



SHIRE OF DUMBLEYUNG ANNUAL REPORT FOR THE YEAR ENDING 30 JUNE 2013



PHOTOGRAPHS

Top L-R –

1. Unveiling of the plaque at the Kukerin Centenary in 2012 by Shire President Gordon Davidson, Deputy President Ross Ditchburn and Kukerin residents
2. Bike West Week – funding provided by Bikewest and a group of locals got together for a bike ride within the Shire.
3. Nenke Park Playground completed
4. Dumbleyung Townscape, Tourism and Tidy Towns produced a banner for the Western Australian Local Government Association Banners in the Terrace competition. CEO Henry Van Der Ende and Councillor Jacki Ball hold the banner up.

Middle L-R –

1. Ngala workshop for mothers
2. The newly constructed Aged Persons Housing in Kukerin
3. The newly constructed CEO house in Dawson Street Dumbleyung
4. Drum Muster at the Dumbleyung Refuse site

Bottom L-R –

1. The Front End Loader was purchased in 2012
2. A new Isuzu truck was also purchased in 2012
3. New Emergency Generator
4. 2012-2013 Council

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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 24 people who work for the Shire; made up of both full-time and part-time employees.

SHIRE PRESIDENT'S REPORT

The Local Government Act requires me as Shire President to provide a report for the year ended the 30 June 2013. I would like to point out at the onset, that this has been the most difficult year that I have been involved in. The Council lost the services of Paul Godfrey, Deputy Chief Executive Officer, Jeff Alderton, Manager of Works and Services and sadly our Chief Executive Officer Henry Van Der Ende passed away. This left a huge hole in our administration staff and on behalf of the Council, I would like to thank Len Calneggia for acting as CEO and Calvin Shotter for taking on the role of Manager of Works and Services. Mary Ann Davidson also assisted as Manager of Corporate Services. All members of Staff and Council are to be commended on ensuring that the Council continued to function as best it could.

The Council still managed to continue with its building programme with Aged Persons Units in Kukerin and Dumbleyung, completion of the CEO House and maintenance of existing buildings.

Other projects ensured that the Shire of Dumbleyung continues to move forward with the completion of the playground at Nenke Park with assistance from the Kukerin community. The upgrade of the airstrips in Dumbleyung and Kukerin will ensure those assets are maintained.

Our road programme was completed and I once again thank and congratulate the outside staff on their endeavours during this financial year.

Our fleet of vehicles, plant and machinery was also maintained and upgraded ensuring that we continue to have the gear to carry out the work required.

The integrated planning required by Local Government has again taken up a significant portion of Staff and Councillor time and I look forward to the completion and acceptance of these plans.

The Councils stance on maintaining its building codes to ensure the safety of the community was upheld with decision by the State Advisory Tribunal siding to endorse the Councils actions. This was an expensive exercise but something Council had to do to ensure the standards required were maintained into the future.

The State Governments continued attempts to force amalgamations of Local Governments will remain a drain on Councils resources for some time to come, but this Council will continue to fight for the wishes of its communities.

I also take this opportunity to thank all Councillors and Staff for their contribution to our Shire and wish those who have moved on all the best for their future endeavours.

Gordon Davidson
Shire President

CHIEF EXECUTIVE OFFICER REPORT

This Chief Executive Officer's report comes under somewhat different circumstances.

There were big changes for the shire administration in 2012/2013. They lost three senior employees with Deputy Chief Executive Officer, Paul Godfrey and Manager of Works, Jeff Alderton moving on to other positions and Chief Executive Officer, Henry van der Ende passing away. There was also two other staff who moved on.

Despite these significant challenges, the administration kept things moving along, with thanks to Len Calneggia who took on the Acting Chief Executive Officer position. It now looks promising for 2013/2014 with a good group of committed and enthusiastic staff in place.

It was a bit smoother on the outside crew who continued to produce a high standard of work thanks to the direction of the Works Supervisor John Bairstow. I would like to congratulate all the staff members at the Shire of Dumbleyung for their fantastic efforts in keeping the shire moving forwards.

Some of the larger projects for 2012/2013 were the construction of Aged Persons Units and a new Staff House. These will provide a great asset to the community and shire in keeping their experienced residents in the shire and helping to attract staff to work for the shire.

Finally, thankyou 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 2012/13 financial year, the Shire traded the Volvo Loader and replaced it with a new Volvo Loader. The Shire also traded its Isuzu Giga 385 for an Isuzu 295 truck.

The Shires outside works crew main town project was the upgrade of the Dumbleyung airstrip which looks really good. This was at a cost of \$47,079 of which 50% was funded by a grant through Department of Transport.

In both towns the Well-Aged Units have been completed. It is very positive for the towns to see some new buildings. The CEOs new residence has been completed as well which has added some more staff housing.

During 2012/13 fiscal year the following totals were spent in comparison to 2011/12 (2011/12 in brackets)

- Road Construction: \$1,379,584 (\$1,228,310)
- Road Maintenance, including footpaths and town beautification: \$484,799 (\$477,963)
- Public Open Space Maintenance, including ovals: \$176,830 (\$193,424)
- Plant Operation Costs: \$306,261 (\$370,854)
- Overheads: \$437,744 (\$422,126)

The following grant money was received in the 2012-13 financial year for road construction, again with 2011-12 comparison in brackets.

- Regional Road Group: \$377,000 (\$325,000)
- Direct Road Grants: \$96,889 (\$87,850)
- Roads To Recovery: \$278,622 (\$278,622)

The Shire's Works Department completed the following projects:

- Constructed and sealed 3.1klms of Fence Rd
- Cement stabilised sections of the 129 Gate Rd and Dumbleyung-Nyabing Rd
- Widened the bitumen on Bennett St Kukerin
- Resealed sections of Peterson Rd, 129 Gate Rd and Tarin Rock Rd
- Resealed sections of the Tincurrin Rd
- Resealed section of Kukerin South Rd
- Formed and gravelled section of the Coomelberrup Rd
- Formed and gravelled section of the 114 Gate Rd
- Formed and gravelled all of Rifle Range Rd Dumbleyung
- Formed and gravelled section of the Moulyinning North Rd
- Formed and gravelled section of the Bullock Hills Rd
- Formed and gravelled section of Balls Rd
- Formed and gravelled section of the Candlelight South East Rd
- Formed and gravelled section of the Fence Rd

The Shire also sustained considerable flood damage caused by the December rains. Again, your outside crew responded to the challenge to ensure that roads were safe and ones that weren't had signage accordingly. The repairs took some time to complete and at a cost of \$58,000. We were able to get extra funding for this to cover the cost, so there was no additional cost to rate payers.

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. Having just joined the shire in June I thank the Council, Staff and Jeff Alderton the previous Works Manager for their support.

Calvin Shotter
Manager of Works and Services

ENVIRONMENTAL HEALTH SERVICES REPORT 2012-2013

The Shire of Dumbleyung has fulfilled its Environmental Health obligations under the provisions of the Health Act 1911 of Western Australia during 2012-2013.

Duties performed included the assessment and inspection of on-site effluent disposal systems for new dwellings and additions to existing dwellings; monthly water sampling of Dumbleyung swimming Pool to ensure compliance with the Health Aquatic Facilities Regulations 2009 and recreational water safety parameters; monitoring of the operations of the Dumbleyung Sewerage Scheme; providing an annual report and statement of compliance on the operations of the Dumbleyung Sewerage Scheme to the Economic Regulation Authority to satisfy the Shire's Water Licence obligations; site inspections of the Shire's landfill sites at Dumbleyung and Kukerin; completion and submission of water usage activities and waste management services within the Shire to the Australian Bureau of Statistics and the Department of Environment and Conservation; and inspection of food businesses within the Shire.

The Shire of Dumbleyung complied with the provisions of the Food Act 2008 by submitting its mandatory annual compliance return for 2012-2013 to the Department of Health of Western Australia. Details of the return covered food safety matters and inspections of food businesses within the Shire. The return was acknowledged by the Department of Health.

The Dumbleyung Sewerage Scheme's is due to be audited again at the end of the year. This is a mandatory requirement under the Shire's Water Act licence conditions. The Economic Regulation Authority has been advised that the Shire has recently increased the sewerage rates which had been a minor non-compliance with past audit findings.

The Shire's Effluent Reuse Scheme in Dumbleyung will not be upgraded at this point in time due to current adequate storage capacity within the town dam.

Maurice Walsh
Environmental Health Officer

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.

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.

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
- Plan for the Future
- 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:

- Council Contact – Notes in the Wagin Argus
- Community Telephone and Information Directory
- Bushfire Information Booklet
- Councils website
- The Lake Express (Council Newsletter)

3. STRATEGIC PLAN

Council reviewed and updated their Strategic Plan during the year. Council is always receptive to any feedback on any items and invites members of the community to contribute to either the Plan for the Future or 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 2012/13 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.

Vision:

The Shire of Dumbleyung will be a progressive regional Shire enhancing the quality of life of its community and promoting its virtues. The Shire of Dumbleyung will be a customer orientated local government providing quality services that add value to its community.

Our Mission:

- This Shire is committed to planning responsibly for the future
- Building a strong and sustainable local economy with job opportunities
- Strengthening the community and pursuing social justice
- Contributing to the maintenance and improvement in the status of community health, safety and amenities
- Protecting the natural environment and heritage; and
- Achieving excellence in the provision of services.

As An Organisation We Value:

- In our people we value quality work, critical analysis and sound policy advice
- An effective and efficient program delivery
- Integrity and accountability
- Individual and team contributions
- A focus on positive results and outcomes and a commitment to continuous improvement
- We also value leadership, innovation and consultation, a pro-active culture flexibility and a corporate spirit, a creative and diverse workforce, training and personal development and an adherence to principles of Equal Opportunity and Occupational Health and Safety.

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
2. than once every 5 years
3. The organisation conducts a Record Keeping Training Program.
4. The efficiency and effectiveness of the Record Keeping Training Program is reviewed from time to time.
5. 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 2012/13 nor any existing Local Law reviewed.

9. DISABILITY ACCESS AND INCLUSION PLAN

The Disability Services Act 1993 was amended in December 2004, creating a requirement for public authorities to develop and implement Disability Access and Inclusion Plans (DAIPs). These plans had to be fully developed by July 2007, and replaced and built on the achievements of Disability Service Plans (DSPs).

Council adopted a DAIP in June 2007 for implementation in July 2007. Council is required to report on our present activities as they relate to the six desired DAIP outcomes.

1. Council is continually adapting our existing services to give people with disabilities the same opportunities as other people to access the services of, and any events organised by the Shire.
2. Council also continues with improvement to buildings and footpath infrastructure to assist both wheelchair and gopher access.
3. Wherever possible people with disabilities can receive information from the Shire in a format that will enable them to access the information as readily as other people are able to access it. This includes a comprehensive website and the ability to change documents to large front size.
4. The Staff are always encouraged to be aware of the needs of people with disabilities to ensure they receive the same level and quality of service as other people receive. We are also working with our contractors to ensure they are aware of their responsibilities.
5. People with disabilities have the same opportunities as other people to make complaints to the staff, this can be via written letters, email, SMS or verbally.
6. Council provides many ways for people to participate in public consultation and we are more than happy to discuss any grievances community members may have regarding the services available to the disabled.

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.

10. EMPLOYEES REMUNERATION

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

Salary Range	2013	2012
\$100,000 – 110,000	0	1
\$110,000 - 120,000	1	0

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.

2012/13 – Plan for the Future Projects

ACTIVITY	\$	
Computer system upgrade	17,017	Ongoing
Community Development Officer	30,388	Ongoing
Health		
Contribution to Doctor	23,000	Ongoing
Staff Housing		
Maintenance	40,000	Ongoing
Community Activity		
Landcare Officer	72,930	Ongoing
Landcare contribution	36,465	Ongoing
Recreation and Culture		
Synthetic Bowling Green	240,000	Complete
Sporting Activity Contributions	21,000	Ongoing
Transport		
Road maintenance	370,000	Ongoing
Regional roads	250,000	Ongoing
Roads to Recovery	278,622	Ongoing
Road construction various	715,000	Ongoing
Dual use pathways	20,000	Ongoing
Economic Services		
Kukerin and Moulyinning Centenary	25,000	Ongoing
Plant		
Loader	105,000	Completed

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

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the day of 2013

Matthew Gilfellon
Chief Executive Officer

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

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Rates	22	1,351,800	1,344,291	1,264,045
Operating Grants, Subsidies and Contributions	28	1,551,504	758,942	1,634,148
Fees and Charges	27	256,134	215,510	218,869
Interest Earnings	2(a)	77,703	55,000	73,554
Other Revenue		553,096	19,750	74,054
		<u>3,790,237</u>	<u>2,393,493</u>	<u>3,264,670</u>
Expenses				
Employee Costs		(1,105,749)	(833,643)	(1,102,526)
Materials and Contracts		(765,013)	(1,173,009)	(803,033)
Utility Charges		(110,238)	(132,740)	(112,171)
Depreciation on Non-Current Assets	2(a)	(1,276,543)	(1,200,000)	(1,262,218)
Interest Expenses	2(a)	(7,745)	(7,280)	(6,654)
Insurance Expenses		(166,030)	(148,921)	(126,685)
Other Expenditure		(31,646)	(51,342)	(62,860)
		<u>(3,462,964)</u>	<u>(3,546,935)</u>	<u>(3,476,147)</u>
		327,273	(1,153,442)	(211,477)
Non-Operating Grants, Subsidies and Contributions	28	1,192,885	1,692,925	1,726,918
Profit on Asset Disposals	20	41,580	13,000	65,043
Loss on Asset Disposal	20	(70,756)	(8,000)	(4,784)
		<u>1,490,982</u>	<u>544,483</u>	<u>1,575,700</u>
Net Result				
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	322,338	0	0
		<u>322,338</u>	<u>0</u>	<u>0</u>
Total Other Comprehensive Income				
		<u>1,813,320</u>	<u>544,483</u>	<u>1,575,700</u>
Total Comprehensive Income				

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 2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Governance		57,783	6,649	23,496
General Purpose Funding		2,658,974	1,969,817	2,847,656
Law, Order, Public Safety		34,528	20,840	24,826
Education and Welfare		27,850	32,000	26,045
Housing		55,029	35,000	31,135
Community Amenities		232,780	139,587	158,171
Recreation and Culture		401,454	33,050	25,665
Transport		225,256	79,100	13,381
Economic Services		46,878	45,100	44,459
Other Property and Services		49,705	32,350	69,836
	2(a)	<u>3,790,237</u>	<u>2,393,493</u>	<u>3,264,670</u>
Expenses				
Governance		(650,573)	(513,192)	(481,622)
General Purpose Funding		(56,227)	(105,401)	(106,304)
Law, Order, Public Safety		(51,279)	(53,632)	(38,944)
Health		(29,018)	(52,539)	(43,308)
Education and Welfare		(27,939)	(36,735)	(25,862)
Housing		(76,165)	(62,721)	(62,977)
Community Amenities		(309,759)	(396,332)	(375,582)
Recreation & Culture		(414,343)	(509,990)	(491,429)
Transport		(1,533,744)	(1,614,555)	(1,587,508)
Economic Services		(144,204)	(163,058)	(146,262)
Other Property and Services		(161,968)	(31,500)	(109,695)
	2(a)	<u>(3,455,219)</u>	<u>(3,539,655)</u>	<u>(3,469,493)</u>
Financial Costs				
General Purpose Funding		0	(781)	(1,080)
Education and Welfare		(133)	(200)	(276)
Community Amenities		(4,493)	(4,807)	(5,298)
Recreation & Culture		(3,119)	(1,492)	0
	2(a)	<u>(7,745)</u>	<u>(7,280)</u>	<u>(6,654)</u>
Non-Operating Grants, Subsidies and Contributions				
General Purpose Funding		465,882	920,056	788,470
Law, Order, Public Safety		5,958	5,958	5,958
Recreation & Culture		24,037	24,000	216,018
Transport		697,008	742,911	716,472
		<u>1,192,885</u>	<u>1,692,925</u>	<u>1,726,918</u>
Profit/(Loss) on Disposal of Assets				
Governance		(15,735)	6,000	18,632
Community Amenities		7,850	0	5,218
Transport		22,708	(1,000)	36,409
Other Property and Services		(43,999)	0	0
		<u>(29,176)</u>	<u>5,000</u>	<u>60,259</u>
Net Result		1,490,982	544,483	1,575,700
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	322,338	0	0
Total Other Comprehensive Income		<u>322,338</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u><u>1,813,320</u></u>	<u><u>544,483</u></u>	<u><u>1,575,700</u></u>

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

SHIRE OF DUMBLEYUNG
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2013

	NOTE	2013 \$	2012 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	1,566,903	2,201,631
Trade and Other Receivables	4	179,413	183,167
Inventories	5	13,062	19,669
TOTAL CURRENT ASSETS		<u>1,759,378</u>	<u>2,404,467</u>
NON-CURRENT ASSETS			
Other Receivables	4	28,684	33,969
Property, Plant and Equipment	6	6,857,166	5,082,236
Infrastructure	7	23,334,842	22,667,648
TOTAL NON-CURRENT ASSETS		<u>30,220,692</u>	<u>27,783,853</u>
TOTAL ASSETS	17	<u>31,980,070</u>	<u>30,188,320</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	197,234	173,636
Current Portion of Long Term Borrowings	9	19,798	18,661
Provisions	10	104,971	98,564
TOTAL CURRENT LIABILITIES		<u>322,003</u>	<u>290,861</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	93,829	113,627
Provisions	10	17,319	50,233
TOTAL NON-CURRENT LIABILITIES		<u>111,148</u>	<u>163,860</u>
TOTAL LIABILITIES		<u>433,151</u>	<u>454,721</u>
NET ASSETS		<u>31,546,919</u>	<u>29,733,599</u>
EQUITY			
Retained Surplus		18,069,132	16,617,273
Reserves - Cash Backed	11	686,370	647,247
Revaluation Surplus	12	12,791,417	12,469,079
TOTAL EQUITY		<u>31,546,919</u>	<u>29,733,599</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 2013**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2011		14,997,573	691,247	12,469,079	28,157,899
Comprehensive Income					
Net Result		1,575,700	0	0	1,575,700
Total Comprehensive Income		1,575,700	0	0	1,575,700
Reserve Transfers		44,000	(44,000)	0	0
Balance as at 30 June 2012		16,617,273	647,247	12,469,079	29,733,599
Comprehensive Income					
Net Result		1,490,982	0	0	1,490,982
Changes on Revaluation of Non-Current Assets	12	0	0	322,338	322,338
Total Other Comprehensive Income		1,490,982	0	322,338	1,813,320
Reserve Transfers		(39,123)	39,123	0	0
Balance as at 30 June 2013		18,069,132	686,370	12,791,417	31,546,919

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 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,297,624	1,344,291	1,300,034
Operating Grants, Subsidies and Contributions		1,668,087	758,942	1,634,148
Fees and Charges		256,134	215,510	254,649
Interest Earnings		77,703	55,000	73,554
Goods and Services Tax		103,193	244,000	230,204
Other Revenue		196,566	19,750	74,054
		<u>3,599,307</u>	<u>2,637,493</u>	<u>3,566,643</u>
Payments				
Employee Costs		(1,132,817)	(833,643)	(1,079,994)
Materials and Contracts		(734,080)	(1,173,009)	(783,960)
Utility Charges		(110,238)	(132,740)	(112,171)
Interest Expenses		(7,912)	(7,280)	(6,733)
Insurance Expenses		(166,030)	(148,921)	(126,685)
Goods and Services Tax		(161,512)	(94,000)	(263,616)
Other Expenditure		(31,646)	(51,342)	(62,861)
		<u>(2,344,235)</u>	<u>(2,440,935)</u>	<u>(2,436,020)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>1,255,072</u>	<u>196,558</u>	<u>1,130,623</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(2,099,011)	(2,444,452)	(1,165,149)
Payments for Construction of Infrastructure		(1,379,588)	(1,841,222)	(1,253,310)
Non-Operating Grants, Subsidies and Contributions		1,192,885	1,692,925	1,726,918
Proceeds from Sale of Plant & Equipment		409,624	395,000	360,841
		<u>(1,876,090)</u>	<u>(2,197,749)</u>	<u>(330,700)</u>
Net Cash Provided by (Used in) Investing Activities		<u>(1,876,090)</u>	<u>(2,197,749)</u>	<u>(330,700)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(18,661)	(18,661)	(14,360)
Proceeds from Self Supporting Loans		4,951	4,952	4,640
Proceeds from New Debentures		0	460,000	40,000
Net Cash Provided By (Used In) Financing Activities		<u>(13,710)</u>	<u>446,291</u>	<u>30,280</u>
Net Increase (Decrease) in Cash Held		<u>(634,728)</u>	<u>(1,554,900)</u>	<u>830,203</u>
Cash at Beginning of Year		2,201,631	2,201,631	1,371,428
Cash and Cash Equivalents at the End of the Year	13(a)	<u>1,566,903</u>	<u>646,731</u>	<u>2,201,631</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 2013**

	NOTE	2013 Actual \$	2013 Budget \$	2012 Actual \$
Revenue				
Governance		64,263	6,649	236,213
General Purpose Funding		1,830,642	1,603,244	2,060,654
Law, Order, Public Safety		40,486	26,798	30,784
Education and Welfare		27,850	32,000	26,045
Housing		55,029	35,000	31,135
Community Amenities		240,630	139,587	180,069
Recreation and Culture		425,491	57,050	241,683
Transport		949,514	822,011	856,081
Economic Services		46,878	45,100	44,459
Other Property and Services		49,705	37,350	134,878
		<u>3,730,488</u>	<u>2,804,789</u>	<u>3,842,001</u>
Expenses				
Governance		(672,788)	(513,973)	(481,622)
General Purpose Funding		(56,227)	(105,401)	(107,384)
Law, Order, Public Safety		(51,279)	(53,632)	(38,944)
Health		(29,018)	(52,539)	(43,308)
Education and Welfare		(28,072)	(36,935)	(26,138)
Housing		(76,165)	(62,721)	(62,977)
Community Amenities		(314,252)	(401,139)	(380,880)
Recreation and Culture		(417,462)	(511,482)	(491,429)
Transport		(1,538,286)	(1,614,555)	(1,587,508)
Economic Services		(144,204)	(163,058)	(146,262)
Other Property and Services		(205,967)	(31,500)	(114,478)
		<u>(3,533,720)</u>	<u>(3,546,935)</u>	<u>(3,480,930)</u>
Net Result Excluding Rates		196,768	(742,146)	361,071
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
Initial Recognition of Assets due to Change in Regulations	2(b)	(356,530)	0	0
(Profit)/Loss on Asset Disposals	20	29,176	(5,000)	(60,259)
Movement in Deferred Pensioner Rates (Non-Current)		0	0	(3,005)
Movement in Accrued Interest		(167)	0	(79)
Movement in Accrued Salaries and Wages		(561)	0	5,857
Movement in Employee Benefit Provisions (Non-current)		(26,507)	0	16,674
Movement in Doubtful Debts Provision		0	0	(734)
Depreciation on Assets	2(a)	1,276,543	1,200,000	1,262,218
Capital Expenditure and Revenue				
Purchase Land and Buildings	6(a)	(1,393,622)	(1,718,102)	(434,783)
Purchase Infrastructure Assets - Roads	7(a)	(1,379,588)	(1,377,222)	(1,253,310)
Purchase Infrastructure Assets - Other	7(a)	0	(464,000)	0
Purchase Plant and Equipment	6(a)	(705,389)	(708,350)	(701,289)
Purchase Furniture and Equipment	6(a)	0	(18,000)	(29,077)
Proceeds from Disposal of Assets	20	409,624	395,000	360,841
Repayment of Debentures	21(a)	(18,661)	(18,661)	(14,360)
Proceeds from New Debentures	21	0	460,000	40,000
Self-Supporting Loan Principal Income		4,951	4,952	4,640
Transfers to Reserves (Restricted Assets)	11	(39,123)	(55,000)	(101,000)
Transfers from Reserves (Restricted Assets)	11	0	104,000	145,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	1,612,936	1,655,900	799,901
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	904,064	0	1,612,936
Total Amount Raised from General Rate	22(a)	<u>(1,294,214)</u>	<u>(1,286,629)</u>	<u>(1,214,630)</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 2013

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 19 to these financial statements.

(c) Goods and Services Tax (GST)

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

Receivables and payables in the statement of financial position are stated inclusive of applicable GST. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

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

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

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

(f) Inventories

General

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

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

Land Held for Resale

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

(a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and

(b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or-

(II) Infrastructure;

and

(c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

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

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

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

Land Under Control

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

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Initial Recognition

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

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

Revaluation

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

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

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

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

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Transitional Arrangement

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

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

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

Early Adoption of AASB 13 - Fair Value Measurement

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

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

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

Land Under Roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets

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

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

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

Buildings	50 years
Furniture and Equipment	3 to 10 years
Plant and Equipment	4 to 8 years
Sealed roads and streets	
clearing and earthworks	not depreciated
construction/road base	76 years
original surfacing and	
major re-surfacing	
- bitumous seals	25 years
Gravel roads	
clearing and earthworks	not depreciated
construction/road base	75 years
gravel sheet	25 years
Formed roads (unsealed)	
clearing and earthworks	not depreciated
construction/road base	75 years
Footpaths - slab	20 years
Sewerage Piping	50 years

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

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

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

Capitalisation Threshold

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

(h) Intangible Assets

Easements

Due to legislative changes, Easements are required to be recognised as assets.

If significant, they are initially recognised at cost and have an indefinite useful life.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments

Initial Recognition and Measurement

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

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

Amortised cost is calculated as:

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition

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

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

(j) Impairment

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

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

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (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.

(k) Trade and Other Payables

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

(l) Employee Benefits

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

(m) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognised when:

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(o) Leases

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

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

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

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

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

(p) Joint Venture

The Shire has not been involved in any joint ventures in the financial year as 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 operation for the current reporting period.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Superannuation

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

(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 Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on the Council'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 Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

(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 2013**

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 Council.

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

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

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

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

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

2. REVENUE AND EXPENSES

(a) Net Result

The Net Result includes:	2013	2012
	\$	\$
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit of the annual financial report	11,870	9,904
- Audit of Acquittals	280	0
Depreciation		
Buildings	153,941	136,601
Furniture and Equipment	31,911	15,482
Plant and Equipment	374,697	414,410
Playground Equipment	3,600	0
Sewerage	5,849	5,849
Infrastructure	706,545	689,876
	<u>1,276,543</u>	<u>1,262,218</u>
Interest Expenses (Finance Costs)		
Debentures (<i>refer Note 21(a)</i>)	7,745	6,654
	<u>7,745</u>	<u>6,654</u>

(ii) Crediting as Revenue:

Significant Revenue	2013	2012
	Actual	Actual
Initial recognition of fixed assets due to change in regulations	\$	\$
- Recreation and Culture - Golf Club	356,530	0
	<u>356,530</u>	<u>0</u>

The significant revenue relates to the initial recognition of golf courses on Crown Land under the Shire's control in accordance with amendments to the Financial Management Regulations. They have been classified as Other Revenue by Nature or Type.

	2013	2013	2012
	Actual	Budget	Actual
	\$	\$	\$
Interest Earnings			
Investments			
- Reserve Funds	29,891	25,000	36,178
- Other Funds	34,420	25,000	28,712
Other Interest Revenue (<i>refer note 26</i>)	13,392	5,000	8,664
	<u>77,703</u>	<u>55,000</u>	<u>73,554</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

Expenses relating to elected members.

Income and expenses relating to the administration of the Shire.

GENERAL PURPOSE FUNDING

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Supervision of various by-laws, fire prevention, emergency services and animal control.

HEALTH

Employment of an Environmental Health Officer.

EDUCATION AND WELFARE

Donations associated with local educational authorities and maintenance of Aged Persons Units.

HOUSING

Maintenance of staff and rental housing.

COMMUNITY AMENITIES

Household refuse collection, refuse site maintenance, street bin collection. Dumbleyung sewerage system maintenance, fencing of unmade road reserves, employment of a Town Planning consultant, maintenance of Kukerin and Nippering cemeteries and public toilets.

RECREATION AND CULTURE

Maintenance of Dumbleyung and Kukerin town halls, operation of Dumbleyung swimming pool, maintenance of Stubbs and Nenke Parks, maintenance of community parks and gardens, operation of Dumbleyung and Kukerin libraries.

TRANSPORT

Construction of roads, maintenance of roads and townscape, expenses and commissions associated with providing state vehicle licensing, town street lighting, drainage maintenance, rural verge spraying and maintenance and purchase of road signage.

ECONOMIC SERVICES

Provision of water standpipes, maintenance of Dumbleyung and Kukerin caravan parks, maintenance of tourist areas and rest stops, employment of a building surveyor.

OTHER PROPERTY AND SERVICES

Private works carried out for ratepayers and others on property not under the control of the Shire of Dumbleyung. Public works overheads, plant operation costs and salaries and wages are disclosed and are assigned to other appropriate programs.

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening	Received	Expended	Closing	Received	Expended	Closing
Grant/Contribution	Function/ Activity	Balance ⁽¹⁾	2011/12 ⁽²⁾	2011/12 ⁽³⁾	Balance ⁽¹⁾	2012/13 ⁽²⁾	2012/13 ⁽³⁾	Balance
		1/07/2011	2011/12	2011/12	30/06/2012	2012/13	2012/13	30/06/2013
		\$	\$	\$	\$	\$	\$	\$
Envirofunds	Community Amenities	1,142	0	(1,142)	0	0	0	0
Strategic Water Management	Community Amenities	46,462	12,276	(1,590)	57,148	0	0	57,148
Groundworks	Community Amenities	66,113	40,500	(56,555)	50,058	0	(17,531)	32,527
Royalties for regions	Transport	35,202	788,470	(63,436)	760,236	0	(743,081)	17,155
Community Action Grant	Law, Order & Public Safety	3,762	0	(3,762)	0	0	0	0
4WDL Cat Sterilisation	Law, Order & Public Safety	0	0	0	0	22,605	0	22,605
Total		152,681	841,246	(126,485)	867,442	22,605	(760,612)	129,435

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.

All of the unspent grants and contributions were disclosed as unspent grants at Note 3.

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

	Note	2013 \$	2012 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		751,098	686,942
Restricted		<u>815,805</u>	<u>1,514,689</u>
		<u><u>1,566,903</u></u>	<u><u>2,201,631</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve		100,327	94,608
Plant Reserve		70,535	66,515
Sewerage Scheme Reserve		114,624	108,091
Gravel Pit Rehabilitation Reserve		22,565	21,279
Staff Housing Reserve		52,662	49,660
Municipal Building Reserve		36,363	34,290
Aged Care Facility Reserve		47,440	44,736
Fence Road Drain Maintenance Reserve		20,590	19,416
Drainage Reserve		14,166	13,359
Tourist Reserve		9,621	9,073
Refuse Reserve		1,103	1,040
Land Care Development Reserve		81,906	77,237
Dam Cleaning Reserve		33,091	31,205
Rural Town Development Reserve		35,238	33,229
Asset Plan Reserve		46,139	43,509
Unspent Grants	2(c)	<u>129,435</u>	<u>867,442</u>
		<u><u>815,805</u></u>	<u><u>1,514,689</u></u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		87,526	33,350
Sundry Debtors		30,867	147,450
GST Receivable		58,319	0
Loans - Clubs/Institutions		5,286	4,952
Provision for Doubtful Debts		<u>(2,585)</u>	<u>(2,585)</u>
		<u><u>179,413</u></u>	<u><u>183,167</u></u>
Non-Current			
Rates Outstanding - Pensioners		25,909	25,909
Loans - Clubs/Institutions		<u>2,775</u>	<u>8,060</u>
		<u><u>28,684</u></u>	<u><u>33,969</u></u>
5. INVENTORIES			
Current			
Fuel and Materials		<u>13,062</u>	<u>19,669</u>
		<u><u>13,062</u></u>	<u><u>19,669</u></u>

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

6. PROPERTY, PLANT AND EQUIPMENT	2013	2012
	\$	\$
Land and Buildings at:		
- Cost	6,979,838	5,586,216
Less Accumulated Depreciation	<u>(2,483,562)</u>	<u>(2,329,621)</u>
Total Land and Buildings	4,496,276	3,256,595
Land Vested in and Under Council Control at:		
- Cost	356,530	0
Total Land and Buildings	<u>4,852,806</u>	<u>3,256,595</u>
Furniture and Equipment - Cost	0	421,759
Less Accumulated Depreciation	<u>0</u>	<u>(353,895)</u>
	0	67,864
Plant and Equipment - Independent Valuation 2013	1,830,000	0
Plant and Equipment - Management Valuation 2013	174,360	0
Plant and Equipment - Cost	0	3,789,531
Less Accumulated Depreciation	<u>0</u>	<u>(2,031,754)</u>
	2,004,360	1,757,777
	<u>6,857,166</u>	<u>5,082,236</u>

Reserves Vested in and Under the control of Council

In accordance with Local Government (Financial Management) Regulations 16(a) and 16(b) the Council is required to recognise as an asset;

- a) Crown land operated by a local government as a golf course, showground, racecourse, or other sporting or recreational facility of State or Regional significance; and
- b) any structures or improvements on the land referred to in paragraph (a)

2013

Under this regulation the following land has been recognised
as at 30 June 2013:

-Kukerin Golf Course (Crown Reserve 2137)	178,265
-Dumbleyung Golf Course (Crown Reserve 17083)	<u>178,265</u>
	<u>356,530</u>

Plant and Equipment:

The Shire's Plant and Equipment was revalued at 30 June 2013 by a combination of independent valuers and management valuation. All of the independent valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy).

The remaining valuations were made having regard for their current replacement cost, condition assessment (Level 2 inputs in the fair value hierarchy), residual values and remaining estimated useful life (Level 3 inputs). Given the significance of the level 3 inputs into the overall fair value measurement, these assets are deemed to have been valued using Level 3 inputs.

These 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.

The revaluations resulted in an overall increment of \$322,338 in the net value of the Shire's Plant and Equipment. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(b) for further details) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

All remaining Plant and Equipment with a written down value of less than \$5,000 at year end has been written off as per the capitalisation threshold. This has resulted in a loss on disposal of \$8,046 (refer to Note 20 for further details) and has been disclosed as loss on disposal in the Statement of Comprehensive Income.

Furniture and Equipment:

The Shire's Furniture and Equipment was written off during the year as each item was under the written down value threshold of \$10,000. This has resulted in a loss on disposal of \$35,953 (refer to Note 20 for further details) and has been disclosed as loss on disposal in the Statement of Comprehensive Income.

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land and Buildings \$	Furniture and Equipment \$	Plant and Equipment (Level 2) \$	Plant and Equipment (Level 3) \$	Total \$
Balance as at the beginning of the year	3,256,595	67,864	1,685,421	72,356	5,082,236
Additions	1,393,622	0	700,742	4,647	2,099,011
(Disposals) / Write Offs	0	(35,953)	(402,847)	0	(438,800)
Revaluation - Increments	0	0	207,724	114,614	322,338
- (Decrements)	0	0	0	0	0
Transfer	0	0	(3,600)	0	(3,600)
Impairment - (Losses)	0	0	0	0	0
- Reversals	0	0	0	0	0
Initial Recognition of Assets to Changes in Regulations	356,530	0	0	0	356,530
Depreciation (Expense)	(153,941)	(31,911)	(357,440)	(17,257)	(560,549)
Carrying amount at the end of year	<u>4,852,806</u>	<u>0</u>	<u>1,830,000</u>	<u>174,360</u>	<u>6,857,166</u>

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

	2013	2012
	\$	\$
7. INFRASTRUCTURE		
Roads - Cost	54,513,082	53,133,494
Less Accumulated Depreciation	<u>(31,291,996)</u>	<u>(30,585,451)</u>
	23,221,086	22,548,043
Drainage - Cost	292,426	292,426
Less Accumulated Depreciation	<u>(178,670)</u>	<u>(172,821)</u>
	113,756	119,605
Playground Equipment - Cost	56,965	0
Less Accumulated Depreciation	<u>(56,965)</u>	<u>0</u>
	0	0
Parks and Ovals - Cost	141,099	0
Less Accumulated Depreciation	<u>(141,099)</u>	<u>0</u>
	0	0
	<u><u>23,334,842</u></u>	<u><u>22,667,648</u></u>

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

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads	Drainage	Playground Equipment	Total
	\$	\$	\$	\$
Balance at the beginning of the year	22,548,043	119,605	0	22,667,648
Additions	1,379,588	0	0	1,379,588
(Disposals)	0	0	0	0
Transfers	0	0	3,600	3,600
Revaluation - Increments	0	0	0	0
- (Decrements)	0	0	0	0
Impairment - (losses)	0	0	0	0
- Reversals	0	0	0	0
Depreciation (Expense)	(706,545)	(5,849)	(3,600)	(715,994)
				0
Carrying amount at the end of year	<u>23,221,086</u>	<u>113,756</u>	<u>0</u>	<u>23,334,842</u>

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

	2013	2012
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	102,233	141,917
Accrued Expenses	64,010	0
Accrued Interest on Debentures	538	705
Accrued Salaries and Wages	30,453	31,014
	<u>197,234</u>	<u>173,636</u>

9. LONG-TERM BORROWINGS

Current

Secured by Floating Charge Debentures	<u>19,798</u>	<u>18,661</u>
	<u>19,798</u>	<u>18,661</u>

Non-Current

Secured by Floating Charge Debentures	<u>93,829</u>	<u>113,627</u>
	<u>93,829</u>	<u>113,627</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions:

Current	104,971	98,564
Non Current	<u>17,319</u>	<u>50,233</u>
	<u>122,290</u>	<u>148,797</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2012	71,521	77,276	148,797
Additional provision	<u>(23,125)</u>	<u>(3,382)</u>	<u>(26,507)</u>
Balance at 30 June 2013	<u>48,396</u>	<u>73,894</u>	<u>122,290</u>

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

	2013 \$	2013 Budget \$	2012 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	94,608	94,608	90,954
Amount Set Aside / Transfer to Reserve	5,719	3,654	3,654
Amount Used / Transfer from Reserve	0	(15,000)	0
	<u>100,327</u>	<u>83,262</u>	<u>94,608</u>
(b) Plant Reserve			
Opening Balance	66,515	66,515	163,946
Amount Set Aside / Transfer to Reserve	4,020	2,569	2,569
Amount Used / Transfer from Reserve	0	(50,000)	(100,000)
	<u>70,535</u>	<u>19,084</u>	<u>66,515</u>
(c) Sewerage Scheme Reserve			
Opening Balance	108,091	108,091	88,916
Amount Set Aside / Transfer to Reserve	6,533	24,175	19,175
Amount Used / Transfer from Reserve	0	0	0
	<u>114,624</u>	<u>132,266</u>	<u>108,091</u>
(d) Gravel Pit Rehabilitation Reserve			
Opening Balance	21,279	21,279	20,457
Amount Set Aside / Transfer to Reserve	1,286	822	822
Amount Used / Transfer from Reserve	0	0	0
	<u>22,565</u>	<u>22,101</u>	<u>21,279</u>
(e) Staff Housing Reserve			
Opening Balance	49,660	49,660	47,742
Amount Set Aside / Transfer to Reserve	3,002	1,918	1,918
Amount Used / Transfer from Reserve	0	0	0
	<u>52,662</u>	<u>51,578</u>	<u>49,660</u>
(f) Municipal Building Reserve			
Opening Balance	34,290	34,290	57,966
Amount Set Aside / Transfer to Reserve	2,073	1,374	1,324
Amount Used / Transfer from Reserve	0	(10,427)	(25,000)
	<u>36,363</u>	<u>25,237</u>	<u>34,290</u>
(g) Aged Care Facility Reserve			
Opening Balance	44,736	44,736	33,008
Amount Set Aside / Transfer to Reserve	2,704	1,828	11,728
Amount Used / Transfer from Reserve	0	(19,500)	0
	<u>47,440</u>	<u>27,064</u>	<u>44,736</u>
(h) Fence Road Drain Maintenance Reserve			
Opening Balance	19,416	19,416	38,666
Amount Set Aside / Transfer to Reserve	1,174	10,750	750
Amount Used / Transfer from Reserve	0	0	(20,000)
	<u>20,590</u>	<u>30,166</u>	<u>19,416</u>

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

	2013 \$	2012 Budget \$	2012 \$
11. RESERVES - CASH BACKED (continued)			
(i) Drainage Reserve			
Opening Balance	13,359	13,359	12,843
Amount Set Aside / Transfer to Reserve	807	516	516
Amount Used / Transfer from Reserve	0	0	0
	<u>14,166</u>	<u>13,875</u>	<u>13,359</u>
(j) Tourist Reserve			
Opening Balance	9,073	9,073	8,722
Amount Set Aside / Transfer to Reserve	548	0	351
Amount Used / Transfer from Reserve	0	(9,073)	0
	<u>9,621</u>	<u>0</u>	<u>9,073</u>
(k) Refuse Reserve			
Opening Balance	1,040	1,040	0
Amount Set Aside / Transfer to Reserve	63	40	1,040
Amount Used / Transfer from Reserve	0	0	0
	<u>1,103</u>	<u>1,080</u>	<u>1,040</u>
(l) Land Care Development Reserve			
Opening Balance	77,237	77,237	74,254
Amount Set Aside / Transfer to Reserve	4,669	2,983	2,983
Amount Used / Transfer from Reserve	0	0	0
	<u>81,906</u>	<u>80,220</u>	<u>77,237</u>
(m) Dam Cleaning Reserve			
Opening Balance	31,205	31,205	0
Amount Set Aside / Transfer to Reserve	1,886	1,305	31,205
Amount Used / Transfer from Reserve	0	0	0
	<u>33,091</u>	<u>32,510</u>	<u>31,205</u>
(n) Rural Town Development Reserve			
Opening Balance	33,229	33,229	31,945
Amount Set Aside / Transfer to Reserve	2,009	1,284	1,284
Amount Used / Transfer from Reserve	0	0	0
	<u>35,238</u>	<u>34,513</u>	<u>33,229</u>
(o) Asset Plan Reserve			
Opening Balance	43,509	43,509	21,828
Amount Set Aside / Transfer to Reserve	2,630	1,782	21,681
Amount Used / Transfer from Reserve	0	0	0
	<u>46,139</u>	<u>45,291</u>	<u>43,509</u>
TOTAL CASH BACKED RESERVES	<u><u>686,370</u></u>	<u><u>598,247</u></u>	<u><u>647,247</u></u>

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

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

11. RESERVES - CASH BACKED (continued)

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

Leave Reserve

- to provide provisions to meet Councils leave liabilities, so as to minimise the effect on Council's budget from year to year.

Plant Reserve

- to provide funds for the ongoing replacement and upgrading of various motor vehicles, heavy machinery, light machinery and other equipment, necessary in the performance of council's core functions.

Sewerage Scheme Reserve

- to provide funds for the future upgrading and extension of the existing townsite sewerage plant and infrastructure.

Gravel Pit Rehabilitation Reserve

- to provide funds for the rehabilitation of gravel pits in the Shire.

Staff Housing Reserve

- to provide funds for the upgrading, renovating and restoration of existing Shire owned staff houses and the construction of new houses and fencing.

Municipal Building Reserve

- to provide funds for the upgrading, renovating and restoration of existing Shire owned buildings and the construction of new Shire buildings, including fences, other than shire houses.

Aged Care Facility Reserve

- to provide funds for the construction of new Aged Care Facilities in Dumbleyung.

Fence Road Drain Maintenance Reserve

- to provide funds for the maintenance of the Fence Road Drain.

Drainage Reserve

- to provide funds for the maintenance of drains within the Shire.

Tourist Reserve

- to contribute to the provision of tourism.

Refuse Reserve

- to contribute to the construction of transfer stations for a regional refuse system.

Land Care Development Reserve

- to contribute to land care development.

Dam Cleaning Reserve

- to contribute to Primary Management Program.

Rural Town Development Reserve

- to contribute to the Rural Town Development Program.

Asset Plan Reserve

- to contribute to the formulation of an asset plan for the Shire.

The Leave and Plant Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

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

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

12. REVALUATION SURPLUS	2013	2012
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Roads		
Opening balance	12,469,079	12,469,079
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>12,469,079</u>	<u>12,469,079</u>
(b) Plant & Equipment		
Opening balance	0	0
Revaluation Increment	322,338	0
Revaluation Decrement	0	0
	<u>322,338</u>	<u>0</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>12,791,417</u></u>	<u><u>12,469,079</u></u>

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

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:

	2013 \$	2013 Budget \$	2012 \$
Cash and Cash Equivalents	<u>1,566,903</u>	<u>646,731</u>	<u>2,201,631</u>

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

Net Result	1,490,982	544,483	1,575,700
Depreciation	1,276,543	1,200,000	1,262,218
(Profit)/Loss on Sale of Asset	29,176	(5,000)	(60,259)
(Increase)/Decrease in Receivables	4,088	150,000	38,356
(Increase)/Decrease in Inventories	6,607	10,000	(1,395)
Increase/(Decrease) in Payables	23,598	(10,000)	26,246
Increase/(Decrease) in Employee Provisions	(26,507)	0	16,675
Grants Contributions for the Development of Assets	(1,192,885)	(1,692,925)	(1,726,918)
Initial Recognition of Assets Due to Change in Regulations	<u>(356,530)</u>	<u>0</u>	<u>0</u>
Net Cash from Operating Activities	<u>1,255,072</u>	<u>196,558</u>	<u>1,130,623</u>

	2013 \$	2012 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Credit Card limit	7,500	13,000
Credit Card Balance at Balance Date	<u>(518)</u>	<u>0</u>
Total Amount of Credit Unused	<u>6,982</u>	<u>13,000</u>
Loan Facilities		
Loan Facilities - Current	19,798	18,661
Loan Facilities - Non-Current	<u>93,829</u>	<u>113,627</u>
Total Facilities in Use at Balance Date	<u>113,627</u>	<u>132,288</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>

14. CONTINGENT LIABILITIES

There were no contingent liabilities to report for the financial year 2012/13.

15. CAPITAL AND LEASING COMMITMENTS

There were no outstanding capital and leasing commitments at 30 June 2013.

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

16. JOINT VENTURE

Council are not participating in any joint ventures as at 30 June 2013.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY	2013	2012
	\$	\$
Governance	356,733	616,982
General Purpose Funding	986,739	0
Law, Order, Public Safety	216,048	314,221
Health	141,437	0
Education and Welfare	0	145,388
Housing	1,062,517	1,212,793
Community Amenities	403,362	439,972
Recreation and Culture	2,008,541	2,273,211
Transport	24,813,694	24,627,271
Economic Services	81,542	207,465
Other Property and Services	1,909,457	351,017
	<u>31,980,070</u>	<u>30,188,320</u>

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

	2013	2012	2011
18. FINANCIAL RATIOS			
Current Ratio	4.257	4.534	5.019
Asset Sustainability Ratio	0.773	0.925	1.052
Debt Service Cover Ratio	59.925	53.186	15.654
Operating Surplus Ratio	0.155	(0.089)	(0.533)
Own Source Revenue Coverage Ratio	0.544	0.487	0.486

The above ratios are calculated as follows:

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

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 56 of this document.

Two of the 2013 ratios disclosed above are distorted by items of significant revenue for \$356,530 relating to the initial recognition of Land under the Shire's control in accordance with amendments to the Financial Management Regulations (refer to Note 2(a)(ii) for further details).

These items of significant revenue are considered to be one-off and non-cash in nature and, if ignored, the calculations disclosed in the 2013 column above would be as follows:-

	2013
Debt Service Cover Ratio	46.42
Operating Surplus Ratio	(0.03)

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

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:

	Balance 1 July 2012 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2013 \$
Dept of Transport	1,663	248,414	(250,077)	0
Four MB Water Ski Club	4,865	185	0	5,050
Deposits & Bonds	27,436	5,425	(17,091)	15,770
BCITF & BRB Levy Payments	3,291	86	(3,377)	0
KUKERIN Cemetery Fund	320	2,541	(320)	2,541
	<u>37,575</u>			<u>23,361</u>

20. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance						
Sedan Caprice	35,242	37,000	38,881	40,000	3,639	3,000
Sedan Caprice	36,352	37,000	39,193	40,000	2,841	3,000
Sedan Colorado DU01	31,845	34,000	27,273	35,000	(4,572)	1,000
Sedan Colorado 4x4	32,918	34,000	28,182	35,000	(4,736)	1,000
Sedan Caprice 2012	42,130	28,000	32,791	27,000	(9,339)	(1,000)
Sedan 202 Holden Caprice	38,464	29,000	34,896	28,000	(3,568)	(1,000)
Community Amenities						
Utility Landcare	15,786	22,000	23,636	22,000	7,850	0
Transport						
Loader	85,294	85,000	85,000	80,000	(294)	(5,000)
Truck	58,431	65,000	85,681	70,000	27,250	5,000
Utility	18,339	19,000	14,091	18,000	(4,248)	(1,000)
Other Property & Services						
Misc Low Value P & E	8,046	0	0	0	(8,046)	0
Misc Low Value F & E	35,953	0	0	0	(35,953)	0
	<u>438,800</u>	<u>390,000</u>	<u>409,624</u>	<u>395,000</u>	<u>(29,176)</u>	<u>5,000</u>

Profit	41,580	13,000
Loss	<u>(70,756)</u>	<u>(8,000)</u>
	<u>(29,176)</u>	<u>5,000</u>

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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2012 \$	New Loans \$	Principal Repayments		Principal 30 June 2013		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Education and Welfare								
Loan-84 Aged Persons Unit	3,789		1,839	1,839	1,950	1,950	167	199
Community Amenities								
Loan 38-Sewerage	44,847		4,829	4,829	40,018	40,018	2,591	2,794
Loan 40-Sewerage	10,846		886	886	9,960	9,960	909	787
Loan 78-Sewerage	19,793		2,800	2,800	16,993	16,993	1,274	1,227
Recreation and Culture								
Loan 85-SSL Kukerin Golf Club*	13,013		4,952	4,952	8,061	8,061	938	781
Loan 89-Mens Shed Contribution	40,000		3,355	3,355	36,645	36,645	1,866	1,492
	132,288	0	18,661	18,661	113,627	113,627	7,745	7,280

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

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2012/13

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Kukerin Sewerage Scheme	0	400,000	WATC	Debenture	20	0	5.86	0	400,000	0
Regional Refuse Site	0	60,000	WATC	Debenture	10	0	5.41	0	60,000	0

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

21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

There were no unspent debentures at 30 June 2013.

(d) Overdraft

Council has no overdraft facility.

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

22. RATING INFORMATION - 2012/13 FINANCIAL YEAR

(a) Rates	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
RATE TYPE											
General Rate											
GRV	10.6016	234	992,130	93,460	0	0	93,460	94,833	0	0	94,833
UV	0.9046	326	1,194,919	1,180,141	(148)	0	1,179,993	1,184,128	0	0	1,184,128
Sub-Totals		560	2,187,049	1,273,601	(148)	0	1,273,453	1,278,961	0	0	1,278,961
Minimum Rates	Minimum \$										
GRV	350	81	881,564	28,350	0	0	28,350	26,871	0	0	26,871
UV	350	43	130,460	15,050	0	0	15,050	11,024	0	0	11,024
Sub-Totals		124	1,012,024	43,400	0	0	43,400	37,895	0	0	37,895
Ex-Gratia Rates							1,316,853				1,316,856
Discounts (<i>refer note 25</i>)							9,773				9,773
Excess Rates							(47,218)				(40,000)
Total Amounts Raised from General Rates							14,806				0
Specified Area Rate (Note 23)							1,294,214				1,286,629
Total Rates							57,586				57,662
							1,351,800				1,344,291

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

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

(b) Information on Surplus Brought Forward

	2013 (1 July 2013 Carried Forward)	2013 (1 July 2012 Brought Forward) \$	2012 (30 June 2012 Carried Forward) \$
Surplus 1 July Brought Forward	<u>904,064</u>	<u>1,612,936</u>	<u>1,612,936</u>
<u>Comprises:</u>			
Cash - Unrestricted	751,098	686,942	686,942
Cash - Restricted	815,805	1,514,689	1,514,689
Rates Outstanding	87,526	33,350	33,350
Sundry Debtors	30,867	147,450	147,450
GST Receivable	58,319	0	0
Inventories			
- Fuel and Materials	13,062	19,669	19,669
<u>Less:</u>			
Reserves - Cash Backed	(686,370)	(647,247)	(647,247)
Sundry Creditors	(166,243)	(141,917)	(141,917)
Current Employee Benefits Provision	(104,971)	(98,564)	(98,564)
Add: Employee Provisions not expected to be paid within 12 months	104,971	98,564	98,564
Surplus	<u><u>904,064</u></u>	<u><u>1,612,936</u></u>	<u><u>1,612,936</u></u>

Difference

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

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

23. SPECIFIED AREA RATES - 2012/13 FINANCIAL YEAR

(a) Rates

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Sewerage Rates	8.40	GRV	657,224	55,131	55,592	21,746	55,592
Pedestal Rates	90	each		2,455	2,070	0	2,070
				57,586	57,662	21,746	57,662

No transfer of unspent funds to reserve had occurred prior to the compilation of this report.

24. SERVICE CHARGES - 2012/13 FINANCIAL YEAR

Council had no service charges in the 2012/13 financial year.

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

A discount of 5% of the current rates levied (excludes charges for refuse and sewerage charges) was offered to ratepayers whose payment of the full amount owing, including arrears and charges, is received on or before the discount due date. The discount did not apply to interim rates issued after the billing date. The total of the discount allowed was \$47,218.

Rates written off in the 2012/13 financial year were \$409.

Photocopy charges are waived to community groups, such as the Dumbleyung Events Committee, St John Ambulance, Kukerin Agricultural Society/Recreation Committee, Hospital Auxiliary Board, RSL Sub-Branch, Stubbs Park Board, Bush Fire Brigades, outside committees of Council, all church groups, Dumbleyung Theatre Group, Mens Shed and the Bluebird Replica Museum Committee.

Hall hire charges are waived for St John Ambulance Sub-Branch, Hospital Auxiliary, RSL Sub-branch, Bush Fire Brigades, all church groups, Kukerin Primary School (except presentation night), Dumbleyung Primary School (except for presentation night), Dumbleyung Gymnastics Club (during school hours), Dumbleyung Theatre Club, Mens Shed and outside committees of Council.

Council considers support of these groups is necessary for the overall benefit of the community,

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

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		13,392	5,000
Charges on Instalments Plan	5.50%	15	2,715	1,000
			<u>16,107</u>	<u>6,000</u>

Ratepayers had the option of paying rates in four equal instalments, due on the following dates:
14 September 2013,
14 November 2013,
14 January 2013,
14 March 2013,

The cost of the instalment plans were comprised of 5.5% p.a. calculated from the date of the first instalment, together with an administration fee of \$15.00 for each instalment notice.

27. FEES & CHARGES	2013 \$	2012 \$
Governance	606	344
General Purpose Funding	3,235	2,420
Law, Order, Public Safety	1,506	0
Health	0	1,096
Education and Welfare	27,850	26,045
Housing	55,029	31,135
Community Amenities	64,948	55,352
Recreation and Culture	17,496	22,665
Transport	818	13,372
Economic Services	35,065	28,900
Other Property and Services	49,581	37,540
	<u>256,134</u>	<u>218,869</u>

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

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

28. GRANT REVENUE

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

	2013	2012
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	1,551,504	1,634,148
Non-Operating Grants, Subsidies and Contributions	<u>1,192,885</u>	<u>1,726,918</u>
	<u><u>2,744,389</u></u>	<u><u>3,361,066</u></u>
By Program:		
General Purpose Funding	1,784,827	2,344,429
Governance	9,970	0
Law, Order, Public Safety	39,033	26,588
Community Amenities	27,983	40,500
Recreation and Culture	27,037	219,018
Transport	852,539	716,472
Economic Services	<u>3,000</u>	<u>14,059</u>
	<u><u>2,744,389</u></u>	<u><u>3,361,066</u></u>

29. ELECTED MEMBERS REMUNERATION

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

	2013	2013	2012
	\$	Budget	\$
		\$	
Meeting Fees	16,117	16,000	14,270
President's Allowance	18,000	18,000	18,000
Deputy President's Allowance	2,500	2,000	2,000
Travelling Expenses	7,639	7,500	5,983
	<u>44,256</u>	<u>43,500</u>	<u>40,253</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2013	2012
	<u>17</u>	<u>17</u>

31. MAJOR LAND TRANSACTIONS

No major land transactions occurred in 2012/13.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

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

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2013	2012	2013	2012
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	1,566,903	2,201,631	1,566,903	2,201,631
Receivables	208,097	217,136	208,097	217,136
	<u>1,775,000</u>	<u>2,418,767</u>	<u>1,775,000</u>	<u>2,418,767</u>
Financial Liabilities				
Payables	197,234	173,636	197,234	173,636
Borrowings	113,627	132,288	103,087	119,618
	<u>310,861</u>	<u>305,924</u>	<u>300,321</u>	<u>293,254</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings, 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 2013

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

Council manages these risks by diversifying its portfolio and only investing in registered commercial banks. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2013	2012
	\$	\$
Impact of a 1% (*) movement in interest rates on cash		
- Equity	17,634	22,016
- Statement of Comprehensive Income	17,634 (*)	22,016 (*)

Notes:

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

Recent market volatility has seen large market movements for certain types of investments.

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

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

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

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

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

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

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

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

	2013	2012
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	99.00%	88.56%
- Overdue	1.00%	11.44%

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2013</u>					
Payables	197,234	0	0	197,234	197,234
Borrowings	25,941	75,546	35,842	137,329	113,627
	<u>223,175</u>	<u>75,546</u>	<u>35,842</u>	<u>334,563</u>	<u>310,861</u>
<u>2012</u>					
Payables	173,636	0	0	173,636	173,636
Borrowings	25,963	83,405	54,123	163,491	132,288
	<u>199,599</u>	<u>83,405</u>	<u>54,123</u>	<u>337,127</u>	<u>305,924</u>

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (Continued)

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

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year Ended 30 June 2013</u>								
Borrowings								
Fixed Rate								
Debentures	1,950	8,061	0	0	0	103,616	113,627	5.66%
Weighted Average Effective Interest Rate	5.98%	6.62%	0.00%	0.00%	0.00%	5.58%		
<u>Year Ended 30 June 2012</u>								
Borrowings								
Fixed Rate								
Debentures	0	0	3,789	13,013	0	115,486	132,288	7.56%
Weighted Average Effective Interest Rate	0.00%	0.00%	5.98%	6.62%	0.00%	6.55%		

**SHIRE OF DUMBLEYUNG
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2013**

RATIO INFORMATION

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

	2013	2012	2011
Asset Consumption Ratio	0.466	N/A	N/A
Asset Renewal Funding Ratio	Unknown*	N/A	N/A

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

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

*** Council are unable to provide on Asset Renewal Funding Ratio at this time as the information required is not available. This was because an asset management plan had not been adopted.**

7 February 2014

Mr Matthew Gilfellow
Chief Executive Officer
Shire of Dumbleyung
Harvey Street
Po Box 99
DUMBLEYUNG WA 6350



Dear Matthew

**AUDIT OF SHIRE OF DUMBLEYUNG
FOR THE YEAR ENDED 30 JUNE 2013**


We advise that we have completed the audit of your Shire for the year ended 30th June 2013 and enclose our Audit Report and a copy of the Management Report.

A copy of the Audit Report and Management Report has also been sent directly to the President as is required by the Act.

We would like to take this opportunity to thank you and your staff for the assistance provided during the audit.

Please contact us if you have any queries.

Yours sincerely


GREG GODWIN
PARTNER

**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 2013, 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 Auditing 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 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.

AUDITOR'S 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 2013 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

During the course of our audit we became aware of the following instances where the Council did not comply with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Specified Area Rates

The unused portion of specified area rates was not placed in a reserve account established for the purpose the rate was imposed as required by Section 6.37(2)(b) of the Local Government Act 1995.

Annual Budget

The Annual Budget Review for the year ended 30 June 2013 was not forwarded to the Department of Local Government within 30 days of its adoption as required by Local Government (Financial Management) Regulation 33A.

Monthly Statements of Financial Activity

The Monthly Statements of Financial Activity for July 2012, August 2012 and October 2012 did not contain the material variances between the actual amounts and budget amounts as required by Local Government (Financial Management) Regulation 34(1)(d).

The Monthly Statements of Financial Activity presented to Council for February 2013 did not include the net current assets at the end of the month as required by Local Government (Financial Management) Regulation 34(1)(e).

The Monthly Statements of Financial Activity for September 2012, December 2012 and January 2013 were not presented to Council within the timeframe as required by Local Government (Financial Management) Regulation 34(4)(a).

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) Except as detailed above, no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law 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 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.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS


GREG GODWIN
PARTNER

Date: 7 February 2014
Perth, WA