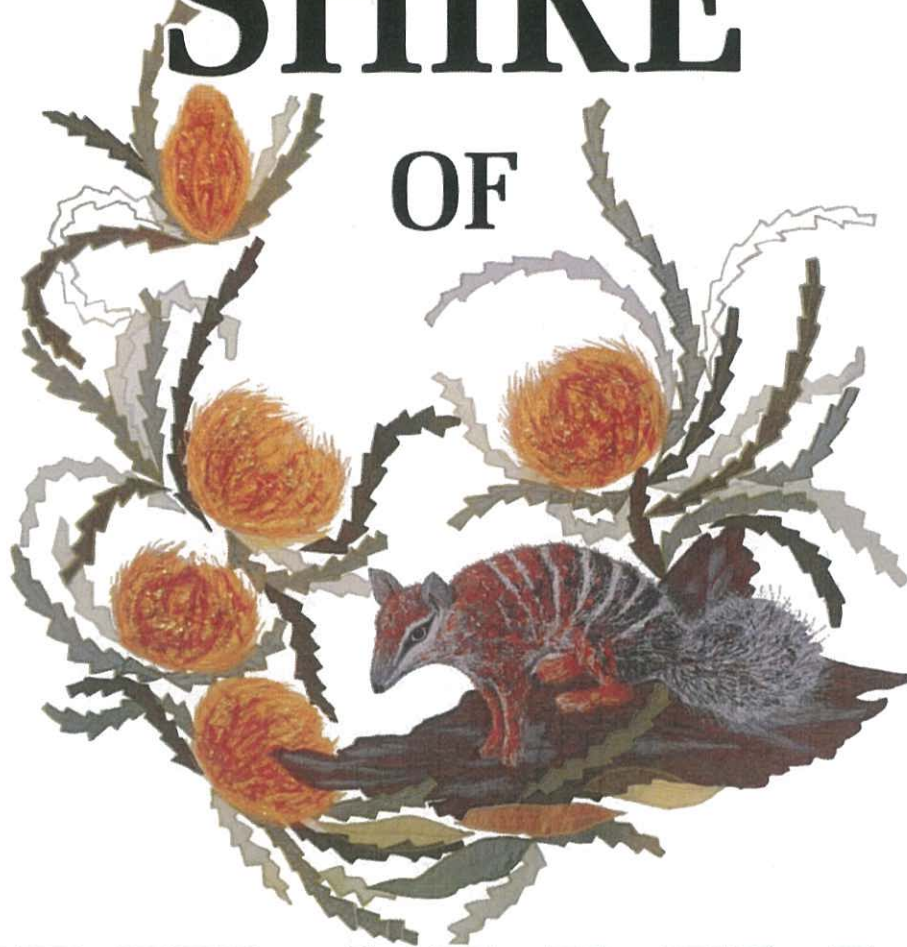


# SHIRE OF CUBALLING



## DRAFT ANNUAL REPORT 2015/16

Adopted by Council:

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## INTRODUCTION

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Council is pleased to present the Annual Report of the Shire of Cuballing for the Financial Year ending 30 June 2016. The report is prepared in accordance with the requirements of Section 5.53 of the Local Government Act 1995, relevant standards and Regulations.

Council is required to, in its Annual Report, include more on its operations and activities and it is hoped that you will find the information of interest.

Copies of the report are available at the Shire Offices in Campbell Street, Cuballing. Council welcomes any comment from ratepayers and residents of the Shire.

## MISSION STATEMENT

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A progressive, diverse and caring community, with access to modern services and infrastructure, in a unique part of the world.

# SHIRE PRESIDENTS REPORT

## PERIOD ENDING 30<sup>TH</sup> JUNE 2016

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The 2015/16 financial years once again has been a rewarding and successful year.

The Shire of Cuballing finances remain strong and we continue to provide and expand where possible services for our community. A state government initiative recently introduced the “my council” website which compares financial statistics of all local governments across the state. Although I caution against reading too much into the results and question the relevance of some measures, in general, the Shire of Cuballing results were outstanding. I encourage you to check it out.

The year began with lively debate over a proposed regional waste site on Nebrikinning Road. Although many would have tired from my continual reference to Council’s need to follow a process, it was this process that allowed robust scrutiny of the project in a fair and equitable manner for both the proponents and those opposed to the development. As you would expect the discussions were passionate and bruising at times, however the project was abandoned after the Great Southern Regional Waste Group withdrew their development application towards the end of 2015.

The Shire of Cuballing’s intent to improve recycling and improve waste management has seen the construction of a transfer station at Cuballing, a proposed transfer station in Popanyinning and kerbside collection contract awarded to begin in August 2016. These improved services are significant initiatives that will increase recycling rates and reduce waste destined to landfill.

Some of our other achievements during the year included:

The completion of the Equestrian Centre Clubrooms and a new showjumping arena,

support for the Department of Parks and Wildlife in their bid to have Dryandra become a National Park,

completion of our Local Emergency Management Plan in conjunction with the Shire of Wickepin; and

approval for a mobile phone tower for Popanyinning. The Shire reacted quickly to this application and were delighted with its immediate construction and commissioning.

During the year the Shire of Cuballing entered the world of Facebook to improve communication and offer an alternative, and perhaps easier, way of connecting with the community. I encourage those that are comfortable with technology to use the service to interact with the Shire.

A long running ambition of the Shire has been the construction of aged housing units. During this year the Shire of Cuballing joined with neighbouring shires submitted a joint application seek funding for housing units across the Shire. With a successful application 4 aged units will be built in 2017/18.

In November 2015 a public meeting was held in Popanyinning to gather community opinion and consider the future of the Popanyinning Old School. As a result the school was repaired and

rejuvenated to stop the decay of one of our historic buildings however it concerns me we are yet to identify long term use for the building.

Once again our road works program has again been central to Shire of Cuballing activities during the year. During the year we have added mobile traffic lights, backup generator and a new Komatsu loader to our fleet to improve efficiency and replace some ageing equipment. Council spent considerable time on our 10 Year Road Construction Program and I would encourage people to check out Council priorities on the website. While the continued widening of the Narrogin/Wandering Road remains the primary focus, within the 10 year program a large number of other roads are identified for improvements where funding permits.

As always the strength of our organisation is based on the quality of our employees and I want to acknowledge both the administration staff and outside crew. Both areas of our business have an excellent mix of experience and enthusiasm which is providing first class service to our community.

Cr Mark Conley  
**SHIRE PRESIDENT**

# CHIEF EXECUTIVE OFFICER'S REPORT

## PERIOD ENDING 30<sup>TH</sup> JUNE 2016

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The focus of the Shire of Cuballing continues to be the provision of good facilities and improved services to our community, whilst maintaining judicious financial standards.

During the 2015/16 year the following projects were completed or progressed for completion including:

- Council, Dryandra Regional Equestrian Centre and the Dryandra Pony Club successfully completed the construction of a Show Jumping Arena to add to the Equestrian Centre facilities. This addition was funded by the Department of Sport and Recreation;
- The Cuballing Waste Facility was converted into a Transfer Station as part of a broader strategy to improve how Council handles waste management. Construction of the Popanyinning Transfer Station will begin next year;
- Restoration works were completed at the Popanyinning School Building as per community feedback.
- Council purchased a new Komatsu Loader;
- Continued to complete major road works projects including:
  - widening sections of the Narrogin Wandering Road;
  - Sealing of the Popanyinning Truck Bay across from the Popanyinning Store and standpipe;
  - Widening and stabilising a section of the Popanyinning West Road;
  - completing final seals to a range of recent projects including Wandering Narrogin Road, Popanyinning East Road and town streets.

During 2015/16 Council completed and assisted with a number of very successful community events. Council conducted the Australia Day breakfast in January, Cuballing Music Festival in February, an outdoor movie screening in December and held a very successful Youth Day in Cuballing in April. In addition, Council provided support to the annual Popanyinning Bonfire Night in September and the Cuballing Christmas Tree in December.

I would like to thank Councillors, fellow staff and the community for their efforts and support throughout the year.

Gary Sherry MLGMA  
**CHIEF EXECUTIVE OFFICER**

# DISABILITY ACCESS AND INCLUSION PLAN STATEMENT

## PERIOD ENDING 30<sup>TH</sup> JUNE 2016

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The Disability Services Amendment Act 1999 requires local governments to report annually on their Disability Access and Inclusion Plan achievements. The achievements for the year ended 30<sup>th</sup> June 2016 are listed below and grouped into the outcome areas addressed in the Shire of Cuballing's Disability Access and Inclusion Plan.

**Outcome 1      People with disability have the same opportunity as other people to access the services of, and any events organised in the Shire of Cuballing**

Council is responsive to the needs of the community in relation to the adaptation of services to suit particular needs. During the year no areas of service delivery were identified as requiring modification.

**Outcome 2      People with disability have the same opportunity as other people to access the buildings and other facilities of the Shire of Cuballing**

Council owned buildings are reviewed annually to see what modifications are required to improved access for members of the community that have difficulty with mobility.

Two access ramps were built for the Dryandra Equestrian Centre Clubrooms which also includes an accessible toilet.

Commercial enterprises are encouraged to address this problem and are gradually making their shop entrances easier for members of the public to access.

**Outcome 3      People with disability receive information pertaining to Council functions facilities and services in a format that will enable them to access the information as readily as other people are able to access it**

Information about the functions, facilities and services provided by the Shire is prepared using clear and concise language. If necessary, this information can be made in alternative formats i.e. large print, verbal etc on request. During the year no such requests were received.

**Outcome 4      People with disability will receive the same level and quality of service from the staff of the Shire of Cuballing as other people receive.**

Staff training is reviewed annually and where a need for training is identified, the staff are given the appropriate training.

**Outcome 5      People with disability have the same opportunities as other people to make complaints to the Shire of Cuballing**

All grievance procedures are accessible and staff are available to assist where required to ensure diverse needs are met to ensure grievances and complaints can be made known to the Shire. Procedures are reviewed regularly and staff are provided with training as required.

**Outcome 6**    **People with disability have the same opportunities as other people to participate in any public consultation by the Shire of Cuballing**

Venues which are utilised for community participation in Council process are selected with the objective of ensuring access for all members of the community.

**Outcome 7**    **People with disability have the same opportunities as other people to obtain and maintain employment with the Shire of Cuballing**

Council or staff responsible for recruitment will ensure that the right person is selected for the position regardless of disability. At all stages of the recruitment process, staff will ensure that the position description, interviews and the workplace are accessible to all.



## FREEDOM OF INFORMATION STATEMENT

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The Freedom of Information (FOI) Act 1992 gives the public the right to apply for access to information held by the Shire of Cuballing. In the event that a request for information goes beyond the scope of the usual requests received, then the Shire would consider using the FOI process.

A copy of the FOI process is contained within the Shire's FOI Information Statement, which is available at [www.cuballing.wa.gov.au](http://www.cuballing.wa.gov.au)

It is a statutory requirement that all FOI requests are processed by agencies within a timeframe of 45 calendar days. In the 2015-2016 financial year, the Shire of Cuballing processed no applications.

# SHIRE OF CUBALLING

## NATIONAL COMPETITION POLICY

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The Clause 7 Statement on the application of National Competition Policy to local government requires certain information to be provided in the Annual Report.

### **COMPETITIVE NEUTRALITY**

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Council has reviewed all areas of operations to determine the existence or otherwise of significant business activities.

A significant business activity is defined as an activity with an income in excess of \$200,000 pa, which is not a regulatory service (community service obligation) and which is not already contracted out.

Accordingly, it has been determined that Council has no significant business activity for the purposes of competitive neutrality as it relates to the National Competition Policy Clause 7 Statement.

### **STRUCTURAL REFORM**

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As required by the Australian Accounting Standards and the Financial Management Regulations, an activity based costing system has been implemented. This assists the regulatory functions of Council to be separately identified from the service delivery functions, with a proper record of cost of provision of those functions.

Due to the compactness of the staff and range of activities undertaken by the Shire, there is little scope for further change.

## STATE RECORDS ACT 2000

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The Shire of Cuballing is in compliance with the requirements of the State Records Act 2000 including the adoption of a Record Keeping Plan on 17 March 2016.

The Record Management Plan was reviewed and forwarded to the State Records Department for their endorsement. Council has received formal approval of the plan.

This replaces the previous Record Keeping Plan that was developed in 2004 and formally reviewed in 2009 and 2014. The updated Record Keeping Plan introduced a new file keeping system to the Shire, Keywords for Councils, and has greatly improved the efficiency of records processes.

All staff were trained to use the updated system as well as their record keeping responsibilities as part of this introduction. Staff training and development in this area is ongoing to ensure best case practise.

## EMPLOYEE REMUNERATION

Local Government Administration Regulation 19B requires Council's employee remuneration over \$100,000 to be disclosed in the Annual Report.

Salary Range \$	2016	2015
110,000 – 119,999	1	
119,999 – 129,999		1
129,999-139,999	1	

## REGISTER OF COMPLAINTS

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Section 5.121 of the Local Government Act 1995 requires Council to report on entries made during the financial year in the register of complaints:

1. The number of complaints recorded in the register of complaints  
Nil
2. How the recorded complaints were dealt with  
N/A
3. Any other details that regulations may require  
N/A
4. Such other information as may be prescribed  
Nil



**SHIRE OF CUBALLING**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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Principal place of business:  
22 Campbell Street  
Cuballing WA 6311

SHIRE OF CUBALLING  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

12<sup>th</sup>

day of

October

2016



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Gary Sherry  
Chief Executive Officer



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

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>				
Rates	22	993,139	994,120	944,371
Operating grants, subsidies and contributions	29	511,220	454,895	1,506,181
Fees and charges	28	404,402	374,900	299,207
Interest earnings	2(a)	45,355	38,000	44,251
Other revenue	2(a)	28,505	18,000	24,504
		<u>1,982,621</u>	<u>1,879,915</u>	<u>2,818,514</u>
<b>Expenses</b>				
Employee costs		(624,164)	(1,010,764)	(930,779)
Materials and contracts		(1,054,169)	(948,371)	(621,901)
Utility charges		(38,432)	(33,000)	(29,371)
Depreciation on non-current assets	2(a)	(1,427,027)	(923,700)	(924,889)
Interest expenses	2(a)	(16,353)	(16,356)	(20,196)
Insurance expenses		(114,206)	(116,177)	(120,092)
Other expenditure		(57,177)	(62,100)	(51,520)
		<u>(3,331,528)</u>	<u>(3,110,468)</u>	<u>(2,698,748)</u>
		(1,348,907)	(1,230,553)	119,766
Non-operating grants, subsidies and contributions	29	773,780	756,871	550,474
Profit on asset disposals	20	0	0	1,227
(Loss) on asset disposals	20	(22,716)	(59,974)	(11,081)
<b>Net result</b>		<u>(597,843)</u>	<u>(533,656)</u>	<u>660,386</u>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets	12	80,221	0	26,562,935
<b>Total other comprehensive income</b>		<u>80,221</u>	<u>0</u>	<u>26,562,935</u>
<b>Total comprehensive income</b>		<u>(517,622)</u>	<u>(533,656)</u>	<u>27,223,321</u>

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

**SHIRE OF CUBALLING**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>	2(a)			
Governance		9,652	2,500	19,051
General purpose funding		1,320,109	1,316,565	1,834,938
Law, order, public safety		41,540	20,063	29,066
Health		1,921	1,500	2,374
Housing		3,330	0	0
Community amenities		3,872	1,350	3,785
Recreation and culture		14,553	13,750	3,765
Transport		178,918	158,287	502,982
Economic services		116,154	32,300	147,565
Other property and services		292,572	333,600	274,988
		<u>1,982,621</u>	<u>1,879,915</u>	<u>2,818,514</u>
<b>Expenses</b>	2(a)			
Governance		(115,631)	(129,808)	(113,592)
General purpose funding		(54,453)	(57,098)	(62,149)
Law, order, public safety		(104,679)	(114,049)	(110,624)
Health		(33,590)	(39,543)	(32,472)
Education and welfare		(14,006)	(75,022)	(12,073)
Housing		(48,315)	(48,751)	(34,422)
Community amenities		(176,056)	(235,141)	(181,984)
Recreation and culture		(270,476)	(254,787)	(246,066)
Transport		(2,108,289)	(1,746,746)	(1,525,218)
Economic services		(136,860)	(170,518)	(123,614)
Other property and services		(252,820)	(222,649)	(236,338)
		<u>(3,315,175)</u>	<u>(3,094,112)</u>	<u>(2,678,552)</u>
<b>Finance costs</b>	2(a)			
Recreation and culture		(37)	(40)	(507)
Other property and services		(16,316)	(16,316)	(19,689)
		<u>(16,353)</u>	<u>(16,356)</u>	<u>(20,196)</u>
		<u>(1,348,907)</u>	<u>(1,230,553)</u>	<u>119,766</u>
Non-operating grants, subsidies and contributions	29	773,780	756,871	550,474
Profit on disposal of assets	20	0	0	1,227
(Loss) on disposal of assets	20	(22,716)	(59,974)	(11,081)
<b>Net result</b>		<u>(597,843)</u>	<u>(533,656)</u>	<u>660,386</u>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets	12	80,221	0	26,562,935
<b>Total other comprehensive income</b>		<u>80,221</u>	<u>0</u>	<u>26,562,935</u>
<b>Total comprehensive income</b>		<u>(517,622)</u>	<u>(533,656)</u>	<u>27,223,321</u>

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

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

	NOTE	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	1,433,460	2,096,036
Trade and other receivables	4	139,673	78,410
Inventories	5	3,619	7,197
<b>TOTAL CURRENT ASSETS</b>		<u>1,576,752</u>	<u>2,181,643</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	6,023,308	5,821,073
Infrastructure	7	42,788,025	42,879,837
<b>TOTAL NON-CURRENT ASSETS</b>		<u>48,811,333</u>	<u>48,700,910</u>
<b>TOTAL ASSETS</b>		<u>50,388,085</u>	<u>50,882,553</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	104,083	49,834
Current portion of long term borrowings	9	67,368	66,420
Provisions	10	145,626	120,844
<b>TOTAL CURRENT LIABILITIES</b>		<u>317,077</u>	<u>237,098</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	9	221,790	289,158
Provisions	10	22,666	12,123
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>244,456</u>	<u>301,281</u>
<b>TOTAL LIABILITIES</b>		<u>561,533</u>	<u>538,379</u>
<b>NET ASSETS</b>		<u>49,826,552</u>	<u>50,344,174</u>
<b>EQUITY</b>			
Retained surplus		19,839,652	20,484,560
Reserves - cash backed	11	1,303,639	1,256,574
Revaluation surplus	12	28,683,262	28,603,041
<b>TOTAL EQUITY</b>		<u>49,826,553</u>	<u>50,344,175</u>

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

**SHIRE OF CUBALLING**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2014</b>		20,053,895	1,026,820	2,040,106	23,120,821
Prior Year adjustment error		33	0	0	33
Comprehensive income		660,386	0	0	660,386
Net result		660,386	0	0	660,386
Changes on revaluation of assets	12	0	0	26,562,935	26,562,935
Total comprehensive income		660,386	0	26,562,935	27,223,321
Transfers from/(to) reserves		(229,754)	229,754	0	0
<b>Balance as at 30 June 2015</b>		<b>20,484,560</b>	<b>1,256,574</b>	<b>28,603,041</b>	<b>50,344,175</b>
Comprehensive income		(597,843)	0	0	(597,843)
Net result		(597,843)	0	0	(597,843)
Changes on revaluation of assets	12	0	0	80,221	80,221
Total comprehensive income		(597,843)	0	80,221	(517,622)
Transfers from/(to) reserves		(47,065)	47,065	0	0
<b>Balance as at 30 June 2016</b>		<b>19,839,652</b>	<b>1,303,639</b>	<b>28,683,262</b>	<b>49,826,553</b>

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

**SHIRE OF CUBALLING  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		988,206	1,014,120	933,926
Operating grants, subsidies and contributions		454,890	454,895	1,512,884
Fees and charges		404,402	374,900	299,207
Interest earnings		45,355	38,000	44,251
Other revenue		28,505	18,000	24,504
		<u>1,921,358</u>	<u>1,899,915</u>	<u>2,814,772</u>
<b>Payments</b>				
Employee costs		(598,451)	(1,010,764)	(891,674)
Materials and contracts		(986,730)	(806,273)	(652,777)
Utility charges		(38,432)	(33,000)	(29,371)
Interest expenses		(16,353)	(16,359)	(20,196)
Insurance expenses		(114,206)	(116,177)	(120,092)
Other expenditure		(57,177)	(62,100)	(51,520)
		<u>(1,811,349)</u>	<u>(2,044,673)</u>	<u>(1,765,630)</u>
<b>Net cash provided by (used in) operating activities</b>	13(b)	<u>110,009</u>	<u>(144,758)</u>	<u>1,049,142</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for development of Land held for resale		0	(462,523)	0
Payments for purchase of property, plant & equipment		(534,350)	(407,690)	(474,020)
Payments for construction of infrastructure		(966,630)	(729,155)	(857,319)
Non-operating grants, subsidies and contributions		773,780	756,871	550,474
Proceeds from sale of fixed assets		21,035	95,634	86,388
<b>Net cash provided by (used in) investment activities</b>		<u>(706,165)</u>	<u>(746,863)</u>	<u>(694,477)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(66,420)	(66,420)	(70,552)
<b>Net cash provided by (used in) financing activities</b>		<u>(66,420)</u>	<u>(66,420)</u>	<u>(70,552)</u>
<b>Net increase (decrease) in cash held</b>		(662,576)	(958,041)	284,113
Cash at beginning of year		2,096,036	2,095,706	1,811,889
<b>Cash and cash equivalents at the end of the year</b>	13(a)	<u><u>1,433,460</u></u>	<u><u>1,137,665</u></u>	<u><u>2,096,002</u></u>

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

**SHIRE OF CUBALLING**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>	<u>875,235</u>	<u>811,820</u>	<u>518,841</u>
	875,235	811,820	518,841
<b>Revenue from operating activities (excluding rates)</b>			
Governance	9,652	2,500	19,051
General purpose funding	326,970	322,445	890,567
Law, order, public safety	41,540	20,063	29,066
Health	1,921	1,500	2,374
Housing	3,330	0	0
Community amenities	3,872	31,350	3,785
Recreation and culture	14,553	115,078	3,765
Transport	178,918	783,830	1,053,456
Economic services	116,154	32,300	147,565
Other property and services	292,572	333,600	276,215
	<u>989,482</u>	<u>1,642,666</u>	<u>2,425,844</u>
<b>Expenditure from operating activities</b>			
Governance	(115,631)	(129,808)	(113,592)
General purpose funding	(54,453)	(57,098)	(62,149)
Law, order, public safety	(104,679)	(114,049)	(110,624)
Health	(33,590)	(39,543)	(32,472)
Education and welfare	(14,006)	(75,022)	(12,073)
Housing	(48,315)	(48,751)	(34,422)
Community amenities	(176,056)	(235,141)	(181,984)
Recreation and culture	(270,513)	(254,827)	(246,573)
Transport	(2,108,289)	(1,746,746)	(1,525,218)
Economic services	(136,860)	(170,518)	(123,614)
Other property and services	(291,852)	(298,939)	(267,108)
	<u>(3,354,244)</u>	<u>(3,170,442)</u>	<u>(2,709,829)</u>
<b>Operating activities excluded from budget</b>			
(Profit) on disposal of assets	20	0	(1,227)
Loss on disposal of assets	20	22,716	59,974
Movement in employee benefit provisions (non-current)		35,324	0
Depreciation and amortisation on assets	2(a)	1,427,027	923,700
<b>Amount attributable to operating activities</b>		<u>(4,460)</u>	<u>267,718</u>
		267,718	1,179,077
<b>INVESTING ACTIVITIES</b>			
Non-operating grants, subsidies and contributions		773,780	0
Proceeds from disposal of assets	20	21,035	95,634
Purchase of land held for resale		0	(462,523)
Purchase of property, plant and equipment	6(b)	(534,350)	(407,690)
Purchase and construction of infrastructure	7(b)	(966,630)	(729,155)
<b>Amount attributable to investing activities</b>		<u>(706,165)</u>	<u>(1,503,734)</u>
		(706,165)	(1,244,951)
<b>FINANCING ACTIVITIES</b>			
Repayment of debentures	21(a)	(66,420)	(66,420)
Transfers to Restricted Cash		0	0
Transfers from Restricted Cash		0	70,275
Transfers to reserves (restricted assets)	11	(263,380)	(213,464)
Transfers from reserves (restricted assets)	11	216,315	451,505
<b>Amount attributable to financing activities</b>		<u>(113,485)</u>	<u>241,896</u>
		(113,485)	(3,262)
<b>Surplus(deficiency) before general rates</b>		<u>(824,110)</u>	<u>(994,120)</u>
<b>Total amount raised from general rates</b>	22	<u>993,139</u>	<u>994,120</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	23	<u><u>169,029</u></u>	<u><u>0</u></u>
		169,029	875,235

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

**SHIRE OF CUBALLING**  
**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. All amounts are stated in Australian dollars.

**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 19 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 CUBALLING**  
**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**

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

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

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

During the year ended 30 June 2013, the Shire 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 CUBALLING**  
**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 CUBALLING  
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	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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

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

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

***Capitalisation threshold***

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

**SHIRE OF CUBALLING**  
**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 CUBALLING**  
**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.

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 in accordance with the regulatory framework.

**(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 CUBALLING**  
**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 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 CUBALLING**  
**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 involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**(i) Impairment of Assets**

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

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

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

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

**(j) Trade and Other Payables**

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

**SHIRE OF CUBALLING**  
**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 CUBALLING**  
**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 16.

**(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 CUBALLING**  
**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 CUBALLING**  
**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 <sup>(1)</sup>	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2018	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.  Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

**SHIRE OF CUBALLING**  
**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 <sup>(1)</sup>	Impact
<p>(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations  [AASB 1 &amp; AASB 11]</p>	August 2014	1 January 2016	<p>This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.</p>
<p>(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation  [AASB 116 &amp; 138]</p>	August 2014	1 January 2016	<p>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.</p> <p>Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.</p>
<p>(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15</p>	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>

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

Notes:

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

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

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

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

<b>2. REVENUE AND EXPENSES</b>	<b>2016</b>	<b>2015</b>	
	<b>\$</b>	<b>\$</b>	
<b>(a) Net Result</b>			
The Net result includes:			
(i) Charging as an expense:			
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report	7,610	7,314	
- Other Services	5,196	8,709	
<b>Depreciation</b>			
Property Plant and Equipment	360,084	319,834	
Infrastructure	1,066,943	605,055	
	<u>1,427,027</u>	<u>924,889</u>	
<b>Interest expenses (finance costs)</b>			
Debentures (refer Note 21 (a))	16,353	20,196	
	<u>16,353</u>	<u>20,196</u>	
(ii) Crediting as revenue:			
<b>Other revenue</b>			
Other	28,505	24,504	
	<u>28,505</u>	<u>24,504</u>	
	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Interest earnings</b>			
- Reserve funds	29,063	18,000	21,768
- Other funds	9,716	16,500	15,780
Other interest revenue (refer note 27)	6,576	3,500	6,703
	<u>45,355</u>	<u>38,000</u>	<u>44,251</u>

**SHIRE OF CUBALLING**  
**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**

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life.

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

**GOVERNANCE**

Administration and operation of facilities and services to members of council, other costs that relate to the tasks of elected members and ratepayers on matters which do not concern specific council activities.

**GENERAL PURPOSE FUNDING**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

Supervision and enforcement of various local laws relating to fire prevention and animal control.

**HEALTH**

Inspection of septic tanks and food control.

**EDUCATION AND WELFARE**

Support of School activities

**HOUSING**

To provide and maintain staff and elderly residents housing.

**COMMUNITY AMENITIES**

Operation of refuse sites, noise control and administration of the Town Planning Scheme.

**RECREATION AND CULTURE**

Maintenance of halls, recreation centre and various reserves. Support library services in Narrogin.

**TRANSPORT**

Construction and maintenance of streets, roads, bridges, footpaths, drainage works, traffic signs, bus shelters and depot maintenance.

**ECONOMIC SERVICES**

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

**OTHER PROPERTY AND SERVICES**

Private works operation, plant repair and operation costs.

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

2. REVENUE AND EXPENSES (Continued)

Grant/Contribution	Function/ Activity	Opening Balance <sup>(1)</sup>		Received <sup>(2)</sup> 2014/15 \$	Expended <sup>(3)</sup> 2014/15 \$	Closing Balance <sup>(1)</sup>		Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance 30/06/16 \$
		1/07/14 \$	30/06/15 \$			30/06/15 \$	30/06/16 \$			
Grain Freight	Transport	220,593	97,494	0	(123,099)	97,494				97,494
Less Reserve		(106,989)	(109,091)	0	0	(109,091)				(109,091)
		113,604				11,597				(11,597)
2011-2012 CLGF Funding	Rec & Culture	43,759	(30,433)	0	(74,192)	(30,433)				(30,433)
2012-2013 CLGF Funding	Rec & Culture	42,496	18,122	0	(24,374)	18,122	0	(54,714)		(36,592)
2012-2013 CLGF Funding	Transport	97,185	46,729	0	(50,456)	46,729	0	(47,627)		(898)
<b>Total</b>		<b>297,044</b>	<b>64,851</b>	<b>0</b>	<b>(272,121)</b>	<b>64,851</b>	<b>0</b>	<b>(102,341)</b>		<b>0</b>

Notes:

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



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

	Note	2016 \$	2015 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		129,820	774,611
Restricted		<u>1,303,639</u>	<u>1,321,425</u>
		<u>1,433,459</u>	<u>2,096,036</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Plant and Equipment Reserve	11	295,805	289,118
IT and Office Equipment Reserve	11	30,554	29,863
Employee Entitlements Reserve	11	166,929	126,014
Housing Reserve	11	74,797	7,791
Recreation and Community Facility Reserve	11	281,078	299,159
Refuse Site Reserve	11	265,878	199,867
Grain Freight Reserve	11	111,783	175,256
Equestrian Reserve	11	9,288	4,191
General Purpose Reserve	11	0	125,315
Road and Bridges Reserve	11	67,527	0
Unspent grants	2(c)	0	64,851
		<u>1,303,639</u>	<u>1,321,425</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates outstanding		41,871	36,938
Sundry debtors		<u>97,802</u>	<u>41,472</u>
		<u>139,673</u>	<u>78,410</u>
<b>Non-current</b>			
		<u>0</u>	<u>0</u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and materials		3,619	7,197
		<u>3,619</u>	<u>7,197</u>
<b>Non-current</b>			
Land held for resale - cost			
Cost of acquisition		0	0
Development costs		<u>0</u>	<u>0</u>
		<u>0</u>	<u>0</u>

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Land and Buildings at:		
- Independent valuation 2013 - Level 2	4,252,802	4,205,253
- Additions after valuation - cost	189,867	73,686
Less: accumulated depreciation	<u>(838,998)</u>	<u>(766,769)</u>
	3,603,671	3,512,170
Parks, Ovals and Playgrounds at:		
- Independent valuation 2013 - Level 3	223,157	234,832
Less: accumulated depreciation	<u>(83,746)</u>	<u>(88,351)</u>
	139,411	146,481
	<u>3,743,082</u>	<u>3,658,651</u>
Total land and buildings	<u>3,743,082</u>	<u>3,658,651</u>
Recreation at:		
- Independent valuation 2013 - Level 2	369,624	373,637
Less accumulated depreciation	<u>(112,210)</u>	<u>(98,361)</u>
	257,414	275,276
Furniture and Equipment at:		
- Management valuation 2014 - Level 3	121,194	128,236
- Management valuation 2016 - Level 2	(152)	0
Less accumulated depreciation	<u>(96,727)</u>	<u>(91,883)</u>
	24,315	36,353
Plant and Equipment at:		
- Management valuation 2014 - Level 2	3,705,165	3,357,084
- Management valuation 2016 - Level 2	80,373	0
- Additions after valuation - cost	351,525	400,334
Less accumulated depreciation	<u>(2,138,567)</u>	<u>(1,906,625)</u>
	1,998,496	1,850,793
	<u>6,023,307</u>	<u>5,821,073</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

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

6. 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) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land and Buildings	3,512,170	182,825	0	0	0	0	(98,366)	7,042	3,603,671
Parks, Ovals and Playgrounds	146,481	0	0	0	0	0	(7,070)	0	139,411
<b>Total buildings</b>	<b>3,658,651</b>	<b>182,825</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(105,436)</b>	<b>7,042</b>	<b>3,743,082</b>
<b>Total land and buildings</b>	<b>3,658,651</b>	<b>182,825</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(105,436)</b>	<b>7,042</b>	<b>3,743,082</b>
Recreation	275,276	0	0	0	0	0	(17,862)	0	257,414
Furniture and Equipment	36,353	0	0	(152)	0	0	(4,844)	(7,042)	24,315
Plant and Equipment	1,850,793	351,525	(43,752)	80,373	0	0	(231,942)	(8,501)	1,998,496
<b>Total property, plant and equipment</b>	<b>5,821,073</b>	<b>534,350</b>	<b>(43,752)</b>	<b>80,221</b>	<b>0</b>	<b>0</b>	<b>(360,084)</b>	<b>(8,501)</b>	<b>6,023,307</b>

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

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

(c) Fair Value Measurements	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
	<b>Land and buildings</b>					
	Land and Buildings	Level 2	Independent Valuation		June 2013	Sales Comparison Approach (market data) to market type properties and Cost Approach (replacement) to non-market properties.
	Parks, Ovals and Playgrounds	Level 3	Independent Valuation		June 2013	Sales Comparison Approach (market data) to market type properties and Cost Approach (replacement) to non-market properties.
	<b>Recreation</b>					
		Level 2	Independent Valuation		June 2013	Sales Comparison Approach (market data) to market type properties and Cost Approach (replacement) to non-market properties.
	<b>Furniture and Equipment</b>					
		Level 2	Independent Valuation		June 2016	Sales Comparison Approach (market data) to market type properties and Cost Approach (replacement) to non-market properties.
	<b>Plant and Equipment</b>					
		Level 2	Independent Valuation		June 2016	Sales Comparison Approach (market data) to market type properties and Cost Approach (replacement) to non-market properties.

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

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

	2016	2015
	\$	\$
<b>7 (a). INFRASTRUCTURE</b>		
Infrastructure - roads		
- Management valuation 2015 - level 3	42,219,018	42,219,018
- Additions after valuation - cost	792,793	0
Less accumulated depreciation	<u>(1,055,475)</u>	<u>0</u>
	41,956,336	42,219,018
Infrastructure - footpaths		
- Management valuation 2015 - level 3	325,984	325,984
Less accumulated depreciation	<u>(8,150)</u>	<u>0</u>
	317,834	325,984
Infrastructure - other		
- Management valuation 2013 - level 2	361,422	372,791
- Additions after valuation - cost	182,338	16,798
Less accumulated depreciation	<u>(29,905)</u>	<u>(54,754)</u>
	513,855	334,835
	<u>42,788,025</u>	<u>42,879,837</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires infrastructure to be shown at fair value.

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

7. 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) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - roads	42,219,018	792,793	0	0	0	0	(1,055,475)	0	41,956,336
Infrastructure - footpaths	325,984	0	0	0	0	0	(8,150)	0	317,834
Infrastructure - other	334,835	173,837	0	0	0	0	(3,318)	8,501	513,855
<b>Total infrastructure</b>	<b>42,879,837</b>	<b>966,630</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,066,943)</b>	<b>8,501</b>	<b>42,788,025</b>

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

**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Infrastructure - roads</b>	Level 3	Management Valuation	Replacement Cost	June 2015	Condition based valuation of the Road Asset Network
<b>Infrastructure - footpaths</b>	Level 3	Management Valuation	Replacement Cost	June 2015	Condition based valuation of the Road Asset Network
<b>Infrastructure - other</b>	Level 3	Management Valuation	Replacement Cost	June 2015	Condition based valuation

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied , they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

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

	2016 \$	2015 \$
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	72,461	8,600
Accrued salaries and wages	3,916	0
ATO liabilities	27,706	41,234
	104,083	49,834

**9. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by floating charge		
Debentures	67,368	66,420
	67,368	66,420
<b>Non-current</b>		
Secured by floating charge		
Debentures	221,790	289,158
	221,790	289,158

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
<b>Opening balance at 1 July 2015</b>			
Current provisions	62,255	58,589	120,844
Non-current provisions	—	12,123	12,123
	62,255	70,712	132,967
Additional provision	20,635	14,690	35,325
<b>Balance at 30 June 2016</b>	<b>82,890</b>	<b>85,402</b>	<b>168,292</b>
<b>Comprises</b>			
Current	82,890	62,736	145,626
Non-current	0	22,666	22,666
	82,890	85,402	168,292



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

11. RESERVES - CASH BACKED

	Actual 2016 Opening Balance	Actual 2016 Transfer to	Actual 2016 Transfer (from)	Actual 2016 Closing Balance	Budget 2016 Opening Balance	Budget 2016 Transfer to	Budget 2016 Transfer (from)	Budget 2016 Closing Balance	Actual 2015 Opening Balance	Actual 2015 Transfer to	Actual 2015 Transfer (from)	Actual 2015 Closing Balance
Plant and Equipment Reserve	289,118	6,887	0	295,805	289,119	4,372	(76,190)	217,301	283,088	6,030	0	289,118
IT and Office Equipment Reserve	29,863	691	0	30,554	29,864	452	(5,000)	25,316	29,245	618	0	29,863
Employee Entitlements Reserve	126,014	40,915	0	166,929	126,013	1,906	0	127,919	123,397	2,617	0	126,014
Housing Reserve	7,791	67,006	0	74,797	7,793	66,433	(30,000)	44,226	7,631	160	0	7,791
Recreation and Community Facility Reserve	299,159	6,919	(25,000)	281,078	299,168	4,524	(29,000)	274,692	292,958	6,201	0	299,159
Refuse Site Reserve	199,867	66,011	0	265,878	199,867	63,929	(120,000)	143,796	58,624	141,243	0	199,867
Grain Freight Reserve	175,256	2,527	(66,000)	111,783	175,256	2,650	(66,000)	111,906	106,989	68,267	0	175,256
Equestrian Reserve	4,191	5,097	0	9,288	4,191	2,200	0	6,391	2,000	2,191	0	4,191
General Purpose Reserve	125,315	0	(125,315)	0	125,315	0	(125,315)	0	122,888	2,427	0	125,315
Road and Bridges Reserve	0	67,527	0	67,527	0	66,998	0	66,998	1,026,820	229,754	0	1,256,574
	<u>1,256,574</u>	<u>263,380</u>	<u>(216,315)</u>	<u>1,303,639</u>	<u>1,256,586</u>	<u>213,464</u>	<u>(451,505)</u>	<u>1,018,545</u>	<u>1,026,820</u>	<u>229,754</u>	<u>0</u>	<u>1,256,574</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 CUBALLING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**11. RESERVES - CASH BACKED (CONTINUED)**

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:	
<b>Name of Reserve</b>	<b>Purpose of the reserve</b>
Plant and Equipment Reserve	To be used for the purchase and replacement of major plant/ equipment items.
IT and Office Equipment Reserve	To be used to maintain the administration building and for the purchase of new and/or replacement office equipment or furniture.
Employee Entitlements Reserve	To be used to fund employees entitlements.
Housing Reserve	To be used to fund maintenance or construction of new housing.
Recreation and Community Facility Reserve	To be used to upgrade the oval and associated facilities.
Refuse Site Reserve	To be used to fund the upgrade of the refuse sites.
Grain Freight Reserve	To be used to maintain the grain freight route through the district.
Equestrian Reserve	To be used to maintain and upkeep the equestrian centre.
General Purpose Reserve	To be used to maintain or fund various facilities throughout the district.
Road and Bridges Reserve	To be used to maintain and fund road and bridge projects throughout the district.

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

12. REVALUATION SURPLUS

	2016	2016	2016	2016	2016	2016	2016	2016	2015	2015	2015
	Opening	Revaluation	Revaluation	Revaluation	2016	2015	2015	2015	2015	2015	2015
	Balance	Increment	Decrement	Decrement	Closing	Opening	Revaluation	Revaluation	Revaluation	Total	Closing
	\$	\$	\$	\$	Balance	Balance	Increment	Decrement	Movement on	Revaluation	Balance
									Revaluation		
Land and buildings	1,481,343	0	0	0	1,481,343	1,481,343	0	0	0	0	1,481,343
Parks, Ovals and Playgrounds	70,118	0	0	0	70,118	70,118	0	0	0	0	70,118
Recreation	126,522	0	0	0	126,522	126,522	0	0	0	0	126,522
Other Infrastructure	26,587,935	0	0	0	26,587,935	25,000	30,443,603	(3,880,666)	26,562,935	26,562,935	26,587,935
Furniture and Fittings	6,880	0	(152)	(152)	6,728	6,880	0	0	0	0	6,880
Plant and Equipment	330,243	80,373	0	80,373	410,616	330,243	0	0	0	0	330,243
	28,603,041	80,373	(152)	80,221	28,683,262	2,040,106	30,443,603	(3,880,666)	26,562,935	26,562,935	28,603,041

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

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

**13. 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>1,433,460</u>	<u>1,137,665</u>	<u>2,096,036</u>

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

Net result	(597,843)	(533,656)	660,386
Non-cash flows in Net result:			
Depreciation	1,427,027	923,700	924,889
(Profit)/Loss on sale of asset	22,716	59,974	9,854
Reversal of loss on revaluation of fixed assets	0		
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(61,263)	20,000	(3,742)
(Increase)/Decrease in inventories	3,578	7,098	3,803
Increase/(Decrease) in payables	54,249	134,997	(25,567)
Increase/(Decrease) in provisions	35,325	0	29,993
Grants contributions for the development of assets	<u>(773,780)</u>	<u>(756,871)</u>	<u>(550,474)</u>
Net cash from operating activities	<u>110,009</u>	<u>(144,758)</u>	<u>1,049,142</u>

**(c) Undrawn Borrowing Facilities**

	2016 \$	2015 \$
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	30,000	30,000
Bank overdraft at balance date	0	0
Credit card limit	20,000	10,000
Credit card balance at balance date	(78)	3,939
<b>Total amount of credit unused</b>	<u>49,922</u>	<u>43,939</u>
<b>Loan facilities</b>		
Loan facilities - current	67,368	66,420
Loan facilities - non-current	221,790	289,158
<b>Total facilities in use at balance date</b>	<u>289,158</u>	<u>355,578</u>
<b>Unused loan facilities at balance date</b>	<u>NIL</u>	<u>NIL</u>

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

**14. CONTINGENT LIABILITIES**

The Shire has no contingent liabilities at balance date.

**15. CAPITAL AND LEASING COMMITMENTS**

**(a) Operating Lease Commitments**

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

<b>(b) Capital Expenditure Commitments</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Contracted for:		
- capital expenditure projects	0	64,851
- plant & equipment purchases	0	0
Payable:		
- not later than one year	0	64,851

In 2015, the balance of CLGF Funding was carried over for the Equestrian Clubrooms and Road projects. All outstanding grant funds were expended in 2015/2016 and there are no unspent grants at the end of the 2016 financial year.

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

**16. JOINT VENTURE ARRANGEMENTS**

The Shire is not involved in any joint venture arrangements.

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

	2016	2015
	\$	\$
Governance	604,093	1,325,305
General purpose funding	41,871	36,938
Law, order, public safety	376,941	376,778
Health	0	0
Education and welfare	0	0
Housing	638,930	346,213
Community amenities	564,598	447,377
Recreation and culture	3,382,339	3,197,845
Transport	44,586,384	44,431,842
Economic services	0	69,605
Other property and services	192,929	647,392
Unallocated		3,258
	<u>50,388,085</u>	<u>50,882,553</u>

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

18. FINANCIAL RATIOS	2016	2015	2014
Current ratio	1.59	8.26	4.00
Asset sustainability ratio	0.91	1.37	1.24
Debt service cover ratio	0.87	11.63	(0.95)
Operating surplus ratio	(0.95)	0.09	(0.80)
Own source revenue coverage ratio	0.43	0.48	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	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

**Notes:**

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 59 of this document.

Two of the 2016 and 2015 ratios disclosed above are distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$451,981.

The early payment was considered to be "one-off" and if recognised in the year to which the allocation related the calculations in the 2016 and 2015 columns above would be as follows:

	2016	2015
Debt service cover ratio	20.77	6.65
Operating surplus ratio	0.19	(0.27)

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

**19. 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:

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Cuballing Cricket Club	200	0	0	200
Swipe Cards	1,545	0	0	1,545
Cuballing Country Music Festival	1,099	0	0	1,099
Bonds Hall Hire	1,050	500	(300)	1,250
Cuballing Football Association	566	0	0	566
Commodine Tennis Club	3,090	0	0	3,090
Environment & Townscape Trust	6,361	0	0	6,361
Trust - Building Bonds	6,889	0	0	6,889
Police Licensing	2,223	323,663	(322,657)	3,229
	<u>23,023</u>			<u>24,229</u>

**20. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
<b>Plant and Equipment</b>								
Other property and services								
Colarado Utility - Crew Vehicle	19,916	11,035	0	(8,881)	20,786	10,634	0	(10,152)
Caterpillar 930G - Loader					134,822	85,000	0	(49,822)
Veneri Loader	23,835	10,000	0	(13,835)				
	<u>43,751</u>	<u>21,035</u>	<u>0</u>	<u>(22,716)</u>	<u>155,608</u>	<u>95,634</u>	<u>0</u>	<u>(59,974)</u>



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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2015 \$	New Loans \$	Principal Repayments		Principal 30 June 2016		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation and culture Loan #61 - Changerooms Transport	2,621		2,622	2,622	0	0	37	40
Loan #62 Front End Loader	95,916		29,882	29,882	66,034	66,034	5,661	5,660
Loan #63 Graders	257,040		33,916	33,916	223,124	223,124	10,655	10,655
<b>Other property and services</b>								
	<u>355,577</u>	<u>0</u>	<u>66,420</u>	<u>66,420</u>	<u>289,158</u>	<u>289,158</u>	<u>16,353</u>	<u>16,355</u>

All loan repayments were financed by general purpose revenue.

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

**21. 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**

Council established an overdraft facility with the Commonwealth Bank in 2008 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2015 and 30 June 2016 was nil.

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

22. RATING INFORMATION - 2015/16 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
GRV	0.066290	170	2,168,114	143,724	0	0	143,724	143,724	0	0	143,724
Unimproved value valuations											
UV	0.007068	216	99,824,000	705,556	455	0	706,011	705,556	0	0	705,556
Sub-Total		386	101,992,114	849,280	455	0	849,735	849,280	0	0	849,280
Minimum payment	Minimum \$										
Gross rental value valuations											
GRV	620	159	741,460	98,580	0	0	98,580	100,440	0	0	100,440
Unimproved value valuations											
UV	800	128	10,469,225	102,400	0	0	102,400	102,400	0	0	102,400
Sub-Total		287	11,210,685	200,980	0	0	200,980	202,840	0	0	202,840
		<b>673</b>	<b>113,202,799</b>	<b>1,050,260</b>	<b>455</b>	<b>0</b>	<b>1,050,715</b>	<b>1,052,120</b>	<b>0</b>	<b>0</b>	<b>1,052,120</b>
Discounts/concessions (refer note 26)							(55,775)				(58,000)
Rates written off							(1,801)				0
Total amount raised from general rate							<u>993,139</u>				<u>994,120</u>
Totals							<u>993,139</u>				<u>994,120</u>

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

**23. NET CURRENT ASSETS**

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 15 brought forward</b>	<u>169,029</u>	<u>875,235</u>	<u>875,235</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	129,820	774,611	774,611
Restricted	1,303,639	1,321,425	1,321,425
Receivables			
Rates outstanding	41,871	36,938	36,938
Sundry debtors	97,802	41,472	41,472
Inventories			
Fuel and materials	3,619	7,197	7,197
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(72,461)	(8,600)	(8,600)
Accrued salaries and wages	(3,916)	0	0
ATO liabilities	(27,706)	(41,234)	(41,234)
Current portion of long term borrowings			
Secured by floating charge	(67,368)	(66,420)	(66,420)
Provisions			
Provision for annual leave	(82,890)	(62,255)	(62,255)
Provision for long service leave	(62,736)	(58,589)	(58,589)
<b>Unadjusted net current assets</b>	<u>1,259,674</u>	<u>1,944,545</u>	<u>1,944,545</u>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(1,303,639)	(1,256,574)	(1,256,574)
Add: Secured by floating charge	67,368	66,420	66,420
Cash Back Portion of Leave Reserves	145,626	120,844	120,844
<b>Adjusted net current assets - surplus/(deficit)</b>	<u>169,029</u>	<u>875,235</u>	<u>875,235</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 CUBALLING  
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 and Specified Area Rates.

**25. SERVICE CHARGES - 2015/16 FINANCIAL YEAR**

The Shire did not impose any service charges.

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

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

Rates Discounts

Rate or Fee Discount Granted	Discount % or \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
Discount	8.00%	55,775	58,000	A discount on Rates is granted to all who pay their Rates in full within 21 days of the date of service appearing on the Rates Notice.
		<u>55,775</u>	<u>58,000</u>	

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

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

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Instalment Options</b>				
<b>Option One</b>				
Single full payment	28-Aug-15	0	5.50%	11.00%
<b>Option Three</b>				
First Instalment	28-Aug-15	10	5.50%	11.00%
Second Instalment	28-Oct-15	10	5.50%	11.00%
Third Instalment	04-Jan-16	10	5.50%	11.00%
Fourth Instalment	04-Mar-16	10	5.50%	11.00%
			<b>Revenue</b>	<b>Budgeted Revenue</b>
Interest on unpaid rates			\$ 5,593	\$ 3,000
Interest on instalment plan			983	500
Charges on instalment plan			1,400	1,000
			<u>7,976</u>	<u>4,500</u>

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

<b>28. FEES &amp; CHARGES</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Governance	191	1,056
General purpose funding	1,193	1,400
Law, order, public safety	3,727	5,170
Health	1,921	2,374
Community amenities	2,642	1,878
Recreation and culture	13,553	3,765
Transport	27,497	8,427
Economic services	114,573	99,371
Other property and services	239,105	175,766
	<u>404,402</u>	<u>299,207</u>

A price for Bushfire Attack Level Assessments was introduced by Council resolution in April 2016.

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

**29. GRANT REVENUE**

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

<b>By Nature or Type:</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>		
Governance	9,461	17,995
General purpose funding	278,521	843,457
Law, order, public safety	37,812	23,896
Housing	3,330	0
Community amenities	1,230	1,907
Recreation and culture	1,000	0
Transport	145,470	491,937
Economic services	1,582	48,193
Other property and services	32,814	78,796
	<u>511,220</u>	<u>1,506,181</u>
<b>Non-operating grants, subsidies and contributions</b>		
Community amenities	30,000	0
Recreation and culture	82,846	0
Transport	660,934	550,474
	<u>773,780</u>	<u>550,474</u>
	<u>1,285,000</u>	<u>2,056,655</u>

**30. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>14</u>	<u>17</u>
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**31. ELECTED MEMBERS REMUNERATION**

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

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
Meeting Fees	10,500	11,000	10,450
President's allowance	7,500	7,500	7,500
	<u>18,000</u>	<u>18,500</u>	<u>17,950</u>



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

**32. MAJOR LAND TRANSACTIONS**

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

**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 CUBALLING**  
**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
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	1,433,460	2,096,036	1,433,460	2,096,036
Receivables	139,673	78,410	139,673	78,410
	<u>1,573,133</u>	<u>2,174,446</u>	<u>1,573,133</u>	<u>2,174,446</u>
<b>Financial liabilities</b>				
Payables	104,083	49,834	104,083	49,834
Borrowings	289,158	355,578	289,158	355,411
	<u>393,241</u>	<u>405,412</u>	<u>393,241</u>	<u>405,245</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 CUBALLING**  
**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% <sup>(1)</sup> movement in price of investments		
- Equity	0	0
- Statement of Comprehensive Income	0	0
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	14,335	20,960
- Statement of Comprehensive Income	14,335	20,960

Notes:

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

**SHIRE OF CUBALLING**  
**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	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	73%	77%
- Overdue	27%	23%



**SHIRE OF CUBALLING  
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:

**Year ended 30 June 2016**

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<b>Borrowings</b>								
Fixed rate Debentures	(67,368)	(71,146)	(38,704)	(40,446)	(42,266)	(29,228)	(289,158)	4.79%
Weighted average Effective interest rate	5.54%	5.54%	4.41%	4.41%	4.41%	4.41%		

**Year ended 30 June 2015**

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<b>Borrowings</b>								
Fixed rate Debentures	(66,420)	(67,368)	(71,146)	(38,704)	(40,446)	(71,493)	(355,577)	4.98%
Weighted average Effective interest rate	5.57%	5.54%	5.54%	4.41%	4.41%	4.41%		

## INDEPENDENT AUDITOR'S REPORT TO THE SHIRE OF CUBALLING

### Report on the Financial Report

We have audited the accompanying financial report of Shire of Cuballing, which comprises the statement of financial position as at 30 June 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by chief executive officer.

### Council's Responsibility for the Financial Report

Council is responsible for the preparation of the financial report which gives a true and fair view in accordance with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as the Council 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. We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with 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 Shire's preparation of the financial report which gives a true and fair view 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 Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, 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 Australian professional accounting bodies.

### Auditor's Opinion

In our opinion, the financial report of Shire of Cuballing is in accordance with the underlying records of the Council, including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

### Emphasis of Matter

Without modifying our opinion, we draw attention to page 59 of the financial report "Financial Ratios", which describes certain ratio information relating to the financial report. Management's calculation of the asset consumption ratio and asset renewal funding ratio does not form part of the audited financial report. As a result, we do not express an opinion on management's calculation of these ratios.

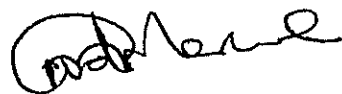
### Other Matters

We did not, during the course of our audit, become aware of any instances where the Shire did not comply with the statutory requirements of the Local Government Act (1995) (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

- a) Apart from the debt service cover ratio and operating surplus ratio that do not meet the minimum benchmark, there are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) In relation to the Supplementary Ratio Information presented on page 59 of this report we have reviewed the calculations as presented and nothing has come to our attention to suggest that they are not reasonably calculated and based on verifiable information.
- d) All information and explanations required were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA  
Director  
Perth  
Date: 12 October 2016



**SHIRE OF CUBALLING  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2016**

**RATIO INFORMATION**

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

	2016	2015	2014
Asset consumption ratio	0.92	0.94	0.7
Asset renewal funding ratio	4.27	4.09	2.64

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

$$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$$

