



ANNUAL REPORT

2014/2015



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Section 1

Annual Electors

Shire of Dalwallinu



Minutes

2013/14 ANNUAL ELECTORS MEETING

16 December 2014

2013/14 ANNUAL ELECTORS MEETING

16 December 2014

1.0 OPENING & WELCOME BY PRESIDENT

The President declared the meeting open at 6:01pm.

Present

President

Cr RS Nixon
Cr GH Sanderson JP
Cr KL Carter
Cr AR Dickins
Cr SC Carter
Cr IW Hyde
Cr NW Mills
Cr MC Huggett

Members of the Public

Mr M Mills
Mrs I Mills
Mr B Cail
Mr J Roach
Mr R Lee

Chief Executive Officer

Deputy Chief Executive Officer

Mr PJ Crispin

Mr KT Jones

2.0 APOLOGIES

Cr KM McNeill JP
Mr W Dinnie
Mrs B Dinnie

3.0 MINUTES OF PREVIOUS ANNUAL ELECTORS MEETING

MOTION 7002

Moved Cr A Dickins

Seconded Cr K Carter

That the Minutes of the Annual Electors Meeting held on 18 March 2014 be confirmed

MOTION CARRIED

4.0 PRESENTATION OF ANNUAL REPORT CONSISTING OF:

4.1 PRESIDENT'S REPORT

MOTION 7003

Moved Cr S Carter
Seconded Cr G Sanderson

That the President's Report for the financial year 2013/14 be received.

MOTION CARRIED

4.2 CHIEF EXECUTIVE OFFICER'S REPORT

MOTION 7004

Moved Cr I Hyde
Seconded Cr K Carter

That the Chief Executive Officer's Report for the financial year 2013/14 be received.

MOTION CARRIED

4.3 FINANCIAL REPORT FOR THE 2013/14 FINANCIAL YEAR

MOTION 7005

Moved Cr M Huggett
Seconded Cr K Carter

That the 2013/14 Annual Financial Statements and Report, as presented, be received and adopted.

MOTION CARRIED

4.4 AUDITORS REPORT

MOTION 7006

Moved Cr I Hyde
Seconded Mr M Mills

That the Auditor's Report for the financial year 2013/14 be received.

MOTION CARRIED

5.0 OTHER INFORMATION & QUESTION TIME

Nil

6.0 GENERAL BUSINESS

Mr B Cail	How did the Medical Centre perform during the financial year?
Mr K Jones	Within budget, with the actual amount of the service provision in the financial statements.
Mrs I Mills	Whatever the cost, it is an investment for the town.

7.0 CLOSURE OF MEETING

There being no further business, the Chairperson closed the meeting at 6:24pm.



Section 2

Annual Reports

Councillors

July 2014-June 2015



Cr RS Nixon (Robert)
Shire President

PO Box 1 Kalannie WA 6268
Phone: (08) 9666 2045
Fax: (08) 9666 2100
Email: president@dalwallinu.wa.gov.au

Cr SC Carter (Steven)
Shire Deputy President;
Chairman – Works & Plant Committee
PO Box 148, Dalwallinu WA 6609
Phone: (08) 9666 3017
Fax: (08) 966 3066
Email: crscarter@dalwallinu.wa.gov.au



Cr KL Carter (Keith)
Chairman – Finance & Audit Committee
PO Box 10 Wubin WA 6612
Phone: (08) 9664 3051
Fax: (08) 9664 3020
Email: crkcarter@dalwallinu.wa.gov.au



Cr IW Hyde (Ian)
Chairman- Community Services & Economic Development Committee
PO Box 323 Dalwallinu WA 6609
Phone: (08) 9661 1578
Fax: (08) 9661 1578
Email: crihyde@dalwallinu.wa.gov.au



Cr GH Sanderson (Graham) JP
PO Box 48 Kalannie WA 6468
Phone: (08) 9666 2018
Fax: (08) 9666 2018
Email: crgsanderson@dalwallinu.wa.gov.au



Cr NW Mills (Noel)
PO Box 83 Dalwallinu WA 6609
Phone: (08) 9661 1094
Fax: (08) 9661 1217
Email: crnmills@dalwallinu.wa.gov.au



Cr MC Huggett (Mal)
PO Box 110 Dalwallinu WA 6609
Phone: (08) 9661 1094
Fax: (08) 9661 1367
Email: crmhuggett@dalwallinu.wa.gov.au



Cr KM McNeill (Karen) JP
PO Box 152 Dalwallinu WA 6609
Phone: (08) 9661 1162
Fax: (08) 9661 1162
Email: crkmcneill@dalwallinu.wa.gov.au



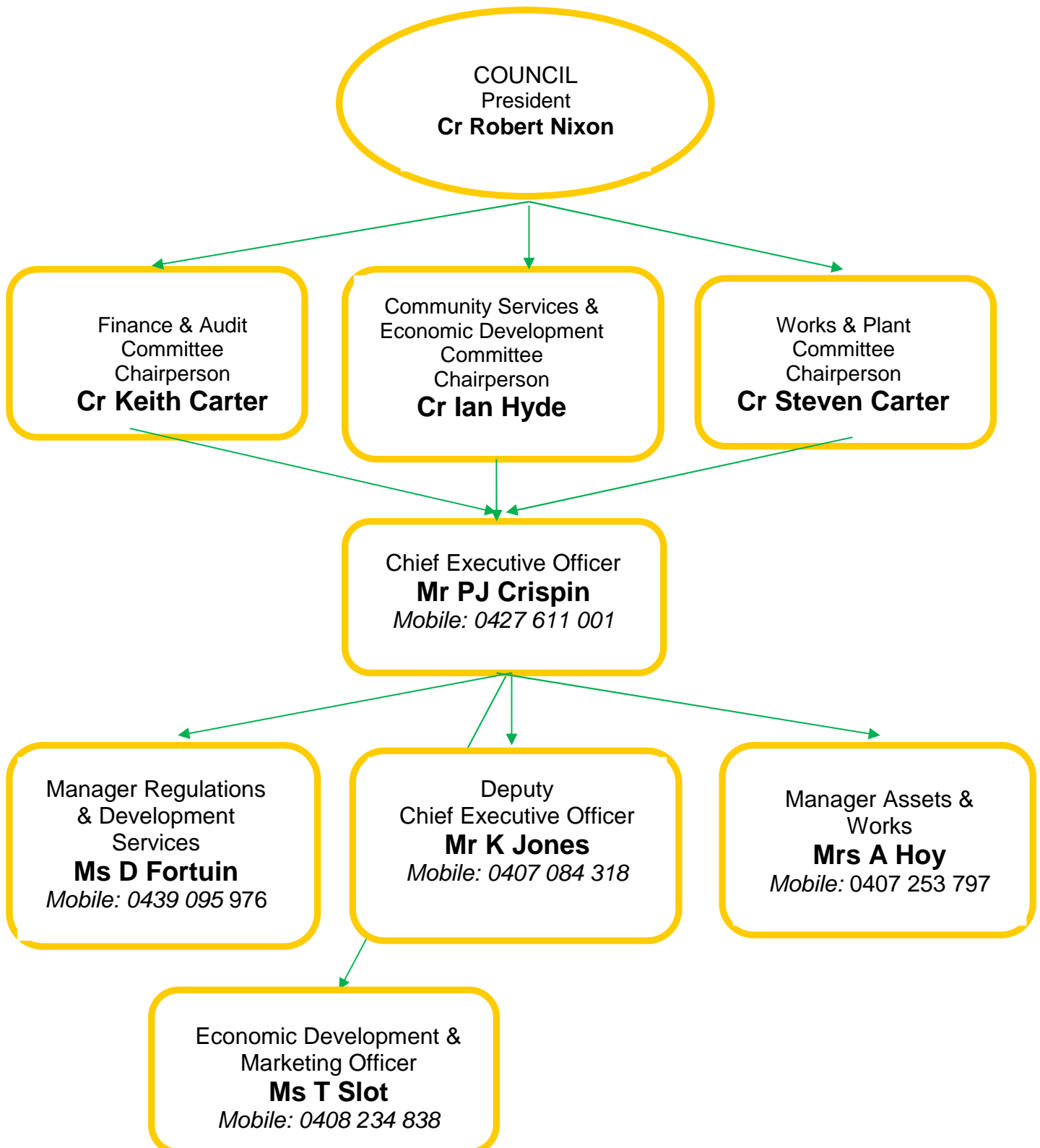
Cr AR Dickins (Anita)
PO Box 326 Dalwallinu WA 6609
Phone: (08) 9662 1000
Fax: (08) 9662 1112
Email: cradickins@dalwallinu.wa.gov.au



Management Structure

The Shire of Dalwallinu has developed its Management Structure to achieve efficient and effective delivery of services and to provide prompt customer service.

The three line Managers have been vested with specific responsibilities, and enjoy a high level of autonomy in carrying out their functions. This is coupled with direct accountability for their respective areas of management. The Managers share a strong commitment towards efficient delivery of Local Government services.





2014-2015 PRESIDENT'S REPORT

On behalf of Council I have much pleasure in presenting this report for the 2014-2015 Financial Year that provides details of the major activities and achievements of the Shire of Dalwallinu.

There were no Council elections during the reporting period and no changes in the senior management positions under the direction of the CEO, Mr Peter Crispin.

Budget Allocations for Infrastructure Maintenance

The maintenance of the Shire's extensive road network as a fit for the purpose network for transporting agricultural commodities with multi-combination vehicles is a priority. Substantial wear on the network occurs with the current tonnages of bulk farm inputs and subsequent grain deliveries to the five grain receival sites in the Shire. In response Council has approved budget allocations to meet these requirements. Most of the Class B,C and D roads servicing the Class A sealed roads are in the Network 3 & 4 category for Restricted Access Vehicles (RAV) up to 27.5metres long.

The allocation in the 2014-2015 Budget for the road construction programme was \$2,633,332 and qualifies for a contribution from the State Government's Regional Road Group, compared to \$2,506,183 in the previous budget. This budgeted amount was spent on asset preservation of the 1939km road network with a sealed network of 456kms. Major works included 10.91km of bitumen seal widening on the Dalwallinu Kalannie Road and the Goodlands Road, 48.35km of gravel re-sheeting, 33.93km of verge clearing and 10.21km of bitumen resealing. Total operating expenses for the year ended 30 June 2015 was \$8,504,430 spread over some 80 activities covering housing, aged care, medical services, recreation facilities and tourism promotion.

To meet future commitments the Plant, Land & Building and Sewerage Scheme reserves have been maintained. The loan liability at 30 June 2014 was \$1,311,042. It is well within the Shire's capacity to service. The Budget did include a provision for a new, but unused borrowing to facilitate the activity of Innovation Central Midlands Inc. established by the Shire of Dalwallinu, Moora and Wongan Ballidu. Tenders were called for the replacement of earthen pipe along Annetts Road in Dalwallinu to be funded from the Sewerage Reserve.

The Plant Replacement Programme 2015/16 – 2024/25 has been amended and will be used to prepare the draft 2015/16 Annual Budget and future versions of the Corporate Business Plan, Asset Management Plan and Long Term Financial Plan. However, long term planning with reserves doesn't preclude the flexibility to make

adjustments when opportunities arise, such as the recent purchase of a semi side tipper to increase gravel carting efficiency.

Council has adopted a Policy on Gravel Quarry rehabilitation. This should assist in landholders offering gravel closer to proposed road works resulting in reduced cartage cycle times and construction costs.

In February 2015 an extraordinary heavy rainfall caused considerable flood damage to sections of the road network. Fortunately this event was covered by Western Australian Natural Disaster Relief & Recovery Arrangements and the subsequent approval of damage claims has enabled the Shire to engage contractors to repair the damage.

A Draft Asset Management Plan 2014-2034 received and adopted by Council on the 25th November 2014.

Community Services and Support for Community Groups

The Shire operates the Dalwallinu Medical Centre that provides medical services beyond its boundaries and consequently it has an active patient list two times the Shire's population. Full cost recovery of these services hasn't been possible after providing a house and vehicle for a doctor, and expenses of a locum. Also the Swimming Pool doesn't achieve cost recovery from fees. Ratepayers are informed of the amount of the subsidies that is required to support these services in the "To the Elector" circular sent with the rate notices.

Community groups supported in the budget include the Dalwallinu Agricultural Society, Wubin Progress Incorporated - who operate and maintain a commendable museum complex, and the Liebe Group, who promote and engage in agricultural research and development. Other community groups were assisted through the Community Grants Scheme.

Economic and Community Development

Housing continues to be in short supply in Dalwallinu. Council approved in May 2015 a tender for the design, supply and erection of two homes in Leahy Street, Dalwallinu, for the Regional Repopulation Pilot Project. The homes will be funded from the regional portion of the Country Local Government Fund.

The town of Dalwallinu has been promoted as Great Northern Highway's agricultural and mining service centre. In August 2014 Council approved the development of factory units for funding with the 2013/14 individual Country Local Government Fund allocation. The units will be built on land purchased by the Shire in Huggett Drive. This development should further enhance economic activity.

In May 2015 tenders were called for the enclosure of the Dalwallinu Discovery Centre courtyards for use as rented office space or temporary gallery for displays.

In November 2014, following deliberation on the most cost effective alternative of caravan park ownership or management, Council's decided to advertise for the Sale by Tender of the Dalwallinu Caravan Park. It was later decided that no tenders be accepted. Therefore Shire ownership and management of the caravan park will continue. In June 2015 it was decided that the Kalannie Caravan Park be advertised for expressions of interests for lease.

Proposed upgrades to the Dalwallinu Recreation Centre, opened in September 1980, now require renovations. The concept plans to renovate the Centre are being changed in response to public consultation. It will be a substantial project. Also suitable renaming options for the redeveloped centre are being considered to better reflect its usage.

Community consultation has been by annual surveys and community meetings in Dalwallinu, Kalannie and Wubin. The work of community volunteers was again recognised through by active citizen awards.

Regional Involvement

Given that the Shire of Dalwallinu is in the northern portion of Wheatbelt Development Commission region that adjoins the Mid West Development Commission region, it consequently has involvement with Shires in both regions.

Innovation Central Midlands Inc has been established between the Shires of Dalwallinu, Moora and Wongan Ballidu to develop projects from the regional component of the Country Local Government Fund.

The Shire continues to provide administrative assistance, by agreement with the Department of Agriculture and Food, for Royalty for Regions funding for a dogger to control wild dogs in the Shires of Dalwallinu, Koorda, Perenjori and Yalgoo. It also participates in the Gundawa Association, a conservation group covering portions of the Shires of Dalwallinu, Koorda, Mount Marshall, Morawa, Perenjori, and Yalgoo, that was established by a mining company with tenements at Mount Gibson.

Shire Boundary Change Submission

Council approved the preparation of a submission, in consultation with consulting firm Conway Highbury, to the Local Government Advisory Board for a boundary change for the Shire of Dalwallinu. The area subject to the submission is almost identical to that transferred from the Shire of Dalwallinu to the Shire of Yalgoo in 1963. The grounds for the transfer include long term historical alignment with a current strong community of interest; Great Northern Highway providing a direct common transport link; economic connections; the provision of medical and emergency services from Dalwallinu; and the capacity of the Shire administration to offer high quality service within the area sought to be transferred. Local residents have been informed of developments including discussion at community meetings.

It is pleasing to see an increase in the number of requests for Citizenship Ceremonies from new residents. This is another measure of the ongoing benefits of the Regional Repopulation Project.

In conclusion, Council would like to acknowledge and convey its appreciation for the valuable contribution made by all the community volunteers whose efforts are essential to the functioning of all the voluntary organisations within the Shire's five towns.

Cr Robert S Nixon
President



Seniors Morning Tea at Discovery Centre



CHIEF EXECUTIVE OFFICER'S REPORT

2014-2015

On behalf of all Shire staff, I am pleased to present the Chief Executive Officer's Report for the 2014/15 financial year.

As I reported last year the shortage of housing in Dalwallinu continues to be a problem. A further two (2) dwellings have been tendered for completion in the coming financial year and two blocks of land have been purchased in Leahy Street. Further land development is being pursued by the Shire in the Bell Street area and via Landcorp extending the area from Leahy Street.

The Community Grant Scheme is offered by the Shire and provided funding to the Kalannie Community Resource Association, Dalwallinu Football & Hockey Club, Wubin Combined Sports Club, Dalwallinu Playgroup and Dalwallinu District High School P&C Association.

The Dalwallinu Medical Centre (under Dr Hendrick Smit and Practice Nurse Mrs Gail Smit) has once again provided an excellent service to our community. The services continue to be supplemented by the services of a second Doctor each Tuesday. This year more services were provided at the Medical Surgery as the Doctor managed his time effectively by not having to go to the hospital directly and the Practice Nurse provided greater support.

Local emergency services have been tested at times this past year but the volunteers have done a sterling job answering the call. Having been involved with St John previously I know the effort these people have to contribute to do the task and I congratulate them one and all.

The Dalwallinu Recreation Centre has had a preliminary set of drawings prepared to give the community an opportunity to give feedback on what is needed to upgrade this facility. Further consultation with the community will happen in the coming year which will culminate in a "project ready" set of plans. These plans will be ready when funding opportunities become available.

The 2012/13 Country Local Government Fund (CLGF) grant was reinstated for factory units and a block of land was purchased in Huggett Drive for this development. A tender will be advertised in the coming year for the construction of the factory units.

Mrs Angela Hoy was appointed as the Manager of Assets and Works replacing Mr Louka Shopov and brings a variety of experience in Assets and Contract Management to our Shire. Angela was previously employed at Halls Creek.

In November the Shire adopted the remaining Integrated Planning documentation that has been legislated by the State Government. A Risk Management Policy relating to Regulation 17 of the *Local Government (Financial Management) Regulations 1996* was also received and adopted by Council.

The Dalwallinu Freemasons provided funding, along with the Shire to produce a piece of public art in the tourist information bay area. This has yet to be completed but the end result will be a significant structure representing the Freemasons of our Shire.

As part of the ANZAC Centenary the Shire secured grant funding to produce a series of walls depicting Forces and their Horses in the ANZAC period. This project has been designed to be a part of a walk trail linking the Tourist Information Precinct and a number of tourist displays through to the Dalwallinu Discovery Centre.

The redesign and development of Richardson Park and the Tourist Information Precinct was developed by Council taking a slightly difference approach. A community focus group was formed that made recommendations to Council on what they determined were, through liaison with the public, appropriate concept plans. This process, although still ongoing, has been very successful.

The Aged Friendly Communities Grant was acquired this year and will be spent on upgrading footpaths taking into account the provisions for older members of the community and people with disabilities.

A significant investment was made this year in installing Solar panels on the roof of the Administration building in Johnston Street. Early indications have proven substantial savings in the electricity bills.

The Dalwallinu Discovery Centre courtyards, of which there are two, were identified by Council as being more useful if they were enclosed. The intent is to have areas available to small business or community groups that will lease them. The open courtyards were too hot in the summer months and too cold and wet in the winter time so the enclosures will make the areas more productive.

Finally, I wish to thank the managers and all the staff for their efforts this financial year. I congratulate them for their hard work and diligence which is not always appreciated and noticed.

Peter Crispin
Chief Executive Officer

Deputy Chief Executive Officer's Report

2014-2015



Asset valuations were a major concern for this year with Infrastructure Assets being revalued at "Fair Value". *(The fair value of an asset is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction (AASB 116.6)).* Roads, footpaths, drainage and other infrastructure have increased in value significantly after our consultants, did their calculations. The monitoring of assets is now an ongoing requirement as determined by legislation and the Shire now has a full time Assets Management Officer to cater for this.

The Shire continues to support the Central Wheatbelt Declared Species Group (CWDSG) by carrying out the financial administration matters on behalf of the group. This group essentially provides for the services of "dogger" a person responsible for trapping and removing wild dogs in the Shire. Actions are being taken by the CWDSG to transition from a Declared Species Group to a Recognised Biosecurity Group (RBG). This RBG would allow continued funding based on a rate being collected from landowners by the Office of State Revenue and the total amount collected from this rate matched dollar for dollar by the State Government.

The Shire continued the role of supporting the Gunduwa Regional Conservation Association. Financial administration services are provided via the Shire staff which ensures any money received or paid out goes through the Shire Trust Account.

BUDGET SURPLUS

Due to receiving advanced payments of (FAGs) grants and a number of unexpended capital grants, we found ourselves again with a surplus figure on the Rate Setting Statement. The expectation is to spend this surplus in the coming 2015/2016 financial year.

BORROWINGS

As at 30th June 2015 the total borrowings were \$1,199,163 which represents 3 Shire loans and 1 self supporting loan. There were no new borrowings during the 2014/2015 financial year. Debt principal repaid during the year was \$111,878.

INTEREST

Interest earnings for the 2014/2015 financial year amounted to \$172,169 against a budget of \$149,117. Of the interest income, \$82,407 resulted from short term investments on municipal funds.

CAPITAL FUNDING

Once again the majority of expenditure in the capital area was on our road infrastructure. A total of \$2,370,895 was invested in capital road works which was

augmented by grant funding of \$1.13 million from Regional Road Group Program and Roads to Recovery.

ROAD MAINTENANCE FUNDING

A further \$2.8 million was expended on road and other infrastructure maintenance.

AUDITORS

The Independent Auditor's Report shows that the Shire of Dalwallinu has no matters indicating significant adverse trends in the financial position or financial management practices.

TEAM CHANGES

Our accountant Hanna Jolly, re-joined us after the birth of twins. Leanne Parola took up the position of Assets Management Officer and we welcomed Emily Dutton as a Customer Services Officer. Being a small rural Shire our team numbers are low which means each of the employees are required to multi-task in many areas. I am extremely thankful that our existing administration team continue to support each other and the community carrying out their day to day tasks in a totally professional manner.

My thanks also go to the Councillors for their support during this eventful year. I look forward to next year and contributing to the success of the Shire.

Keith Jones
Deputy Chief Executive Officer

Manager Regulation and Development Services Report 2014-2015

This year the role of the Community Services Manager underwent some changes to better reflect the activities of the position. The Title changed to Manager Regulation and Development Services with all asset related work being transferred to the Manager of Works which also underwent a title change to Manager of Assets and Works.

This year Health and Safety featured a fair bit on the agenda, with the Shire receiving a visit from Worksafe who audited our health and safety systems. This resulted in 8 notices being issued under the Health and Safety Legislation. The result of which was that a number of the Shire's processes have been improved with the necessary recorded documentation. The Shire now has five health and safety representatives that represent all administration and outdoor staff. Regular quarterly Health and Safety Committee meetings are being held and the Shire is also represented at Regional meetings that are organised by Local Government Insurance Services (LGIS).

During this financial year the Council explored various options regarding the Dalwallinu Caravan Park, including seeking tenders for the purchase of the park. While there appeared to be a lot of interest in the park, only two tenders were received which were not accepted due to their low offer. The appointment of a full time caretaker to manage the park had been put on hold while the tender process was being undertaken. A temporary arrangement was organised for the park to be managed 6 hours a day over the wildflower season which was well received by the tourists. The new fulltime caretaker (Kirsty Cole) was appointed during the month of June 2015.

Every three years the Shire's sewer system has to undergo a rigorous audit as per the licensing conditions administered by the Economic Regulation Authority (ERA). The Audit took place in January 2015 at a cost of around \$18000 for ratepayers. The audit covered new legislation that had just been implemented and resulted in a number of minor non-compliances mostly relating to documentation and aligning a number of business, operational and financial plans to reflect the Sewage Asset Management Plan. The audit revealed a need for a lot more extensive documentation and administration of this area of operation which in our opinion is more applicable to larger metropolitan sewage systems than smaller regional country town systems. In light of this the Shire has approached the Minister to seek exemption from requiring licensing under the current regime. A meeting was held with the Department of Water to provide feedback on the new licensing regime with

some proposed new changes that would be more applicable to smaller schemes. An outcome of these initiatives are yet to be determined.

The Disability Access and Inclusion Plan (DAIP) had to be amended to include outcome 7 as required by the amended legislation. Outcome 7 states that People with disability have the same opportunities as other people to obtain and maintain employment within the public authority. Input into to outcome 7 was sought from the community with one response received. The Shire's Disability Access and Inclusion Plan was accordingly amended and adopted by Council.

There was a slight rise in the number of planning applications received and approved by Council this financial year. A total of 16 planning approvals were granted for a wide range of activities including workers accommodation, bed and breakfast, storage sheds, dwellings and telecommunications to name a few.

The number of building permits granted this financial year is one up from the previous year. A total of 20 building permits were issued with build values increasing from \$2,338,190 to \$3,730,312 for residential buildings and an increase from \$263,500 to \$ 500,000 for industrial type buildings.

Much work has gone into improving cleaning standards within Shire buildings. Cleaning staff were given extra training, with some changes to their regimes implemented. A steam cleaner was purchased to clean the floors at the medical, which has worked well with marked improvements in the condition of the cleanliness of the floor. The steam cleaner has also been successfully utilised throughout all the ablution blocks within the Shire to remove the build up of grime from grout between floor tiles.

The Ranger undertook private swimming pool inspections this year for compliance. Seven out of thirty three were found to not comply. Notices were issued under the Building Regulations 2012 requiring owners to rectify non-compliances. These non-compliances relate to faulty latches, gates and skimmer box lids.

This year saw some major repairs in the form of fixing the main pool leaks due to estimated water loss of 16,000Lt a day. This was a major undertaking by Shire staff as staff had to undertake all the excavation work. The surrounds of both pools had to be excavated to expose soil pipes for testing and repair. The lining of the main pool was also repaired. The cost for the contracted work was \$34,142. The time cost to the building maintenance team was around two months for two men. Unfortunately the leak in the toddler pool could not completely be resolved due to the location of one of the main leaks namely being the drain in the centre of the pool. To rectify this, the entire lining has to be replaced due to its perished state. This is planned for the coming financial year.



Repairs to pool leaks undertaken July and August 2014

This year also saw the inception of the Community Pool Revitalisation Programme. The Shire of Dalwallinu qualified for a \$30,000 grant which was spent on new pool blankets, a pool cleaner, life saving equipment, tables, chairs and loungers, a regulator and injector and skimmer box lids.

This financial year culminates in the departure of the author of this report, due to an interstate promotion. I would like to take this opportunity to thank staff and management for their continued support and hard work and wish my successor every success in this challenging yet rewarding role. I'd like to wish Council and the Community of Dalwallinu every success in the future. Dalwallinu has a bright future and is on the cusp of great things, which can only be realised with embracing the change that comes with the challenge of expansion.

Debbie Fortuin

Manager Regulation and Development Services

Manager Assets & Works Report

2014-2015



Acknowledgements

- Shane Morton and fellow crew for completing the Burtons Park, contributing to the design of Richardson Park.
- Kevin, Marty, Gordon, Smasher for as always keeping the town beautiful, and the water running, not to mention Shirley who gives her own free time to water the petunias.
- Tania for building maintenance and assisting with Town Crew
- Mike and Les for keeping the maintenance road works going.
- Glen, Ty, Burt, Dave, and Hugh for Road Construction projects
- Ted and Mark for continuing the maintenance grading.
- Shire Admin staff especially Judy and Emily for always assisting with paperwork.
- I also need to thank our external contractors and volunteers for their efforts to assist wherever possible.
- Lastly none of the above works mentioned would have been able to be completed without both the Town and Roads Crews. The crews are interchangeable and supportive of each other.

Construction

Every year the Shire of Dalwallinu spends a lot of its energy on constructing its roads and drains to the highest possible standard, and in the areas that have been deemed to be in the greatest need of upgrading or improvement.

The Shire was able to complete 95% of the projects from the Works Program. During the year two road reconstruction jobs, Reform and Re-sheet of 2.9 km of Damboring East Rd and 2.0 km of Jones Rd, were excluded from the Works Programme. Both roads were in reasonable and safe condition and Council decided to postpone the reconstruction until next year.

The Shire of Dalwallinu has continued taking a proactive approach towards maintaining our sealed road assets by undertaking some pavement reconstruction works (including widening 6 m wide sealed roads to 7 m).

The Shire was able to complete a total of 30 projects, which is a huge credit to the Construction Crew.

In the 2014/15 financial year the Shire spent \$1,985,416 on road construction. This work included:

- 26.21 km of resealing (a decrease of 5.4 km from 2013/14);
- 37.00 km of gravel sheeting (a decrease of 2.46 km from 2013/14);
- 13.31 km of pavement reconstruction and widening (an increase of 2.71 km from 2013/14);
- 1.21 km of footpath construction (an increase of 0.61 km from 2013/14).

The Shire of Dalwallinu expended the following amounts in the prescribed areas:

- | | |
|-------------------------|-------------------------------------|
| • Regional Road Group | \$923,806 (-\$25,164 from 2013/14) |
| • Roads to Recovery | \$543,700 (-\$177,165 from 2013/14) |
| • Road Program | \$471,629 (-\$181,832 from 2013/14) |
| • Footpath Construction | \$46,516 (+\$735 from 2013/14) |

The Shire obtained \$1,094,431 in grant funding to assist with the construction works. The breakdown of this funding was:

- | | |
|-------------------------------|------------------------------------|
| • Regional Road Group (State) | \$550,731 (-\$35,718 from 2013/14) |
| • Roads to Recovery (Federal) | \$543,700 (no change from 2013/14) |

Road Maintenance

The Shire of Dalwallinu not only constructs roads and drains but it also maintains these assets so that the public are able to utilise this infrastructure. The maintenance grader operators completed 1,504 km of grading for the entire financial year.

In 2014/15 the Shire of Dalwallinu spent \$1,159,477 to maintain the Shire's assets with regards to the Works Department. Some of that amount was spent in the following areas:

- | | |
|---------------------------|------------------------------------|
| • Road Maintenance | \$795,352 (+\$41,928 from 2013/14) |
| • Street Cleaning | \$92,914 (+\$10,495 from 2013/14) |
| • Traffic Signs & Control | \$67,545 (-\$45,031 from 2013/14) |
| • Street Tree Maintenance | \$27,468 (+\$2,603 from 2013/14) |
| • Footpath maintenance | \$10,704 (-\$19,866 from 2013/14) |
| • Road verge spraying | \$9,170 (-\$19,503 from 2013/14) |

Parks & Gardens

The Shire's Parks and Gardens employees work tirelessly all year round to ensure that all of the town sites in the Shire of Dalwallinu are welcoming to passing motorists and Shire residents alike. Not only does the Works Department manage the parks and gardens but they also maintain the other public open spaces in the Shire that comprise ovals and other areas that residents and tourists may visit that are not necessarily parks.

In 2014/15 the Shire of Dalwallinu spent \$302,000 (an increase of \$41,487 from 2013/14) on maintaining its parks and gardens. A total of \$102,457 93,579 (+\$8,878 from 2013/14) was spent on the Dalwallinu and Kalannie ovals in 2014/15; with \$59,698 spent on the Dalwallinu Oval and \$42,665 spent on the Kalannie Oval.

Plant & Machinery

In 2014/15 the Shire of Dalwallinu purchased a number of items of plant to assist with the completion of the Works Program and maintain a sustainable and economical fleet.

The three major items of plant purchased during the year were:

- Replacement Grader \$348,500
- Replacement Road Sweeper \$106,951
- Fire Truck \$353,888

In addition, \$146,643 was transferred into the Plant Reserve for future purchases.

Closing Comments

In addition to the Roads to Recovery Funding, the Shire was successful in a claim to receive over 7 million dollars for Flood Damage. This money will be expended in the 15/16 and 16/17 financial years on roads that suffered flood damage.

Whilst feedback from the public is important, it would be great to receive as many compliments as we do complaints. The Shire crews work very hard, so if you see them please take the time to say thank you, or even better write us a short note so we can display for all to see.

I look forward to continuing to develop and assist both crews, as well as the building crew over the 2015/16 period.

Angela Hoy
Manager Assets & Works



Medical Officer's Annual Report 2014-2015

This financial year the medical practice has continued to provide security for patients in the knowledge of having readily available medical care.

Patient numbers continued to increase with people moving into the Shire. Patients from surrounding communities, including nearby mine sites, also continued to access the practice services.

The practice manager and reception staff forms an important part of delivering a friendly, confidential and efficient service to all patients accessing the practice and their contribution should not be undervalued.

The services of our practice nurse Gail Smit, remains in high demand. It forms an important part of the service delivery of the practice. She is able to do many non-essential tasks which free up time for the doctors to focus on delivering better health care.

The practice is fortunate to still have the services of a GP Registrar, Dr Vesna Blazesk, one day per week, during this financial year.

Dr "Ellie", the visiting female doctor, continued to visit the practice on a monthly basis to attend to woman's health issues on request.

Our visiting Psychologist from Perth (fortnightly) and a diabetic educator from Northam (every 2 months) continued their visits.

The practice was fortunate once again to secure the locum service of Dr Andrew Trappitt during Dr Smit's annual leave, and appreciates his ongoing availability.

The doctors and staff at the medical practice want to thank the Dalwallinu Shire Council and Administration for their support during this financial year.

Dr Hendrik Smit
MB ChB, FRACGP

Dalwallinu Hospital

Annual Report 2014-2015



Dalwallinu Hospital continues achieving high standards of care. Evidence of this can be found on our Quality board in the foyer of the hospital with current results of audits and surveys collated across the Wheatbelt and put into easy to understand formats for all the community to see .

New professional guidelines for all staff means the demand for and increasing reliance on eLearning for our staff. It has been great to see staff have now been embracing this form of training and constantly updating their skills by completing online training.

Staffing numbers in the area of nursing has dipped a little as some of our longer term staff move on to new areas of their life. With the recruitment process well underway we look forward new faces in the workforce.

Our data entry system for all patients has been upgraded with the introduction of WebPAS on July the 7th along with other western Wheatbelt sites. This streamlined program will improve access to patient files, pathology and radiology results and decrease some information management issues.

Primary Health continues to have a strong presence at Dalwallinu. Unfortunately efforts to get a physio have not been successful for some months .Recruitment will continue and hopefully this position will be filled soon.

The Southern Inland Health Initiative (SIHI) funds for upgrades to the hospital are in the final planning stages. The plans will show an increase in access to ambulatory care, easier access to service's in the hospital, a purpose built Child health room and waiting area, a complete renovation to the kitchen to meet food safety standards and other smaller electrical plumbing improvements.

As we continue to provide excellent emergency services to the community so to our reliance on the volunteers especially St Johns Volunteer Ambulance officers continues. We thank them for their commitment and dedication to their community.

Jeanette Syme
Health Service Manager
Dalwallinu Hospital



Dalwallinu St John Ambulance President's Report 2014-2015

As my first year draws to a close I would like to thank all the volunteer's for their help as it has been a very successful and challenging year in the fact that the new training is now in full swing. We have all three ambulances changed over to Mk6 vehicles and fully equipped. There have also been crews that have attended the Blues festival in Perenjori, the ANZAC memorial in Albany, Lancelin mass casualty exercise along with all the sporting events in Pithara, Dalwallinu and Kalannie, together with covering all the emergency call outs around the district.

We have covered 135 calls, being 118 at Dalwallinu and 17 for Kalannie for the last 12 months, of which 36 have been Priority 1 with some very rewarding outcome and others that were not so rewarding for the crews involved. But at this point I must say that we do get very good support from St John in their wellbeing clinics that they now run.

St John over the past few years have been implementing a new training program which has come into affect this year meaning that all volunteers have to be signed off every year on their skills to maintain their currency. In Dalwallinu we have being implementing this over the last two years and have found that the training is going well with good numbers turning up and the skills being kept up to a very high standard. Kalannie have been very lucky in the last few months as Deb Mincherton has taken on training out at Kalannie, which has greatly reduced their travel time each month. Also, many thanks to Karen Christian for continuing the Dalwallinu training programme. Along with the new training St John have also implemented the PCR form to be electronic, now known as "EPCR". This has been a long learning progress but I think we are at the point that everybody is now able to use them.

We always welcome new members to join and have recently had Tiffany Merritt join to be a Volunteer Ambulance Officer, which will be of a great help to the team giving Dalwallinu 8 current Volunteers Ambulance Officers.

The Dalwallinu St John is in a good financial position at the moment with many projects completed and still many under way. We have the street numbering in progress out at Kalannie with and the rest of the towns following in the near future. We have the building signage at the point of ordering for both the Dalwallinu and Kalannie centre also an honour board that will be displayed in our sub-centre. The garden has now been completed, giving a much improved appearance to the front of the emergency building. We have also completed the renewal of all three Ambulance

from Mk 5 to Mk 6 vehicles which have more room in them and allow us to carry more equipment.

The building this year in Dalwallinu has been signed off for Occupational Health and Safety with some minor improvements still to follow, hopefully we will be able to bring Kalannie into line with the OHS program in the coming year.

I would like to thank Cervantes for the very generous donation of the Mk 6 Ambulance to Kalannie.

I would like to give my thanks to Natalie Sutherland for doing the garden and catering over the last three years and for the time and effort she has put into the committee with St John, as she steps down from the committee. I would also like to give a big thanks to Rebecca Wilson for four years of tireless hard work as treasurer and purchasing officer. With that I would like to welcome Eliza Wallis who is taking on the purchasing and Alieska Van Der Schyff for taking on the treasurers position. I would also like to thank Bill Harris for his hard work as our secretary. Also, many thanks goes to the DFES volunteers for their help though out the year. Lastly, my thanks go to our entire volunteer team for the many hours that are put in to keep the Ambulance service available in our district.

Craig Sutherland
St John Chairperson Dalwallinu





CBFCO Annual Report 2014/2015

There were 3 lightning strike fires reported and these resulted in very little damage. Thanks to the prompt action of farmer units and the timely arrival of rain.

Dalwallinu bush fire brigade assisted Dalwallinu FRS with a scrub fire caused by a burning vehicle.

We had one suspicious fire on a truck bay north of Wubin.

We sent two crews and two trucks to the Boddington fire.

We sent trucks and crew to the Toodyay fire.

We sent a truck and crew to the Bullsbrook fire.

We sent a truck and crew to the Bindoon military base fire.

Overall locally 2014/15 was a very quiet year for fires in the Dalwallinu Shire.

Thank you to the FCO's and volunteers for you efforts and assistance for the year.

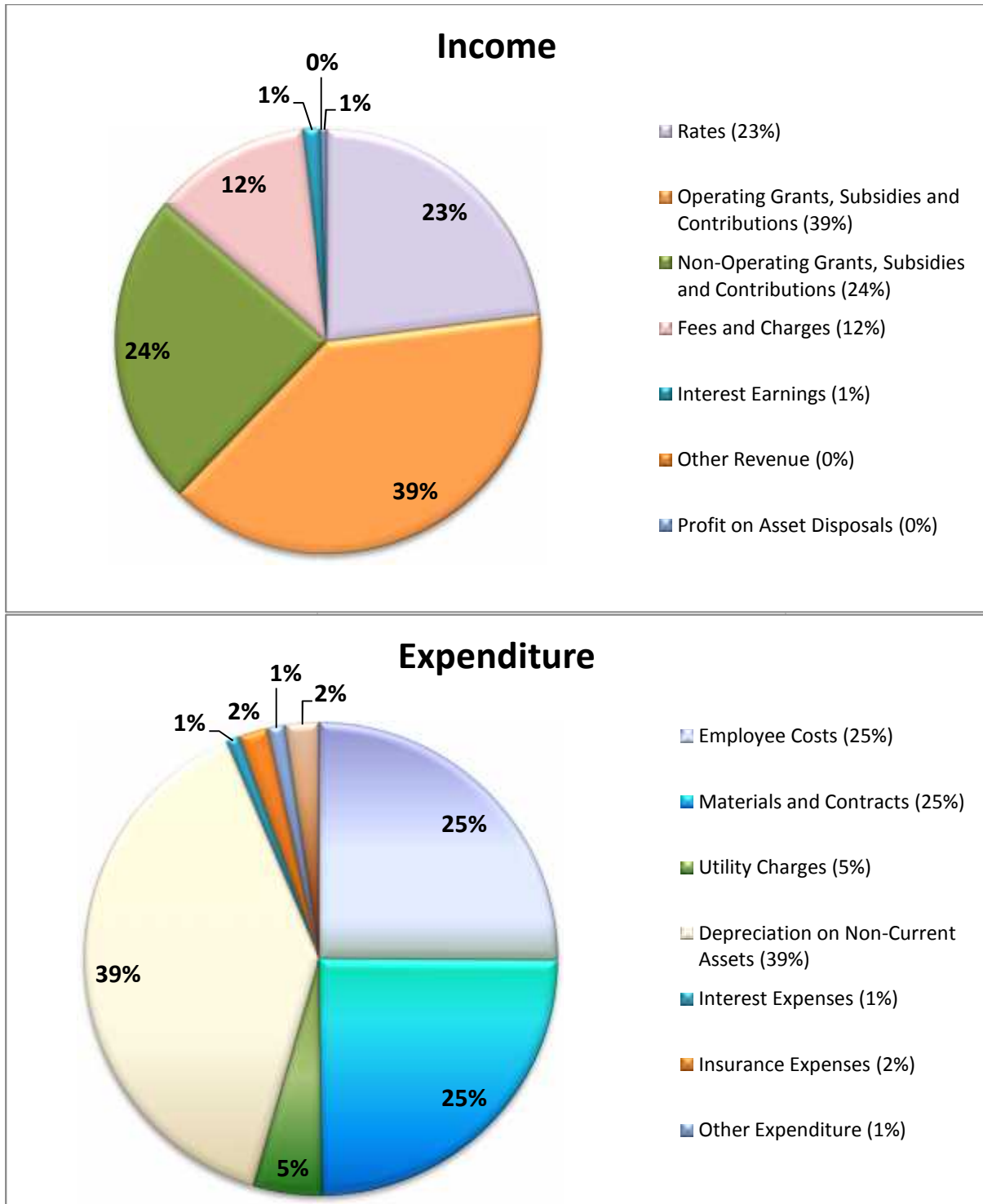
Report by:

Gary Butcher
Chief Bush Fire Control Officer



Operating Revenue and Expenditure

FOR THE YEAR ENDING 30 JUNE 2015



SHIRE OF DALWALLINU
STATISTICAL COMPARISON REPORT FOR EIGHT YEARS
FOR THE YEAR ENDED 30TH JUNE 2015

	2007/08 ACTUAL	2008/2009 ACTUAL	2009/2010 ACTUAL	2010/2011 ACTUAL	2011/2012 ACTUAL	2012/2013 ACTUAL	2013/2014 ACTUAL	2014/2015 ACTUAL
RATE REVENUE								
Income/Receipts	1,881,012	1,968,774	2,279,781	2,399,955	2,509,733	2,637,184	2,787,730	2,873,126
Increase/Decrease on Previous Year	79,704	87,762	311,007	120,174	109,778	127,451	150,546	85,396
% Increase/Decrease on Previous Year	4.42%	4.67%	15.80%	5.27%	4.57%	5.08%	5.71%	3.06%
LOAN REPAYMENTS (all loans)								
Principal & Interest	130,667	142,206	171,061	181,605	191,100	190,829	190,707	192,100
Increase/Decrease on Previous Year	-1,714	11,539	28,855	10,544	9,495	-271	-122	1,393
% Increase/Decrease on Previous Year	-1.29%	8.83%	20.29%	6.16%	5.23%	-0.14%	-0.06%	0.73%
% Revenue (Rate)	6.95%	7.22%	7.50%	7.57%	7.61%	7.24%	6.84%	6.69%
LOAN PRINCIPAL OUTSTANDING (excl Self Supporting)								
Balance at 1 July	481,665	386,534	1,753,774	1,601,885	1,528,437	1,450,877	1,368,656	1,281,480
Balance at 30 June	386,534	1,753,774	1,601,885	1,528,437	1,450,877	1,368,656	1,281,480	1,199,163
Increase/Decrease on Previous Year	-95,131	1,367,240	-151,889	-73,448	-77,560	-82,221	-87,176	-82,317
% Increase/Decrease on Previous Year	-19.75%	353.72%	-8.66%	-4.59%	-5.07%	-5.67%	-6.37%	-6.42%
SALARIES AND WAGES								
Salaries	979,299	1,303,429	1,100,736	1,264,200	1,419,564	1,504,202	1,652,635	1,536,942
Wages	869,830	936,194	994,031	1,051,996	1,166,577	1,236,131	1,288,729	1,333,296
Total Payroll	1,849,129	2,239,623	2,094,767	2,316,196	2,586,141	2,740,333	2,941,363	2,870,238
% Increase/Decrease on Previous Year	0.96%	21.12%	-6.47%	10.57%	12.89%	6.66%	7.77%	-2.60%
% Revenue (Rate)	98%	114%	92%	97%	103%	104%	106%	100%
GRANTS COMMISSION GENERAL PURPOSE GRANT								
Amount Received	804,065	869,448	910,611	972,400	995,771	1,119,218	1,286,457	2,520,540
Increase/Decrease on Previous Year	44,207	65,383	41,163	61,789	23,371	123,447	167,239	1,234,083
% Increase/Decrease on Previous Year	5.82%	8.13%	4.73%	6.79%	2.40%	12.40%	14.94%	95.93%
FEDERAL/STATE ROAD GRANTS								
Amount Received	1,900,079	1,998,882	1,653,720	1,710,433	2,199,628	2,268,411	2,438,127	4,014,195
Increase/Decrease on Previous Year	270,492	98,803	-345,162	56,713	489,195	68,783	169,716	1,576,068
% Increase/Decrease on Previous Year	16.60%	5.20%	-17.27%	3.43%	28.60%	3.13%	7.48%	64.64%
PERFORMANCE INDICATOR								
Total Accum. Balance 1 July	30,455,575	31,357,521	33,346,980	35,672,130	36,981,214	38,600,077	39,488,252	38,357,268
Total Accum. Balance 30 June	31,357,521	33,346,980	35,672,130	36,981,214	38,600,077	39,488,252	38,357,268	41,859,359
Increase/Decrease on Previous Year	901,946	1,989,459	2,325,150	1,309,084	1,618,863	888,175	-1,130,984	3,502,091
% Increase/Decrease on Previous Year	2.96%	6.34%	6.97%	3.67%	4.38%	2.30%	-2.86%	9.13%

Competition Policy

Competition Reform

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. There are a number of specific requirements placed on Local Government in the areas of competitive neutrality, legislation review and structural reform.

Each Local Government is required to report its progress in achieving NCP reforms in its annual report.

Competitive Neutrality

The principle of competitive neutrality is that government businesses should not enjoy a competitive advantage, or disadvantage, simply as a result of their public sector ownership. Measures should be introduced to effectively neutralise any net competitive advantage flowing from government ownership.

Competitive neutrality should apply to all business activities, which generate a user-pays income of over \$200,000, unless it can be shown it is not in the public interest.

A public benefit test is used to determine if competitive neutrality is in the public interest.

This involves assessing the benefits of implementing competitive neutrality against the costs. If the benefits exceed the costs, competitive neutrality should be implemented.

Annual Reports must show that a public benefit test has been conducted for all significant business activities. They should also provide information on how a decision was reached to implement or not implement competitive neutrality in each case.

If competitive neutrality has been found to be in the public interest, the Annual Report must show the schedule for implementing it over the coming year.

As the Shire of Dalwallinu does not have any 'Significant Business Activities' with an annual user-pays income exceeding \$200,000 pa this negates further action or reporting obligation.

LEGISLATION REVIEW

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

There are specific reporting requirements which must be included in the Annual Report, including:

A statement of which local laws have been reviewed, the conclusions of those reviews, and an implementation schedule for any resultant recommendations;

In 2000, Council reviewed all Local Laws. A further review of Local Laws was undertaken in 2014-15.

A forward strategy for Local Health Laws is still to be reviewed, however until the Health Act and Regulations are reviewed, no action can be taken for those local laws.

The Shire of Dalwallinu received advice as to NCP compliance, however will await the review of the Health Act.

A statement indicating that the Clause 7 legislation review principles have been complied with. (The Clause 7 statement is the agreement reached between the Western Australian Local Government Association and the State Government on application of NCP.)

Review of the Operating Procedures and Local Laws for the Shire of Dalwallinu confirm legislative requirements have been complied with, as required.

STRUCTURAL REFORM

Before Local Governments privatise a monopoly business activity or introduce competition into a sector dominated by a monopoly or near monopoly, the regulatory and commercial activities must be separated and a review undertaken.

Where applicable, all Local Governments in Australia must report their adherence to structural reform principles. At present, this requirement has a very limited impact on Local Government in Western Australia, and most will not need to provide this information.

Disability and Access Plan Report

Council maintains all public buildings to the requirements for disabled access.

The Dalwallinu Library contains information to assist persons with disabilities and a range of aids are provided, for example cassette and large print books.

Council's Disability Access and Inclusion Plan has now been finalised and is available for review at the Administration Office. Persons wishing to discuss needs and requirements should contact Council's Environmental Health Officer.

Section 29 of the Disability Services Act 1993 requires Council to provide a report on the implementation of their Disability Services Plan.

In accordance with the Act, and the requirements issued under the five key outcomes, the following information is provided:

Key Outcome One – Existing Services (adopted)

Footpath improvements are ongoing. Footpaths were constructed in Leahy Street, Dalwallinu as well as Hathway Drive, Kalannie. These works include pram ramps down to road level to assist access. Furthermore a number of additional ACROD parking bays have been provided in the Shire.

Key Outcome Two – Access to Buildings is Improved

In 2007, the Shire of Dalwallinu commissioned E-QUAL to prepare a disability access audit report for the Shire. The report identifies access issues and recommends certain actions.

Council considered the findings of this report and determine priorities for incorporation in a schedule of works forming part of the Budget.

As a result a number of initiatives have been implemented throughout the year aimed at improving access for people with disabilities to existing buildings of a public nature with the Shire.

In addition the Council's Community Services and Economic Development Committee have identified the need for the provision of additional housing for the aged within the Shire of Dalwallinu.

Key Outcome Three – Information Provided in Formats, which meet the communication requirements of people with disabilities

Library information includes all levels of books and information to assist individuals with specific disabilities. Additional formats ie brail can be provided on request.

Key Outcome Four – Advice and Services provided by staff with understanding of persons with disabilities

Staff are aware that issues may arise and have access to management staff who can further assist. Staff awareness has been improved by ensuring that the formal staff induction process contains information relating to compliance with the requirements of the Disability Services Act 1993.

Key Outcome Five – Opportunities are provided for persons with disabilities to participate in public consultations, grievance mechanisms etc.

Council provides opportunities for all residents and interested persons to participate. All public venues chosen are provided with disabled access.



Shire display at Dalwallinu Ag Show



Stillborn baby memorial area at cemetery

EMPLOYEE REMUNERATION

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

Salary Range	2015	2014
\$		
100,000 – 110,000	1	
110,001 – 120,000	1	1
* 400,000 – 410,000	1	
* 410,001 – 420,000		1

*note: these figures relate to the employment of a Doctor.



Advanced English Class held at Discovery Centre

RECORDKEEPING PLAN REPORT

Consistent with the provisions of the *State Records Act 2000*, the Shire of Dalwallinu has, at 14 September 2004, adopted an Approved 'Recordkeeping Plan' and satisfied the compliance requirements of the Act, and has provided sufficient and appropriate training for the staff in this responsibility having had the Chief Executive Officer approve the Operational Procedures Manual for this training. This plan was reviewed in November 2007 and again in 2014-15.

PURPOSES

The purpose of this Recordkeeping Plan (RKP) is to set out the minimum requirements as to which records are to be created by the Shire of Dalwallinu and how it is to keep its records. Recordkeeping Plans are to provide an accurate reflection of the recordkeeping program within the organisation, including information regarding the organisation's recordkeeping system(s), disposal arrangements, policies, practices and processes. The RKP is the primary means of providing evidence of compliance with the Act.

OBJECTIVES

The objectives of the Shire of Dalwallinu Recordkeeping Plan are to ensure:

- Compliance with Section 19 of the State Records Act 2000;
- Recordkeeping within the Local Government is moving towards compliance with State Records Commission Standards and Records Management Standard AS ISO 15489;
- Processes are in place to facilitate the complete and accurate record of business transactions and decisions;
- Recorded information can be retrieved quickly, accurately and cheaply when required; and
- Protection and preservation of the Local Government's records.

PERFORMANCE INDICATORS

Under Section 6.2 of the Shire of Dalwallinu's Recordkeeping Plan, Performance Indicators, as listed below, were tested successfully with less than 10% error rate being recorded:

- An annual test to retrieve documentation with a random choice;
- Selection of twenty items with an error rate less than 10% being acceptable.

State records commission standard 2: Principal 6

RECORD KEEPING TRAINING PROGRAM

This Shire has employed a full time Records Officer since 2005 who has been trained to be proficient in all aspects of Records Keeping in relation to the software Council has in place Synergy Soft. The Records Officer also provides training to other staff in relation to the requirements of the Records Keeping Plan.

REVIEW OF THE EFFICIENCY AND EFFECTIVENESS OF THE RECORD KEEPING TRAINING PROGRAM.

A briefing session for all staff on the requirements of the RKP and their responsibilities was conducted in 2004. As a consequence of this process the need for an electronic recording system was identified, the system “Synergy Soft Records” was introduced in September 2005 and the annual test carried out in December 2010 has shown the System to be very successful.

The Shire of Dalwallinu’s induction program addresses employees’ roles and responsibilities in regard to their compliance with the Record Keeping Plan (RKP).

Each new employee is presented with a comprehensive Induction Manual which includes the requirements of the RKP. The Records Officer also provides – brief overview of the practical application of the plan.



PLAN FOR THE FUTURE OF THE DISTRICT

On 11 August 2009, the Council adopted a “Plan for the Future of the District” for the next four years. The plan identified 6 priorities in order of importance. Strategies were then developed for the first 4 priorities. A review of the status of these 4 priorities follows.

PRIORITY 1 – ATTRACT AND SUPPORT BUSINESS AND SERVICES

Strategy 1 Provision of residential and industrial/commercial land

- Landcorp has completed stage one of the Hospital Land Subdivision
- Town planning scheme review has commenced and was completed in the 2013/14 financial year
- A tender has been let for the development of two 3 bedroom transportable dwellings in Leahy Street which will be completed in the 2015-16 year.

Strategy 2 Planning and promotion of Dalwallinu businesses and services

- Economic Development & Marketing Officer employed since July 2009
- Expansion of online presence
- Relationships with mining companies to North of the Shire developed and maintained

Strategy 3 Investment attraction and readiness

- Business Attraction and Incentive Policy reviewed
- Highway signage program reviewed

Strategy 4 Increase the population capacity of the district

- Hospital Land subdivision now available
- Use of vacant farm houses being investigated

Strategy 5 Support the development of the tourism industry

- Support given to Tourism Committee and “Wildflower Promotions”
- Project Officer undertook several promotional activities during the year, including at the Caravan and Camping Expo and Dowerin Field Day
- Supported the Dalwallinu School Centenary Celebrations

Strategy 6 Support the development of the mining and agricultural support industries

- Maintained and developed new relationships with several mining companies

Strategy 7 Create an environment conducive to employment growth

- Consulted widely with local businesses to ascertain the restrictions on business growth
- Finalising the Town Planning Scheme review, which includes an expansion of the current area zoned industrial

Strategy 8 Develop a range of housing options, including rural residential land, to increase the district's population capacity

- Hospital Land Subdivision stage one completed
- Town Planning Scheme review being finalised
- Local Planning Strategy being finalised

PRIORITY 2 – IMPROVED LIFESTYLE

Strategy 1 Provide or facilitate the provision of adequate and sufficient aged and disability services

- Continued to provide dedicated aged and over 55's accommodation
- Continued to work with local health providers to ensure sufficient services

Strategy 2 Provide, facilitate the provision of or lobby for improved telecommunications services for all residents

- Continued to lobby for improved services (particularly black spots) with private agencies and government

Strategy 3 Provision of high quality medical services

- Continuing employment of a Doctor and provision of the local medical practice
- Working with state authorities to improve services from Dalwallinu District Hospital
- Employed a practice nurse
- Provision of other services, such as an optician working from the Medical Centre

Strategy 4 Develop youth facilities and improve sport, recreation, social and cultural facilities – and ensure the maximum possible usage of these facilities

- Support of the Dalwallinu Dance Group in the provision of their program
- Maintained several high quality sports facilities for community use
- Continued support for youth activities

Strategy 5 Develop a law abiding and friendly community, with a strong civic focus and appreciation of the efforts of the district volunteers

- Open communication maintained with district police officers
- Continued promotion of the Shire's emergency services volunteers
- Advocating for residents to report illegal activities (especially where affecting community assets)

Strategy 6 Ensure that the Shire's operations are conducted in an ecologically responsible manner

- Policy exists to always use solar hot water on all new houses and replacement systems
- Applied for grants for conversion to solar power

PRIORITY 3 – ESTABLISH DALWALLINU AS A CENTRE FOR REGIONAL SERVICE PROVISION

Strategy 1 Develop effective relationships with key government agencies

- Strong relationship developed with Landcorp – with particular focus on land development within the Shire
- Continued relationships with various government agencies such as MRWA, RDL, Water Corp, Housing etc

Strategy 2 To develop strong communication with appropriate State and Federal members of Parliament

- Maintained a strong working relationship with several local members of Parliament
- Attended community parliaments whenever run and met with various Ministers

Strategy 3 Promote the Shire's geographical advantages to key stakeholders

- An active strategy of including the importance of the Shire's strategic location on Great Northern Highway was pursued at every opportunity
- The location relevant to the mid west mining developments has been promoted to all visitors to the Shire.

Strategy 4 Shire to increase its ability to support neighbouring Shire's with key service provision and professional services

- The services of administration staff have been requested several times by neighbouring Shire's during the past year

Strategy 5 Make Dalwallinu a preferred venue for conferences and seminars

- Completion of the Dalwallinu Discovery Centre has provided a high quality venue to be used in this objective

PRIORITY 4 – POSITION COUNCIL FINANCIALLY TO BE ABLE TO TAKE UP LAND ACQUISITION OPPORTUNITIES

Strategy 1 Establish town planning plans and procedures to enable land development opportunities to progress for the greatest benefit of the district

- Town Planning Scheme review has been finalised
- Local Planning Strategy review has been finalised

Strategy 2 Establish a financial strategy to ensure development opportunities are achievable

- All land/ building sales proceeds are held in reserve for future developments

Strategy 3 Identification of potential land development sites and development of appropriate business plans for development

- Hospital Land Subdivision stage one completed with Landcorp
- Several other sites of interest were identified with the Shire and negotiations with land holders and state government agencies in progress

Strategy 4 Ensure that business plans for land development maximise the benefit to the district

- Plans to be developed after the Town Planning Scheme and Local Planning Strategy are completed



ANZAC Day 2015

Section 3

Financial Report

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

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Principal place of business: 58 Johnston Street Dalwallinu WA 6609	

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the 17th day of NOVEMBER 2015


Tony Doust
Acting Chief Executive Officer

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

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Rates	21	2,873,126	2,873,397	2,787,730
Operating grants, subsidies and contributions	27	4,915,006	2,926,573	1,838,906
Fees and charges	26	1,499,411	1,511,616	1,421,910
Interest earnings	2(a)	172,178	167,865	172,169
Other revenue		959	515	9,456
		<u>9,460,680</u>	<u>7,479,966</u>	<u>6,230,171</u>
Expenses				
Employee costs		(2,186,261)	(2,655,167)	(2,088,975)
Materials and contracts		(2,150,466)	(1,597,558)	(1,876,535)
Utility charges		(414,284)	(435,376)	(430,064)
Depreciation on non-current assets	2(a)	(3,395,712)	(3,451,095)	(3,087,016)
Interest expenses	2(a)	(80,222)	(80,620)	(85,130)
Insurance expenses		(173,563)	(245,543)	(131,349)
Other expenditure		(103,922)	0	(80,890)
		<u>(8,504,430)</u>	<u>(8,465,359)</u>	<u>(7,779,959)</u>
		956,250	(985,393)	(1,549,788)
Non-operating grants, subsidies and contributions	27	2,988,611	2,926,479	1,151,270
Loss on revaluation of non-current assets	2(a)	(194,023)	0	0
Profit on asset disposals	19	58,699	121,700	11,402
Loss on asset disposals	19	<u>(12,576)</u>	<u>(29,673)</u>	<u>(35,598)</u>
Net result		3,796,961	2,033,113	(422,714)
Other comprehensive income				
Changes on revaluation of non-current assets	12	146,693,549	0	0
Total other comprehensive income		<u>146,693,549</u>	<u>0</u>	<u>0</u>
Total comprehensive income		<u><u>150,490,510</u></u>	<u><u>2,033,113</u></u>	<u><u>(422,714)</u></u>

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

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

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue	2(a)			
Governance		5,547	4,932	3,621
General purpose funding		6,909,638	5,586,718	4,194,790
Law, order, public safety		364,664	19,784	36,255
Health		466,560	479,426	455,613
Education and welfare		6,148	2,385	1,545
Housing		171,806	150,219	117,696
Community amenities		471,075	446,121	435,941
Recreation and culture		167,447	5,020	109,483
Transport		247,245	367,542	233,773
Economic services		485,387	342,467	445,546
Other property and services		165,163	94,507	195,908
		<u>9,460,680</u>	<u>7,499,121</u>	<u>6,230,171</u>
Expenses	2(a)			
Governance		(476,693)	(479,683)	(464,171)
General purpose funding		(228,533)	(226,944)	(216,181)
Law, order, public safety		(89,171)	(88,203)	(82,922)
Health		(890,092)	(811,013)	(863,328)
Education and welfare		(20,721)	(17,804)	(13,105)
Housing		(210,494)	(172,690)	(143,096)
Community amenities		(608,809)	(557,558)	(551,297)
Recreation and culture		(1,648,884)	(1,652,874)	(1,427,060)
Transport		(2,990,004)	(3,211,426)	(2,869,289)
Economic services		(1,109,499)	(1,172,877)	(1,030,189)
Other property and services		(151,308)	(12,822)	(34,191)
		<u>(8,424,208)</u>	<u>(8,403,894)</u>	<u>(7,694,829)</u>
Finance costs	2(a)			
Community amenities		(17,416)	(17,913)	(18,464)
Recreation and culture		(49,888)	(49,387)	(51,750)
Other property and services		(12,918)	(13,320)	(14,916)
		<u>(80,222)</u>	<u>(80,620)</u>	<u>(85,130)</u>
Loss on revaluation of non-current assets	2(a)			
General purpose funding		(194,023)	0	0
		<u>(194,023)</u>	<u>0</u>	<u>0</u>
Non-operating grants, subsidies and contributions				
Recreation and culture		12,483	0	0
Transport		1,326,256	1,178,176	1,130,150
Economic services		1,649,872	1,748,303	21,120
	27	<u>2,988,611</u>	<u>2,926,479</u>	<u>1,151,270</u>
Profit/(Loss) on disposal of assets				
Law, order, public safety		17,162	0	0
Housing		0	0	(6,353)
Recreation and culture		(2,028)	0	493
Transport		41,067	102,545	10,909
Economic services		0	0	(2,981)
Other property and services		(10,078)	(10,518)	(26,264)
	19	<u>46,123</u>	<u>92,027</u>	<u>(24,196)</u>
Net result		<u>3,796,961</u>	<u>2,033,113</u>	<u>(422,714)</u>
Other comprehensive income				
Changes on revaluation of non-current assets	12	146,693,549	0	0
Total other comprehensive income		<u>146,693,549</u>	<u>0</u>	<u>0</u>
Total comprehensive income		<u>150,490,510</u>	<u>2,033,113</u>	<u>(422,714)</u>

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

SHIRE OF DALWALLINU
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2015

	NOTE	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	3	7,578,171	3,615,991
Trade and other receivables	4	421,849	286,382
Inventories	5	10,208	14,273
TOTAL CURRENT ASSETS		8,010,228	3,916,646
NON-CURRENT ASSETS			
Other receivables	4	15,203	27,411
Property, plant and equipment	6	33,988,250	34,196,669
Infrastructure	7	251,025,011	104,272,732
TOTAL NON-CURRENT ASSETS		285,028,464	138,496,812
TOTAL ASSETS		293,038,692	142,413,458
CURRENT LIABILITIES			
Trade and other payables	8	480,162	334,732
Current portion of long term borrowings	9	108,167	111,878
Provisions	10	547,808	472,795
TOTAL CURRENT LIABILITIES		1,136,137	919,405
NON-CURRENT LIABILITIES			
Long term borrowings	9	1,090,995	1,199,162
Provisions	10	82,697	56,538
TOTAL NON-CURRENT LIABILITIES		1,173,692	1,255,700
TOTAL LIABILITIES		2,309,829	2,175,105
NET ASSETS		290,728,863	140,238,353
EQUITY			
Retained surplus		41,859,359	38,357,272
Reserves - cash backed	11	2,795,233	2,500,359
Revaluation surplus	12	246,074,271	99,380,722
TOTAL EQUITY		290,728,863	140,238,353

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

SHIRE OF DALWALLINU
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2013		39,488,255	1,792,090	99,380,722	140,661,067
Comprehensive income					
Net result		(422,714)	0	0	(422,714)
Total comprehensive income		<u>(422,714)</u>	<u>0</u>	<u>0</u>	<u>(422,714)</u>
Transfers from/(to) reserves		(708,269)	708,269	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2014		38,357,272	2,500,359	99,380,722	140,238,353
Comprehensive income					
Net result		3,796,961	0	0	3,796,961
Changes on revaluation of non-current assets	12	<u>0</u>	<u>0</u>	<u>146,693,549</u>	<u>146,693,549</u>
Total comprehensive income		<u>3,796,961</u>	<u>0</u>	<u>146,693,549</u>	<u>150,490,510</u>
Transfers from/(to) reserves		(294,874)	294,874	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2015		<u>41,859,359</u>	<u>2,795,233</u>	<u>246,074,271</u>	<u>290,728,863</u>

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

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

	NOTE	2015 \$	2015 Budget \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,729,191	2,873,397	2,751,000
Operating grants, subsidies and contributions		4,915,006	2,926,573	1,739,534
Fees and charges		1,499,411	1,511,616	1,421,910
Interest earnings		172,178	167,865	172,169
Goods and services tax		16,735	0	0
Other revenue		959	515	9,456
		<u>9,333,480</u>	<u>7,479,966</u>	<u>6,094,069</u>
Payments				
Employee costs		(2,065,403)	(2,662,509)	(2,047,854)
Materials and contracts		(2,020,259)	(1,607,815)	(2,025,040)
Utility charges		(414,284)	(435,376)	(430,064)
Interest expenses		(80,620)	(80,620)	(86,920)
Insurance expenses		(173,563)	(245,543)	(131,349)
Other expenditure		(120,657)	0	(80,890)
		<u>(4,874,786)</u>	<u>(5,031,863)</u>	<u>(4,802,117)</u>
Net cash provided by (used in) operating activities	13(b)	<u>4,458,694</u>	<u>2,448,103</u>	<u>1,291,952</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,559,824)	(4,827,224)	(1,600,183)
Payments for construction of infrastructure		(2,026,749)	(2,843,742)	(2,370,895)
Non-operating grants, Subsidies and contributions		2,988,611	2,926,479	1,151,270
Proceeds from sale of fixed assets		192,650	289,727	265,962
Net cash provided by (used in) investment activities		<u>(405,312)</u>	<u>(4,454,760)</u>	<u>(2,553,846)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(111,878)	(111,877)	(105,576)
Proceeds from self supporting loans		20,676	19,436	20,366
Proceeds from new debentures		0	900,000	0
Net cash provided by (used in) financing activities		<u>(91,202)</u>	<u>807,559</u>	<u>(85,210)</u>
Net increase (decrease) in cash held		3,962,180	(1,199,098)	(1,347,104)
Cash at beginning of year		3,615,991	3,681,259	4,963,095
Cash and cash equivalents at the end of the year	13(a)	<u><u>7,578,171</u></u>	<u><u>2,482,161</u></u>	<u><u>3,615,991</u></u>

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

**SHIRE OF DALWALLINU
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Governance		5,547	4,932	3,621
General purpose funding		4,036,512	2,713,321	1,407,063
Law, order, public safety		381,826	19,783	36,255
Health		466,560	479,426	455,613
Education and welfare		6,148	2,385	1,545
Housing		171,806	150,219	117,696
Community amenities		471,075	446,121	435,941
Recreation and culture		179,930	5,020	109,976
Transport		1,614,568	1,648,264	1,374,832
Economic services		2,135,259	2,090,770	466,666
Other property and services		165,633	94,507	195,908
		<u>9,634,864</u>	<u>7,654,748</u>	<u>4,605,116</u>
Expenses				
Governance		(476,693)	(479,683)	(464,171)
General purpose funding		(422,556)	(226,944)	(216,181)
Law, order, public safety		(89,171)	(88,203)	(82,922)
Health		(890,092)	(811,013)	(863,328)
Education and welfare		(20,721)	(17,804)	(13,105)
Housing		(210,494)	(172,690)	(149,449)
Community amenities		(626,225)	(575,471)	(569,761)
Recreation and culture		(1,700,800)	(1,702,261)	(1,478,810)
Transport		(2,990,004)	(3,211,426)	(2,869,289)
Economic services		(1,109,499)	(1,172,877)	(1,033,170)
Other property and services		(174,774)	(36,660)	(75,371)
		<u>(8,711,029)</u>	<u>(8,495,032)</u>	<u>(7,815,557)</u>
Net result excluding rates		923,835	(840,284)	(3,210,441)
Adjustments for cash budget requirements:				
Non-cash expenditure and revenue				
(Profit)/Loss on asset disposals	19	(46,123)	(92,027)	24,196
Loss on revaluation of non-current assets	2(a)	194,023		
Movement in employee benefit provisions (non-current)		26,159	0	20,224
Depreciation and amortisation on assets	2(a)	3,395,712	3,451,095	3,087,016
Capital Expenditure and Revenue				
Purchase of land and buildings	6(b)	(555,791)	(3,690,778)	(1,313,079)
Purchase furniture and equipment	6(b)	(46,157)	(34,000)	(13,429)
Purchase plant and equipment	6(b)	(957,876)	(879,500)	(121,608)
Purchase Motor Vehicles		0	(222,946)	(152,067)
Purchase roads	7(b)	(1,939,135)	(2,545,215)	(2,327,077)
Purchase other infrastructure	7(b)	(87,614)	(298,527)	(43,818)
Proceeds from disposal of fixed assets	19	192,650	289,727	265,962
Repayment of debentures	20(a)	(111,878)	(111,877)	(105,576)
Proceeds from new debentures	20(a)	0	900,000	0
Proceeds from self supporting loans		20,676	19,436	20,366
Transfers to reserves (restricted assets)	11	(294,874)	(135,051)	(925,616)
Transfers from reserves (restricted assets)	11	0	611,436	217,347
ADD Estimated surplus/(deficit) July 1 b/fwd	21(b)	784,161	705,114	2,582,600
LESS Estimated surplus/(deficit) June 30 c/fwd	21(b)	4,370,894	0	784,161
Total amount raised from general rate	21(a)	<u>(2,873,126)</u>	<u>(2,873,397)</u>	<u>(2,779,161)</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical accounting estimates

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

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

The local government reporting entity

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 18 to these financial statements.

(b) Goods and Services Tax (GST)

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

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

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

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

(c) Cash and Cash Equivalents

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land held for sale

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

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

Land under roads

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings	40 years
Furniture and Equipment - Electrical	5 years
Furniture and Equipment - Other	10 years
Motor Vehicle - Passenger	5 years
Light Vehicle - Commercial	5 years
Trucks	5 years
Graders, Loaders & Other Plant	10 years
Infrastructure Assets - Roads, Streets & Kerbing	
clearing and earthworks	not depreciated
pavement	40 years
seal	15 years
kerbing	50 years
Infrastructure Assets - Gardens	not depreciated
Infrastructure Assets - Parks	100 years
Infrastructure Assets - Other Structures	20-50 years

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

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

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

Capitalisation threshold

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(h) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(l) Borrowing Costs

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

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

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

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

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

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

(p) Interests in Joint Arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 15.

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	September 2012	1 January 2018	Nil - The revisions embodied in this Standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Shire (refer (i) above).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

(x) Adoption of New and Revised Accounting Standards

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

These new and revised Standards were:

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

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

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

2. REVENUE AND EXPENSES

	2015	2014
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
- Audit of the annual financial report	17,653	16,953
- Other services	2,810	1,890
Depreciation		
Non-specialised buildings	1,099,808	869,595
Furniture and Equipment at:	44,971	40,423
Plant and Equipment at:	476,937	496,365
Roads	1,642,332	1,550,950
Parks & Ovals	4,447	4,447
Other Infrastructure	127,217	125,236
Footpaths	0	0
	<u>3,395,712</u>	<u>3,087,016</u>
Interest expenses (finance costs)		
Debentures (refer Note 20 (a))	<u>80,222</u>	<u>85,130</u>
	<u>80,222</u>	<u>85,130</u>
Significant expense		
Loss on fair value adjustment	<u>(194,023)</u>	<u>0</u>
This significant expense in 2015 relates to the adjustments in fair value of the Shire's other infrastructure assets (refer Note 7b for further details)		
Other revenue		
Other	<u>959</u>	<u>9,456</u>
	<u>959</u>	<u>9,456</u>
	2015	2015
	Actual	Budget
	\$	\$
Interest earnings		2014
- Self supporting loans	2,205	Actual
- Reserve funds	79,910	\$
- Other funds	70,852	
Other interest revenue (refer note 25)	19,211	
	<u>172,178</u>	<u>172,169</u>
	<u>172,178</u>	<u>172,169</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

Social and economic stability and well planned sustainable towns. A high standard of living, promoting business growth and nurturing agriculture in balance with the environment. A place of opportunity, acceptance of all people, strong health/aged care, educational services and a community favourable to extend families.

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

GOVERNANCE

Administration and operation of facilities and services to members of Council; other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council activities.

GENERAL PURPOSE FUNDING

Administration of rates income & expenditure, general purpose grant and interest revenue.

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

Administration of food quality, pest control, medical centre operations and other health services.

EDUCATION AND WELFARE

Provision of School support, assistance to playgroups, retirement villages and other voluntary services.

HOUSING

Maintenance of aged, frail aged, joint venture and non-employee rental housing.

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Provision of rubbish collection services, operation of tips, noise control, administration of town planning scheme, maintenance of cemeteries, maintenance of public conveniences, storm water drainage maintenance, sewerage scheme operation, litter control and provision of roadside furniture.

RECREATION AND CULTURE

Provision of facilities and support for organisations concerned with leisure time activities and sport, support for performing and creative arts and preservation of the natural estate. This includes the maintenance of halls, aquatic centre, recreation and community centre, parks and gardens, sports grounds and operation libraries.

TRANSPORT

Construction, maintenance and cleaning of streets, roads, bridges, drainage works, footpaths, parking facilities and traffic signs, cleaning and lighting of streets, depot maintenance and airstrip maintenance.

ECONOMIC SERVICES

The regulation and provision of tourism, area promotion, building control, noxious weed control, vermin control, standpipes and subdivisions.

OTHER PROPERTY AND SERVICES

Administration of private works operations, private works overheads, materials, salaries and wages, plant repairs and operation costs. With the exception of private works, the above activities listed are mainly summaries of costs that are allocated to all the works and services undertaken by Council.

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance ⁽¹⁾ 30/06/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance 30/06/15 \$
R4R (DAF) - Regional Dogger Project	13	0	45,150	(22,833)	22,317	24,650	(34,132)	12,835
Regional Housing - R4R	13	0	0	0	0	0	0	0
Exploring Wildflower Country	13	0	0	0	0	0	0	0
Contribution of Landscaping subdivision	13	60,000	0	0	60,000	0	0	60,000
Dungey Road Project - R4R	13	0	0	0	0	0	0	0
South Street Project - R4R	13	433,299	0	(433,299)	0	0	0	0
South Street Project 2 - R4R	13	440,000	0	(396,930)	43,070	0	(43,070)	0
Central Wheatbelt Declared Species Group	13	0	95,243	(21,120)	74,123	157,018	(175,384)	55,757
Community Pool Revitalisation Program Grant	11	0	0	0	0	30,000	(30,000)	0
Aged Friendly Communities Grant - WDC	12	0	0	0	0	55,000	0	55,000
Factory Units Project - R4R	13	0	0	0	0	444,735	0	444,735
CLGF Housing (3shires) - R4R	13	0	0	0	0	1,205,137	0	1,205,137
Total		933,299	140,393	(874,182)	199,510	1,916,540	(282,586)	1,833,464

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

	Note	2015 \$	2014 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		2,949,474	916,122
Restricted		<u>4,628,697</u>	<u>2,699,869</u>
		<u><u>7,578,171</u></u>	<u><u>3,615,991</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	11	203,151	196,858
Plant reserve	11	713,044	548,860
Joint Venture Housing reserve	11	190,850	165,519
Land & Buildings reserve	11	1,041,488	1,009,234
Sewerage Scheme reserve	11	544,174	499,918
Townscape reserve	11	26,558	25,735
Telecommunications reserve	11	55,968	54,235
Swimming Pool reserve	11	20,000	0
Unspent grants	2(c)	<u>1,833,464</u>	<u>199,510</u>
		<u><u>4,628,697</u></u>	<u><u>2,699,869</u></u>

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

	2015	2014
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	109,142	91,988
Sundry debtors	294,242	170,512
Loans - clubs/institutions	12,990	21,458
Accrued income/payments in advance	5,475	2,424
	<u>421,849</u>	<u>286,382</u>
Non-current		
Rates outstanding - pensioners	8,566	8,566
Loans - clubs/institutions	6,637	18,845
	<u>15,203</u>	<u>27,411</u>
5. INVENTORIES		
Current		
Fuel and materials	10,208	14,273
	<u>10,208</u>	<u>14,273</u>

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

	2015 \$	2014 \$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Freehold land at:		
Fair Value	<u>2,599,567</u>	<u>2,443,500</u>
	2,599,567	2,443,500
	<u>2,599,567</u>	<u>2,443,500</u>
Non-specialised buildings at:		
Fair Value	31,110,966	30,711,242
Less: accumulated depreciation	<u>(1,969,403)</u>	<u>(869,595)</u>
	29,141,563	29,841,647
	<u>29,141,563</u>	<u>29,841,647</u>
Total land and buildings	<u>31,741,130</u>	<u>32,285,147</u>
Furniture and Equipment at:		
Fair Value	406,645	1,033,936
Less accumulated depreciation	<u>(187,444)</u>	<u>(815,921)</u>
	219,201	218,015
Plant and Equipment at:		
Fair Value	3,001,221	2,189,872
Less accumulated depreciation	<u>(973,302)</u>	<u>(496,365)</u>
	2,027,919	1,693,507
	<u>33,988,250</u>	<u>34,196,669</u>

Both land and buildings and plant and equipment were revalued in 2013 as part of the mandatory requirement embodied in Local Government (Financial Management) Regulation 17A. Whilst the additions since that time are shown at cost, given they were acquired at arms length and accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. Thus, the value is considered in accordance with Local Government(Financial Management) Regulation 17A(2) which requires these assets to be shown at fair value. These classes of assets will be subsequently revalued in accordance with the mandatory asset measurement framework detailed at note 1(f).

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Freehold land	2,443,500	156,067	0	0	0	0	0	2,599,567
Total land	2,443,500	156,067	0	0	0	0	0	2,599,567
Non-specialised buildings	29,841,647	399,724	0	0	0	(1,099,808)	0	29,141,563
Total buildings	29,841,647	399,724	0	0	0	(1,099,808)	0	29,141,563
Total land and buildings	32,285,147	555,791	0	0	0	(1,099,808)	0	31,741,130
Furniture and Equipment	218,015	46,157	0	0	0	(44,971)	0	219,201
Plant and Equipment	1,693,507	957,876	(146,527)	0	0	(476,937)	0	2,027,919
Total property, plant and equipment	34,196,669	1,559,824	(146,527)	0	0	(1,621,716)	0	33,988,250

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Freehold land	2	market approach using recent observable market data for similar properties	independent valuer	June 2013	price per square metre / market borrowing rate
Non-specialised buildings	2	market approach using recent observable market data for similar properties	independent valuer	June 2013	price per square metre / market borrowing rate
Furniture and Equipment	3	cost approach using depreciated replacement cost	management valuation	June 2013	current condition, residual values
Plant and Equipment	2	market approach using recent observable market data / specific quotes	independent valuers	June 2013	price per item
Motor Vehicles at:	2	market approach using recent observable market data / specific quotes	independent valuers	June 2013	price per item

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

	2015 \$	2014 \$
7 (a). INFRASTRUCTURE		
Roads		
Fair Value	249,025,732	130,466,644
Less accumulated depreciation	<u>0</u>	<u>(28,431,264)</u>
	249,025,732	102,035,380
 Parks & Ovals		
at Cost	165,067	165,067
Less accumulated depreciation	<u>(57,473)</u>	<u>(53,026)</u>
	107,594	112,042
 Other Infrastructure		
at Cost	1,933,808	3,291,381
Less accumulated depreciation	<u>(876,388)</u>	<u>(1,269,645)</u>
	1,057,420	2,021,736
 Gardens		
at Cost	103,575	103,575
Less accumulated depreciation	<u>0</u>	<u>0</u>
	103,575	103,575
 Footpaths		
Fair Value	730,690	0
Less accumulated depreciation	<u>0</u>	<u>0</u>
	730,690	0
	<u>251,025,011</u>	<u>104,272,733</u>

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

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

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

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of the Year \$
Roads	102,035,380	1,939,135	0	146,693,549	0	(1,642,332)	0	249,025,732
Parks & Ovals	112,041	0	0	0	0	(4,447)	0	107,594
Other Infrastructure	2,021,736	87,614	0	0	0	(127,217)	(924,713)	1,057,420
Gardens	103,575	0	0	0	0	0	0	103,575
Footpaths	0	0	0	(194,023)	0	0	924,713	730,690
Total infrastructure	104,272,732	2,026,749	0	146,499,526	0	(1,773,996)	0	251,025,011

The revaluation of infrastructure assets resulted in an increase on revaluation of 146,693,549 in the net value of road infrastructure assets.

All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

The revaluation decrement of \$194,023 on footpath infrastructure assets was debited to the Statement of Comprehensive Income in full.

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

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Roads	3	cost approach using depreciated replacement cost	independent valuer	June 2015	construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Parks & Ovals	3	cost approach using depreciated replacement cost	cost	NA	construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Other Infrastructure	3	cost approach using depreciated replacement cost	cost	NA	construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Gardens	3	cost approach using depreciated replacement cost	cost	NA	construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Footpaths	3	cost approach using depreciated replacement cost	independent valuer	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 DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2014 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	304,267	180,199
Accrued interest on debentures	23,623	24,021
Accrued salaries and wages	83,861	47,440
ATO liabilities	30,081	46,816
Other current liabilities	38,330	36,256
	<u>480,162</u>	<u>334,732</u>

9. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	108,167	111,878
	<u>108,167</u>	<u>111,878</u>
Non-current		
Secured by floating charge		
Debentures	1,090,995	1,199,162
	<u>1,090,995</u>	<u>1,199,162</u>

Additional detail on borrowings is provided in Note 20.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2014	240,632	232,163	472,795
Non-current provisions	0	56,538	56,538
	<u>240,632</u>	<u>288,701</u>	<u>529,333</u>
Additional provision	74,174	26,998	101,172
Balance at 30 June 2015	<u>314,806</u>	<u>315,699</u>	<u>630,505</u>
Comprises			
Current	314,806	233,002	547,808
Non-current	0	82,697	82,697
	<u>314,806</u>	<u>315,699</u>	<u>630,505</u>

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

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening balance	196,858	196,858	189,516
Amount set aside / transfer to reserve	6,293	5,905	7,342
Amount used / transfer from reserve	0	0	0
	<u>203,151</u>	<u>202,763</u>	<u>196,858</u>
(b) Plant reserve			
Opening balance	548,860	548,860	215,683
Amount set aside / transfer to reserve	164,184	16,466	550,524
Amount used / transfer from reserve	0	(229,218)	(217,347)
	<u>713,044</u>	<u>336,108</u>	<u>548,860</u>
(c) Joint Venture Housing reserve			
Opening balance	165,519	165,519	151,988
Amount set aside / transfer to reserve	25,331	25,007	13,531
Amount used / transfer from reserve	0	0	0
	<u>190,850</u>	<u>190,526</u>	<u>165,519</u>
(d) Land & Buildings reserve			
Opening balance	1,009,234	1,009,234	766,211
Amount set aside / transfer to reserve	32,254	30,277	243,023
Amount used / transfer from reserve	0	(335,497)	0
	<u>1,041,488</u>	<u>704,014</u>	<u>1,009,234</u>
(e) Sewerage Scheme reserve			
Opening balance	499,918	499,918	391,704
Amount set aside / transfer to reserve	44,256	14,998	108,214
Amount used / transfer from reserve	0	(46,721)	0
	<u>544,174</u>	<u>468,195</u>	<u>499,918</u>
(f) Townscape reserve			
Opening balance	25,735	25,735	24,776
Amount set aside / transfer to reserve	823	20,771	959
Amount used / transfer from reserve	0	0	0
	<u>26,558</u>	<u>46,506</u>	<u>25,735</u>
(g) Telecommunications reserve			
Opening balance	54,235	54,235	52,212
Amount set aside / transfer to reserve	1,733	1,627	2,023
Amount used / transfer from reserve	0	0	0
	<u>55,968</u>	<u>55,862</u>	<u>54,235</u>
(h) Swimming Pool reserve			
Opening balance	0	0	0
Amount set aside / transfer to reserve	20,000	20,000	0
Amount used / transfer from reserve	0	0	0
	<u>20,000</u>	<u>20,000</u>	<u>0</u>
TOTAL RESERVES	<u>2,795,233</u>	<u>2,023,974</u>	<u>2,500,359</u>
 Total Opening balance	 2,500,359	 2,500,359	 1,792,090
Total Amount set aside / transfer to reserve	294,874	135,051	925,616
Total Amount used / transfer from reserve	0	(611,436)	(217,347)
TOTAL RESERVES	<u>2,795,233</u>	<u>2,023,974</u>	<u>2,500,359</u>

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

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

11. RESERVES - CASH BACKED (CONTINUED)

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

- (a)** Leave Reserve
 - to be used to fund annual and long service leave requirements
- (b)** Plant reserve
 - to be used for the purchase of major plant
- (c)** Joint Venture Housing reserve
 - to be used for long term maintenance & construction of joint venture housing.
- (d)** Land & Buildings reserve
 - to be used for the purchase/construction of land/buildings.
- (e)** Sewerage Scheme reserve
 - to be used for the maintenance & replacement of the sewerage Scheme.
- (f)** Townscape reserve
 - to be used for future townscaping projects within the Shire.
- (g)** Telecommunications reserve
 - to be used to leverage enhanced telecommunications capabilities within the Shire.
- (h)** Swimming Pool reserve
 - to be used for the maintenance & upgrade of the swimming pool.

The Leave, Plant, Joint Venture Housing, Land & Buildings, Sewerage Scheme, Townscape and Swimming Pool reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

The building reserve is expected to be utilised in 2015/16.

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

12. REVALUATION SURPLUS

Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:

(a) Land and buildings

Opening balance	22,547,113	22,547,113
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>22,547,113</u>	<u>22,547,113</u>

(b) Furniture and Equipment at:

Opening balance	195	195
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>195</u>	<u>195</u>

(c) Plant and Equipment at:

Opening balance	37,125	37,125
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>37,125</u>	<u>37,125</u>

(d) Roads

Opening balance	76,796,289	76,796,289
Revaluation increment	146,693,549	0
Revaluation decrement		0
	<u>223,489,838</u>	<u>76,796,289</u>

TOTAL ASSET REVALUATION SURPLUS

<u>246,074,271</u>	<u>99,380,722</u>
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SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2015 \$	2015 Budget \$	2014 \$
Cash and cash equivalents	<u>7,578,171</u>	<u>2,482,161</u>	<u>3,615,991</u>

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

Net result	3,796,961	2,033,113	(422,714)
Non-cash flows in Net result:			
Depreciation	3,395,712	3,451,095	3,087,016
(Profit)/Loss on sale of asset	(46,123)	(92,027)	24,196
Loss on revaluation of non-current assets	967,849	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(143,935)	0	(136,102)
(Increase)/Decrease in inventories	4,065	(10,257)	(4,343)
Increase/(Decrease) in payables	145,430	0	(136,116)
Increase/(Decrease) in provisions	101,172	(7,342)	31,285
Grants contributions for the development of assets	<u>(2,988,611)</u>	<u>(2,926,479)</u>	<u>(1,151,270)</u>
Net cash from operating activities	<u>5,232,520</u>	<u>2,448,103</u>	<u>1,291,952</u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

	2015 \$	2014 \$
Credit card limit	5,000	5,000
Credit card balance at balance date	<u>(1,685)</u>	<u>(2,635)</u>
Total amount of credit unused	<u>3,315</u>	<u>2,365</u>

Loan facilities

Loan facilities - current	108,167	111,878
Loan facilities - non-current	<u>1,090,995</u>	<u>1,199,162</u>
Total facilities in use at balance date	<u>1,199,162</u>	<u>1,311,040</u>

Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>
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SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
14. CAPITAL AND LEASING COMMITMENTS		
(a) Operating Lease Commitments		
The Shire did not have any future operating lease commitments at the reporting date.		
(b) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	52,953	161,142
- plant & equipment purchases	197,500	0
Payable:		
- not later than one year	250,453	161,142

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

15. JOINT VENTURE ARRANGEMENTS

The Shire together with the Department of Housing have a joint venture arrangement with regards to the provision of five houses in Dalwallinu and one in Kalannie. The Shire provided the land and have a joint agreement for the use and maintenance on the constructed houses.

The Shire's share of the houses is included in "Buildings and Improvements" as follows:

	2015	2014
	\$	\$
Non-current assets		
Land and buildings	1,207,012	1,195,972
Less: accumulated depreciation	<u>(113,524)</u>	<u>(81,295)</u>
	<u><u>1,093,488</u></u>	<u><u>1,114,677</u></u>

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2015	2014
	\$	\$
Governance	661,801	661,801
General purpose funding	1,406,606	100,555
Law, order, public safety	448,793	103,294
Health	981,718	992,790
Education and welfare	171,633	179,964
Housing	5,215,124	5,069,534
Community amenities	2,434,627	2,323,374
Recreation and culture	18,355,274	18,381,501
Transport	251,950,923	105,076,010
Economic services	3,234,819	2,244,145
Other property and services	6,000,330	5,820,423
Unallocated	<u>2,177,044</u>	<u>1,460,067</u>
	<u><u>293,038,692</u></u>	<u><u>142,413,458</u></u>

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

	2015	2014	2013
17. FINANCIAL RATIOS			
Current ratio	3.62	1.68	2.86
Asset sustainability ratio	1.03	0.79	1.09
Debt service cover ratio	22.30	8.38	11.04
Operating surplus ratio	0.18	(0.36)	(0.12)
Own source revenue coverage ratio	0.54	0.56	0.55

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 61 of this document.

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

18. TRUST FUNDS

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

	Balance 1 July 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
DPI Licencing Fees	27,301	1,176,980	(1,192,209)	12,072
St John Ambulance Memberships	240	2,467	(2,560)	147
BCITF Levy	0	6,398	(6,308)	90
Building Services Levy	35	3,353	(3,314)	74
Raffle Tickets	3	0	0	3
Hall Hire Bonds	990	0	0	990
Key Deposits	730	0	0	730
Housing Bonds	11,598	10,132	(21,730)	0
Standpipe Swipe Card Bond	400	1,350	(400)	1,350
75 Stories Book	0	30	(30)	0
Pommie Migrant to Pioneer Farmer Book	0	35	(35)	0
Pioneer to Progress Book	40	80	(120)	0
Pioneer House Donations	10,076	0	0	10,076
Miscellaneous Deposits Held	560	0	0	560
5 Graves in Dalwallinu Book	20	122	(142)	0
Prepared to Pioneer Book	0	84	(84)	0
Gundurwa Regional Conservation Assn	345,046	100,000	(80,255)	364,791
31 Miles of Smiles Registration Fees	0	910	0	910
	<u>397,039</u>			<u>391,793</u>

19. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Law, order, public safety						
DL 7504 - Kalannie Fire Tender	0	0	17,162	0	17,162	0
Recreation and culture						
Robotic Pool Cleaner	2,838	0	810	0	(2,028)	0
Transport						
2007 Caterpillar 12H Motor Grader DL 122	59,827	65,800	90,000	90,000	30,173	24,200
2005 Mitsubishi FV51J 12T Tipper DL147	0	0	0	80,000	0	80,000
2006 Tennant 6650 Road Sweeper DL487	1,057	2,500	11,951	10,000	10,894	7,500
2005 Mitsubishi 3T Canter FE649 Tipper DL121	0	0	0	10,000	0	10,000
MG Vehicle - Nissan Navara DX DL275	0	14,300	0	5,000	0	(9,300)
CG Vehicle - Nissan Navara DX DL194	0	14,300	0	5,000	0	(9,300)
WS Vehicle - Toyota Hilux 4x4 TD 3L DL281	0	27,100	0	26,545	0	(555)
Other property and services						
CEO Vehicle - Holden Caprice DL2	30,439	27,400	30,909	24,636	470	(2,764)
DCEO Vehicle - Holden SV6 Sedan DL186	21,422	18,400	18,636	16,455	(2,786)	(1,945)
CSM Vehicle - Toyota RAV4 DL492	30,944	27,900	23,182	22,091	(7,762)	(5,809)
	<u>146,527</u>	<u>197,700</u>	<u>192,650</u>	<u>289,727</u>	<u>46,123</u>	<u>92,027</u>

Profit	58,699	121,700
Loss	(12,576)	(29,673)
	<u>46,123</u>	<u>92,027</u>

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

20. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing								
Loan 156 - Staff Housing	254,109	0	45,574	45,573	208,535	208,536	12,918	13,320
Community amenities								
Loan 64 - Sewerage Scheme	184,272	0	9,894	9,894	174,378	174,378	17,416	17,913
Recreation and culture								
Loan 157 - Dalwallinu Discovery Centre	843,101	0	36,974	36,974	806,127	806,127	48,637	47,964
Loan 158 - Dalwallinu Sports Club *	29,559	0	19,436	19,436	10,123	10,123	1,251	1,423
	1,311,041	0	111,878	111,877	1,199,163	1,199,164	80,222	80,620

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

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

20. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2014/15

The Shire did not take up any new debentures during the year ended 30 June 2015.

(c) Unspent Debentures

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

(d) Overdraft

The shire does not currently have an overdraft facility.

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

21. RATING INFORMATION - 2014/15 FINANCIAL YEAR

(a) Rates	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
RATE TYPE											
General Rate											
GRV	0.0833	249	3,044,540	253,686	319	0	254,005	253,686	0	0	253,686
Unimproved value valuations											
UV - Rural	0.0212	401	121,412,000	2,575,391	13,312	0	2,588,703	2,575,391	0	0	2,575,391
Sub-Totals		650	124,456,540	2,829,077	13,631	0	2,842,708	2,829,077	0	0	2,829,077
Minimum payment	Minimum \$										
GRV - Dalwallinu	610	163	937,208	99,430	0	0	99,430	99,430	0	0	99,430
GRV - Kalannie	474	12	39,226	5,688	0	0	5,688	5,688	0	0	5,688
GRV - Other Towns	474	56	179,632	26,544	0	0	26,544	26,544	0	0	26,544
Unimproved value valuations											
UV - Rural	474	19	152,048	9,006	0	0	9,006	9,006	0	0	9,006
UV - Mining	474	30	140,738	14,220	0	0	14,220	14,220	0	0	14,220
Sub-Totals		280	1,448,852	154,888	0	0	154,888	154,888	0	0	154,888
Discounts/concessions (refer note 24)							2,997,596 (124,470)				2,983,965 (110,568)
Total amount raised from general rate							2,873,126				2,873,397
Specified Area Rate (refer note 22)							0				0
Totals							2,873,126				2,873,397

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

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

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

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
Surplus/(Deficit) 1 July 14 brought forward	<u>4,370,894</u>	<u>784,161</u>	<u>784,161</u>
<u>Comprises:</u>			
Cash and cash equivalents			
Unrestricted	2,949,474	916,122	916,122
Restricted	4,628,697	2,699,869	2,699,869
Receivables			
Rates outstanding	109,142	91,988	91,988
Sundry debtors	294,242	170,512	170,512
Loans - clubs/institutions	12,990	21,458	21,458
Accrued income/payments in advance	5,475	2,424	2,424
Inventories			
Fuel and materials	10,208	14,273	14,273
<u>Less:</u>			
Trade and other payables			
Sundry creditors	(304,267)	(180,199)	(180,199)
Accrued interest on debentures	(23,623)	(24,021)	(24,021)
Accrued salaries and wages	(83,861)	(47,440)	(47,440)
ATO liabilities	(30,081)	(46,816)	(46,816)
Other current liabilities	(38,330)	(36,256)	(36,256)
Current portion of long term borrowings			
Secured by floating charge	(108,167)	(111,878)	(111,878)
Provisions			
Provision for annual leave	(314,806)	(240,632)	(240,632)
Provision for long service leave	(233,002)	(232,163)	(232,163)
Net current assets	<u>6,874,091</u>	<u>2,997,241</u>	<u>2,997,241</u>
<u>Less:</u>			
Reserves - restricted cash	(2,795,233)	(2,500,359)	(2,500,359)
Loans - Clubs/Institutions	(12,990)	(21,458)	(21,458)
<u>Add:</u>			
Secured by floating charge	108,167	111,878	111,878
Cash -backed leave or provision portion	196,859	196,859	196,859
Surplus/(deficit)	<u>4,370,894</u>	<u>784,161</u>	<u>784,161</u>

Difference

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

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

22. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

23. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

The Shire did not impose any service charges.

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

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General & Minimum Rates	Discount	5.00%	124,470	110,568
			0	0
			0	0
			124,470	110,568
Photocopy Charges	Waiver		0	250
Sundry Debtor	Write-Off		613	0
Rate Assessment	Write-Off		11,714	4,000

A discount of 5.0% of the current rates levied (excluding service charges) was offered to ratepayers whose payment of the full amount owing, including arrears and service charges, was received no later than 4.00 pm on the day 35days after the date pf service apperianf on the rate notice.

Photocopy Charges are waived for certain community groups such as the local newsletter, St John Ambulance and Volunteer Bush Fire Brigade. Council Considers support of these groups necessary for the overall benefit of the community.

The following Rates Assessments and Sundry Debtor were written off in accordance with Council resolution:

	\$	
Debtor 12672	256.00	Hire of Oval Room
Debtor 11937	297.25	Septic tank pumpout
Debtor 12589	59.25	Septic tank pumpout - initial charge
A994	3,858.22	Non-current mining tenament
A995	1,871.70	Non-current mining tenament
A996	2,075.30	Non-current mining tenament
A997	3,909.26	Non-current mining tenament

25. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	11.00%		14,150	9,680
Interest on instalments plan	5.50%		5,061	3,174
Charges on instalment plan		\$20.01	0	0
Interest on ESL & Legal Charges			0	0
			19,211	12,854

Ratepayers had the option of paying rates in four equal instalments, due on 15 August 2014, 15 October 2014, 15 December 2014 and 16 February 2015. Administration charges and interest applied for the final three instalments.

	2015 \$	2014 \$
26. FEES & CHARGES		
Governance	230	248
General purpose funding	5,404	4,133
Law, order, public safety	6,747	7,141
Health	456,526	452,899
Education and welfare	3	0
Housing	156,615	108,192
Community amenities	426,129	423,838
Recreation and culture	77,709	79,241
Transport	18,410	22,541
Economic services	191,890	189,705
Other property and services	159,748	133,972
	<u>1,499,411</u>	<u>1,421,910</u>

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

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

27. GRANT REVENUE

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

	2015	2014
	\$	\$
By Nature or Type:		
Operating grants, subsidies and contributions	4,915,006	1,838,906
Non-operating grants, subsidies and contributions	2,988,611	1,151,270
	<u>7,903,617</u>	<u>2,990,176</u>
By Program:		
Governance	473	0
General purpose funding	3,849,168	1,225,034
Law, order, public safety	356,461	28,100
Health	7,013	601
Education and welfare	5,838	1,178
Housing	15,191	9,504
Community amenities	41,952	10,018
Recreation and culture	98,016	26,392
Transport	1,555,090	1,341,382
Economic services	1,852,215	213,475
Other property and services	122,200	134,492
	<u>7,903,617</u>	<u>2,990,176</u>

28. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>42</u>	<u>40</u>
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29. ELECTED MEMBERS REMUNERATION

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

	2015	2015	2014
	\$	Budget	\$
		\$	
Meeting Fees	16,500	15,800	16,577
President's allowance	7,500	7,500	7,500
Deputy President's allowance	1,500	1,500	1,500
Travelling expenses	8,638	8,000	7,852
	<u>34,138</u>	<u>32,800</u>	<u>33,429</u>

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

30. MAJOR LAND TRANSACTIONS

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

31. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

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

32. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	7,578,171	3,615,991	7,578,171	3,615,991
Receivables	437,052	313,793	440,511	354,117
	<u>8,015,223</u>	<u>3,929,784</u>	<u>8,018,682</u>	<u>3,970,108</u>
Financial liabilities				
Payables	480,162	334,732	480,162	334,731
Borrowings	1,199,162	1,311,040	862,949	979,188
	<u>1,679,324</u>	<u>1,645,772</u>	<u>1,343,111</u>	<u>1,313,919</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

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

32. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

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

	2015	2014
	\$	\$
Impact of a 10% ⁽¹⁾ movement in price of investments		
- Equity	0	0
- Statement of Comprehensive Income	0	0
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	75,782	36,160
- Statement of Comprehensive Income	75,782	36,160 ⁽²⁾

Notes:

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

⁽²⁾ Maximum impact.

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

32. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2015	2014
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	92%	34%
- Overdue	8%	66%

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

32. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2015</u>					
Payables	480,162	0	0	480,162	480,162
Borrowings	181,199	1,204,218	111,228	1,496,645	1,199,162
	<u>661,361</u>	<u>1,204,218</u>	<u>111,228</u>	<u>1,976,807</u>	<u>1,679,324</u>
<u>2014</u>					
Payables	331,158	0	0	331,158	334,732
Borrowings	191,603	1,500,175	139,036	1,830,814	1,311,040
	<u>522,761</u>	<u>1,500,175</u>	<u>139,036</u>	<u>2,161,972</u>	<u>1,645,772</u>

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

32. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<u>Year ended 30 June 2015</u>								
Borrowings								
Fixed rate								
Debentures	0	0	0	10,124	1,014,662	174,376	1,199,162	6.32%
Weighted average								
Effective interest rate	0.00%	0.00%	0.00%	5.62%	5.67%	10.09%		
<u>Year ended 30 June 2014</u>								
Borrowings								
Fixed rate								
Debentures	0	0	0	29,560	1,097,210	184,272	1,311,042	6.29%
Weighted average								
Effective interest rate	0.00%	0.00%	0.00%	5.62%	5.67%	10.09%		

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF DALWALLINU**

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Dalwallinu, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year ended 30 June 2015, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

Management's responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

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

Qualification- Completeness of infrastructure assets

In accordance with Regulation 17A of the Local Government (Financial Management) Regulations 1996, infrastructure assets were required to be transitioned to fair value by 30 June 2015. Shire of Dalwallinu have assessed road and footpath classes of infrastructure assets at fair value as at 30 June 2015, however not all classes of infrastructure assets have been assessed at fair value, whereby parks, gardens, ovals and other infrastructure continue to be recorded at cost as at 30 June 2015. As a result Shire of Dalwallinu are non-compliant with the transition to fair value accounting policy as noted within Note 1 (f) as at 30 June 2015 and we have not been able to determine whether the transition and recognition of other classes of infrastructure assets at fair value would have a material impact on the financial statements. Accordingly, we not provide an opinion on the value of infrastructure assets recorded at 30 June 2015.

Qualified Opinion

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had the limitation discussed in the qualification paragraph not existed, in our opinion, the financial report of the Shire of Dalwallinu

- i. gives a true and fair view of the Shire of Dalwallinu's financial position as at 30 June 2015 and of its performance for the financial year ended 30 June 2015;
- ii. complies with Australian Accounting Standards; and
- iii. is prepared in accordance with the requirements of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Statutory Compliance

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

- i. There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- ii. There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law noted during the course of our audit with exception to the following:
 - The 2014/2015 annual financial report was not provided to the auditor by 30 September 2015 as required by Section 6.4(3)(b) of the Local Government Act 1995.

- With the exception of roads and footpaths, other classes of infrastructure assets including parks, gardens, ovals and other infrastructure have not been recorded at fair value as required by Regulation 17A of the Local Government (Financial Management) Regulations 1996.
- iii. The asset consumption ratio and the asset renewal funding ratio included in the annual financial report are supported by verifiable information and reasonable assumptions.
- iv. All necessary information and explanations were obtained by us.
- v. All audit procedures were satisfactorily completed during our audit.

AMD Chartered Accountants



MARIA CAVALLO

Partner

Bunbury, Western Australia

Dated this 17th day of November 2015

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

RATIO INFORMATION

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

	2015	2014	2013
Asset consumption ratio	0.986	N/A	N/A
Asset renewal funding ratio	0.69	N/A	N/A

The above ratios are calculated as follows:

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