



SHIRE OF DUMBLEYUNG



ANNUAL REPORT

FOR THE YEAR ENDING 30 JUNE 2016



PHOTOGRAPHS TOP TO BOTTOM

New Shire of Dumbleyung Signage, Outside Works Crew Resealing, New Campers Kitchen Shelter at the Dumbleyung Caravan Park, New Isuzu Giga Truck, New Entrance Signage to the Kokerin Caravan Park, New Nipper Fire Truck, Bluebird Replica Shelter on Absolon Street Dumbleyung.

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SHIRE INFORMATION

Authority and Legislation

The Dumbleyung Shire Council is a Local Government operating under the provisions of the Local Government Act 1995 (as amended). The Minister and the Department of Local Government oversee the operation of all Local Government Councils in Western Australia.

Dumbleyung Shire Location

The town of Dumbleyung is located 267km south east of Perth. The Shire of Dumbleyung covers an area of 2,553 square kilometres and includes two town sites, Dumbleyung and Kukerin.

Shire Office and Chambers	Cnr Harvey & Dawson Streets, Dumbleyung
Postal Address	PO Box 99, Dumbleyung, WA, 6350
Telephone	(08) 9863 4012
Facsimile	(08) 9863 4146
E-mail	ceo@dumbleyung.wa.gov.au
Website	www.dumbleyung.wa.gov.au
Office Hours	8.30am to 4.30pm Monday – Friday

History of the Shire

The Dumbleyung Road Board operated between 1909 –1960.

In 1961, the current Dumbleyung Shire Council came into existence. In 2003, Council had its Ward and Elected Member structure reviewed and altered. The Shire of Dumbleyung now has four Wards (North, South, Dumbleyung and Kukerin) and nine councillors.



The Shire of Dumbleyung's population recorded during the 2011 Census was 605. This represents a decrease of 93 (12%) since 2001 and a decrease of 136 (16%) people since 1996.

Localities within our Shire are Bullock Hills, Datatine, Dongolocking, Dumbleyung, Merilup, Moulyinning, Nairibin, Nippering, North Kukerin, North Moulyinning, South Kukerin and Tarin Rock.

Population and Employees

The population of the Shire of Dumbleyung as at the last census was 605, with 577 electors.

There are currently 25 people who work for the Shire; made up of both full-time and part-time employees.

SHIRE PRESIDENT'S REPORT



As required by the Local Government Act, I present my report to the Elector's General Meeting for the year ended 30 June 2016.

The Bluebird Project is all but completed with the streetscape, shelter and the Bluebird Interpretive Centre finished.

Well-Aged Units have also been completed, in collaboration with the 4WDL, and I would like to officially recognise the work of William's Heidi Cowcher for her management of this project.

Our own staff have also done a great job with all the projects entered into this financial year. I believe we have fantastic support from all our staff and I sincerely thank them for their commitment.

The roads programme has been completed again on time and considering the extra work due to the additional Roads to Recovery funding this was well managed and again I congratulate the staff.

The STED project has got the go ahead and planning for the project is now underway. This has been achieved after 20 odd years of lobbying State Government of various persuasions.

During the year we received lots of comments on how neat and tidy our towns looked and I would like to make special mention of the work done by our gardening teams and the Townscape Committees.

Our machinery and vehicle fleet was again kept up to an excellent standard and I congratulate Council on its allowance in the budget to maintain this fleet.

Finally, I again thank the Council Staff and the Councillors for their contribution to the successful operation of the Dumbleyung Shire.

Gordon Davidson
Shire President

CHIEF EXECUTIVE OFFICER REPORT



The shire continued to tick along in 2015/2016. The staff were very settled which allowed projects and maintenance to continue uninterrupted. Compliance has continued to improve and lot of ground was made in the two major projects.

The outside crew who continued to produce a high standard of works thanks to the direction of the Manager of Works and Services, Mr Calvin Shotter and the management of the Works Supervisor, Mr John Bairstow. Despite the large increase in funding, capital works were still completed within time. I would like to congratulate all the staff members at the Shire of Dumbleyung for their fantastic efforts in

keeping the shire moving forwards.

In 2015/2016 we continued the development of the Bluebird project which came along slowly and assisted the Water Corporation in getting the STED scheme to the planning stage.

We also performed a thorough review of the Strategic Community Plan which will shape the shire in the future.

Thank you to all the Councillors who have done a wonderful job in setting the direction of the shire. From the budget you can tell that Council is committed to improving the service that the shire offers to its community, however doing so with an eye to the future, ensuring that the shire can continue to provide its excellent service into the future.

Matthew Gilfellon
Chief Executive Officer

MANAGER OF WORKS AND SERVICES REPORT



During the 2015/2016 financial year, the Shire traded the Isuzu GIGA Truck and replaced it with a newer Isuzu GIGA Truck. We traded the Bomag Vibe Roller for a Dynapac Vibe Roller. Two light vehicles were replaced and a second-hand Volvo Loader was purchased.

The shire's outside works crew main town project was the resealing of Tunney, Bairstow, Bennett and McIntyre Streets in Dumbleyung.

In Dumbleyung the Well-Aged Unites have been completed and it is a real positive for the town to see some new buildings.

In Dumbleyung the main street refurbishment, Bluebird Replica and shelter have been completed. This looks great and adds a new dimension to the town.

During the 2015/2016 fiscal year the following totals were spent in comparison to 2014/2015:

	2015/16	2014/15
Road Construction	\$1,906,704	\$1,334,941
Road Maintenance, including footpaths and town beautification	\$435,591	\$542,345
Public Open Space Maintenance, including ovals	\$237,550	\$179,640
Plant Operation Costs	\$392,620	\$419,281
Overheads	\$594,239	\$494,675

The following grant money was received in the 2015/2016 financial year for road construction again in comparison to 2014/2015:

	2015/16	2014/15
Regional Road Group	\$330,000	\$335,000
Direct Road Grants	\$123,000	\$113,500
Roads To Recovery	\$768,000	\$275,000
Blackspot Funding	\$67,000	n/a

The shire's Works Department completed the following projects:

- Constructed and sealed 6.5km of 129 Gate Road
- Constructed and sealed 6.5km of Fence Road
- Realigned Kukerin South Road – Merilup Road intersection(Blackspot)
- Realigned Falcondale Road – Leo Road intersection (Blackspot)
- Resealed 3.5km of 129 Gate Road
- Resealed 3.1km of Tincurrin Road
- Resealed 6.1km of Kukerin North Road

- Resealed 5km of Fence Road
- Resealed 3km of 125 Gate Road
- Resealed 3km of Pike Road
- Resealed 1.5km of Dumbleyung town streets
- Widen and sealed section of the 125 Gate Road
- Formed and gravelled section of the 129 Gate Road
- Formed and gravelled section of the Fence Road
- Formed and gravelled the last section of the Wishbone Road
- Formed and gravelled the last of the Bibikin Road
- Formed and gravelled section of the Gooding Road
- Formed and gravelled section of the Falcondale Road
- Formed and gravelled section of Boundary Road
- Formed and gravelled section of the Halden Road
- Formed and gravelled section of the Rifle Range Road

Your shire's workforce continues its mission to provide safe roads, a safe community and a safe workplace. We will continue with our efforts to ensure that we meet our commitment.

I would like to thank the Council and Staff for their continued support.

Calvin Shotter
Manager of Works and Services

STATUTORY REPORTS

1. NATIONAL COMPETITION POLICY (NCP)

Annual Reporting Requirements

National Competition Policy (NCP) is designed to enhance the efficiency and effectiveness of public sector agencies and lead to more efficient use of all economic resources.

Clause 7 of the NCP applies the competition principles to Local Government in each state as well as the Trade Practices Act now being applicable to Local Government.

The impact of Clause 7 on the operations of the Shire of Dumbleyung are minimal and little action has been required to comply with the competitive neutrality requirements. This is because of the limited number and size of Council operated business type enterprises.

As part of the NCP, Councils are required to review their local laws to remove provisions which might impact on competition. In addition this provides the opportunity to review the Shire local laws generally and repeal old local laws which are no longer appropriate or necessary and to promulgate any new local laws which the Shire should have.

Council has completed this process and all previous by-laws of the Shire of Dumbleyung have been repealed and various new local laws have been promulgated.

Necessary policies have been developed and adopted by Council to regulate and control matters where a consistent approach is considered necessary and desirable.

2. INFORMATION STATEMENT

The public can attend the office of the Shire of Dumbleyung during office hours and in accordance with section 5.94 of the Local Government Act 1995 can inspect free of charge certain information in relation to the operation of the Shire which is not otherwise excluded by virtue of section 5.95 of the said Act. Nothing in the Act affects the operation of the Freedom of Information Act 1995.

COUNCIL DOCUMENTS

Documents available for inspection:

- Council Agendas
- Council Minutes, Annual Budgets
- Policy Manual
- Annual Financial Statements

- Strategic Community Plan
- Corporate Business Plan
- Local Laws
- Delegations Register
- Town Planning Scheme
- Rates Assessment Book
- Electoral Roll
- Strategic Plan
- Customer Service Charter
- Sewerage Asset Management Plan
- Code of Conduct – Members & Staff
- Freedom of Information Statement

In addition to the above documents, Council provides information through the following outlets as a service to the public:

- Community Telephone and Information Directory
- Bushfire Information Booklet
- Councils Website
- The Lake Express (Council Newsletter)
- Social Media

3. STRATEGIC PLAN

Council reviewed and updated their Strategic Community Plan during the year. The review of the Strategic Community Plan took into account the results of the 2015 community consultation. Council is always receptive to any feedback on any items and invites members of the community to contribute to Council's Strategic Plan.

4. FREEDOM OF INFORMATION

The Shire of Dumbleyung has a requirement to comply with the Freedom of Information Act.

During the 2015/16 financial year no applications were received for information under the terms of this legislation.

The Shire of Dumbleyung welcomes any enquires for any information held by Council.

If information cannot be accessed by less formal means, a freedom of information request can be made to:

The Freedom of Information Officer
 Shire of Dumbleyung
 PO Box 99
 DUMBLEYUNG WA 6350

Council's commitment to open government has meant that this financial year there has been no need for members of the public to formally apply for information under the Freedom of Information Act.

5. PLAN FOR THE FUTURE

Council has established an Integrated Strategic Planning Framework that is driven by community needs and expectations and is reflected in individual day to day work plans.

Council's Vision is:

"A vibrant shire which is sustainable, which has a high local Community of Interest, & which supports the pursuit of quality lifestyles of the people of the area"

Council's Mission Statement is:

"To preserve, promote & enhance the quality of life of the people of the Shire of Dumbleyung by providing quality Local Government Services through Good Governance, Responsible Leadership, Efficient & Effective Operations, regular & receptive Community Consultations, proficient Financial Management, high Accountability, & the pursuit of growth & economic opportunities for the people of the Shire"

The Council intends to pursue the following issues:

1. MAINTENANCE OF SHIRE SERVICES

- Roads
- Sport and Recreation
- Sewerage
- Community Development
- Parks, Gardens and Townscape

2. IMPROVEMENT OF IMPORTANT COMMUNITY SERVICES AND FACILITIES

- Waste Management

3. INCREASED LEVEL OF AGED CARE SERVICES AND FACILITIES

- Aged Friendly Towns
- Aged Care Housing
- HACC

4. A STRONG AND IMPROVING ECONOMY

- Water Security
- Tourism Development
- Land Assembly: Land, Power, Water, Sewerage

5. MAINTENANCE OF STATE GOVERNMENT AND OTHER EXTERNAL SERVICES

- Health
- Education
- Emergency Services, Police, Ambulance, Fire and Rescue

6. RECORD KEEPING PLAN

The State Records Act 2000 requires that the Shire of Dumbleyung maintains and disposes of all records in the prescribed manner. A revised Record Keeping Plan submitted to the State Records Commission for approval in 2012. The plan was approved on 31 May 2013. In accordance with State Records Commission Standard 2 – Principle 6 compliance with the Record Keeping Plan the following is reported:

Rationale:

An organisation and its employees must comply with the organisation's Record Keeping Plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.

Minimum Compliance Requirements:

The Record Keeping Plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the organisation's Record Keeping System is evaluated not less than once every 5 years
2. The organisation conducts a Record Keeping Training Program.
3. The efficiency and effectiveness of the Record Keeping Training Program is reviewed from time to time.
4. The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's Record Keeping Plan.

The Shire has complied with items 1 to 4.

In addition it is advised Council implemented an electronic record keeping program during the year under review.

7. PUBLIC INTEREST DISCLOSURES

The Public Interest Disclosure Act 2003 facilitates the disclosure of public interest information, and provides protection for those making such disclosure and those who are the subject of disclosures. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

Council has complied with all obligations under the Act including:

- a. Appointing the Chief Executive Officer as the PID Officer for the organisation and publishing an internal procedure relating to the Shire's obligations.
- b. Providing protection from detrimental action or the threat of detrimental action for any employee of the Shire who makes an appropriate disclosure of public interest information.

There were no matters raised or reported during the year under review.

8. LEGISLATIVE REVIEW

All Local Governments are required to assess which of their Local Laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome.

The Annual Report is to include a statement of which Local Laws that have been reviewed, the conclusions of those reviews, and a forward strategy for all Local Laws still to be reviewed.

No new Local Laws were created during 2014/15 nor any existing Local Law reviewed.

9. DISABILITY ACCESS AND INCLUSION PLAN

The Western Australia Disability Services Act 1993 (amended 2004) requires all Local Governments to develop and implement a Disability Access and Inclusion Plan (DAIP) to ensure that people with disability have equal access to its facilities and services.

Council adopted the 2014-2019 Disability Access and Inclusion Plan in October 2014 for implementation going forward. Council is required to report on our present activities as they relate to the seven desired DAIP outcomes.

1. People with disability have the same opportunities as other people to access the services of, and any events organised by, the Shire of Dumbleyung.
2. People with disability have the same opportunities as other people to access the buildings and other facilities of the Shire of Dumbleyung.
3. People with disability receive information from the Shire of Dumbleyung in a

format that will enable them to access the information, as readily as other people are able to access it.

4. People with disability receive the same level and quality of service from the staff of the Shire of Dumbleyung.
5. People with disability have the same opportunities as other people to make complaints to the Shire of Dumbleyung.
6. People with disability have the same opportunities as other people to participate in any public consultation by the Shire of Dumbleyung.
7. People with disability have the same opportunities as other people to obtain and maintain employment with the Shire of Dumbleyung.

A review was conducted to ascertain the progress on the implementation of the Plan. The DAIP is now a document for ongoing assessment and implementation of the activities that have been listed.

IMPLEMENTATION PLAN

Strategy	Task	Task Timeline	Responsibility
1.3 Ensure all Shire officers, agents and contractors comply with the requirements of the Disability Services Act and relevant Australian Standards	1.3.1 Rubbish Removal - People with mobility problems unable to bring rubbish bins to kerb side, People with disability to be informed that alternative arrangements for removal of rubbish can be made upon request.	Ongoing	Manager of Works and Services
2.1 Become more adaptable in responding to the barriers experienced by people with disability when accessing events or services offered by the Shire.	2.1.1 Dumbleyung Town Hall – Lack of toilets for people with disability – no unisex toilets available for people with disability Modify/renovate existing toilet facilities to cater for people with disability	2014/2015 included in Budget	Executive Staff/Building Surveyor
2.3 Facilitate the improvement of pedestrian footpaths to meet the requirements of people with disability	2.3.1 Dumbleyung Town Centre - Footpaths in town centre uneven in places. No kerb/ramp access from roadway onto footpaths	Ongoing - Footpath upgrading partially completed	Manager of Works and Services
	2.3.2 Kukerin Town Centre - Footpaths in town centre uneven in places. No kerb/ramp access from roadway onto footpaths	Ongoing - Footpath upgrading partially completed	Manager of Works and Services

<p>3.2 Provide information regarding services facilities and customer feedback in appropriate formats.</p>	<p>3.2.1 Applies to all council functions, facilities and services. Information about all council functions, facilities and services is not written in clear and concise language and not available in formats that are accessible for people with disability.</p> <p>This includes information on:</p> <ul style="list-style-type: none"> - Planning - Community, recreational, cultural activities and facilities. - Rubbish removal - Rates notices, annual reports <p>Council minutes and electoral material</p>	<p>Ongoing - Council to develop a policy that all information to be made available to the community to be written in clear and concise language.</p> <p>The following formats to be made available on request: Large print, Audio cassette, CD. Council to advise through the local newspaper that information about council services, functions and facilities is available in alternative formats.</p>	<p>Chief Executive Officer</p>
	<p>3.2.2 Processes of Government - Lack of information about processes of government and how residents can access the decision making process</p>	<p>Ongoing - Council will provide information about planning processes, electoral processes, council meetings and complaint procedures in clear</p>	<p>Chief Executive Officer</p>

		and concise language and will make these available in alternative formats upon request eg Large print Audio cassette Computer disc. A copy of "Accessible Information" DVD is available for staff to ensure they are aware of accessibility guidelines.	
4.3 Ensure all Shire officers, agents and contractors comply with the requirements of the Disability Services Act and relevant Australian Standards	4.3.1 All new and contracting staff will be given a copy of the DAIP.	Ongoing	Executive Services
4.4 Ensure disability awareness training is offered to new staff during staff induction	4.4.1 All new staff will be requested to view the "You can make a difference to customer relations for people with disability" available for Local and State Government DVD.	Ongoing	Executive Staff

5.1 Ensure complaint and feedback procedures are accessible to people with a disability	5.1.1 Conduct an audit of feedback procedures to ensure accessibility	June 2014	Community Development Officer
6.1 Ensure that information is available in clear and concise language on how residents can participate in public consultations by a public authority.	6.1.1 Conduct an audit of feedback procedures to ensure accessibility	June 2014	Community Development Officer
6.2 Support people with disability, their families and carers to attend public community consultation processes arranged by the Shire.	6.2.1 Make information readily accessible in alternative formats to people with disability when it comes time to engage them in public consultation.	Ongoing	All Staff
6.3 Increase the involvement of people with disability in the Shire's public consultation	6.3.1 People with disability encouraged to participate in consultation process should it be required with any buildings that procedure requires consultation.	Ongoing	All Staff
7.1 Ensure the Shire's policies, practices and procedures are inclusive.	7.1.1 Conduct a review of all policies, practices and procedures regarding employment to make sure that all are inclusive of people with disability.	June 2015	All Staff

10. EMPLOYEES REMUNERATION

Set out below, in bands of \$10,000, is the number of employees of the Shire of Dumbleyung entitled to an annual salary of \$100,000 or more:

Salary Range	2014/15	2015/16
\$100,000 - \$110,000	0	1
\$110,000 - \$120,000	1	1
\$120,000 - \$130,000	0	0
\$130,000 - \$140,000	1	1

11. COMPLAINTS OF MINOR BREACHES

In accordance with Sections 5.53(2) and 5.121 of the Local Government Act 1995, the Annual Report is required to disclose the number of complaints of minor breaches received each year.

No. of complaints 2015-16	Outcome	Action taken
Nil	N/A	N/A

Matthew Gilfellon
CHIEF EXECUTIVE OFFICER

PLAN FOR THE FUTURE

Background

Section 5.56 of the Local Government Act 1995 now provides that a Local Government is to prepare a Plan for the Future for the next two or more financial years.

Section 5.53 of the Act provides that a Council shall include an assessment of the Local Government in relation to each major initiative included in its Annual Report and that particulars of the major initiatives planned for the next financial year be also included.

2015/16 – Plan for the Future Projects

Action	Success Indicator	Budget	2015/16
Annual review of Strategic Community Plan; LTFP; Policies and Delegations	Completion of review within agreed timeframes	Internal Staff time plus external support	Complete
Improve knowledge and skills through training courses	Number of training courses attended	\$12,000	Complete
Ensure information on website is current and up to date	Number of hits on website	Internal Staff Time	Current
Regularly monitor compliance issues	Target 100% compliance on annual compliance return	Internal Staff Time	Complete
Ensure quality monthly reporting to Council against budget and LTFP	Reports received by Council at Ordinary Meetings	Internal Staff Time	Not Yet Started
Develop a Sewerage Scheme for Kukerin	Sewerage Scheme constructed and completed	\$400,000	Current
Implement annual road maintenance program	Program completed within 2% of budget	\$380,000	Complete
Implement annual road construction program	Program completed within 2% of budget	\$1,100,000	Complete
Shire staff provide information to business and facilitate contacts	Number of business contacts with the Shire	Internal Staff time	Complete
Identify new land in revision of Town Planning Scheme	Land rezoned for residential and industrial use	\$25,000	Current
Upgrade facilities at both caravan parks	Upgrade works completed on budget	\$30,000	Current
Complete improvements to Bluebird Interpretive Centre	Improvements works completed on budget	\$45,000	Complete
Provide new seniors style housing in the Shire	Senior housing constructed and opened	\$670,000	Complete

Include needs of community and frail and disabled in asset strategies	Hall upgrades completed	\$237,965	Current
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2016/17 – Plan for the Future Projects

Action	Success Indicator	Budget
Annual review of Strategic Community Plan; LTFP; Policies and Delegations	Completion of review within agreed timeframes	Internal Staff time plus external support
Improve training knowledge and skills through training courses	Number of training course attended	\$12,000
Regularly monitor compliance issues	Target 100% compliance on annual compliance return	Internal Staff Time
Ensure monthly reporting to Council against budget and LTFP	Reports received by Council at Ordinary Council Meetings	Internal Staff Time
Develop a Sewerage Scheme for Kukerin	Sewerage Scheme constructed and completed	\$400,000
Implement annual road maintenance program	Program completed within 2% of budget	\$380,000
Implement annual road construction program	Program completed within 2% of budget	\$1,100,000
Shire staff provide information to business and facilitate contacts	Number of business contacts within the Shire	Internal Staff Time
Survey local community on demands and functionality of community buildings	Survey conducted and outcomes included in asset plan	\$3,000
Identify new land in revision of Town Planning Scheme	Land rezoned for residential and industrial use	\$25,000
Upgrade facilities at both caravan parks	Upgrade works completed on budget	\$30,000
Council lobby government for the provision of more aged care units	More aged care units constructed	Internal Staff Time and Grants
Establish a new Waste Facility	Waste Facility constructed and opened	\$50,000
Shire involvement in landcare actions on water management	Reduction in salinity levels in water table	\$50,000
Pursue water conservation actions for Council buildings and parks	Reduction in annual water charges	\$10,000

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

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Principal place of business:
Harvey Street
Dumbleyung
WA 6350

SHIRE OF DUMBLEYUNG
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

17 day of January 2017



Matthew Gilfellow
Chief Executive Officer

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	22	1,543,014	1,525,271	1,484,068
Operating grants, subsidies and contributions	29	1,047,548	2,222,135	5,236,472
Fees and charges	28	299,227	318,682	315,702
Interest earnings	2(a)	212,304	214,405	168,961
Other revenue	2(a)	426,628	257,500	710,221
		<u>3,528,721</u>	<u>4,537,993</u>	<u>7,915,424</u>
Expenses				
Employee costs		(1,158,162)	(1,422,959)	(1,138,950)
Materials and contracts		(1,029,295)	(1,326,571)	(710,949)
Utility charges		(139,782)	(125,267)	(116,947)
Depreciation on non-current assets	2(a)	(1,378,971)	(1,308,614)	(1,285,331)
Interest expenses	2(a)	(12,963)	(12,393)	(13,850)
Insurance expenses		(198,750)	(194,329)	(178,741)
Other expenditure		(547,621)	(257,500)	(523,544)
		<u>(4,465,544)</u>	<u>(4,647,633)</u>	<u>(3,968,312)</u>
		(936,823)	(109,640)	3,947,112
Non-operating grants, subsidies and contributions	29	1,985,167	171,047	848,527
Profit on asset disposals	20	24,671	100,827	17,602
(Loss) on asset disposals	20	(89,017)	(56,309)	(13,405)
Net result		<u>983,998</u>	<u>105,925</u>	<u>4,799,836</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	484,852	0	(5,645,989)
Total other comprehensive income		<u>484,852</u>	<u>0</u>	<u>(5,645,989)</u>
Total comprehensive income		<u><u>1,468,850</u></u>	<u><u>105,925</u></u>	<u><u>(846,153)</u></u>

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

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue	2(a)			
Governance		63,283	11,000	2,418,632
General purpose funding		2,406,285	2,443,152	4,264,465
Law, order, public safety		27,172	18,123	30,923
Health		250	0	0
Education and welfare		53,050	44,000	40,321
Housing		61,540	69,698	63,122
Community amenities		291,619	198,228	372,812
Recreation and culture		61,428	47,760	115,440
Transport		456,929	1,320,096	465,829
Economic services		33,287	331,936	40,859
Other property and services		73,878	54,000	103,021
		<u>3,528,721</u>	<u>4,537,993</u>	<u>7,915,424</u>
Expenses	2(a)			
Governance		(261,947)	(235,246)	(341,104)
General purpose funding		(89,694)	(89,739)	(72,503)
Law, order, public safety		(115,772)	(118,404)	(96,043)
Health		(46,040)	(49,319)	(43,556)
Education and welfare		(132,585)	(154,514)	(124,789)
Housing		(118,142)	(151,832)	(106,709)
Community amenities		(749,333)	(600,501)	(335,038)
Recreation and culture		(906,008)	(824,819)	(680,213)
Transport		(1,548,870)	(1,832,644)	(1,823,998)
Economic services		(179,741)	(454,468)	(175,586)
Other property and services		(304,449)	(123,754)	(154,923)
		<u>(4,452,581)</u>	<u>(4,635,240)</u>	<u>(3,954,462)</u>
Finance costs	2(a)			
Community amenities		(3,094)	(3,000)	(3,643)
Recreation and culture		(1,128)	(1,113)	(1,673)
Economic services		(8,741)	(8,280)	(8,534)
		<u>(12,963)</u>	<u>(12,393)</u>	<u>(13,850)</u>
		(936,824)	(109,640)	3,947,112
Non-operating grants, subsidies and contributions	29	1,985,167	171,047	848,527
Profit on disposal of assets	20	24,671	100,827	17,602
(Loss) on disposal of assets	20	(89,017)	(56,309)	(13,405)
Net result		<u>983,998</u>	<u>105,925</u>	<u>4,799,836</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	484,852	0	(5,645,989)
Total other comprehensive income		<u>484,852</u>	<u>0</u>	<u>(5,645,989)</u>
Total comprehensive income		<u>1,468,850</u>	<u>105,925</u>	<u>(846,153)</u>

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

SHIRE OF DUMBLEYUNG
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	6,239,323	6,837,546
Trade and other receivables	4	297,458	235,552
Inventories	5	15,736	5,368
TOTAL CURRENT ASSETS		<u>6,552,517</u>	<u>7,078,466</u>
NON-CURRENT ASSETS			
Other receivables	4	24,881	30,096
Property, plant and equipment	6	17,437,370	16,310,728
Infrastructure	7	20,527,707	19,497,000
TOTAL NON-CURRENT ASSETS		<u>37,989,958</u>	<u>35,837,824</u>
TOTAL ASSETS		<u>44,542,475</u>	<u>42,916,290</u>
CURRENT LIABILITIES			
Trade and other payables	8	217,531	76,755
Current portion of long term borrowings	9	20,304	19,208
Provisions	10	195,732	221,518
TOTAL CURRENT LIABILITIES		<u>433,567</u>	<u>317,481</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	198,368	218,672
Provisions	10	80,014	18,461
TOTAL NON-CURRENT LIABILITIES		<u>278,382</u>	<u>237,133</u>
TOTAL LIABILITIES		<u>711,949</u>	<u>554,614</u>
NET ASSETS		<u>43,830,526</u>	<u>42,361,676</u>
EQUITY			
Retained surplus		21,341,624	20,575,874
Reserves - cash backed	11	5,782,974	5,564,726
Revaluation surplus	12	16,705,928	16,221,076
TOTAL EQUITY		<u>43,830,526</u>	<u>42,361,676</u>

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

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		18,252,555	3,088,209	21,867,065	43,207,829
Comprehensive income					
Net result		4,799,836	0	0	4,799,836
Changes on revaluation of assets	12	<u>0</u>	<u>0</u>	<u>(5,645,989)</u>	<u>(5,645,989)</u>
Total comprehensive income		4,799,836	0	(5,645,989)	(846,153)
Transfers from/(to) reserves		(2,476,517)	2,476,517	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2015		20,575,874	5,564,726	16,221,076	42,361,676
Net result		983,998	0	0	983,998
Changes on revaluation of assets	12	<u>0</u>	<u>0</u>	<u>484,852</u>	<u>484,852</u>
Total comprehensive income		983,998	0	484,852	1,468,850
Transfers from/(to) reserves		(218,248)	218,248	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2016		<u>21,341,624</u>	<u>5,782,974</u>	<u>16,705,928</u>	<u>43,830,526</u>

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

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

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,508,292	1,613,553	1,497,058
Operating grants, subsidies and contributions		964,611	2,367,141	5,228,757
Fees and charges		299,227	318,682	315,702
Interest earnings		260,199	214,405	168,961
Goods and services tax		1,263,892	107,480	163,608
Other revenue		426,628	257,500	673,425
		<u>4,722,849</u>	<u>4,878,761</u>	<u>8,047,511</u>
Payments				
Employee costs		(1,146,558)	(1,448,733)	(1,042,832)
Materials and contracts		(874,723)	(1,459,056)	(883,153)
Utility charges		(139,782)	(125,267)	(116,947)
Interest expenses		(12,963)	(12,393)	(13,850)
Insurance Expenses		(198,750)	(194,329)	(178,741)
Goods and services tax		(1,250,820)	(107,936)	(235,871)
Other expenditure		(547,621)	(257,500)	(523,544)
		<u>(4,171,216)</u>	<u>(3,605,214)</u>	<u>(2,994,938)</u>
Net cash provided by (used in) operating activities	13(b)	<u>551,633</u>	<u>1,273,547</u>	<u>5,052,573</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,604,223)	(1,307,253)	(1,296,320)
Payments for construction of infrastructure		(1,906,706)	(2,229,231)	(1,334,943)
Non-operating grants, subsidies and contributions		1,985,167	171,047	848,527
Proceeds from sale of fixed assets		395,114	525,528	328,757
Net cash provided by (used in) investment activities		<u>(1,130,648)</u>	<u>(2,839,909)</u>	<u>(1,453,979)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(19,208)	(19,231)	(20,949)
Proceeds from self supporting loans		0	0	2,775
Proceeds from new debentures		0	400,000	0
Net cash provided by (used in) financing activities		<u>(19,208)</u>	<u>380,769</u>	<u>(18,174)</u>
Net increase (decrease) in cash held		(598,223)	(1,185,593)	3,580,420
Cash at beginning of year		6,837,546	6,837,548	3,257,126
Cash and cash equivalents at the end of the year	13(a)	<u><u>6,239,323</u></u>	<u><u>5,651,955</u></u>	<u><u>6,837,546</u></u>

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

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

NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net current assets at start of financial year - surplus/(deficit)	<u>1,215,467</u> 1,215,467	<u>1,347,393</u> 1,347,393	<u>(52,950)</u> (52,950)
Revenue from operating activities (excluding rates)			
Governance	70,503	11,000	2,421,419
General purpose funding	951,136	985,925	2,859,016
Law, order, public safety	27,172	114,586	30,923
Health	250	0	0
Education and welfare	53,050	44,000	40,321
Housing	69,950	69,698	63,122
Community amenities	291,619	199,228	372,812
Recreation and culture	61,428	47,760	115,440
Transport	458,020	1,323,460	480,644
Economic services	33,287	331,936	40,859
Other property and services	81,829	54,000	103,021
	<u>2,098,244</u>	<u>3,181,593</u>	<u>6,527,577</u>
Expenditure from operating activities			
Governance	(262,257)	(244,246)	(346,691)
General purpose funding	(89,694)	(89,739)	(72,503)
Law, order, public safety	(157,289)	(118,404)	(96,043)
Health	(46,040)	(49,319)	(43,556)
Education and welfare	(132,585)	(154,514)	(124,789)
Housing	(118,142)	(151,832)	(106,709)
Community amenities	(752,426)	(603,501)	(338,681)
Recreation and culture	(907,136)	(825,932)	(681,886)
Transport	(1,592,106)	(1,865,439)	(1,831,816)
Economic services	(188,482)	(462,748)	(184,120)
Other property and services	(308,402)	(138,268)	(154,923)
	<u>(4,554,559)</u>	<u>(4,703,942)</u>	<u>(3,981,717)</u>
Operating activities excluded from budget			
(Profit) on disposal of assets	20 (24,671)	(100,827)	(17,602)
Loss on disposal of assets	20 89,017	56,309	13,405
Movement in deferred pensioner rates (non-current)	5,215	0	449
Movement in employee benefit provisions (non-current)	61,553	0	(15,805)
Depreciation on assets	2(a) 1,378,971	1,308,614	1,285,331
Amount attributable to operating activities	<u>269,237</u>	<u>1,089,140</u>	<u>3,758,688</u>
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions	1,985,167	171,047	848,527
Proceeds from disposal of assets	20 395,114	525,528	328,757
Purchase of property, plant and equipment	6(b) (1,604,223)	(1,307,253)	(1,296,320)
Purchase and construction of infrastructure	7(b) (1,906,706)	(2,229,231)	(1,334,943)
Amount attributable to investing activities	<u>(1,130,648)</u>	<u>(2,839,909)</u>	<u>(1,453,979)</u>
FINANCING ACTIVITIES			
Repayment of debentures	21(a) (19,208)	(19,231)	(20,949)
Proceeds from new debentures	21(a) 0	400,000	0
Proceeds from self supporting loans	0	0	2,775
Transfers to reserves (restricted assets)	11 (327,799)	(199,224)	(2,476,517)
Transfers from reserves (restricted assets)	11 109,551	111,997	0
Amount attributable to financing activities	<u>(237,456)</u>	<u>293,542</u>	<u>(2,494,691)</u>
Surplus(deficiency) before general rates	<u>(1,098,867)</u>	<u>(1,457,227)</u>	<u>(189,982)</u>
Total amount raised from general rates	22 1,455,148	1,457,227	1,405,449
Net current assets at June 30 c/fwd - surplus/(deficit)	23 <u><u>356,281</u></u>	<u><u>0</u></u>	<u><u>1,215,467</u></u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical accounting estimates

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

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

The local government reporting entity

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

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

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

1.51

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with	December 2014	1 January 2018	<p>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.</p> <p>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.</p>
(iii) AASB 16 Leases	February 2016	1 January 2019	<p>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.</p> <p>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.</p>

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in 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. 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.
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>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.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.</p>
(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	<p>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.</p> <p>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.</p>

Notes:

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

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

2. REVENUE AND EXPENSES	2016	2015
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
- Audit of the Annual Financial Report	28,727	25,372
- Financial Management Review	0	6,545
- Assistance with the finalisation of the annual financial report	18,022	5,830
- Other services	4,730	2,134
Depreciation		
Non-specialised buildings	28,638	28,637
Specialised buildings	224,740	224,742
Plant and equipment	249,594	245,049
Roads	669,998	744,266
Sewerage	25,000	5,849
Parks and Other Improvements	181,001	36,788
	<u>1,378,971</u>	<u>1,285,331</u>
Interest expenses (finance costs)		
Debentures (refer Note 21 (a))	12,963	13,850
	<u>12,963</u>	<u>13,850</u>
(ii) Crediting as revenue:		
Significant revenue		
Governance - Bain Estate Interim Distribution	<u>0</u>	<u>2,453,099</u>
The significant revenue in 2015 relates to interim distributions from a deceased estate for which the Shire is the sole beneficiary. This has been classified as Operating Grants, Subsidies and Contributions by Nature or Type.		
Other revenue		
Reimbursements and recoveries	76,459	316,692
Other	350,169	393,529
	<u>426,628</u>	<u>710,221</u>
	2016 Actual	2016 Budget
	\$	\$
Interest earnings		2015 Actual
		\$
- Reserve funds	192,680	148,592
- Other funds	9,294	9,138
Other interest revenue (refer note 27)	10,330	11,231
	<u>212,304</u>	<u>168,961</u>

SHIRE OF DUMBLEYUNG
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

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

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

EDUCATION AND WELFARE

Objective:

To provide services to disadvantaged persons, the elderly, children and youth.

Activities:

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

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

HOUSING

Objective:

To provide and maintain elderly residents housing.

Activities:

Provision and maintenance of elderly residents housing.

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

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

Activities:

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

TRANSPORT

Objective:

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

Activities:

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

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control Shire's overheads operating accounts.

Activities:

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

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance ⁽¹⁾ 30/06/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance 30/06/16 \$
Royalties for Regions	General Purpose Funding	0	352,168	(43,349)	308,819	0	(207,523)	101,296
Aged Friendly Communities Grants	General Purpose Funding	0	41,000	(1,500)	39,500	0	(8,893)	30,607
Landcare Grant - SWCC Sustainable Farming 2014	Community Amenities	0	0	0	0	35,798	(28,729)	7,069
Landcare Grant - State NRM Community Action Grant 2015	Community Amenities	0	0	0	0	38,427	(13,705)	24,722
Landcare Grant - State NRM 2014	Community Amenities	0	15,000	0	15,000	0	(6,900)	8,100
Landcare Grant - SWCC Ground Works Project 2015-18	Community Amenities	0	50,000	0	50,000	50,000	(52,162)	47,838
Water Grant	Community Amenities	0	120,000	0	120,000	0	(60,402)	59,598
Dumbleyung Lake	Community Amenities	0	3,000	0	3,000	0	(3,000)	0
Community Crime Prevention Grant	Economic Services	0	0	0	0	12,391	(11,708)	683
Total		<u>0</u>	<u>581,168</u>	<u>(44,849)</u>	<u>536,319</u>	<u>136,616</u>	<u>(393,022)</u>	<u>279,913</u>

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

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		176,439	736,501
Restricted		<u>6,062,884</u>	<u>6,101,045</u>
		<u><u>6,239,323</u></u>	<u><u>6,837,546</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	11	110,266	105,695
Plant reserve	11	68,540	74,309
Dam Cleaning Reserve	11	6,370	34,862
Sewerage Works Reserve	11	189,244	120,757
Staff Housing Reserve	11	57,879	55,480
Tourist Reserve	11	10,574	10,136
Landcare Development Reserve	11	64,817	69,373
Rural Town Development Reserve	11	38,729	37,123
Aged Care Facility Reserve	11	52,140	49,978
Municipal Building Reserve	11	39,965	38,308
Gravel Pit Rehab Reserve	11	24,801	23,772
Fence Road Drain Maintenance Reserve	11	21,630	8,842
Drainage Maintenance Reserve	11	15,570	14,924
Refuse Reserve	11	1,212	1,162
Asset Plan Reserve	11	50,710	48,607
Bain Estate Reserve	11	5,030,524	4,871,398
Unspent grants	2(c)	<u>279,913</u>	<u>536,319</u>
		<u><u>6,062,884</u></u>	<u><u>6,101,045</u></u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates outstanding		99,619	59,682
Sundry debtors		109,436	25,726
GST receivable		49,955	72,263
Provision for Doubtful Debts		(4,313)	(3,539)
Accrued Interest On Term Deposits		9,001	56,896
Fuel Tax Credit Accrual		<u>33,760</u>	<u>24,524</u>
		<u><u>297,458</u></u>	<u><u>235,552</u></u>
Non-current			
Rates outstanding - pensioners		<u>24,881</u>	<u>30,096</u>
		<u><u>24,881</u></u>	<u><u>30,096</u></u>
5. INVENTORIES			
Current			
Fuel and materials		<u>15,736</u>	<u>5,368</u>
		<u><u>15,736</u></u>	<u><u>5,368</u></u>

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

	2016	2015
	\$	\$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Freehold land at:		
- Independent valuation 2014 - level 2	297,250	297,250
- Independent valuation 2014 - level 3	<u>592,500</u>	<u>592,500</u>
	889,750	889,750
Land - vested in and under the control of Council at: at:		
- Management valuation 2014 - level 3	<u>356,530</u>	<u>356,530</u>
	356,530	356,530
	<u>1,246,280</u>	<u>1,246,280</u>
Non-specialised buildings at:		
- Independent valuation 2014 - level 2	1,421,250	1,421,250
- Additions after valuation - cost	18,160	0
Less: accumulated depreciation	<u>(57,275)</u>	<u>(28,637)</u>
	1,382,135	1,392,613
Specialised buildings at:		
- Independent valuation 2014 - level 3	10,850,896	10,850,896
- Additions after valuation - cost	1,307,533	392,700
Less: accumulated depreciation	<u>(449,482)</u>	<u>(224,742)</u>
	11,708,947	11,018,854
	<u>13,091,082</u>	<u>12,411,467</u>
Total land and buildings	<u>14,337,362</u>	<u>13,657,747</u>
Plant and equipment at:		
- Independent valuation 2013 - level 2	0	1,830,000
- Management valuation 2013 - level 3	0	174,360
- Management valuation 2016 - level 2	2,213,201	0
- Management valuation 2016 - level 3	710,309	0
- Additions after valuation - cost	0	541,566
Less accumulated depreciation	<u>0</u>	<u>(479,769)</u>
	2,923,510	2,066,157
Work In Progress at:		
Buildings	<u>176,498</u>	<u>586,824</u>
	176,498	586,824
	<u>17,437,370</u>	<u>16,310,728</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 DUMBLEYUNG
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 \$
Freehold Land	889,750	0	0	0	0	0	0	0	889,750
Land - vested in and under the control of Council at:	356,530	0	0	0	0	0	0	0	356,530
Total land	1,246,280	0	0	0	0	0	0	0	1,246,280
Non-specialised buildings	1,392,613	18,160	0	0	0	0	(28,638)	0	1,382,135
Specialised buildings	11,018,854	328,009	0	0	0	0	(224,740)	586,824	11,708,947
Total buildings	12,411,467	346,169	0	0	0	0	(253,378)	586,824	13,091,082
Total land and buildings	13,657,747	346,169	0	0	0	0	(253,378)	586,824	14,337,362
Plant and equipment	2,066,157	1,081,556	(459,461)	484,852	0	0	(249,594)		2,923,510
Work In Progress	586,824	176,498	0	0	0	0	0	(586,824)	176,498
Total property, plant and equipment	16,310,728	1,604,223	(459,461)	484,852	0	0	(502,972)	0	17,437,370

SHIRE OF DUMBLEYUNG
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
Land and buildings					
Freehold land	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2014	Price per hectare
Freehold land	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent valuers	June 2014	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Land vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Management valuation	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Non-specialised buildings	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2014	Price per square metre
Specialised buildings	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment					
- Management valuation 2016 - level 2	2	Market approach using recent observable market data for similar	Management valuation	June 2016	Price per item
- Management valuation 2016 - level 3	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

	2016	2015
	\$	\$
7 (a). INFRASTRUCTURE		
Roads		
- Management valuation 2015 - level 3	16,391,000	16,391,000
- Additions after valuation - cost	1,906,706	0
Less accumulated depreciation	<u>(669,998)</u>	<u>0</u>
	<u>17,627,708</u>	<u>16,391,000</u>
 Sewerage		
- Management valuation 2015 - level 3	777,000	777,000
Less accumulated depreciation	<u>(25,000)</u>	<u>0</u>
	<u>752,000</u>	<u>777,000</u>
 Parks and Other Improvements		
- Management valuation 2015 - level 3	2,329,000	2,329,000
Less accumulated depreciation	<u>(181,001)</u>	<u>0</u>
	<u>2,147,999</u>	<u>2,329,000</u>
	<u><u>20,527,707</u></u>	<u><u>19,497,000</u></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 DUMBLEYUNG
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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Roads	16,391,000	1,906,706	0	0	0	0	(669,998)	0	17,627,708
Sewerage	777,000	0	0	0	0	0	(25,000)	0	752,000
Other Improvements	2,329,000	0	0	0	0	0	(181,001)	0	2,147,999
Total infrastructure	<u>19,497,000</u>	<u>1,906,706</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(875,999)</u>	<u>0</u>	<u>20,527,707</u>

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

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Sewerage	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other Improvements	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

	2016	2015
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	(246)	0
Accrued salaries and wages	4,035	4,035
ATO liabilities	48,556	72,720
Accrued expenses	165,186	0
	<u>217,531</u>	<u>76,755</u>

9. LONG-TERM BORROWINGS

Current

Secured by floating charge

 Debentures

	20,304	19,208
	<u>20,304</u>	<u>19,208</u>

Non-current

Secured by floating charge

 Debentures

	198,368	218,672
	<u>198,368</u>	<u>218,672</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2015			
Current provisions	109,098	112,420	221,518
Non-current provisions	0	18,461	18,461
	<u>109,098</u>	<u>130,881</u>	<u>239,979</u>
Additional provision	7,477	28,290	35,767
Balance at 30 June 2016	<u>116,575</u>	<u>159,171</u>	<u>275,746</u>
Comprises			
Current	116,575	79,157	195,732
Non-current	0	80,014	80,014
	<u>116,575</u>	<u>159,171</u>	<u>275,746</u>

SHIRE OF DUMBLEYUNG
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 \$
Leave reserve	105,695	4,572	0	110,266	105,695	3,759	0	109,454	102,214	3,481	0	105,695
Plant reserve	74,309	3,214	(8,983)	68,540	74,308	2,643	(7,000)	69,951	71,861	2,448	0	74,309
Dam Cleaning Reserve	34,862	1,508	(30,000)	6,370	34,861	1,240	0	36,101	33,713	1,149	0	34,862
Sewerage Works Reserve	120,757	68,488	0	189,244	120,757	4,294	0	125,051	116,779	3,978	0	120,757
Staff Housing Reserve	55,480	2,400	0	57,879	55,480	1,973	0	57,453	53,652	1,828	0	55,480
Tourist Reserve	10,136	438	0	10,574	10,136	360	0	10,496	9,802	334	0	10,136
Landcare Development Reserve	69,373	14,722	(19,277)	64,817	69,373	2,467	(14,306)	57,534	66,757	2,616	0	69,373
Rural Town Development Reserve	37,123	1,606	0	38,729	37,123	1,320	0	38,443	35,901	1,222	0	37,123
Aged Care Facility Reserve	49,978	2,162	0	52,140	49,979	1,777	0	51,756	48,332	1,646	0	49,978
Municipal Building Reserve	38,308	1,657	0	39,965	38,308	1,362	0	39,670	37,047	1,261	0	38,308
Gravel Pit Rehab Reserve	23,772	1,028	0	24,801	23,773	845	0	24,618	22,989	783	0	23,772
Fence Road Drain Maintenance Reserve	8,842	12,789	0	21,630	8,842	1,636	0	10,478	8,299	543	0	8,842
Drainage Maintenance Reserve	14,924	646	0	15,570	14,925	531	0	15,456	14,433	491	0	14,924
Refuse Reserve	1,162	50	0	1,212	1,162	41	0	1,203	1,124	38	0	1,162
Asset Plan Reserve	48,607	2,102	0	50,710	48,608	1,729	0	50,337	47,007	1,600	0	48,607
Bain Estate Reserve	4,871,398	210,417	(51,291)	5,030,524	4,871,398	173,247	(90,691)	4,953,954	2,418,299	2,453,099	0	4,871,398
	<u>5,564,726</u>	<u>327,799</u>	<u>(109,551)</u>	<u>5,782,971</u>	<u>5,564,728</u>	<u>199,224</u>	<u>(111,997)</u>	<u>5,651,955</u>	<u>3,088,209</u>	<u>2,476,517</u>	<u>0</u>	<u>5,564,726</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.

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:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Leave reserve	Not known	- to meet the organisation's liability for employee's accrued leave.
Plant reserve	In the 2017/18 financial year	- to be used for the purchase of major plant.
Dam Cleaning Reserve	Not known	- to provide funds to clean the Kokerin Dam.
Sewerage Works Reserve	Not known	- to be used for maintenance and upgrading of the current sewerage system.
Staff Housing Reserve	Not known	- to contribute towards the building of new staff housing.
Tourist Reserve	Not known	- to contribute to the provision of tourism.
Landcare Development Reserve	Next financial year	- to contribute to landcare development.
Rural Town Development Reserve	Not known	- to contribute to the Rural Town Development Program.
Aged Care Facility Reserve	Not known	- to be used for the construction of an aged care facility.
Municipal Building Reserve	Not known	- for improvements to shire owned buildings.
Gravel Pit Rehab Reserve	Not known	- to be used for the rehabilitation of gravel pits.
Fence Road Drain Maintenance Reserve	Not known	- to be used for the maintenance of the Fence Road Drain.
Drainage Maintenance Reserve	Not known	- to be used for the maintenance of drains within the shire.
Refuse Reserve	Not known	- to provide for the increased costs of disposing of refuse via transfer stations.
Asset Plan Reserve	Not known	- to contribute to the set up of asset management plan.
Bain Estate Reserve	Next financial year	- To hold funds received from the Bain Estate until sufficient arrangements for the distribution of funds to the community are in place or an alternative method of holding the funds is established.

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

12 REVALUATION SURPLUS

	2016	2016	2016	2016	2016	2015	2015	2015	2015	2015
	Opening	Revaluation	Revaluation	Total	Closing	Opening	Revaluation	Revaluation	Total	Closing
	Balance	Increment	Decrement	Movement on	Balance	Balance	Increment	Decrement	Movement on	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land and buildings	9,075,648	0	0	0	9,075,648	9,075,648	0	0	0	9,075,648
Plant and equipment	322,338	484,852	0	484,852	807,190	322,338	0	0	0	322,338
Roads	4,308,926	0	0	0	4,308,926	12,469,079	0	(8,160,153)	(8,160,153)	4,308,926
Sewerage	674,941	0	0	0	674,941	0	674,941	0	674,941	674,941
Parks and Other Improvements	1,839,223	0	0	0	1,839,223	0	1,839,223	0	1,839,223	1,839,223
	<u>16,221,076</u>	<u>484,852</u>	<u>0</u>	<u>484,852</u>	<u>16,705,928</u>	<u>21,867,065</u>	<u>2,514,164</u>	<u>(8,160,153)</u>	<u>(5,645,989)</u>	<u>16,221,076</u>

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 DUMBLEYUNG
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	2015
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>6,239,323</u>	<u>5,651,955</u>	<u>6,837,546</u>

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

Net result	983,998	105,925	4,799,836
Non-cash flows in Net result:			
Depreciation	1,378,971	1,308,614	1,285,331
(Profit)/Loss on sale of asset	64,346	(44,518)	(4,197)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(56,691)	340,768	(103,784)
(Increase)/Decrease in inventories	(10,368)	14,746	14,156
Increase/(Decrease) in payables	140,777	(255,167)	(167,786)
Increase/(Decrease) in provisions	35,767	(25,774)	77,544
Grants contributions for the development of assets	<u>(1,985,167)</u>	<u>(171,047)</u>	<u>(848,527)</u>
Net cash from operating activities	<u>551,633</u>	<u>1,273,547</u>	<u>5,052,573</u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

	2016	2015
	\$	\$
Credit card limit	13,500	13,500
Credit card balance at balance date	<u>(1,781)</u>	<u>(2,841)</u>
Total amount of credit unused	<u>11,719</u>	<u>10,659</u>

Loan facilities

Loan facilities - current	20,304	19,208
Loan facilities - non-current	<u>198,368</u>	<u>218,672</u>
Total facilities in use at balance date	<u>218,672</u>	<u>237,880</u>

Unused loan facilities at balance date

	<u>NIL</u>	<u>NIL</u>
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SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

14. CONTINGENT LIABILITIES

The shire did not have any contingent liabilities at reporting date.

15. CAPITAL AND LEASING COMMITMENTS	2016	2015
	\$	\$

(a) Operating Lease Commitments

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

(b) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects	0	277,317
- plant & equipment purchases		

Payable:

- not later than one year	0	277,317
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The Shire did not have any future capital expenditure commitments at the reporting date.

The capital expenditure projects outstanding at the end of the 2015 reporting period represents the construction of aged care housing.

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	5,831,224	5,890,932
General purpose funding	234,766	1,350,469
Law, order, public safety	523,578	359,385
Education and welfare	1,463,153	1,429,639
Housing	1,555,048	1,579,938
Community amenities	3,221,038	1,630,299
Recreation and culture	6,887,255	9,399,624
Transport	18,235,435	16,970,334
Economic services	574,139	578,244
Other property and services	3,074,715	2,481,145
Unallocated	2,942,124	1,246,281
	<u>44,542,475</u>	<u>42,916,290</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2016	2015	2014
18. FINANCIAL RATIOS			
Current ratio	1.51	4.62	1.05
Asset sustainability ratio	1.88	1.17	0.96
Debt service cover ratio	12.15	150.88	108.99
Operating surplus ratio	(0.46)	1.72	0.94
Own source revenue coverage ratio	0.47	0.58	0.44

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:

- a) Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 56 of this document.
- b) For 2016, the Debt Service Cover and the Operating Surplus ratios as disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grants (FAGS) on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$763,037.

- c) For 2015, the Current, Debt Service Cover and the Operating Surplus ratios as disclosed above were distorted by an item of significant revenue relating to the early payment of 2015/16 FAGS of \$763,037, which was received prior to year end and a distribution from the Bain Estate amounting to \$2,453,099.
- d) For 2014, the Current, Debt Service Cover and the Operating Surplus ratios as disclosed above were distorted by the change to the payment of FAGS during the year ended 30 June 2014 which saw the advance payment for the following year cease resulting in an amount of \$701,740 less revenue for the year and significant revenue relating to a distribution from the Bain Estate amounting to \$2,418,299.

Items (b) to (d) mentioned above are considered to be "one-off" and if recognised in the year to which the allocation related, the calculations in the 2016, 2015 and 2014 columns above would be as follows:

	2016	2015	2014
Current ratio	1.51	1.01	3.46
Debt service cover ratio	35.86	58.46	44.31
Operating surplus ratio	(0.11)	0.32	(0.01)

SHIRE OF DUMBLEYUNG
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 \$
McIntyre Scholarship	100	0	0	100
Dumbleyung Pictorial Book	1,060	475	(630)	905
Low Income Housing	1,222	0	0	1,222
Aged Persons Units	2,338	1,520	(340)	3,518
Community Bonds	500	0	0	500
Beyond the Fence Book	100	0	0	100
Community Funds Ski Club	5,050	0	0	5,050
Shire Staff Bonds	3,812	280	(620)	3,472
Building Fund Levy	3,069	944	0	4,013
Kukerin Cemetary	320	0	0	320
BCITF	5,772	571	0	6,343
Kukerin Centenary	2,541	0	0	2,541
Councillor Nomination Fees	0	400	(400)	0
Moulyinning Hall Fund	0	5,664	0	5,664
Nippering Grave Marking	0	40	0	40
Fence Rd Catchment Group	0	3,478	0	3,478
Transport Licensing	(124)	293,426	(293,302)	0
	<u>25,760</u>			<u>37,266</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 \$
Plant and Equipment								
Governance								
CEO Vehicle	38,609	44,368	5,759	0	43,000	40,000	0	(3,000)
CEO Vehicle	39,123	40,584	1,461	0	43,000	40,000	0	(3,000)
CEO Vehicle	40,371	40,061	0	(310)	43,000	40,000	0	(3,000)
Law, order, public safety								
Fire Truck	60,413	18,896	0	(41,517)	63,537	160,000	96,463	0
Community amenities								
Landcare Vehicle	18,181	26,591	8,410	0	17,727	18,727	1,000	0
Transport								
Supervisor's Vehicle	13,636	11,136	0	(2,500)	13,636	17,000	3,364	0
Bomag Steel Roller	45,928	35,000	0	(10,928)	44,820	35,000	0	(9,820)
Ford Ranger Ute	8,000	9,091	1,091	0	8,000	6,620	0	(1,380)
12T Tip Truck	90,000	72,727	0	(17,273)	88,924	70,000	0	(18,924)
Kubota Mower	3,000	727	0	(2,273)	2,671	0	0	(2,671)
Massey Ferguson Tractor	4,408	0	0	(4,408)	0	0	0	0
Vibramaster	1,500	0	0	(1,500)	0	0	0	0
Gallagher Vertimower	3,000	0	0	(3,000)	0	0	0	0
Aggregate Spreader	1,354	0	0	(1,354)	0	0	0	0
Other property and services								
Works Manager Vehicle	35,465	32,727	0	(2,738)	37,565	32,727	0	(4,838)
Works Manager Vehicle	32,605	31,388	0	(1,216)	37,565	32,727	0	(4,838)
Works Manager Vehicle	23,868	31,818	7,950	0	37,565	32,727	0	(4,838)
	<u>459,461</u>	<u>395,114</u>	<u>24,671</u>	<u>(89,017)</u>	<u>481,010</u>	<u>525,528</u>	<u>100,827</u>	<u>(56,309)</u>

SHIRE OF DUMBLEYUNG
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	New	Principal		Principal		Interest	
	1 July 2015		Loans	Repayments Actual	Budget	30 June 2016 Actual	Budget	Repayments Actual
	\$	\$	\$	\$	\$	\$	\$	\$
Community amenities								
Loan #38 - Sewerage	29,398	0	5,833	5,833	23,565	23,565	1,790	1,789
Loan #40 - Sewerage	7,985	0	1,101	1,101	6,884	6,884	571	570
Loan #78 - Sewerage Extensions	10,832	0	3,385	3,384	7,447	7,448	733	641
Recreation and culture								
Loan #89 - Mens Shed Contribution	29,542	0	3,758	3,782	25,784	25,760	1,128	1,113
Economic services								
Loan #92 - Old Post Office Building	160,123	0	5,131	5,131	154,992	154,992	8,741	8,280
	<u>237,880</u>	<u>0</u>	<u>19,208</u>	<u>19,231</u>	<u>218,672</u>	<u>218,649</u>	<u>12,963</u>	<u>12,393</u>

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2015/16

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

(c) Unspent Debentures

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

(d) Overdraft

The Shire has no overdraft facility.

SHIRE OF DUMBLEYUNG
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 \$	Total Revenue \$	Budget Rate Revenue \$	Budget Total Revenue \$
General rate								
Gross rental value valuations								
GRV	0.120513	161	904,911	109,054	(526)	108,528	109,054	109,054
Unimproved value valuations								
UV	0.010482	301	128,740,043	1,349,453	(914)	1,348,539	1,349,452	1,349,452
Sub-Total		462	129,644,954	1,458,507	(1,440)	1,457,067	1,458,506	1,458,506
Minimum payment	Minimum \$							
Gross rental value valuations								
GRV	385	76	139,337	29,260	0	29,260	29,260	29,260
Unimproved value valuations								
UV	385	20	311,895	7,700	0	7,700	7,700	7,700
Sub-Total		96	451,232	36,960	0	36,960	36,960	36,960
		558	130,096,186	1,495,467	(1,440)	1,494,027	1,495,466	1,495,466
Discounts/concessions (refer note 26)						(50,479)		(50,000)
Ex-gratia rates						11,095		11,761
Movement in excess rates						505		0
Total amount raised from general rate						1,455,148		1,457,227
Specified Area Rate (refer note 24)						87,866		87,966
Totals						1,543,014		1,545,193

SHIRE OF DUMBLEYUNG
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) \$
Surplus 1 July brought forward	<u>356,281</u>	<u>1,215,467</u>	<u>1,215,467</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	456,354	736,501	736,501
Restricted	5,782,969	6,101,045	6,101,045
Receivables			
Rates outstanding	99,619	59,682	59,682
Sundry debtors	109,437	25,726	25,726
GST receivable	49,955	72,263	72,263
Provision for Doubtful Debts	(4,313)	(3,539)	(3,539)
Accrued Interest On Term Deposits	9,001	56,896	56,896
Fuel Tax Credit Accrual	33,760	24,524	24,524
Inventories			
Fuel and materials	15,736	5,368	5,368
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	244	0	0
Accrued salaries and wages	(4,035)	(4,035)	(4,035)
ATO liabilities	(48,556)	(72,720)	(72,720)
Accrued expenses	(165,186)	0	0
Current portion of long term borrowings			
Secured by floating charge	(20,304)	(19,208)	(19,208)
Provisions			
Provision for annual leave	(116,575)	(109,098)	(109,098)
Provision for long service leave	(79,157)	(112,420)	(112,420)
Unadjusted net current assets	<u>6,118,948</u>	<u>6,760,985</u>	<u>6,760,985</u>
Adjustments			
Less: Reserves - restricted cash	(5,782,971)	(5,564,726)	(5,564,726)
Add: Current portion of long term borrowings			
Secured by floating charge	20,304	19,208	19,208
Adjusted net current assets - surplus	<u>356,281</u>	<u>1,215,467</u>	<u>1,215,467</u>

Difference

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

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

24. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

Specified Area Rate	Basis of Valuation	Rate in \$	Rateable Value \$	Rate Revenue \$	Interim Rate Revenue \$	Total Specified Area Rate Revenue	Budget Rate Revenue \$
Sewerage Rates							
Sewerage Rates	GRV	11.545	87,967	68,184	(240)	67,944	68,044
Pedestals				19,922	0	19,922	19,922
				<u>88,106</u>	<u>(240)</u>	<u>87,866</u>	<u>87,966</u>

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	Rate Applied to Costs \$	Rate Set Aside to Reserve \$	Rate Applied to Costs \$	Budget Rate Set Aside to Reserve \$
Sewerage Rates	Future replacement of the Dumbleyung Sewerage Scheme	Dumbleyung Townsite	59,070	28,795	43,757	44,209
			<u>59,070</u>	<u>28,795</u>	<u>43,757</u>	<u>44,209</u>

25. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire did not impose any service charges.

**SHIRE OF DUMBLEYUNG
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
General Rates	Discount	50,159	50,000	A discount of 5% of the current rates levied (excludes charges of refuse and will be offered to ratepayers whose payment of the full amount owing, including arrears and charges, is received on or before the discount due date of 4:30pm on the 7th August 2015. The discount will not apply to interim rates issued after the
		<u>50,159</u>	<u>50,000</u>	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount % or \$	Actual \$	Budget \$
Rate Assessment	Write-Off	N/A	320	0
			<u>320</u>	<u>0</u>
Total Discounts and Waivers			<u>50,479</u>	<u>50,000</u>

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Swimming Pool Entry Fees	The swimming pool entry fee is waived for the day of the annual triathlon.	To assist to provide a low cost event to encourage participation.	The waiving of fees helps to reduce the cost of entering and running the event.
Hall Hire Fees	Hall Hire Fees are exempted to certain community organisations.	To ensure that the hall is accessible to community groups that contribute to the overall benefit of the shire.	To provide support to groups that contribute to the overall benefit of the shire.

**SHIRE OF DUMBLEYUNG
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 %
Instalment Options				
Option One				
Single full payment	28-Aug-15			11.00%
Option Two				
First Instalment	28-Aug-15	15	5.50%	11.00%
Second Instalment	28-Dec-15	15	5.50%	11.00%
Option Three				
First Instalment	28-Aug-15	15	5.50%	11.00%
Second Instalment	28-Oct-15	15	5.50%	11.00%
Third Instalment	28-Dec-15	15	5.50%	11.00%
Fourth Instalment	29-Feb-16	15	5.50%	11.00%

	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	8,000	8,000
Interest on instalment plan	2,330	2,000
Charges on instalment plan	2,715	6,000
	<u>13,045</u>	<u>16,000</u>

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

28. FEES & CHARGES	2016	2015
	\$	\$
Governance	277	(201)
General purpose funding	3,755	4,475
Law, order, public safety	2,882	1,868
Health	250	0
Education and welfare	53,050	39,621
Housing	69,950	63,122
Community amenities	96,117	94,105
Recreation and culture	17,807	18,102
Transport	318	363
Economic services	25,895	25,076
Other property and services	28,926	69,171
	<u>299,227</u>	<u>315,702</u>

There were no 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:

By Nature or Type:	2016	2015
	\$	\$
Operating grants, subsidies and contributions		
Governance	0	2,177,273
General purpose funding	731,077	2,689,581
Law, order, public safety	22,740	28,710
Education and welfare	0	700
Community amenities	98,927	196,708
Recreation and culture	32,320	30,000
Transport	150,093	113,500
Economic services	12,391	0
	<u>1,047,548</u>	<u>5,236,472</u>
Non-operating grants, subsidies and contributions		
General purpose funding	268,759	171,385
Law, order, public safety	357,591	0
Recreation and culture	0	50,062
Transport	1,138,124	610,000
Economic services	220,693	17,080
	<u>1,985,167</u>	<u>848,527</u>
	<u>3,032,715</u>	<u>6,084,999</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>25</u>	<u>25</u>
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31. ELECTED MEMBERS REMUNERATION

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

	2016	2016	2015
	\$	Budget	\$
Meeting Fees	14,650	20,000	13,650
President's allowance	18,000	18,000	22,500
Deputy President's allowance	2,000	2,000	2,000
Travelling expenses	7,343	10,000	6,568
Telecommunications Allowance	4,458	0	0
	<u>46,451</u>	<u>50,000</u>	<u>44,718</u>

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

If the Shire did participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

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

34. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	6,239,323	6,837,546	6,239,323	6,837,546
Receivables	322,339	265,648	322,339	265,648
	<u>6,561,662</u>	<u>7,103,194</u>	<u>6,561,662</u>	<u>7,103,194</u>
Financial liabilities				
Payables	217,531	76,755	217,531	76,755
Borrowings	218,672	237,880	253,829	262,195
	<u>436,203</u>	<u>314,635</u>	<u>471,360</u>	<u>338,950</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings and estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

SHIRE OF DUMBLEYUNG
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

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.

Cash is 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 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	62,393	52,333
- Statement of Comprehensive Income	62,393	52,333

Notes:

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

**SHIRE OF DUMBLEYUNG
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	92%	62%
- Overdue	8%	6%

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2016</u>					
Payables	217,531	0	0	217,531	217,531
Borrowings	31,482	102,414	177,911	311,807	218,672
	<u>249,013</u>	<u>102,414</u>	<u>177,911</u>	<u>529,338</u>	<u>436,203</u>
<u>2015</u>					
Payables	76,755	0	0	76,755	76,755
Borrowings	31,482	114,062	197,062	342,606	237,880
	<u>108,237</u>	<u>114,062</u>	<u>197,062</u>	<u>419,361</u>	<u>314,635</u>

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

34. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings (continued)**

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

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year ended 30 June 2016</u>								
Borrowings								
Fixed rate								
Debentures	0	7,447	0	23,566	6,884	180,775	218,672	5.24%
Weighted average Effective interest rate	0.00%	6.32%	0.00%	6.40%	7.40%	4.96%		
<u>Year ended 30 June 2015</u>								
Borrowings								
Fixed rate								
Debentures	0	0	10,832	0	29,398	197,650	237,880	5.27%
Weighted average Effective interest rate	0.00%	0.00%	6.42%	0.00%	6.40%	5.04%		

**SHIRE OF DUMBLEYUNG
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	0.96	0.98	0.54
Asset renewal funding ratio	*	*	*

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

*The Shire is unable to calculate the Asset Renewal Funding Ratio at this time as the information is unavailable.

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INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF DUMBLEYUNG

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the Shire of Dumbleyung, which comprises the statement of financial position as at 30 June 2016, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

Management's Responsibility for The Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 and fair presentation of the financial report that 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 Council, as well as evaluating the overall presentation of the financial report.

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

Opinion

In our opinion, the financial report of the Shire of Dumbleyung is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF DUMBLYUNG (CONTINUED)**

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 56 of this report, we have reviewed the calculation for the Asset Consumption Ratio as presented and nothing has come to our attention to suggest it is not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.

The Asset Renewal Funding Ratio was not calculated and hence no review was carried out.

- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit

MOORE STEPHENS
CHARTERED ACCOUNTANTS



REG GODWIN
PARTNER

Date: 17 January 2017
Perth, WA