u>	<u>1,040,846</u>	<u>887,552</u>	<u>887,552</u>	<u>887,552</u>
Payables	279,503	0	0	279,503	279,503	279,503	279,503	279,503
Borrowings	200,859	598,712	243,982	1,043,553	837,999	837,999	837,999	837,999
	<u>480,362</u>	<u>598,712</u>	<u>243,982</u>	<u>1,323,056</u>	<u>1,323,056</u>	<u>1,117,502</u>	<u>1,117,502</u>	<u>1,117,502</u>

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

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (Continued)

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

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted
	\$	\$	\$	\$	\$	\$	\$	Average
								Effective
								Interest Rate
								%
Year Ended 30 June 2013								
Payables								
Borrowings								
Fixed Rate								
Debentures	158,638	169,360	139,408	24,019	25,545	172,430	689,400	6.36%
Weighted Average								
Effective Interest Rate	6.46%	6.46%	6.46%	6.26%	6.26%	6.26%		
Year Ended 30 June 2012								
Payables								
Borrowings								
Fixed Rate								
Debentures	148,598	158,639	169,360	139,408	24,019	197,975	837,999	6.36%
Weighted Average								
Effective Interest Rate	6.46%	6.46%	6.46%	6.46%	6.26%	6.26%		

INDEPENDENT AUDITOR'S REPORT

TO: RATEPAYERS OF SHIRE OF CUNDERDIN

We have audited the financial report of the Shire of Cunderdin, which comprises the Statement of Financial Position as at 30 June 2013 and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity and Statement of Cash Flows and Rate Setting Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information and the Statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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



INDEPENDENT AUDITOR'S REPORT (Cont'd)

Auditor's Opinion

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

- (a) gives a true and fair view of the financial position of the Shire of Cunderdin as at 30 June 2013 and of its financial performance for the year ended on that date; and
- (b) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards.

Report on Other Legal and Regulatory Requirements

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

- (a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Council.
- (b) Except as detailed below, there are no further matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.

Submission of Financial Report

The accounts for year ended 30 June 2013 was not submitted to the auditor by 30 September 2013 as required by Section 6.4(3)(a) of the Act.

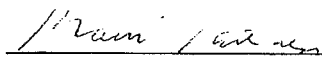
- (c) The asset consumption ratio and the asset renewal funding ratio included in the annual financial report (Note 19 of the annual financial report) are supported by verifiable information and reasonable assumptions.
- (d) All necessary information and explanations were obtained by us.
- (e) All audit procedures were satisfactorily completed in conducting our audit.




INDEPENDENT AUDITOR'S REPORT (Cont'd)

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of Shire of Cunderdin for the year ended 30 June 2013 included on the Shire of Cunderdin's website. Management is responsible for the integrity of the Shire of Cunderdin's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



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



A MACRI
PARTNER

PERTH
DATED THIS 13TH DAY OF DECEMBER 2013.

