



SHIRE OF DUMBLEYUNG

ANNUAL REPORT

FOR THE YEAR ENDING 30 JUNE 2015



PHOTOGRAPHS TOP TO BOTTOM

New Aged Care Units in McIntyre Street Dumbleyung, New Bomag Roller, Kukerin Town Hall in preparation for new ceiling to be placed, Cement Stabilising on the Dumbleyung/Nyabing Road, Dumbleyung Community Resource Centre (previously the old Dumbleyung Post Office), Bluebird Replica on Absolon Street Dumbleyung.

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SHIRE INFORMATION

Authority and Legislation

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

Dumbleyung Shire Location

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

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

History of the Shire

The Dumbleyung Road Board operated between 1909 –1960.

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



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

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

Population and Employees

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

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

SHIRE PRESIDENT'S REPORT



As required by the Local Government Act, I present my report to the Elector's General Meeting for the year ended 30 June 2015.

The year has been remarkable in that the Core Business of the Shire has been as it should be, described as normal. What is not normal is that this Council has almost completed the proper recognition of the feats of Sir Donald Campbell on Lake Dumbleyung in 1964. Thanks to the Shire of Dumbleyung and the Bluebird Committees. This recognition is very close to completion.

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

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

The roads programme has been completed again on time and considering the extra work involved in the preparation of the Bluebird precinct and the CRC development this was well managed and again I congratulate the Staff, and the various committees.

During the financial year we were finally given the advice that we would have the STEDS system installed in Kukerin. This has been achieved after 20 odd years of lobbying State Government of various persuasions. I look forward to reporting on its progress in the 2016 financial year.

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

The Centenary of the settlement of Moulyinning also occurred in 2015 and I would like to congratulate the Moulyinning Centenary Committee on what can only be described as a fantastic event. This completes the Centenary's for towns within the Shire of Dumbleyung and I would commend the Councils now and in the past for their support of their celebrations.

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

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

Gordon Davidson
Shire President

CHIEF EXECUTIVE OFFICER REPORT



The shire continued to tick along in 2014/2015. The staff were very settled which allowed projects and maintenance to continue uninterrupted. Compliance has continued to improve and a lot of ground was made in the two major projects.

The outside crew who continued to produce a high standard of works thanks to the direction of the Manager of Works and Services, Mr Calvin Shotter and the management of the Works Supervisor, Mr John Bairstow. Despite a severe rainfall event taking a month of reinstatement, capital works were still completed within time. I would like to congratulate all the staff members at the Shire of Dumbleyung for their fantastic efforts in keeping the shire moving forwards.

In 2014/2015 we continued construction of the aged care units which came along slowly, made great strides with the Bluebird Project and assisted the CRC in getting their operations to the stage where they are ready to open.

Of course a special mention must go to the 50th Anniversary of Donald Campbell breaking the World Water Speed Record on Lake Dumbleyung in the Bluebird. To commemorate a replica of the Bluebird was constructed and unveiled on the 31st December 2014. On the same day there was also some great events held by the Dumbleyung Events Committee which the shire supported strongly.

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

Matthew Gilfellow
Chief Executive Officer

MANAGER OF WORKS AND SERVICES REPORT



During the 2014/15 financial year, the shire traded the Volvo Backhoe and replaced it with a new Volvo Backhoe. We also traded an Isuzu 1400 Truck and replaced it with an Isuzu 1500 Truck. Two (2) light vehicles were replaced and a second-hand Skid Steer was purchased.

The shires' outside works crew main town project was the widening of Bath Street and the kerbing of Bath Street, Collier Street and Bennett Street in Kukerin.

In Dumbleyung the Well-Aged Units have started and it is really positive for the town to see some new buildings.

In Dumbleyung the main street refurbishments, the Bluebird Replica and Shelter has commenced works. It looks great and adds a new dimension to the town.

During the 2014/15 fiscal year the following totals were spent in comparison to 2013/14:

	2014/15	2013/14
Road Construction	\$1,334,941	\$1,435,197
Road Maintenance, including footpaths and town beautification	\$542,345	\$553,734
Public Open Space Maintenance, including ovals	\$179,640	\$184,054
Plant Operation Costs	\$419,281	\$589,698
Overheads	\$494,651	\$494,675

The following grant money was received in the 2014/15 financial year for road construction again in comparison to 2013/14:

	2014/15	2013/14
Regional Road Group	\$335,000	\$351,866
Direct Road Grants	\$113,500	\$104,382
Roads To Recovery	\$275,000	\$270,477

The shire's Works Department completed the following projects:

- Constructed and sealed 4.3km of Fence Road
- Cement stabilised 2.5km of 129 Gate Road
- Cement stabilised 1km of Dumbleyung-Nyabing Road

- Resealed 3.5km of 129 Gate Road
- Resealed 6km of Tarin Rock Road
- Resealed 3km of Kukerin North Road
- Widened the bitumen and kerbed sections of Bath, Bennett and Collier Streets
- Formed and gravelled a section of the Fence Road
- Formed and gravelled the last section of Doradine Road
- Formed and gravelled the last section of 114 Road
- Formed and gravelled a section of Gooding Road
- Formed and gravelled a section of Edwards Road
- Formed and gravelled a section of Coomelberrup Road

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

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

Calvin Shotter
Manager of Works and Services

STATUTORY REPORTS

1. NATIONAL COMPETITION POLICY (NCP)

Annual Reporting Requirements

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

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

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

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

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

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

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:

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

3. STRATEGIC PLAN

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

4. FREEDOM OF INFORMATION

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

During the 2014/15 financial year no applications were received for information under the terms of this legislation.

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

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

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

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

5. PLAN FOR THE FUTURE

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

Council's Vision is:

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

Council's Mission Statement is:

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

The Council intends to pursue the following issues:

- Adopt, Establish, Consult, and *Deliver on our Community's Vision*
- Stimulate Community Self Identity and Pride, and pursue *Optimums for "Community of Interest" issues*

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

6. RECORD KEEPING PLAN

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

Rationale:

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

Minimum Compliance Requirements:

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

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

The Shire has complied with items 1 to 4.

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

7. PUBLIC INTEREST DISCLOSURES

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

Council has complied with all obligations under the Act including:

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

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

8. LEGISLATIVE REVIEW

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

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

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

9. DISABILITY ACCESS AND INCLUSION PLAN

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

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

1. People with disability have the same opportunities as other people to access the services of, and any events organised by, the Shire of Dumbleyung.

2. People with disability have the same opportunities as other people to access the buildings and other facilities of the Shire of Dumbleyung.
3. People with disability receive information from the Shire of Dumbleyung in a format that will enable them to access the information, as readily as other people are able to access it.
4. People with disability receive the same level and quality of service from the staff of the Shire of Dumbleyung
5. People with disability have the same opportunities as other people to make complaints to the Shire of Dumbleyung.
6. People with disability have the same opportunities as other people to participate in any public consultation by the Shire of Dumbleyung.
7. People with disability have the same opportunities as other people to obtain and maintain employment with the Shire of Dumbleyung.

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

IMPLEMENTATION PLAN

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

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

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

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

10. EMPLOYEES REMUNERATION

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

Salary Range	2013/14	2014/15
\$100,000 - \$110,000	0	0
\$110,000 - \$120,000	1	1
\$120,000 - \$130,000	0	0
\$130,000 - \$140,000	0	1

11. COMPLAINTS OF MINOR BREACHES

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

No. of complaints 2014-15	Outcome	Action taken
Nil	N/A	N/A

Matthew Gilfellow
CHIEF EXECUTIVE OFFICER

PLAN FOR THE FUTURE

Background

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

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

2014/15 – Plan for the Future Projects

Action	Success Indicator	Budget	2014/15
Annual review of Strategic Community Plan; LTFP; Policies and Delegations	Completion of review within agreed timeframes	Internal Staff time plus external support	Complete
Improve knowledge and skills through training courses	Number of training courses attended	\$12,000	Complete
Regularly monitor compliance issues	Target 100% compliance on annual compliance return	Internal Staff time	Complete
Ensure quality monthly reporting to Council against budget and LTFP	Reports received by Council at Ordinary Meetings	Internal Staff Time	Not Yet Started
Develop a Sewerage Scheme for Kukerin	Sewerage Scheme constructed and completed	\$400,000	Not Yet Started
Implement annual road maintenance program	Program completed within 2% of budget	\$380,000	Complete
Implement annual road construction program	Program completed within 2% of budget	\$1,100,000	Complete
Shire staff provide information to business and facilitate contacts	Number of business contacts with the Shire	Internal Staff time	Not Yet Started
Identify new land in revision of Town Planning Scheme	Land rezoned for residential and industrial use	\$25,000	Current
Upgrade facilities at both caravan parks	Upgrade works completed on budget	\$30,000	Current
Complete improvements to Bluebird Interpretive Centre	Improvements works completed on budget	\$45,000	Current
Provide new seniors	Senior hosing constructed and	\$670,000	Current

style housing in the Shire	opened		
Survey local community on demands and functionality of community buildings	Survey conducted and outcomes included in asset plan	\$3,000	Not Yet Started
Include needs of community and frail and disabled in asset strategies	Hall upgrades completed	\$237,965	Current
Council lobby government for the provision of more aged care units	More aged care units constructed	Internal staff time and grants	Ongoing
Establish a new Waste Facility	Waste Facility constructed and open	\$50,000	Not Yet Started
Shire involvement in Landcare actions on water management	Reduction in salinity levels in water table	\$50,000	Ongoing
Develop a new environmental policy	Policy adopted and annual funding in LTFP	Internal staff time	Not Yet Started
Pursue water conservation for Council buildings and parks	Reduction in annual water charged	\$10,000	Ongoing

2015/16 – Plan for the Future Projects

Action	Success Indicator	Budget
Annual Review of Strategic Community Plan; LTFP, Policies and Delegations	Completion of review within agreed timeframes	Internal Staff time plus external support
Improve knowledge and skills through training courses	Number of training courses attended	\$12,000
Ensure information on website is current and up to date	Number of hits on website	Internal Staff Time
Regularly monitor compliance issues	Target 100% compliance of annual compliance return	Internal Staff Time
Ensure quality monthly reporting to Council against budget and LTFP	Reports received by Council at Ordinary Meetings	Internal Staff Time
Develop a Sewerage Scheme for Kukerin	Sewerage Scheme constructed and completed	\$400,000
Implement annual road maintenance program	Program completed within 2% of budget	\$380,000
Implement annual road construction program	Program completed within 2% of budget	\$1,100,000
Shire staff to provide information to business and facilitate contacts	Number of business contacts with the Shire	Internal Staff Time
Identify new land in revision of town planning scheme	Land rezoned for residential and industrial use	\$25,000
Upgrade facilities at both caravan parks	Upgrade works completed on budget	\$30,000
Complete improvements to Bluebird Interpretive Centre	Improvement works completed on budget	\$45,000
Provide new seniors style housing in the Shire	Senior housing constructed and opened	\$670,000
Survey local community on demands and functionality of community buildings	Survey conducted and outcomes included in asset plan	\$3,000
Include needs of community and frail and disabled in asset strategies	Hall upgrades completed	\$237,965

Council lobby government for the provision of more aged care units	More aged care units constructed	Internal staff time and grants
Establish a new Waste Facility	Waste Facility constructed and open	\$50,000
Shire involvement in Landcare actions on water management	Reduction in salinity levels in water table	\$50,000
Develop a new environmental policy	Policy adopted and annual funding in LTFP	Internal Staff Time
Pursue water conservation actions for Council buildings and parks	Reduction in annual water charges	\$10,000

SHIRE OF DUMBLEYUNG
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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Principal place of business: Corner of Harvey and Dawson Street Dumbleyung, WA6350	

SHIRE OF DUMBLEYUNG
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2015 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 20th day of January 2016


Matthew Giffellon
Chief Executive Officer

SHIRE OF DUMBLEYUNG
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Rates	22	1,484,068	1,457,349	1,385,439
Operating grants, subsidies and contributions	28	5,236,472	2,384,922	3,612,765
Fees and charges	27	315,702	267,578	319,160
Interest earnings	2(a)	168,961	121,500	51,822
Other revenue	2(a)	710,221	388,092	462,327
		<u>7,915,424</u>	<u>4,619,441</u>	<u>5,831,513</u>
Expenses				
Employee costs		(1,138,950)	(1,063,354)	(980,933)
Materials and contracts		(710,949)	(1,025,376)	(1,316,739)
Utility charges		(116,947)	(126,524)	(128,574)
Depreciation on non-current assets	2(a)	(1,285,331)	(1,066,774)	(1,182,458)
Interest expenses	2(a)	(13,850)	(13,496)	(6,744)
Insurance expenses		(178,741)	(174,363)	(160,436)
Other expenditure		(523,544)	(127,300)	(308,453)
		<u>(3,968,312)</u>	<u>(3,597,187)</u>	<u>(4,084,337)</u>
		3,947,112	1,022,254	1,747,176
Non-operating grants, subsidies and contributions	28	848,527	788,282	881,744
Profit on asset disposals	20	17,602	104,178	5,684
Loss on asset disposals	20	(13,405)	(46,337)	(49,342)
		<u>852,724</u>	<u>846,123</u>	<u>938,086</u>
Net result		4,799,836	1,868,377	2,585,262
Other comprehensive income				
Changes on revaluation of non-current assets	12	(5,645,989)	0	9,075,648
Total other comprehensive income		(5,645,989)	0	9,075,648
Total comprehensive income		<u>(846,153)</u>	<u>1,868,377</u>	<u>11,660,910</u>

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

SHIRE OF DUMBLYUNG
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue	2(a)			
Governance		2,418,632	30,000	2,445,095
General purpose funding		4,264,465	3,051,261	2,074,209
Law, order, public safety		30,923	20,780	28,517
Education and welfare		40,321	32,000	29,452
Housing		63,122	72,095	69,746
Community amenities		372,812	180,963	204,310
Recreation and culture		115,440	210,842	244,493
Transport		465,829	986,500	584,114
Economic services		40,859	0	33,577
Other property and services		103,021	35,000	118,000
		<u>7,915,424</u>	<u>4,619,441</u>	<u>5,831,513</u>
Expenses	2(a)			
Governance		(341,104)	(236,361)	(608,123)
General purpose funding		(72,503)	(78,852)	(54,509)
Law, order, public safety		(96,043)	(96,787)	(64,140)
Health		(43,556)	(47,055)	(39,735)
Education and welfare		(124,789)	(124,673)	(42,633)
Housing		(106,709)	(100,508)	(51,883)
Community amenities		(335,038)	(451,060)	(269,517)
Recreation and culture		(680,213)	(630,807)	(710,814)
Transport		(1,823,998)	(1,609,675)	(2,058,954)
Economic services		(175,586)	(172,815)	(121,011)
Other property and services		(154,923)	(35,098)	(56,274)
		<u>(3,954,462)</u>	<u>(3,583,691)</u>	<u>(4,077,593)</u>
Finance costs	2(a)			
Education and welfare		0	0	(88)
Community amenities		(3,643)	(3,643)	(4,243)
Recreation and culture		(1,673)	(1,319)	(2,413)
Economic services		(8,534)	(8,534)	0
		<u>(13,850)</u>	<u>(13,496)</u>	<u>(6,744)</u>
Non-operating grants, subsidies and contributions				
General purpose funding		171,385	788,282	404,396
Recreation and culture		50,062	0	0
Transport		610,000	0	477,348
Economic services		17,080	0	0
	28	<u>848,527</u>	<u>788,282</u>	<u>881,744</u>
Profit/(Loss) on disposal of assets				
Governance		(2,800)	(11,593)	(11,940)
Law, order, public safety		0	89,589	0
Community amenities		0	(5,179)	(1,818)
Recreation and culture		0	0	(32,643)
Transport		6,997	(8,640)	2,743
Other property and services		0	(6,336)	0
	20	<u>4,197</u>	<u>57,841</u>	<u>(43,658)</u>
Net result		<u>4,799,836</u>	<u>1,868,377</u>	<u>2,585,262</u>
Other comprehensive income				
Changes on revaluation of non-current assets	12	(5,645,989)	0	9,075,648
Total other comprehensive income		<u>(5,645,989)</u>	<u>0</u>	<u>9,075,648</u>
Total comprehensive income		<u>(846,153)</u>	<u>1,868,377</u>	<u>11,660,910</u>

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

**SHIRE OF DUMBLEYUNG
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	3	6,837,546	3,257,126
Trade and other receivables	4	235,552	134,094
Inventories	5	5,368	19,524
TOTAL CURRENT ASSETS		<u>7,078,466</u>	<u>3,410,744</u>
NON-CURRENT ASSETS			
Other receivables	4	30,096	30,545
Property, plant and equipment	6	16,310,728	15,942,196
Infrastructure	7	19,497,000	24,490,149
TOTAL NON-CURRENT ASSETS		<u>35,837,824</u>	<u>40,462,890</u>
TOTAL ASSETS		<u>42,916,290</u>	<u>43,873,634</u>
CURRENT LIABILITIES			
Trade and other payables	8	76,755	244,541
Current portion of long term borrowings	9	19,208	20,973
Provisions	10	221,518	128,169
TOTAL CURRENT LIABILITIES		<u>317,481</u>	<u>393,683</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	218,672	237,856
Provisions	10	18,461	34,266
TOTAL NON-CURRENT LIABILITIES		<u>237,133</u>	<u>272,122</u>
TOTAL LIABILITIES		<u>554,614</u>	<u>665,805</u>
NET ASSETS		<u>42,361,676</u>	<u>43,207,829</u>
EQUITY			
Retained surplus		20,575,874	18,252,555
Reserves - cash backed	11	5,564,726	3,088,209
Revaluation surplus	12	16,221,076	21,867,065
TOTAL EQUITY		<u>42,361,676</u>	<u>43,207,829</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 2015**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2013		18,069,132	686,370	12,791,417	31,546,919
Comprehensive income					
Net result		2,585,262	0	0	2,585,262
Changes on revaluation of non-current assets	12	0	0	9,075,648	9,075,648
Total comprehensive income		<u>2,585,262</u>	<u>0</u>	<u>9,075,648</u>	<u>11,660,910</u>
Transfers from/(to) reserves		(2,401,839)	2,401,839	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2014		18,252,555	3,088,209	21,867,065	43,207,829
Comprehensive income					
Net result		4,799,836	0	0	4,799,836
Changes on revaluation of non-current assets	12	0	0	(5,645,989)	(5,645,989)
Total comprehensive income		<u>4,799,836</u>	<u>0</u>	<u>(5,645,989)</u>	<u>(846,153)</u>
Transfers from/(to) reserves		(2,476,517)	2,476,517	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2015		<u>20,575,874</u>	<u>5,564,726</u>	<u>16,221,076</u>	<u>42,361,676</u>

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

**SHIRE OF DUMBLEYUNG
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,497,058	1,566,463	1,396,106
Operating grants, subsidies and contributions		5,228,757	2,384,922	3,625,996
Fees and charges		315,702	267,578	319,160
Interest earnings		168,961	121,500	31,722
Goods and services tax		163,608	250,000	171,534
Other revenue		673,425	388,092	438,382
		<u>8,047,511</u>	<u>4,978,555</u>	<u>5,982,900</u>
Payments				
Employee costs		(1,042,832)	(1,063,354)	(913,060)
Materials and contracts		(883,153)	(1,051,699)	(1,303,084)
Utility charges		(116,947)	(126,524)	(128,574)
Interest expenses		(13,850)	(13,496)	(7,282)
Insurance expenses		(178,741)	(174,363)	(160,436)
Goods and services tax		(235,871)	(250,000)	(113,215)
Other expenditure		(523,544)	(127,300)	(308,453)
		<u>(2,994,938)</u>	<u>(2,806,736)</u>	<u>(2,934,104)</u>
Net cash provided by (used in) operating activities	13(b)	<u>5,052,573</u>	<u>2,171,819</u>	<u>3,048,796</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,296,320)	(1,624,355)	(1,212,950)
Payments for construction of infrastructure		(1,334,943)	(2,198,004)	(1,456,592)
Non-operating grants, Subsidies and contributions		848,527	788,282	881,744
Proceeds from sale of fixed assets		328,757	462,831	278,737
Net cash provided by (used in) investment activities		<u>(1,453,979)</u>	<u>(2,571,246)</u>	<u>(1,509,061)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(20,949)	(21,963)	(19,798)
Proceeds from self supporting loans		2,775	2,774	5,286
Proceeds from new debentures		0	400,000	165,000
Net cash provided by (used in) financing activities		<u>(18,174)</u>	<u>380,811</u>	<u>150,488</u>
Net increase (decrease) in cash held		3,580,420	(18,616)	1,690,223
Cash at beginning of year		3,257,126	3,228,109	1,566,903
Cash and cash equivalents at the end of the year	13(a)	<u><u>6,837,546</u></u>	<u><u>3,209,493</u></u>	<u><u>3,257,126</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 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Governance		2,421,419	30,000	2,446,926
General purpose funding		3,030,401	2,440,324	1,164,869
Law, order, public safety		30,923	110,369	28,517
Education and welfare		40,321	32,000	29,452
Housing		63,122	72,095	69,746
Community amenities		372,812	180,963	204,310
Recreation and culture		165,502	210,842	244,493
Transport		1,090,644	1,001,089	1,065,315
Economic services		57,939	0	33,577
Other property and services		103,021	35,000	118,000
		<u>7,376,104</u>	<u>4,112,682</u>	<u>5,405,205</u>
Expenses				
Governance		(346,691)	(247,954)	(621,894)
General purpose funding		(72,503)	(78,852)	(54,509)
Law, order, public safety		(96,043)	(96,787)	(64,140)
Health		(43,556)	(47,055)	(39,735)
Education and welfare		(124,789)	(124,673)	(42,721)
Housing		(106,709)	(100,508)	(51,883)
Community amenities		(338,681)	(459,882)	(275,578)
Recreation and culture		(681,886)	(632,126)	(745,870)
Transport		(1,831,816)	(1,632,904)	(2,060,064)
Economic services		(184,120)	(181,349)	(121,011)
Other property and services		(154,923)	(41,434)	(56,274)
		<u>(3,981,717)</u>	<u>(3,643,524)</u>	<u>(4,133,679)</u>
Net result excluding rates		3,394,387	469,158	1,271,526
Adjustments for cash budget requirements:				
Non-cash expenditure and revenue				
(Profit)/Loss on asset disposals	20	(4,197)	(57,841)	43,658
Movement in deferred pensioner rates (non-current)		449	0	(4,636)
Movement in employee benefit provisions (non-current)		(15,805)	0	16,947
Depreciation and amortisation on assets	2(a)	1,285,331	1,066,774	1,182,458
Capital Expenditure and Revenue				
Purchase of land and buildings	6(b)	(392,700)	(818,444)	(256,477)
Purchase of plant and equipment	6(b)	(642,060)	(805,911)	(587,513)
Purchase of work in progress	6(b)	(261,560)	0	(368,960)
Purchase of roads	7(b)	(1,334,943)	(1,645,004)	(1,456,592)
Purchase of other infrastructure		0	(553,000)	0
Proceeds from disposal of fixed assets	20	328,757	462,831	278,737
Repayment of debentures	21(a)	(20,949)	(21,963)	(19,798)
Proceeds from new debentures	21(a)	0	400,000	165,000
Proceeds from self supporting loans		2,775	2,774	5,286
Transfers to reserves (restricted assets)	11	(2,476,517)	(108,598)	(2,438,528)
Transfers from reserves (restricted assets)	11	0	16,680	36,689
ADD Surplus/(deficit) July 1 b/fwd	22(b)	(52,950)	193,325	765,517
LESS Surplus/(deficit) June 30 c/fwd	22(b)	1,215,467	0	(52,950)
Total amount raised from general rate	22(a)	<u>(1,405,449)</u>	<u>(1,399,219)</u>	<u>(1,313,736)</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 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical accounting estimates

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

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

The local government reporting entity

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

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

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

(b) Goods and Services Tax (GST)

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

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

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

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

(c) Cash and Cash Equivalents

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

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land held for sale

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

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
 - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
 - (i) that are plant and equipment; and
 - (ii) that are -
 - (I) land and buildings; or-
 - (II) Infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

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

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

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

Land under roads

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

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

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

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

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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

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

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

Capitalisation threshold

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(h) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(l) Borrowing Costs

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

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

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

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

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

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

(p) Interests in Joint Arrangements

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

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

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

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

The Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(v) Budget Comparative Figures

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

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 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]	September 2012	1 January 2018	Nil - The revisions embodied in this Standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Shire (refer (i) above).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv)	AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value. As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Shire.
(v)	AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.
(vi)	AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures.</p>
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	<p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn.</p> <p>It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.</p>

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

(x) Adoption of New and Revised Accounting Standards

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

These new and revised Standards were:

AASB 2011-7
AASB 2012-3
AASB 2013-3
AASB 2013-8
AASB 2013-9 Parts A & B

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES	2015	2014
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
- Audit of the annual financial report	25,372	22,750
- Financial Management Review	6,545	6,000
- Assistance with the finalisation of the annual financial report	5,830	9,050
- Other services	2,134	4,620
Depreciation		
Non-specialised buildings	28,637	33,410
Specialised buildings	224,742	82,535
Plant and equipment	245,049	308,415
Roads	744,266	717,202
Sewerage	5,849	5,848
Other infrastructure	36,788	35,048
	<u>1,285,331</u>	<u>1,182,458</u>
Interest expenses (finance costs)		
Debentures (refer Note 21 (a))	13,850	6,744
	<u>13,850</u>	<u>6,744</u>
(ii) Crediting as revenue:		
Significant revenue		
Governance - Bain Estate Interim Distribution	<u>2,453,099</u>	<u>2,418,299</u>
The significant revenue in 2015 and 2014 relates to interim distributions from a deceased estate for which the Shire is the sole beneficiary. This has been classified as Operating Grants, Subsidies and Contributions by Nature or Type.		
Other revenue		
Reimbursements and recoveries	316,692	60,378
Other	393,529	401,949
	<u>710,221</u>	<u>462,327</u>
	2015	2015
	Actual	Budget
	\$	\$
Interest earnings		2014
- Reserve funds	148,592	33,008
- Other funds	9,138	8,318
Other interest revenue (refer note 26)	11,231	10,496
	<u>168,961</u>	<u>51,822</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life. Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

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

EDUCATION AND WELFARE

Objective:

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

Activities:

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

HOUSING

Objective:

To provide and maintain elderly residents housing.

Activities:

Provision and maintenance of elderly residents housing.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

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

Activities:

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

TRANSPORT

Objective:

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

Activities:

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

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control Shire's overheads operating accounts.

Activities:

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance ⁽¹⁾ 30/06/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance 30/06/15 \$
Strategic Water Management	Community Amenities	57,148	0	(57,148)	0	0	0	0
Groundworks	Community Amenities	32,527	0	(32,527)	0	0	0	0
Royalties for Regions	Transport	17,155	0	(17,155)	0	0	0	0
4WDL Cat Sterilisation	Law, Order & Public Safety	22,605	0	(6,105)	16,500	0	(16,500)	0
Royalties for Regions	General Purpose Funding	0	0	0	0	352,168	(43,349)	308,819
Aged Friendly Communities Grants	General Purpose Funding	0	0	0	0	41,000	(1,500)	39,500
Landcare Grants	Community Amenities	0	0	0	0	50,000	0	50,000
Water Grant	Community Amenities	0	0	0	0	120,000	0	120,000
Dumbleyung Lake	Community Amenities	0	0	0	0	3,000	0	3,000
Tarin Rock Bush Block Revitalisation	Community Amenities	0	0	0	0	15,000	0	15,000
Total		129,435	0	(112,935)	16,500	581,168	(61,349)	536,319

Notes:

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

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	Note	2015 \$	2014 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		736,501	152,417
Restricted		<u>6,101,045</u>	<u>3,104,709</u>
		<u><u>6,837,546</u></u>	<u><u>3,257,126</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	105,695	102,214
Plant Reserve	11	74,309	71,861
Dam Cleaning Reserve	11	34,862	33,713
Sewerage Works Reserve	11	120,757	116,779
Staff Housing Reserve	11	55,480	53,652
Tourist Reserve	11	10,136	9,802
Landcare Development Reserve	11	69,373	66,757
Rural Town Development Reserve	11	37,123	35,901
Aged Care Facility Reserve	11	49,978	48,332
Municipal Building Reserve	11	38,308	37,047
Gravel Pit Rehab Reserve	11	23,772	22,989
Fence Road Drain Maintenance Reserve	11	8,842	8,299
Drainage Maintenance Reserve	11	14,924	14,433
Refuse Reserve	11	1,162	1,124
Asset Plan Reserve	11	48,607	47,007
Bain Estate Reserve	11	4,871,398	2,418,299
Unspent grants	2(c)	<u>536,319</u>	<u>16,500</u>
		<u><u>6,101,045</u></u>	<u><u>3,104,709</u></u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	59,682	72,223
Sundry debtors	25,726	17,313
GST receivable	72,263	0
Loans - clubs/institutions	0	2,775
Provision for Doubtful Debts	(3,539)	(2,262)
Accrued interest on term deposits	56,896	20,100
Fuel Tax Credit Accrual	24,524	23,945
	<u>235,552</u>	<u>134,094</u>
Non-current		
Rates outstanding - pensioners	30,096	30,545
	<u>30,096</u>	<u>30,545</u>
5. INVENTORIES		
Current		
Fuel and materials	5,368	19,524
	<u>5,368</u>	<u>19,524</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2014 \$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Freehold land at:		
- Independent valuation 2014 - level 2	297,250	297,250
- Independent valuation 2014 - level 3	592,500	592,500
	889,750	889,750
Land vested in and under the control of Council at:		
- Management valuation 2014 - level 3	356,530	356,530
	356,530	356,530
	1,246,280	1,246,280
Non-specialised buildings at:		
- Independent valuation 2014 - level 2	1,421,250	1,421,250
Less: accumulated depreciation	(28,637)	0
	1,392,613	1,421,250
Specialised buildings at:		
- Independent valuation 2014 - level 3	10,850,896	10,912,000
- Additions after valuation - cost	392,700	0
Less: accumulated depreciation	(224,742)	0
	11,018,854	10,912,000
	12,411,467	12,333,250
Total land and buildings	13,657,747	13,579,530
Plant and equipment at:		
- Independent valuation 2013 - level 2	1,346,780	1,525,780
- Management valuation 2013 - level 3	174,360	174,360
- Additions after valuation - cost	1,024,787	587,513
Less accumulated depreciation	(479,770)	(293,947)
	2,066,157	1,993,706
Work In Progress at:		
Buildings	586,824	368,960
	586,824	368,960
	16,310,728	15,942,196

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Freehold land	889,750	0	0	0	0	0	0	889,750
Land vested in and under the control of Council	356,530	0	0	0	0	0	0	356,530
Total land	1,246,280	0	0	0	0	0	0	1,246,280
Non-specialised buildings	1,421,250		0	0	0	(28,637)		1,392,613
Specialised buildings	10,912,000	392,700	0	0	0	(224,742)	(61,104)	11,018,854
Total buildings	12,333,250	392,700	0	0	0	(253,379)	(61,104)	12,411,467
Total land and buildings	13,579,530	392,700	0	0	0	(253,379)	(61,104)	13,657,747
Plant and equipment	1,993,706	642,060	(324,560)	0	0	(245,049)		2,066,157
Work In Progress	368,960	261,560	0	0	0	0	(43,696)	586,824
Total property, plant and equipment	15,942,196	1,296,320	(324,560)	0	0	(498,428)	(104,800)	16,310,728

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Freehold land	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2014	Price per hectare
Freehold land	3	Improvements to land valued using cost approach using depreciated replacement cost	Management valuation	June 2014	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Land vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Management valuation	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Non-specialised buildings	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2014	Price per square metre
Specialised buildings	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment					
- Independent valuation 2013 - level 2	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2013	Price per item
- Management valuation 2013 - level 3	3	Cost approach using depreciated replacement cost	Management valuation	June 2013	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
7 (a). INFRASTRUCTURE		
Roads		
- Management valuation 2015 - level 3	16,391,000	0
- Cost	0	55,969,674
Less accumulated depreciation	<u>0</u>	<u>(32,009,198)</u>
	16,391,000	23,960,476
Sewerage		
- Management valuation 2015 - level 3	777,000	0
- Cost	0	292,426
Less accumulated depreciation	<u>0</u>	<u>(184,518)</u>
	777,000	107,908
Other infrastructure		
- Cost	0	204,372
Less accumulated depreciation	<u>0</u>	<u>(204,372)</u>
	0	0
Playground Equipment		
- Cost	0	56,965
Less accumulated depreciation	<u>0</u>	<u>(56,965)</u>
	0	0
Parks and Other Improvements		
- Management valuation 2015 - level 3	2,329,000	0
- Cost	0	1,181,007
Less accumulated depreciation	<u>0</u>	<u>(759,242)</u>
	2,329,000	421,765
	<u>19,497,000</u>	<u>24,490,149</u>

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions.

This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires infrastructure to be shown at fair value.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements)	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$
Roads	23,960,476	1,334,943	0	(8,160,153)	0	(744,266)	0	16,391,000
Sewerage	107,908	0	0	674,941	0	(5,849)	0	777,000
Parks and Other Improvements	421,765	0	0	1,839,223	0	(36,788)	104,800	2,329,000
Total infrastructure	<u>24,490,149</u>	<u>1,334,943</u>	<u>0</u>	<u>(5,645,989)</u>	<u>0</u>	<u>(786,903)</u>	<u>104,800</u>	<u>19,497,000</u>

The revaluation of infrastructure assets resulted in a net decrease on revaluation of \$5,645,989 in the net value of infrastructure.

The decrease in roads was debited to the roads revaluation surplus whilst the increase in sewerage, parks and other improvements was credited to the revaluation surplus in the Shire's equity (refer Note 12) and was recognised as Changes on Revaluation of non current assets in the Statement of Comprehensive Income.

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

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

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

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2014 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	0	145,809
Accrued salaries and wages	4,035	31,048
ATO liabilities	72,720	27,133
Accrued Expenses	0	40,551
	76,755	244,541

9. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	19,208	20,973
	19,208	20,973
Non-current		
Secured by floating charge		
Debentures	218,672	237,856
	218,672	237,856

Additional detail on borrowings is provided in Note 21.

The Shire did not have any long term borrowings at the reporting date.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2014			
Current	65,427	62,742	128,169
Non-current	0	34,266	34,266
	65,427	97,008	162,435
Additional provision	98,970	35,666	134,636
Amounts used	(55,299)	(1,793)	(57,092)
Balance at 30 June 2015	109,098	130,881	239,979
Comprises			
Current	109,098	112,420	221,518
Non-current	0	18,461	18,461
	109,098	130,881	239,979

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening balance	102,214	102,214	100,327
Amount set aside / transfer to reserve	3,481	3,442	1,887
Amount used / transfer from reserve	0	0	0
	<u>105,695</u>	<u>105,656</u>	<u>102,214</u>
(b) Plant Reserve			
Opening balance	71,861	71,861	70,535
Amount set aside / transfer to reserve	2,448	2,420	1,326
Amount used / transfer from reserve	0	0	0
	<u>74,309</u>	<u>74,281</u>	<u>71,861</u>
(c) Dam Cleaning Reserve			
Opening balance	33,713	33,713	33,091
Amount set aside / transfer to reserve	1,149	1,136	622
Amount used / transfer from reserve	0	0	0
	<u>34,862</u>	<u>34,849</u>	<u>33,713</u>
(d) Sewerage Works Reserve			
Opening balance	116,779	116,779	114,624
Amount set aside / transfer to reserve	3,978	7,498	2,155
Amount used / transfer from reserve	0	0	0
	<u>120,757</u>	<u>124,277</u>	<u>116,779</u>
(e) Staff Housing Reserve			
Opening balance	53,652	53,652	52,662
Amount set aside / transfer to reserve	1,828	1,807	990
Amount used / transfer from reserve	0	0	0
	<u>55,480</u>	<u>55,459</u>	<u>53,652</u>
(f) Tourist Reserve			
Opening balance	9,802	9,802	9,621
Amount set aside / transfer to reserve	334	330	181
Amount used / transfer from reserve	0	0	0
	<u>10,136</u>	<u>10,132</u>	<u>9,802</u>
(g) Landcare Development Reserve			
Opening balance	66,757	83,446	81,906
Amount set aside / transfer to reserve	2,616	2,811	1,540
Amount used / transfer from reserve	0	(16,680)	(16,689)
	<u>69,373</u>	<u>69,577</u>	<u>66,757</u>
(h) Rural Town Development Reserve			
Opening balance	35,901	35,901	35,238
Amount set aside / transfer to reserve	1,222	1,209	663
Amount used / transfer from reserve	0	0	0
	<u>37,123</u>	<u>37,110</u>	<u>35,901</u>
(i) Aged Care Facility Reserve			
Opening balance	48,332	48,332	47,440
Amount set aside / transfer to reserve	1,646	1,628	892
Amount used / transfer from reserve	0	0	0
	<u>49,978</u>	<u>49,960</u>	<u>48,332</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH BACKED (CONTINUED)			
(j) Municipal Building Reserve			
Opening balance	37,047	37,047	36,363
Amount set aside / transfer to reserve	1,261	1,248	684
Amount used / transfer from reserve	0	0	0
	<u>38,308</u>	<u>38,295</u>	<u>37,047</u>
(k) Gravel Pit Rehab Reserve			
Opening balance	22,989	22,989	22,565
Amount set aside / transfer to reserve	783	774	424
Amount used / transfer from reserve	0	0	0
	<u>23,772</u>	<u>23,763</u>	<u>22,989</u>
(l) Fence Road Drain Maintenance Reserve			
Opening balance	8,299	20,977	20,590
Amount set aside / transfer to reserve	543	706	7,709
Amount used / transfer from reserve	0	0	(20,000)
	<u>8,842</u>	<u>21,683</u>	<u>8,299</u>
(m) Drainage Maintenance Reserve			
Opening balance	14,433	14,432	14,166
Amount set aside / transfer to reserve	491	486	267
Amount used / transfer from reserve	0	0	0
	<u>14,924</u>	<u>14,918</u>	<u>14,433</u>
(n) Refuse Reserve			
Opening balance	1,124	1,124	1,103
Amount set aside / transfer to reserve	38	38	21
Amount used / transfer from reserve	0	0	0
	<u>1,162</u>	<u>1,162</u>	<u>1,124</u>
(o) Asset Plan Reserve			
Opening balance	47,007	47,007	46,139
Amount set aside / transfer to reserve	1,600	1,583	868
Amount used / transfer from reserve	0	0	0
	<u>48,607</u>	<u>48,590</u>	<u>47,007</u>
(p) Bain Estate Reserve			
Opening balance	2,418,299	2,418,299	0
Amount set aside / transfer to reserve	2,453,099	81,482	2,418,299
Amount used / transfer from reserve	0	0	0
	<u>4,871,398</u>	<u>2,499,781</u>	<u>2,418,299</u>
TOTAL RESERVES	<u>5,564,726</u>	<u>3,209,493</u>	<u>3,088,209</u>
Total Opening balance	3,088,209	3,117,575	686,370
Total Amount set aside / transfer to reserve	2,476,517	108,598	2,438,528
Total Amount used / transfer from reserve	0	(16,680)	(36,689)
TOTAL RESERVES	<u>5,564,726</u>	<u>3,209,493</u>	<u>3,088,209</u>

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

11. RESERVES - CASH BACKED (CONTINUED)

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

- (a) Leave Reserve**
 - to provide provisions to meet Council's long service leave and accrued leave liabilities so as to minimise the effect on Council's budget from year to year.
- (b) Plant Reserve**
 - to provide funds for the ongoing replacement and upgrading of various motor vehicles, heavy machinery, light machinery and other equipment necessary in the performance of Council's core functions.
- (c) Dam Cleaning Reserve**
 - to provide funds to clean Kukerin Dam.
- (d) Sewerage Works Reserve**
 - to provide funds for the future upgrading and extension of the existing townsite sewerage plant and infrastructure.
- (e) Staff Housing Reserve**
 - to provide for provision to meet the future needs to upgrade, restore or renovate existing Shire residences or purchase or construct a Shire residence including architectural planning and fencing.
- (f) Tourist Reserve**
 - to provide funding for future tourism promotions for the benefit of the Shire of Dumbleyung.
- (g) Landcare Development Reserve**
 - to provide funding for landcare development issues for the Shire of Dumbleyung.
- (h) Rural Town Development Reserve**
 - to provide funding for Town Development initiatives for the benefit of the Shire of Dumbleyung.
- (i) Aged Care Facility Reserve**
 - to be used for the construction of an aged care facility.
- (j) Municipal Building Reserve**
 - to provide funds which will finance the costs of architectural planning, renovating, restoring existing Shire owned buildings and the construction of new buildings and to purchase buildings owned by others.
- (k) Gravel Pit Rehab Reserve**
 - to be used for the rehabilitation of gravel pits.
- (l) Fence Road Drain Maintenance Reserve**
 - to provide funds for any future maintenance work that needs to be done on the Fence Road Drain.
- (m) Drainage Maintenance Reserve**
 - to be used for the maintenance of drains within the Shire.
- (n) Refuse Reserve**
 - to provide for the increased costs of disposing of refuse via transfer stations.
- (o) Asset Plan Reserve**
 - to contribute to the set up of the asset management plan.
- (p) Bain Estate Reserve**
 - to hold funds received from the Bain Estate until sufficient arrangements for the distribution of the funds to the community are in place or an alternative method of holding the funds is established.

All reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

12. REVALUATION SURPLUS	2015	2014
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land and buildings		
Opening balance	9,075,648	0
Revaluation increment	0	9,075,648
Revaluation decrement	0	0
	<u>9,075,648</u>	<u>9,075,648</u>
(b) Plant and equipment		
Opening balance	<u>322,338</u>	<u>322,338</u>
	<u>322,338</u>	<u>322,338</u>
(c) Roads		
Opening balance	12,469,079	12,469,079
Revaluation increment	0	0
Revaluation decrement	(8,160,153)	0
	<u>4,308,926</u>	<u>12,469,079</u>
(d) Sewerage		
Opening balance	0	0
Revaluation increment	674,941	0
Revaluation decrement	0	0
	<u>674,941</u>	<u>0</u>
(e) Parks and Other Improvements		
Opening balance	0	0
Revaluation increment	1,839,223	0
Revaluation decrement	0	0
	<u>1,839,223</u>	<u>0</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>16,221,076</u></u>	<u><u>21,867,065</u></u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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:

	2015 \$	2015 Budget \$	2014 \$
Cash and cash equivalents	<u>6,837,546</u>	<u>3,209,493</u>	<u>3,257,126</u>

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

Net result	4,799,836	1,868,377	2,585,262
Non-cash flows in Net result:			
Depreciation	1,285,331	1,066,774	1,182,458
(Profit)/Loss on sale of asset	(4,197)	(57,841)	43,658
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(103,784)	109,114	38,172
(Increase)/Decrease in inventories	14,156	87,997	(6,462)
Increase/(Decrease) in payables	(167,786)	(114,320)	47,307
Increase/(Decrease) in provisions	77,544	0	40,145
Grants contributions for the development of assets	<u>(848,527)</u>	<u>(788,282)</u>	<u>(881,744)</u>
Net cash from operating activities	<u>5,052,573</u>	<u>2,171,819</u>	<u>3,048,796</u>

	2015 \$	2014 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	0	150,000
Bank overdraft at balance date	0	0
Credit card limit	13,500	7,500
Credit card balance at balance date	<u>(2,841)</u>	<u>0</u>
Total amount of credit unused	<u>10,659</u>	<u>157,500</u>
Loan facilities		
Loan facilities - current	19,208	20,973
Loan facilities - non-current	<u>218,672</u>	<u>237,856</u>
Total facilities in use at balance date	<u>237,880</u>	<u>258,829</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

14. CONTINGENT LIABILITIES

The Shire did not have any contingent liabilities at the reporting date.

15. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

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

(b) Capital Expenditure Commitments	2015	2014
	\$	\$
Contracted for:		
- capital expenditure projects	277,317	356,817
- plant & equipment purchases	0	0
Payable:		
- not later than one year	277,317	356,817

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

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

16. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2015	2014
	\$	\$
Governance	5,890,932	3,319,382
General purpose funding	1,350,469	291,785
Law, order, public safety	359,385	371,001
Health	0	1,449,500
Education and welfare	1,429,639	0
Housing	1,579,938	1,994,051
Community amenities	1,630,299	846,648
Recreation and culture	9,399,624	6,895,151
Transport	16,970,334	24,651,264
Economic services	578,244	403,462
Other property and services	2,481,145	2,405,110
Unallocated	1,246,281	1,246,280
	<u>42,916,290</u>	<u>43,873,634</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014	2013
18. FINANCIAL RATIOS			
Current ratio	4.62	1.05	4.26
Asset sustainability ratio	1.17	0.96	0.77
Debt service cover ratio	150.88	108.99	59.93
Operating surplus ratio	1.72	0.94	0.16
Own source revenue coverage ratio	0.58	0.44	0.54

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

- (a) Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 60 of this document.
- (b) For 2015 the Current, Debt Service Cover and the Operating Surplus ratios as disclosed above were distorted by items of significant revenue relating to the early payment of the 2015-16 Financial Assistance Grants (FAGS) of \$763,037, which was received prior to year end and a distribution from the Bain Estate amounting to \$2,453,099.
- (c) For 2014 the Current, Debt Service Cover and Operating Surplus ratios as disclosed above were distorted by the change to the payment of the FAGs during the year ended 30 June 2014 which saw the advance payment for the following year cease resulting in an amount of \$701,740 less revenue for the year and significant revenue relating to the distribution from the Bain Estate amounting to \$2,418,299.
- (d) For 2013
- (i) The effect of the FAGs advance payment in 2013 was negligible as it had also occurred in the previous year. In effect, four quarterly payments were received in both years so it was not considered necessary to calculate and disclose the effect of any distortion as it was not considered significant.
- (ii) The Debt Service Cover and Operating Surplus ratios as disclosed above were distorted by an item of significant revenue totalling \$356,530 relating to the initial recognition of Land under the Shire's control in accordance with amendments to the Financial Management Regulations. (Refer to note 1(f) for further details.)

Items (b) to (d) are considered to be "one-off" timing/ non-cash in nature and, if they are ignored, the calculations disclosed above would be as follows:

	2015	2014	2013
Current Ratio	1.01	3.46	4.26
Debt service cover ratio	58.46	44.31	46.42
Operating surplus ratio	0.32	(0.01)	(0.03)

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

19. TRUST FUNDS

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

	Balance 1 July 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Mc Intyre Scholarship	2,600	0	(2,500)	100
Dumbleyung Pictorial Book	985	615	(540)	1,060
Low Income Housing	842	380	0	1,222
Aged Persons Units	1,638	700	0	2,338
Community Bonds	500	0	0	500
Beyond the Fence Book	0	100	0	100
Community Funds Ski Club	5,050	0	0	5,050
Shire Staff Bonds	2,966	1,490	(644)	3,812
Building Fund Levy	4,393	0	(1,324)	3,069
Kukerin Cemetary	320	0	0	320
BCITF	7,732	0	(1,960)	5,772
Kukerin Centenary	2,541	0	0	2,541
	<u>29,567</u>			<u>25,884</u>

20. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Governance						
CEO Vehicle	41,147	83,718	39,488	72,125	(1,659)	(11,593)
CEO Vehicle	43,307	0	39,489	0	(3,818)	
CEO Vehicle	37,802	0	37,692	0	(110)	0
Law, order, public safety						
Fire Truck	0	70,411	0	160,000	0	89,589
Community amenities						
Landcare Vehicle	0	23,361	0	18,182	0	(5,179)
Transport						
Supervisors Vehicle		17,434		17,000	0	(434)
Backhoe	40,000	40,411	33,000	55,000	(7,000)	14,589
12T Tip Truck	90,000	92,466	104,815	70,000	14,815	(22,466)
Ford Ranger Dual Cab	10,000	10,329	9,182	10,000	(818)	(329)
Other property and services						
Works Manager Vehicle	30,427	66,860	32,364	60,524	1,937	(6,336)
Works Manager Vehicle	31,877		32,727		850	0
	<u>324,560</u>	<u>404,990</u>	<u>328,757</u>	<u>462,831</u>	<u>4,197</u>	<u>57,841</u>

Profit	17,602	104,178
Loss	<u>(13,405)</u>	<u>(46,337)</u>
	<u>4,197</u>	<u>57,841</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Community amenities								
Loan #38 - Sewerage	34,875		5,477	5,477	29,398	29,398	2,146	2,146
Loan #40 - Sewerage	9,009		1,024	2,014	7,985	6,995	648	648
Loan #78 - Sewerage Extensions	14,010		3,178	3,178	10,832	10,832	849	849
Loan #91 - Kukerin Sewerage Scheme	0			0	0	400,000		0
Recreation and culture								
Loan #85 - SSL Kukerin Golf Club (*)	2,775		2,775	2,774	0	0	92	92
Loan #89 - Mens Shed Contribution	33,160		3,618	3,643	29,542	29,517	1,581	1,227
Economic services								
Loan #92 - Old Post Office Building	165,000		4,877	4,877	160,123	160,123	8,534	8,534
	258,829	0	20,949	21,963	237,880	636,865	13,850	13,496

(*) Self supporting loan financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2014/15

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 (91)		400,000	WATC	Debenture	5				400,000	
	0	400,000				0		0	400,000	0

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2015.

(d) Overdraft

The Shire has no overdraft facility.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR

(a) Rates

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 \$
General rate											
Gross rental value valuations											
GRV	0.1160	160	900,648	104,503	1,882	0	106,385	104,503	0	0	104,503
Unimproved value valuations											
UV	0.0101	296	128,648,500	1,296,777	0	0	1,296,777	1,296,777	0	0	1,296,777
Sub-Totals		456	129,549,148	1,401,280	1,882	0	1,403,162	1,401,280	0	0	1,401,280
Minimum payment	Minimum \$										
Gross rental value valuations											
GRV	370	77	99,222	28,490	(276)	0	28,214	28,490	0	0	28,490
Unimproved value valuations											
UV	370	22	267,360	8,140	0	0	8,140	8,140	0	0	8,140
Sub-Totals		99	366,582	36,630	(276)	0	36,354	36,630	0	0	36,630
Ex-gratia rates							1,439,516				1,437,910
Discounts/concessions (refer note 25)							10669				11309
Total amount raised from general rate							(44,736)				(50,000)
Specified Area Rate (refer note 23)							1,405,449				1,399,219
Budgeted Pedestal rate included in fees and charges							78,619				77,163
Totals							0				(19,033)
							1,484,068				1,457,349

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)

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

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
Surplus/(Deficit) 1 July 14 brought forward	<u>1,215,467</u>	<u>(52,950)</u>	<u>(52,950)</u>
Comprises:			
Cash and cash equivalents			
Unrestricted	736,501	152,417	152,417
Restricted	6,101,045	3,104,709	3,104,709
Receivables			
Rates outstanding	59,682	72,223	72,223
Sundry debtors	25,726	17,313	17,313
GST receivable	72,263	0	0
Loans - clubs/institutions	0	2,775	2,775
Provision for Doubtful Debts	(3,539)	(2,262)	(2,262)
Accrued interest on term deposits	56,896	20,100	20,100
Fuel Tax Credit Accrual	24,524	23,945	23,945
Inventories			
Fuel and materials	5,368	19,524	19,524
Less:			
Trade and other payables			
Sundry creditors	0	(145,809)	(145,809)
Accrued salaries and wages	(4,035)	(31,048)	(31,048)
ATO liabilities	(72,720)	(27,133)	(27,133)
Accrued Expenses	0	(40,551)	(40,551)
Current portion of long term borrowings			
Secured by floating charge	(19,208)	(20,973)	(20,973)
Provisions			
Provision for annual leave	(109,098)	(65,427)	(65,427)
Provision for long service leave	(112,420)	(62,742)	(62,742)
Net current assets	<u>6,760,985</u>	<u>3,017,061</u>	<u>3,017,061</u>
Less:			
Reserves - restricted cash	(5,564,726)	(3,088,209)	(3,088,209)
Loans - Clubs/Institutions	0	(2,775)	(2,775)
Add:			
Current portion of long term borrowings			
Secured by floating charge	19,208	20,973	20,973
Surplus/(deficit)	<u>1,215,467</u>	<u>(52,950)</u>	<u>(52,950)</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2014 audited financial report.

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

23. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Recreation centre							
- General	0.1061	UV	518,208	59,201	58,130	59,201	58,130
- Pedestal				19,418	19,033	19,418	15,434
				78,619	77,163	78,619	73,564

The specified area rate for the recreation centre is for a designated area surrounding the townsite and is used to contribute to the loan raised to pay for the construction.

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

24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

The Shire did not impose any service charges.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2014/15 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General rates	Discount	5.00%	44,736	50,000
Rate assessment	Write-Off	N/A	305	0

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

Photocopy charges are waived for certain community groups as decided by the Council. Currently exemptions are provided to the Dumbleyung Events Committee, St John Ambulance, Kukerin Agricultural Society, Dumbleyung Hospital Auxillary, RSR Sub Branch, Stubbs Park Board, Bush Fire Brigades, Outside Committees of Council, all church groups, Dumbleyung Theatre Club, Dumbleyung Men's Shed and the Dumbleyung Paygroup. Council considers support of these groups necessary for the overall benefit of the community.

Hall fees are waived for certain community groups as decided by Council. Currently exemptions are provided to the St John Ambulance Sub- Group, Hospital Auxillary, RSL Sub Branch, Bush Fire Brigades, Churches Kukerin Primary School (except presentation night), Kukerin P&C Association, Dumbleyung Primary School (except presentation night) Dumbleyung P&C Association, Dumbleyung Gymnastics Club (when conducted during school hours), Outside Committees of Council, Dumbleyung Theatre Club and the Dumbleyung Men's Shed

26. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAF

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	11%	0	11,231	10,000
Charges on instalment plan	15%	3,255	3,255	2,000
			14,486	12,000

Three separate option plans will be available for ratepayers for payment of their rates:

Option 1 (Discount Payment)

Payment of the total amount of rates and charges less a 5% discount on the current general rate only. To be paid by 15 August 2014.

Option 2 (Full Payment)

Full payment of rates and charges including arrears to be paid on or before 5th September 2014.

Option 3 (Two Instalments)

First instalment to be received on or before 5th September 2014, including all arrears and half of the current rates and charges. The second instalment to be paid on or before 5th January 2015.

Option 4 (Four Instalments)

First Instalment to be received on or before 5th September 2014, including all arrears. The second, third and fourth instalments to be paid at two monthly intervals thereafter.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

27. FEES & CHARGES	2015	2014
	\$	\$
Governance	(201)	654
General purpose funding	4,475	(10,581)
Law, order, public safety	1,868	1,585
Education and welfare	39,621	29,452
Housing	63,122	69,439
Community amenities	94,105	86,476
Recreation and culture	18,102	19,145
Transport	363	1,364
Economic services	25,076	27,572
Other property and services	69,171	94,054
	<u>315,702</u>	<u>319,160</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:

	2015	2014
	\$	\$
By Nature or Type:		
Operating grants, subsidies and contributions	5,236,472	3,612,765
Non-operating grants, subsidies and contributions	848,527	881,744
	<u>6,084,999</u>	<u>4,494,509</u>
By Program:		
Governance	2,177,273	2,400,000
General purpose funding	2,860,966	1,119,656
Law, order, public safety	28,710	26,764
Education and welfare	700	0
Community amenities	196,708	23,840
Recreation and culture	80,062	173,746
Transport	723,500	748,089
Economic services	17,080	2,414
	<u>6,084,999</u>	<u>4,494,509</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>25</u>	<u>20</u>
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30. ELECTED MEMBERS REMUNERATION

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

	2015	2015	2014
	\$	Budget	\$
		\$	
Meeting Fees	13,650	20,000	20,144
President's allowance	22,500	18,000	13,500
Deputy President's allowance	2,000	2,000	1,000
Travelling expenses	6,568	10,000	7,389
	<u>44,718</u>	<u>50,000</u>	<u>42,033</u>

31. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2014/15.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	6,837,546	3,257,126	6,837,546	3,257,126
Receivables	<u>265,648</u>	<u>164,639</u>	<u>265,648</u>	<u>164,639</u>
	<u><u>7,103,194</u></u>	<u><u>3,421,765</u></u>	<u><u>7,103,194</u></u>	<u><u>3,421,765</u></u>
Financial liabilities				
Payables	76,755	244,541	76,755	244,541
Borrowings	<u>237,880</u>	<u>258,829</u>	<u>255,013</u>	<u>216,100</u>
	<u><u>314,635</u></u>	<u><u>503,370</u></u>	<u><u>331,768</u></u>	<u><u>460,641</u></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 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 2015

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2015	2014
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	52,333	32,571
- Statement of Comprehensive Income	52,333	32,571

Notes:

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

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

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

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

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

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

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

	2015	2014
Percentage of rates and annual charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables		
- Current	61.61%	92.55%
- Overdue	6.04%	7.45%

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2015</u>					
Payables	76,755	0	0	76,755	76,755
Borrowings	31,482	114,062	197,736	343,280	237,880
	<u>108,237</u>	<u>114,062</u>	<u>197,736</u>	<u>420,035</u>	<u>314,635</u>
<u>2014</u>					
Payables	244,541	0	0	244,541	244,541
Borrowings	34,349	121,905	221,394	377,648	258,829
	<u>278,890</u>	<u>121,905</u>	<u>221,394</u>	<u>622,189</u>	<u>503,370</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year ended 30 June 2015</u>								
Borrowings								
Fixed rate								
Debtentures	0	0	10832	0	29398	197650	237,880	5.27%
Weighted average Effective interest rate	0.00%	0.00%	6.42%	0.00%	6.40%	5.04%		
<u>Year ended 30 June 2014</u>								
Borrowings								
Fixed rate								
Debtentures	2775	0	0	14010	0	242044	258,829	5.31%
Weighted average Effective interest rate	6.62%	0.00%	0.00%	6.42%	0.00%	5.23%		

**SHIRE OF DUMBLEYUNG
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2015**

RATIO INFORMATION

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

	2015	2014	2013
Asset consumption ratio	0.66	0.54	0.47
Asset renewal funding ratio	*	*	*

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

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

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**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF DUMBLEYUNG
REPORT ON THE FINANCIAL REPORT**

We have audited the accompanying financial report of the Shire of Dumbleyung, which comprises the statement of financial position as at 30 June 2015, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

Management's Responsibility for The Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation and fair presentation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

Opinion

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

- a) giving a true and fair view of the Shire's financial position as at 30 June 2015 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF DUMBLEYUNG (CONTINUED)
REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 60 of this report, we have reviewed the calculation for the Asset Consumption Ratio as presented and nothing has come to our attention to suggest it is not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.The Asset Renewal Funding Ratio was not calculated and hence no review was carried out.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit

MOORE STEPHENS
CHARTERED ACCOUNTANTS


GREG GODWIN
PARTNER

Signed at Perth this 21st day of January 2016.