



SHIRE OF DUMBLEYUNG ANNUAL REPORT FOR THE YEAR ENDING 30 JUNE 2014



PHOTOGRAPHS

Top to Bottom – Erection of Townscape Committees Bluebird Silhouette, Roadworks on Tunney Street Dumbleyung, Aged Persons Units on Bath Street in Kukerin completed, Lake Dumbleyung at sunset, Sealing of Fence Road, Bain Estate Clearing Sale, Purchase of new Isuzu Truck, Busy Bee for the laying of the Dumbleyung Bowling Club synthetic turf.

Top Centre – Council 2013

Back L-R Len Calneggia (Acting CEO), Cr Carly Smith, Cr James Dare, Cr Patrick O'Neill, Cr Graham Wilson, Cr Thomas Pearce, Cr Jacqueline Ball

Front L-R Cr Ross Ditchburn (Deputy President), Cr Gordon Davidson (Shire President), Cr Michele Brown, Deputy CEO Mary Ann Davidson.

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SHIRE INFORMATION

Authority and Legislation

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

Dumbleyung Shire Location

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

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

History of the Shire

The Dumbleyung Road Board operated between 1909 –1960.

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

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

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

Population and Employees

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

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

SHIRE PRESIDENT REPORT

As required by the Local Government Act, I present my report for the year ended 30 June 2014.

This has been a year of recovery and reconstruction of our organisation following the turmoil of the previous financial year. I welcome all the new staff including our CEO Matthew Gilfellow.

The Council has again been able to finish its roads program and I congratulate the outside staff for dedication to the Shire and its standards.

The major project would of course be the “Bluebird” with the signing of the contract to construct a replica at a cost of approximately \$110,000. The next stage of the project is the interpretive centre and the purchase of the Post office building for \$165,000 will allow that to be progressed.

Completion of the Dumbleyung Bowling Club artificial turf will mean that costs will be reduced to that organisation and I congratulate them and thank the Department of Sport and Recreation for their contribution.

Successful lobbying of the State Government to retrieve the Royalties for Regions money that was withheld due to no fault of ours will now allow those projects earmarked for that money to go ahead. This included much need maintenance of our halls and other infrastructure.

Aged care continues to be a focus for the Shire of Dumbleyung and two new units at a cost of \$664,400 in Dumbleyung were planned and signed up for construction in co-operation with our 4WDL group.

The reason for Local Governments to exist is often referred to as having a core business of roads, rates and rubbish. We have maintained an excellent fleet of vehicles and machinery to allow us to complete these tasks. Rubbish will need to be more of a focus in the future.

Again I congratulate the Council staff and Councillors on what should be considered a successful year.

Gordon Davidson
Shire President

CHIEF EXECUTIVE OFFICER REPORT

After a tumultuous 2012/2013, this year was quite settled. I commenced my position in October and began the process of trying to get the shire running smoothly again. This was helped by a keen and stable staff both inside and outside of the administration centre. One new position was created during the year with Emily Hubble joining the shire as a Community Development Officer.

The outside crew who continued to produce a high standard of work thanks to the direction of the Manager of Works, Calvin Shotter and the management 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.

In 2013/14 we transitioned by finishing off the Aged Care Units and the Dumbleyung Bowling Green and by commencing the Bluebird Replica and two more Aged Care Units. During the year the old Post Office Building on 28 Absolon Street was also purchased in the hope that it could house a Community Resource Centre. It is also hoped that funding can be obtained to include in the building a Bluebird Interpretive Centre.

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

Matthew Gilfellow
Chief Executive Officer

MANAGER OF WORKS AND SERVICES REPORT

During the 2013/14 financial year, the Shire traded the Cat Grader and replaced it with a new Volvo Grader. The Shire also bought a new Hustler Mower.

The Shires outside works crew main town project was the trimming of the street trees and the widening of Bairstow and Tunney Streets.

In Dumbleyung the Well-Aged Units have been started its real positive for the town to see some new buildings.

During 2013/14 fiscal year the following totals were spent in comparison to 2012/13 (2012/13 in brackets)

- Road Construction: \$1,435,197 (\$1,379,584)
- Road Maintenance, including footpaths and town beautification: \$553,734 (\$484,799)
- Public Open Space Maintenance, including ovals: \$184,054 (\$176,830)
- Plant Operation Costs: \$589,698 (\$306,261)
- Overheads: \$494,675 (\$437,744)

The following grant money was received in the 2013/14 financial year for road construction, again with 2012/13 comparison in brackets.

- Regional Road Group: \$351,866 (\$377000)
- Direct Road Grants: \$104,382 (\$96,889)
- Roads To Recovery: \$270,477 (\$278,622)

The Shire's Works Department completed the following projects:

- Constructed and sealed 5.8km of Fence Rd
- Widened the bitumen 1.5m for 1.5km on 129 Gate Rd
- Resealed 3.5km of 129 Gate Rd
- Resealed 9km of Tarin Rock Rd
- Resealed 3.1km of Adams Rd
- Resealed 7.1km of Kukerin South Rd
- Resealed 3.2km of Kukerin North Rd
- Widened the bitumen and kerbed sections of Tunney St and Bairstow St
- Formed and gravelled section of the Fence Rd
- Formed and gravelled section of the Doradine Rd
- Formed and gravelled all of Behn Ord Rd
- Formed and gravelled section of the Datatine North Rd
- Formed and gravelled section of the Tarin Rock South Rd
- Formed and gravelled all of Willocks Rd
- Formed and gravelled section of the Candlelight Rd
- Formed and gravelled section of Nippering Rd
- Gravelled section of the Kersley Drive

Your Shire's workforce continues its mission to provide safe roads, a safe community and a safe workplace. We will continue with our efforts to ensure that we meet our commitment. I would like to thank the Council and Staff for their continued support.

Calvin Shotter
Manager of Works and Services

ENVIRONMENTAL HEALTH SERVICES REPORT 2013-2014

The Shire of Dumbleyung has fulfilled its Environmental Health obligations under the provisions of the Health Act 1911 of Western Australia during 2013-2014.

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 the 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; site inspections of the Shire's landfill sites at Dumbleyung and Kukerin 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 2013-2014 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 Shire also complied with its Water Licence regarding the provisions of the Water Act 2011 by submitting its annual environmental monitoring report and annual compliance return on the operations of the Dumbleyung Sewerage Scheme to the Economic Regulation Authority of Western Australia. The reports were acknowledged by the Economic Regulation Authority.

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)
- Social Media

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 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 2013/14 financial year no applications were received for information under the terms of this legislation.

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

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

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

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

5. PLAN FOR THE FUTURE

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

Council's Vision is:

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

Council's Mission Statement is:

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

The Council intends to pursue the following issues:

- Adopt, Establish, Consult, and *Deliver on our Community's Vision*
- Stimulate Community Self Identity and Pride, and pursue *Optimums for “Community of Interest” issues*
- Encourage, advance, sponsor, and be actively involved in, *growth and activities of our local economy*, so as to assist in the diversity of products and services generated locally, with a view to *helping the population numbers to grow*
- Encourage, advance, sponsor, and be actively involved in, the *growth of each of our towns*
- Create greater awareness and help to *effectively manage our natural resources*, our environment, and *actively pursue energy and water conservation*
- Pursue *Sustainability*, especially over the longer term with regard to Council's non-current assets, which involves Buildings and Infrastructure
- Recognise and adopt *Effective Long Term Planning*, which is practical, achievable, and affordable
- Adopt, Establish, and *Deliver on Good Governance*
- Lobby to maintain Education, Health, Police and Emergency Services

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 2013/14 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.

2013/14 Reporting

Building		Action	Status
Kukerin Town Centre	Lack of toilets for people with disabilities – no unisex toilets available for people with disabilities	Modify existing public toilet facilities on Scaddan Street to cater for people with disabilities	2009/10 – Town Hall Disabled toilets made available for Public Use.
Dumbleyung Town Hall	Lack of toilets for people with disabilities – no unisex toilets available for people with disabilities	Modify/renovate existing toilet facilities to cater for people with disabilities	To be completed 2014/15
Rubbish Removal	People with mobility problems unable to bring rubbish bins to kerb side	People with disabilities to be informed that alternative arrangements for removal of rubbish can be made upon request.	Ongoing
Dumbleyung	Footpaths in town	Footpath upgrading	Ongoing

Town Centre	centre uneven in places. No kerb/ramp access from roadway onto footpaths	programme to be prepared and implemented	
Kukerin Town Centre	Footpaths in town centre uneven in places. No kerb/ramp access from roadway onto footpaths	Footpath upgrading programme to be prepared and implemented	Ongoing
Applies to all council functions, facilities and services.	<p>Information about all council functions, facilities and services is not written in clear and concise language and not available in formats that are accessible for people with disabilities.</p> <p>This includes information on:</p> <ul style="list-style-type: none"> - Planning - Community, recreational, cultural activities and facilities. - Rubbish removal - Rates notices, annual reports - Council minutes and electoral material 	<p>Council to develop a policy that all information to be made available to the community to be written in clear and concise language.</p> <p>The following formats to be made available on request: Large print Audio cassette Computer disc</p> <p>Council to advise through the local newspaper that information about council services, functions and facilities is available in alternative formats.</p>	Ongoing
Applies to all council functions, facilities and services.	<p>Information about all council functions, facilities and services is not written in clear and concise language and not available in formats that are accessible for people with disabilities.</p> <p>This includes information on:</p> <ul style="list-style-type: none"> - Planning - Community, 	<p>Council to develop a policy that all information to be made available to the community to be written in clear and concise language.</p> <p>The following formats to be made available on request: Large print Audio cassette Computer disc</p> <p>Council to advise through the local newspaper that information about council</p>	Ongoing

	recreational, cultural activities and facilities. - Rubbish removal - Rates notices, annual reports - Council minutes and electoral material	services, functions and facilities is available in alternative formats.	
Processes of Government	Lack of information about processes of government and how residents can access the decision making process	Council will provide information about planning processes, electoral processes, council meetings and complaint procedures in clear and concise language and will make these available in alternative formats upon request eg Large print Audio cassette Computer disc	Ongoing

10. EMPLOYEES REMUNERATION

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

Salary Range	2012/13	2013/14
\$100,000 - 110,000	1	0
\$110,000 - 120,000	0	1

11. COMPLAINTS OF MINOR BREACHES

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

No. of complaints 2013-14	Outcome	Action taken
Nil	N/A	N/A

Matthew Gilfellow
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.

2013/14 – Plan for the Future Projects

Action	Success Indicator	Budget	2013/14
Annual review of Strategic Community Plan; LTFP; Policies and Delegations	Completion of review within agreed timeframes	Internal Staff time plus external support	Complete
Improve knowledge and skills through training courses	Number of training courses attended	\$12,000	Complete
Regularly monitor compliance issues	Target 100% compliance on annual compliance return	Internal Staff time	Progressing
Ensure quality monthly reporting to Council against budget and LTFP	Reports received by Council at Ordinary Meetings	Internal Staff Time	Not yet started
Implement annual road maintenance program	Program completed within 2% Of budget	\$380,000	Complete
Implement annual road construction program	Program completed within 2% Of budget	\$1,100,000	Complete
Develop asset plans for infrastructure assets	Plans completed at adopted by Council	\$20,000	Progressing
Shire staff provide information to business and facilitate contacts	Number of business contacts with the Shire	Internal Staff time	Not yet started
Investigate option to purchase old post office building	Old Post office purchased repurposed and functional	\$150,000	Complete – Building purchased
Provide new seniors style housing in the Shire	Senior housing constructed and opened	\$670,000	Complete
Provide new	Greens constructed	\$270,000	Complete

synthetic bowling greens	and completed		
Council lobby government for the provision of more aged care units	More aged care units constructed	Internal staff time & grants	Progressing - Continued lobbying through 4WDL
Establish a new Waste Facility	Waste Facility constructed and open	\$50,000	Not yet started
Shire involvement in Landcare actions on water management	Reduction in salinity levels in water table	\$50,000	Ongoing - continue to provide a Landcare Officer
Pursue water conservation actions for Council buildings and parks	Reduction in annual water charges	\$10,000	Not yet started

2014/15 - Plan for the Future Projects

Action	Success Indicator	Budget
Annual review of Strategic Community Plan; LTFF; Policies and Delegations	Completion of review within agreed timeframes	Internal Staff time plus external support
Improve knowledge and skills through training courses	Number of training courses attended	\$12,000
Regularly monitor compliance issues	Target 100% compliance on annual compliance return	Internal Staff time
Ensure quality monthly reporting to Council against budget and LTFF	Reports received by Council at Ordinary Meetings	Internal Staff Time
Develop a sewerage scheme for Kukerin	Sewerage scheme constructed and completed	\$400,000
Implement annual road maintenance program	Program completed within 2% Of budget	\$380,000
Implement annual road construction program	Program completed within 2% Of budget	\$1,100,000
Shire staff provide information to business and facilitate contacts	Number of business contacts with the Shire	Internal Staff time
Identify new land in revision of town planning scheme	Land rezoned for residential and industrial use	\$25,000
Upgrade facilities at both caravan parks	Upgrade works completed on budget	\$30,000
Complete improvements to Bluebird Interpretive Centre	Improvement works completed on budget	\$45,000
Provide new seniors style housing in the Shire	Senior housing constructed and opened	\$670,000

Survey local community on demands and functionality of community buildings	Survey conducted and outcomes included in asset plan	\$3000
Include needs of community and frail and disabled in asset strategies	Hall upgrades completed	\$237,965
Council lobby government for the provision of more aged care units	More aged care units constructed	Internal staff time & grants
Establish a new Waste Facility	Waste Facility constructed and open	\$50,000
Shire involvement in Landcare actions on water management	Reduction in salinity levels in water table	\$50,000
Develop a new environmental policy	Policy adopted and annual funding in LTFP	Internal staff time
Pursue water conservation actions for Council buildings and parks	Reduction in annual water charges	\$10,000

SHIRE OF DUMBLEYUNG
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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**SHIRE OF DUMBLEYUNG
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

**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 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the Shire of Dumbleyung at 30th June 2014 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 9th day of April 2015



Matthew Giffellon
Chief Executive Officer

SHIRE OF DUMBLYUNG
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Rates	22	1,385,439	1,382,298	1,351,800
Operating Grants, Subsidies and Contributions	28	3,612,765	924,576	1,551,504
Fees and Charges	27	319,160	342,003	256,134
Interest Earnings	2(a)	51,822	70,000	77,703
Other Revenue	2(a)	<u>462,327</u>	<u>246,962</u>	<u>553,096</u>
		5,831,513	2,965,839	3,790,237
Expenses				
Employee Costs		(980,933)	(1,200,000)	(1,105,749)
Materials and Contracts		(1,316,739)	(941,369)	(765,013)
Utility Charges		(128,574)	(120,000)	(110,238)
Depreciation on Non-Current Assets	2(a)	(1,182,458)	(1,291,000)	(1,276,543)
Interest Expenses	2(a)	(6,744)	(6,142)	(7,745)
Insurance Expenses		(160,436)	(127,111)	(166,030)
Other Expenditure		<u>(308,453)</u>	<u>(54,500)</u>	<u>(31,646)</u>
		<u>(4,084,337)</u>	<u>(3,740,122)</u>	<u>(3,462,964)</u>
		1,747,176	(774,283)	327,273
Non-Operating Grants, Subsidies and Contributions	28	881,744	1,666,774	1,192,885
Profit on Asset Disposals	20	5,684	75,821	41,580
Loss on Asset Disposals	20	<u>(49,342)</u>	<u>(18,680)</u>	<u>(70,756)</u>
NET RESULT		2,585,262	949,632	1,490,982
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	9,075,648	0	322,338
Total Other Comprehensive Income		<u>9,075,648</u>	<u>0</u>	<u>322,338</u>
Total Comprehensive Income		<u><u>11,660,910</u></u>	<u><u>949,632</u></u>	<u><u>1,813,320</u></u>

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

SHIRE OF DUMBLEYUNG
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Governance		2,445,095	6,000	57,783
General Purpose Funding		2,074,209	1,931,786	2,658,974
Law, Order, Public Safety		28,517	21,540	34,528
Education and Welfare		29,452	28,000	27,850
Housing		69,746	70,980	55,029
Community Amenities		204,310	484,401	232,780
Recreation and Culture		244,493	201,550	401,454
Transport		584,114	118,382	225,256
Economic Services		33,577	40,200	46,878
Other Property and Services		118,000	63,000	49,705
	2(a)	<u>5,831,513</u>	<u>2,965,839</u>	<u>3,790,237</u>
Expenses				
Governance		(608,123)	(573,333)	(650,573)
General Purpose Funding		(54,509)	(69,956)	(56,227)
Law, Order, Public Safety		(64,140)	(81,875)	(51,279)
Health		(39,735)	(46,000)	(29,018)
Education and Welfare		(42,633)	(49,120)	(27,939)
Housing		(51,883)	(66,761)	(76,165)
Community Amenities		(269,517)	(629,085)	(309,759)
Recreation & Culture		(710,814)	(505,520)	(414,343)
Transport		(2,058,954)	(1,494,141)	(1,533,744)
Economic Services		(121,011)	(123,400)	(144,204)
Other Property and Services		(56,274)	(94,789)	(161,968)
	2(a)	<u>(4,077,593)</u>	<u>(3,733,980)</u>	<u>(3,455,219)</u>
Financial Costs				
Education and Welfare		(88)	(88)	(133)
Community Amenities		(4,243)	(4,243)	(4,493)
Recreation & Culture		(2,413)	(1,811)	(3,119)
	2(a)	<u>(6,744)</u>	<u>(6,142)</u>	<u>(7,745)</u>
Non-Operating Grants, Subsidies and Contributions				
General Purpose Funding		404,396	1,023,067	465,882
Law, Order, Public Safety		0	0	5,958
Recreation & Culture		0	0	24,037
Transport		477,348	643,707	697,008
		<u>881,744</u>	<u>1,666,774</u>	<u>1,192,885</u>
Profit/(Loss) on Disposal of Assets				
Governance		(11,940)	(18,680)	(15,735)
Community Amenities		(1,818)	12,821	7,850
Recreation & Culture		(32,643)	0	0
Transport		2,743	0	22,708
Other Property and Services		0	63,000	(43,999)
		<u>(43,658)</u>	<u>57,141</u>	<u>(29,176)</u>
Net Result		2,585,262	949,632	1,490,982
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	9,075,648	0	322,338
Total Other Comprehensive Income		<u>9,075,648</u>	<u>0</u>	<u>322,338</u>
Total Comprehensive Income		<u><u>11,660,910</u></u>	<u><u>949,632</u></u>	<u><u>1,813,320</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 2014

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	3,257,126	1,566,903
Trade and Other Receivables	4	134,094	179,413
Inventories	5	19,524	13,062
TOTAL CURRENT ASSETS		<u>3,410,744</u>	<u>1,759,378</u>
NON-CURRENT ASSETS			
Other Receivables	4	30,545	28,684
Property, Plant and Equipment	6	15,942,196	6,857,166
Infrastructure	7	24,490,149	23,334,842
TOTAL NON-CURRENT ASSETS		<u>40,462,890</u>	<u>30,220,692</u>
TOTAL ASSETS		<u>43,873,634</u>	<u>31,980,070</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	244,541	197,234
Current Portion of Long Term Borrowings	9	20,973	19,798
Provisions	10	128,169	104,971
TOTAL CURRENT LIABILITIES		<u>393,683</u>	<u>322,003</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	237,856	93,829
Provisions	10	34,266	17,319
TOTAL NON-CURRENT LIABILITIES		<u>272,122</u>	<u>111,148</u>
TOTAL LIABILITIES		<u>665,805</u>	<u>433,151</u>
		<u>43,207,829</u>	<u>31,546,919</u>
EQUITY			
Retained Surplus		18,252,555	18,069,132
Reserves - Cash Backed	11	3,088,209	686,370
Revaluation Surplus	12	21,867,065	12,791,417
TOTAL EQUITY		<u>43,207,829</u>	<u>31,546,919</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 2014**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2012		16,617,273	647,247	12,469,079	29,733,599
Comprehensive Income		1,490,982	0	0	1,490,982
Net Result		<u>1,490,982</u>	<u>0</u>	<u>322,338</u>	<u>322,338</u>
Changes on Revaluation of Non-Current Assets	12(b)	0	0	322,338	322,338
Total Comprehensive Income		<u>1,490,982</u>	<u>0</u>	<u>322,338</u>	<u>1,813,320</u>
Transfers from/(to) Reserves		(39,123)	39,123	0	0
Balance as at 30 June 2013		<u>18,069,132</u>	<u>686,370</u>	<u>12,791,417</u>	<u>31,546,919</u>
Comprehensive Income		2,585,262	0	0	2,585,262
Net Result		<u>2,585,262</u>	<u>0</u>	<u>9,075,648</u>	<u>9,075,648</u>
Changes on Revaluation of Non-Current Assets	12(a)	0	0	9,075,648	9,075,648
Total Comprehensive Income		<u>2,585,262</u>	<u>0</u>	<u>9,075,648</u>	<u>11,660,910</u>
Transfers from/(to) Reserves		(2,401,839)	2,401,839	0	0
Balance as at 30 June 2014		<u>18,252,555</u>	<u>3,088,209</u>	<u>21,867,065</u>	<u>43,207,829</u>

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

**SHIRE OF DUMBLEYUNG
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,396,106	1,382,299	1,297,624
Operating Grants, Subsidies and Contributions		3,625,996	924,576	1,668,087
Fees and Charges		319,160	370,796	256,134
Interest Earnings		31,722	70,000	77,703
Goods and Services Tax		229,853	90,000	103,193
Other Revenue		438,382	246,962	196,566
		<u>6,041,219</u>	<u>3,084,633</u>	<u>3,599,307</u>
Payments				
Employee Costs		(913,060)	(1,200,000)	(1,132,817)
Materials and Contracts		(1,303,084)	(851,209)	(734,080)
Utility Charges		(128,574)	(120,000)	(110,238)
Interest Expenses		(7,282)	(6,142)	(7,912)
Insurance Expenses		(160,436)	(127,111)	(166,030)
Goods and Services Tax		(171,534)	(90,000)	(161,512)
Other Expenditure		(308,453)	(54,500)	(31,646)
		<u>(2,992,423)</u>	<u>(2,448,962)</u>	<u>(2,344,235)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>3,048,796</u>	<u>635,671</u>	<u>1,255,072</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(1,212,950)	(1,731,211)	(2,099,011)
Payments for Construction of Infrastructure		(1,456,592)	(1,927,641)	(1,379,588)
Non-Operating Grants, Subsidies and Contributions		881,744	1,666,774	1,192,885
Proceeds from Sale of Fixed Assets		278,737	287,072	409,624
Net Cash Provided by (Used in) Investment Activities		<u>(1,509,061)</u>	<u>(1,705,006)</u>	<u>(1,876,090)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(19,798)	(19,799)	(18,661)
Proceeds from Self Supporting Loans		5,286	5,734	4,951
Community Advance to Bowling Club		0	(270,000)	0
Proceeds from New Debentures		165,000	610,000	0
Net Cash Provided By (Used In) Financing Activities		<u>150,488</u>	<u>325,935</u>	<u>(13,710)</u>
Net Increase (Decrease) in Cash Held		1,690,223	(743,400)	(634,728)
Cash at Beginning of Year		1,566,903	1,566,770	2,201,631
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>3,257,126</u></u>	<u><u>823,370</u></u>	<u><u>1,566,903</u></u>

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

**SHIRE OF DUMBLEYUNG
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
Revenue				
Governance		2,446,926	6,000	64,263
General Purpose Funding		1,164,869	1,638,243	1,830,642
Law, Order, Public Safety		28,517	21,540	40,486
Health		0	0	0
Education and Welfare		29,452	28,000	27,850
Housing		69,746	70,980	55,029
Community Amenities		204,310	497,222	240,630
Recreation and Culture		244,493	201,550	425,491
Transport		1,065,315	762,089	949,514
Economic Services		33,577	40,200	46,878
Other Property and Services		118,000	126,000	49,705
		<u>5,405,205</u>	<u>3,391,824</u>	<u>3,730,488</u>
Expenses				
Governance		(621,894)	(592,013)	(672,788)
General Purpose Funding		(54,509)	(69,956)	(56,227)
Law, Order, Public Safety		(64,140)	(81,875)	(51,279)
Health		(39,735)	(46,000)	(29,018)
Education and Welfare		(42,721)	(49,208)	(28,072)
Housing		(51,883)	(66,761)	(76,165)
Community Amenities		(275,578)	(633,328)	(314,252)
Recreation and Culture		(745,870)	(507,331)	(417,462)
Transport		(2,060,063)	(1,494,141)	(1,538,286)
Economic Services		(121,011)	(123,400)	(144,204)
Other Property and Services		(56,275)	(94,789)	(205,967)
		<u>(4,133,679)</u>	<u>(3,758,802)</u>	<u>(3,533,720)</u>
Net Result Excluding Rates		1,271,526	(366,978)	196,768
Adjustments for Cash Budget Requirements:				
Initial Recognition of Assets Due to Change to Regulations				
- Land		0	0	(356,530)
(Profit)/Loss on Asset Disposals	20	43,658	(57,141)	29,176
Movement in Deferred Pensioner Rates (Non-Current)		(4,636)	0	0
Movement in Accrued Interest		0	0	(167)
Movement in Accrued Salaries		0	0	(561)
Movement in Employee Benefit Provisions (Non-current)		16,947	0	(26,507)
Depreciation on Assets	2(a)	1,182,458	1,291,000	1,276,543
Capital Expenditure and Revenue				
Purchase Land and Buildings	6(a)	(256,477)	(1,153,965)	(1,393,622)
Purchase Plant and Equipment	6(a)	(587,513)	(577,246)	(705,389)
Purchase Work In Progress	6(a)	(368,960)	0	0
Purchase Infrastructure - Roads	7(a)	(1,456,592)	(1,377,441)	(1,379,588)
Purchase Infrastructure - Other	7(a)	0	(550,200)	0
Advances to Community Groups		0	(270,000)	0
Proceeds from Disposal of Fixed Assets	20	278,737	287,072	409,624
Repayment of Debentures	21(a)	(19,798)	(19,799)	(18,661)
Proceeds from New Debentures	21(a)	165,000	610,000	0
Proceeds from Self Supporting Loans		5,286	5,734	4,951
Transfers to Reserves (Restricted Assets)	11	(2,438,528)	(137,000)	(39,123)
Transfers from Reserves (Restricted Assets)	11	36,689	0	0
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	765,517	999,354	1,612,936
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	(52,950)	0	904,064
Total Amount Raised from General Rate	22(a)	<u>(1,313,736)</u>	<u>(1,316,610)</u>	<u>(1,294,214)</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 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

Except for cash flow and rate setting information, the report has 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.

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. A separate statement of those monies appears at Note 19. to these financial statements.

(b) Goods and Services Tax (GST)

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

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

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

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and Cash Equivalents

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

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

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land Held for Sale

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

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

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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.

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

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

Land Under Control

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

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

¹ Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2014.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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

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

Revaluation

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

Transitional Arrangements

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 only become applicable for the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology in the previous reporting period (year ended 30 June 2013) the Council chose to early adopt AASB 13

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land Under Roads

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

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

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

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

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings	30 to 50 years
Furniture and Equipment	3 to 10 years
Plant and Equipment	1 to 10 years
Sealed roads and streets formation	not depreciated
pavement seal	50 years
- bituminous seals	25 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	75 years
gravel sheet	25Years
Formed roads (unsealed) formation	not depreciated
pavement	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 disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(h) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the 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.

Amortised cost is calculated as:

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

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

In accordance with Australian Accounting Standards the 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.

(j) Trade and Other Payables

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-Term Employee Benefits

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

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

Other Long-Term Employee Benefits

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

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

(l) Borrowing Costs

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions

Provisions are recognised when the Council has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

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

(n) Leases

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

(o) Investment in Associates

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

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

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

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Interests in Joint Arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

The 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 sale 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.

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(v) Budget Comparative Figures

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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 pronouncements that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments	December 2013	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2013	1 January 2018	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iii) AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities] [AASB 1, 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]	December 2012	1 January 2014	Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128. It is not expected to have a significant impact on Council.
(iv) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	1 January 2014	This Standard adds application guidance to AASB 132: Financial Instruments: Presentation 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. This Standard is not expected to significantly impact the Council's financial statements.

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(v) AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	June 2013	1 January 2014	This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets.
(vi) AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	1 January 2014	It is not expected to have a significant impact on Council. This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities. It is not expected to have a significant impact on Council.
(vii) AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]	December 2013	Refer Title column	Part A of this standard makes various editorial corrections to Australian Accounting Standards. Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031. Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value. As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.

Notes:

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) 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 were compiled, became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 10	AASB 128	AASB 2012 - 2
AASB 11	AASB 2011 - 7	AASB 2012 - 3
AASB 12	AASB 2011 - 9	AASB 2012 - 5
AASB 119	AASB 2011 - 10	AASB 2012 - 10
AASB 127		

Most of the standards adopted had a minimal effect on the accounting and reporting practices of the Council as they did not have a significant impact on the accounting or reporting practices or 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.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES	2014	2013
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
Audit Services		
- Audit of the annual financial report	22,750	11,870
- Audit of acquittals	4,620	280
- Financial management review	6,000	0
- Assistance with the finalisation of the annual financial report	9,050	0
Depreciation		
Non-Specialised Buildings	33,410	153,941
Specialised Buildings	82,535	0
Furniture and Equipment	0	31,911
Plant and Equipment	308,415	374,697
Roads	717,202	706,545
Sewerage	5,848	5,849
Playground Equipment	0	3,600
Infrastructure - Other	35,048	0
	<u>1,182,458</u>	<u>1,276,543</u>
Interest Expenses (Finance Costs)		
Debentures (refer Note 21.(a))	6,744	7,745
	<u>6,744</u>	<u>7,745</u>
(ii) Crediting as Revenue:		
Significant Revenue		
Governance- Bain Estate Interim Distribution	2,418,299	0
Initial recognition of fixed assets due to change in regulations		
- Recreation and Culture - Golf Course	0	356,530
	<u>2,418,299</u>	<u>356,530</u>
<p>The significant revenue in 2014 relates to an interim distribution from a deceased estate for which the Shire is the sole beneficiary. This has been classified as Operating Grants, Subsidies and Contributions by Nature or Type.</p> <p>The significant revenue in 2013 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. This has been classified as Other Revenue by Nature or Type.</p>		
Other Revenue		
Reimbursements and Recoveries	60,378	0
Significant Revenue (Refer Above)	0	356,530
Other	401,949	196,566
	<u>462,327</u>	<u>553,096</u>
	<u>51,822</u>	<u>77,703</u>
	<u>51,822</u>	<u>77,703</u>
	<u>51,822</u>	<u>77,703</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

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

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

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

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

EDUCATION AND WELFARE

Objective:

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

Activities:

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

HOUSING

Objective:

To provide and maintain elderly residents housing.

Activities:

Provision and maintenance of elderly residents housing.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

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

Activities:

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

TRANSPORT

Objective:

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

Activities:

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

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance⁽¹⁾	Received⁽²⁾	Expended⁽³⁾	Closing Balance⁽¹⁾	Received⁽²⁾	Expended⁽³⁾	Closing Balance
Grant/Contribution	Function/Activity	1/07/12	2012/13	2012/13	30/06/13	2013/14	2013/14	30/06/14
		\$	\$	\$	\$	\$	\$	\$
Strategic Water Management	Community Amenities	57,148	0	0	57,148	0	(57,148)	0
Groundworks	Community Amenities	50,058	0	(17,531)	32,527	0	(32,527)	0
Royalties for Regions	Transport	760,236	0	(743,081)	17,155	0	(17,155)	0
4WDL Cat Sterilisation	Law, Order & Public Safety	0	22,605	0	22,605	0	(6,105)	16,500
Total		867,442	22,605	(760,612)	129,435	0	(112,935)	16,500

Notes:

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	Note	2014 \$	2013 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		152,417	751,098
Restricted		3,104,709	815,805
		<u>3,257,126</u>	<u>1,566,903</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Plant Reserve	11	71,861	70,535
Dam Cleaning Reserve	11	33,713	33,091
Leave Reserve	11	102,214	100,327
Sewerage Works Reserve	11	116,779	114,624
Staff Housing Reserve	11	53,652	52,662
Tourist Reserve	11	9,802	9,621
Landcare Development Reserve	11	66,757	81,906
Rural Town Development Reserve	11	35,901	35,238
Aged Care Facility Reserve	11	48,332	47,440
Municipal Building Reserve	11	37,047	36,363
Gravel Pit Rehab Reserve	11	22,989	22,565
Fence Road Drain Maintenance Reserve	11	8,299	20,590
Drainage Maintenance Reserve	11	14,433	14,166
Asset Plan Reserve	11	47,007	46,139
Refuse Reserve	11	1,124	1,103
Bain Estate Reserve	11	2,418,299	0
Unspent Grants	2(c)	16,500	129,435
		<u>3,104,709</u>	<u>815,805</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		72,223	87,526
Sundry Debtors		17,313	30,867
GST Receivable		0	58,319
Loans - Clubs/Institutions		2,775	5,286
Provision for Doubtful Debts		(2,262)	(2,585)
Accrued Interest on term deposits		20,100	0
Fuel Tax Credit Accrual		23,945	0
		<u>134,094</u>	<u>179,413</u>
Non-Current			
Rates Outstanding - Pensioners		30,545	25,909
Loans - Clubs/Institutions		0	2,775
		<u>30,545</u>	<u>28,684</u>
5. INVENTORIES			
Current			
Fuel and Materials		19,524	13,062
		<u>19,524</u>	<u>13,062</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Independent Valuation 2014	889,750	0
	<u>889,750</u>	<u>0</u>
Land Vested in and Under the Control of Council at:		
- Management Valuation 2014	356,530	0
- Cost	0	356,530
	<u>356,530</u>	<u>356,530</u>
Total Land	<u><u>1,246,280</u></u>	<u><u>356,530</u></u>
Buildings at:		
Non-Specialised Buildings at:		
- Independent Valuation 2014	1,421,250	0
- Cost	0	6,979,838
Less: Accumulated Depreciation	0	(2,483,562)
	<u>1,421,250</u>	<u>4,496,276</u>
Specialised Buildings at:		
- Independent Valuation 2014	10,912,000	0
	<u>10,912,000</u>	<u>0</u>
Total Buildings	<u><u>12,333,250</u></u>	<u><u>4,496,276</u></u>
Total Land and Buildings	<u><u>13,579,530</u></u>	<u><u>4,852,806</u></u>
Plant and Equipment at:		
- Independent Valuation 2013	1,525,780	1,830,000
- Management Valuation 2013	174,360	174,360
- Additions After Valuation - Cost	587,513	0
Less Accumulated Depreciation	(293,947)	0
	<u>1,993,706</u>	<u>2,004,360</u>
Work In Progress at:		
- Work In Progress - Buildings	368,960	0
	<u>368,960</u>	<u>0</u>
	<u><u>15,942,196</u></u>	<u><u>6,857,166</u></u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and Buildings:

The Shire's land and buildings were revalued at 30 June 2014 by independent valuers.

In relation to land, valuations were made 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). Land valued using Level 2 inputs were typically residential land owned by the Shire.

In some cases there may be restrictions, or other factors, associated with the land which results in the land being deemed to be valued using Level 3 inputs.

These restrictions and other factors (such as zoning, area, usage or topography) reduce the degree of confidence when applying a typical valuation method based on direct comparable sales evidence. The value of land with restrictions was derived by making the necessary adjustments to the closest available market evidence in order to reflect the current (highest and best) use to which the land is zoned. Given the significance of the Level 3 inputs into the overall fair value measurement, land with restrictions 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.

In relation to non-specialised buildings, valuations were made on the basis of observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, these were valued having regard for their current replacement cost utilising both observable and unobservable inputs being construction costs based on contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).

Given the significance of the Level 3 inputs into the overall fair value measurement, these specialised buildings 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 revaluation of these assets resulted in an overall increase of \$9,075,648 in the net value of the Shire's land and buildings. All of this increase was credited to the revaluation surplus in the Shire's equity. (refer Note 12(a) for further details) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

With regards to land vested in and under the control of Council, these assets were originally recognised as at 30 June 2013 at deemed cost where cost was effectively the fair value at the date of recognition.

As land vested in and under the control of Council is Crown Land restricted as to usage, it is not possible for an alternative usage to be considered when arriving at the fair value. In addition, due to its nature, any significant value attributable directly to the land would likely be offset by the need to return value to the Crown before any restriction is lifted, thus reducing the net fair value to nil.

Consequently, the original value of deemed cost was obtained having regard for the current replacement cost of the improvements on the land to allow for its current restricted usage.

These included both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and Buildings (continued):

Given the significance of the Level 3 inputs into the overall fair value measurement, this land vested in and under the control of Council is 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.

Due to the mandatory fair value measurement framework as detailed in Note 1(f), Land Vested in and under the control of Council required a fair value assessment to occur in the current year.

This was performed by management at 30 June 2014 on the same basis as the prior year deemed cost valuation was arrived at.

The revaluation of land vested in and under the control of Council resulted in neither an increase nor a decrease in the net value of the Land vested in and under the control of Council. Consequently no adjustment was recognised in either the net result or other comprehensive income in the Statement of Comprehensive Income.

Plant and Equipment:

Plant and Equipment was revalued in 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A.

Whilst the additions since that time are shown at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered that recorded written down value approximates fair value. Thus, the value is considered in accordance with Local Government (Financial Management) Regulation 17A(2) which requires these assets to be shown at fair value.

They will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1(f).

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year	Additions	(Disposals)	Transfers Between Asset Classes	Revaluation Increments/ (Decrements)	Impairment (Losses)/ Reversals	Depreciation (Expense)	Carrying Amount at the End of Year
	\$	\$	\$	\$	\$	\$	\$	\$
Freehold Land (Level 2) *	3,203	14,252	0	0	279,795	0	0	297,250
Freehold Land (Level 3) *	5,590	0	0	0	586,910	0	0	592,500
Land Vested In and Under the Control of Council (Level 3) *	356,530	0	0	0	0	0	0	356,530
Total Land	365,323	14,252	0	0	866,705	0	0	1,246,280
Non-Specialised Buildings (Level 2) *	978,892	242,225	(32,643)	(39,034)	305,220	0	(33,410)	1,421,250
Specialised Buildings (Level 3) *	3,508,591	0	0	(417,779)	7,903,723	0	(82,535)	10,912,000
Total Buildings	4,487,483	242,225	(32,643)	(456,813)	8,208,943	0	(115,945)	12,333,250
Total Land and Buildings	4,852,806	256,477	(32,643)	(456,813)	9,075,648	0	(115,945)	13,579,530
Plant and Equipment (Level 2)	1,830,000	587,513	(289,752)	0	0	0	(277,746)	1,850,015
Plant and Equipment (Level 3)	174,360	0	0	0	0	0	(30,669)	143,691
Work In Progress	0	368,960	0	0	0	0	0	368,960
Total Property, Plant and Equipment	6,857,166	1,212,950	(322,395)	(456,813)	9,075,648	0	(424,360)	15,942,196

*These items were included as 1 line item of \$4,852,806 in the 2013 financial report.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2013 \$
7. INFRASTRUCTURE		
Roads		
- Cost	55,969,674	54,513,082
Less Accumulated Depreciation	<u>(32,009,198)</u>	<u>(31,291,996)</u>
	23,960,476	23,221,086
Parks & Ovals		
- Cost	141,099	141,099
Less Accumulated Depreciation	<u>(141,099)</u>	<u>(141,099)</u>
	0	0
Sewerage		
- Cost	292,426	292,426
Less Accumulated Depreciation	<u>(184,518)</u>	<u>(178,670)</u>
	107,908	113,756
Playground Equipment		
- Cost	56,965	56,965
Less Accumulated Depreciation	<u>(56,965)</u>	<u>(56,965)</u>
	0	0
Infrastructure - Other		
- Cost	1,181,007	0
Less Accumulated Depreciation	<u>(759,242)</u>	<u>0</u>
	421,765	0
	<u>24,490,149</u>	<u>23,334,842</u>

SHIRE OF DUMBLEYUNG
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2014

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.

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Transfers Change of Input Levels \$	Transfers Between Asset Classes \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Infrastructure - Sewerage	113,756	0	0	0	0	0	0	(5,848)	107,908
Infrastructure - Roads	23,221,086	1,456,592	0	0	0	0	0	(717,202)	23,960,476
Infrastructure - Other	0	0	0	0	456,813	0	0	(35,048)	421,765
Total	23,334,842	1,456,592	0	0	456,813	0	0	(758,098)	24,490,149

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	145,809	102,233
Accrued Interest on Term Deposit	0	538
Accrued Salaries and Wages	31,048	30,453
ATO Liabilities	27,133	0
Accrued Expenses	40,551	64,010
	<u>244,541</u>	<u>197,234</u>

9. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge Debentures	<u>20,973</u>	<u>19,798</u>
	<u>20,973</u>	<u>19,798</u>
Non-Current		
Secured by Floating Charge Debentures	<u>237,856</u>	<u>93,829</u>
	<u>237,856</u>	<u>93,829</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions

Current	128,169	104,971
Non-Current	<u>34,266</u>	<u>17,319</u>
	<u>162,435</u>	<u>122,290</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2013	48,396	73,894	122,290
Additional provision	<u>17,031</u>	<u>23,114</u>	<u>40,145</u>
Balance at 30 June 2014	<u>65,427</u>	<u>97,008</u>	<u>162,435</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED			
(a) Plant Reserve			
Opening Balance	70,535	70,535	66,515
Amount Set Aside / Transfer to Reserve	1,326	53,083	4,020
Amount Used / Transfer from Reserve	0	0	0
	<u>71,861</u>	<u>123,618</u>	<u>70,535</u>
(b) Dam Cleaning Reserve			
Opening Balance	33,091	33,091	31,205
Amount Set Aside / Transfer to Reserve	622	1,446	1,886
Amount Used / Transfer from Reserve	0	0	0
	<u>33,713</u>	<u>34,537</u>	<u>33,091</u>
(c) Leave Reserve			
Opening Balance	100,327	100,326	94,608
Amount Set Aside / Transfer to Reserve	1,887	16,385	5,719
Amount Used / Transfer from Reserve	0	0	0
	<u>102,214</u>	<u>116,711</u>	<u>100,327</u>
(d) Sewerage Works Reserve			
Opening Balance	114,624	114,625	108,091
Amount Set Aside / Transfer to Reserve	2,155	40,010	6,533
Amount Used / Transfer from Reserve	0	0	0
	<u>116,779</u>	<u>154,635</u>	<u>114,624</u>
(e) Staff Housing Reserve			
Opening Balance	52,662	52,662	49,660
Amount Set Aside / Transfer to Reserve	990	2,302	3,002
Amount Used / Transfer from Reserve	0	0	0
	<u>53,652</u>	<u>54,964</u>	<u>52,662</u>
(f) Tourist Reserve			
Opening Balance	9,621	9,621	9,073
Amount Set Aside / Transfer to Reserve	181	421	548
Amount Used / Transfer from Reserve	0	0	0
	<u>9,802</u>	<u>10,042</u>	<u>9,621</u>
(g) Landcare Development Reserve			
Opening Balance	81,906	81,906	77,237
Amount Set Aside / Transfer to Reserve	1,540	3,580	4,669
Amount Used / Transfer from Reserve	(16,689)	0	0
	<u>66,757</u>	<u>85,486</u>	<u>81,906</u>
(h) Rural Town Development Reserve			
Opening Balance	35,238	35,238	33,229
Amount Set Aside / Transfer to Reserve	663	1,540	2,009
Amount Used / Transfer from Reserve	0	0	0
	<u>35,901</u>	<u>36,778</u>	<u>35,238</u>
(i) Aged Care Facility Reserve			
Opening Balance	47,440	47,440	44,736
Amount Set Aside / Transfer to Reserve	892	2,074	2,704
Amount Used / Transfer from Reserve	0	0	0
	<u>48,332</u>	<u>49,514</u>	<u>47,440</u>

SHIRE OF DUMBLYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED (Continued)			
(j) Municipal Building Reserve			
Opening Balance	36,363	36,363	34,290
Amount Set Aside / Transfer to Reserve	684	1,589	2,073
Amount Used / Transfer from Reserve	0	0	0
	<u>37,047</u>	<u>37,952</u>	<u>36,363</u>
(k) Gravel Pit Rehab Reserve			
Opening Balance	22,565	22,565	21,279
Amount Set Aside / Transfer to Reserve	424	986	1,286
Amount Used / Transfer from Reserve	0	0	0
	<u>22,989</u>	<u>23,551</u>	<u>22,565</u>
(l) Fence Road Drain Maintenance Reserve			
Opening Balance	20,590	20,590	19,416
Amount Set Aside / Transfer to Reserve	7,709	10,900	1,174
Amount Used / Transfer from Reserve	(20,000)	0	0
	<u>8,299</u>	<u>31,490</u>	<u>20,590</u>
(m) Drainage Maintenance Reserve			
Opening Balance	14,166	14,166	13,359
Amount Set Aside / Transfer to Reserve	267	619	807
Amount Used / Transfer from Reserve	0	0	0
	<u>14,433</u>	<u>14,785</u>	<u>14,166</u>
(n) Refuse Reserve			
Opening Balance	1,103	1,103	1,040
Amount Set Aside / Transfer to Reserve	21	48	63
Amount Used / Transfer from Reserve	0	0	0
	<u>1,124</u>	<u>1,151</u>	<u>1,103</u>
(o) Asset Plan Reserve			
Opening Balance	46,139	46,139	43,509
Amount Set Aside / Transfer to Reserve	868	2,017	2,630
Amount Used / Transfer from Reserve	0	0	0
	<u>47,007</u>	<u>48,156</u>	<u>46,139</u>
(p) Bain Estate Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	2,418,299	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>2,418,299</u>	<u>0</u>	<u>0</u>
TOTAL RESERVES	<u>3,088,209</u>	<u>823,370</u>	<u>686,370</u>
Total Opening Balance	686,370	686,370	647,247
Total Amount Set Aside / Transfer to Reserve	2,438,528	137,000	39,123
Total Amount Used / Transfer from Reserve	(36,689)	0	0
TOTAL RESERVES	<u>3,088,209</u>	<u>823,370</u>	<u>686,370</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:

- (a) Plant Reserve**
 - to be used for the purchase of major plant.
- (b) Dam Cleaning Reserve**
 - to provide funds to clean the Kukerin Dam.
- (c) Leave Reserve**
 - to meet the organisation's liability for employee's accrued leave.
- (d) Sewerage Works Reserve**
 - to be used for maintenance and upgrading of the current sewerage system.
- (e) Staff Housing Reserve**
 - to contribute towards the building of new staff housing.
- (f) Tourist Reserve**
 - to contribute to the provision of tourism.
- (g) Landcare Development Reserve**
 - to contribute to landcare development.
- (h) Rural Town Development Reserve**
 - to contribute to the Rural Town Development Program.
- (i) Aged Care Facility Reserve**
 - to be used for the construction of an aged care facility.
- (j) Municipal Building Reserve**
 - for improvements to shire owned buildings.
- (k) Gravel Pit Rehab Reserve**
 - to be used for the rehabilitation of gravel pits.
- (l) Fence Road Drain Maintenance Reserve**
 - to be used for the maintenance of the Fence Road Drain.
- (m) Drainage Maintenance Reserve**
 - to be used for the maintenance of drains within the shire.
- (n) Refuse Reserve**
 - to provide for the increased costs of disposing of refuse via transfer stations.
- (o) Asset Plan Reserve**
 - to contribute to the set up of asset management plan.
- (p) Bain Estate Reserve**
 - To hold funds received from the Bain Estate until sufficient arrangements for the distribution of the funds to the community are in place or an alternative method of holding the funds is established.

The Plant Reserve is expected to be utilised to fund plant purchases in accordance with the Plant Replacement Plan. It is not expected that the funds will be fully utilised as further transfers to the reserve account are expected. It is expected that the Leave Reserve will be utilised to fund upcoming leave entitlements however it is not expected to be fully utilised as further transfers to the reserve account are expected as other employees leave liability grows.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

12. REVALUATION SURPLUS	2014	2013
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land & Buildings		
Opening Balance	0	0
Revaluation Increment	9,075,648	0
Revaluation Decrement	0	0
	<u>9,075,648</u>	<u>0</u>
(b) Plant & Equipment		
Opening Balance	322,338	0
Revaluation Increment	0	322,338
Revaluation Decrement	0	0
	<u>322,338</u>	<u>322,338</u>
(c) 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>
 TOTAL ASSET REVALUATION SURPLUS	 <u><u>21,867,065</u></u>	 <u><u>12,791,417</u></u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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:

	2014	2014	2013
	\$	Budget	\$
		\$	
Cash and Cash Equivalents	<u>3,257,126</u>	<u>823,370</u>	<u>1,566,903</u>

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

Net Result	2,585,262	949,632	1,490,982
Depreciation	1,182,458	1,291,000	1,276,543
(Profit)/Loss on Sale of Asset	43,658	(57,141)	29,176
(Increase)/Decrease in Receivables	38,172	28,794	4,088
(Increase)/Decrease in Inventories	(6,462)	189,895	6,607
Increase/(Decrease) in Payables	47,307	(99,735)	23,598
Increase/(Decrease) in Employee Provisions	40,145	0	(26,507)
Grants Contributions for the Development of Assets	(881,744)	(1,666,774)	(1,192,885)
Non-Current Assets recognised due to changes in legislative requirements	0	0	(356,530)
Net Cash from Operating Activities	<u>3,048,796</u>	<u>635,671</u>	<u>1,255,072</u>

(c) Undrawn Borrowing Facilities

	2014	2013
	\$	\$
Credit Standby Arrangements		
Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	7,500	7,500
Credit Card Balance at Balance Date	0	(518)
Total Amount of Credit Unused	<u>7,500</u>	<u>6,982</u>
Loan Facilities		
Loan Facilities - Current	20,973	19,798
Loan Facilities - Non-Current	237,856	93,829
Total Facilities in Use at Balance Date	<u>258,829</u>	<u>113,627</u>
Unused Loan Facilities at Balance Date	<u>NIL</u>	<u>NIL</u>

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

14. CONTINGENT LIABILITIES

There were no contingent liabilities to report for the financial year 2013/14.

15. CAPITAL AND LEASING COMMITMENTS	2014	2013
	\$	\$

(a) Operating Lease Commitments

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

(b) Capital Expenditure Commitments

Contracted for:		
- capital expenditure projects	356,817	0
Payable:		
- not later than one year	356,817	0

The capital expenditure projects outstanding at the end of the current reporting period represents the construction of the aged persons dwellings and a replica of the speedboat that broke the Water Speed Record on Lake Dumbleyung in 1964 - the Bluebird K7.

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

16. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2014	2013
	\$	\$
Governance	3,319,382	356,733
General Purpose Funding	291,785	986,739
Law, Order, Public Safety	371,001	216,048
Health	1,449,500	141,437
Housing	1,994,051	1,062,517
Community Amenities	846,648	403,362
Recreation and Culture	6,895,151	2,008,541
Transport	24,651,264	24,813,694
Economic Services	403,462	81,542
Other Property and Services	2,405,110	1,909,457
Unallocated	1,246,280	0
	<u>43,873,634</u>	<u>31,980,070</u>

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

18. FINANCIAL RATIOS	2014	2013	2012
Current Ratio	1.05	4.26	4.53
Asset Sustainability Ratio	0.96	0.77	0.93
Debt Service Cover Ratio	108.99	59.93	53.19
Operating Surplus Ratio	0.94	0.16	(0.09)
Own Source Revenue Coverage Ratio	0.44	0.54	0.49

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 63 of this document.

Two of the 2013 ratios disclosed above are distorted by items of significant revenue totalling \$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 Notes 1(f), and 2(a)(ii) for further details).

Two of the 2014 ratios disclosed above are distorted by items of significant revenue totalling \$2,418,299 relating to a distribution from the Bain Estate. Refer to note 2(a)(ii) for further details.

These items form part of operating revenue and have been included in the calculations above.

These items of significant revenue are considered to be "one-off" and, if they were ignored, the calculations disclosed in the 2014 and 2013 columns above would be as follows:

	2014	2013
Debt Service Cover Ratio	17.87	46.42
Operating Surplus Ratio	(0.39)	(0.03)

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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 2013 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2014 \$
Mc Intyre Scholarship	100	2,500	0	2,600
Dumbleyung Pictorial Book	595	990	(600)	985
Low Income Housing	860	1,392	(1,410)	842
Aged Persons Units	1,638	1,200	(1,200)	1,638
Community Bonds	500	0	0	500
Community Funds Ski Club	5,050	0	0	5,050
Shire Staff Bonds	2,640	1,616	(1,290)	2,966
Building Fund Levy	3,069	1,324	0	4,393
Kukerin Cemetary	320	0	0	320
BCITF	5,772	1,960	0	7,732
Kukerin Centenary	2,541	0	0	2,541
Councillor Nomination Fees	400	400	(800)	0
Transport Licensing	(124)	124	0	0
Bain Estate Trust	0	18,299	(18,299)	0
	<u>23,361</u>			<u>29,567</u>

20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Governance						
CEO Caprice	32,641	37,420	31,818	36,322	(823)	(1,098)
CEO Caprice	41,227	37,420	40,307	36,323	(920)	(1,097)
MCS Colorado	32,439	34,162	32,727	32,815	288	(1,347)
MCS Colorado	33,761	34,162	24,545	32,815	(9,216)	(1,347)
MOWS Colorado	28,981	34,794	30,524	27,898	1,543	(6,896)
MOWS Colorado	32,812	34,794	30,000	27,899	(2,812)	(6,895)
					0	0
Community Amenities						
Landcare Utility	20,000	7,179	18,182	20,000	(1,818)	12,821
					0	0
Recreation and Culture						
Kukerin Pistol Club	32,643	0	0	0	(32,643)	0
					0	0
Transport						
Grader	53,147	0	57,000	55,000	3,853	55,000
Works Supervisors Utility	14,744	10,000	13,634	18,000	(1,110)	8,000
	<u>322,395</u>	<u>229,931</u>	<u>278,737</u>	<u>287,072</u>	<u>(43,658)</u>	<u>57,141</u>

Profit	5,684	75,821
Loss	(49,342)	(18,680)
	<u>(43,658)</u>	<u>57,141</u>

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2013 \$	New Loans \$	Principal Repayments		Principal 30 June 2014		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Education and Welfare								
Aged Persons Units (84)	1,950		1,950	1,950	0	0	88	88
Community Amenities								
Sewerage (38)	40,018		5,143	5,142	34,876	34,875	2,481	2,481
Sewerage (40)	9,960		952	952	9,008	9,009	719	719
Sewerage Extensions (78)	16,993		2,983	2,983	14,010	14,010	1,043	1,043
Regional Refuse Site Scheme (90)	0		0	0	0	60,000	0	0
Kukerin Sewerage Scheme (91)	0		0	0	0	400,000	0	0
Recreation and Culture								
SSL Kukerin Golf Club (85)*	8,061		5,286	5,286	2,775	2,774	448	448
Mens Shed Contribution (89)	36,645		3,485	3,485	33,160	33,160	1,965	1,363
Economic Services								
Purchase Old Post Office Building (92)	0	165,000	0	0	165,000	150,000	0	0
	113,627	165,000	19,798	19,798	258,829	703,828	6,744	6,142

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

All other loan repayments were financed by general purpose revenue.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2013/14

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Purchase Old Post Office Building	165,000	150,000	WATC	Principal & Interest	20	103,217	5.15	165,000	150,000	0
(92)	165,000	150,000				103,217		165,000	150,000	0

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2014.

(d) Overdraft

Council did not have an overdraft at 30 June 2014.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

22. RATING INFORMATION - 2013/14 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	11.0510	159	897,792	99,215	0	0	99,215	99,215	0	0	99,215
	UV	0.9345	288	130,351,000	1,218,130	0	0	1,206,138	1,218,130	0	0	1,218,130
	Sub-Totals		447	131,248,792	1,317,345	0	0	1,305,353	1,317,345	0	0	1,317,345
Minimum Payment												
	GRV	350	75	36,870	26,250	0	0	26,250	26,250	0	0	26,250
	UV	350	37	90,500	12,950	0	0	12,950	12,950	0	0	12,950
	Sub-Totals		112	127,370	39,200	0	0	39,200	39,200	0	0	39,200
Ex-Gratia Rates												
Discounts (refer note 25.)								1,344,553				1,356,545
Total Amount Raised From General Rate								10,065				10,065
Specified Area Rate (refer note 23.)								(40,882)				(50,000)
Totals								1,313,736				1,316,610
								71,703				65,688
								1,385,439				1,382,298

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)

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

	2014 (30 June 2014 Carried Forward) \$	2014 (1 July 2013 Brought Forward) \$	2013 (30 June 2013 Carried Forward) \$
Surplus/(Deficit) 1 July 13 Brought Forward	<u>(52,950)</u>	<u>765,517</u>	<u>904,064</u>
Comprises:			
Cash and Cash Equivalents			
Unrestricted	152,417	751,098	751,098
Restricted	3,104,709	815,805	815,805
Receivables			
Rates Outstanding	72,223	87,526	87,526
Sundry Debtors	17,313	30,867	30,867
GST Receivable	0	58,319	58,319
Loans - Clubs/Institutions	2,775	5,286	5,286
Provision for Doubtful Debts	(2,262)	(2,585)	0
Accrued Interest on Term Deposits	20,100	0	0
Accrued Fuel Tax Credits	23,945	0	0
Inventories			
Fuel and Materials	19,524	13,062	13,062
Less:			
Trade and other Payables			
Sundry Creditors	(145,809)	(102,233)	(166,243)
Accrued Interest on Term Deposit	0	(538)	0
Accrued Salaries and Wages	(31,048)	(30,453)	0
ATO Liabilities	(27,133)	0	0
Accrued Expenses	(40,551)	(64,010)	0
Current Portion of Long Term Borrowings			
Secured by Floating Charge Debentures	(20,973)	(19,798)	(19,798)
Provisions			
Provision for Annual Leave	(65,427)	(48,396)	(48,396)
Provision for Long Service Leave	(62,742)	(56,575)	(56,575)
Net Current Assets	<u>3,017,061</u>	<u>1,437,375</u>	<u>1,470,951</u>
Less:			
Reserves - Restricted Cash	(3,088,209)	(686,370)	(686,370)
Loans - Clubs/Institutions	(2,775)	(5,286)	(5,286)
Add:			
Secured by Floating Charge Debentures	20,973	19,798	19,798
Provisions for Annual and Long Service Leave	0	0	104,971
Surplus/(Deficit)	<u>(52,950)</u>	<u>765,517</u>	<u>904,064</u>

Difference

There was a difference between the Surplus 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2013 audited financial report as follows:

- Accrued Expenses - \$ 64,010
- Provision for Doubtful Debts - \$2,585
- Accrued Interest on Debentures - \$538
- Accrued Salaries and Wages - \$30,453

These items were disclosed in the rate setting statement but not in the calculation of surplus brought forward.

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

23. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Sewerage Rates							
- Sewerage Rates	0.0891	GRV	1,606,832	58,130	52,473	58,130	23,704
- Pedestal				13,573	13,215	13,573	0
				71,703	65,688	71,703	23,704

The specified area rate for the Dumbleyung town site sewerage scheme.

The proceeds of the rate are applied in full to the costs of the loan and maintenance of the system and no transfer to or from reserve accounts has occurred.

24. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

The Shire did not impose any service charges.

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2013/14 FINANCIAL YEAR**

A discount of 5% of the current rates levied (excludes charges for refuse and sewerage charges) will be offered to rate payers whose payment of the full amount owing, including arrears and charges, is received on or before the discount due date. The discount will not apply to interim rates issued after the billing date. The total of the discount is estimated to be \$50,000.

Photocopy Charges are waived for certain 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 Board, RSL Sub- Branch, Bush Fire Brigades, all church groups, Kukerin Primary School (except presentation night), Dumbleyung Primary School (except 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.

26. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	10.00%	0	8,496	8,000
Interest on Instalments Plan	5.50%	10	2,000	2,000
			10,496	10,000

Ratepayers had the option of paying rates in four equal instalments. Administration charges and interest applied for the final three instalments.

Option 1 (Full Payment)

Full payment of rates and charges including arrears to be paid on or before 11th October 2013.

Option 2 (Two Instalments)

First instalment to be received on or before 11th October 2013, including all arrears and half of the current rates and charges. The second instalment to be paid on or before 11th February 2014.

Option 3 (Four Instalments)

First Instalment to be received on or before 11th October 2013, including all arrears and half of the current rates and charges. The second, third and fourth instalments to be paid at two monthly intervals thereafter.

27. FEES & CHARGES	2014 \$	2013 \$
Governance	654	606
General Purpose Funding	(10,581)	3,235
Law, Order, Public Safety	1,585	1,506
Health	0	0
Education and Welfare	29,452	27,850
Housing	69,439	55,029
Community Amenities	86,476	64,948
Recreation and Culture	19,145	17,496
Transport	1,364	818
Economic Services	27,572	35,065
Other Property and Services	94,055	49,581
	<u>319,160</u>	<u>256,134</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 2014

28. GRANT REVENUE

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

	2014	2013
By Nature or Type:	\$	\$
Operating Grants, Subsidies and Contributions	3,612,765	1,551,504
Non-Operating Grants, Subsidies and Contributions	881,744	1,192,885
	<u>4,494,509</u>	<u>2,744,389</u>
By Program:		
Governance	2,400,000	9,970
General Purpose Funding	1,119,656	1,784,827
Law, Order, Public Safety	26,764	39,033
Community Amenities	23,840	27,983
Recreation and Culture	173,746	27,037
Transport	748,089	852,539
Economic Services	2,414	3,000
	<u>4,494,509</u>	<u>2,744,389</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>20</u>	<u>17</u>
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30. ELECTED MEMBERS REMUNERATION

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

	2014	2014	2013
	\$	Budget	\$
		\$	
Meeting Fees	20,144	17,500	16,117
President's Allowance	13,500	18,000	18,000
Deputy President's Allowance	1,000	2,000	2,500
Travelling Expenses	7,389	10,000	7,639
	<u>42,033</u>	<u>47,500</u>	<u>44,256</u>

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2013/14.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2013/14 financial year.

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

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	
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	3,257,126	1,566,903	3,257,126	1,566,903
Receivables	164,639	208,097	164,639	208,097
	<u>3,421,765</u>	<u>1,775,000</u>	<u>3,421,765</u>	<u>1,775,000</u>
Financial Liabilities				
Payables	244,541	197,234	244,540	197,234
Borrowings	258,829	113,627	216,100	103,087
	<u>503,370</u>	<u>310,861</u>	<u>460,640</u>	<u>300,321</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 2014**

33. FINANCIAL RISK MANAGEMENT (Continued)
(a) Cash and Cash Equivalents

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

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

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

	2014	2013
	\$	\$
Impact of a 1% movement in interest rates on cash		
- Equity	32,571	15,669
- Statement of Comprehensive Income	32,571	15,669

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

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:

	2014	2013
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	92.55%	99.00%
- Overdue	7.45%	1.00%

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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:

	<u>2014</u>	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	244,541	0	0	0	244,541	244,541
Borrowings	34,349	121,905	221,394	221,394	377,648	258,829
	<u>278,890</u>	<u>121,905</u>	<u>221,394</u>	<u>221,394</u>	<u>622,189</u>	<u>503,370</u>
Payables	197,234	0	0	0	197,234	197,234
Borrowings	25,941	75,546	35,842	35,842	137,329	113,627
	<u>223,175</u>	<u>75,546</u>	<u>35,842</u>	<u>35,842</u>	<u>334,563</u>	<u>310,861</u>

2013

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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 %
	\$	\$	\$	\$	\$	\$	\$	
Year Ended 30 June 2014								
Borrowings								
Fixed Rate								
Debentures	2,775	0	0	14,010	0	242,044	258,829	5.31%
Weighted Average Effective Interest Rate	6.62%	0.00%	0.00%	6.42%	0.00%	5.23%		
Year Ended 30 June 2013								
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%		

**SHIRE OF DUMBLEYUNG
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2014**

RATIO INFORMATION

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

	2014	2013	2012
Asset Consumption Ratio	0.55	0.47	N/A
Asset Renewal Funding Ratio	Unknown*	Unknown*	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 2012 has not been reported as financial information is not available.

***Council are unable to provide an 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.**

10 April 2015

Mr Matthew Gilfellon
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 2014**

We advise that we have completed the audit of your Shire for the year ended 30th June 2014 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 2014, 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 2014 and of its performance and its cash flows for the year ended on that date; and
- b. complying with Australian Accounting Standards (including Australian Accounting interpretations).

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

During the course of the 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).

Submission of Financial Report

The Annual Financial Report for the year ended 30 June 2014 was not submitted to the auditor within the timeframe required by Section 6.4(3) of the Local Government Act 1995 (as amended).

Monthly Statements of Financial Activity

The monthly statements of financial activity for July 2013 and August 2013 did not contain all the information required by Local Government (Financial Management) Regulations 34(1) and 34(2).

Annual Financial Report

The annual financial report for the year ended 30 June 2013 was not submitted to the Department of Local Government and Communities within 30 days of the audit report being received as required by Local Government (Financial Management) Regulation 51(2).

OTHER MATTERS

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 63 of this report we have reviewed the calculation of the Asset Consumption Ratio as presented and nothing has come to our attention to suggest it was 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: 10 April 2015
Perth, WA