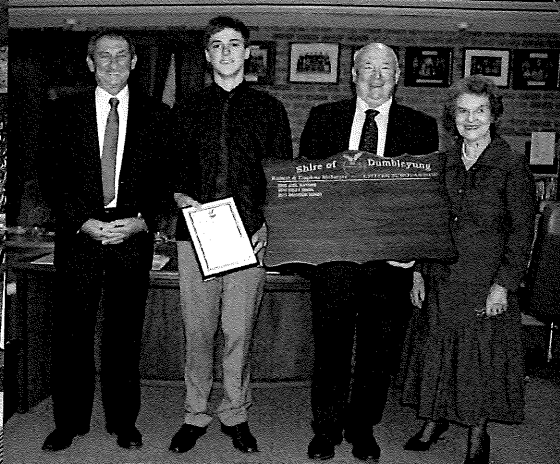




SHIRE OF DUMBLEYUNG ANNUAL REPORT FOR THE YEAR ENDING 30 JUNE 2012



PHOTOGRAPHS

1. New Kukerin Sign – Trish Leo, Catherine Watkins & Kim Gooding
2. LGIS Silver Award – Shire President Cr Gordon Davidson, Peter Hoare (Operations Manager LGIS), MOWS Jeff Alderton, DCEO Paul Godfrey, John Appleyard(LGIS) and CEO Henry Van Der Ende
3. Plaque Unveiling – Cr Graham Wilson, Carmen Bairstow and CEO Henry Van Der Ende
4. Flooding in November 2011
5. Robert & Daphne McIntyre Award Winner Brandon Doney, With Daphne & Robert McIntyre and Shire President Gordon Davidson
6. Occasional Day Care at CWA on Thursdays
7. Community Bike Ride – Funded by Bikewest
8. Road Widening – Bennett Street
9. Dumbleyung Primary School – New Vests for Safety

SHIRE INFORMATION

Authority and Legislation

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

Dumbleyung Shire Location

The town of Dumbleyung is located 267km south east of Perth.

The Shire of Dumbleyung covers an area of 2,553 square kilometres and includes two town sites, Dumbleyung and Kukerin.

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

History of the Shire

The Dumbleyung Road Board operated between 1909 –1960.

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

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

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

Population and Employees

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

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

SHIRE PRESIDENT'S REPORT

As a local government I am required under the Local Government Act to present an annual report. This report is not out of the ordinary but shows that Dumbleyung Shire continues to preserve its assets and maintain its equipment.

Firstly, I would like to congratulate the Staff in again achieving a satisfactory audit report. I would also like to recognise the fact that there has been a low turnover of our outside staff. It is also pleasing to note that we are now training our own staff with the assistance of John Bairstow. We continue to chip away at our building programme so we can continue to attract staff and provide suitable accommodation.

As part of the State Governments Integrated planning for Local Government which needs to be completed by 30th June 2013, your Council has commenced and adopted:

- Community Strategic Plan
- Forward Capital Works Plan

and is still working on:

- Asset Management Plan and
- Workplace Strategic Plan

These plans are developed using Community consultation which has included:

- Community Workshops and meetings
- Community Surveys

The addition of the newsletter to our communication strategy has helped provide the community with relevant information about Shire activities. We are also endeavouring to get our Minutes on to the website quicker but these need to be correct.

I find it disturbing that I again have to mention amalgamation, but the State Government has continued to make a mess of the whole process. Many Councils who were going down the process of planning for amalgamations have pulled out due to the obvious increase in cost and lack of improvement in services. There needs to be an outcome one way or the other as this continues to cost your Council and the State Government much more than it should, and with no benefit.

On a brighter note, Kukerin celebrated its Centenary this year and I would like to congratulate the Centenary committee on the wonderful job they did to ensure that it was a year to remember.

Due to the Council wishing to adhere to all the relevant building codes to ensure the safety of the community, the Council has had to defend itself in the State Advisory Tribunal. This has been regrettable but all other avenues had been exhausted.

Royalties for Regions has allowed us to start the Aged Persons Units in Kukerin and Dumbleyung and I hope in the next financial year we can report that the project is completed.

In closing this report, I would again like to thank my Deputy Cr Ditchburn and all other Councillors and staff for their contribution to this community. I would also recognise the support that their families provide without which we could not run a business such as this.

Gordon Davidson
Shire President

CHIEF EXECUTIVE OFFICER REPORT

I am pleased to provide a report to the electors of the Shire of Dumbleyung in a year that has seen significant progress made in ensuring that the Local Government is operating efficiently and effectively in an open and accountable manner.

I would like to thank the dedicated employees of the Shire who have continued to provide their services to the Shire and Community in an evolving environment that requires a culture of continuous improvement. Councils outside works force was again affected by one staff member leaving for a higher paid position within the mining industry.

The Shire has once again finished the year in a healthy financial position and it is planned to continue this practice through prudent and responsible financial management. The acquisition of new community assets will have an impact upon the financial operations in future years but these impacts must be controlled and monitored to ensure the Shire is not significantly impacted.

The introduction of the strategic community plan which was finalised in the year under review, will ensure that the Council has a clear future direction and is addressing the issues that the Community considers to be significant. This, combined with the Forward Capital Works Plan will greatly assist the Council in its ongoing development and provision of services for the Community.

The structural reform cloud still hangs over Local Government in Western Australia because of lack of clarity and guidance from the Minister and the State Government. Council is clear in its position with respect of amalgamations and continue to work with its neighbours through the 4WDL and Lakes VROCs (Voluntary Regional Organisation of Councils) to work on regional projects and to enhance efficiency within the group.

A continuing concern to Council is an issue in respect of a building notice which has been brought to the State Administrative Tribunal. The matter is ongoing and has been progressing since August 2011 and has used significant council resources and funds to ensure the integrity of building approvals.

Council did receive a silver certificate from its insurers, LGIS, to recognise the significant progress that Council had made in progressing its Occupational Health and Safety issues. I wish to take this opportunity to congratulate all of Councils staff in their dedication and commitment to the advancement of Occupational Health and Safety.

The Shire has continued to address the many challenges of providing services in a rural location during the 2011/12 year and I am confident that the Shire is positioning itself well to address future opportunities and I look forward to assisting the community achieve the long term goals in an economic, social and environmentally sustainable manner.

Once again we have seen movement in our staff with a small number of changes throughout the year which included promoting two plant operators to trainee grader operators with the majority of the training being provided in house. As mentioned in previous years, this

makes it difficult to ensure completion of a substantial works program and I again congratulate Jeff Alderton and John Bairstow for the tremendous effort undertaken. I also wish at this stage to congratulate Paul Godfrey and the girls in the office for a wonderful effort in providing a friendly and efficient work environment.

I take this opportunity to thank Councillors for all their efforts that they have contributed to the smooth and efficient running of the Council. I appreciate the assistance and support of all staff and Councillors in allowing me to carry out the duties of Chief Executive Officer. I would also like to acknowledge the understanding of the Councillors families in allowing them time and support to carry out their roles as leaders of the Community.

H W Van Der Ende
Chief Executive Officer
Dip LG (C) FLGMA

MANAGER OF WORKS AND SERVICES REPORT

During the 2011/12 financial year, the Shire traded the John Deere Grader and replaced it with a Volvo Grader. The Shire also purchased a Free Roller and replaced two light vehicles.

In November 2011, the Shire was awarded Silver Accreditation from LGIS for its commitment to OSH and Wellbeing. This is a tremendous acknowledgement for the Shire and your employee's.

The Shires outside works crew main town project was the widening and kerbing of McIntyre, Bennett, Dawson and Love Street. I believe that is a significant positive for the residents of Dumbleyung. This project is on-going.

In both towns, we cleared and prepared blocks for the proposed aged care units. Residents can see these homes taking shape. We also prepared the Old Masonic Lodge block for the arrival of the CEO's new residence.

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

- Road Construction: \$1,228,310 (\$932,644)
- Road Maintenance, including footpaths and town beautification: \$465,208 (\$494,559)
- Public Open Space Maintenance, including ovals: \$193,424 (\$235,141)
- Plant Operation Costs: \$370,854 (\$365,697)
- Overheads: \$422,126 (\$407,926)

The following grant money was received in the 2011-12 financial year for road construction, again with 2010-11 comparison in brackets.

- Regional Road Group: \$250,000 (\$250,000)
- Direct Road Grants: \$87,850 (\$82,118)
- Roads To Recovery: \$278,622 (\$280,256)

The Shire's Works Department completed the following projects:

- Constructed and sealed 3.1klms of the 125 Gate Rd
- Constructed and sealed 3.1klms of Fence Rd
- Completed the sealing of the Tincurrin Rd
- Widened the bitumen on Adams Rd
- Resealed Fence Rd
- Resealed sections of the Tincurrin Rd
- Resealed section of Kukerin South Rd
- Formed and gravelled section of the Nippering Rd
- Formed and gravelled section of the 114 Gate Rd
- Formed and gravelled all of Harrison Rd

- Formed and gravelled section of the White Well Rd
- Formed and gravelled all of Mutters Rd

The Shire also sustained considerable flood damage caused by the November and December rains. Again, your outside crew responded to the challenge to ensure that roads were safe and ones that weren't had signage accordingly. The repairs took some time to complete and at a cost of \$42,000. We were able to absorb this cost in our roads program, so there was no additional cost to rate payers.

We were also contracted by Main Roads to construct a slip lane on the intersection of the Collie/Lake King Hwy and Bennett Street in Dumbleyung. Considerable credit must go to the Works Supervisor for his supervision on this project. Hopefully, Main Roads will have the line marking completed soon.

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 find my work and this Shire very rewarding and thank all of my staff for the continued support.

Jeff Alderton
Manager of Works and Services

ENVIRONMENTAL HEALTH SERVICES REPORT 2011-2012

The Shire of Dumbleyung has fulfilled its Environmental Health obligations under the provisions of the Health Act 1911 of Western Australia during 2011-2012.

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

The Shire of Dumbleyung complied with the provisions of the Food Act 2008 by submitting its mandatory annual compliance return for 2011-2012 to the Department of Health of Western Australia. Details of the return covered food safety matters and inspections of food businesses within the Shire. The return was acknowledged by the Department of Health.

The Dumbleyung Sewerage Scheme's mandatory audit was carried out in December 2011. The audit was successful and the findings were approved by the Economic Regulation Authority. However, the audit and the Economic Regulation Authority have noted that the current annual sewerage rates/charges are inadequate to cover the future costs of the Sewerage Scheme's operations. The audit has recommended that the Shire of Dumbleyung increase sewerage rates/charges in the future.

The Shire's Effluent Reuse Scheme in Dumbleyung will not be upgraded at this point in time due to current adequate storage capacity within the town dam. The Scheme's treatment system was due for replacement and upgrade at an approximate cost of \$25,000. It is deemed that the upgrade will not be necessary until the need to use treated effluent from the wastewater treatment plant arises.

Maurice Walsh
Environmental Health Officer

BUILDING SURVEYOR'S REPORT

Date: June 29th 2012
Disclosure of Interest: NIL

Summary: Attached is the building activity statement that indicated the activity and the kilometres travelled.
Attached also is the BSR statement that indicates the structures that have been approved as at 30th June 2012 in the Shire of Dumbleyung.

Background: NIL

Comment: These reports are to keep council informed of the activity associated with the Building Surveying service that is provided.

These reports confirm the activity of the Building Surveyor.

Attached also is the Yearly reports summary

Monthly Account for June	\$1,636.07
Yearly Cost for Building Surveying Service	\$22,596.09
Labor	\$17,073.75
Cost of Vehicle	\$5,522.34
Value of Projects Proposed as Registered	\$298,955.00
Value of Possible Fee's generated	\$2,325.55
Value of the Possible Fee's to be retained by Council	\$1,523.35
GST not Included in these sums.	

Consultation: Nil

**Statutory
Environment:** Nil

Policy Implications: There is no policy implication in this report.

**Financial
Implications:** Nil

**Strategic
Implications:** This issue is not dealt with in the Shire of Dumbleyung Strategic Plan

Voting Requirements: Nil This agenda item is only for the provision of information to Council

Officer Recommendation: *That Council considers the information provided in these reports.*

Committee Recommendation: Nil

Council Resolution: *n/a*
Reason for Change:

**SHIRE OF DUMBLEYUNG
YEARLY RETURN OF BUILDING PERMITS 2011-2012**

Approval Date	Certificate of Design Compl.	Building Licence Number	Demol. Lic No	Year	Name & Address of Owner	Name & Address of Contractor. If owner-builder process indicate	Builders Phone Number	Phone No	FB or O/B	Situation of Building Lot or Street No. & Town or Suburb	Name of BTI applicable	BTI Policy No	ASS. No	Type of Work	Class	Type of Building	Materials of External Walls	Roof Covering	Main Material of Floor	No of Dwellings	Floor Area Sqm.	Cost \$ Excluding Land
8-9-2011				DU 1/1-12	GRANT & FELICITY CRONIN 70 TAYLOR STREET DUMBLEYUNG WA 6350	AS & DELAVALO 2 BOWDEN TERRACE KATANNING WA 6317	0427472026	9401		LOT 149 (P) TAYLOR STREET DUMBLEYUNG WA 6350			A.419	Addition	1A	DWELLING	F/CEMENT	Z/A	CONC.	1	70	54,000
7-9-2011				DU 2/1-12	GA & R WISON 41 Mc INTRYE STREET DUMBLEYUNG WA 6350	GA & R WISON 41 Mc INTRYE STREET DUMBLEYUNG WA 6350	9865 4727	08 1208/11	O/B	LOT 748 (41) Mc INTRYE STREET DUMBLEYUNG WA 6350	O/B			Addition	1A	DWELLING	HEBAL	Z/A	CONC.	1	109	90,000
25-9-2011				DU 3/1-12	CBH 30 DELHI STREET PERTH WA 6005	CBH GPO 1886 PERTH WA 6842	9216 6094	13,653	N/A	LOT 169 KUKERIN SOUTH ROAD KUKERIN WA 6352	N/A		A.232	Re-Locate	10A	SAMPLE HOUSE & WEIGH BRIDGE	H/FILES	Z/A	TIMB.	N/A	18	95,955
8-2-12				DU 4/1-12	MI & ME NENGE PO BOX 20 KUKERIN WA 6352	MI & ME NENGE PO BOX 20 KUKERIN WA 6352	6414 953674	N/A	N/A	LOC 14107 (3486) DUMBLEYUNG LAKE GRACE ROAD KUKERIN WA 6352	N/A		A.1404	Re-locate Dwelling	1A	Dwelling	F/CEMENT	Z/A	TIMB.	1	53	19,500
8-2-12				DU 5/1-12	MI & ME NENGE PO BOX 20 KUKERIN WA 6352	DAVID BURDETT PO BOX 2070 MIDLAND WA 6956	0427886647	N/A	N/A	LOC 14107 (3486) DUMBLEYUNG LAKE GRACE ROAD KUKERIN WA 6352	N/A		A.1404	Addition	10A	Patio and Walk Way between two Dwellings	F/CEMENT	Z/A	TIMB.	N/A	31	19,000
16-2-12				DU 6/1-12	ROSEMARY MARSHALL PO BOX 4568 MYARREE WA 6960	ROSEMARY MARSHALL PO BOX 4568 MYARREE WA 6960	0433 295 577	N/A	N/A	LOT 82 (60) BATH STREET KUKERIN WA 6352	N/A		A.232	NEW	10A	SHED	CBOND	CBON	CONC.	N/A	96	19580
				11-12																		
				11-12																		
				11-12																		
				11-12																		
				11-12																		298,955.00

I certify that to the best of my knowledge and belief, the particulars given in this return are a true and complete record of proposed building operations known to this local authority.

Signature: _____

(Authorised Officer)

Date: _____

STATUTORY REPORTS

1. NATIONAL COMPETITION POLICY (NCP)

Annual Reporting Requirements

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

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

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

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

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

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

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

2. INFORMATION STATEMENT

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

COUNCIL DOCUMENTS

Documents available for inspection:

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

- Annual Financial Statements
- Plan for the Future
- Local Laws
- Delegations Register
- Town Planning Scheme
- Rates assessment Book
- Electoral Roll
- Strategic Plan
- Customer Service Charter
- Sewerage Asset Management Plan
- Code of Conduct – Members & Staff
- Freedom of Information Statement

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

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

3. STRATEGIC PLAN

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

4. FREEDOM OF INFORMATION

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

During the 2011/12 financial year no applications were received for information under the terms of this legislation.

The Shire of Dumbleyung welcomes any enquires for any information held by Council. If information cannot be accessed by less formal means, a freedom of information request can be made to:

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

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

5. PLAN FOR THE FUTURE

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

Vision:

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

Our Mission:

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

As An Organisation We Value:

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

6. RECORD KEEPING PLAN

The State Records Act 2000 requires that the Shire of Dumbleyung maintains and disposes of all records in the prescribed manner. A revised Record Keeping Plan submitted to the State Records Commission for approval in 2012. The plan has not yet been approved as the State Records Commission is behind. Council will work with the State Records Commission

to meet the requirements of the Plan. 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 2011/12 nor any existing Local Law reviewed.

9. DISABILITY ACCESS AND INCLUSION PLAN

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

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

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

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

10. EMPLOYEES REMUNERATION

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

Salary Range	2012	2011
\$100,000 – 110,000	1	1

Henry Van Der Ende
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.

2011/12 – Plan for the Future Projects

ACTIVITY	\$	
Computer system upgrade	16,207	Ongoing
Community Development Officer	28,940	Ongoing
Health		
Contribution to Doctor	21,000	Ongoing
Staff Housing		
Maintenance	38,000	Ongoing
Community Activity		
Landcare Officer	69,457	Ongoing
Landcare contribution	34,729	Ongoing
Recreation and Culture		
Synthetic Bowling Green	240,000	
Transport		
Road maintenance	370,000	Ongoing
Regional roads	250,000	Ongoing
Roads to Recovery	278,622	Ongoing
Road construction various	715,000	Ongoing
Dual use pathways	20,000	Ongoing
Economic Services		
Kukerin and Moulyinning Centenary	25,000	Ongoing
Plant		
Roller Vibration Roller	62,000	Completed
Loader	105,000	Completed
Tractor	53,000	Completed

2011/12 FINANCIAL YEAR REPORT

INITIATIVE	\$
Computer system upgrade	3,679
Law, Order and Public Safety	
Health	
Contribution to Doctor	12,000
Education & Welfare	
Aged Care Units	60,233
Housing	
Maintenance – Staff housing	11,880
Community Activity	
Landcare Officer	53,063
Landcare contribution	26,636
Upgrade town shop buildings	34,091
Recreation and Culture	
Various sporting activities contributions	12,407
Synthetic Bowling Green - Kukerin	235,499
Transport	
Road maintenance	394,582
Regional roads	250,255
Roads to Recovery	278,575
Road construction various	663,865
Dual use pathways	38,504
Economic Services	
Town Planning Consultant	38,455
Plant	
Truck 12 ton	202,500
Truck 4 ton	30,000

Reserves	
Leave	94,608
Plant	66,515
Sewerage Scheme	108,091
Gravel Pit Rehabilitation	21,279
Staff Housing	49,660
Municipal Building	34,290
Aged Care Facility	44,736
Fence Road Drainage Maintenance	19,416
Drainage	13,359
Tourist	9,073
Refuse	1,040
Landcare Development	77,237
Dam Cleaning	31,205
Rural Town Development	33,229
Asset Plan	43,509

SHIRE OF DUMBLEYUNG
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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SHIRE OF DUMBLEYUNG
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Dumbleyung being the annual financial report and other information for the financial year ended 30th June 2012 are in my opinion properly drawn up to present fairly the financial position of the Shire of Dumbleyung at 30th June 2012 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 on the 26th day of September 2012



Henry Van Der Ende
Chief Executive Officer

SHIRE OF DUMBLEYUNG
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
REVENUE				
Rates	22	1,264,045	1,256,456	1,197,968
Operating Grants, Subsidies and Contributions	28	1,634,148	733,196	872,773
Fees and Charges	27	218,869	190,700	228,364
Interest Earnings	2(a)	73,554	65,000	99,214
Other Revenue		74,054	16,450	87,602
		<u>3,264,670</u>	<u>2,261,802</u>	<u>2,485,921</u>
EXPENSES				
Employee Costs		(1,102,526)	(948,302)	(1,059,646)
Materials and Contracts		(803,033)	(929,282)	(906,528)
Utility Charges		(112,171)	(137,000)	(103,961)
Depreciation on Non-Current Assets	2(a)	(1,262,218)	(1,100,000)	(1,207,369)
Interest Expenses	2(a)	(6,654)	(6,733)	(7,479)
Insurance Expenses		(126,685)	(123,083)	(111,323)
Other Expenditure		(62,860)	(76,942)	(15,859)
		<u>(3,476,147)</u>	<u>(3,321,342)</u>	<u>(3,412,165)</u>
		(211,477)	(1,059,540)	(926,244)
Non-Operating Grants, Subsidies and Contributions	28	1,726,918	2,241,338	1,418,366
Fair value adjustments to financial assets at fair value through profit or loss	2(a)	0	0	0
Profit on Asset Disposals	20	65,043	7,000	51,109
Loss on Asset Disposal	20	(4,784)	(4,000)	(11,473)
		<u>1,575,700</u>	<u>1,184,798</u>	<u>531,758</u>
NET RESULT				
Other Comprehensive Income		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u><u>1,575,700</u></u>	<u><u>1,184,798</u></u>	<u><u>531,758</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 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
REVENUE				
Governance		23,496	5,464	107,625
General Purpose Funding		2,847,656	1,785,589	1,912,440
Law, Order, Public Safety		24,826	21,330	21,691
Education and Welfare		26,045	32,000	27,308
Housing		31,135	32,000	26,733
Community Amenities		158,171	150,295	206,930
Recreation and Culture		25,665	160,524	40,116
Transport		13,381	17,200	18,447
Economic Services		44,459	21,400	48,370
Other Property and Services		69,836	36,000	76,261
	2 (a)	3,264,670	2,261,802	2,485,921
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(481,622)	(485,292)	(514,180)
General Purpose Funding		(106,304)	(103,490)	(107,556)
Law, Order, Public Safety		(38,944)	(53,630)	(40,952)
Health		(43,308)	(52,925)	(36,309)
Education and Welfare		(25,862)	(29,087)	(14,965)
Housing		(62,977)	(61,369)	(60,836)
Community Amenities		(375,582)	(427,506)	(328,039)
Recreation & Culture		(491,429)	(497,297)	(431,252)
Transport		(1,587,508)	(1,450,655)	(1,532,157)
Economic Services		(146,262)	(126,858)	(153,504)
Other Property and Services		(109,695)	(26,500)	(184,936)
	2 (a)	(3,469,493)	(3,314,609)	(3,404,686)
FINANCE COSTS				
General Purpose Funding		(1,080)	(1,093)	(1,301)
Education and Welfare		(276)	(304)	(375)
Community Amenities		(5,298)	(5,336)	(5,803)
	2 (a)	(6,654)	(6,733)	(7,479)
Non-Operating Grants, Subsidies and Contributions				
General Purpose Funding		788,470	1,565,812	523,386
Law, Order, Public Safety		5,958	0	0
Recreation & Culture		216,018	73,038	109,806
Transport		716,472	602,488	624,724
Economic Services		0	0	10,450
Other Property and Services		0	0	150,000
		1,726,918	2,241,338	1,418,366
Profit/(Loss) on Disposal of Assets				
Profit on Asset Disposals		65,043	7,000	51,109
Loss on Asset Disposal		(4,784)	(4,000)	(11,473)
		60,259	3,000	39,636
NET RESULT		1,575,700	1,184,798	531,758
Other Comprehensive Income		0	0	0
Total Other Comprehensive Income		0	0	0
TOTAL COMPREHENSIVE INCOME		1,575,700	1,184,798	531,758

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

**SHIRE OF DUMBLEYUNG
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2012**

	NOTE	2012 \$	2011 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,201,631	1,371,428
Trade and Other Receivables	4	183,167	224,216
Inventories	5	19,669	18,274
TOTAL CURRENT ASSETS		<u>2,404,467</u>	<u>1,613,918</u>
NON-CURRENT ASSETS			
Other Receivables	4	33,969	35,917
Property, Plant and Equipment	6	5,082,236	4,784,162
Infrastructure	7	22,667,648	22,110,062
TOTAL NON-CURRENT ASSETS		<u>27,783,853</u>	<u>26,930,141</u>
TOTAL ASSETS		<u>30,188,320</u>	<u>28,544,059</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	173,636	147,390
Long Term Borrowings	9	18,661	14,360
Provisions	10	98,564	82,615
TOTAL CURRENT LIABILITIES		<u>290,861</u>	<u>244,365</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	113,627	92,288
Provisions	10	50,233	49,507
TOTAL NON-CURRENT LIABILITIES		<u>163,860</u>	<u>141,795</u>
TOTAL LIABILITIES		<u>454,721</u>	<u>386,160</u>
NET ASSETS		<u>29,733,599</u>	<u>28,157,899</u>
EQUITY			
Retained Surplus		16,617,273	14,997,573
Reserves - Cash Backed	11	647,247	691,247
Reserves - Asset Revaluation	12	12,469,079	12,469,079
TOTAL EQUITY		<u>29,733,599</u>	<u>28,157,899</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 2012**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2010		14,609,940	547,122	12,469,079	27,626,141
Net Result		531,758	0	0	531,758
Correction of Errors		0	0	0	0
Reserve Transfers		(144,125)	144,125	0	0
Balance as at 30 June 2011		14,997,573	691,247	12,469,079	28,157,899
Net Result		1,575,700	0	0	1,575,700
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		44,000	(44,000)	0	0
Balance as at 30 June 2012		16,617,273	647,247	12,469,079	29,733,599

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 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,300,034	1,256,456	1,150,497
Operating Grants, Subsidies and Contributions		1,634,148	733,196	872,773
Fees and Charges		254,649	190,700	235,729
Interest Earnings		73,554	65,000	99,214
Goods and Services Tax		230,204	296,267	236,813
Other Revenue		74,054	16,450	87,602
		<u>3,566,643</u>	<u>2,558,069</u>	<u>2,682,628</u>
Payments				
Employee Costs		(1,079,994)	(948,302)	(1,038,112)
Materials and Contracts		(783,960)	(929,282)	(904,078)
Utility Charges		(112,171)	(137,000)	(103,961)
Insurance Expenses		(126,685)	(123,083)	(111,323)
Interest expenses		(6,733)	(6,733)	(7,621)
Goods and Services Tax		(263,616)	(132,950)	(238,313)
Other Expenditure		(62,861)	(76,942)	(15,859)
		<u>(2,436,020)</u>	<u>(2,354,292)</u>	<u>(2,419,267)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>1,130,623</u>	<u>203,777</u>	<u>263,361</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(1,165,149)	(2,269,554)	(851,792)
Payments for Construction of Infrastructure		(1,253,310)	(1,604,622)	(1,215,702)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		1,726,918	2,241,338	1,418,366
Proceeds from Sale of Plant & Equipment		360,841	332,000	329,361
Net Cash Provided By (Used In) Investing Activities		<u>(330,700)</u>	<u>(1,300,838)</u>	<u>(319,767)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(14,360)	(14,360)	(13,472)
Proceeds from Self Supporting Loans		4,640	5,733	4,348
Proceeds from New Debentures		40,000	410,000	0
Correction of Errors		0	0	0
Net Cash Provided By (Used In) Financing Activities		<u>30,280</u>	<u>401,373</u>	<u>(9,124)</u>
Net Increase (Decrease) in Cash Held		830,203	(695,688)	(65,530)
Cash at Beginning of Year		1,371,428	1,377,935	1,436,958
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>2,201,631</u></u>	<u><u>682,247</u></u>	<u><u>1,371,428</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 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
REVENUE				
Governance		236,213	11,464	158,734
General Purpose Funding		2,011,239	2,093,305	1,237,858
Law, Order, Public Safety		30,784	21,330	21,691
Education and Welfare		26,045	32,000	27,308
Housing		31,135	32,000	26,733
Community Amenities		180,069	150,295	206,930
Recreation and Culture		241,683	233,562	149,922
Transport		856,081	619,688	643,171
Economic Services		44,459	21,400	58,820
Other Property and Services		134,878	36,000	226,261
		<u>3,792,586</u>	<u>3,251,044</u>	<u>2,757,428</u>
EXPENSES				
Governance		(481,622)	(485,292)	(525,653)
General Purpose Funding		(107,384)	(104,583)	(108,857)
Law, Order, Public Safety		(38,944)	(53,630)	(40,952)
Health		(43,308)	(52,925)	(36,309)
Education and Welfare		(26,138)	(29,391)	(15,340)
Housing		(62,977)	(61,369)	(60,836)
Community Amenities		(380,880)	(432,842)	(333,842)
Recreation & Culture		(491,429)	(497,297)	(431,252)
Transport		(1,587,508)	(1,453,655)	(1,532,157)
Economic Services		(146,262)	(126,858)	(153,504)
Other Property and Services		(114,478)	(26,500)	(184,936)
		<u>(3,480,930)</u>	<u>(3,324,342)</u>	<u>(3,423,638)</u>
Net Operating Result Excluding Rates		311,656	(73,298)	(666,210)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	20	(60,259)	(3,000)	(39,636)
Movement in Accrued Interest		(79)	0	(142)
Movement in Deferred Pensioner Rates (Non-Current)		(3,005)	0	(3,551)
Movement in Accrued Salaries and Wages		5,857	0	3,695
Movement in Employee Benefit Provisions		16,675	0	17,839
Movement in Doubtful Debts Provision		(734)	0	1,174
Depreciation and Amortisation on Assets	2(a)	1,262,218	1,100,000	1,207,369
Capital Expenditure and Revenue				
Purchase Land and Buildings		(434,783)	(1,567,554)	(257,818)
Purchase Infrastructure Assets		(1,253,310)	(1,604,622)	(1,215,702)
Purchase Plant and Equipment		(701,289)	(670,000)	(579,922)
Purchase Furniture and Equipment		(29,077)	(32,000)	(14,052)
Proceeds from Disposal of Assets	20	360,841	332,000	329,361
Repayment of Debentures	21(a)	(14,360)	(14,360)	(13,472)
Proceeds from New Debentures	21(b)	40,000	410,000	0
Self-Supporting Loan Principal Income		4,640	4,640	4,348
Transfers to Reserves (Restricted Assets)	12	(101,000)	(76,000)	(173,553)
Transfers from Reserves (Restricted Assets)	12	145,000	110,000	29,428
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		799,901	827,738	972,777
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		1,612,937	0	799,901
Amount Required to be Raised from Rates	22	<u>(1,264,045)</u>	<u>(1,256,456)</u>	<u>(1,197,968)</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 2012

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Preparation

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

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 the selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the statement of financial position are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

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

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

Land Held for Resale

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

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional contract of sale.

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

(g) Fixed Assets

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

Initial Recognition

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

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying

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

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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 AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

Depreciation of Non-Current Assets

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

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

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

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

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets (Continued)

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 with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Capitalisation Threshold

Expenditure on items of equipment under \$2,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

(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 (ie trade date accounting is adopted).

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

Classification and Subsequent Measurement

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

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount
- (d) less any reduction for impairment.

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current 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.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period (classified as non-current assets).

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

If the Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(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.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

(v) Financial liabilities

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

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(i) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment

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

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

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

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

(k) Trade and Other Payables

Trade 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 and are usually paid within 30 days of recognition.

(l) Employee Benefits

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

(m) Borrowing Costs

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognised when:

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

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

Provisions are not recognised for future operating losses.

(o) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present

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

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

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

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

(p) Joint Venture

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 16.

The Council's interest in joint venture entities are recorded using the equity method of accounting in the financial report.

When the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of gain or loss not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

(r) Superannuation

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

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

(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 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2012.

Council's assessment of these new and amended standards and interpretations is set out below:

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iii) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)	Title and Topic	Issued	Applicable (*)	Impact
(iv)	AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(v)	AASB 2010 - 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi)	AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(vii) AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 - 2 Amendments to Australian Accounting Standards - Arising from the Trans-Tasman Consequence Project - Reduced Disclosure Requirements. [AASB 101 & 1054]	May 2011	01 July 2013	
AASB 2011 - 3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]	May 2011	01 July 2012	
AASB 2011 - 6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127, 128 & 131]	July 2011	01 July 2013	

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards	August 2011	01 January 2013	Nil - None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.
[AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]			

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
<p>(ix) AASB 13 - Fair Value Measurement, AASB 2011 - 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]</p>	September 2011	01 January 2013	<p>AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 requires inputs to all fair value measurements to be categorised in accordance with fair value hierarchy. AASB 13 also requires enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value. AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards. The amendments to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations</p>
<p>(x) AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]</p>	September 2011	01 July 2013	<p>The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.</p>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(xi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(xii) AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	September 2011	01 July 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 – 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	November 2011	01 January 2013	
AASB 2011 – 13 Amendments to Australian Accounting Standards – Improvements to AASB 1049	December 2011	01 July 2012	

Notes:

(*) 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 2012

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 became

These new and revised standards were:

AASB 124
AASB 1054
AASB 2009 - 12
AASB 2009 - 14
AASB 2010 - 4
AASB 2010 - 5
AASB 2010 - 6
AASB 2010 - 9
AASB 2011 - 1

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either 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 2012

2. REVENUE AND EXPENSES	2012	2011	
	\$	\$	
(a) Net Result			
The Net Result includes:			
(i) Charging as an Expense:			
Auditors Remuneration			
- Audit	9,904	15,200	
Depreciation			
Buildings	136,601	129,949	
Furniture and Equipment	15,482	14,129	
Plant and Equipment	414,410	383,735	
Sewerage	5,849	5,849	
Infrastructure	689,876	673,707	
	<u>1,262,218</u>	<u>1,207,369</u>	
Interest Expenses (Finance Costs)			
Debentures (<i>refer Note 21(a)</i>)	6,654	7,479	
	<u>6,654</u>	<u>7,479</u>	
(ii) Crediting as Revenue:			
	2012	2012	2011
	\$	Budget	\$
		\$	
Interest Earnings			
Investments			
- Reserve Funds	36,178	25,000	39,632
- Other Funds	28,712	35,000	51,168
Other Interest Revenue (<i>refer note 26</i>)	8,664	5,000	8,414
	<u>73,554</u>	<u>65,000</u>	<u>99,214</u>

SHIRE OF DUMBLEYUNG

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2012

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

Expenses relating to elected members.

Income and expenses relating to the administration of the Shire.

GENERAL PURPOSE FUNDING

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

Employment of an Environmental Health Officer.

EDUCATION AND WELFARE

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

HOUSING

Maintenance of staff and rental housing.

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

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

TRANSPORT

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

ECONOMIC SERVICES

Provision of water standpipes, fruitfly baiting scheme, noxious weed and vermin control, maintenance of Dumbleyung and Kukerin caravan parks, maintenance of tourist areas and rest stops, employment of a building surveyor and contribution of Land Care Development.

OTHER PROPERTY & SERVICES

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions	Grant/Contribution	Function/ Activity	Opening		Closing		Received (+) 2011/12	Expended (#) 2011/12	Closing Balance 30-Jun-12
			Balance (*) 1-Jul-10	Balance (*) 30-Jun-11	Expended (#) 2010/11	Expended (*) 30-Jun-11			
			\$	\$	\$	\$	\$	\$	
	Arterial Drain Project Admin		7,091	0	(7,091)	0	0	0	
	Envirofunds		7,592	0	(6,450)	1,142	(1,142)	0	
	Strategic Water Management		59,271	0	(12,809)	46,462	(1,590)	57,148	
	Groundworks		800	85,393	(20,080)	66,113	(56,555)	50,058	
	Royalties for regions		329,350	0	(294,148)	35,202	(63,436)	760,236	
	Federal Infrastructure - Theatre Shed		22,655	0	(22,655)	0	0	0	
	Capital Forward Plan		20,600	0	(20,600)	0	0	0	
	Communit Action Grant		21,351	0	(17,589)	3,762	(3,762)	0	
	Total		468,710	85,393	(401,422)	152,681	(126,485)	867,442	

Notes:

(*) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(+) - 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.

(#) - 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 2012

	2012	2011
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	686,942	527,500
Restricted	1,514,689	843,928
	<u>2,201,631</u>	<u>1,371,428</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	94,608	90,954
Plant Reserve	66,515	163,946
Sewerage Scheme Reserve	108,091	88,916
Gravel Pit Rehabilitation Reserve	21,279	20,457
Staff Housing Reserve	49,660	47,742
Municipal Building Reserve	34,290	57,966
Aged Care Facility Reserve	44,736	33,008
Fence Road Drain Maintenance Reserve	19,416	38,666
Drainage Reserve	13,359	12,843
Tourist Reserve	9,073	8,722
Refuse Reserve	1,040	0
Land Care Development Reserve	77,237	74,254
Dam cleaning Reserve	31,205	0
Rural Town Development Reserve	33,229	31,945
Asset Plan Reserve	43,509	21,828
Unexpended Grants	867,442	152,681
	<u>1,514,689</u>	<u>843,928</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	33,350	72,344
Sundry Debtors	147,450	79,068
GST Receivable	0	33,412
Diesel rebate	0	38,071
Loans - Clubs/Institutions	4,952	4,640
Provision for Doubtful Debts	(2,585)	(3,319)
	<u>183,167</u>	<u>224,216</u>
Non-Current		
Rates Outstanding - Pensioners	25,909	22,904
Loans - Clubs/Institutions	8,060	13,013
	<u>33,969</u>	<u>35,917</u>
5. INVENTORIES		
Current		
Fuel and Materials	19,669	18,274
	<u>19,669</u>	<u>18,274</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	5,586,216	5,151,432
Less Accumulated Depreciation	<u>(2,329,621)</u>	<u>(2,193,019)</u>
	3,256,595	2,958,413
Furniture and Equipment - Cost	421,759	392,682
Less Accumulated Depreciation	<u>(353,895)</u>	<u>(338,413)</u>
	67,864	54,269
Plant and Equipment - Cost	3,789,531	3,672,989
Less Accumulated Depreciation	<u>(2,031,754)</u>	<u>(1,901,509)</u>
	1,757,777	1,771,480
	<u>5,082,236</u>	<u>4,784,162</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Total \$
Balance as at the beginning of the year	2,958,413	54,269	1,771,480	4,784,162
Additions	434,783	29,077	701,289	1,165,149
(Disposals)	0	0	(300,582)	(300,582)
Depreciation (Expense)	(136,601)	(15,482)	(414,410)	(566,493)
Carrying amount at the end of year	3,256,595	67,864	1,757,777	5,082,236

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	\$	\$
7. INFRASTRUCTURE		
Roads - Cost	53,133,494	51,880,184
Less Accumulated Depreciation	<u>(30,585,451)</u>	<u>(29,895,575)</u>
	<u>22,548,043</u>	<u>21,984,609</u>
Sewerage - Cost	292,426	292,426
Less Accumulated Depreciation	<u>(172,821)</u>	<u>(166,973)</u>
	<u>119,605</u>	<u>125,453</u>
	<u><u>22,667,648</u></u>	<u><u>22,110,062</u></u>

Council have adopted a policy of re-valuing with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date.

This policy also accords with AASB 116.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads \$	Sewerage \$	Total \$
Balance at the beginning of the year	21,984,609	125,453	22,110,062
Additions	1,253,310	0	1,253,310
Depreciation (Expense)	(689,876)	(5,848)	(695,724)
Carrying amount at the end of year	<u>22,548,043</u>	<u>119,605</u>	<u>22,667,648</u>

SHIRE OF DUMBLEYUNG

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	141,917	121,449
Accrued Interest on Debentures	705	784
Accrued Salaries and Wages	31,014	25,157
	<u>173,636</u>	<u>147,390</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	<u>18,661</u>	<u>14,360</u>
	<u>18,661</u>	<u>14,360</u>
Non-Current		
Secured by Floating Charge Debentures	<u>113,627</u>	<u>92,288</u>
	<u>113,627</u>	<u>92,288</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	71,521	74,422
Provision for Long Service Leave	27,043	8,193
	<u>98,564</u>	<u>82,615</u>
Non-Current		
Provision for Long Service Leave	<u>50,233</u>	<u>49,507</u>
	<u>50,233</u>	<u>49,507</u>

SHIRE OF DUMBLEYUNG

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2012

11. RESERVES - CASH BACKED	2012 \$	2012 Budget \$	2011 \$
(a) Leave Reserve			
Opening Balance	90,954	90,954	86,980
Amount Set Aside / Transfer to Reserve	3,654	3,434	3,974
Amount Used / Transfer from Reserve	0	0	0
	<u>94,608</u>	<u>94,388</u>	<u>90,954</u>
(b) Plant Reserve			
Opening Balance	163,946	163,946	85,059
Amount Set Aside / Transfer to Reserve	2,569	3,196	78,887
Amount Used / Transfer from Reserve	(100,000)	(110,000)	0
	<u>66,515</u>	<u>57,142</u>	<u>163,946</u>
(c) Sewerage Scheme Reserve			
Opening Balance	88,916	88,916	56,342
Amount Set Aside / Transfer to Reserve	19,175	18,913	32,574
Amount Used / Transfer from Reserve	0	0	0
	<u>108,091</u>	<u>107,829</u>	<u>88,916</u>
(d) Gravel Pit Rehabilitation Reserve			
Opening Balance	20,457	20,457	10,000
Amount Set Aside / Transfer to Reserve	822	772	10,457
Amount Used / Transfer from Reserve	0	0	0
	<u>21,279</u>	<u>21,229</u>	<u>20,457</u>
(e) Staff Housing Reserve			
Opening Balance	47,742	47,742	45,656
Amount Set Aside / Transfer to Reserve	1,918	1,802	2,086
Amount Used / Transfer from Reserve	0	0	0
	<u>49,660</u>	<u>49,544</u>	<u>47,742</u>
(f) Municipal Building Reserve			
Opening Balance	57,966	57,966	55,433
Amount Set Aside / Transfer to Reserve	1,324	2,188	2,533
Amount Used / Transfer from Reserve	(25,000)	0	0
	<u>34,290</u>	<u>60,154</u>	<u>57,966</u>
(g) Aged Care Facility Reserve			
Opening Balance	33,008	33,008	22,003
Amount Set Aside / Transfer to Reserve	11,728	11,614	11,005
Amount Used / Transfer from Reserve	0	0	0
	<u>44,736</u>	<u>44,622</u>	<u>33,008</u>
(h) Fence Road Drain Maintenance Reserve			
Opening Balance	38,666	38,666	28,250
Amount Set Aside / Transfer to Reserve	750	6,648	10,416
Amount Used / Transfer from Reserve	(20,000)	0	0
	<u>19,416</u>	<u>45,314</u>	<u>38,666</u>
(i) Drainage Reserve			
Opening Balance	12,843	12,843	7,500
Amount Set Aside / Transfer to Reserve	516	485	5,343
Amount Used / Transfer from Reserve	0	0	0
	<u>13,359</u>	<u>13,328</u>	<u>12,843</u>

SHIRE OF DUMBLEYUNG

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2012	2011
	\$	Budget	\$
11. RESERVES - CASH BACKED (Continued)			
(j) Tourist Reserve			
Opening Balance	8,722	8,722	8,341
Amount Set Aside / Transfer to Reserve	351	329	381
Amount Used / Transfer from Reserve	0	0	0
	<u>9,073</u>	<u>9,051</u>	<u>8,722</u>
(k) Refuse Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	1,040	1,038	0
Amount Used / Transfer from Reserve	0	0	0
	<u>1,040</u>	<u>1,038</u>	<u>0</u>
(l) Land Care Development Reserve			
Opening Balance	74,254	74,254	61,581
Amount Set Aside / Transfer to Reserve	2,983	2,803	12,673
Amount Used / Transfer from Reserve	0	0	0
	<u>77,237</u>	<u>77,057</u>	<u>74,254</u>
(m) Primary Management Program Reserve			
Opening Balance	0	0	9,428
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	(9,428)
	<u>0</u>	<u>0</u>	<u>0</u>
(n) Dam Cleaning Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	31,205	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>31,205</u>	<u>0</u>	<u>0</u>
(o) Rural Town Development Reserve			
Opening Balance	31,945	31,945	30,549
Amount Set Aside / Transfer to Reserve	1,284	1,206	1,396
Amount Used / Transfer from Reserve	0	0	0
	<u>33,229</u>	<u>33,151</u>	<u>31,945</u>
(p) Asset Plan Reserve			
Opening Balance	21,828	21,828	40,000
Amount Set Aside / Transfer to Reserve	21,681	21,572	1,828
Amount Used / Transfer from Reserve	0	0	(20,000)
	<u>43,509</u>	<u>43,400</u>	<u>21,828</u>
TOTAL CASH BACKED RESERVES	<u>647,247</u>	<u>657,247</u>	<u>691,247</u>

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

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

Leave Reserve

To provide provisions to meet Councils leave liabilities, so as to minimise the effect on Councils budget from year to year.

Plant Reserve

To provide funds for the ongoing replacement and upgrading of various motor vehicles, heavy machinery, light machinery and other equipment, necessary in the performance of councils core functions.

SHIRE OF DUMBLEYUNG

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2012

11. RESERVES - CASH BACKED (Continued)

Sewerage Reserve

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

Gravel Pit Rehabilitation Reserve

To provide funds for the rehabilitation of gravel pits in the shire.

Staff Housing Reserve

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

Municipal Building Reserve

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

Aged Care Facility Reserve

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

Fence Road Drain Maintenance Reserve

To provide funds for the maintenance of the Fence Road Drain.

Drainage Reserve

To provide funds for the maintenance of drains within the shire.

Tourist Reserve

To contribute to the provision of tourism.

Refuse Reserve

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

Land Care Development Reserve

To contribute to land care development.

Primary Management Program Reserve

To contribute to Primary Management Program.

Dam Cleaning Reserve

To contribute to the cleaning of dams for the storage and supply of water for the recreation areas and community.

Rural Town Development Reserve

To contribute to the Rural Town Development Program.

Asset Plan Reserve

To contribute to the formulation of an asset plan for the shire.

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

All of the reserve accounts are cash backed, 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 2012

12. RESERVES - ASSET REVALUATION

Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:

	2012	2011
	\$	\$
(b) 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 RESERVES	 <u>12,469,079</u>	 <u>12,469,079</u>

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:

	2012	2012	2011
	\$	Budget	\$
		\$	
Cash and Cash Equivalents	<u>2,201,631</u>	<u>682,247</u>	<u>1,371,428</u>

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

Net Result	1,575,700	1,184,798	531,758
Depreciation	1,262,218	1,100,000	1,207,369
(Profit)/Loss on Sale of Asset	(60,259)	(3,000)	(39,636)
(Increase)/Decrease in Receivables	38,356	186,839	(41,606)
(Increase)/Decrease in Inventories	(1,395)	3,105	6,430
Increase/(Decrease) in Payables	26,246	(26,627)	(427)
Increase/(Decrease) in Employee Provisions	16,675	0	17,839
Grants/Contributions for the Development of Assets	<u>(1,726,918)</u>	<u>(2,241,338)</u>	<u>(1,418,366)</u>
Net Cash from Operating Activities	<u>1,130,623</u>	<u>203,777</u>	<u>263,361</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	13,000	13,000
Credit Card Balance at Balance Date	0	0
Total Amount of Credit Unused	<u>13,000</u>	<u>13,000</u>

Loan Facilities

Loan Facilities - Current	18,661	14,360
Loan Facilities - Non-Current	113,627	92,288
Total Facilities in Use at Balance Date	<u>132,288</u>	<u>106,648</u>

Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>
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SHIRE OF DUMBLEYUNG

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2012

14. CONTINGENT LIABILITIES

The Shire of Dumbleyung has no contingent liabilities as at 30th June 2012.

15. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

There are no finance lease commitments as at 30th June 2012.

(b) Operating Lease Commitments

There are no operating lease commitments as at 30th June 2012.

(c) Capital Expenditure Commitments

There are no capital expenditure commitments as at 30th June 2012.

16. JOINT VENTURE

The Shire of Dumbleyung has no joint venture agreements as at 30th June 2012.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY	2012	2011
	\$	\$
Governance	616,982	596,650
Law, Order, Public Safety	314,221	300,086
Education and Welfare	145,388	135,801
Housing	1,212,793	790,887
Community Amenities	439,972	422,245
Recreation and Culture	2,273,211	2,025,954
Transport	24,627,271	23,731,044
Economic Services	207,465	204,465
Other Property and Services	351,017	336,926
	<u>30,188,320</u>	<u>28,544,058</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011	2010
18. FINANCIAL RATIOS			
Current Ratio	4.534	4.760	3.920
Untied Cash to Unpaid Trade Creditors Ratio	4.840	4.343	3.360
Debt Ratio	0.015	0.014	0.010
Debt Service Ratio	0.006	0.008	0.010
Gross Debt to Revenue Ratio	0.040	0.042	0.060
Gross Debt to Economically Realisable Assets Ratio	0.018	0.017	0.020
Rate Coverage Ratio	0.252	0.305	0.520
Outstanding Rates Ratio	0.044	0.059	0.040

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{gross debt}}{\text{total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{gross debt}}{\text{economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{net rate revenue}}{\text{operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{rates outstanding}}{\text{rates collectable}}$

SHIRE OF DUMBLEYUNG

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2012

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-Jul-11	Amounts Received	Amounts Paid	Balance 30-Jun-12
	\$	\$	(\$)	\$
Dept Of Transport	7,088	297,542	(302,967)	1,663
Four MB Water Ski Club	4,723	142	0	4,865
Deposits & Bonds	20,246	12,691	(5,501)	27,436
BCITF Levy Payments	1,742	2,862	(1,313)	3,291
Kukerin Cemetary Fund	320	0	0	320
	<u>34,119</u>			<u>37,575</u>

20. DISPOSALS OF ASSETS - 2011/12 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$
Governance						
Sedan	27,230	34,000	34,812	35,000	7,582	1,000
Sedan	35,375	34,000	34,614	35,000	(761)	1,000
Sedan	33,667	0	34,636	0	969	0
Sedan	25,566	29,000	24,545	30,000	(1,021)	1,000
Sedan	24,245	29,000	35,849	30,000	11,604	1,000
Utility	20,362	24,000	23,623	25,000	3,261	1,000
Utility	27,638	24,000	24,636	25,000	(3,002)	1,000
Community Amenities						
Utility	16,680	22,000	21,898	22,000	5,218	0
Transport						
Grader	69,532	104,000	98,500	100,000	28,968	(4,000)
Utility	13,948	18,000	14,531	18,000	583	0
Utility	6,340	11,000	13,198	12,000	6,858	1,000
	<u>300,583</u>	<u>329,000</u>	<u>360,842</u>	<u>332,000</u>	<u>60,259</u>	<u>3,000</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-11	New Loans	Principal Repayments		Principal 30-Jun-12		Interest Repayments	
	\$	\$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Education & Welfare	5,522		1,733	1,733	3,789	3,789	276	304
Aged Persons Units	49,381		4,534	4,534	44,847	44,847	3,076	3,089
Community Amenities	11,670		824	824	10,846	10,847	839	849
Sewerage	22,422		2,629	2,629	19,793	19,792	1,383	1,398
Sewerage Extensions	17,653		4,640	4,640	13,013	13,013	1,008	1,093
Recreation & Culture	0	40,000	0	0	40,000	0	72	0
SSL Kukerin Golf Club*	106,648	40,000	14,360	14,360	132,288	92,288	6,654	6,733
Mens Shed Contribution								

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

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2011/12

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Kukerin Sewerage Scheme	0	300,000	WATC	Debenture	20	0	5.86	0	300,000	0
Regional refuse Site	0	60,000	WATC	Debenture	10	0	5.41	0	60,000	0
Mens Shed Contribution	40,000	50,000	WATC	Debenture	10	0	3.81	40,000	50,000	0

(c) Unspent Debentures

Council had no unspent debentures as at 30th June 2012.

(d) Overdraft

Council had no bank overdraft facility during the year ended 30th June 2012.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

22. RATING INFORMATION - 2011/12 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
GRV	10.9312	151	819,370	89,567	(2,843)		86,724	89,568			89,568
UV	0.8575	295	130,281,633	1,117,165	(3,063)		1,114,102	1,117,165			1,117,165
Sub-Totals		446	131,101,003	1,206,732	(5,906)	0	1,200,826	1,206,733	0	0	1,206,733
Minimum Rates											
GRV	325	78	81,040	25,350			25,350	25,350			25,350
UV	325	32	375,051	10,400			10,400	10,400			10,400
Sub-Totals		110	456,091	35,750	0	0	35,750	35,750	0	0	35,750
Ex-Gratia Rates							1,236,576				1,242,483
Specified Area Rate (refer note 23)							9,220				9,220
							49,415				49,295
Discounts (refer note 25)							1,295,211				1,300,998
Totals							(31,166)				(44,542)
							1,264,045				1,256,456

SHIRE OF DUMBLEYUNG

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2012

23. SPECIFIED AREA RATE - 2011/12 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Dumbleyung Sewerage							
General	7.5023	GRV	622,678	47,915	48,260	47915	48260
Pedestal	45.00	Each		1,500	1,035	1,500	1,035
				49,415	49,295	49,415	49,295

24. SERVICE CHARGES - 2011/12 FINANCIAL YEAR

There are no service charges for the 2011/12 financial year.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2011/12 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5.00%	31,166	40,000
			31,166	40,000

A discount on rates is granted to all who pay their rates in full within 14 days of the date of service appearing on the rate notice.

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, and the Bluebird Replica Museum Committee.

Hall Hire charges are waived for St John Ambulance Sub-branch, Hospital Auxiliary, RSL Sub Branch, Bush Fire Brigades, all church groups, Kukerin Primary School (except presentation night), Dumbleyung Primary School (except for presentation night), Dumbleyung Gymnastics Club (during school hours) and Footloose Dance Club (during school hours).

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

26. INTEREST CHARGES AND INSTALMENTS - 2011/12 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		6,354	4,000
Interest on Instalments Plan	5.5. %		2,310	1,000
Charges on Instalment Plan		5.00	1,700	1,000
			10,364	6,000

Ratepayers had the option of paying rates in four equal instalments, due on 3rd September 2011, 3rd November 2011, 3rd January 2012 and 3rd March 2012 Administration charges and interest applied for the final three instalments.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

27. FEES & CHARGES	2012	2011
	\$	\$
Governance	344	408
General Purpose Funding	2,420	2,080
Health	1,096	1,213
Education and Welfare	26,045	27,308
Housing	31,135	26,236
Community Amenities	55,352	52,759
Recreation and Culture	22,665	24,285
Transport	13,372	18,438
Economic Services	28,900	42,326
Other Property and Services	37,540	33,311
	<u>218,869</u>	<u>228,364</u>

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

28. GRANT REVENUE

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

By Nature and Type:	2012	2011
	\$	\$
Operating Grants, Subsidies and Contributions	1,634,148	872,773
Non-Operating Grants, Subsidies and Contributions	1,726,918	1,418,366
	<u>3,361,066</u>	<u>2,291,139</u>
By Program:		
General Purpose Funding	2,344,429	1,181,504
Governance	0	99,797
Law, Order, Public Safety	26,588	21,454
Community Amenities	40,500	65,529
Recreation and Culture	219,018	125,637
Transport	716,472	624,724
Economic Services	14,059	16,434
Other	0	156,060
	<u>3,361,066</u>	<u>2,291,139</u>

29. ELECTED MEMBERS REMUNERATION

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

	2012	2012	2011
	\$	Budget	\$
		\$	
Meeting Fees	14,270	18,000	13,993
President's Allowance	18,000	18,000	18,000
Deputy President's Allowance	2,000	2,000	2,000
Travelling Expenses	5,983	6,000	5,000
	<u>40,253</u>	<u>44,000</u>	<u>38,993</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

2012	2011
<u>24</u>	<u>24</u>

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2011/12 financial year.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2011/12 financial year.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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	
	2012	2011	2012	2011
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	2,201,631	1,371,428	2,201,631	1,371,428
Receivables	217,136	260,133	217,136	260,133
	<u>2,418,767</u>	<u>1,631,561</u>	<u>2,418,767</u>	<u>1,631,561</u>
Financial Liabilities				
Payables	173,636	147,390	173,636	147,390
Borrowings	132,288	106,648	119,618	100,030
	<u>305,924</u>	<u>254,038</u>	<u>293,254</u>	<u>247,420</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 2012**

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2012	2011
	\$	\$
Impact of a 10% (*) movement in interest rates on cash and investments:		
- Equity	220,163	137,143
- Statement of Comprehensive Income	220,163	137,143

Notes:

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

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

Impact of a 1% (*) movement in interest rates on cash and investments:

- Equity	22,016	13,714
- Statement of Comprehensive Income	22,016	13,714

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

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:

	2012	2011
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	88.56%	42.38%
- Overdue	11.44%	57.62%

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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>2012</u>	<u>2011</u>		
	Due within 1 year \$	Due between 1 & 5 years \$		
	Due after 5 years \$	Total contractual cash flows \$		
	Carrying values \$			
Payables	147,390	0	147,390	147,390
Borrowings	25,963	54,123	163,491	132,289
	<u>173,353</u>	<u>54,123</u>	<u>310,881</u>	<u>132,289</u>
				<u>\$</u>
Payables	147,390	0	147,390	147,390
Borrowings	21,093	43,094	135,884	106,648
	<u>168,483</u>	<u>43,094</u>	<u>283,274</u>	<u>254,038</u>
				<u>\$</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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 2012								
Payables								
Borrowings		4,076	14,333	0	0	145,082	163,491	5.73%
Fixed Rate								
Debtentures	0	4,076	14,333	0	0	145,082	163,491	5.73%
Weighted Average								
Effective Interest Rate	0.00%	5.98%	6.62%	0.00%	0.00%	5.64%		
Year Ended 30 June 2011								
Payables								
Borrowings								
Fixed Rate								
Debtentures	0	0	5,522	17,653	0	83,473	106,648	6.53%
Weighted Average								
Effective Interest Rate	0.00%	0.00%	5.98%	6.62%	0.00%	6.55%		

**INDEPENDENT AUDITOR'S REPORT
TO THE RATEPAYERS 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 balance sheet as at 30 June 2012, and the income statement, statement of changes in equity, cash flow statement, rate setting statement and the notes to and forming part of the financial report for the year ended on that date.

Councils' Responsibility for the Financial Report

The council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 judgment, 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have followed applicable independence requirements of Australian professional ethical pronouncements.

**INDEPENDENT AUDITOR'S REPORT
TO THE RATEPAYERS OF THE SHIRE OF DUMBLEYUNG**

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 2012 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- (c) All necessary information and explanations were obtained by us.
- (d) All audit procedures were satisfactorily completed in conducting our audit.



Russell Harrison, Partner
Lincolns Accountants and Business Advisers
70 - 74 Frederick Street, Albany WA
Dated this... day of December 2012.