

ANNUAL REPORT

Year Ended 30 June 2016



Shire of Cunderdin

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President's Report

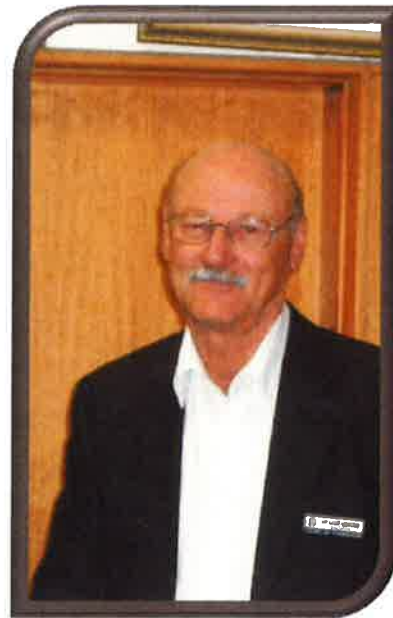
The financial year to 30th June 2016 has seen advances in some large projects within the Community of the Shire of Cunderdin, some of which are:

Health & Aged Care

In September 2015 Council agreed to a "land swap" with the WA Country Health Services (WACHS) for an area of land adjacent to the old Bowling and Tennis Club, and the land at the current hospital. This is to provide the site for the proposed Cunderdin Primary Health Care Demonstration Site (PHCDS) in Lundy Avenue. After an audit of the hospital buildings, Council has taken the decision to retain the buildings with the view to further development later.

Development of the PHCDS is progressing well with the final building and schematic designs due to be presented to the Project User Group (PUG) and the build scheduled to go out to tender in January/February 2017. The project is proposed to be completed by the end of year 2018, ready for occupation in the first months of 2019. This will give Cunderdin and surrounding communities' access to one of the most modern and up to date facilities in country W.A.

In co-operation with WACHS, new Aged Appropriate Accommodation will be developed to be built adjacent to the new PHCDS. It is envisaged that between eight to twelve aged appropriate, two bedroom units will be built and include two special units purpose built for palliative and respite care. It is planned to commence early in 2017 for completion in 2018. An Aged Appropriate Accommodation Committee comprising of representatives from WACHS, the Shire and community members has been formed to develop and oversee the project.



Sports Facilities

The maintenance and upgrades to our sporting facilities is on-going. One of our major expenses in maintaining the Cunderdin Oval is water. We are currently exploring the possibility of a catchment dam located on land owned by the WA College of Agriculture – Cunderdin (Department of Education), north of the railway line. Discussions are well advanced with the Education Department and the Water Corporation with regard to the future of the Cunderdin townsite dam, which will be decommissioned upon the completion of the two water tanks east of Cunderdin.

We will continue to explore the maintenance and upgrading of both the Cunderdin and Meckering hockey fields and Cunderdin basketball courts as finances and grant opportunities become available.

Airfield

Development of the Cunderdin Airfield is still ongoing with Council signing an 'Agreement to Lease' with a private developer namely Ascent Aviation. It is hoped that Ascent Aviation will be able to make a public announcement on development plans in early 2017.

Resource Sharing

In January 2016, Council entered an arrangement with the Shire of Tammin to share the CEO services. We see this as the first step towards sharing other resources between the two Shires such as staff, plant and machinery to help ease the increasing costs associated with the everyday operations of both Shires.

Creating Aged Friendly Communities

The Shire was fortunate to receive a grant of funding through Creating Aged Friendly Communities for the following projects:

- Disability Toilet - erected in the Cunderdin Museum precinct, close to O'Connor Park and the Men's Shed.
- Concrete Footpath located between the Cunderdin Town Hall and the Post Office. This will be a gopher friendly footpath linking the new PHCDS and Aged Homes to the town shopping area.
- Shire Offices Entry – The construction of a disability access ramp and automatic sliding doors.
- Doctors Surgery – installation of automatic sliding doors.

Roads

At our last Electors Meeting it was obvious that roads were a major concern of ratepayers throughout the Shire. We have budgeted to spend \$1.16m on roads in the 2016/17 budget and have targeted up to 12 roads to be gravel re-sheeted or resealed in the 2016/2017 budget year to bring our roads up to the standard expected by our ratepayers.

Town Entry Statements

A community Committee has been working for some time on a town entry statement. With the help of the Brethren Community a suitable design was agreed upon and construction carried out by the Brethren who also agreed to install them on both entry points to the town on Great Eastern Highway.

The structures are well designed and constructed, and they complement the neat and tidy presentation of the townscape.

Thank you to those involved on the Committee and to the Brethren for their time and efforts to see this project to fruition.

Staff

Under the guidance of our Chief Executive Officer Peter Naylor, Deputy Chief Executive Officer Paul Godfrey and Manager Works and Services Ian Bartlett, we have an efficient, friendly and helpful staff both in the office and the outside staff. My thanks for your assistance to all Councillors when called upon.

Councillors

Thank you to all Councillors for your support and assistance over the past twelve months. Your time and dedication to the welfare of our Shire is appreciated and I look forward to your continued support.

Clive Gibsone
President

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COVER PHOTO: Shade sails
installation at the Cunderdin
Swimming pool.

Chief Executive Officer's Report

The Shire of Cunderdin continues its return to financial stability ending the financial year to the 30th June 2016 with a surplus of \$549,731.

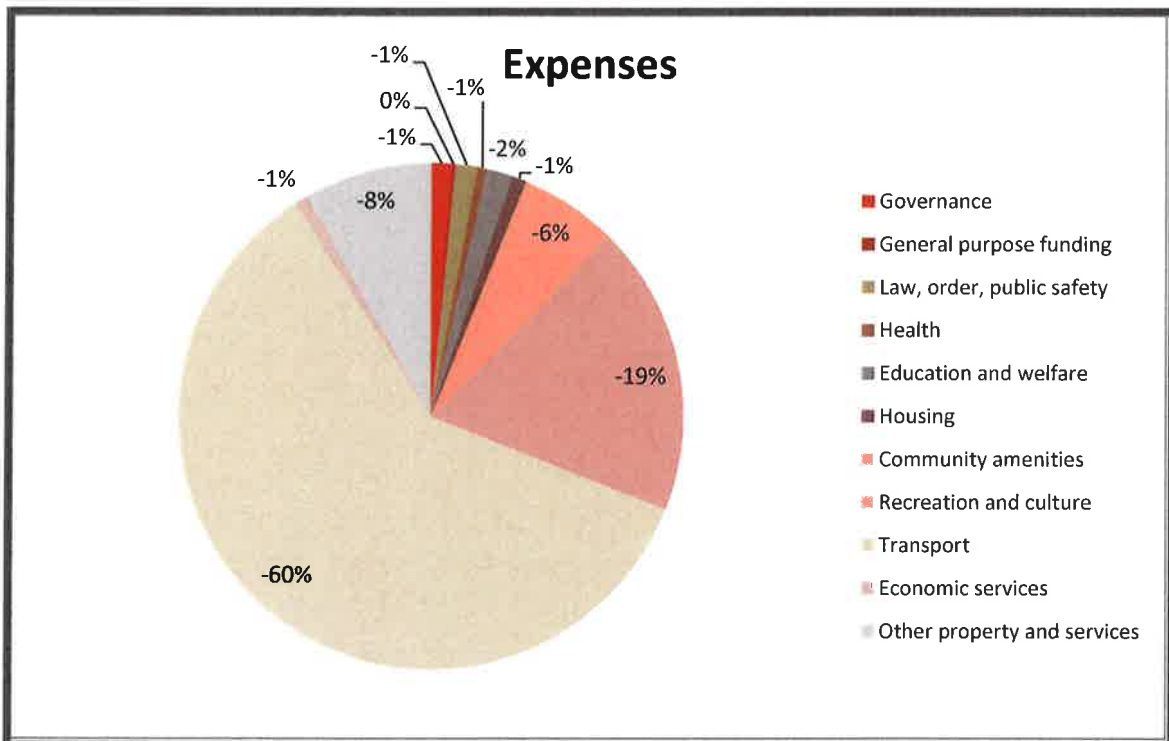
The surplus is made up from the following sources:

Unrestricted

Operating Surplus \$ 549,731

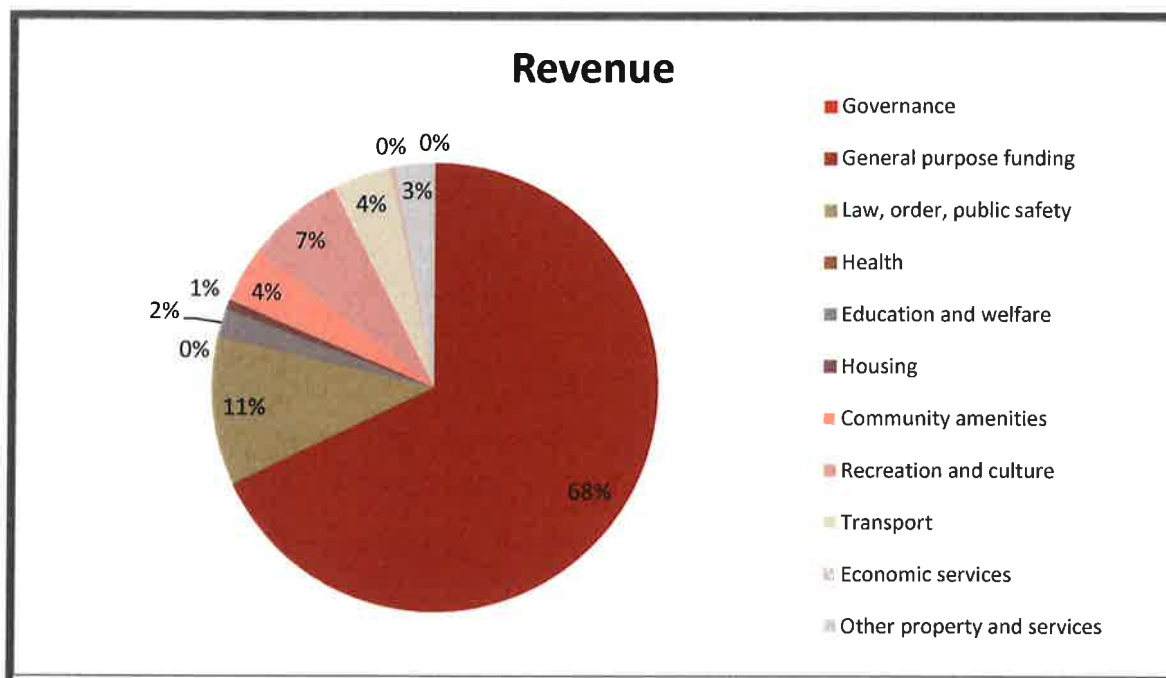


Operating Expenditure by Program 2015/16



- Council's Operating Expenditure for the financial year ending 30 June 2016 amounted to \$8.4 million compared to \$5 million for the 2014/15 financial year.
- Repayment of loans amounted to \$191,189 leaving a principal balance of \$1,447,253.
- Interest expenses on loans amounted to \$81,738, compared to \$123,991 last year.

Operating Revenue by Program 2015/16



- Council's Operating Revenue for the financial year ending 30 June 2016 amounted to \$3.7 million compared to \$4.67 million for the 2014/15 financial year.
- Reserve accounts held \$775,226 at the end of June 2016.

A capital program of \$2.02 million was completed during the year;

Infrastructure Assets	\$ 1,108,091
Buildings	\$ 300,597
Plant & Equipment	\$ 614,683
<u>Furniture & Equipment</u>	<u>\$ 3,220</u>
Total	\$ 2,026,591

Combined operating and capital program for 2015/16 totaled \$5.2 million compared to \$6.21 million for the 2014/15 year.

To all staff, I offer my sincere appreciation for their valuable support since my commencement in January 2012 and I 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 2015/2016 financial year.

Peter Naylor
Chief Executive Officer

SHIRE SERVICES

The Shire delivers a wide range of services. This day-to-day work is provided and supported through four organisational directorates: **Office of the Chief Executive, Financial and Information Technology Services, Infrastructure and Works Services, and Development and Community Services.**

Office of the Chief Executive

The Office of the Chief Executive has 2.75 FTEs. Key services include:

- Executive support to Council
- Customer Service
- Strategic and Business Planning
- Corporate Performance Management and Reporting
- Governance and Corporate Compliance
- Organisational Development
- Economic Development

Development and Community Services

The Development and Community Services Directorate has 1.75 FTE and 4 part time 'Contract for Service' employees. Key services include:

- Land and property management
- Planning and building information to customers
- Processing planning and building applications
- Develop Statutory and Non-Statutory land use strategies, policies and plans
- Environmental Health Services
- Emergency Services Management
- Ranger Services (including parking and animal control)
- Aged Accommodation Project
- New Health Facility development
- Statutory compliance assessments
- Inspection of food outlets and their control
- Provision of meat inspection services
- Noise control and waste disposal compliance
- Operation of the Museum and Library
- Child minding centre, playgroup and toy library facilities
- Community services and programs
- Event management
- Management of sport and recreation facilities

Financial and Information Technology Services

The Financial and Information Technology Services Directorate has 2.75 FTEs. Key services include:

- Financial Services
- Long Term Financial Planning
- Annual Budget
- Payroll
- Records Management
- Rates
- Information Technology
- HR Management
- Lease and licence management

Infrastructure and Works Services

The Infrastructure Directorate has 15.2 FTEs.

Key services include:

- Building and asset management
- Facility maintenance
- Construction, renewal and maintenance of the Shire's transport assets and infrastructure (e.g. roads, drains, car parks, bridges, and pathways)
- Maintenance of parks and reserves
- Waste management :Rubbish collection services, operation of transfer stations
- Protection of the environment and maintenance of public conveniences, cemetery, town halls, swimming pool
- Design and construction of park facilities

General Information

Shire of Cunderdin Councillors

President

Councillor: **RC (Clive) Gibsons**
Phone: 9635 1030
Ward: District 2017
Years of Service: 2003 to present
President: 2014 to present

Deputy President

Councillor: **DA (Dennis) Whisson**
Phone: 9625 1022
Ward: District 2017
Years of Service : 2003 to present

Councillor: **TE (Todd) Harris**
Phone: 9636 2030
Ward: District 2019
Years of Service : 2005 to present

Councillor: **B (Bernie) Daly**
Phone: 0488 079 334
Ward: District 2019
Years of Service: 2015 to present

Councillor: **D (Doug) Kelly**
Phone: 9625 1305
Ward: District 2019
Years of Service: 2007 to present



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

Councillor: **DG (Dianne) Kelly**
Phone: 9625 1313
Ward: District 2019
Years of Service: 2004 to present

Councillor: **A (Alison) Harris**
Phone: 9636 2030
Ward: District 2017
Years of Service: 2015 to Present

Shire of Cunderdin Staff

Chief Executive Officer

Peter Naylor

Deputy Chief Executive Officer

Paul Godfrey

Manager Works and Services

Ian Bartlett

Community Development Officer

Kayla James

Governance and Compliance Officer

Meredith Lee-Curtis

Records/Admin Officer

Antoinette Gibson
Kelly Whisson (Part Time)

Outside Crew

Garry Roulston
Robert Glover
Daphne O'Donnell

Adam Takacs
Robert Bell
Robert Wilson

Mechanic

Rick Buxton

Building and Environmental Health Officer

Tim Jurmann
Phone : 9635 2700

Finance Officer

Hayley Byrnes

Gardeners

Clint Carter
Stan Wilkins
Steve Stokes

Community Emergency Services Manager

Daniel Birleson
Mobile : 0448 008 653

Pool Manager

Contract Aquatic Services

Ranger Services

Matthew Sharpe
Office: 9635 2700
Mobile: 0459 678 154

Town Planning Officer

Jacky Jurmann
Phone : 9635 2700

Transfer Station Attendants

Trillian Cole
Gary Coward

Early Learning Centre

Deanne Frear
Helen Ellis
Hendrina Jacobs

Cleaner

Cathy Winterswyk

Museum Officer

Michelle Samson

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

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

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

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

Telephone Number : (08) 9635 2700

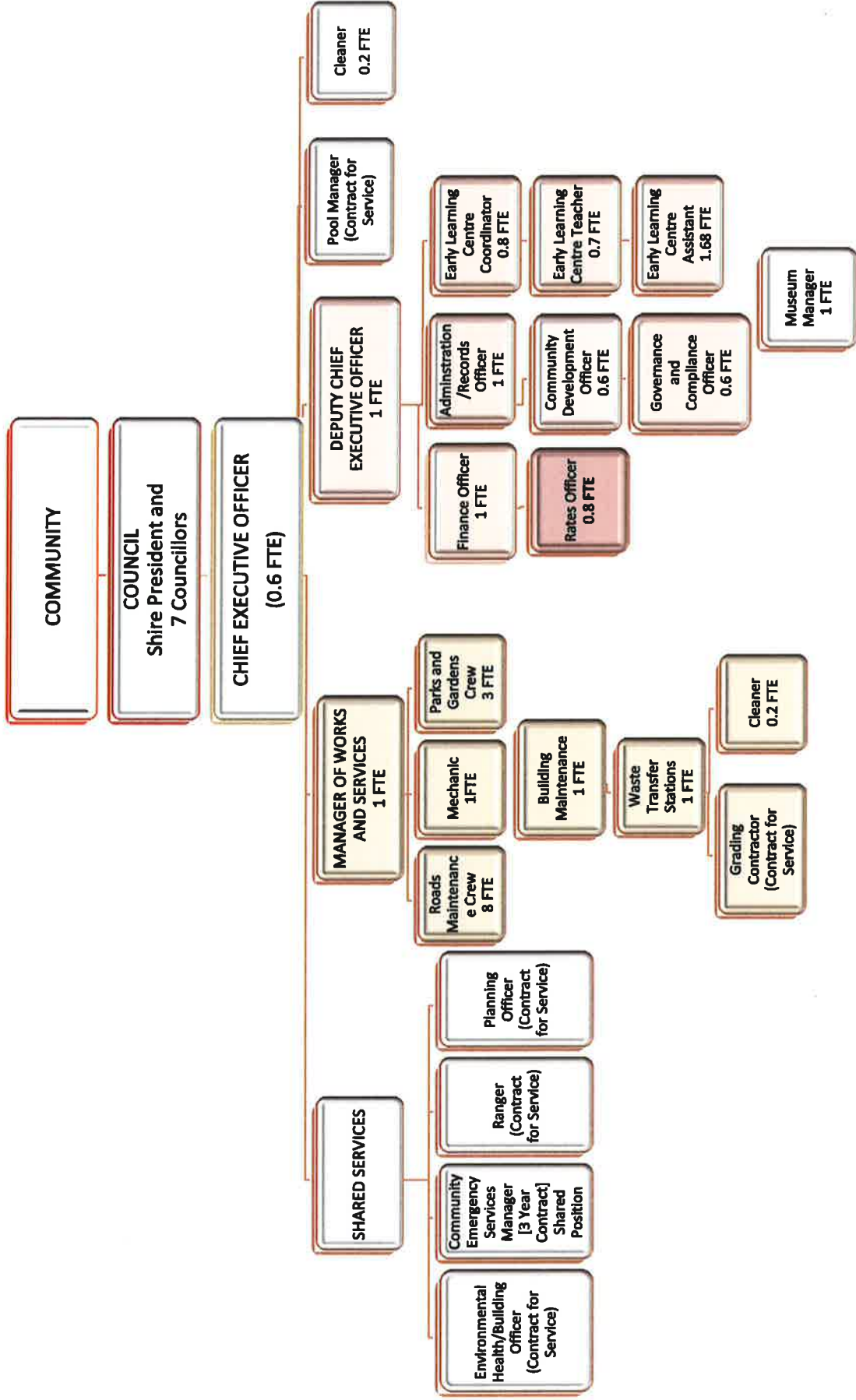
Facsimile Number : (08) 9635 1464

Emergencies : 0427 991 000

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

Website: www.cunderdin.wa.gov.au

ORGANISATIONAL STRUCTURE



**Councillor
Meeting
Attendance
2015/ 2016**



Councillor	No. of Meetings To Attend OCM's/SCM's	Attended	Non-Attendance	Apology/LOA
Cr Bernard Daly (term expires 19 October 2019)	9	8		1
Cr Clive Gisbone (term expires: 21 October 2017)	14	14		
Cr Alison Harris (term expires 21 October 2017)	9	9		
Cr Todd Harris (term expires 19 October 2019)	14	14		
Cr Terri Jasper (resigned October 2015)	4	3		1
Cr Dianne Kelly (term expires 19 October 2019)	14	11		3
Cr Doug Kelly (term expires 19 October 2019)	14	14		
Cr Norm Jenzen (term expires: 21 October 2017)	14	13		1
Cr Dennis Whisson (term expires: 21 October 2017)	14	14		

Plan for the Future – Integrated Strategic Planning (Strategic Community Plan and Corporate Business Plan)

The Shire of Cunderdin Strategic Community Plan, in compliance with s5.56 of the *Local Government Act 1995* was reviewed and adopted by Council in June 2016. Following amendments to the Act, local governments must develop and implement integrated strategic long term plans. These amendments were supported by the statewide introduction of the Integrated Planning and Reporting (IPR) Framework. This Framework was introduced to ensure the integration of community priorities into strategic planning for Councils.

The Strategic Community Plan (SCP) is the head document of the IPR framework and provides the longer term view (10 year plus timeframe) and sets out the vision, aspirations and objectives of the community. The Shire of Cunderdin's Strategic Community Plan 2013-2022 was adopted by Council in 2013. A desktop review was therefore due to be undertaken in 2015, with a full review by June 2017. The Department does not currently specify the requirements of a desktop review, and also does not require local governments to report back to it on completion of the review. However, a report to Council is required, in order to ensure that the review is formally documented. The review of the Plan developed in 2013 along with the full review to be conducted in 2017 will give indication as to whether the Shire has the ability to financially achieve the aims of the Plan through to 2022. We will continue to work with the Community and State and Federal Governments to achieve the objectives of the Plan.

The Corporate Business Plan (CBP) is responsible for translating the strategic direction of the Shire articulated within the SCP, into specific priorities and actions at an operational level. The CBP also draws together actions contained within the Long Term Financial Plan, Capital Works Programs and various informing strategies, and is reviewed annually in line with the budget process to ensure priorities are achievable and effectively timed. At the Ordinary Meeting of Council held 21 July 2016 Council adopted the Corporate Business Plan 2016-2020.

The Corporate Business Plan is due for a major review in mid-2017, as will the Strategic Community Plan, which will once again involve community consultation through workshops,



surveys and other feedback sessions. This process will allow this document to evolve with the community and continue to encapsulate our vision for the future.

The informing strategies, namely the Long Term Financial Plan, Workforce Plan and Asset Management Plan will also be reviewed at the same time. Notwithstanding the legislative nature of the framework, it makes good sense to plan for the future and seek community comment on its content.

At the request of Community members and stakeholders, new Actions were included in the Plan:-

S1.1.1. Build community capacity by developing and hosting events and community based activities. This has been assessed as a priority. Develop a Community Participation Plan and create a Calendar of Events.

S1.1.2. Assist community groups implement promotional strategies and grant applications for events and community activities.

S1.1.3. Improve meeting places for all ages, including aged and youth by providing multi-purpose facility.

S1.1.4. Develop and implement programs suitable for the youth and aged.

S1.2.1. Participate in a regional plan to facilitate and develop a regional health service and aged care facility.

S1.4.1. Review and implement the Local Emergency Management Plan and the Disability Access and Inclusion Plan in partnership with key stakeholders and the community review and update Shire documentation and the Shire website.

S1.5.1. Develop and implement an Aboriginal Engagement Strategy.

E2.1.1. Implement the Water Efficiency Management Plan (WEMP).
Review the WEMP (expired on 15.4.2016), cost initiatives and include costings in the LTFP:

- (a) Review discussions with CBH re harvesting stormwater from their site to the oval.
COMMENCED
- (b) Introduce water efficient toilets, taps and showerheads to the new sports building.
COMPLETED
- (c) Install large stormwater storage tanks to collect CBH stormwater run-off.
- (d) Undertake a hydrological study in relation to stormwater (road) run off – possible water harvesting project for reuse on the Oval.
COMPLETED – Grant of funding approved to build a dam on the adjoining land to CBH.

E2.1.3. Explore alternative energy sources for Council buildings and facilities.
Investigate the use of solar panels for the new sportsground pavilion, when completed.
COMPLETED

Investigate the use of solar panels for the Shire office building and the Cunderdin Swimming Pool complex. COMPLETED – PANELS INSTALLED

E2.3.2. Undertake research on local indigenous history, local cemeteries.
Preserve the places of interest including Cunderdin Hill and Bulgin Rock.

HF3.1.1. Participate in a regional plan to develop aged care.

- (a) Partner with the Western Australian Country Health Service (WACHS) and Southern Inland Health Initiative (SIHI) to investigate and facilitate the delivery of a future aged accommodation cluster. COMPLETED
- (b) Assist the Wheatbelt Development Commission (WDC) to prepare a regional aged accommodation study for the Wheatbelt Region. COMPLETED
- (c) Partner with aged care providers to develop ageing in place accommodation.

HF3.4.1. Facilitate the development of a new regional health centre in Cunderdin.
Partner with the Western Australian Country Health Service (WACHS) and Southern Inland Health Initiative (SIHI) for the provision of a pilot regional health centre in Cunderdin.
COMMENCED

ED4.4.1. Facilitate the development of the airport and surrounds.

Seek funding from RADS, private investors to implement the works, in order of priority, identified in the Cunderdin Airport Management Plan.
COMMENCED

IT5.3.1. Review roads, kerbs and footpaths for safety breaches (consider the use of gophers and wheelchairs utilising these facilities).

CL6.1.1. Governance Framework
Provide a fully integrated robust governance framework with annual reviews of the Shire's governance framework, policies, management practices, delegations, risk management framework and periodic reviews of the Code of Conduct and Local Laws. REVIEW
COMMENCED

CL6.1.2. Implement Service Plans and IT Plans.
(a) Prepare Business Continuity Plan and Business Continuity Management Framework.
(b) Prepare Information Technology Replacement Plan.
(c) Prepare IT Disaster Recovery Plan.

CL6.4.2. Strategic Community Plan – Community Consultation:

- (a) Undertake a major review of the Strategic Community Plan, including community consultation (every four years). TO BE CONDUCTED IN MID 2017
- (b) Long Term Financial Plan:
The Shire of Cunderdin prides itself on its financial management. Our strategic financial planning ensures that the services and capital projects delivered to our community are properly funded and resourced and reflects a value for money philosophy.

The Shire has in place a 10 year Long Term Financial Plan (LTFP) to guide our approach - aligning our financial, human and technical resources with our agreed strategic direction. It identifies and addresses future funding and cash-flow challenges and ensures proposals can be funded and delivered.

Annual Budget:

In addition to the Long Term Financial Plan, the Shire also prepares an annual budget. The annual budget is aligned with the direction identified in the Shire's Strategic Community Plan, is consistent with the Corporate Business Plan, and the financial parameters in the Long Term Financial Plan.

STRUCTURE OF CORPORATE BUSINESS PLAN 2014 TO 2017

The Corporate Business Plan is aligned to the Shire of Cunderdin Strategic Community Plan and, as such, is divided into six Key Themes. Each Key Theme is defined by an Aspirational Outcome and within each are Objectives and Strategic Initiatives. This structure is shown below:-



STRATEGIC DIRECTIONS

A number of key emergent themes and focus areas were identified as outlined below:-

<p>1. Social / Community Our community will have access to services and facilities to meet their changing needs and wellbeing, to grow and be strengthened through community participation and activities, developing a sense of collective ownership.</p>	<p>4. Economic Development Our local economy will thrive and prosper, taking advantage of our strategic transport position, developing employment and skills opportunities.</p>
<p>2. Environment Our community will display responsible stewardship of our natural resources, managing waste, conserving and protecting buildings and places of heritage and indigenous significance.</p>	<p>5. Infrastructure and Transport Our community will be proud of their assets, infrastructure and amenities which are well maintained.</p>
<p>3. Housing and Facilities Our communities will have choices as their housing needs change, and have access to a choice of facilities and services.</p>	<p>6. Civic Leadership Our community can be assured that we will undertake the civic duties of Council with the highest degree of ethics and sustainable, accountable governance.</p>



RISK MANAGEMENT

Introduction

Risk is the chance of an event occurring that will have an adverse effect on business objectives. It is managed in terms of likelihood and consequence, the resultant impact is then assessed in terms of risk mitigation.

Risk management is the process of identifying, analyzing and evaluating risk, and selecting the most advantageous method of mitigating the consequence.

Framework

The key components of the framework are:-

- **Risk Identification**

A number of methods can be used to identify risk including brainstorming sessions, workshops, council planning sessions and other councils.

- **Risk Analysis**

Risk is assessed in terms of consequence and likelihood. The consequence of an event is rated from almost certain to rare.

- **Risk Mitigation**

The next step in the process involves identifying a range of options for treating risks evaluating the options and developing additional controls for implementation.

The objective is not to eliminate all risk but rather to ensure that the risk is maintained at a tolerable level in a cost effective manner.

Risk Assessment Matrix

Likelihood	Risk Rating				
	Insignificant	Minor	Moderate	Major	Catastrophic
Rare	Low	Low	Moderate	Moderate	High
Unlikely	Low	Low	Moderate	Moderate	High
Possible	Low	Moderate	High	High	High
Likely	Moderate	Moderate	High	High	Extreme
Almost Certain	Moderate	High	High	VH	Extreme

Risk Rating	Action Required and Timing
Extreme	Immediate corrective action
High	Prioritised action required
Moderate	Planned action required
Low	Manage by routine procedures

Risk Summary and Treatment

The following table outlines the result of the evaluation against some key risks and details the recommended treatment for each risk.

Identification	Analysis	Evaluation	Mitigation
Employee Retention	Staff turnover is reasonably stable, however skilled and experienced staff have been in positions for a number of years.	Likelihood – Almost Certain Consequence – Major Rating - Extreme	<ul style="list-style-type: none"> • Ensure that salary and conditions are competitive and comparable to similar sized local governments. • Build and maintain a reputation as a progressive and diverse local government authority. • Sell the unique attributes that the Shire has to offer (eg: distance to Perth, major transport route) • Consider the outsourcing of vacant positions on a short term basis. • Review non-monetary work conditions.
Workforce Capability	Inability to retain and attract staff will result in a poorly skilled workforce.	Likelihood – Almost Certain Consequence – Major Rating – Extreme	<ul style="list-style-type: none"> • Review the feasibility of using employment services for payroll/creditors and similar operational activities. • Employ consultants on an as needs basis for technical and specialist work. (eg: Planning, Building and Health Services) • Review organisational structure with a view to eliminating reliance on specialist positions, for example an accounts officer could act as a senior finance officer with the support of a qualified finance consultant. • Establish resource sharing agreements with neighbouring shires.
Funding Opportunities	Funding not being available for new projects and other capital works	Likelihood – Likely Consequence – Moderate Rating - High	<ul style="list-style-type: none"> • Lobby Governments on need for funding. • Employ a consultant to assist in the sourcing of external funding. • Manage community expectations in relation to major projects. • Engage experienced practitioners to prepare funding submissions. • Investigate the option of private equity investment in projects.
Rating Capacity	Rate revenue is reduced through inability of some ratepayers to pay rates.	Likelihood – Likely Consequence – Moderate Rating - High	<ul style="list-style-type: none"> • Review income collection processes and methods to ensure there is maximum efficiency in recovering outstanding debt and that rating methodology is fair and equitable. • Budget for a realistic amount of bad debt.
Information Technology System	Failure of the data and computer systems to provide service	Likelihood – Possible Consequence – Major Rating – High	<ul style="list-style-type: none"> • Undertake a system review which highlights areas of potential failure. • Ensure staff are appropriately trained in the operation of systems. • Ensure data back-up protocols are appropriately and consistently followed. • Consider cloud technology and data storage offsite. • Some assets may require disposal.
Asset Management	The condition of Shire assets deteriorates to the level that assets may fail.	Likelihood – Possible Consequence – Major Rating – High	<ul style="list-style-type: none"> • Develop a future capital works program incorporating a whole of life costing model. • The level of service provided in the future is assessed in term of affordability. • Some assets may require disposal.

Risk Summary and Treatment

The following table outlines the result of the evaluation against some key risks and details the recommended treatment for each risk.

Identification	Analysis	Evaluation	Mitigation
Major Projects	Projects may be compromised due to poor quality management and planning.	Likelihood – Possible Consequence – Major Rating – High	<ul style="list-style-type: none"> • Develop in house project management skills. • Do whole of life costing on projects. • Manage future community expectations.
Local Government Reform	State Government enforces reform which negatively impacts the Shire	Likelihood – Possible Consequence – Major Rating – High	<ul style="list-style-type: none"> • Develop key relationships with neighbouring Shires to control how any reform will impact the Shire. • Lobby the state government to put forward the best interests of the community.
Health Services	There may be no health practitioner in the area which compromises the health of the community.	Likelihood – Possible Consequence – Major Rating – High	<ul style="list-style-type: none"> • Enter into discussions with the current GP and formulate a package of incentives which will attract future health professions to the region.
Bushfire	A bushfire may result in structural damage and loss of life.	Likelihood – Likely Consequence – Catastrophic Rating – Extreme	<ul style="list-style-type: none"> • Develop fire management plan for the shire • Ensure that Local Emergency Management Plan is relevant, accurate and continually reviewed.
Failure to protect staff	Poor systems and behaviour may result in an unsafe work environment.	Likelihood – Possible Consequence – Major Rating – High	<ul style="list-style-type: none"> • Incorporate administration OHS responsibility into Works Technical Officer position. • Ensure that senior management embraces, promotes and resources OHS activities.

Reporting and Evaluation

It is important for the Shire of Cunderdin to measure and monitor the progress in relation to goals, strategies and actions. This section outlines the reporting process that will be utilized by the local government for the CBP. If the Shire completes the outcomes indicated within the tables, then the community aspirations will be realised. By undertaking this reporting process, the Shire is able to identify the level of performance in terms of actions, budget and timeframe. This subsequently allows for the assessment and measurement of the Shire performance against the community's expectations.

GOVERNANCE AND RISK DELIVERY PLAN

Maintaining a high standard of corporate governance and legislative compliance.

Governance		Risk Management		Internal Service Delivery		Insurance	
Ref	Outcome	Ref	Outcome	Ref	Outcome	Ref	Outcome
1.1	Statutory reporting timeframes are met.	2.1	Strategic and Operational Risk are identified, assigned and reported on the Synergy Risk Register.	3.1	Council Committees are supported by skilled secretariats.	4.1	Accurate Insurance Schedule.
1.2	Council and Executive Policy Positions that are relevant and can be complied with.	2.2.	Risk Management embedded into the Shire's work flows with Strategic Risks being reported to Council in a timely manner.	3.2	Governance support that is responsive, accurate and legislatively compliant.	4.2	Reduction in avoidable reoccurring claims.
1.3	Delegations that are legislative compliance understood and complied with.	2.3	Approved workable Business Continuity Plans.	3.3	Elected member liaison and research requests are conducted in a confidential, responsive and accurate manner.	4.3	City is adequately insured for potential risks.
Strategic Context							
5. Civic Leadership							
To establish and maintain sound business and governance structure.		5. Civic Leadership		5. Civic Leadership		5. Civic Leadership	
Develop informed and transparent decision making processes.		To provide strong accountable leadership supported by a skilled and professional workforce.		To establish and maintain sound business and governance structure.		To establish and maintain sound business and governance structure.	
		Develop contemporary service delivery and staff development programs.		Develop structures and processes that engage the community.		Implement financial systems and controls that ensure the prudent use of rates.	

Statutory Reporting

Access and Inclusion

Community consultation workshops were held in Meckering and Cunderdin in April 2016 to oversee the review of the Shire's Disability Access and Inclusion Plan (DAIP) to ensure Council meets its obligations under the *Disability Services Act (WA) 2004*.

The purpose of the plan is to identify barriers to access and propose solutions to ensure that people with a disability have equality of access to services and facilities. The plan was reviewed and provided to the Disability Services Commission in May 2016 for the 2015/16 reporting period which demonstrated the Shire is meeting its obligations in implementing the plan.

At the Ordinary Meeting of Council held on 19 May 2016, Council endorsed the seven desired outcomes of the DAIP:-

Social inclusion

1. People with disability have the same rights and opportunities as other people to access the services of and any events organised by the Shire of Cunderdin.

Environmental planning and sustainability

2. People with disability have the same rights and opportunities as other people to access the buildings and other facilities of the Shire of Cunderdin.

Civic Leadership

3. People with disability receive information from the Shire of Cunderdin in a format that will enable them to access the information as readily as other people are able to access it.
4. People with disability receive the same level and quality of service as other people from the staff of the Shire of Cunderdin.
5. People with disability have the same rights and opportunities as other people to make complaints to the Shire of Cunderdin.
6. People with disability have the same rights and opportunities as people to participate in any public consultation by the Shire of Cunderdin.

Economic growth and development

7. People with disability have the same rights and opportunities as other people to obtain and maintain employment with the Shire of Cunderdin.

The Shire of Cunderdin has undertaken a number of initiatives to enhance access and inclusion during 2015/16 and has made some notable achievements in this area including:-

- Building a ramp to the front door of the Shire Offices;
- Installing automatic doors to the Shire Offices;
- Installing automatic doors to the Doctor's Surgery;
- Upgrading the main street to include disability parking bays, upgraded footpaths and easier angle parking;
- Cunderdin Sports and Recreation Facility has been designed in accordance with current building standards to include equal access by:-
 - Ensuring level access to all the buildings;
 - Providing ramps;
 - All areas are accessible for a wheelchair;
 - The ground from the building to the footpath is level; and
 - Separate accessible toilet facilities have been installed for men and women.

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 2015/16 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 2000*.

Ranger Services

Ranger Services are responsible for the administration and enforcement of a number of Acts and Local Laws. The Ranger is responsible for:

- Dog Complaints;
- Cat Complaints;
- Straying stock on roads. The Ranger continually monitors fences along roads and will issue notices to repair where necessary.
- Litter control; and
- Off Road Vehicles.
(Fees and charges are subject to change without prior notice).

The various Acts and Local Laws include:

- *Dog Act 1976*;
- Shire of Cunderdin Dog Local Law 2015;
- Shire of Cunderdin Animals, Environment and Nuisance Local Law 2016;
- *Litter Act 1979*;
- *Caravan & Camping Grounds Act 1995*;
- Control of Vehicles (Off Road Areas) Act 1978;
- *Local Government Act 1995*;
- Local Government (Miscellaneous Provisions) Act 1960; and
- Various Shire of Cunderdin Local Laws.

The Shire of Cunderdin's Ranger Services are provided by WA Contract Ranger Services - Matthew Sharpe on a part time basis, with visits to the Shire each fortnight.

Animal Control

Animal control forms a significant part of Ranger duties and in 2015/16 there were 14 dog complaints with 9 dogs impounded and 2 infringements issued; 7 cat complaints and 17 cats impounded; 3 stock control complaints, as well as 26 visits to properties to check dog and cat registrations. To reduce dog attacks, Rangers focused on reducing the overall level of unregistered dogs and irresponsible ownership. With the introduction of mandatory registration and microchipping this ensures that registered domesticated dogs and cats are returned to their owners.

Emergency Services

The Shire has established two Committees with a role in emergency management, the Local Emergency Management Committee (LEMC) under the *Emergency Management Act 2005*; and the Bush Fire Advisory Committee (BFAC) under the *Bush Fires Act 1954*.

The BFAC meets biannually and the LEMC meets quarterly. The Terms of Reference for both Committees are currently being developed.

Bush Fire Management

Ensuring property owners comply with the *Bush Fires Act 1954* has been a key area for Shire of Cunderdin staff. The Shire continues to work with property owners to ensure community safety.

Developing and maintaining key partnerships with volunteer organisations and State Government agencies such as the Department of Fire and Emergency Services and the Department of Parks and Wildlife allows the Shire to maximise resources to ensure the safety of the community.

The building of the new Meckering Fire Shed is a significant achievement in 2016. As is the purchase of the new Meckering Fire Truck in November 2016 and it is anticipated that volunteer numbers will increase as a result.

Audits, Reviews and Strategies

In compliance with the *Local Government Act 1995* and associated regulations, the Shire must appoint an Audit Committee and conduct annual financial audits.

In accordance with Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996, the CEO is to undertake reviews of the appropriateness and effectiveness of the Shire's financial management systems and procedures, and report the results to Council, at least once in every four financial years.

Such a review was completed in August 2014/15 and the report from this review was received by Council at the Ordinary Meeting of Council held 22 October 2014. The next review must be undertaken prior to the end of the 2017/18 financial year.

Freedom of Information Act 1992

The Shire of Cunderdin is subject to the provisions of the *Freedom of Information (FOI) Act 1992*, which gives individuals and organisations a general right of access to information held by the Shire. The Act also provides the right of appeal in relation to decisions made by the Shire to refuse access to information applied for under the Act.

The Shire did not receive any FOI applications in 2015/16.

In accordance with Section 96 and 97 of the Act, the Shire is required to publish an Information Statement which details the process of applying for information under the Act, as well as information that the Shire provides outside the Act.

Code of Conduct for Councillors, Committee Members and Employees

Section 5.103 of the *Local Government Act 1995* requires every Local Government to prepare or adopt a Code of Conduct (the Code) to be observed by Council members, committee members, volunteers and employees.

The Code provides Council Members, Committee Members and Employees with consistent guidelines for an acceptable standard of professional conduct. The Code addresses in a concise manner the broader issue of ethical responsibility and encourages greater transparency and accountability.

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 2015/16 there were no disclosures made under the Act.

Local Laws

The following Local Laws are available:

- Animals, Environment and Nuisance Local Law 2016;
- Cemetery Amendment Local Law 2016;
- Dogs Local Law 2015;
- Extractive Industries Local Law 2011;
- Health Local Law 2016;
- Parking Local Law 2010;
- Pest Plants Local Law 2015;
- Property Amendment Local Law 2016;
- Thoroughfares and Public Places Amendment Local Law 2016; and
- Waste and Operation of Waste Disposal Facilities Local Law 2010.

Disclosure of Annual Salaries

In accordance with Section 19B of the Local Government (Administration) Regulations 1996 set out below, in bands of \$10,000, is the number of employees of the Shire of Cunderdin entitled to an annual salary of \$100,000 or more:

The Shire of Cunderdin has for the 2015/16 financial year:

- Number of employees in the \$160,000 to \$169,999 Band: 1 (shared with the Shire of Tammin).



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Principal Place of Business:
Lot 50 Lundy Avenue
Cunderdin WA 6407

**SHIRE OF CUNDERDIN
FINANCIAL REPORT**

For the Year Ended 30 June 2016

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Cunderdin being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion, properly drawn up to present fairly the financial position of the Shire at 30 June 2015 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 22 day of March 2017.



Peter Naylor
Chief Executive Officer

SHIRE OF CUNDERDIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	23	1,779,965	1,813,465	1,681,310
Operating grants, subsidies and contributions	29	1,490,191	896,212	2,591,117
Fees and charges	28	367,073	264,556	282,950
Interest earnings	2(a)	59,414	36,875	47,998
Other revenue		9,519	16,500	67,737
		<u>3,706,162</u>	<u>3,027,608</u>	<u>4,671,112</u>
Expenses				
Employee costs		(1,734,772)	(1,624,571)	(1,326,528)
Materials and contracts		(1,323,426)	(1,469,446)	(1,376,534)
Utility charges		(242,525)	(232,412)	(242,218)
Depreciation on non-current assets	2(a)	(4,796,379)	(1,424,334)	(1,643,842)
Interest expenses	2(a)	(81,738)	(96,501)	(123,991)
Insurance expenses		(165,506)	(160,345)	(170,383)
Other expenditure		(68,709)	(77,515)	(124,228)
		<u>(8,413,055)</u>	<u>(5,085,124)</u>	<u>(5,007,724)</u>
		<u>(4,706,893)</u>	<u>(2,057,516)</u>	<u>(336,612)</u>
Non-operating grants, subsidies and contributions	29	1,492,692	1,028,080	1,542,837
Profit on asset disposals	21	0	3,000	9,968
Loss on asset disposals	21	(44,295)	0	(16,302)
		<u>1,448,397</u>	<u>1,031,080</u>	<u>1,536,503</u>
Net result		(3,258,496)	(1,026,436)	1,199,891
Other comprehensive income				
<i>Items that will not be reclassified sub sequentially to Profit or Loss</i>				
Changes on revaluation of non-current assets	13	0	0	73,098,492
Total other comprehensive income		<u>0</u>	<u>0</u>	<u>73,098,492</u>
Total comprehensive income		<u>(3,258,496)</u>	<u>(1,026,436)</u>	<u>74,298,383</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 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Governance	2(a)	2,029	0	0
General purpose funding		2,514,578	2,521,395	3,822,300
Law, order, public safety		396,784	52,172	62,102
Health		345	0	0
Education and welfare		75,711	62,650	72,732
Housing		26,276	22,880	21,222
Community amenities		146,551	137,264	164,514
Recreation and culture		265,155	29,289	92,729
Transport		159,073	146,360	127,510
Economic services		11,885	9,500	8,510
Other property and services		107,774	46,098	299,493
		<u>3,706,161</u>	<u>3,027,608</u>	<u>4,671,112</u>
Expenses				
Governance	2(a)	(105,327)	(199,344)	(118,761)
General purpose funding		(19,471)	(25,799)	(9,944)
Law, order, public safety		(117,444)	(135,541)	(112,965)
Health		(51,280)	(74,032)	(54,717)
Education and welfare		(141,161)	(144,050)	(116,649)
Housing		(74,400)	(86,906)	(78,419)
Community amenities		(523,436)	(590,882)	(482,407)
Recreation and culture		(1,547,748)	(915,557)	(981,019)
Transport		(4,995,581)	(2,316,848)	(1,780,242)
Economic services		(69,514)	(74,178)	(97,981)
Other property and services		(685,954)	(425,486)	(1,050,629)
		<u>(8,331,316)</u>	<u>(4,988,623)</u>	<u>(4,883,733)</u>
Finance costs				
Recreation and culture	2(a)	(66,423)	(78,283)	(99,786)
Transport		(714)	(1,864)	(3,150)
Other property and services		(14,601)	(16,354)	(21,055)
		<u>(81,738)</u>	<u>(96,501)</u>	<u>(123,991)</u>
Non-operating grants, subsidies and contributions				
Law, order, public safety		0	50,000	0
Education and welfare		409,091	0	55,859
Recreation and culture		97,496	75,947	891,906
Transport		986,105	902,133	587,478
Other property and services		0	0	7,594
		<u>1,492,692</u>	<u>1,028,080</u>	<u>1,542,837</u>
Profit/(Loss) on disposal of assets				
Governance		0	0	(13,729)
Law, order, public safety		(44,295)	0	0
Community amenities		0	3,000	0
Transport		0	0	7,395
	21	<u>(44,295)</u>	<u>3,000</u>	<u>(6,334)</u>
Net result		(3,258,496)	(1,026,436)	1,199,891
<i>Items that will not be reclassified sub sequentially to Profit or Loss</i>				
Other comprehensive income				
Changes on revaluation of non-current assets	13	0	0	73,098,492
Total other comprehensive income		<u>0</u>	<u>0</u>	<u>73,098,492</u>
Total comprehensive income		<u>(3,258,496)</u>	<u>(1,026,436)</u>	<u>74,298,383</u>

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

**SHIRE OF CUNDERDIN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016**

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,118,760	1,642,874
Trade and other receivables	5	627,475	451,947
Inventories	6	3,844	3,092
TOTAL CURRENT ASSETS		<u>1,750,079</u>	<u>2,097,913</u>
NON-CURRENT ASSETS			
Financial Assets	4	73,144	73,144
Property, plant and equipment	7	14,283,557	14,333,765
Infrastructure	8	110,606,336	113,535,210
TOTAL NON-CURRENT ASSETS		<u>124,963,037</u>	<u>127,942,119</u>
TOTAL ASSETS		<u>126,713,116</u>	<u>130,040,032</u>
CURRENT LIABILITIES			
Trade and other payables	9	425,123	328,193
Borrowings	10	66,374	191,189
Provisions	11	119,334	111,779
TOTAL CURRENT LIABILITIES		<u>610,831</u>	<u>631,161</u>
NON-CURRENT LIABILITIES			
Borrowings	10	1,380,878	1,447,253
Provisions	11	89,943	71,658
TOTAL NON-CURRENT LIABILITIES		<u>1,470,821</u>	<u>1,518,911</u>
TOTAL LIABILITIES		<u>2,081,652</u>	<u>2,150,072</u>
NET ASSETS		<u>124,631,464</u>	<u>127,889,960</u>
EQUITY			
Retained surplus		14,328,435	17,800,108
Reserves - cash/investment backed	12	775,227	562,050
Revaluation surplus	13	109,527,802	109,527,802
TOTAL EQUITY		<u>124,631,464</u>	<u>127,889,960</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 2016

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		15,995,334	1,166,933	36,429,310	53,591,577
Comprehensive income					
Net result		1,199,891	0	0	1,199,891
Changes on revaluation of non-current assets	13	0	0	73,098,492	73,098,492
Total comprehensive income		1,199,891	0	73,098,492	74,298,383
Transfers from/(to) reserves		604,883	(604,883)	0	0
Balance as at 30 June 2015		17,800,108	562,050	109,527,802	127,889,960
Comprehensive income					
Net result		(3,258,496)	0	0	(3,258,496)
Total comprehensive income		(3,258,496)	0	0	(3,258,496)
Transfers from/(to) reserves	12	(213,177)	213,177	0	0
Balance as at 30 June 2016		14,328,435	775,227	109,527,802	124,631,464

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 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,697,955	1,960,210	1,658,635
Operating grants, subsidies and contributions		1,315,025	1,154,017	2,591,117
Fees and charges		425,023	264,556	340,900
Interest earnings		59,414	36,875	47,998
Goods and services tax		483,713	95,924	497,375
Other revenue		9,519	16,500	67,737
		<u>3,990,649</u>	<u>3,528,082</u>	<u>5,203,762</u>
Payments				
Employee costs		(1,761,438)	(1,659,327)	(1,258,429)
Materials and contracts		(1,170,741)	(1,486,747)	(1,531,339)
Utility charges		(242,525)	(232,412)	(242,218)
Interest expenses		(85,739)	(105,548)	(130,374)
Insurance expenses		(165,506)	(160,345)	(170,383)
Goods and services tax		(460,015)	0	(460,015)
Other expenditure		(68,709)	(77,515)	(124,228)
		<u>(3,954,673)</u>	<u>(3,721,894)</u>	<u>(3,916,986)</u>
Net cash provided by (used in) operating activities	14(b)	<u>35,976</u>	<u>(193,812)</u>	<u>1,286,776</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(918,500)	(451,240)	(1,554,278)
Payments for construction of infrastructure		(1,108,091)	(1,079,676)	(1,751,039)
Non-operating grants, Subsidies and contributions		1,492,692	1,028,080	1,542,837
Proceeds from sale of fixed assets		165,000	163,000	117,207
Net cash provided by (used in) investment activities		<u>(368,899)</u>	<u>(339,836)</u>	<u>(1,645,273)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(191,189)	(191,189)	(392,319)
Net cash provided by (used in) financing activities		<u>(191,189)</u>	<u>(191,189)</u>	<u>(392,319)</u>
Net increase (decrease) in cash held		(524,112)	(724,837)	(750,816)
Cash and cash equivalents at beginning of year		1,642,874	1,590,325	2,393,691
Cash and cash equivalents at the end of the year	14(a)	<u>1,118,759</u>	<u>865,488</u>	<u>1,642,874</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 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Revenue				
Governance		2,029	0	0
General purpose funding		734,613	707,930	2,140,990
Law, order, public safety		396,784	102,172	62,102
Health		345	0	0
Education and welfare		484,802	62,650	72,732
Housing		26,276	22,880	21,222
Community amenities		146,551	140,264	164,514
Recreation and culture		362,651	105,236	92,729
Transport		1,145,178	1,048,493	134,905
Economic services		11,885	9,500	8,510
Other property and services		107,774	46,098	299,493
		<u>3,418,888</u>	<u>2,245,223</u>	<u>2,997,197</u>
Expenses				
Governance		(105,327)	(199,344)	(132,490)
General purpose funding		(19,471)	(25,799)	(9,944)
Law, order, public safety		(161,739)	(135,541)	(112,965)
Health		(51,280)	(74,032)	(54,717)
Education and welfare		(141,161)	(144,050)	(116,649)
Housing		(74,400)	(86,906)	(78,419)
Community amenities		(523,436)	(590,882)	(482,407)
Recreation and culture		(1,614,171)	(993,840)	(1,080,805)
Transport		(4,996,295)	(2,318,712)	(1,783,393)
Economic services		(69,514)	(74,178)	(97,981)
Other property and services		(700,555)	(441,840)	(1,071,684)
		<u>(8,457,349)</u>	<u>(5,085,124)</u>	<u>(5,021,454)</u>
Net result excluding rates		(5,038,461)	(2,839,901)	(2,024,257)
Adjustments for cash budget requirements:				
Non-cash expenditure and revenue				
(Profit)/Loss on asset disposals	21	44,295	(3,000)	6,334
Movement in employee benefit provisions		25,840	0	48,403
Depreciation and amortisation on assets	2(a)	4,796,379	1,424,334	1,643,842
Capital Expenditure and Revenue				
Purchase land and buildings	7(b)	(300,597)	0	(1,334,829)
Purchase plant & equipment	7(b)	(614,683)	(451,240)	(193,043)
Purchase furniture & equipment	7(b)	(3,220)	0	(26,406)
Construct roads	8(b)	(1,021,993)	(1,079,676)	(920,894)
Construct other infrastructure	8(b)	(86,098)	0	(830,145)
Contributions towards the development of assets		0	0	1,542,837
Proceeds from disposal of fixed assets	21	165,000	163,000	117,207
Repayment of debentures	22(a)	(191,189)	(191,189)	(392,319)
Transfers to reserves (restricted assets)	12	(223,177)	(23,875)	(24,117)
Transfers from reserves (restricted assets)	12	10,000	27,000	629,000
Surplus July 1 b/fwd	23(b)	1,207,671	1,248,927	1,284,748
Surplus June 30 c/fwd	23(b)	549,731	87,845	1,207,671
Total amount raised from general rate	23(a)	<u>(1,779,965)</u>	<u>(1,813,465)</u>	<u>(1,681,310)</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 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical accounting estimates

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

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

The local government reporting entity

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

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

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

(b) Goods and Services Tax (GST)

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

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

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

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

(c) Cash and Cash Equivalents

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

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

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land held for sale

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

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

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

(f) Fixed Assets

Infrastructure, Property, Plant and Equipment

Each class of fixed assets within the property, plant and equipment or infrastructure groupings, is carried at fair value, or for assets acquired / disposed of since revaluation date at cost, as indicated, less, where applicable, any accumulated depreciation and impairment losses.

Mandatory requirement to revalue non-current assets

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

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

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

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

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

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

Land under roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail. Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire.

**SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

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

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

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

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

Capitalisation threshold

Expenditure on items of equipment under \$1,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

Valuation Technique

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

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

(h) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

**SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

**SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Shire no longer has any significant continual Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(l) Borrowing Costs

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

(m) Provisions

Provisions are recognised when the Shire has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(n) Leases

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

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

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

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

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

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

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

(p) Interests in Joint Arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 17.

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil - The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect
(ii) AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	September 2012	1 January 2018	Nil - The revisions embodied in this Standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Shire (refer (i) above).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those parties it has dealings with. It may or may not be significant

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

SHIRE OF CUNDERDIN

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)
(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2019	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column. It is not anticipated it will have any significant impact on disclosures.
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations allowing it to be completely withdrawn. It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES

	2016	2015	
	\$	\$	
(a) Net Result			
The Net result includes:			
(i) Charging as an expense:			
Auditors remuneration			
- Audit of the annual financial report	17,502	19,502	
- Other services	1,000	2,600	
	18,502	22,102	
Depreciation			
Buildings	407,058	368,469	
Plant & Equipment	337,392	335,444	
Furniture & Equipment	14,965	17,866	
Roads	3,455,375	873,432	
Footpaths	8,788	8,506	
Airfield	334,067	39,447	
Other Infrastructure	238,734	678	
	4,796,379	1,643,842	
Interest expenses (finance costs)			
Debentures (refer Note 22 (a))	81,738	123,991	
	81,738	123,991	
(ii) Crediting as revenue:			
Other revenue			
Other	9,519	67,737	
	9,519	67,737	
	2016	2016	2015
	Actual	Budget	Actual
	\$	\$	\$
Interest earnings			
- Reserve funds	13,178	13,875	24,117
- Other funds	14,505	17,000	19,290
Other interest revenue (refer note 27)	31,731	6,000	4,591
	59,414	36,875	47,998

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

Our Shire will be:

A regional place that is progressive and will provide opportunities and offer a unique lifestyle, a sense of belonging,

A place that connects people,

A place that connects transport, and

A place that connects business.

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

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

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

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

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

EDUCATION AND WELFARE

Objective:

To provide child care services and facilities for aged persons.

Activities:

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

HOUSING

Objective:

To provide and maintain staff and rental housing.

Activities:

Maintenance of council owned rental properties for Council Employees and the local Doctor.

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

To establish and effectively manage infrastructure and resource which will help the social well-being of the community.

Activities:

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

TRANSPORT

Objective:

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

Activities:

Construction and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

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

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions	Opening		Expended ⁽³⁾		Closing		Expended ⁽³⁾	Closing Balance 30/06/16
	Balance ⁽¹⁾ 1/07/14	Received ⁽²⁾ 2014/15	2014/15	30/06/15	Received ⁽²⁾ 2015/16	2015/16		
Grant/Contribution	Function/Activity	\$	\$	\$	\$	\$	\$	\$
Department of Youth	Recreation Law, Order	10,000	10,000	0	20,000	0	(20,000)	0
DFES - Aware Grant	Public Safety	18,114	0	0	18,114	0	0	18,114
Dept of Health - Aged Appropriate Accommodation Project	Education & Welfare	0	0	0	0	272,727	0	272,727
DFES - Prepaid BFB Grant		0	0	0	0	8,250	0	8,250
Total		28,114	10,000	0	38,114	280,977	(20,000)	299,091

Notes:

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

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		44,443	1,042,711
Restricted		1,074,317	600,163
		<u>1,118,760</u>	<u>1,642,874</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Staff Entitlements Reserve	12	158,854	155,215
Plant Reserve	12	142,618	80,726
Building Reserve	12	6,545	6,395
Aerodrome Reserve	12	102,815	100,460
Community Bus Reserve	12	18,152	27,507
Asset Replacement Reserve	12	336,242	191,746
Cunderdin Museum Reserve	12	10,000	0
Unspent grants	2(c)	299,091	38,114
		<u>1,074,317</u>	<u>600,163</u>
4. FINANCIAL ASSETS			
Non-current			
Investments in WALGA Local Government House Trust*			
- Fair Value		70,968	70,968
		<u>70,968</u>	<u>70,968</u>
Co-op Shares at:			
- Cost		2,176	2,176
		<u>2,176</u>	<u>2,176</u>
		<u>73,144</u>	<u>73,144</u>
* This note discloses the equity the Shire has in the Local Government House Trust as a consequence of a contribution towards the cost of purchasing Local Government House. The Total contribution by all Councils towards the cost of the building was \$582,000. There are 620 units in the Local Government House Unit Trust, 4 of which are held by the Shire of Cunderdin.			
5. TRADE AND OTHER RECEIVABLES			
Current			
Rates outstanding		249,987	167,977
Sundry debtors		333,245	225,215
GST receivable		35,057	58,755
Accrued Income		9,186	0
		<u>627,475</u>	<u>451,947</u>
6. INVENTORIES			
Current			
Fuel and materials		3,844	3,092
		<u>3,844</u>	<u>3,092</u>

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
7 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Freehold land at:		
- Independent valuation 2014	1,362,000	1,512,000
	1,362,000	1,512,000
Buildings at:		
- Independent valuation 2014	21,497,000	21,497,000
- Additions after valuation - cost	4,950,151	4,649,554
Less: accumulated depreciation	(15,124,526)	(14,717,469)
	11,322,625	11,429,085
Total land and buildings	12,684,625	12,941,085
Plant & Equipment at:		
- Independent valuation 2014	1,363,500	1,446,500
- Additions after valuation - cost	807,726	193,043
Less accumulated depreciation	(627,672)	(313,985)
	1,543,554	1,325,558
Furniture & Equipment at:		
- Management valuation 2015	345,170	345,170
- Additions after valuation - cost	3,220	0
Less accumulated depreciation	(293,012)	(278,048)
	55,378	67,122
	14,283,557	14,333,765

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Freehold land	1,512,000	0	(150,000)	0	0	0	0	1,362,000
Total land	1,512,000	0	(150,000)	0	0	0	0	1,362,000
Buildings	11,429,085	300,597	0	0	0	(407,057)	0	11,322,625
Total buildings	11,429,085	300,597	0	0	0	(407,057)	0	11,322,625
Total land and buildings	12,941,085	300,597	(150,000)	0	0	(407,057)	0	12,684,625
Plant & Equipment	1,325,558	614,683	(59,295)	0	0	(337,392)	0	1,543,554
Furniture & Equipment	67,122	3,220	0	0	0	(14,964)	0	55,378
Total property, plant and equipment	14,333,765	918,500	(209,295)	0	0	(759,413)	0	14,283,557

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

8 (a). INFRASTRUCTURE	2016 \$	2015 \$
Roads		
- Independent valuation 2015	140,332,088	140,332,088
- Additions after valuation - cost	1,021,993	0
Less accumulated depreciation	<u>(40,130,426)</u>	<u>(36,675,051)</u>
	101,223,655	103,657,037
		-2,433,382
Footpaths		
- Independent valuation 2015	644,675	644,675
Less accumulated depreciation	<u>(289,291)</u>	<u>(280,502)</u>
	355,384	364,173
		-8,789
Airfield		
- Independent valuation 2015	16,896,000	16,896,000
Less accumulated depreciation	<u>(11,871,067)</u>	<u>(11,537,000)</u>
	5,024,933	5,359,000
		-334,067
Other Infrastructure		
- Independent valuation 2015	6,075,000	6,075,000
- Cost	86,098	0
Less accumulated depreciation	<u>(2,158,734)</u>	<u>(1,920,000)</u>
	4,002,364	4,155,000
	110,606,336	113,535,210
		-152,636

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

8. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of the Year \$
Roads	103,657,037	1,021,993	0	0	0	(3,455,375)	0	101,223,655
Footpaths	364,173	0	0	0	0	(8,789)	0	355,384
Airfield	5,359,000	0	0	0	0	(334,067)	0	5,024,933
Other Infrastructure	4,155,000	86,098	0	0	0	(238,734)	0	4,002,364
Total infrastructure	113,535,210	1,108,091	0	0	0	(4,036,965)	0	110,606,336

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	325,174	192,680
Accrued interest on debentures	18,663	22,664
Accrued salaries and wages	6,559	44,891
Payroll liabilities	46,612	60,786
Other Liabilities	19,865	7,172
Income Received in advance	8,250	0
	425,123	328,193
10. BORROWINGS		
Current		
Secured by floating charge		
Debentures	66,374	191,189
	66,374	191,189
Non-current		
Secured by floating charge		
Debentures	1,380,878	1,447,253
	1,380,878	1,447,253
Additional detail on borrowings is provided in Note 22.		
11. PROVISIONS		
Current		
Annual Leave	105,847	98,907
Long Service Leave	13,487	12,872
	119,334	111,779
Non-current		
Long Service Leave	89,943	71,658
	89,943	71,658

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016 \$	2016 Budget \$	2015 \$
12. RESERVES - CASH/INVESTMENT BACKED			
(a) Staff Entitlements Reserve			
Opening balance	155,215	155,215	148,555
Amount set aside / transfer to reserve	3,639	3,832	6,660
Amount used / transfer from reserve	0	0	0
	<u>158,854</u>	<u>159,047</u>	<u>155,215</u>
(b) Plant Reserve			
Opening balance	80,726	80,726	136,262
Amount set aside / transfer to reserve	61,892	1,993	3,464
Amount used / transfer from reserve	0	0	(59,000)
	<u>142,618</u>	<u>82,719</u>	<u>80,726</u>
(c) Building Reserve			
Opening balance	6,395	6,395	426,121
Amount set aside / transfer to reserve	150	158	274
Amount used / transfer from reserve	0	0	(420,000)
	<u>6,545</u>	<u>6,553</u>	<u>6,395</u>
(d) Aerodrome Reserve			
Opening balance	100,460	100,460	96,149
Amount set aside / transfer to reserve	2,355	2,480	4,311
Amount used / transfer from reserve	0	0	0
	<u>102,815</u>	<u>102,940</u>	<u>100,460</u>
(e) Community Bus Reserve			
Opening balance	27,507	27,507	26,327
Amount set aside / transfer to reserve	645	679	1,180
Amount used / transfer from reserve	(10,000)	(27,000)	0
	<u>18,152</u>	<u>1,186</u>	<u>27,507</u>
(f) Asset Replacement Reserve			
Opening balance	191,746	191,746	333,518
Amount set aside / transfer to reserve	144,496	4,733	8,228
Amount used / transfer from reserve	0	0	(150,000)
	<u>336,242</u>	<u>196,479</u>	<u>191,746</u>
(g) Cunderdin Museum Reserve			
Opening balance	0	0	0
Amount set aside / transfer to reserve	10,000	10,000	0
Amount used / transfer from reserve	0	0	0
	<u>10,000</u>	<u>10,000</u>	<u>0</u>
TOTAL RESERVES	<u>775,226</u>	<u>558,924</u>	<u>562,049</u>
Total Opening balance	562,049	562,049	1,166,932
Total Amount set aside / transfer to reserve	223,177	23,875	24,117
Total Amount used / transfer from reserve	(10,000)	(27,000)	(629,000)
TOTAL RESERVES	<u>775,226</u>	<u>558,924</u>	<u>562,049</u>

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

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

12. RESERVES - CASH/INVESTMENT BACKED (CONTINUED)

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

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

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

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

13. REVALUATION SURPLUS	2016	2015
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land		
Opening balance	1,128,891	1,128,891
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>1,128,891</u>	<u>1,128,891</u>
(b) Buildings		
Opening balance	4,400,457	4,400,457
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>4,400,457</u>	<u>4,400,457</u>
(c) Plant & Equipment		
Opening balance	773,264	773,264
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>773,264</u>	<u>773,264</u>
(d) Roads		
Opening balance	95,187,091	30,126,698
Revaluation increment	0	65,060,393
Revaluation decrement	0	0
	<u>95,187,091</u>	<u>95,187,091</u>
(e) Footpaths		
Opening balance	26,804	0
Revaluation increment	0	26,804
Revaluation decrement	0	0
	<u>26,804</u>	<u>26,804</u>
TOTAL ASSET REVALUATION SURPLUS	<u>109,527,802</u>	<u>109,527,802</u>
Summary of Revaluation Surplus		
Total Opening Balances	109,527,802	36,429,310
Revaluation Increases	0	73,098,492
Revaluation Decreases	0	0
Total Closing Balances	<u>109,527,802</u>	<u>109,527,802</u>

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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:

	2016 \$	2016 Budget \$	2015 \$
Cash and cash equivalents	<u>1,118,760</u>	<u>865,488</u>	<u>1,642,874</u>

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

Net result	(3,258,496)	(1,026,436)	1,199,891
Non-cash flows in Net result:			
Depreciation	4,796,379	1,424,334	1,643,842
(Profit)/Loss on sale of asset	44,295	(3,000)	6,334
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(175,528)	500,474	72,635
(Increase)/Decrease in inventories	(752)	10,000	12,972
Increase/(Decrease) in payables	96,930	(71,104)	(154,464)
Increase/(Decrease) in provisions	25,840	0	48,403
Grants contributions for the development of assets	<u>(1,492,692)</u>	<u>(1,028,080)</u>	<u>(1,542,837)</u>
Net cash from operating activities	<u>35,976</u>	<u>(193,812)</u>	<u>1,286,776</u>

	2016 \$	2015 \$
(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	0	0
Total amount of credit unused	<u>10,000</u>	<u>10,000</u>
Loan facilities		
Loan facilities - current	66,374	191,189
Loan facilities - non-current	<u>1,380,878</u>	<u>1,447,253</u>
Total facilities in use at balance date	<u>1,447,252</u>	<u>1,638,442</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

**SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

15. CONTINGENT LIABILITIES

The Shire is not aware of any contingent liabilities as at 30 June 2016.

16. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

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

(b) Capital Expenditure Commitments

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

17. JOINT VENTURE ARRANGEMENTS

The Shire 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 2016 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

	2016	2015
	\$	\$
Governance	240,000	244,999
Law, order, public safety	132,223	88,000
Health	627,483	648,283
Education and welfare	160,947	164,496
Housing	1,036,600	1,063,300
Community amenities	348,634	346,865
Recreation and culture	11,033,251	11,260,512
Transport	109,909,850	112,517,101
Other property and services	1,861,720	2,194,068
Unallocated	1,362,408	1,512,408
	<u>126,713,116</u>	<u>130,040,032</u>

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015	2014
19. FINANCIAL RATIOS			
Current ratio	1.50	3.15	2.50
Asset sustainability ratio	0.21	2.01	2.89
Debt service cover ratio	0.47	2.76	0.13
Operating surplus ratio	(2.14)	(0.16)	(0.76)
Own source revenue coverage ratio	0.26	0.42	0.45

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

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

	2016	2015	2014
Asset consumption ratio	0.64	0.66	0.62
Asset renewal funding ratio	0.41	0.38	0.41

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

**SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

20. TRUST FUNDS

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

	Balance 1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2016 \$
Working Trust	7,602	299	(480)	7,421
REBA Trust	5,764	937	(763)	5,938
Community Centre Trust	21,181	100,052	(109,039)	12,194
Community Centre Term Deposit	496,641	13,608	(100,000)	410,249
	<u>531,188</u>			<u>435,802</u>

21. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Law, Order & Public Safety						
Meckering Fire truck	59,295	0	15,000	0	(44,295)	0
Community amenities						
Community Bus	0	10,000	0	13,000	0	3,000
Land						
Other property and services						
Land Sale to CBH	150,000	150,000	150,000	150,000	0	0
	<u>209,295</u>	<u>160,000</u>	<u>165,000</u>	<u>163,000</u>	<u>(44,295)</u>	<u>3,000</u>

Profit	0	3,000
Loss	(44,295)	0
	<u>(44,295)</u>	<u>3,000</u>

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Loan No	Principal 1 July 2015 \$	New Loans \$	Principal Repayments		Principal 30 June 2016		Interest Repayments	
				Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation and culture									
Swimming pool	67	39,431	0	39,431	39,431	0	0	1,090	1,834
Community Recreation Centre	76	1,277,041	0	51,783	51,783	1,225,258	1,225,258	65,333	76,449
Transport									
Works depot	66	37,393	0	37,393	37,393	0	0	714	1,864
Other Property & Services									
Ettamogah Hotel	68	39,998		39,998	39,998	0	0	498	1,402
Ettamogah Hotel	73	144,012	0	13,285	13,285	130,727	130,727	8,338	8,839
Ettamogah Hotel	74	100,567	0	9,299	9,299	91,268	91,268	5,765	6,113
		1,638,442	0	191,189	191,189	1,447,253	1,447,253	81,738	96,501

(*) Self-supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2015/16

The Shire did not take up any new debentures during the year ended 30 June 2016.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2016.

(d) Overdraft

The Shire does not have an overdraft facility.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

23. RATING INFORMATION - 2015/16 FINANCIAL YEAR

(a) Rates	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
RATE TYPE											
Differential general rate / general rate											
Gross rental value valuations											
Townsite	0.0928	378	4,538,251	385,244	0	0	385,244	391,019	0	0	391,019
Unimproved value valuations											
Rural	0.0094	506	137,322,900	1,263,722	0	0	1,263,722	1,292,937	0	0	1,292,937
Mining	0.0094	0	0	0	0	0	0	0	0	0	0
Sub-Totals		884	141,861,151	1,648,966	0	0	1,648,966	1,683,956	0	0	1,683,956
Minimum payment	Minimum \$										
Gross rental value valuations											
Townsite	611	127	319,418	77,597	0	0	77,597	77,597	0	0	77,597
Unimproved value valuations											
Rural	611	64	1,841,500	39,104	0	0	39,104	39,104	0	0	39,104
Mining	611	1	17,928	611	0	0	611	1,222	0	0	1,222
Sub-Totals		192	2,178,846	117,312	0	0	117,312	117,923	0	0	117,923
Ex-gratia rates											
Discounts/concessions (refer note 26)							1,766,278				1,801,879
Total amount raised from general rate							13,687				11,586
Specified Area Rate (refer note 24)							0				0
Totals							1,779,965				1,813,465
							0				0
							1,779,965				1,813,465

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

23. RATING INFORMATION - 2015/16 FINANCIAL YEAR (Continued)

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

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus/(Deficit) 1 July 15 brought forward	<u>549,731</u>	<u>1,207,671</u>	<u>1,207,671</u>
<u>Comprises:</u>			
Cash and cash equivalents			
Unrestricted	44,443	1,042,711	1,042,711
Restricted	1,074,317	600,163	600,163
Receivables			
Rates outstanding	249,987	167,977	167,977
Sundry debtors	333,245	225,215	225,215
GST receivable	35,057	58,755	58,755
Accrued Income	9,186	0	0
Inventories			
Fuel and materials	3,844	3,092	3,092
<u>Less:</u>			
Trade and other payables			
Sundry creditors	(325,174)	(192,680)	(192,680)
Accrued interest on debentures	(18,663)	(22,664)	(22,664)
Accrued salaries and wages	(6,559)	(44,891)	(44,891)
Payroll liabilities	(46,612)	(60,786)	(60,786)
Other Liabilities	(19,865)	(7,172)	(7,172)
Income Received in advance	(8,250)	0	0
Borrowings			
Secured by floating charge	(66,374)	(191,189)	(191,189)
Provisions			
Provision for annual leave	(105,847)	(98,907)	(98,907)
Provision for long service leave	(13,487)	(12,872)	(12,872)
Net current assets	<u>1,139,248</u>	<u>1,466,752</u>	<u>1,466,752</u>
<u>Less:</u>			
Reserves - restricted cash	(775,225)	(562,049)	(562,049)
<u>Add:</u>			
Secured by floating charge	66,374	191,189	191,189
Provision for employees cash backed	119,334	111,779	111,779
Surplus/(deficit)	<u>549,731</u>	<u>1,207,671</u>	<u>1,207,671</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

24. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

25. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire did not impose any service charges.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2015/16 FINANCIAL YEAR**

Council did not offer a discount on rates.

27. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	11.00%	0	27,493	4,000
Interest on instalments plan	2.50%	0	4,238	2,000
Charges on instalment plan		7.50	7,069	2,500
			38,800	8,500

28. FEES & CHARGES	2016	2015
	\$	\$
General purpose funding	5,680	7,848
Law, order, public safety	2,242	2,674
Health	345	0
Education and welfare	22,004	18,611
Housing	26,275	20,022
Community amenities	146,552	164,514
Recreation and culture	104,399	14,187
Transport	51,273	28,310
Economic services	6,739	7,034
Other property and services	1,564	19,750
	<u>367,073</u>	<u>282,950</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 2016

29. GRANT REVENUE

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

	2016	2015
	\$	\$
By Nature or Type:		
Operating grants, subsidies and contributions	1,490,191	2,591,117
Non-operating grants, subsidies and contributions	1,492,692	1,542,837
	<u>2,982,883</u>	<u>4,133,954</u>
By Program:		
Governance	2,029	0
General purpose funding	662,449	2,085,143
Law, order, public safety	394,543	59,428
Education and welfare	462,799	109,980
Recreation and culture	258,252	959,057
Transport	1,093,906	686,678
Economic services	5,146	1,477
Other property and services	103,759	232,191
	<u>2,982,883</u>	<u>4,133,954</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>24</u>	<u>24</u>
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31. ELECTED MEMBERS REMUNERATION

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

	2016	2016	2015
	\$	Budget	\$
		\$	
Meeting Fees	25,607	25,215	21,510
President's allowance	1,474	1,500	0
Travelling expenses	132	0	0
	<u>27,213</u>	<u>26,715</u>	<u>21,510</u>

32. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2015/16.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

34. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2016 \$	2015 \$	2016 \$	2015 \$
Financial assets				
Cash and cash equivalents	1,118,760	1,642,874	1,118,760	1,642,874
Financial Assets	73,144	73,144	73,144	73,144
Receivables	627,475	451,947	627,475	451,947
	<u>1,819,379</u>	<u>2,167,965</u>	<u>1,819,379</u>	<u>2,167,965</u>
Financial liabilities				
Payables	425,123	328,193	445,374	328,193
Borrowings	1,447,252	1,638,442	1,090,514	1,244,035
	<u>1,872,375</u>	<u>1,966,635</u>	<u>1,535,888</u>	<u>1,572,228</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

**SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

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

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

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

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

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

	2016	2015
	\$	\$
Impact of a 10% ⁽¹⁾ movement in price of financial assets		
- Equity	7,314	7,314
- Statement of Comprehensive Income	7,314	7,314
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	11,188	16,429
- Statement of Comprehensive Income	11,188	16,429

Notes:

⁽¹⁾ 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 2016**

34. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2016	2015
Percentage of rates and annual charges		
- Current	45%	0%
- Overdue	55%	100%
Percentage of other receivables		
- Current	89%	96%
- Overdue	11%	4%

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

34. FINANCIAL RISK MANAGEMENT (Continued)
(c) Payables
Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire 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 the Shire's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
	<u>2016</u>				
Payables	425,123	0	0	425,123	425,123
Borrowings	143,425	573,699	1,470,397	2,187,521	1,447,252
	<u>568,548</u>	<u>573,699</u>	<u>1,470,397</u>	<u>2,612,644</u>	<u>1,872,375</u>
	<u>2015</u>				
Payables	328,193	0	0	328,193	328,193
Borrowings	277,210	573,699	1,613,823	2,464,732	1,638,442
	<u>605,403</u>	<u>573,699</u>	<u>1,613,823</u>	<u>2,792,925</u>	<u>1,966,635</u>

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year ended 30 June 2016								
Borrowings								
Fixed rate								
Debtentures	0	0	0	0	0	(1,447,253)	(1,447,253)	5.91%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	0.00%	0.00%	5.91%		
Year ended 30 June 2015								
Borrowings								
Fixed rate								
Debtentures	(116,822)	0	0	0	0	(1,521,620)	(1,638,442)	5.48%
Weighted average Effective interest rate	6.60%	5.55%	0.00%	0.00%	0.00%	5.39%		

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

35. FAIR VALUE MEASUREMENTS

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

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

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

Recurring Fair Value Measurements

	30-Jun-16			Total
	Level 1	Level 2	Level 3	
Land		955,000	407,000	1,362,000
Buildings		983,540	10,339,085	11,322,625
Furniture and Equipment		55,378	0	55,378
Plant and Equipment		1,543,554	0	1,543,554
Infrastructure		0	110,606,336	110,606,336
	<u>0</u>	<u>3,537,472</u>	<u>121,352,421</u>	<u>124,889,893</u>

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

(a) Transfers Policy

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

(b) Highest and Best Use

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

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

35. FAIR VALUE MEASUREMENTS (Continued)

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

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

Asset Class	Level of Valuation Input	Fair Value at 30 June 2016	Valuation Technique(s)	Inputs Used
Land	2	955,000	Market Approach	Price per square metre
	3	407,000	Cost Approach	Price per square metre
Buildings	2	983,540	Market Approach	Price per square metre
	3	10,339,085	Cost Approach	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount
Furniture and Equipment	2	55,378	Market Approach	Make, size, year of manufacture and condition.
Plant and Equipment	2	1,543,554	Market Approach	Make, size, year of manufacture and condition.
Infrastructure - Roads, footpaths, airfield and other infrastructure	3	110,606,336	Cost Approach	Cost of components used to create the assets and condition based on estimates
Total		<u>124,889,893</u>		

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

35. FAIR VALUE MEASUREMENTS (Continued)

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

Recurring fair value measurements

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

Land

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

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

Buildings

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

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

Furniture and Equipment

The Shire acquires its furniture and equipment at arm's length from approved suppliers. These acquisitions are recorded at cost; any accumulated depreciation reflects the usage of service potential.

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

Plant and Equipment

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

Infrastructure

The shire's infrastructure assets are considered to be of a "specialised nature" (non - market type properties which are not readily traded in the market place), such assets valued by a professionally qualified registered valuer using the cost approach.

SHIRE OF CUNDERDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

35. FAIR VALUE MEASUREMENTS (Continued)

(d) Valuation Processes

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

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

As at 30 June 2015 a comprehensive revaluation was undertaken by Griffin Valuation Advisory and Talis Consultants, for the following non-current asset classes:

- Roads
- Footpaths
- Airfield
- Other infrastructure

36 EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after the reporting period that is required to be included in the 2015/16 Annual Financial Report.

INDEPENDENT AUDITOR'S REPORT

TO: RATEPAYERS OF SHIRE OF CUNDERDIN

We have audited the financial report of the Shire of Cunderdin, which comprises the Statement of Financial Position as at 30 June 2016 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 have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.



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 2016 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, no other 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 noted during the course of our audit:

Submission of Annual Financial Report

The accounts and annual financial report for the year ended 30 June 2016 were not submitted to the auditor by 30 September 2016 as required by Section 6.4(3) of the Local Government Act 1995.

- (c) In relation to the asset consumption ratio and asset renewal funding ratio (presented at Note 19 of the annual financial report) we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - (i) reasonably calculated; and
 - (ii) based on verifiable information.
- (d) All necessary information and explanations were obtained by us.
- (e) All audit procedures were satisfactorily completed in conducting our audit.



Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of Shire of Cunderdin for the year ended 30 June 2016 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 16th DAY OF MARCH 2017.**



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