



ANNUAL REPORT



2015/2016



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SECTION 1



Annual Electors

SHIRE OF DALWALLINU



MINUTES

2014-15 ANNUAL ELECTORS MEETING

2 FEBRUARY 2016



2014-15 ANNUAL ELECTORS MEETING

02 February 2016

1.0 OPENING & WELCOME BY PRESIDENT

The President declared the meeting open at 6.08pm.

1.1 Present

Shire President	Cr SC Carter
	Cr RS Nixon
	Cr GH Sanderson JP
	Cr KM McNeill JP
	Cr NW Mills
	Cr MC Huggett

1.2 IN ATTENDANCE

Chief Executive Officer	Mr AJR Doust
Deputy Chief Executive Officer	Mr KT Jones
Members of Public	Mr W Carter

2.0 APOLOGIES

Deputy President	Cr KL Carter
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3.0 MINUTES OF PREVIOUS ANNUAL ELECTORS MEETING

MOTION 7007

Moved Cr MC Huggett
Seconded Cr RS Nixon

That the Minutes of the Annual Electors Meeting held on 16 December 2014 be confirmed

MOTION CARRIED

4.0 PRESENTATION OF ANNUAL REPORT CONSISTING OF:

4.1 PRESIDENT'S REPORT

MOTION 7008

Moved Cr NW Mills
Seconded Cr GH Sanderson

That the President's Report for the financial year 2014/15 be received.

MOTION CARRIED

4.2 CHIEF EXECUTIVE OFFICER'S REPORT

MOTION 7009

Moved Cr RS Nixon
Seconded Cr KM McNeill

That the Chief Executive Officer's Report for the financial year 2014/15 be received.

MOTION CARRIED

4.3 FINANCIAL REPORT FOR THE 2014/15 FINANCIAL YEAR

MOTION 7010

Moved Cr NW Mills
Seconded Cr KM McNeill

That the 2014/15 Annual Financial Statements, as presented, be received and adopted.

MOTION CARRIED

4.4 AUDITOR'S REPORT

MOTION 7011

Moved Cr MC Huggett
Seconded Cr RS Nixon

That the Auditor's Report for the financial year 2014/15 be received.

MOTION CARRIED

5.0	OTHER INFORMATION & QUESTION TIME
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Nil

6.0	GENERAL BUSINESS
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Nil

7.0	CLOSURE OF MEETING
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There being no further business, the Chairperson closed the meeting at 6.38pm.

8.0	CERTIFICATION
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I, **Steven Clifford CARTER**, certify that the Minutes of the meeting held on 2 February 2016, as shown on page numbers 1 to 4 were confirmed as a true record at the meeting held on the _____.

CHAIRPERSON

DATE

SECTION 2



Annual Reports

COUNCILLORS

July 2015 - June 2016



Cr SC Carter (Steven)

Shire President;

PO Box 148, Dalwallinu WA 6609

Phone: (08) 9666 3017

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Cr KL Carter (Keith)

Shire Deputy President;

Chairman – Works & Plant Committee

PO Box 10 Wubin WA 6612

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Cr AR Dickins (Anita)

Chairman - Community Services &
Economic Development Committee

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Cr IW Hyde (Ian)

Chairman- Finance & Audit
Committee

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Cr RS Nixon (Robert)

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Cr KM McNeill (Karen) JP

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Cr GH Sanderson (Graham) JP

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Cr KJ Christian (Karen)

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Cr NW Mills (Noel)

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Phone: (08) 9661 1304

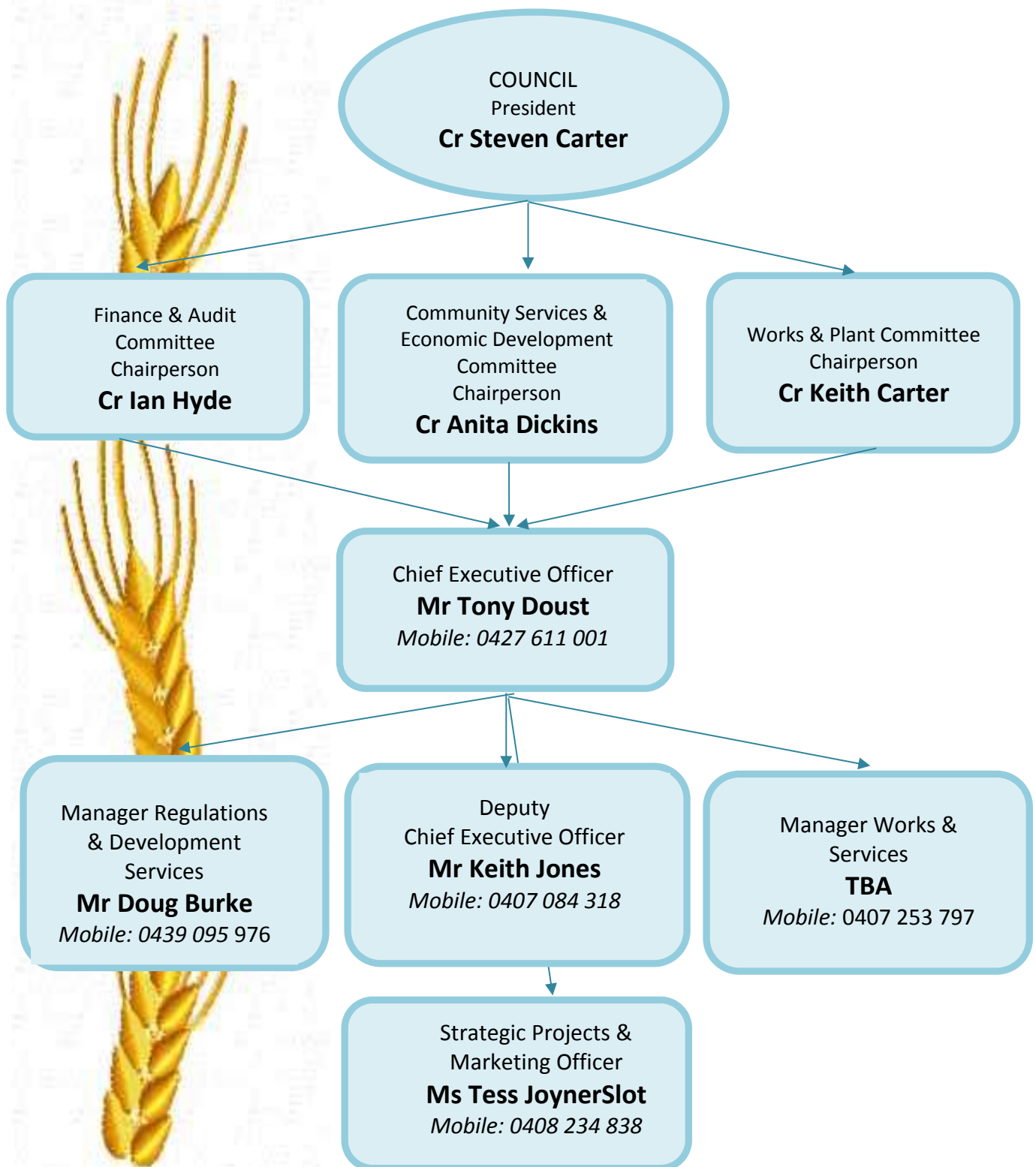
Mob: 0428 611 304

Email: crnmills@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.



PRESIDENT'S REPORT

2015-2016

It is with great pleasure I present this the 2015-16 President's report to you on behalf of Council.

This is my first report as President & I would like at this point to thank & congratulate my predecessor Cr Robert Nixon. Robert has assisted me greatly in my transition to president as have Chief Executive Officers, Peter Crispin & Tony Doust.

2015-16 was a high production year for much of the Shire & consequently the roads took some punishment not only from grain but also from lime & fertilizer. This along with some severe weather events put pressure on the road maintenance & construction team. They have however stuck to their task and got the majority of the budgeted work completed which amounted to approximately \$5million. When coupled with purchases of items of road making plant, it makes roads a very important part of the budget process & one that takes a considerable amount of time to sort out. The problems were compounded further by the resignation of the Works Manager & I thank Angela Hoy for her efforts to ensure the process stayed on track.

Innovations Central Midlands Inc., the association formed by the Shires of Dalwallinu, Moora & Wongan-Ballidu has now formed Central Midlands Construction Company and with the common theme of lack of housing both for aged, family & single accommodation, this is the direction they are heading. In the same vein, the Shire is currently looking at a subdivision for housing in Bell St and is in negotiations with Landcorp to develop stage 2 of the Old Hospital land.

The shire has started work on an upgrade to the deep sewerage network with the funds for this to come from a reserve which was established when the system was installed and the levy monies have been going into this reserve for this reason.

Dalwallinu has long been known for its wattles, wheat and wild flowers, however the industries now set up in the town are also focused on the mining areas to our north east and with most of the industrial blocks now taken up the Shire decided to buy one block of land to build factory units on, these are complete and ready for tenants. The Shire bought another industrial block which is to be on sold when the time comes and have approached Landcorp to start on Stage 2 of the Huggett Drive development.

The Shire at the bequest of several sporting bodies were successful in applying for a CSRFF grant for new multipurpose courts to be located just north of the swimming pool with works to commence next financial year.

The Local Government Advisory Board visited Dalwallinu, Paynes Find & Yalgoo to gather information to assist them in making a decision on our boundary change submission which would have seen the Shire boundary extend just north of Paynes Find. Disappointingly, the LGA board did not rule in our favor, however the Shire have now made it clear for future deliberations.

The Forces and their Horses Memorial was officially opened by the State President of the RSL Graham Edwards in April 2016. This was Dalwallinu's ANZAC Centenary project and is a unique display.

Grant Funding via Country Local Government Fund (CLGF) has allowed the Shire to build 3 quality factory units in the industrial area. Marketing of these facilities will commence in the next financial year which will attract more businesses into our Shire.

A Regional Grant Funded Housing Project (CLGF) was completed with two houses in Leahy Street built by TR homes and two homes built in Wongan-Balidu Shire. The Shire of Dalwallinu co-ordinated this project and this brings to a total of 11 dwellings the Shire has facilitated over the past 5 years.

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.



Steven Carter
Shire Council President

Swearing in of Councillors 2016
New Shire President and New Deputy
President



CHIEF EXECUTIVE OFFICER'S REPORT

2015-2016

This is the first and only opportunity I will have to present the Chief Executive Officer's Report for inclusion in a Shire of Dalwallinu Annual Report.

I commenced with the Shire of Dalwallinu as Acting Chief Executive Officer in November 2015 when the previous Chief Executive Officer Peter Crispin went on leave, prior to his resignation taking effect on 4 December 2015. My contract with the Shire as the permanent Chief Executive Officer was for a period of approximately twelve months.

The remaining portion of the 2015/16 financial year was spent attending to and reviewing many issues relating to the practices and processes being used by the Shire Administration as well as planning the implementation of the following Key Result Areas (KRA's) established in consultation with the Council for the period of my employment contract :-

- Timely and full implementation of the programmes and activities allocated in the 2015/16 adopted annual budget.
- Recreation Facility Dalwallinu – final acceptance of concept plan including community consultation, preparation of business case for funding applications.
- Progress the proposal to subdivide additional industrial land south of Huggett Drive with the view to the lots being made available at the earliest opportunity.
- Dalwallinu Main Street proposal to upgrade be reviewed.
- Improvements to the playing fields (Oval & Hockey) at the Dalwallinu Recreation Complex.
- Review the existing prepared list of Shire owned properties which have been identified as those that are no longer required and determine what action is required/possible to dispose of them.

As at 30 June 2016 the above priorities had commenced, been partially completed or not undertaken due to other requirements and or information not identified.

In addition to the above KRA's and normal day to day administration of the Shire of Dalwallinu, the Chief Executive Officer has been either directly involved and or has had input into the following projects. These initiatives include:

- The joint housing project with the Shires of Moora and Wongan Ballidu for four new residential units in the townsites of Dalwallinu (2) and Wongan Hills (2) funded by Royalties for Regions. Now completed and occupied.
- Construction of three factory units in the Dalwallinu Townsite light industrial area. These units were funded jointly by the Shire of Dalwallinu and Royalties for Regions. The units are now completed and arrangements in place for the marketing of the opportunity to establish new businesses in Dalwallinu.

- Completion of the enclosures of two areas of the Dalwallinu Discovery Centre complex to provide additional areas for either rental and or displays. This project has been completed and the areas are now being marketed.
- Appointment of a consultant to assist with the preparation of an Age Friendlies Community Plan for the Shire of Dalwallinu, including the engagement of a local residents "Focus Group", to identify needs for the future. A grant of \$10,000 from the Department of Local Government and Communities was received to assist with this process. The plan has now been completed and the requirements identified are now being prioritised.
- Progressed the acquisition of land from the Department of Lands for the provision of a further (9) residential lots in Bell Street Dalwallinu.
- Completion and opening of the ANZAC Centenary project of walls depicting Forces and their Horses during the 1914-1918 World War. The official opening was held on 15 April 2016 and was very successful and well attended.
- Planning the development of Multi-Purpose Courts for Basketball, Netball & Tennis including a funding application to the Department of Sport & Recreation for a Grant of \$60,000. This project is now complete.

In general the Chief Executive Officer has had to take on additional responsibilities during the latter half of the financial year due to the difficulties associated with the employment of a suitable person to replace the past Works Manager, Angela Hoy who resigned and left the Shires employment in early April 2016. The position with the construction works programme and the need to complete as much of the programmed work as possible prior to 30 June 2016 added to the busy schedule and commitments of the Chief Executive Officer. A new Manager of Works and Services has now been appointed.

I would like to take the opportunity to thank all the staff for their helpful and friendly manner in which they have assisted me and in particularly the Deputy Chief Executive Officer, Mr Keith Jones and Strategic Projects & Marketing Officer, Mrs Tess Joyner Slot for their contribution, loyalty and support during this time.

I express my appreciation to the President and Councillors for their support and understanding of my role as Chief Executive Officer of the Shire, particularly as there has been a number of complex matters requiring action.

Tony Doust
Chief Executive Officer



DEPUTY CHIEF EXECUTIVE OFFICER'S REPORT

2015-2016

Once again "Fair Value" asset valuations were a major concern for our staff. *(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)).* Plant and Equipment has been revalued after three years. Roads, footpaths, drainage and other infrastructure were valued last year but a review of this process has meant the valuations have been recalculated to ensure a more consistent and realistic depreciation figure.

BUDGET SURPLUS

A number of unexpended capital grants and capital works programs were the major reason we found ourselves again with a surplus figure on the Rate Setting Statement. The expectation is to spend this surplus in the coming 2016/2017 financial year.

BORROWINGS

As at 30th June 2016 the total borrowings were \$1,090,997 which represents 3 Shire loans. There were no new borrowings during the 2015/2016 financial year. Debt principal repaid during the year was \$108,166.

INTEREST

Interest earnings for the 2015/2016 financial year amounted to \$175,256 against a budget of \$148,359. Of the interest income, \$69,383 resulted from short term investments on municipal funds.

ROAD MAINTENANCE FUNDING

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

AUDITORS

This year we have had a change in Auditors welcoming Butler Settineri on board and thanking AMD Chartered Accountants for their work over the last three years.

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

We have had a consistent year this time with no major changes to administration staff. I am very appreciative of the way they work together as a team and support each other.

I once again thank the Councillors of Dalwallinu for their support over the last 12 months.

Keith Jones
Deputy Chief Executive Officer



MEDICAL OFFICER'S ANNUAL REPORT

2015-2016

This financial year can be described as a year of two halves, with the first half of the financial year being successful and rewarding for the Medical Practice, and the second half of the financial year being far more emotionally and practically challenging.

Accreditation

In July 2015 the Medical Practice had its National Accreditation. Accreditation is a legislative requirement for all medical practices in Australia. It entails a very thorough review of all aspects of the practice, including medical and administrative processes. All aspects of the management and maintenance of the Medical Practice must comply with national Medical Board standards.

The Dalwallinu Medical Practice was highly commended in the accreditation process, and was found to be in compliance with all relevant national legislation and protocols.

Staff

The services of our Practice Nurse, Gail Smit, remains in high demand. It forms an important part of the service delivery of the Medical Practice. The services of the Practice Nurse generates additional income for the Practice and allows the Medical Practice doctors to focus their time on more complex matters.

The Medical Practice is fortunate to still have the services of a GP Registrar, visiting from Moora, one day per week, during this financial year. This service helps to increase the service delivery to patients with reduced waiting times to see a medical practitioner.

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 Medical Practice was fortunate once again to secure the locum service of Dr Andrew Trappitt during Dr Smit's annual leave. The Medical Practice would like to make known its appreciation for his services and ongoing availability to the Dalwallinu community.

Conclusion

While this financial year has seen the relationship between the Dalwallinu Shire and Medical Practice experience some trying times, the doctors and staff at the Medical Practice would like to thank the Dalwallinu Shire Council and Administration for their support.

The Medical Practice looks forward to continuing to service the Dalwallinu community in the coming years and, as always, will continue to cater to the community's medical needs to a national standard.

Dr Hendrik Smit
MB ChB, FRACGP
SPECIALIST GENERAL PRACTITIONER



Centenary ANZAC DAY April 2016 – Inauguration of the Murals of the Forces and Their Horses

DALWALLINU HOSPITAL

Annual Report 2015-2016

Dalwallinu Hospital has had an exciting year with plans for the Southern Inland Health Initiative (SIHI) renovations going ahead and moving closer to the actual build date. Many hours have been spent by the SIHI team ensuring all new rooms comply with regulations and standards but also ensure we provide real improvement to patient care. The project involves some alterations to the functionality of the hospital rooms to enable easier access for patients and more consulting rooms for allied health, as well as changes to meet new food safety guidelines in the kitchen. Building should start early in the new year.

Dalwallinu Home and Community Care services and Residential care services underwent a review against the Aged care Standards and met all required outcomes in August 2016.

Some dependency on Agency staff has continued but we continue to follow the recruitment processes and welcome new staff to the team.

After a few years in recession I am happy to announce that the Dalwallinu community now has a Local Health Advisory Group (LHAG) newly formed in October. The first official meeting was held on 7 November 2016. This dynamic group will be another way the hospital can make sure the community has a voice in their local health care services and for the group to assist the hospital in disseminating news and health happenings to the community.

As we continue to provide excellent emergency services to the community so too 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



The Shire of Dalwallinu received \$55,000 from Royalties for Regions - Creating Age Friendly Communities Small Value Grant in May 2015. The following works were completed in the townsite of Dalwallinu .

DALWALLINU ST JOHN AMBULANCE

PRESIDENT'S REPORT

2015-2016

As the year draws to a close it has been another successful year for Dalwallinu/Kalannie St John Ambulance. The year has seen the unveiling of the honour board at our 70th anniversary event, which was well attended by many volunteers from the past. The street numbering has now also been completed for Kalannie and is now ready for the surrounding towns to have theirs done. Our buildings in both Dalwallinu and Kalannie have welcomed the presence of beautiful new signage to the front of them, giving them a more professional look and identification to the buildings.

The past 12 months has seen the 3 Ambulances cover 137 calls, 117 at Dalwallinu and 20 for Kalannie. 35 were Priority 1, with the rest being lower priorities and hospital transfers and sporting events in Pithara, Dalwallinu and Kalannie. There has been the purchase of two new FR3 defibrillators, one being for Kalannie and the other for the Dalwallinu Van. We have also recently had all vans fitted with the compulsory extraction fans for the administration of methoxyflurane pain relief. Thank you to all those involved in taking the vans back and forward to Perth to have these fans fitted.

The next 12 months is going to see the appointment of a new CP to our area, with the title being Dalwallinu CP. This position is currently being filled and will see a new clinical paramedic being appointed to cover 6 sub centres in their area, though they will be titled Dalwallinu CP. This position is to assist the sub centres with their trainings and give additional support where needed. The position is based on a 4-day shift roster, the same as Perth paramedics work.

We have had several new Ambulance officers join our team in the past 12 months with Dayna Christian, Neville Christian, Elza Wallis and Rickki Hathway now all qualified as Level 1 and level 2 officers. We also have Chloe Leggett just recently coming on board and is just starting her in house training with us. This now gives our team a total of 17 current Volunteers Ambulance Officers between Dalwallinu and Kalannie.

I would like to thank the members that have left or are retiring from our sub centre this year. Firstly, Bill Harris our secretary for all his dedication, hard work and for always entertaining us with his minutes. Wayne Stoner has also retired after 14 years with St John's as a volunteer ambulance officer, and to Wayne Johnson who has recently transferred through to Northam.

I would also like to thank the DFES volunteers for their help throughout the year. Lastly, my thanks go to our entire volunteer team for the many hours that they put in to keep the Ambulance service available in our district.

Craig Sutherland
St John Chairperson Dalwallinu



CBFCO ANNUAL REPORT

2015-2016

There were 7 reported fires in the Dalwallinu shire for the year ending 30 June 2016.

- 3 truck fires resulting in \$200,000 damage
- 1 fire in a house resulting in \$2,000 damage. (Candles)
- 2 controlled burn escapes.
- 1 lightning strike scrub fire.

We also sent the Kalannie 4.4R truck down to assist with the Waroona fire on the 7/1/16 to 13/1/16 for 7 days with three crew changes over this period.

My thanks to the 9 crew who gave up their time to assist with this major fire.

Thank you to all the volunteers who give up their time to attend fires both in our Shire and wherever they are needed.



Gary Butcher
Chief Bush Fire Control Officer



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.



Centenary ANZAC DAY April 2016 – Inauguration of the Murals of the Forces and Their Horses

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.



Townscape Shade structures



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	2016	2015
\$		
100,001 – 110,000	1	1
110,001 – 120,000	1	1
160,001 – 170,000	1	
* 381,001 – 390,000	1	
* 400,001 – 410,000		1

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



July 2015 Citizenship Ceremony



2016 Citizenship Ceremony

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

SECTION 3



Financial Report

SHIRE OF DALWALLINU
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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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 2016**

**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 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2016 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 9th day of December 2016



Jean Sutherland
Chief Executive Officer

SHIRE OF DALWALLINU
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	23	2,948,791	2,949,694	2,873,126
Operating grants, subsidies and contributions	30	2,066,631	4,672,856	4,915,006
Fees and charges	29	1,602,470	1,472,092	1,499,411
Interest earnings	2(a)	175,256	148,359	172,178
Other revenue	2(a)	318	5,219	959
		<u>6,793,466</u>	<u>9,248,220</u>	<u>9,460,680</u>
Expenses				
Employee costs		(2,912,783)	(2,515,785)	(2,186,261)
Materials and contracts		(5,990,451)	(1,600,111)	(2,150,466)
Utility charges		(405,345)	(467,381)	(414,284)
Depreciation on non-current assets	2(a)	(4,908,353)	(12,324,556)	(3,395,712)
Interest expenses	2(a)	(72,857)	(73,900)	(80,222)
Insurance expenses		(152,647)	(228,421)	(173,563)
Other expenditure		(190,749)	0	(103,922)
		<u>(14,633,185)</u>	<u>(17,210,154)</u>	<u>(8,504,430)</u>
		(7,839,719)	(7,961,934)	956,250
Non-operating grants, subsidies and contributions	30	5,283,286	1,300,864	2,988,611
Profit on asset disposals	21	27,818	125,432	58,699
(Loss) on asset disposals	21	(55,307)	0	(12,576)
Fair value adjustments to financial assets at fair value through profit or loss	4	0	0	(194,023)
Reversal of prior year loss on revaluation of plant and equipment	7(b)	259,489	0	0
Reversal of prior year loss on revaluation of Footpaths	8(b)	194,023	0	0
Net result		<u>(2,130,410)</u>	<u>(6,535,638)</u>	<u>3,796,961</u>
Other comprehensive income				
Changes on revaluation of non-current assets	13	19,326,100	0	146,693,549
Total other comprehensive income		<u>19,326,100</u>	<u>0</u>	<u>146,693,549</u>
Total comprehensive income		<u><u>17,195,690</u></u>	<u><u>(6,535,638)</u></u>	<u><u>150,490,510</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 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue	2(a)			
Governance		14,923	2,903	5,547
General purpose funding		4,427,979	4,340,022	6,909,638
Law, order, public safety		42,225	24,376	364,664
Health		502,651	478,161	466,560
Education and welfare		753	2,229	6,148
Housing		194,926	196,367	171,806
Community amenities		473,418	426,262	471,075
Recreation and culture		147,878	135,477	167,447
Transport		274,631	3,242,892	247,245
Economic services		534,222	284,286	485,387
Other property and services		179,860	115,244	165,633
		<u>6,793,466</u>	<u>9,248,219</u>	<u>9,461,150</u>
Expenses	2(a)			
Governance		(540,174)	(501,865)	(476,693)
General purpose funding		(250,318)	(230,012)	(228,533)
Law, order, public safety		(92,208)	(79,003)	(89,171)
Health		(877,124)	(871,189)	(890,092)
Education and welfare		(10,571)	(23,820)	(20,721)
Housing		(156,110)	(208,801)	(210,494)
Community amenities		(577,652)	(637,313)	(608,809)
Recreation and culture		(1,301,698)	(1,574,598)	(1,648,884)
Transport		(8,812,032)	(11,709,941)	(2,990,004)
Economic services		(1,832,672)	(1,268,517)	(1,109,499)
Other property and services		(109,769)	(31,194)	(151,778)
		<u>(14,560,328)</u>	<u>(17,136,253)</u>	<u>(8,424,678)</u>
Finance costs	2(a)			
Community amenities		(16,426)	(16,914)	(17,416)
Recreation and culture		(46,367)	(46,151)	(49,888)
Other property and services		(10,064)	(10,835)	(12,918)
		<u>(72,857)</u>	<u>(73,900)</u>	<u>(80,222)</u>
		<u>(7,839,719)</u>	<u>(7,961,934)</u>	<u>956,250</u>
Non-operating grants, subsidies and contributions	30	5,283,286	1,300,864	2,988,611
Profit on disposal of assets	21	27,818	125,432	58,229
(Loss) on disposal of assets	21	(55,307)	0	(12,106)
Fair value adjustments to financial assets at fair value through profit or loss	4	0	0	(194,023)
Reversal of prior year loss on revaluation of plant and equipment	7(b)	259,489	0	0
Reversal of prior year loss on revaluation of Footpaths	8(b)	194,023	0	0
		<u>453,512</u>	<u>0</u>	<u>0</u>
Net result		<u>(2,130,410)</u>	<u>(6,535,638)</u>	<u>3,796,961</u>
Other comprehensive income				
Changes on revaluation of non-current assets	13	19,326,100	0	146,693,549
Total other comprehensive income		<u>19,326,100</u>	<u>0</u>	<u>146,693,549</u>
Total comprehensive income		<u><u>17,195,690</u></u>	<u><u>(6,535,638)</u></u>	<u><u>150,490,510</u></u>

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

SHIRE OF DALWALLINU
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	4,620,661	7,578,171
Trade and other receivables	5	1,621,442	421,850
Inventories	6	11,459	10,208
TOTAL CURRENT ASSETS		6,253,562	8,010,229
NON-CURRENT ASSETS			
Other receivables	5	17,457	15,203
Property, plant and equipment	7	34,891,471	33,988,250
Infrastructure	8	269,342,933	251,025,010
TOTAL NON-CURRENT ASSETS		304,251,861	285,028,463
TOTAL ASSETS		310,505,423	293,038,692
CURRENT LIABILITIES			
Trade and other payables	9	895,629	480,162
Current portion of long term borrowings	10	104,003	108,167
Provisions	11	493,678	547,808
TOTAL CURRENT LIABILITIES		1,493,310	1,136,137
NON-CURRENT LIABILITIES			
Long term borrowings	10	986,992	1,090,995
Provisions	11	100,568	82,697
TOTAL NON-CURRENT LIABILITIES		1,087,560	1,173,692
TOTAL LIABILITIES		2,580,870	2,309,829
NET ASSETS		307,924,553	290,728,863
EQUITY			
Retained surplus		39,326,602	41,859,359
Reserves - cash backed	12	3,197,580	2,795,233
Revaluation surplus	13	265,400,371	246,074,271
TOTAL EQUITY		307,924,553	290,728,863

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 2016

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 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 assets	13	0	0	146,693,549	146,693,549
Total comprehensive income		3,796,961	0	146,693,549	150,490,510
Transfers from/(to) reserves		(294,874)	294,874	0	0
Balance as at 30 June 2015		41,859,359	2,795,233	246,074,271	290,728,863
Comprehensive income					
Net result		(2,130,410)	0	0	(2,130,410)
Changes on revaluation of assets	13	0	0	19,326,100	19,326,100
Total comprehensive income		(2,130,410)	0	19,326,100	17,195,690
Transfers from/(to) reserves		(402,347)	402,347	0	0
Balance as at 30 June 2016		39,326,602	3,197,580	265,400,371	307,924,553

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 2016

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,978,285	2,962,921	2,729,191
Operating grants, subsidies and contributions		909,588	4,613,282	4,915,006
Fees and charges		1,602,470	1,472,092	1,499,411
Interest earnings		175,256	148,359	172,178
Goods and services tax		0	0	16,735
Other revenue		318	5,219	959
		<u>5,665,917</u>	<u>9,201,873</u>	<u>9,333,480</u>
Payments				
Employee costs		(2,954,716)	(2,642,353)	(2,065,403)
Materials and contracts		(5,566,779)	(1,658,991)	(2,020,259)
Utility charges		(405,345)	(467,381)	(414,284)
Interest expenses		(76,639)	(97,523)	(80,620)
Insurance expenses		(152,647)	(228,421)	(173,563)
Goods and services tax		(87,287)	0	0
Other expenditure		(190,749)	0	(120,657)
		<u>(9,434,162)</u>	<u>(5,094,669)</u>	<u>(4,874,786)</u>
Net cash provided by (used in) operating activities	14(b)	<u>(3,768,245)</u>	<u>4,107,204</u>	<u>4,458,694</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,881,338)	(4,732,504)	(1,559,824)
Payments for construction of infrastructure		(2,674,066)	(5,986,102)	(2,026,749)
Non-operating grants, subsidies and contributions		5,283,286	1,300,864	2,988,611
Proceeds from sale of fixed assets		178,030	246,727	192,650
Net cash provided by (used in) investment activities		<u>905,912</u>	<u>(9,171,015)</u>	<u>(405,312)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(108,167)	(108,167)	(111,878)
Proceeds from self supporting loans		12,990	12,990	20,676
Proceeds from new debentures		0	1,300,000	0
Net cash provided by (used in) financing activities		<u>(95,177)</u>	<u>1,204,823</u>	<u>(91,202)</u>
Net increase (decrease) in cash held		(2,957,510)	(3,858,988)	3,962,180
Cash at beginning of year		7,578,171	7,578,171	3,615,991
Cash and cash equivalents at the end of the year	14(a)	<u><u>4,620,661</u></u>	<u><u>3,719,183</u></u>	<u><u>7,578,171</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 2016

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net current assets at start of financial year - surplus/(deficit)		<u>4,370,895</u> 4,370,895	<u>4,002,598</u> 4,002,598	<u>784,161</u> 784,161
Revenue from operating activities (excluding rates)				
Governance		14,923	2,903	5,547
General purpose funding		1,479,188	1,390,328	4,036,512
Law, order, public safety		42,225	24,376	381,826
Health		509,469	484,706	466,560
Education and welfare		753	2,229	6,148
Housing		194,926	196,367	171,806
Community amenities		473,418	426,262	471,075
Recreation and culture		147,878	135,477	167,447
Transport		295,631	3,361,779	288,312
Economic services		534,222	284,286	485,387
Other property and services		<u>179,860</u>	<u>115,244</u>	<u>165,633</u>
		<u>3,872,493</u>	<u>6,423,957</u>	<u>6,646,253</u>
Expenditure from operating activities				
Governance		(540,174)	(501,865)	(476,693)
General purpose funding		(250,318)	(230,012)	(422,556)
Law, order, public safety		(92,208)	(79,003)	(89,171)
Health		(877,124)	(871,189)	(890,092)
Education and welfare		(10,571)	(23,820)	(20,721)
Housing		(179,400)	(208,801)	(210,494)
Community amenities		(595,458)	(654,227)	(626,225)
Recreation and culture		(1,359,645)	(1,620,749)	(1,700,800)
Transport		(8,812,032)	(11,709,941)	(2,990,004)
Economic services		(1,848,264)	(1,268,517)	(1,109,499)
Other property and services		<u>(123,298)</u>	<u>(42,029)</u>	<u>(174,774)</u>
		<u>(14,688,492)</u>	<u>(17,210,153)</u>	<u>(8,711,029)</u>
Operating activities excluded from budget				
(Profit) on disposal of assets	21	(27,818)	(125,432)	(58,699)
Loss on disposal of assets	21	55,307	0	12,576
Movement in Accrued Interest			(23,623)	
Movement in deferred pensioner rates (non-current)		(4,401)	0	0
Movement in employee benefit provisions (non-current)		30,392	0	26,159
Loss on revaluation of non-current assets	2(a)	0	0	194,023
Depreciation and amortisation on assets	2(a)	<u>4,908,353</u>	<u>12,324,556</u>	<u>3,395,712</u>
Amount attributable to operating activities		<u>(1,483,271)</u>	<u>5,391,903</u>	<u>2,289,156</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		5,283,286	1,300,864	2,988,611
Proceeds from disposal of assets	21	178,030	246,727	192,650
Purchase of property, plant and equipment	7(b)	(1,881,338)	(4,732,504)	(1,559,824)
Purchase and construction of infrastructure	8(b)	<u>(2,674,066)</u>	<u>(5,986,102)</u>	<u>(2,026,749)</u>
Amount attributable to investing activities		<u>905,912</u>	<u>(9,171,015)</u>	<u>(405,312)</u>
FINANCING ACTIVITIES				
Repayment of debentures	22(a)	(108,167)	(108,167)	(111,878)
Proceeds from new debentures	22(a)	0	1,300,000	0
Proceeds from self supporting loans		12,990	10,123	20,676
Transfers to reserves (restricted assets)	12	<u>(402,347)</u>	<u>(372,538)</u>	<u>(294,874)</u>
Amount attributable to financing activities		<u>(497,524)</u>	<u>829,418</u>	<u>(386,076)</u>
Surplus(deficiency) before general rates		<u>(1,074,883)</u>	<u>(2,949,694)</u>	<u>1,497,768</u>
Total amount raised from general rates	23	<u>2,948,791</u>	<u>2,949,694</u>	<u>2,873,126</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	24	<u><u>1,873,908</u></u>	<u><u>0</u></u>	<u><u>4,370,894</u></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 2016

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. All amounts are stated in Australian dollars.

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 20 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 2016

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.

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

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

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

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

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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 2016

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 2016

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 2016

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 in accordance with the regulatory framework.

(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 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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 2016

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 2016

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 17.

(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 2016

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 2016

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 15 Revenue from Contracts with Customers	October 2015	1 January 2018	<p>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.</p> <p>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.</p>
(iii)	AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p>

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	<p>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.</p> <p>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.</p>
(v)	AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	<p>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.</p> <p>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.</p>
(vi)	AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2018	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.</p>
(viii) 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	<p>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.</p> <p>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.</p>

Notes:

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

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES

	2016	2015
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Significant expense and revenue		
Loss on fair value adjustment	<u>0</u>	<u>(194,023)</u>
 Auditors remuneration		
- Audit of the Annual Financial Report	21,660	17,653
- Other services	3,457	2,810
 Depreciation		
Buildings - non-specialised	720,180	1,099,808
Furniture and equipment	49,502	44,971
Plant and equipment	434,984	476,937
Roads	3,515,145	1,642,332
Footpaths	54,068	0
Drainage	45,913	
Parks & Ovals	4,447	4,447
Infrastructure - other	84,114	127,217
	<u>4,908,353</u>	<u>3,395,712</u>
 Interest expenses (finance costs)		
Debentures (refer Note 22 (a))	<u>72,857</u>	<u>80,222</u>
	<u>72,857</u>	<u>80,222</u>
(ii) Crediting as revenue:		
 Other revenue		
Other	<u>318</u>	<u>959</u>
	<u>318</u>	<u>959</u>
	2016	2016
	Actual	Budget
	\$	\$
 Interest earnings		
- Loans receivable - clubs/institutions	0	730
- Reserve funds	85,713	55,505
- Other funds	69,383	80,124
Other interest revenue (refer note 28)	20,160	12,000
	<u>175,256</u>	<u>148,359</u>
	<u>175,256</u>	<u>172,178</u>

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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

Objective:

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

Activities:

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

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates income & expenditure, general purpose grant and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Food quality, pest control, medical centre operations and other health services.

EDUCATION AND WELFARE

Objective:

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

Activities:

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

HOUSING

Objective:

To provide and maintain employee, non-employee and elderly residents housing.

Activities:

Provision and maintenance of staff and rental housing.

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collection services, operation of 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 roadside furniture.

RECREATION AND CULTURE

Objective:

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

Activities:

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

Objective:

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

Activities:

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

Objective:

To help promote the shire and its economic wellbeing.

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control the shire's overheads and operating accounts.

Activities:

Private works operations, private works overheads, materials, salaries & 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 2016

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance ⁽¹⁾ 30/06/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance 30/06/16 \$
R4R (DAF) - Regional Dogger Project	13	22,317	24,650	(34,132)	12,835	41,145	(44,025)	9,955
Contribution of Landscaping subdivision	13	60,000	0	0	60,000	0	0	60,000
South Street Project 2 - R4R	13	43,070	0	(43,070)	0	0	0	0
Central Wheatbelt Declared Species Group	13	74,123	157,018	(175,384)	55,757	95,455	(138,407)	12,805
R4R (DAF) - RBG Transition Project	13	0	0	0	0	55,000	0	55,000
Community Pool Revitalisation Program Grant	11	0	30,000	(30,000)	0	32,000	(32,000)	0
Aged Friendly Communities Grant - WDC	12	0	55,000	0	55,000	0	(55,000)	0
Factory Units Project - R4R	13	0	444,735	0	444,735	0	(165,836)	278,899
CLGF Housing (3shires) - R4R	13	0	1,205,137	0	1,205,137	0	(1,123,616)	81,521
Total		<u>199,510</u>	<u>1,916,540</u>	<u>(282,586)</u>	<u>1,833,464</u>	<u>223,600</u>	<u>(1,558,884)</u>	<u>498,180</u>

Notes:

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

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		924,901	2,949,474
Restricted		3,695,760	4,628,697
		<u>4,620,661</u>	<u>7,578,171</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	12	209,380	203,151
Plant reserve	12	734,908	713,044
Joint Venture Housing reserve	12	221,353	190,850
Land & Buildings reserve	12	1,125,407	1,041,488
Sewerage Scheme reserve	12	560,861	544,174
Townscape reserve	12	47,373	26,558
Telecommunications reserve	12	57,685	55,968
Swimming Pool reserve	12	40,613	20,000
Recreation reserve	12	200,000	0
Unspent grants	2(c)	498,180	1,833,464
		<u>3,695,760</u>	<u>4,628,697</u>
4. INVESTMENTS			
Financial assets at fair value through profit and loss			
Revaluation to income statement			
Governance		0	(194,023)
		<u>0</u>	<u>(194,023)</u>
At the end of the year		<u>0</u>	<u>(194,023)</u>
5. TRADE AND OTHER RECEIVABLES			
Current			
Rates outstanding		75,247	109,142
Sundry debtors		1,454,782	294,243
GST receivable		87,287	0
Loans receivable - clubs/institutions		2,147	12,990
Accrued income/payments in advance		1,979	5,475
		<u>1,621,442</u>	<u>421,850</u>
Non-current			
Rates outstanding - pensioners		12,967	8,566
Loans receivable - clubs/institutions		4,490	6,637
		<u>17,457</u>	<u>15,203</u>
6. INVENTORIES			
Current			
Fuel and materials		11,459	10,208
		<u>11,459</u>	<u>10,208</u>

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016 \$	2015 \$
7 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land - freehold at:		
- Independent valuation 2013 - level 2	2,482,933	2,599,567
- Additions after valuation - cost	<u>234,896</u>	<u>0</u>
	2,717,829	2,599,567
	<u>2,717,829</u>	<u>2,599,567</u>
Buildings - non-specialised at:		
- Independent valuation 2013 - level 2	35,947,135	30,711,242
- Additions after valuation - cost	1,160,110	399,724
Less: accumulated depreciation	<u>(7,690,613)</u>	<u>(1,969,403)</u>
	29,416,632	29,141,563
	<u>29,416,632</u>	<u>29,141,563</u>
Total land and buildings	<u>32,134,461</u>	<u>31,741,130</u>
Furniture and equipment at:		
- Cost - level 3	433,786	406,645
Less accumulated depreciation	<u>(222,779)</u>	<u>(187,444)</u>
	211,007	219,201
Plant and equipment at:		
- Management valuation 2013 - level 2	0	3,001,221
- Management valuation 2016 - level 2	6,183,058	0
Less accumulated depreciation	<u>(3,637,055)</u>	<u>(973,302)</u>
	2,546,003	2,027,919
	<u>34,891,471</u>	<u>33,988,250</u>

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

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold	2,599,567	234,896	(116,634)	0	0	0	0	0	2,717,829
Total land	2,599,567	234,896	(116,634)	0	0	0	0	0	2,717,829
Buildings - non-specialised	29,141,563	1,160,110			0	0	(720,180)	(164,861)	29,416,632
Total buildings	29,141,563	1,160,110	0	0	0	0	(720,180)	(164,861)	29,416,632
Total land and buildings	31,741,130	1,395,006	(116,634)	0	0	0	(720,180)	(164,861)	32,134,461
Furniture and equipment	219,201	41,308	0	0	0	0	(49,502)	0	211,007
Plant and equipment	2,027,919	445,024	(60,334)	308,889	259,489	0	(434,984)	0	2,546,003
Total property, plant and equipment	33,988,250	1,881,338	(176,968)	308,889	259,489	0	(1,204,666)	(164,861)	34,891,471

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

7. 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					
Land - freehold	2	market approach using recent observable market data for similar properties	independent valuer	June 2013	price per square metre/ market borrowing rate
Buildings - non-specialised	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					
- Management valuation 2016	2	market approach using recent observable market data / specific quotes	management valuation	June 2016	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 2016

	2016 \$	2015 \$
8 (a). INFRASTRUCTURE		
Roads		
- Independent valuation 2015 - level 2	0	249,025,731
- Independent valuation 2016 - level 2	242,242,705	0
- Additions after valuation - cost	2,037,467	0
Less accumulated depreciation	(3,515,145)	0
	<u>240,765,027</u>	<u>249,025,731</u>
Footpaths		
- Independent valuation 2016 - level 2	1,081,365	730,690
- Additions after valuation - cost	139,952	0
Less accumulated depreciation	(54,068)	0
	<u>1,167,249</u>	<u>730,690</u>
Drainage		
- Independent valuation 2016 - level 2	1,015,088	0
- Additions after valuation - cost	136,317	0
Less accumulated depreciation	(45,913)	0
	<u>1,105,492</u>	<u>0</u>
Parks & Ovals		
- Independent valuation 2016 - level 2	328,611	0
- Cost	0	165,067
Less accumulated depreciation	(53,321)	(57,473)
	<u>275,290</u>	<u>107,594</u>
Infrastructure - other		
- Independent valuation 2015 - level 2	0	1,846,194
- Independent valuation 2016 - level 2	26,923,666	0
- Additions after valuation - cost	0	87,614
Less accumulated depreciation	(1,236,498)	(876,388)
	<u>25,687,168</u>	<u>1,057,420</u>
Gardens		
- Independent valuation 2015 - level 2	0	103,575
- Independent valuation 2016 - level 2	342,707	0
Less accumulated depreciation	0	0
	<u>342,707</u>	<u>103,575</u>
	<u>269,342,933</u>	<u>251,025,010</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires 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 2016

8. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Roads	249,025,731	2,037,467	0	(6,783,026)	0	0	(3,515,145)	0	240,765,027
Footpaths	730,690	139,952	0	156,652	194,023	0	(54,068)	0	1,167,249
Drainage	0	136,317	0	1,015,088	0	0	(45,913)	0	1,105,492
Parks & Ovals	107,594	0	(1,628)	173,771	0	0	(4,447)	0	275,290
Infrastructure - other	1,057,420	360,330	0	24,188,671	0	0	(84,114)	164,861	25,687,168
Gardens	103,575	0	(26,923)	266,055	0	0	0	0	342,707
Total infrastructure	<u>251,025,010</u>	<u>2,674,066</u>	<u>(28,551)</u>	<u>19,017,211</u>	<u>194,023</u>	<u>0</u>	<u>(3,703,687)</u>	<u>164,861</u>	<u>269,342,933</u>

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

8. 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 2016	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 2016	construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Drainage	3	cost approach using depreciated replacement cost	independent valuer	June 2016	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	independent valuer	June 2016	construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - other	3	cost approach using depreciated replacement cost	independent valuer	June 2016	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	independent valuer	June 2016	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 2016

	2016	2015
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	723,352	304,267
Accrued interest on debentures	19,841	23,623
Accrued salaries and wages	108,268	83,861
ATO liabilities	0	30,081
Other current liabilities	44,168	38,330
	<u>895,629</u>	<u>480,162</u>

10. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	104,003	108,167
	<u>104,003</u>	<u>108,167</u>
Non-current		
Secured by floating charge		
Debentures	986,992	1,090,995
	<u>986,992</u>	<u>1,090,995</u>

Additional detail on borrowings is provided in Note 22.

11. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2015			
Current provisions	314,806	233,002	547,808
Non-current provisions	0	82,697	82,697
	<u>314,806</u>	<u>315,699</u>	<u>630,505</u>
Additional provision	(58,069)	21,810	(36,259)
Balance at 30 June 2016	<u>256,737</u>	<u>337,509</u>	<u>594,246</u>
Comprises			
Current	256,737	236,941	493,678
Non-current	0	100,568	100,568
	<u>256,737</u>	<u>337,509</u>	<u>594,246</u>

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

12. RESERVES - CASH BACKED

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Leave reserve	203,151	6,229		209,380	203,151	4,063		207,214	196,858	6,293	0	203,151
Plant reserve	713,044	21,865		734,909	713,044	14,261		727,305	548,860	164,184	0	713,044
Joint Venture Housing reserve	190,850	30,503		221,353	190,850	28,468		219,318	165,519	25,331	0	190,850
Land & Buildings reserve	1,041,488	83,920		1,125,408	1,041,488	72,813		1,114,301	1,009,234	32,254	0	1,041,488
Sewerage Scheme reserve	544,174	16,687		560,861	544,174	10,883		555,057	499,918	44,256	0	544,174
Townscape reserve	26,558	20,814		47,372	26,558	20,531		47,089	25,735	823	0	26,558
Telecommunications reserve	55,968	1,716		57,684	55,969	1,119		57,088	54,235	1,733	0	55,968
Swimming Pool reserve	20,000	20,613		40,613	20,000	20,400		40,400	0	20,000	0	20,000
Recreation reserve	0	200,000		200,000	0	200,000		200,000				0
	2,795,233	402,347	0	3,197,580	2,795,234	372,538	0	3,167,772	2,500,359	294,874	0	2,795,233

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.

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

Name of Reseve	Anticipated date of use	Purpose of the reserve
Leave reserve	no set date	- to be used to fund annual and long service leave requirements
Plant reserve	no set date	- to be used for the purchase of major plant
Joint Venture Housing reserve	no set date	- to be used for long term maintenance & construction of joint venture housing.
Land & Buildings reserve	no set date	- to be used for the purchase/construction of land/buildings.
Sewerage Scheme reserve	no set date	- to be used for the maintenance & replacement of the sewerage Scheme.
Townscape reserve	no set date	- to be used for future townscaping projects within the Shire.
Telecommunications reserve	no set date	- to be used to leverage enhanced telecommunications capabilities within the Shire.
Swimming Pool reserve	no set date	- to be used for the maintenance & upgrade of the swimming pool.

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

13. REVALUATION SURPLUS

	2016 Opening Balance \$	2016 Revaluation Increment \$	2016 Revaluation Decrement \$	2016 Total Movement on Revaluation \$	2016 Closing Balance \$	2015 Opening Balance \$	2015 Revaluation Increment \$	2015 Revaluation Decrement \$	2015 Total Movement on Revaluation \$	2015 Closing Balance \$
Land and buildings	22,547,113	0	0	0	22,547,113	22,547,113	0	0	0	22,547,113
Furniture and equipment	195	0	0	0	195	195	0	0	0	195
Plant and equipment	37,125	308,889	0	308,889	346,014	37,125	0	0	0	37,125
Roads	223,489,838	0	(6,783,026)	(6,783,026)	216,706,812	76,796,289	146,693,549	0	146,693,549	223,489,838
Footpaths	0	156,652	0	156,652	156,652	0	0	0	0	0
Drainage	0	1,015,088	0	1,015,088	1,015,088	0	0	0	0	0
Parks & Ovals	0	173,771	0	173,771	173,771	0	0	0	0	0
Infrastructure - other	0	24,188,671	0	24,188,671	24,188,671	0	0	0	0	0
Gardens	0	266,055	0	266,055	266,055	0	0	0	0	0
	<u>246,074,271</u>	<u>26,109,126</u>	<u>(6,783,026)</u>	<u>19,326,100</u>	<u>265,400,371</u>	<u>99,380,722</u>	<u>146,693,549</u>	<u>0</u>	<u>146,693,549</u>	<u>246,074,271</u>

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

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

14. 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:

	2016	2016	2015
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>4,620,661</u>	<u>3,719,183</u>	<u>7,578,171</u>

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

Net result	(2,130,410)	(6,535,638)	3,796,961
Non-cash flows in Net result:			
Depreciation	4,908,353	12,324,556	3,395,712
(Profit)/Loss on sale of asset	27,489	(125,432)	(46,123)
Loss on revaluation of fixed assets	0	0	194,023
Reversal of loss on revaluation of fixed assets	(453,512)	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(1,214,836)	(46,347)	(143,935)
(Increase)/Decrease in inventories	(1,251)	(5,792)	4,065
Increase/(Decrease) in payables	415,467	(67,845)	145,430
Increase/(Decrease) in provisions	(36,259)	(135,434)	101,172
Grants contributions for the development of assets	<u>(5,283,286)</u>	<u>(1,300,864)</u>	<u>(2,988,611)</u>
Net cash from operating activities	<u>(3,768,245)</u>	<u>4,107,204</u>	<u>4,458,694</u>

Note: Loss on revaluation of fixed assets 2015 column amount is now \$194,023 corrected from 2014/2015 Annual Report figures which showed \$967,849 incorrectly.

	2016	2015
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit		
Bank overdraft at balance date		
Credit card limit	5,000	5,000
Credit card balance at balance date	<u>(140)</u>	<u>(1,685)</u>
Total amount of credit unused	<u>4,860</u>	<u>3,315</u>
Loan facilities		
Loan facilities - current	104,003	108,167
Loan facilities - non-current	<u>986,992</u>	<u>1,090,995</u>
Total facilities in use at balance date	<u>1,090,995</u>	<u>1,199,162</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

15. CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2016.

16. CAPITAL AND LEASING COMMITMENTS	2016	2015
	\$	\$
(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	420,420	52,953
- plant & equipment purchases	620,130	197,500
Payable:		
- not later than one year	1,040,550	250,453

17. 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:

	2016	2015
	\$	\$
Non-current assets		
Land and buildings	1,210,786	1,207,012
Less: accumulated depreciation	(138,419)	(113,524)
	<u>1,072,367</u>	<u>1,093,488</u>

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016	2015
	\$	\$
Governance	649,368	661,801
General purpose funding	218,229	1,406,606
Law, order, public safety	422,566	448,793
Health	704,066	981,718
Education and welfare	167,527	171,633
Housing	7,743,218	5,215,124
Community amenities	2,677,216	2,434,627
Recreation and culture	42,071,021	18,355,274
Transport	245,100,917	251,950,923
Economic services	2,215,961	3,234,819
Other property and services	4,501,399	6,000,330
Unallocated	4,033,935	2,177,044
	<u>310,505,423</u>	<u>293,038,692</u>

SHIRE OF DALWALLINU
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	2016	2015	2014
19. FINANCIAL RATIOS			
Current ratio	1.99	3.62	1.68
Asset sustainability ratio	0.66	1.03	0.79
Debt service cover ratio	(13.44)	22.30	8.38
Operating surplus ratio	(1.56)	0.18	(0.36)
Own source revenue coverage ratio	0.32	0.54	0.56

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 57 of this document.

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

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$1,298,346.

The early payment was considered to be "one-off" and if recognised in the year to which the allocation related the calculations in the 2016 and 2015 columns above would be as follows:

	2016	2015
Debt service cover ratio	(6.26)	15.54
Operating surplus ratio	(1.28)	(0.11)

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

20. TRUST FUNDS

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

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
DPI Licensing Fees	12,072	1,123,421	(1,119,329)	16,165
St John Ambulance Memberships	147	3,301	(2,949)	499
BCITF Levy	90	6,932	(6,831)	191
Building Services Levy	74	5,930	(5,948)	56
Standpipe Swipe Cards	1,350	600	(300)	1,650
Mainly Mutton Cookbooks	0	10	(10)	0
Raffle Tickets	3	0	0	3
Nomination Fees	0	560	(400)	160
Hall Hire Bonds	990	625	(200)	1,415
Key Deposits	730	845	(65)	1,510
Housing Bonds	0	8,796	(8,796)	0
75 Stories Book	0	30	(30)	0
Pommie Migrant to Pioneer Farmer Book	0	105	(105)	0
Prepared to Pioneer Book	0	28	(28)	0
5 Graves in Dalwallinu Book	0	102	(102)	0
Pioneer House Donations	10,076	0	0	10,076
Miscellaneous Deposits Held	560	11,000	0	11,560
Gundurra Regional Conservation Assn	364,791	100,000	(464,790)	0
31 Miles of Smiles Registration fees	910	125	(1,035)	(0)
	<u>391,793</u>			<u>43,285</u>

21. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Health								
2008 Toyota Aurion (DL131)	0	6,818	6,818	0	0	6,545	6,545	0
Housing								
Land - 12 James Street, Dalwallinu	70,000	49,343	0	(20,657)				
Land - 87 Johnston Street, Dalwallinu	46,633	44,000	0	(2,633)				
Community amenities								
Park Benches for Tourist Info area	1,380	0	0	(1,380)				
Recreation and culture								
Kalannie Town Park Garden & Retic	1,861	0	0	(1,861)				
Memorial Park Garden & Retic	9,719	0	0	(9,719)				
Transport								
2009 Volvo G940 Grader (DL143)	0	0			83,736	90,000	6,264	0
2005 Mitsubishi FV51J 12T Tipper (DL147)	0	0			0	80,000	80,000	0
2012 Nissan Navara DX (DL194)	4,604	9,818	5,214	0	8,768	9,182	414	0
2005 Mitsubishi 3T Canter Tipper (DL121)	0	0			0	15,000	15,000	0
2007 Hino 3T Tipper (DL515)	0	0			0	15,000	15,000	0
2012 Toyota Hilux 4.4 Turbo (WS) (DL281)	10,388	21,960	11,572	0	20,023	21,818	1,795	0
2012 Nissan Navara DX (DL275)	4,604	8,818	4,214	0	8,768	9,182	414	0
Economic services								
Garden at Caravan Park	15,344	0	0	(15,344)				
Aluminium Bench Seats (PF14)	248	0	0	(248)				
Other property and services								
CEO Vehicle (DL2)	40,738	37,273	0	(3,465)	0	0		
	<u>205,519</u>	<u>178,030</u>	<u>27,818</u>	<u>(55,307)</u>	<u>121,295</u>	<u>246,727</u>	<u>125,432</u>	<u>0</u>

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2015 \$	New Loans \$	Principal Repayments Actual Budget \$ \$		Principal 30 June 2016 Actual Budget \$ \$		Interest Repayments Actual Budget \$ \$	
Housing								
Loan 156 - Staff Housing	208,535		48,058	48,058	160,477	160,477	10,063	10,835
Community amenities								
Loan 64 - Sewerage Scheme	174,378		10,893	10,893	163,485	163,485	16,426	16,914
Recreation and culture								
Loan 157 - Dalwallinu Discovery Centre	806,126		39,093	39,092	767,033	767,034	46,146	45,845
Other property and services								
	1,189,039	0	98,044	98,043	1,090,995	1,090,996	72,635	73,594
<u>Self Supporting Loans</u>								
Housing								
Recreation and culture								
Loan 158 - Dalwallinu Sports Club *	10,123		10,123	10,124	0	(1)	222	306
	10,123	0	10,123	10,124	0	(1)	222	306
	1,199,162	0	108,167	108,167	1,090,995	1,090,995	72,857	73,900

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 2016

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2015/16

The Shire did not take up any new debentures during the year ended 30 June 2016.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2016.

(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 2016

23. RATING INFORMATION - 2015/16 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
GRV - Dalwallinu	0.0854	252	3,241,364	276,939	0	0	276,939	276,939	0	0	276,939
Unimproved value valuations											
UV - Rural	0.0218	400	121,355,500	2,639,482	(313)	0	2,639,169	2,639,482	0	0	2,639,482
Sub-Total		652	124,596,864	2,916,421	(313)	0	2,916,108	2,916,421	0	0	2,916,421
Minimum payment	Minimum \$										
Gross rental value valuations											
GRV - Dalwallinu	625	165	943,146	103,125	0	0	103,125	103,125	0	0	103,125
GRV - Kalannie	485	11	38,766	5,335	0	0	5,335	5,335	0	0	5,335
GRV - Other towns	485	58	180,222	28,130	0	0	28,130	28,130	0	0	28,130
Unimproved value valuations											
UV - Rural	485	19	151,422	9,215	0	0	9,215	9,215	0	0	9,215
UV - Mining	485	27	127,241	13,095	0	0	13,095	13,095	0	0	13,095
Sub-Total		280	1,440,797	158,900	0	0	158,900	158,900	0	0	158,900
		932	126,037,661	3,075,321	(313)	0	3,075,008	3,075,321	0	0	3,075,321
Discounts/concessions (refer note 27)							(126,217)				(125,627)
Total amount raised from general rate							2,948,791				2,949,694
Totals							<u>2,948,791</u>				<u>2,949,694</u>

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

24. NET CURRENT ASSETS

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus/(Deficit) 1 July 15 brought forward	<u>1,873,908</u>	<u>4,370,895</u>	<u>4,370,895</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	924,901	2,949,474	2,949,474
Restricted	3,695,760	4,628,697	4,628,697
Receivables			
Rates outstanding	75,247	109,142	109,142
Sundry debtors	1,454,782	294,243	294,243
GST receivable	87,287	0	0
Loans receivable - clubs/institutions	2,147	12,990	12,990
Accrued income/payments in advance	1,979	5,475	5,475
Inventories			
Fuel and materials	11,459	10,208	10,208
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(723,352)	(304,267)	(304,267)
Accrued interest on debentures	(19,841)	(23,623)	(23,623)
Accrued salaries and wages	(108,268)	(83,861)	(83,861)
ATO liabilities	0	(30,081)	(30,081)
Other current liabilities	(44,168)	(38,330)	(38,330)
Current portion of long term borrowings			
Secured by floating charge	(104,003)	(108,167)	(108,167)
Provisions			
Provision for annual leave	(256,737)	(314,806)	(314,806)
Provision for long service leave	(236,941)	(233,002)	(233,002)
Unadjusted net current assets	<u>4,760,252</u>	<u>6,874,092</u>	<u>6,874,092</u>
Adjustments			
Less: Reserves - restricted cash	(3,197,580)	(2,795,233)	(2,795,233)
Less: Loans receivable - clubs/institutions	(2,147)	(12,990)	(12,990)
Add: Secured by floating charge	104,003	108,167	108,167
Cash -backed leave or provision portion	209,380	196,859	196,859
Adjusted net current assets - surplus/(deficit)	<u>1,873,908</u>	<u>4,370,895</u>	<u>4,370,895</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

25. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

The Shire did not impose any specified area rates in 2015/16

26. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire did not impose any service charges.

27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2015/16 FINANCIAL YEAR

Rates Discounts

Rate or Fee Discount Granted	Discount % or \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
General & Minimum Rates	5.00%	126,217	125,627	payment of full amount owing, including arrears and service charges no later than 4:00pm on the day 35days after the date of service appearing on the rate notice
		<u>126,217</u>	<u>125,627</u>	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount % or \$	Actual \$	Budget \$
Photocopy Charges	Waiver	250	5	250
Sundry Debtor	Write-Off	0	0	0
Rate Assessment	Write-Off	0	0	0
			<u>5</u>	<u>250</u>

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

28. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	11-Sep-15			11.00%
Option Two				
First Instalment				
Second Instalment				
Option Three				
First Instalment	11-Sep-15		5.50%	11.00%
Second Instalment	11-Nov-15	6.67	5.50%	11.00%
Third Instalment	11-Jan-16	6.67	5.50%	11.00%
Fourth Instalment	11-Mar-16	6.67	5.50%	11.00%
			Revenue	Budgeted Revenue
			\$	\$
Interest on unpaid rates			13,790	7,000
Interest on instalment plan			6,370	5,000
Charges on instalment plan			2,788	3,174
			<u>22,948</u>	<u>15,174</u>

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

29. FEES & CHARGES	2016	2015
	\$	\$
Governance	259	230
General purpose funding	5,492	5,404
Law, order, public safety	4,234	6,747
Health	493,014	456,526
Education and welfare	1	3
Housing	181,478	156,615
Community amenities	464,874	426,129
Recreation and culture	83,493	77,709
Transport	13,285	18,410
Economic services	231,328	191,890
Other property and services	125,012	159,748
	<u>1,602,470</u>	<u>1,499,411</u>

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

30. GRANT REVENUE

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

By Nature or Type:	2016	2015
	\$	\$
Operating grants, subsidies and contributions		
Governance	10,000	473
General purpose funding	1,286,393	3,849,168
Law, order, public safety	36,590	356,461
Health	6,728	7,013
Education and welfare	506	5,838
Housing	13,448	15,191
Community amenities	5,662	41,952
Recreation and culture	62,935	85,533
Transport	261,347	228,834
Economic services	215,137	202,343
Other property and services	167,885	122,200
	<u>2,066,631</u>	<u>4,915,006</u>
Non-operating grants, subsidies and contributions		
Recreation and culture	0	12,483
Transport	5,283,286	1,326,256
Economic services	0	1,649,872
	<u>5,283,286</u>	<u>2,988,611</u>
	<u>7,349,917</u>	<u>7,903,617</u>

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	<u>39</u>	<u>42</u>
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32. ELECTED MEMBERS REMUNERATION

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

	2016	2016	2015
	\$	Budget	\$
Meeting Fees	19,754	16,236	16,500
President's allowance	7,625	7,627	7,500
Deputy President's allowance	1,537	1,537	1,500
Travelling expenses	8,512	8,000	8,638
	<u>37,428</u>	<u>33,400</u>	<u>34,138</u>

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

33. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2015/16 financial year.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

If the Shire did participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

35. 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	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	4,620,661	7,578,171	4,620,661	7,578,171
Receivables	1,638,899	437,053	1,638,899	437,053
	<u>6,259,560</u>	<u>8,015,224</u>	<u>6,259,560</u>	<u>8,015,224</u>
Financial liabilities				
Payables	895,629	480,162	895,629	480,162
Borrowings	1,090,995	1,199,162	1,090,995	1,199,162
	<u>1,986,624</u>	<u>1,679,324</u>	<u>1,986,624</u>	<u>1,679,324</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.

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

35. 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.

	2016	2015
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	46,207	75,782
- Statement of Comprehensive Income	46,207	75,782

Notes:

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

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2016	2015
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	92%	92%
- Overdue	8%	8%

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2016</u>					
Payables	895,629	0	0	895,629	895,629
Borrowings	170,795	1,103,277	83,421	1,357,493	1,090,995
	<u>1,066,424</u>	<u>1,103,277</u>	<u>83,421</u>	<u>2,253,122</u>	<u>1,986,624</u>
<u>2015</u>	254				
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>

SHIRE OF DALWALLINU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (continued)

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

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

	<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 2016</u>								
Borrowings								
Fixed rate								
Debentures	104,003	110,345	752,892	16,002	17,617	90,136	1,090,995	6.24%
Weighted average								
Effective interest rate	6.00%	6.02%	5.71%	9.85%	9.85%	9.85%		
<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%		

INDEPENDENT AUDITOR'S REPORT TO THE SHIRE OF DALWALLINU

Report on the Financial Report

We have audited the accompanying financial report of Shire of Dalwallinu, which comprises the statement of financial position as at 30 June 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by chief executive officer.

Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Auditor's Opinion

In our opinion, the financial report of Shire of Dalwallinu is in accordance with the underlying records of the Council, including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Emphasis of Matter

Without modifying our opinion, we draw attention to page 57 of the financial report "Financial Ratios", which describes certain ratio information relating to the financial report. Management's calculation of the asset consumption ratio and asset renewal funding ratio does not form part of the audited financial report. As a result, we do not express an opinion on management's calculation of these ratios.

Other Matters

We did not, during the course of our audit, become aware of any instances where the Shire did not comply with the statutory requirements of the Local Government Act (1995) (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

- a) Apart from the asset sustainability, debt service cover, own source revenue coverage and operating surplus ratios that do not meet the minimum benchmark, there are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) All information and explanations required were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director
Perth
Date: 9 December 2016

**SHIRE OF DALWALLINU
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2016**

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

	2016	2015	2014
Asset consumption ratio	0.95	0.986	N/A
Asset renewal funding ratio	0.756	0.69	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	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$