



SHIRE OF DUMBLYUNG



ANNUAL REPORT

FOR THE YEAR ENDING 30 JUNE 2017



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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 2016 Census was 671. This represents an increase of 66 (10%) since 2011.

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 671, with 450 electors.

There are currently 26 people who work for the Shire; made up of both full-time and part-time employees.



It is with great pleasure I present the Shire of Dumbleyung's Annual President's Report, my first, for 2016/17.

Firstly, I would like to acknowledge the former Shire President, Gordon Davidson, who retired in October after serving 26 years on Council, 16 of those as President. Cr Davidson put in an enormous amount of time and commitment during these years for the Dumbleyung Shire and was a familiar face on many committees and boards in our region. Thankyou Gordon for your passion and hard work, you have left a legacy of a Shire Council which can face the future with confidence.

Thankyou also to the Council which has served during the past year, including retiring councillor Cr Carly Smith, who left after six years. Her commitment, knowledge and presence at the table will be missed. Welcome to the two new Councillors, Cr Amy Knight and Cr Bevan Doney, who I'm sure will be assets to our council.

Thankyou also to the shire staff for their dedication and professionalism, in particular CEO Matthew Gilfellon. It makes the job of a Councillor and Shire President a lot easier when you have such a great office team to support you.

Taking on the role of Shire President, in particular the first female Shire President, is a bit daunting, but I have been overwhelmed with the good wishes and support I have received not just from fellow councillors, but also the community in general. I am also looking forward to working with my deputy Cr Julie Ramm. There is no doubt it is a new era for the Dumbleyung Shire, but our shire has accomplished a lot in the past 12 months and also has a lot to look forward to.

Highlights of the past year have included construction of the new three well aged care units and the first round of the Bain Estate funding which has allowed many organisations and clubs within the shire to benefit. This has also allowed Council to look at the way it distributes the Bain Estate funding to help set further guidelines for the future.

The February floods were also a major event for the shire and although caused millions of dollars worth of road damage, had the great bonus of filling the Dumbleyung Lake for the first time in many years. The community will now have the chance to make the most of this wonderful asset for the next couple of summers and the reformed Sailing Club, with shire and community help, is working to improve facilities there.

Also many of the tourists to visit our shire, who have come to see and enjoy the lake, have commented on the appearance of main streets in both of towns and our wonderful community garden, all of which are a credit to both shire staff and community members.

With Mother Nature being kinder to the farming community this year, we look forward to a good harvest and a great year for our shire.

Jacki Ball
Shire President

CHIEF EXECUTIVE OFFICER REPORT



The good work of the shire has continued in 2016/2017. A stable workforce has continued to produce good results for the shire. There is a high level of community satisfaction and despite the ever increasing amount of compliance, we continue to meet the necessary requirements.

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

keeping the shire moving forwards.

There were some ups and downs throughout the year. Work commenced on two well aged units in Kukerin and one in Dumbleyung and the first round of the Bain Estate Future Fund was run. A large rain event brought with it severe damage to our road network but also filled up Dumbleyung Lake, creating tourism for the area and bringing a buzz to the community.

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 services that the shire offers to the community, however doing so with an eye to the future, ensuring that the shire can continue to provide its excellent service into the future.

Matthew Gilfellon
Chief Executive Officer

MANAGER OF WORKS AND SERVICES REPORT



During the 2016/17 financial year, the Shire traded a Volvo L60F loader and replaced it with a new Volvo L60F loader we also traded an Isuzu 1400 Truck and replaced it with an Isuzu GIGA Truck the Isuzu 3-ton truck was traded on another Isuzu 3-ton truck and 3 light vehicles were replaced.

The Shires outside works crew main town project was the resealing of Bath Street and Collier Street in Kukerin.

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

During the 2016/2017 fiscal year the following totals were spent in comparison to 2015/2016:

	2016/17	2015/16
Road Construction	\$1,879,534	\$1,906,704
Road Maintenance, including footpaths and town beautification	\$811,303 (\$315,274 of this being WANDRRA)	\$438,591
Public Open Space Maintenance, including ovals	\$271,673 (includes toilet block under insurance)	\$237,550
Plant Operation Costs	\$416,292	\$392,620
Overheads	\$666,256	\$594,239

The following grant money was received in the 2016/2017 financial year for road construction again in comparison to 2015/2016:

	2016/17	2015/16
Regional Road Group	\$250,673	\$330,000
Direct Road Grants	\$133,018	\$123,400
Roads To Recovery	\$885,000	\$768,085
Blackspot Funding	n/a	\$67,000

The Shire's Works Department completed the following projects:

- Constructed and sealed 6.5km of 129 Gate Rd
- Constructed and sealed 6.5km of Adams Rd
- Cement stabilised 1km of Tincurrin Rd
- Cement stabilised 1km of Kulin-Dumbleyung Rd
- Resealed 3.5km of Tincurrin Rd
- Resealed 3km of Kukerin North Rd
- Resealed 8km of Fence Rd
- Resealed 2km of Richardson Rd
- Realigned intersection of Kukerin North Rd and Kings Rd
- Formed and gravelled section of the Bibikin Rd

- Formed and gravelled section of the Wishbone Rd
- Formed and gravelled the last of the Rifle Range Rd
- Formed and gravelled section of the Falcondale Rd
- Formed and gravelled section of Coomelberrup Rd
- Formed and gravelled section of the Boundary Rd

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

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

Calvin Shotter
Manager of Works and Services

STATUTORY REPORTS

1. NATIONAL COMPETITION POLICY (NCP)

Annual Reporting Requirements

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

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

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

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

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

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

2. INFORMATION STATEMENT

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

Council Documents

Documents available for inspection:

- Council Agendas and Minutes
- Annual Budgets and Budget Reviews
- Policy Manual
- Annual Financial Statements
- Strategic Community Plan
- Corporate Business Plan
- Local Laws
- Delegations Register
- Town Planning Scheme
- Rates Assessment Book
- Electoral Roll
- Strategic Plan

- Customer Service Charter
- Sewerage Asset Management Plan
- Code of Conduct – Members & Staff
- Freedom of Information Statement

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

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

3. STRATEGIC PLAN

Council reviewed and updated their Strategic Community Plan in May 2016. The review of the Strategic Community Plan took into account the results of the 2015 community consultation. Council is always receptive to any feedback on any items and invites members of the community to contribute to Council’s Strategic Plan.

Council reviewed and updated their Corporate Business Plan in June 2017. This new plan takes into account the updated Strategic Community Plan that was passed by Council in May 2016. The aim of the Corporate Business Plan is to take the Key Objectives that are contained within the Strategic Community Plan and turn them into Principal Strategies and Activities that move the community towards their aspirations. The Corporate Business Plan becomes the main driver for Council’s Annual Financial Budget.



4. FREEDOM OF INFORMATION

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

During the 2016/17 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.

In line with the consultation in emphasis, the wording of Council's own Mission, as well as its Vision for the Future has been reviewed:

Council's Vision is:

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

Council's Mission Statement is:

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

The Council intends to pursue the following issues:

1. MAINTENANCE OF SHIRE SERVICES

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

2. IMPROVEMENT OF IMPORTANT COMMUNITY SERVICES AND FACILITIES

- Waste Management

3. INCREASED LEVEL OF AGED CARE SERVICES AND FACILITIES

- Aged Friendly Towns
- Aged Care Housing
- HACC

5. MAINTENANCE OF STATE GOVERNMENT AND OTHER EXTERNAL SERVICES

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

4. A STRONG AND IMPROVING ECONOMY

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

5. MAINTENANCE OF STATE GOVERNMENT AND OTHER EXTERNAL SERVICES

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

6. RECORD KEEPING PLAN

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

Rationale:

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

Minimum Compliance Requirements:

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

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

The Shire has complied with items 1 to 4.

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

7. PUBLIC INTEREST DISCLOSURES

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

Council has complied with all obligations under the Act including:

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

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

8. LEGISLATIVE REVIEW

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.

Local governments are required to review local laws to ensure they do not restrict competition unless:

- The benefits of the restriction to the community as a whole outweigh the costs; and
- The objectives of the legislation can only be achieved by restricting competition.

Where necessary Clause 7 legislation review principles will be complied with and the Shire of Dumbleyung remains committed to reviewing its existing local laws, as well as proposed local laws.

The Shire of Dumbleyung resolved to undertake a review of the Pest Plants Local Law 2002 and Parking and Parking Facilities Local Law 2002 at the Ordinary Meeting of Council in February 2016 and following the review resolved to repeal the Local Laws and adopt a new Pest Plants Local Law 2016 and Parking and Parking Facilities Local Law 2016 at its Ordinary Meeting of Council on 15 September 2016.

On 13 March 2017 the following Shire of Dumbleyung Local Laws were gazetted:

Pest Plants Local Law 2016
Parking and Parking Facilities Local Law 2016

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	2015/16	2016/17
\$100,000 - \$110,000	1	1
\$110,000 - \$120,000	1	1
\$120,000 - \$130,000	0	0
\$130,000 - \$140,000	1	1

11. COMPLAINTS OF MINOR BREACHES

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

No. of complaints 2016-17	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.

2016/17 – Plan for the Future Projects

Action	Success Indicator	Budget	2016/17
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	Complete
Develop a Sewerage Scheme for Kukerin	Sewerage Scheme constructed and completed	\$400,000	Not Complete
Implement annual road maintenance program	Program completed within 2% of budget	\$380,000	Complete
Implement annual road construction program	Program completed within 2% of budget	\$1,100,000	Complete
Shire staff provide information to business and facilitate contacts	Number of business contacts with the Shire	Internal Staff time	Complete
Survey local community on demands and functionality of community buildings	Survey conducted and outcomes included in asset plan	\$3000	Not Complete
Identify new land in revision of Town Planning Scheme	Land rezoned for residential and industrial use	\$25,000	Current
Upgrade facilities at both caravan parks	Upgrade works completed on budget	\$30,000	Complete
Council lobby government for the provision of more aged care units	More aged care units constructed	Internal Staff time and Grants	Complete

Establish a new Waste Facility	Waste Facility constructed and opened	\$50,000	Complete
Shire involvement in landcare actions on water management	Reduction in salinity levels in water table	\$50,000	Complete
Pursue water conservation actions for Council buildings and parks	Reduction in annual water charges	\$10,000	Complete

2017/18 – Plan for the Future Projects

Service/Operation/Project	Issue	Resourcing Requirement	Timeframe and Budget				Priority
			17/18	18/19	19/20	20/21	
Paint Town Hall Toilets	1.2	External Contractor	8,000				Mod-High
Park Fence	1.4	External Contractor	10,000				High
Park to Pool Fence	1.4	External Contractor	40,000				High
Campers Kitchen	4.6	External Contractor	10,000				High
Dumbleyung Caravan Park Fence	4.6	External Contractor				30,000	Moderate
Resurface and Cover Stubbs Park Netball Court	1.4	External Contractor	120,000				High
Undercover Area at Stubbs Park	1.4	External Contractor	150,000				High
Upgrade Changerooms at Stubbs Park	1.4	External Contractor			100,000		High
Kitchen Upgrade at Stubbs Park Pavilion	1.4	External Contractor		2,000			High
Resurface Tennis Courts at Nenke Park	1.4	External Contractor		50,000			High
Dumbleyung Lake Mountain Bike Trail, Drive Trail, Free Camping Area, Upgraded Tourist Access		Internal Staff Consultants		30,000			Moderate
Tent Sites at Dumbleyung Caravan Park	4.6	Internal Staff	2,000				High
Additional Community Events		New Staff Member and DEC		10,000	10,000	10,000	Moderate
Trails Leaflet	4.5	External Contractor		10,000	1,000	1,000	High
Identify Regional Tourism Groups		Internal Staff	0				High
TOTAL			340,000	102,000	111,000	41,000	

SHIRE OF DUMBLEYUNG
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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Principal place of business:

Harvey Street
Dumbleyung
WA 6350

SHIRE OF DUMBLEYUNG
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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 supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2017 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 29th day of NOVEMBER 2017



Matthew Gilfellon
Chief Executive Officer

SHIRE OF DUMBLEYUNG
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue				
Rates	22	1,597,750	1,577,922	1,543,014
Operating grants, subsidies and contributions	29	2,547,791	3,109,046	1,047,548
Fees and charges	28	306,476	367,778	299,227
Interest earnings	2(a)	194,652	193,223	212,304
Other revenue	2(a)	292,910	278,725	426,628
		<u>4,939,579</u>	<u>5,526,694</u>	<u>3,528,721</u>
Expenses				
Employee costs		(1,183,229)	(1,489,642)	(1,158,162)
Materials and contracts		(1,299,434)	(1,432,215)	(1,029,295)
Utility charges		(119,884)	(133,232)	(139,782)
Depreciation on non-current assets	2(a)	(1,763,023)	(1,265,350)	(1,378,971)
Interest expenses	2(a)	(15,481)	(11,178)	(12,963)
Insurance expenses		(207,732)	(197,273)	(198,750)
Other expenditure		(43,902)	(271,011)	(547,621)
		<u>(4,632,685)</u>	<u>(4,799,901)</u>	<u>(4,465,544)</u>
		306,894	726,793	(936,823)
Non-operating grants, subsidies and contributions	29	2,022,735	717,664	1,985,167
Profit on asset disposals	20	1,095	363,305	24,671
(Loss) on asset disposals	20	(126,408)	(40,000)	(89,017)
Net result		2,204,316	1,767,762	983,998
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	(2,819,183)	0	484,852
Total other comprehensive income		(2,819,183)	0	484,852
Total comprehensive income		(614,867)	1,767,762	1,468,850

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

SHIRE OF DUMBLEYUNG
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue	2(a)			
Governance		164,109	10,700	63,283
General purpose funding		3,995,642	3,203,991	2,406,285
Law, order, public safety		21,284	18,908	27,172
Health		0	11,000	250
Education and welfare		44,236	67,600	53,050
Housing		60,402	91,468	61,540
Community amenities		290,470	333,333	291,619
Recreation and culture		93,978	52,950	61,428
Transport		145,880	1,568,311	456,929
Economic services		33,434	113,213	33,287
Other property and services		90,144	55,220	73,878
		<u>4,939,579</u>	<u>5,526,694</u>	<u>3,528,721</u>
Expenses	2(a)			
Governance		(280,411)	(256,962)	(261,947)
General purpose funding		(86,777)	(99,052)	(89,694)
Law, order, public safety		(176,503)	(118,209)	(115,772)
Health		(38,989)	(51,089)	(46,040)
Education and welfare		(160,886)	(147,815)	(132,585)
Housing		(136,600)	(150,519)	(118,142)
Community amenities		(744,237)	(977,437)	(749,333)
Recreation and culture		(880,368)	(762,052)	(906,008)
Transport		(1,813,544)	(1,756,614)	(1,548,870)
Economic services		(166,060)	(246,621)	(179,741)
Other property and services		(132,829)	(222,353)	(304,449)
		<u>(4,617,204)</u>	<u>(4,788,723)</u>	<u>(4,452,581)</u>
Finance costs	2(a)			
Education and welfare		(270)	0	0
Community amenities		(2,495)	(2,319)	(3,094)
Recreation and culture		(1,164)	(946)	(1,128)
Transport		(182)	0	0
Economic services		(11,370)	(7,913)	(8,741)
		<u>(15,481)</u>	<u>(11,178)</u>	<u>(12,963)</u>
		306,894	726,793	(936,824)
Non-operating grants, subsidies and contributions	29	2,022,735	717,664	1,985,167
Profit on disposal of assets	20	1,095	363,305	24,671
(Loss) on disposal of assets	20	(126,408)	(40,000)	(89,017)
Net result		<u>2,204,316</u>	<u>1,767,762</u>	<u>983,998</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	(2,819,183)	0	484,852
Total other comprehensive income		<u>(2,819,183)</u>	<u>0</u>	<u>484,852</u>
Total comprehensive income		<u><u>(614,867)</u></u>	<u><u>1,767,762</u></u>	<u><u>1,468,850</u></u>

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

SHIRE OF DUMBLEYUNG
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2017

	NOTE	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	3	7,435,269	6,239,323
Trade and other receivables	4	446,755	297,458
Inventories	5	16,596	15,736
TOTAL CURRENT ASSETS		<u>7,898,620</u>	<u>6,552,517</u>
NON-CURRENT ASSETS			
Other receivables	4	25,884	24,881
Property, plant and equipment	6	17,999,966	17,437,370
Infrastructure	7	18,535,093	20,527,707
TOTAL NON-CURRENT ASSETS		<u>36,560,943</u>	<u>37,989,958</u>
TOTAL ASSETS		<u>44,459,563</u>	<u>44,542,475</u>
CURRENT LIABILITIES			
Trade and other payables	8	552,004	217,531
Current portion of long term borrowings	9	43,885	20,304
Provisions	10	232,345	195,732
TOTAL CURRENT LIABILITIES		<u>828,234</u>	<u>433,567</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	349,483	198,368
Provisions	10	66,187	80,014
TOTAL NON-CURRENT LIABILITIES		<u>415,670</u>	<u>278,382</u>
TOTAL LIABILITIES		<u>1,243,904</u>	<u>711,949</u>
NET ASSETS		<u>43,215,659</u>	<u>43,830,526</u>
EQUITY			
Retained surplus		23,546,532	21,341,624
Reserves - cash backed	11	5,782,382	5,782,974
Revaluation surplus	12	13,886,745	16,705,928
TOTAL EQUITY		<u>43,215,659</u>	<u>43,830,526</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 2017**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2015		20,575,877	5,564,723	16221076	42361676
Comprehensive income					
Net result		983,998	0	0	983,998
Changes on revaluation of assets	12	0	0	484,852	484,852
Total comprehensive income		<u>983,998</u>	<u>0</u>	<u>484,852</u>	<u>1,468,850</u>
Transfers from/(to) reserves		(218,251)	218,251	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2016		21,341,624	5,782,974	16,705,928	43,830,526
Comprehensive income					
Net result		2,204,316	0	0	2,204,316
Changes on revaluation of assets	12	0	0	(2,819,183)	(2,819,183)
Total comprehensive income		<u>2,204,316</u>	<u>0</u>	<u>(2,819,183)</u>	<u>(614,867)</u>
Transfers from/(to) reserves		592	(592)	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2017		<u>23,546,532</u>	<u>5,782,382</u>	<u>13,886,745</u>	<u>43,215,659</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 2017

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,591,196	1,577,922	1,508,292
Operating grants, subsidies and contributions		2,462,740	3,109,046	964,611
Fees and charges		306,476	367,778	299,227
Interest earnings		194,652	193,223	260,199
Goods and services tax		280,599	200,000	1,263,892
Other revenue		292,910	278,725	426,628
		<u>5,128,573</u>	<u>5,726,694</u>	<u>4,722,849</u>
Payments				
Employee costs		(1,177,377)	(1,489,642)	(1,146,558)
Materials and contracts		(951,928)	(1,432,215)	(874,723)
Utility charges		(119,884)	(133,232)	(139,782)
Interest expenses		(12,440)	(11,178)	(12,963)
Insurance expenses		(207,732)	(197,273)	(198,750)
Goods and services tax		(339,294)	(249,192)	(1,250,820)
Other expenditure		(43,902)	(271,011)	(547,621)
		<u>(2,852,557)</u>	<u>(3,783,743)</u>	<u>(4,171,216)</u>
Net cash provided by (used in) operating activities	13(b)	<u>2,276,016</u>	<u>1,942,951</u>	<u>551,633</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,701,011)	(2,113,061)	(1,604,223)
Payments for construction of infrastructure		(1,999,135)	(2,295,820)	(1,906,706)
Non-operating grants, subsidies and contributions		2,022,735	717,664	1,985,167
Proceeds from sale of fixed assets		422,645	793,794	395,114
Net cash provided by (used in) investment activities		<u>(1,254,766)</u>	<u>(2,897,423)</u>	<u>(1,130,648)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(20,304)	(20,304)	(19,208)
Proceeds from new debentures		195,000	495,000	0
Net cash provided by (used in) financing activities		<u>174,696</u>	<u>474,696</u>	<u>(19,208)</u>
Net increase (decrease) in cash held		1,195,946	(479,776)	(598,223)
Cash at beginning of year		6,239,323	6,170,317	6,837,546
Cash and cash equivalents at the end of the year	13(a)	<u><u>7,435,269</u></u>	<u><u>5,690,541</u></u>	<u><u>6,239,323</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 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
Net current assets at start of financial year - surplus/(deficit)		356,278	428,034	1,215,467
		<u>356,278</u>	<u>428,034</u>	<u>1,215,467</u>
Revenue from operating activities (excluding rates)				
Governance		164,109	18,726	70,503
General purpose funding		2,494,669	1,701,647	951,136
Law, order, public safety		21,284	332,238	27,172
Health		0	11,000	250
Education and welfare		44,236	67,600	53,050
Housing		60,402	91,468	69,950
Community amenities		290,470	333,333	291,619
Recreation and culture		93,978	52,950	61,428
Transport		146,975	1,586,410	458,020
Economic services		33,434	113,213	33,287
Other property and services		90,144	79,070	81,829
		<u>3,439,701</u>	<u>4,387,655</u>	<u>2,098,244</u>
Expenditure from operating activities				
Governance		(298,493)	(256,962)	(262,257)
General purpose funding		(86,777)	(99,052)	(89,694)
Law, order, public safety		(176,503)	(118,209)	(157,289)
Health		(38,989)	(51,089)	(46,040)
Education and welfare		(161,156)	(147,815)	(132,585)
Housing		(136,600)	(150,519)	(118,142)
Community amenities		(764,187)	(979,756)	(752,426)
Recreation and culture		(881,532)	(762,998)	(907,136)
Transport		(1,887,657)	(1,796,614)	(1,592,106)
Economic services		(177,430)	(254,534)	(188,482)
Other property and services		(149,769)	(222,353)	(308,402)
		<u>(4,759,093)</u>	<u>(4,839,901)</u>	<u>(4,554,559)</u>
Operating activities excluded from budget				
(Profit) on disposal of assets	20	(1,095)	(363,305)	(24,671)
Loss on disposal of assets	20	126,408	40,000	89,017
Movement in deferred pensioner rates (non-current)		(1,003)	0	5,215
Movement in employee benefit provisions (non-current)		(13,827)	0	61,553
Depreciation on assets	2(a)	1,763,023	1,265,350	1,378,971
Amount attributable to operating activities		<u>910,392</u>	<u>917,833</u>	<u>269,237</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		2,022,735	717,664	1,985,167
Proceeds from disposal of assets	20	422,645	793,794	395,114
Purchase of land held for resale		0	0	0
Purchase of property, plant and equipment	6(b)	(1,701,011)	(2,113,061)	(1,604,223)
Purchase and construction of infrastructure	7(b)	(1,999,135)	(2,295,820)	(1,906,706)
Amount attributable to investing activities		<u>(1,254,766)</u>	<u>(2,897,423)</u>	<u>(1,130,648)</u>
FINANCING ACTIVITIES				
Repayment of debentures	21(a)	(20,304)	(20,304)	(19,208)
Proceeds from new debentures	21(a)	195,000	495,000	0
Transfers to reserves (restricted assets)	11	(236,260)	(221,063)	(327,802)
Transfers from reserves (restricted assets)	11	236,852	223,613	109,551
Amount attributable to financing activities		<u>175,288</u>	<u>477,246</u>	<u>(237,459)</u>
Surplus / (deficiency) before general rates		<u>(169,086)</u>	<u>(1,502,344)</u>	<u>(1,098,870)</u>
Total amount raised from general rates	22	1,500,973	1,502,344	1,455,148
Net current assets at June 30 c/fwd - surplus/(deficit)	23	<u><u>1,331,887</u></u>	<u><u>0</u></u>	<u><u>356,278</u></u>

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

(a) 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.

(b) 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 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) 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.

(d) 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.

(e) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a)(ii), 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 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) 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 seal	50 years
- 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
Parks and other improvements	10 to 20 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.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(g) 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 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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.

(h) 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.

(i) 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 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) 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.

(k) 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.

(l) 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.

(m) 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 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) 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.

(o) 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(n) 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

(p) 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.

(q) 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 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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.

(s) Rounding Off Figures

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

(t) 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.

(u) 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 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	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.
(iii)	AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

Notes:

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

**SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

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

(w) 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.

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

[AASB 10, 124 & 1049]

The objective of this Standard was to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit sector entities.

The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES

2017 **2016**
\$ **\$**

(a) Net Result

The Net result includes:

(i) Charging as an expense:

Auditors remuneration

- Audit of the Annual Financial Report	25,080	28,727
- Financial Management Review	8,000	0
- Assistance with the finalisation of the annual financial report	0	18,022
- Other services	6,500	4,730

Depreciation

Buildings - non-specialised	28,734	28,638
Buildings - specialised	255,627	224,740
Plant and equipment	421,068	249,594
Infrastructure - Roads	850,751	669,998
Infrastructure - Sewerage	25,000	25,000
Infrastructure - Parks & Other Improvements	181,843	181,001
	1,763,023	1,378,971

Interest expenses (finance costs)

Debentures (refer Note 21 (a))	15,481	12,963
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(ii) Crediting as revenue:

Significant revenue

Financial Assistance Grants (see note (i) below)	797,930	0
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(i) The Financial Assistance Grants relates to the prepayment of the first instalment payment for the 2017/18 year. This has been disclosed in the statement of comprehensive income by program as General Purpose Funding.

	2017	2016
	\$	\$
Other revenue		
Reimbursements and recoveries	192,663	76,459
Other	100,247	350,169
	292,910	426,628

	2017	2017	2016
	Actual	Budget	Actual
	\$	\$	\$
Interest earnings			
- Reserve funds	163,353	176,528	192,680
- Other funds	16,120	6,695	9,294
Other interest revenue (refer note 27)	15,179	10,000	10,330
	194,652	193,223	212,304

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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 2017

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 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance ⁽¹⁾ 30/06/16 \$	Received ⁽²⁾ 2016/17 \$	Expended ⁽³⁾ 2016/17 \$	Closing Balance 30/06/17 \$
General purpose funding							
Royalties for Regions 2012-13	308,819	0	(207,523)	101,296	0	(101,296)	0
Aged Friendly Communities	39,500	0	(8,893)	30,607	0	(30,607)	0
Community amenities							
Landcare - SWCC 2014 (Dare)	0	18,500	(16,028)	2,472	0	(1,000)	1,472
Landcare - SWCC 2014 (Bairstow)	0	17,298	(12,701)	4,597	0	5,666	10,263
Landcare - State NRM 2015 (Cridland Catchment)	0	15,288	(4,234)	11,054	13,128	(12,648)	11,534
Landcare - State NRM 2015 (Lake Coomelberrup)	0	23,139	(9,471)	13,668	0	(11,594)	2,074
Landcare - State NRM 2014	15,000	0	(6,900)	8,100	0	(8,100)	0
Landcare - SWCC 2015-18	50,000	50,000	(52,162)	47,838	25,000	(40,238)	32,600
Landcare - State NRM 2016	0	0	0	0	15,000	0	15,000
Water Grant	120,000	0	(60,402)	59,598	0	(48,088)	11,510
Dumbleyung Lake	3,000		(3,000)	0	0	0	0
Recreation and culture							
Community Garden Grant	0	0	0	0	9,833	(8,670)	1,163
Other property and services							
Community Crime Prevention	0	12,391	(11,708)	683	0	(683)	0
Total	<u>536,319</u>	<u>136,616</u>	<u>(393,022)</u>	<u>279,913</u>	<u>62,961</u>	<u>(257,258)</u>	<u>85,616</u>

Notes:

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	Note	2017 \$	2016 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,567,274	176,439
Restricted		5,867,995	6,062,884
		<u>7,435,269</u>	<u>6,239,323</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	11	113,332	110,266
Plant reserve	11	75,437	68,540
Dam Cleaning Reserve	11	6,668	6,370
Sewerage Works Reserve	11	225,628	189,244
Staff Housing Reserve	11	59,488	57,879
Tourist Reserve	11	11,041	10,574
Landcare Development Reserve	11	79,352	64,817
Rural Town Development Reserve	11	39,688	38,729
Aged Care Facility Reserve	11	53,643	52,140
Municipal Building Reserve	11	54,435	39,965
Gravel Pit Rehab Reserve	11	25,490	24,801
Fence Road Drain Maintenance Reserve	11	3,889	21,630
Drainage Maintenance Reserve	11	16,003	15,570
Refuse Reserve	11	1,246	1,212
Asset Plan Reserve	11	2,120	50,710
Bain Estate Reserve	11	5,014,919	5,030,524
Unspent grants	2(c)	85,616	279,913
		<u>5,867,995</u>	<u>6,062,884</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates outstanding		105,170	99,619
Sundry debtors		101,334	109,436
GST receivable		105,933	49,955
Provision for Doubtful Debts		(5,187)	(4,313)
Accrued Income		103,028	9,001
Fuel Tax Credit Accrual		36,477	33,760
		<u>446,755</u>	<u>297,458</u>
Non-current			
Rates outstanding - pensioners		25,884	24,881
		<u>25,884</u>	<u>24,881</u>
Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:			
Rates outstanding		<u>105,170</u>	<u>99,619</u>
Includes:			
Past due and not impaired		105,170	99,619
Impaired		0	0
		<u>105,170</u>	<u>99,619</u>
Sundry debtors		<u>101,334</u>	<u>109,436</u>
Includes:			
Past due and not impaired		10,133	8,755
Impaired		5,187	4,313
		<u>101,334</u>	<u>109,436</u>
5. INVENTORIES			
Current			
Fuel & materials		16,596	15,736
		<u>16,596</u>	<u>15,736</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land		
- Independent valuation 2017 - level 2	291,500	0
- Independent valuation 2017 - level 3	270,000	0
- Independent valuation 2014 - level 2	0	297,250
- Independent valuation 2014 - level 3	0	592,500
	561,500	889,750
Land - vested in and under the control of Council at:		
- Management valuation 2017 - level 3	365,824	0
- Management valuation 2014 - level 3	0	356,530
	365,824	356,530
	927,324	1,246,280
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	3,465,000	0
- Independent valuation 2017 - level 3	17,000	0
- Management valuation 2017 - level 3	35,108	0
- Independent valuation 2014 - level 2	0	1,421,250
- Additions after valuation - cost	0	18,160
Buildings - non-specialised - Less: accumulated depreciation	0	(57,275)
	3,517,108	1,382,135
Buildings - specialised at:		
- Independent valuation 2017 - level 3	10,819,000	0
- Independent valuation 2014 - level 3	0	10,850,896
- Additions after valuation - cost	0	1,307,533
Buildings - specialised - Less: accumulated depreciation	0	(449,482)
	10,819,000	11,708,947
	14,336,108	13,091,082
Total land and buildings	15,263,432	14,337,362

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
6 (a). PROPERTY, PLANT AND EQUIPMENT (Continued)		
Plant and equipment at:		
- Management valuation 2016 - level 2	1,609,823	2,213,201
- Management valuation 2016 - level 3	710,309	710,309
- Additions after valuation - cost	782,051	0
Plant and equipment - Less: accumulated depreciation	<u>(365,649)</u>	<u>0</u>
	<u>2,736,534</u>	<u>2,923,510</u>
 Work In Progress at:		
Buildings	<u>0</u>	<u>176,498</u>
	0	176,498
	<u><u>17,999,966</u></u>	<u><u>17,437,370</u></u>

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold land	889,750	1,893	0	(330,143)	0	0	0	0	561,500
Land - vested in and under the control of Council	356,530		0	9,294	0	0	0	0	365,824
Total land	1,246,280	1,893	0	(320,849)	0	0	0	0	927,324
Buildings - non-specialised	1,382,135	40,582	0	(134,794)	0	0	(28,734)	2,257,919	3,517,108
Buildings - specialised	11,708,947	876,486	0	570,615	0	0	(255,627)	(2,081,421)	10,819,000
Total buildings	13,091,082	917,068	0	435,821	0	0	(284,361)	176,498	14,336,108
Total land and buildings	14,337,362	918,961	0	114,972	0	0	(284,361)	176,498	15,263,432
Plant and equipment	2,923,510	782,050	(547,958)	0	0	0	(421,068)	0	2,736,534
Work In Progress	176,498	0	0	0	0	0	0	(176,498)	0
Total property, plant and equipment	17,437,370	1,701,011	(547,958)	114,972	0	0	(705,429)	0	17,999,966

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2017	Price per hectare
Land - freehold land	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent valuers	June 2017	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 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2017	Price per square metre
Buildings - non-specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Management valuation	June 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - specialised	2	Market approach using recent observable market data for similar properties	Independent valuers	June 2017	Price per square metre
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent valuers	June 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment					
- Management valuation 2016	2	Market approach using recent observable market data for similar properties	Management valuation	June 2016	Price per item
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
7 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Management valuation 2015 - level 3	16,391,000	16,391,000
- Additions after valuation - cost	3,786,241	1,906,706
Less: impairment loss	(2,934,155)	0
Less: accumulated depreciation	<u>(1,520,749)</u>	<u>(669,998)</u>
	15,722,337	17,627,708
Infrastructure - Sewerage		
- Management valuation 2015 - level 3	777,000	777,000
Less: accumulated depreciation	<u>(50,000)</u>	<u>(25,000)</u>
	727,000	752,000
Infrastructure - Parks & Other Improvements		
- Management valuation 2015 - level 3	2,329,000	2,329,000
- Additions after valuation - cost	119,600	0
Less: accumulated depreciation	<u>(362,844)</u>	<u>(181,001)</u>
	2,085,756	2,147,999
	 <u>18,535,093</u>	 <u>20,527,707</u>

f

The Shire experienced widespread flooding during the month of February 2017 which caused significant damage to road infrastructure. This event is considered an eligible disaster by the Office of Emergency Management (OEM) and is recoverable under the Western Australia Natural Disaster Relief and Recovery Arrangements (WANDRRA). As at 30 June 2017, the impairment loss is \$ 2,934,155.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	17,627,708	1,879,535	0	0	0	(2,934,155)	(850,751)	0	15,722,337
Infrastructure - Sewerage	752,000	0	0	0	0	0	(25,000)	0	727,000
Infrastructure - Parks & Other Improvements	2,147,999	119,600	0	0	0	0	(181,843)	0	2,085,756
Total infrastructure	<u>20,527,707</u>	<u>1,999,135</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,934,155)</u>	<u>(1,057,594)</u>	<u>0</u>	<u>18,535,093</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - 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
Infrastructure - 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
Infrastructure - Parks & 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 2017

	2017	2016
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	(106)	(246)
Accrued interest on debentures	3,041	0
Accrued salaries and wages	5,005	4,035
ATO liabilities	30,652	48,556
Accrued expenses	513,412	165,186
	<u>552,004</u>	<u>217,531</u>

9. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	43,885	20,304
	<u>43,885</u>	<u>20,304</u>
Non-current		
Secured by floating charge		
Debentures	349,483	198,368
	<u>349,483</u>	<u>198,368</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2016			
Current provisions	116,575	79,157	195,732
Non-current provisions	0	80,014	80,014
	<u>116,575</u>	<u>159,171</u>	<u>275,746</u>
Additional provision	17,451	5,335	22,786
Balance at 30 June 2017	<u>134,026</u>	<u>164,506</u>	<u>298,532</u>
Comprises			
Current	134,026	98,319	232,345
Non-current	0	66,187	66,187
	<u>134,026</u>	<u>164,506</u>	<u>298,532</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

11. RESERVES - CASH BACKED

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Transfer (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Leave reserve	110,266	3,066	0	113,332	110,261	3,418	0	113,679	105,695	4,572	0	110,266
Plant reserve	68,540	6,897	0	75,437	70,518	2,186	0	72,704	74,309	3,214	(8,983)	68,540
Dam Cleaning Reserve	6,370	298	0	6,668	36,367	1,127	0	37,494	34,862	1,508	(30,000)	6,370
Sewerage Works Reserve	189,244	36,384	0	225,628	125,944	10,754	0	136,698	120,757	68,488	0	189,244
Staff Housing Reserve	57,879	1,609	0	59,488	57,877	1,794	0	59,671	55,480	2,400	0	57,879
Tourist Reserve	10,574	467	0	11,041	10,574	328	0	10,902	10,136	438	0	10,574
Landcare Development Reserve	64,817	26,147	(11,612)	79,352	58,064	24,800	(11,613)	71,251	69,373	14,722	(19,277)	64,817
Rural Town Development Reserve	38,729	959	0	39,688	38,727	1,201	0	39,927	37,123	1,606	0	38,729
Aged Care Facility Reserve	52,140	1,503	0	53,643	52,138	1,616	0	53,754	49,978	2,162	0	52,140
Municipal Building Reserve	39,965	14,470	0	54,435	39,963	14,603	0	54,566	38,308	1,657	0	39,965
Gravel Pit Rehab Reserve	24,801	689	0	25,490	24,800	769	0	25,569	23,772	1,028	0	24,801
Fence Road Drain Maintenance Reserve	21,630	1,844	(19,585)	3,889	9,224	1,649	0	10,873	8,842	12,789	0	21,630
Drainage Maintenance Reserve	15,570	433	0	16,003	15,570	483	0	16,052	14,924	646	0	15,570
Refuse Reserve	1,212	34	0	1,246	1,212	38	0	1,250	1,162	50	0	1,212
Asset Plan Reserve	50,710	1,410	(50,000)	2,120	50,708	1,572	0	52,280	48,607	2,102	0	50,710
Bain Estate Reserve	5,030,527	140,050	(155,655)	5,014,922	4,991,146	154,726	(212,000)	4,933,872	4,871,398	210,420	(51,291)	5,030,527
	<u>5,782,974</u>	<u>236,260</u>	<u>(236,852)</u>	<u>5,782,382</u>	<u>5,693,092</u>	<u>221,063</u>	<u>(223,613)</u>	<u>5,690,541</u>	<u>5,564,726</u>	<u>327,802</u>	<u>(109,551)</u>	<u>5,782,974</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.

At the council meeting in 16 March 2017, Council resolved to use \$50,000 from the Asset Plan Reserve for the purpose of a contribution to WANDRRA emergency expenses.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

11. RESERVES - CASH BACKED

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Leave reserve	Not known	- to meet the organisation's liability for employee's accrued leave.
Plant reserve	2018/19 financial year	- to be used for the purchase of major plant.
Dam Cleaning Reserve	Not known	- to provide funds to clean the Kukerin Dam.
Sewerage Works Reserve	Not known	- to be used for maintenance and upgrading of the current sewerage system.
Staff Housing Reserve	Not known	- to contribute towards the building of new staff housing.
Tourist Reserve	2017/18 financial year	- to contribute to the provision of tourism.
Landcare Development Reserve	2017/18 financial year	- to contribute to landcare development.
Rural Town Development Reserve	2017/18 financial year	- to contribute to the Rural Town Development Program.
Aged Care Facility Reserve	Not known	- to be used for the construction of an aged care facility.
Municipal Building Reserve	Not known	- for improvements to shire owned buildings.
Gravel Pit Rehab Reserve	Not known	- to be used for the rehabilitation of gravel pits.
Fence Road Drain Maintenance Reserve	Not known	- to be used for the maintenance of the Fence Road Drain.
Drainage Maintenance Reserve	Not known	- to be used for the maintenance of drains within the shire.
Refuse Reserve	2017/18 financial year	- to provide for the increased costs of disposing of refuse via transfer stations.
Asset Plan Reserve	2017/18 financial year	- to contribute to the set up of asset management plan.
Bain Estate Reserve	2017/18 financial year	- To hold funds received from the Bain Estate until sufficient arrangements for the distribution of funds to the community are in place or an alternative method of holding the funds is established.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

12. REVALUATION SURPLUS

	2017	2017	2017	2017	2017	2017	2016	2016	2016	2016	2016
	Opening	Revaluation	Revaluation	Movement on	Movement on	Closing	Opening	Revaluation	Revaluation	Movement on	Closing
	Balance	Increment	(Decrement)	Revaluation	Impairment	Balance	Balance	Increment	(Decrement)	Revaluation	Balance
	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$
Land and buildings	9,075,648	114,972	0	114,972	0	9,190,620	9,075,648	0	0	0	9,075,648
Plant and equipment	807,190	0	0	0	0	807,190	322,338	484,852	0	484,852	807,190
Roads	4,308,926	0	0	0	(2,934,155)	1,374,771	4,308,926	0	0	0	4,308,926
Sewerage	674,941	0	0	0	0	674,941	674,941	0	0	0	674,941
Parks and Other Improvements	1,839,223	0	0	0	0	1,839,223	1,839,223	0	0	0	1,839,223
	16,705,928	114,972	0	114,972	(2,934,155)	13,886,745	16,221,076	484,852	0	484,852	16,705,928

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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:

	2017	2017	2016
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>7,435,269</u>	<u>5,690,541</u>	<u>6,239,323</u>

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

Net result	2,204,316	1,767,762	983,998
Non-cash flows in Net result:			
Depreciation	1,763,023	1,265,350	1,378,971
(Profit)/Loss on sale of asset	125,313	(323,305)	64,346
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(150,300)	317,857	(56,691)
(Increase)/Decrease in inventories	(860)	13,000	(10,368)
Increase/(Decrease) in payables	334,473	(209,549)	140,777
Increase/(Decrease) in provisions	22,786	(170,500)	35,767
Grants contributions for the development of assets	<u>(2,022,735)</u>	<u>(717,664)</u>	<u>(1,985,167)</u>
Net cash from operating activities	<u>2,276,016</u>	<u>1,942,951</u>	<u>551,633</u>

	2017	2016
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Credit card limit	13,500	13,500
Credit card balance at balance date	<u>(3,206)</u>	<u>(1,781)</u>
Total amount of credit unused	<u>10,294</u>	<u>11,719</u>
Loan facilities		
Loan facilities - current	43,885	20,304
Loan facilities - non-current	<u>349,483</u>	<u>198,368</u>
Total facilities in use at balance date	<u>393,368</u>	<u>218,672</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 2017

14. CONTINGENT LIABILITIES

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

15. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

	2017	2016
	\$	\$
Payable:		
- not later than one year	6,936	0
- later than one year but not later than five years	26,588	0
- later than five years	0	0
	<u>33,524</u>	<u>0</u>

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

(b) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects	80,727	0
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Payable:

- not later than one year	80,727	0
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The capital expenditure project outstanding at the end of the current reporting period represents the construction of aged care housing.

16. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2017	2016
	\$	\$
Governance	5,904,844	5,831,224
General purpose funding	256,035	234,766
Law, order, public safety	774,510	523,578
Education and welfare	3,369,643	1,463,153
Housing	1,573,253	1,555,048
Community amenities	3,182,250	3,221,038
Recreation and culture	7,565,214	6,887,255
Transport	16,575,125	18,235,435
Economic services	403,940	574,139
Other property and services	2,534,426	3,074,715
Unallocated	2,320,323	2,942,124
	<u>44,459,563</u>	<u>44,542,475</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016	2015
18. FINANCIAL RATIOS			
Current ratio	2.84	1.51	4.62
Asset sustainability ratio	1.34	1.88	1.17
Debt service cover ratio	54.77	12.15	150.88
Operating surplus ratio	0.08	(0.46)	1.72
Own source revenue coverage ratio	0.48	0.47	0.58

The above ratios are calculated as follows:

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

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 59 of this document.

Two of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017. This increased operating revenue in 2017 by \$797,930 as per Note 2(a).

Two of the 2016 and three of the 2015 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

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

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

	2017	2016	2015
Current ratio	1.84	1.51	1.01
Debt service cover ratio	32.48	35.86	58.46
Operating surplus ratio	(0.27)	(0.11)	0.32

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

19. TRUST FUNDS

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

	1 July 2016 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2017 \$
McIntyre Scholarship	100	0	(100)	0
Dumbleyung Pictorial Book	905	0	(220)	685
Low Income Housing	1,222	758	(580)	1,400
Aged Persons Units	3,518	1,420	(1,660)	3,278
Community Bonds	500	6,322	0	6,822
Beyond the Fence Book	100	0	0	100
Community Funds Ski Club	5,050	0	0	5,050
Shire Staff Bonds	3,472	1,040	(1,590)	2,922
Building Fund Levy	4,013	4,353	0	8,366
Kukerin Cemetary	320	0	0	320
BCITF	6,343	6,732	0	13,075
Kukerin Centenary	2,541	0	0	2,541
Moulyinning Hall Fund	5,664	6,019	(5,664)	6,019
Nippering Grave Marking	40	4,637	(3,465)	1,212
Fence Rd Catchment Group	3,478	0	0	3,478
Transport Licensing	0	237,025	(234,850)	2,175
Go-Fund-Me Dumbleyung Playground	0	748	0	748
	<u>37,266</u>			<u>58,191</u>

20. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Plant and Equipment								
Governance								
CEO vehicle P4138	53,643	38,041	0	(15,602)	56,862	60,875	4,013	0
CEO vehicle P4158	40,878	38,398	0	(2,480)	56,862	60,875	4,013	0
Law, order, public safety								
Fire Truck	0	0	0	0	44,260	357,590	313,330	0
Community amenities								
Land Care Utility	37,000	19,545	0	(17,455)	0	0	0	0
Transport								
Colorado Dual Cab Utility P4128	42,984	24,545	0	(18,439)	26,000	27,000	1,000	0
Colorado Dual Cab Utility P4154	28,487	24,441	0	(4,046)	0	0	0	0
Colorado Dual Cab Utility P4119	39,465	24,273	0	(15,192)	23,128	27,000	3,872	0
Isuzu Tip Truck 12T	91,652	63,901	0	(27,751)	110,000	70,000	0	(40,000)
Isuzu Tip Truck 3T	31,592	29,625	0	(1,967)	24,435	35,000	10,565	0
Volvo Loader L60	54,905	56,000	1,095	0	57,338	60,000	2,662	0
Ford Ranger Utility	12,900	6,364	0	(6,536)	0	0	0	0
Other property and services								
Manager of Works vehicle P4138	42,304	32,070	0	(10,234)	35,802	47,727	11,925	0
Manager of Works vehicle P4157	36,224	32,721	0	(3,503)	35,802	47,727	11,925	0
Manager of Works vehicle P4161	35,924	32,721	0	(3,203)	0	0	0	0
	<u>547,958</u>	<u>422,645</u>	<u>1,095</u>	<u>(126,408)</u>	<u>470,489</u>	<u>793,794</u>	<u>363,305</u>	<u>(40,000)</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal	New	Principal		Principal		Interest		
	1 July		Loans	Actual	Budget	Actual	Budget	Actual	Budget
	2016				30 June 2017				
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Education and welfare									
Loan 93 - Aged Care Housing	0	95,000	0	0	95,000	0	270	0	
Community amenities									
Loan 38 - Sewerage	23,565	0	6,212	6,212	17,353	17,353	1,456	1,410	
Loan 40 - Sewerage	6,884	0	1,184	1,184	5,700	5,700	557	488	
Loan 78 - Sewerage Extensions	7,447	0	3,606	3,606	3,841	3,841	482	421	
Recreation and culture									
Loan 89 - Men's Shed Contribution	25,784	0	3,902	3,902	21,882	21,882	1,164	946	
Transport									
Loan 94 - WANDRRA Contribution	0	100,000	0	0	100,000	0	182	0	
Other property and services									
Loan 92 - Old Post Office Building	154,992	0	5,400	5,399	149,592	149,593	11,370	7,913	
	<u>218,672</u>	<u>195,000</u>	<u>20,304</u>	<u>20,304</u>	<u>393,368</u>	<u>198,369</u>	<u>15,481</u>	<u>11,178</u>	

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 2017

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2016/17

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total	Interest Rate %	Amount Used		Balance Unspent
	Actual \$	Budget \$				Interest & Charges \$		Actual \$	Budget \$	
Loan 93 - Aged Care Housing	95,000	95,000	WATC	Principle & Interest	20	38,846	3.58%	95,000	95,000	0
Loan 94 - WANDRRA Contribution	100,000	0	WATC	Principle & Interest	5	6,405	2.29%	100,000	100,000	0
Kukerin Sewerage Loan	0	400,000	WATC	Principle & Interest	Unknown	0	Unknown	0	400,000	0
	<u>195,000</u>	<u>495,000</u>				<u>45,251</u>		<u>195,000</u>	<u>595,000</u>	<u>0</u>

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2017.

(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 2017

22. RATING INFORMATION - 2016/17 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Total Revenue \$
General rate								
Gross rental value valuations								
GRV	0.125091	162	908,032	113,587	(873)	112,714	113,587	113,587
Unimproved value valuations								
UV	0.010701	293	129,842,148	1,389,441	262	1,389,703	1,389,412	1,389,412
Sub-Total		455	130,750,180	1,503,027	(611)	1,502,417	1,502,999	1,502,999
Minimum payment								
Minimum								
\$								
Gross rental value valuations								
GRV	385	75	95,442	28,875	0	28,875	28,875	28,875
Unimproved value valuations								
UV	385	22	332,423	8,470	0	8,470	8,470	8,470
Sub-Total		97	427,865	37,345	0	37,345	37,345	37,345
		552	131,178,045	1,540,372	(611)	1,539,762	1,540,344	1,540,344
Discounts/concessions (refer note 26)						(50,216)		(50,000)
Ex-gratia rates						11,427		12,000
Total amount raised from general rate						1,500,973		1,502,344
Specified Area Rate (refer note 24)						96,396		75,578
Movement in Excess Rates						381		0
Totals						1,597,750		1,577,922

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

23. NET CURRENT ASSETS

Composition of net current assets

	2017	2017	2016
	(30 June 2017 Carried Forward) \$	(1 July 2016 Brought Forward) \$	(30 June 2016 Carried Forward) \$
Surplus 1 July 16 brought forward	<u>1,331,887</u>	<u>356,278</u>	<u>356,278</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	1,567,274	176,439	176,439
Restricted	5,867,995	6,062,884	6,062,884
Receivables			
Rates outstanding	105,170	99,619	99,619
Sundry debtors	101,334	109,437	109,437
GST receivable	105,933	49,955	49,955
Provision for Doubtful Debts	(5,187)	(4,313)	(4,313)
Accrued Income	103,028	9,001	9,001
Fuel Tax Credit Accrual	36,477	33,760	33,760
Inventories			
Fuel & materials	16,596	15,736	15,736
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	106	244	244
Accrued interest on debentures	(3,041)	0	0
Accrued salaries and wages	(5,005)	(4,035)	(4,035)
ATO liabilities	(30,652)	(48,556)	(48,556)
Accrued expenses	(513,412)	(165,186)	(165,186)
Current portion of long term borrowings			
Secured by floating charge	(43,885)	(20,304)	(20,304)
Provisions			
Provision for annual leave	(134,026)	(116,575)	(116,575)
Provision for long service leave	(98,319)	(79,157)	(79,157)
Unadjusted net current assets	<u>7,070,384</u>	<u>6,118,948</u>	<u>6,118,948</u>
Adjustments			
Less: Reserves - restricted cash	(5,782,382)	(5,782,974)	(5,782,974)
Add: Secured by floating charge	43,885	20,304	20,304
Adjusted net current assets - surplus	<u>1,331,887</u>	<u>356,278</u>	<u>356,278</u>

Difference

There was no difference between the surplus 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus carried forward position as disclosed in the 2016 audited financial report.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

24. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

Specified Area Rate	Basis of Valuation	Rate in \$	Rateable Value \$	Total Specified Area Rate Revenue	Budget Rate Revenue \$
Sewerage Rates	GRV	12.9179	96,397	75,578	75,578
Pedestals				20,818	0
				<u>96,396</u>	<u>75,578</u>

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	Rate Applied to Costs \$	Rate Set Aside to Reserve \$	Budget Rate Applied to Costs \$	Budget Rate Set Aside to Reserve \$
Sewerage Rates	Future replacement of the Dumbleyung Sewerage Scheme. Pedestals are charged on non-residential properties based on the number of major fixtures connected at a property.	Dumbleyung Townsite	90,490	5,906	58,175	6,849
Pedestals			<u>90,490</u>	<u>5,906</u>	<u>58,175</u>	<u>6,849</u>

25. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

No service charges were imposed by the Shire during the year ended 2017.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2016/17 FINANCIAL YEAR

Rates Discounts, Waivers or Concessions

Rate or Fee to which Discount, Waiver or Concession is Granted	Type	Discount %	Actual \$	Budget \$	Circumstances in which Discount is Granted
General Rates (discount)		5.00%	49,847	50,000	A discount of 5% of the current rates levied (excludes charges of refuse and will be offered to ratepayers whose payment of the full amount owing, including arrears and charges, is received on or before the discount due date of 4.30pm on 12 August 2016.
Rate Assessment (waiver or concession)	Write-Off	N/A	369	0	
			<u>50,216</u>	<u>50,000</u>	

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

27. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	2/09/2016			11.00%
Option Two				
First Instalment	2/09/2016	15	5.50%	11.00%
Second Instalment	2/11/2016	15	5.50%	11.00%
Option Three				
First Instalment	2/09/2016	15	5.50%	11.00%
Second Instalment	2/11/2016	15	5.50%	11.00%
Third Instalment	2/01/2017	15	5.50%	11.00%
Fourth Instalment	2/03/2017	15	5.50%	11.00%
			Revenue \$	Budgeted Revenue \$
Interest on unpaid rates			10,179	5,000
Interest on instalment plan			5,000	5,000
Charges on instalment plan			2,430	6,000
			<u>17,609</u>	<u>16,000</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

28. FEES & CHARGES	2017	2016
	\$	\$
Governance	75	277
General purpose funding	3,385	3,755
Law, order, public safety	1,577	2,882
Health	0	250
Education and welfare	44,161	53,050
Housing	60,402	69,950
Community amenities	96,175	96,117
Recreation and culture	18,613	17,807
Transport	232	318
Economic services	33,434	25,895
Other property and services	48,422	28,926
	<u>306,476</u>	<u>299,227</u>

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

29. GRANT REVENUE

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

By Nature or Type:	2017	2016
	\$	\$
Operating grants, subsidies and contributions		
Governance	4,926	0
General purpose funding	2,296,251	731,077
Law, order, public safety	17,708	22,740
Community amenities	53,128	98,927
Recreation and culture	42,760	32,320
Transport	133,018	150,093
Economic services	0	12,391
	<u>2,547,791</u>	<u>1,047,548</u>
Non-operating grants, subsidies and contributions		
General purpose funding	717,360	268,759
Law, order, public safety	0	357,591
Community amenities	42,551	0
Recreation and culture	43,787	0
Transport	1,135,674	1,138,124
Economic services	83,363	220,693
	<u>2,022,735</u>	<u>1,985,167</u>
	<u>4,570,526</u>	<u>3,032,715</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>24</u>	<u>25</u>
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SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

31. ELECTED MEMBERS REMUNERATION	2017	2017	2016
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	12,900	20,000	14,650
President's allowance	18,000	18,000	18,000
Deputy President's allowance	2,000	5,000	2,000
Travelling expenses	8,392	10,000	7,343
Telecommunications allowance	6,669	4,600	4,458
	<u>47,961</u>	<u>57,600</u>	<u>46,451</u>

32. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2017
	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:	
Short-term employee benefits	303,890
Post-employment benefits	33,868
Other long-term benefits	7,541
Termination benefits	0
	<u>345,299</u>

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 31.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Shire's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

ii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

32. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

2017

\$

Associated companies/individuals:

Sale of goods and services

6,125

Purchase of goods and services

145,019

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

33. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2016/2017 financial year.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2016/2017 financial year.

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

35. FINANCIAL RISK MANAGEMENT

The Shire's activities expose it to a variety of financial risks including, 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	
	2017	2016	2017	2016
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	7,435,269	6,239,323	7,435,269	6,239,323
Receivables	472,639	322,339	472,639	322,339
	<u>7,907,908</u>	<u>6,561,662</u>	<u>7,907,908</u>	<u>6,561,662</u>
Financial liabilities				
Payables	552,004	217,531	552,004	217,531
Borrowings	393,368	218,672	416,017	253,829
	<u>945,372</u>	<u>436,203</u>	<u>968,021</u>	<u>471,360</u>

Fair value is determined as follows:

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

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

35. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash 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.

	2017	2016
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	74,353	62,393
- Statement of Comprehensive Income	74,353	62,393

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 2017

35. 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:

	2017	2016
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	90%	92%
- Overdue	10%	8%

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

35. 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>2017</u>					
Payables	552,004	0	0	552,004	552,004
Borrowings	59,456	200,956	260,136	520,548	393,368
	<u>611,460</u>	<u>200,956</u>	<u>260,136</u>	<u>1,072,552</u>	<u>945,372</u>
<u>2016</u>					
Payables	217,531	0	0	217,531	217,531
Borrowings	31,482	102,414	177,911	311,807	218,672
	<u>249,013</u>	<u>102,414</u>	<u>177,911</u>	<u>529,338</u>	<u>436,203</u>

SHIRE OF DUMBLEYUNG
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

35. 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:

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year ended 30 June 2017</u>								
Borrowings								
Fixed rate								
Debentures	3,841	0	17,354	5,699	121,882	244,592	393,368	4%
Weighted average Effective interest rate	6.42%	0.00%	6.40%	7.40%	4.91%	3.08%		
<u>Year ended 30 June 2016</u>								
Borrowings								
Fixed rate								
Debentures	0	7,447	0	23,566	6,884	180,775	218,672	5.27%
Weighted average Effective interest rate	0.00%	6.32%	0.00%	6.40%	7.40%	4.96%		

**SHIRE OF DUMBLEYUNG
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2017**

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.

	2017	2016	2015
Asset consumption ratio	0.87	0.96	0.98
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 as the Asset Management Plan is incomplete.

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

Opinion on the Audit of the Financial Report

We have audited the accompanying financial report of the Shire of Dumbleyung (the Shire), which comprises the statement of financial position as at 30 June 2017, 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.

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 2017 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).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Shire in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 59 of this report, we have reviewed the calculation of the Asset Consumption Ratio as presented and nothing has come to our attention to suggest it is not supported by:
 - i. verifiable information; and
 - ii. reasonable assumptions.

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

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

Responsibilities of Management and Council 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.

In preparing the financial report, management is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

The Council is responsible for overseeing the Shire's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

MOORE STEPHENS
CHARTERED ACCOUNTANTS



GREG GODWIN
PARTNER

Date: 29 November 2017
Perth, WA