

# Shire of Dowerin

## 2016-2017 Annual Report



# 2016-2017 Annual Report

## Our Year

### Message from the Shire President

The financial year of 2016/2017 has been one of consolidation for the Dowerin Shire. With the aid of CEO and staff significant progress has been made in the areas of governance, policy and financial processes which has taken 2 years of dedicated work. Credit must go to Andrea Selvey and her team who have made major improvements in these areas to a point where Council can be confident we are now heading in the right direction.

The Short Term Accommodation was started and ready for the 2017 Field Days. I believe the STA in time will be a major asset for Dowerin attracting people to stay and support business in town. Thanks to staff who worked hard, sometimes in inclement weather conditions, to allow this project to be ready for use during the 2017 Field Days.

Although elections were not in this financial year I cannot write this report without mentioning the past President Dale Metcalf, past Vice-President Bill Coote and Councillor Tracy Jones who are now retired. Tracy served eight years, Bill ten years and Dale fourteen years with ten of those as President. They all represent a lot of experience now lost to Council. In particular Dale's leadership and knowledge has been greatly valued by Council and will be missed. I personally thank all three former Councillors for their contributions to Council and their service to the Dowerin community.

Thank you to Steve Geerdink and the works team who continue to keep the roads and town in top order. Weather conditions were somewhat extreme at times this year and credit to the works crew in managing the extra workload. Also thank you to the administration team who continue to make progress in the office and interact professionally with clients.

**Darrel Hudson**  
**Shire President**

## **Message from the CEO**

The Dowerin Shire Council's commitment to providing quality services, infrastructure and amenity for the residents of this local government area was highly evident in 2016/17. The year was filled many highlights as we made progress towards the goals set by Council with investment in improvements to governance and internal processes whilst also delivering on a varied number of services and capital projects.

The Shire President has mentioned the Short Stay Accommodation project – staff were certainly very excited when the work commenced on this wonderful project. Another great development was the commencement of a new Fire Services Building to house the Volunteer Fire Brigades new Fire Fighting Truck.

Council implemented a number of governance decisions which were necessary to ensure a well-functioning local government capable of functioning at a high level in the best interests of the community. A Ward Review resulted in a Council resolution to dissolve the Ward system which is to take effect during the October elections. Council and staff participated in a great deal of training to ensure we all have the skills and knowledge required to be a professional organisation in a changing environment.

These achievements could not have been possible without a high performing, dedicated and hardworking Council and on behalf of the Shire staff and I offer my thanks to the Shire President and all Councillors for their efforts, guidance and strong support throughout the year.

Shire staff have continued to inspire me with their tireless efforts and commitment to the community they serve with such passion. While we have bid farewell to some staff and welcomed others, it is a testament to the strength of the team that we have continued to focus on high quality service delivery. I thank them for their support and hard work and look forward to working as team in the coming year.

**Andrea Selvey**  
**Chief Executive Officer**



## **About Dowerin**

Green in winter, golden in summer Dowerin is a small Wheatbelt community boasting a vast array of high quality community services and facilities for a town of its size. The annual GWN Machinery Field Days has cemented Dowerin on the map, attracting over 20,000 people annually to the town to enjoy the 2-day event in August. It is remarkable that this small community proudly hosts one of the largest Machinery Field Days the Southern Hemisphere.

Dowerin caters for the needs of varying demographics with a variety of activities, facilities and services designed to meet the needs of seniors including Home & Community Care (HACC), and a small range of Independent Living units. For families and children, Dowerin is home to Lil'Tigers Early Learning Centre which has proven to be a vital service to families and local businesses, Dowerin Playgroup, safe playgrounds and the provision of a highly successful District High School. These combine to ensure that Dowerin is a family friendly place to reside.

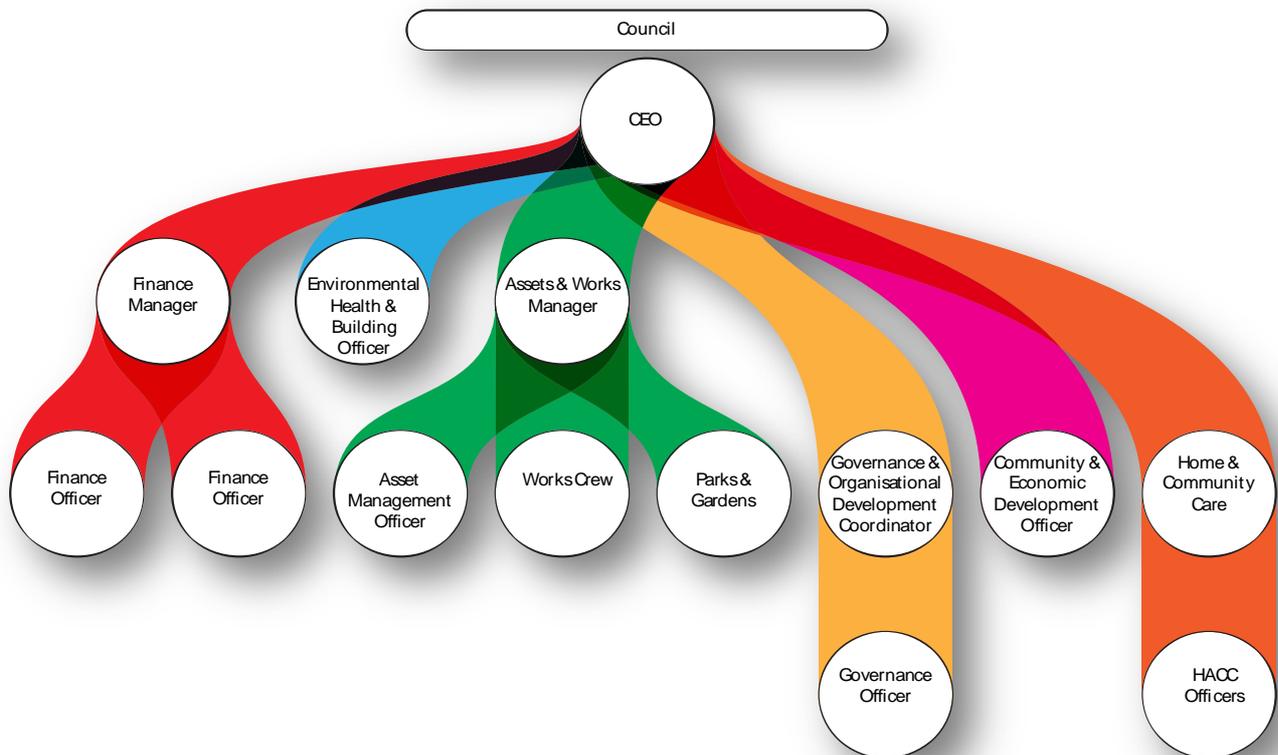
The district of Dowerin comprises of the town of Dowerin and a number of smaller localities covering a combined area of some 1,867sq km. The district consists of mainly of agricultural land used primarily for the purposes of grain growing and sheep production for meat and wool. Other predominant industries in the region include cattle, engineering, agricultural machinery & goods supply, heavy transport, CBH, retail, accounting and farm advisory services.

## Our Councillors

The Dowerin Shire Council is divided into three wards, north and south wards are represented by two Councillors each whilst the town ward consists of 4 representatives. In December 2016, Council after consulting with the Community, voted in favour of dissolving the wards and having one district. This change will come into effect at the October 2017 Election.

Our Councillors are the voice of the Dowerin community. Councillors listen to the issues and ideas of individual residents and community groups and make strategic and policy decisions within the legislative framework in which they operate. The Shire President leads Council meetings and represents Council on formal occasions.

## Staff Snapshot



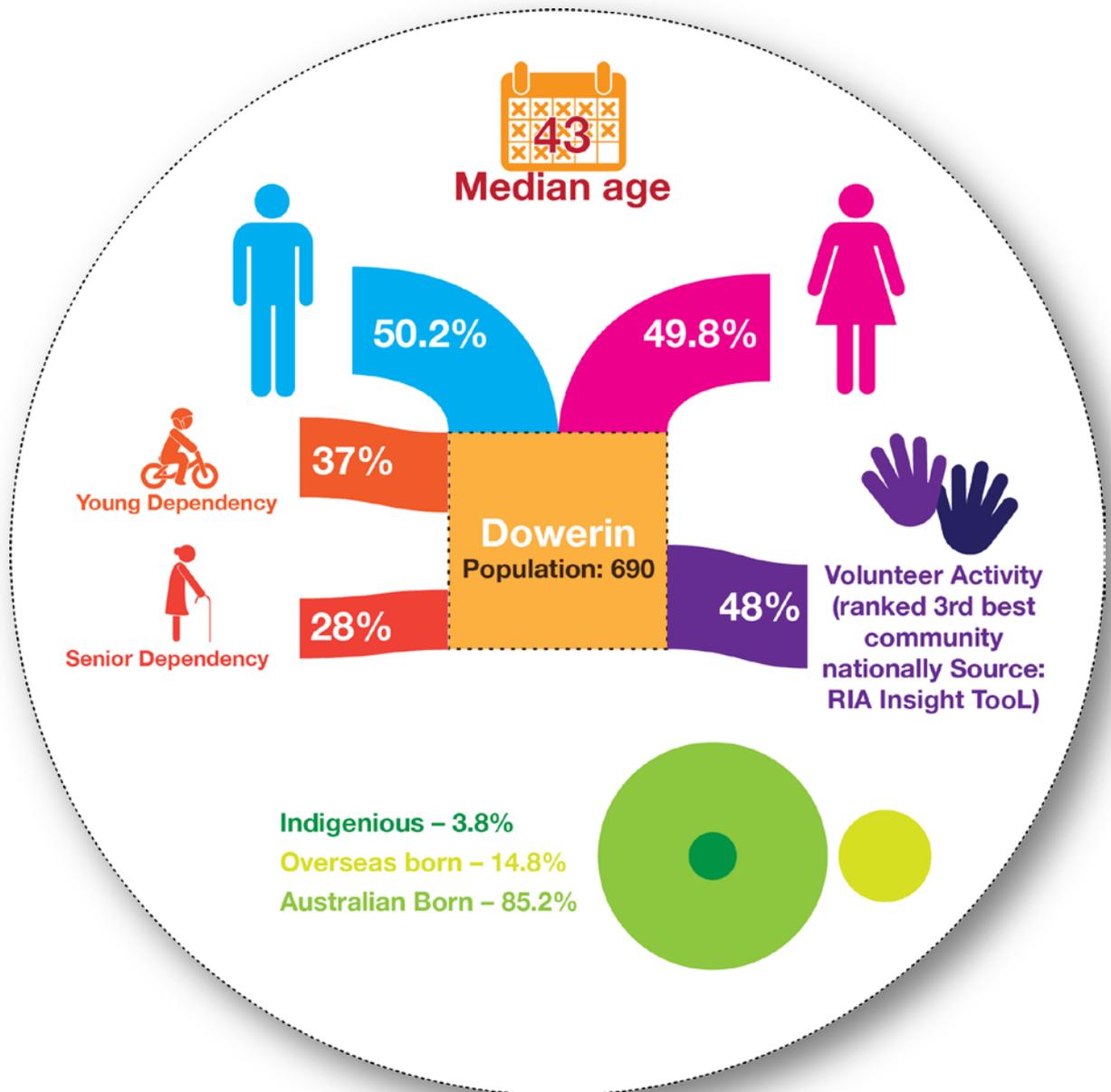
# Our Community

## Community Strategic Plan

The Shire of Dowerin continues to prioritise Community Engagement as a means to involve the community in decision making. Likewise, customer service remains a key priority – staff’s commitment to providing an effective, efficient and courteous customer service in accordance with Council values is stronger than ever.



## Demographics



Population: 690

Male – 50.2%

Female – 49.8%

Senior Dependency 28%

Young Dependency 37%

Volunteer Activity 48% (ranked 3<sup>rd</sup> best community nationally Source: RIA Insight Tool)

Characteristics:

Indigenous – 3.8%

Overseas born – 14.8%

Australian Born – 85.2%

Age	Dowerin (S)
Median age	43
0-4 years	70
5-9 years	57
10-14 years	36
15-19 years	27
20-24 years	26
25-29 years	27
30-34 years	46
35-39 years	39
40-44 years	42
45-49 years	49
50-54 years	38
55-59 years	33
60-64 years	67
65-69 years	62
70-74 years	29
75-79 years	25
80-84 years	18
85 years and over	11

# Our Results

A summary of some of the outcomes achieved in 2016/2017 as part of the Community Strategic Plan include:

## Community

### ***Community Events (Strategy 1.2.1)***

The Shire of Dowerin has delivered and supported a range of events and activities over the past 12 months. In December 2016, the Shire in conjunction with Dowerin Events Management and the Dowerin Community Resource Centre, held the Twilight Christmas Festival on the main street of town. This festival incorporated bustling market stalls, a delicious range of food and drinks and captivating entertainment for the whole family. The aim was simple, to bring the community together following harvest, prior to the summer break and to celebrate the culmination of another successful year for the community of Dowerin. Feedback from the community was overwhelmingly positive and nostalgic of the former 'Late Night Shopping' events that were previously held in Dowerin.

### ***Home and Community Care (Strategy 1.3.2)***

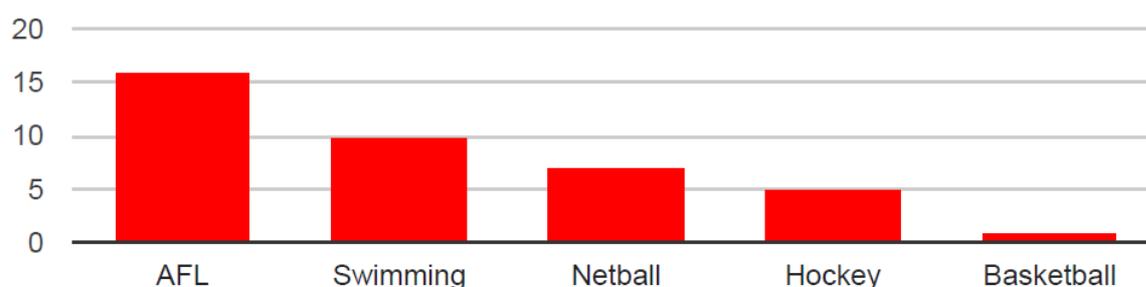
Our Home and Community Care (HACC) provides an invaluable service that assists people to stay in their own homes. Throughout the course of the year, the dedicated HACC team supported by a group of passionate volunteers delivered meals, provided transport assistance and assisted with personal care for approximately 30 clients. Active seniors enjoy the Gentle Gym sessions offered by the HACC team.

### ***Sporting and Recreational Pursuits (Strategy 1.3.3)***

#### ***Kidsport***

Kidsport enables Western Australian children to participate in community sport and recreation, no matter their financial circumstances. Eligible youth aged 5-18 years can apply for financial assistance to contribute towards club fees. The Shire of Dowerin funded \$2,595 throughout the 2016-2017 financial year. 22 children benefited from the funding with a total of 39 vouchers claimed.

## Top sports



### ***High Quality Sporting Facilities***

The Shire of Dowerin takes pride in offering high quality, well maintained sporting facilities to cater for a diverse range of recreational pursuits. Our grounds and facilities are admired by all who use them. The Shire acknowledges the dedicated volunteers who assist in making Dowerin's sporting environment such an active and well-managed feature of our community.

### ***Youth Leadership Event (Strategy 1.4.1)***

The Shire of Dowerin was proud to support the Dowerin District High School in delivering a successful Student Leadership Day. 180 students from 14 Wheatbelt schools attended the event. Excellent feedback received from all schools who attended. Approximately 50 attended the lunch where Sean Pollard - shark attack survivor and SDERA - School Drug Education and Road Aware spoke about youth, alcohol and drugs.

An evening event that featured presentations from Sean Pollard and Claire Eaton attracted about 100 participants. Both speakers focused on how to foster resilience, optimism and confidence in our Youth.

### ***Report on Options to Revive Old/Empty Buildings along the Main Street (Strategy 1.7.1)***

A concern which was highlighted as a priority to be addressed by is the number and condition of vacant buildings on the main street of Dowerin. Unfortunately, many of these buildings are externally owned resulting in the Shire and community having limited opportunity to ensure that they are maintained to a high standard. However, in November 2016 the Shire was able to utilise the expertise of the Wheatbelt Work Camp in order to renovate an empty shop on Stewart Street for the purpose of developing a Pop Up Shop. On a very limited budget, the shop has been freshly painted, gyprocked and the wooden floorboards exposed, sanded and sealed. This facility is utilised by local micro-businesses who hire the space in order to sell their goods. Not only has this facility provided a platform for microbusinesses in the region to sell their wares, but an 'event' in the pop up shop creates consumer traffic down the main street inevitably leading to flow on benefits to surrounding shops and services in Dowerin.

### ***Beautification of Public Spaces Utilizing Water Wise Principles (Strategy 1.7.3)***

The Dowerin Streetscape and Gardens working group was established in September 2016. This passionate group of 'green thumbs' have been committed to developing and implementing projects that assist with the beautification of Dowerin. The Working Group is voluntary based working in conjunction with the Shire Parks & Gardens crew in order to achieve some notable outcomes in a short period of time. The group negotiated with local business Bowman Brush to secure a donation of brushwood fencing to hide the unsightly RV dump point located on the west side of Stewart Street as well as enlisted the help of the Dowerin Men's shed volunteers who crafted some large planter boxes to beautify the central reservation along the main street. The Streetscape and Garden's Working Group has been instrumental in the designs for the Short-Term Accommodation Precinct Gardens and continue to strive to ensure that Dowerin is an attractive place to live, work and visit.

***Continue to support the Dowerin Community Child Care (Strategy 1.6.4)***

Lil'Tigers Early Learning Centre continues to thrive on Cottrell Street in Dowerin with a steady flow of numbers utilizing the service. Staff at the centre are committed and continually part take in professional development opportunities to ensure that the children utilizing the facility are receiving the best possible care and educational opportunities available. The Shire of Dowerin recognizes the valuable contribution that Dowerin Community Childcare Committee and Lil'Tigers makes to the community. Under an MoU approved by Council in 2016, Shire officers take an active role in delivering the Human Resource expertise to the committee and Lil'Tiger reliving some burden on the existing and future voluntary committee incorporated to oversee the operation of Lil'Tigers ELC. The Shire has also agreed to part fund the development of an updated Business Plan for the facility, ensuring a strategic direction and planning for the service well into the future. The Shire also supports Lil' Tigers by way of rent-free fully maintained premises and by meeting utilities costs.



#### ***Implement Short Stay Accommodation Project (Strategy 2.3.4)***

Following a successful Stronger Regions application for funding from the Department of Regional Development and Infrastructure for \$800,000, a generous contribution of \$400,000 from Dowerin Events Management and the Shire's contribution of \$1.085m the Shire was in a position to commence work on the Short Stay Accommodation. MCG Architects won the tender for architectural services and Solutions4Building won the construction tender. Site works commenced in December 2016 with the Shire outdoor crew undertaking much of the critical headworks, which they executed to the highest standard.

Builders were on site in February to commence construction of the 4 studio units, 3 one bedroom units and ablution block/camp kitchen. The flow on effect of having builders and contractors has resulted in a flurry of activity for local businesses during the construction phase. We were delighted by the support from local business Bowman Brush who sponsored a significant amount of locally made brushwood fencing which will be a wonderful feature and stunning photographs of local scenes donated by talented photographer, Lyn Phillips.

The aim is to have the facility open for the 2017 Dowerin Field Days. Upon completion of this precinct, it is anticipated that there will be an overall increase in overnight visitors to the area which aims to increase visitor spend in our local shops and services, boosting the local economy.

***Supporting Local Business Networks (Strategy 2.1.4)***

Over the past 12 - 24 months, Shire staff have made a concerted effort to work alongside local businesses and bridge the gap between local business and local government. In 2016/17 Shire staff met with representatives from all main street businesses in the retail and industrial sectors. As a result, the Shire enlisted the help of the Wheatbelt Business Network (WBN) who assisted in hosting business network forums for both the industrial and retail sectors both events highlighted a number of areas of potential development for the Shire to work towards in the future to support these important community services.

***Ensure there is Adequate Land for Commercial and Industrial Purposes (Strategy 2.2.1)***

Light industrial development in Dowerin would provide an opportunity to diversify our economic base and attract private investment and business growth to the town. Dowerin has a well- established light industry/servicing sector which can be expanded by making more serviced industrial lots available. There is currently no capacity in the Dowerin light industrial area for new businesses or existing businesses to relocate if they require more land or better facilities. At the July 2016 meeting, Council resolved to provide 'in principal support' to the Wheatbelt Development Commissions Business Case which aims to seek funding from the Growing our South Initiative in order to develop industrial land within a number of shires across the Wheatbelt, including Dowerin. Should the Wheatbelt Development Commission be successful in their Business Case for funding it is proposed that the Landcorp would assist the Shire in order to acquire the land at no cost and that any revenue from sale of the land would be returned to the Shire under the certain condition.

***Continue Developing the Wheatbelt Heritage Rail Project (Strategy 2.3.5)***

The Wheatbelt Heritage Rail project has progressed significantly over the past 12 months with the inception of the Wheatbelt Heritage Rail Committee of Council and the completion of phase one of the project. The Committee of Council met initially in September 2016 and provided an opportunity for all stakeholders, including project officers, Shire staff, corporate entities (Brookfield Rail, LGIS) and community representatives to meet monthly in order to plan and progress the future of the Wheatbelt Heritage Rail Concept. In April, a celebration was held at the Minnivale Wheatbin marking the completion of phase 1 of the Wheatbelt Heritage Rail project. This celebration marked almost 10 years' work on the project which has achieved the restoration of rolling stock, acquisition of locomotives and the completion of rail infrastructure at Minnivale allowing access to the former Wheat Bin whereby rolling stock and carriages are now in situ. Over 250 people attended the phase one opening celebration including Hon Alannah MacTiernan and Hon Mia Davies MLA and whilst a significant volume of work remains before an operational interpretative centre and train is possible, this event did demonstrate the economic benefits that this project could bring to the region.



***Encourage efficient use of natural resources (Strategy 3.1.3)***

The Shire of Dowerin has submitted a grant funding application to assist in a \$250,000 project which aims to increase the catchment and improve effectiveness of the dam at the Field Days site. This project aims to more efficiently utilise harvested water in Dowerin by gathering storm water from Metcalf Street and Maisey Street and developing a water pipeline to run the dam water storage in a 200KL tank at the civic precinct for irrigating the gardens. It is also proposed to add 2 x 250 kL tanks and a new reticulation pump for the oval and hockey pitch watering – which will simplify the whole watering operating system. Initial plans outline that these tanks will be located just north of the Tennis Courts and behind the Ram Pavilion Another smaller booster pump will be located at the tanks and a smaller diameter water pipeline to the Short-Term Accommodation precinct with a booster pump that will automatically come on, on demand, simplifying the management of both irrigation systems.

Funding sought for this project is \$170,000 through the Watering WA Towns and an outcome of the funding application is anticipated in late 2017.

***Promote waste minimisation and sustainable waste disposal (Strategy 3.1.2)***

The Dowerin Recycle shed continues to prove a valuable resource for the community and the Dowerin P&C families remain committed to collecting the newspaper recycling each month. Since July 2016 the Recycling Centre has saved the following volume of waste from landfill:

Glass: 11.2 tonnes

Plastic – 440kg

Paper – 8.4 tonnes.

Aluminium cans – 372kg

Cardboard – 7.8 tonnes

The Wheatbelt Workcamp have been instrumental to the Shire in their help to sort and process Dowerin's recyclables.

### ***Cactus Control Project (strategy 3.3.2)***

The Shire of Dowerin in partnership with DAFWA commenced this project in February 2017 and received a grant of \$20,000.00 with an in kind contribution of \$9,528.00 from the Shire for staff management and travel/vehicle costs. The aim of this project is to eradicate this invasive species through trialling different chemicals, treatment techniques and methods with collaboration from DAFWA and other neighbouring local governments within the Cactus Task Force.

The Shire has since purchased injecting equipment and chemicals and conducted applications to cacti species at Minnivale, Ejanding and around Dowerin with varying results. All species treated have reshot from dead bases or continued to grow unabated apart from browning off. The Shire will continue ongoing treatments throughout the entire project life with continual input, data and effective methods of treatment from other councils and DAFWA.

The Shire is planning to hold an education/awareness session with the Dowerin District High School to engage, educate and raise awareness of this weed to the school children and seek assistance in mapping out and reporting the distribution of cacti species within the Shire and town site.

The Shire has investigated methods used at various controlled/treated areas of invasion and discussed methods of control, eradication and treatments with neighbouring Shires and will utilise the methods proven to be most successful.

## **Governance**

### ***Strengthen the Role of Staff and Councilors by Providing Regular Training Opportunities (Strategy 4.1.3)***

Training in all facets of the organisation has been of paramount over the past financial year. The Shire of Dowerin encourages staff to access and engage in continuing, needs-based training and skills development opportunities in order to enhance their effectiveness in their chosen field of the organisation.

Councillors have also taken part in professional development opportunities over the past 12 months. While Councillors in Dowerin are from a range of diverse backgrounds and bring different and valuable skills to the role, it is recognized that they require an extensive knowledge of the system of local government, how a council works or the full range of their roles and responsibilities. Therefore Councilors have participated in several training programs to assist them to gain a deeper understanding of their role.

***Provide Opportunities for the Community to have Input in Council's Decision Making (Strategy 4.1.5)***

Council hosted the Annual Electors Meeting for 2015/16 in February. 24 local residents attended and were presented with financial statements for the 2015/2016 financial year, auditor reports as well as the President and CEO's report. Council also continues to encourage community participation in Public Question Time held at the commencement of each monthly Council meeting.

***Review the Visions, Aspirations and Priorities of the Strategic Community Plan every 4 Years (Strategy 4.2.2)***

Shire staff have commenced the community participation phase of the development of the new Dowerin Strategic Community Plan 2018-2028. A community survey was conducted in June 2017 which has focused on a review of the current vision, objectives and strategies as outlined previously for the district. Shire staff will continue to work in conjunction with the community via community workshops in order to explore how these objectives have been achieved and develop the aspirations of the community for today and into the future.

# Statutory Reports

It is a requirement that the Shire of Dowerin include information regarding the following documents in its Annual Report. For further details regarding any of the documents detailed throughout this report please contact Shire Administration Staff.

**PLAN FOR THE FUTURE**

**DISABILITY ACCESS & INCLUSION  
PLAN**

**RECORD KEEPING PLAN**

**PUBLIC INTEREST DISCLOSURE**

**FREEDOM OF INFORMATION  
STATEMENT**

**EMPLOYEES REMUNERATION**

## Plan for the Future

Under provisions of clause 19C of the Local Government (Administration) Regulations 1996, a local government is to make a plan for the future of its district. The plan for the future of a district is to set out the broad objectives of the local government for the period specified in the plan.

Section 5.53 of the Local Government Act 1995 requires Council to include in its annual report an overview of the plan for the future of the district made in accordance with section 5.56, including major programs that are proposed to commence or to continue in the next financial year

## Disability Access Inclusion Plan

Council undertook a review of its Disability Access Inclusion Plan in 2013 and adopted the 2013/18 Disability Access Inclusion Plan at the October 2013 Council Meeting. In endorsing the new Plan, Council adopted the following access and inclusion statement;

*“The Shire of Dowerin endeavours to provide universally accessible and inclusive services and facilities for all people within the community”*

In evaluating implementation of the Disability Services Plan during the 2014/15 financial year across the following 6 outcomes;

- Outcome 1: People with disabilities have the same opportunities as other people to access the services of, and any events organised by, the relevant Public Authority.
- Outcome 2: People with disabilities have the same opportunities as other people to access to buildings and facilities of the relevant public authority.
- Outcome 3: People with disabilities receive the information from the relevant public authority in a format that will enable them to access the information as readily as other people are able to access it.
- Outcome 4: People with disabilities receive the same level and quality of service from the staff of the relevant public authority.
- Outcome 5: People with disabilities have the same opportunities as other people to make complaints to the relevant public authority.
- Outcome 6: People with disabilities have the same opportunities as other people to participate in any public consultation by the relevant public authority.

The Shire has continued to assist in promoting improved access for people with disabilities in Dowerin. Work has been finalized on the ramp and handrails to the swimming pool whilst the Short Stay Accommodation Precinct has been specifically designed to cater for the needs of those requiring wheelchair access.

## Record Keeping Plan

The State Records Act 2000 is an Act to provide for the keeping of State records and for related purposes. Section 19 of the Act requires that every government organisation must have a record keeping plan (RKP) that has been approved by the State Records Commission. A government organisation's record keeping plan sets out the matters about which records are to be created by the organisation and how it keeps its records.

The record keeping plan comprises a range of documents which, when assessed as a whole, provides an accurate reflection of the record keeping program within the organisation. More specifically, documentation regarding the organisation's record keeping system/s, disposal arrangements, policies, practices and processes will be the essential component of the record keeping plan. The inclusion of such documentation will constitute evidence of compliance.

The Shire of Dowerin submitted its revised RKP to the State Records Office in October 2008. The RKP meets the requirements of SRC Standard 2: Record Keeping Plans and fairly reports the policies, procedures and activities which are or will be implemented by the Shire of Dowerin to comply with the State Records Act 2000.

Staff members responsible for records management have been trained in the basic retention and disposal methods for local government records and have attended RKP training at the Office of State Records. Ongoing training is programmed for new and existing staff in the new reporting period.

## Public Interest Disclosure

At the July 2016 meeting, Council moved to adopt the Shire of Dowerin Public Disclosure Policy.

The Public Interest Disclosure Act 2003 (PID Act) provides the legislative framework for the disclosure of information in the public good or interest. The Act also provides protection for individuals who make such disclosures and those who are the subject of disclosures. The Act provides a process for investigation and for relevant action to be taken.

Under the PID Act, the principal executive officer of each public authority is required to prepare and publish internal procedures relating to how their authority will discharge its obligations under the PID Act. The Public Interest Disclosure Act is administered by the Public-Sector Commissioner under Section 20 of the Public Interest Disclosure Act 2003.

One of the principles of the legislation is not just to provide protection to those who make disclosures (and those who are the subject of disclosures) but also encourages a system of transparency and accountability in the way government or government officials act and utilise public monies.

Matters that fall into the category of public interest include the following;

- » Improper Conduct (irregular or unauthorised use of public resources)
- » An offence under State Law including corruption (substantial unauthorised or irregular use of, or substantial mismanagement of, public monies)
- » Administration matters generally (conduct involving a substantial risk of injury to public health, prejudice to public safety or harm to the environment)

Matters that relate to the Shire of Dowerin should be referred to the Shire of Dowerin's Public Interest Disclosure Officer. Disclosures to the Public Interest Disclosures Officer can be made not just about officers of a local authority but also its elected officials.

There is an obligation of the Public Interest Disclosure Officer in the Public Interest Disclosure Act to ensure that the disclosure is confidential and that the person making a disclosure is provided adequate protection from reprisals, civil and criminal liability, dismissal or breach of confidentiality.

## Freedom of Information Statement

The Shire of Dowerin is responsible for the good governance of the Shire and carries out functions as required including statutory compliance and provision of services and facilities. Council is comprised of eight elected members who meet each month, except January, to make decisions relating to the policy and direction of the Shire. All Council meetings are open to the public and meeting dates and venues are advertised on a regular basis. Members of the public are invited to ask questions during Public Question Time shortly after the commencement of each meeting.

Council maintains records relating to the function and administration of the Shire, each property within the Shire and include such documents as the Minutes of Meetings, Rate Book, Town Planning Schemes, Local Planning Strategies, Local Laws, Codes of Conduct, Register of Financial Interests, Register of Delegated Authority, Financial Statements and Electoral Rolls.

These documents can be inspected free of charge at the Shire Administration Office, 13 Cottrell Street Dowerin 8.30am to 4.00pm Monday to Friday.

Council received 1 request under Freedom of Information legislation during 2016/17. Requests for information under the Freedom of Information Act can be sent to:

**Chief Executive Officer  
Shire of Dowerin  
PO Box 111  
DOWERIN WA 6461**

## Employees Remuneration

In accordance with part 5 of the Local Government (Administration) Regulations 1996 the Shire is required to disclose the number of employees entitled to and receiving an annual salary over \$100,000. There is one employee within the salary band of \$160,000 to \$169,999 per annum.

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

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Principal place of business:  
13 Cottrell Street  
DOWERIN WA 6461

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

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Dowerin being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 15<sup>th</sup> day of November 2017

  
Andrea Selvey  
Chief Executive Officer

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

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>				
Rates	23	1,211,846	1,211,651	1,163,541
Operating grants, subsidies and contributions	30	2,574,347	1,704,000	1,093,172
Fees and charges	29	312,332	286,061	284,642
Service charges	26	132,831	132,227	127,877
Interest earnings	2(a)	49,876	61,500	60,251
Other revenue	2(a)	418,305	202,740	285,334
		<u>4,699,537</u>	<u>3,598,179</u>	<u>3,014,817</u>
<b>Expenses</b>				
Employee costs		(1,421,079)	(1,493,709)	(1,383,311)
Materials and contracts		(823,767)	(881,179)	(721,456)
Utility charges		(156,757)	(147,160)	(146,003)
Depreciation on non-current assets	2(a)	(1,104,583)	(1,112,647)	(1,144,753)
Interest expenses	2(a)	(40,952)	(44,659)	(25,515)
Insurance expenses		(148,421)	(146,402)	(142,972)
Other expenditure		(85,614)	(88,350)	(264,041)
		<u>(3,781,173)</u>	<u>(3,914,106)</u>	<u>(3,828,051)</u>
		918,364	(315,927)	(813,234)
Non-operating grants, subsidies and contributions	30	1,308,272	2,074,000	997,915
Profit on asset disposals	21	0	0	98,293
(Loss) on asset disposals	21	0	0	(60,364)
<b>Net result</b>		<u><b>2,226,636</b></u>	<u><b>1,758,073</b></u>	<u><b>222,610</b></u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	91,768	0	(35,797)
<b>Total other comprehensive income</b>		<u><b>91,768</b></u>	<u><b>0</b></u>	<u><b>(35,797)</b></u>
<b>Total comprehensive income</b>		<u><u><b>2,318,404</b></u></u>	<u><u><b>1,758,073</b></u></u>	<u><u><b>186,813</b></u></u>

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

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

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>				
	2(a)			
Governance		221,601	8,525	115,910
General purpose funding		3,345,290	2,570,551	1,884,872
Law, order, public safety		19,857	24,150	24,984
Health		324,840	259,000	265,870
Education and welfare		98,595	129,894	116,505
Housing		178,331	128,256	126,918
Community amenities		251,188	228,327	223,393
Recreation and culture		82,441	80,700	92,057
Transport		144,277	146,100	140,139
Economic services		14,932	12,176	12,686
Other property and services		18,185	10,500	11,483
		<u>4,699,537</u>	<u>3,598,179</u>	<u>3,014,817</u>
<b>Expenses</b>				
	2(a)			
Governance		(537,993)	(505,037)	(593,560)
General purpose funding		(155,352)	(134,898)	(89,390)
Law, order, public safety		(60,379)	(81,231)	(80,436)
Health		(301,697)	(310,563)	(319,371)
Education and welfare		(125,238)	(170,271)	(138,894)
Housing		(186,437)	(175,349)	(165,504)
Community amenities		(264,811)	(310,220)	(315,361)
Recreation and culture		(732,106)	(704,429)	(710,704)
Transport		(1,142,356)	(1,283,028)	(1,183,376)
Economic services		(217,922)	(183,454)	(180,010)
Other property and services		(15,930)	(10,967)	(25,930)
		<u>(3,740,221)</u>	<u>(3,869,447)</u>	<u>(3,802,536)</u>
<b>Finance costs</b>				
	2(a)			
Recreation and culture		(17,404)	(16,605)	(21,547)
Economic services		(23,548)	(28,054)	(3,968)
		<u>(40,952)</u>	<u>(44,659)</u>	<u>(25,515)</u>
		<u>918,364</u>	<u>(315,927)</u>	<u>(813,234)</u>
Non-operating grants, subsidies and contributions	30	1,308,272	2,074,000	997,915
Profit on disposal of assets	21	0	0	98,293
(Loss) on disposal of assets	21	0	0	(60,364)
<b>Net result</b>		<u>2,226,636</u>	<u>1,758,073</u>	<u>222,610</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	91,768	0	(35,797)
<b>Total other comprehensive income</b>		<u>91,768</u>	<u>0</u>	<u>(35,797)</u>
<b>Total comprehensive income</b>		<u>2,318,404</u>	<u>1,758,073</u>	<u>186,813</u>

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

**SHIRE OF DOWERIN**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2017**

	NOTE	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	3,427,050	2,021,078
Trade and other receivables	5	556,042	198,133
Inventories	6	6,636	5,504
<b>TOTAL CURRENT ASSETS</b>		<u>3,989,728</u>	<u>2,224,715</u>
<b>NON-CURRENT ASSETS</b>			
Investments	4	46,428	53,666
Other receivables	5	65,553	80,135
Property, plant and equipment	7	17,387,795	16,179,419
Infrastructure	8	25,543,945	25,057,927
<b>TOTAL NON-CURRENT ASSETS</b>		<u>43,043,721</u>	<u>41,371,147</u>
<b>TOTAL ASSETS</b>		<u>47,033,449</u>	<u>43,595,862</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	707,324	297,382
Current portion of long term borrowings	10	117,509	85,005
Provisions	11	185,112	169,706
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,009,945</u>	<u>552,093</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	10	1,064,968	411,485
Provisions	11	25,551	17,703
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>1,090,519</u>	<u>429,188</u>
<b>TOTAL LIABILITIES</b>		<u>2,100,464</u>	<u>981,281</u>
<b>NET ASSETS</b>		<u>44,932,985</u>	<u>42,614,581</u>
<b>EQUITY</b>			
Retained surplus		31,440,812	29,148,659
Reserves - cash backed	12	1,787,396	1,852,913
Revaluation surplus	13	11,704,777	11,613,009
<b>TOTAL EQUITY</b>		<u>44,932,985</u>	<u>42,614,581</u>

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

**SHIRE OF DOWERIN  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2015</b>		28,973,770	1,805,192	11,648,806	42,427,768
Comprehensive income		222,610	0	0	222,610
Net result		222,610	0	(35,797)	(35,797)
Changes on revaluation of assets	13	(47,721)	47,721	(35,797)	186,813
Total comprehensive income		(47,721)	47,721	0	0
Transfers from/(to) reserves		29,148,659	1,852,913	11,613,009	42,614,581
<b>Balance as at 30 June 2016</b>		2,226,636	0	0	2,226,636
Comprehensive income		2,226,636	0	0	2,226,636
Net result		0	0	91,768	91,768
Changes on revaluation of assets	13	2,226,636	0	91,768	2,318,404
Total comprehensive income		65,517	(65,517)	0	0
Transfers from/(to) reserves		31,440,812	1,787,396	11,704,777	44,932,985
<b>Balance as at 30 June 2017</b>					

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

**SHIRE OF DOWERIN**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>	<b>24</b>	(16,508)	164,258	572,630
		<u>(16,508)</u>	<u>164,258</u>	<u>572,630</u>
<b>Revenue from operating activities (excluding rates)</b>				
Governance		221,601	8,525	115,910
General purpose funding		2,153,602	1,378,900	740,714
Law, order, public safety		19,857	24,150	24,984
Health		324,840	259,000	265,870
Education and welfare		98,595	129,894	116,505
Housing		178,331	128,256	126,918
Community amenities		251,188	228,327	223,393
Recreation and culture		82,441	80,700	92,057
Transport		144,277	146,100	238,432
Economic services		14,932	12,176	12,686
Other property and services		18,185	10,500	11,483
		<u>3,507,849</u>	<u>2,406,528</u>	<u>1,968,952</u>
<b>Expenditure from operating activities</b>				
Governance		(537,993)	(505,037)	(593,560)
General purpose funding		(155,352)	(134,898)	(148,403)
Law, order, public safety		(60,379)	(81,231)	(80,436)
Health		(301,697)	(310,563)	(319,371)
Education and welfare		(125,238)	(170,271)	(138,894)
Housing		(186,437)	(175,349)	(165,504)
Community amenities		(264,811)	(310,220)	(315,361)
Recreation and culture		(749,510)	(721,034)	(732,251)
Transport		(1,142,356)	(1,283,028)	(1,184,727)
Economic services		(241,470)	(211,508)	(183,978)
Other property and services		(15,930)	(10,967)	(25,930)
		<u>(3,781,173)</u>	<u>(3,914,106)</u>	<u>(3,888,415)</u>
<b>Operating activities excluded from budget</b>				
(Profit) on disposal of assets	21	0	0	(98,293)
Loss on disposal of assets	21	0	0	60,364
Movement in Local Gov't House Equity		7,238	0	0
Movement in employee benefit provisions (non-current)	11	7,848	0	(59,165)
Movement in employee leave reserve	12	(48,287)	0	0
Movement in Deferred Rates		(8,989)		
Depreciation and amortisation on assets	2(a)	1,104,583	1,112,647	1,144,753
<b>Amount attributable to operating activities</b>		<u>772,560</u>	<u>(230,673)</u>	<u>(299,174)</u>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	30	1,308,272	2,074,000	997,915
Proceeds from disposal of assets	21	0	0	149,859
Purchase of property, plant and equipment	7(b)	(1,765,751)	(2,473,038)	(683,147)
Purchase and construction of infrastructure	8(b)	(941,458)	(1,123,913)	(1,218,854)
Adjustments to Equity in Local Gov't House		0	0	0
<b>Amount attributable to investing activities</b>		<u>(1,398,937)</u>	<u>(1,522,951)</u>	<u>(754,227)</u>
<b>FINANCING ACTIVITIES</b>				
Repayment of debentures	22(a)	(99,263)	0	(81,815)
Proceeds from new debentures	22(a)	785,250	785,250	0
Proceeds from self supporting loans		22,817	23,002	22,272
Transfers to reserves (restricted assets)	12	(480,584)	(432,922)	(167,474)
Transfers from reserves (restricted assets)	12	546,101	300,000	119,753
<b>Amount attributable to financing activities</b>		<u>774,321</u>	<u>675,330</u>	<u>(107,264)</u>
<b>Surplus(deficiency) before general rates</b>		<u>147,945</u>	<u>(1,078,294)</u>	<u>(1,160,666)</u>
<b>Total amount raised from general rates</b>	<b>23</b>	<u>1,191,688</u>	<u>1,191,651</u>	<u>1,144,158</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	<b>24</b>	<u><u>1,339,633</u></u>	<u><u>113,357</u></u>	<u><u>(16,508)</u></u>

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

**SHIRE OF DOWERIN**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,188,828	1,218,983	1,148,561
Operating grants, subsidies and contributions		2,307,003	2,175,308	1,027,240
Fees and charges		312,332	282,387	284,642
Service charges		132,831	132,227	127,877
Interest earnings		49,876	61,500	60,251
Goods and services tax		278,163	217,378	267,928
Other revenue		418,303	35,106	285,334
		<u>4,687,336</u>	<u>4,122,889</u>	<u>3,201,833</u>
<b>Payments</b>				
Employee costs		(1,391,682)	(1,531,843)	(1,463,771)
Materials and contracts		(426,693)	(969,252)	(667,408)
Utility charges		(156,757)	(147,160)	(146,003)
Interest expenses		(35,359)	(74,659)	(25,751)
Insurance expenses		(148,421)	(146,402)	(142,972)
Goods and services tax		(353,945)	(196,791)	(232,072)
Other expenditure		(78,374)	(113,350)	(264,041)
		<u>(2,591,231)</u>	<u>(3,179,457)</u>	<u>(2,942,018)</u>
<b>Net cash provided by (used in) operating activities</b>	14(b)	<u>2,096,105</u>	<u>943,432</u>	<u>259,815</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(1,765,751)	(2,473,038)	(683,147)
Payments for construction of infrastructure		(941,458)	(1,123,913)	(1,218,854)
Non-operating grants, subsidies and contributions		1,308,272	2,074,000	997,915
Proceeds from sale of fixed assets		0	0	149,859
<b>Net cash provided by (used in) investment activities</b>		<u>(1,398,937)</u>	<u>(1,522,951)</u>	<u>(754,227)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(99,263)	0	(81,815)
Proceeds from self supporting loans		22,817	23,002	22,272
Proceeds from new debentures		785,250	785,250	0
<b>Net cash provided by (used in) financing activities</b>		<u>708,804</u>	<u>808,252</u>	<u>(59,543)</u>
<b>Net increase (decrease) in cash held</b>		1,405,972	228,733	(553,955)
Cash at beginning of year		2,021,078	1,884,451	2,575,033
<b>Cash and cash equivalents at the end of the year</b>	14(a)	<u><u>3,427,050</u></u>	<u><u>2,113,184</u></u>	<u><u>2,021,078</u></u>

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) BASIS OF PREPARATION**

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

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

**CRITICAL ACCOUNTING ESTIMATES**

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

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

**THE LOCAL GOVERNMENT REPORTING ENTITY**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 20 to these financial statements.

**(a) Goods and Services Tax (GST)**

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

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

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

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

**(b) Cash and Cash Equivalents**

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(c) Trade and Other Receivables**

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

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

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

**(d) Inventories**

***General***

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

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

***Land held for sale***

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

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

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

**(e) Fixed Assets**

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

***Mandatory requirement to revalue non-current assets***

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

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

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

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) Fixed Assets (Continued)**

***Land under control***

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

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

***Initial recognition and measurement between mandatory revaluation dates***

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

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

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

***Revaluation***

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

***Land under roads***

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

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

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

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) Fixed Assets (Continued)**

***Depreciation***

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

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

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

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

Buildings	20 to 50 years
Furniture and equipment	4 to 20 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	Not Depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	Not Depreciated
pavement	50 years
Formed roads (unsealed) formation	Not Depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage Infrastructure	40 years
Drainage	20 to 75 years
Parks and Ovals	17 years
Street Lighting	20 years
Other Infrastructure	20 to 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.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

***Fair value hierarchy***

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

***Valuation techniques***

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

**Market approach**

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Income approach**

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

**Cost approach**

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

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

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

**(g) Financial Instruments**

***Initial recognition and measurement***

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

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

***Classification and subsequent measurement***

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

Amortised cost is calculated as:

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Financial Instruments (Continued)**

***Classification and subsequent measurement (continued)***

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

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

***(ii) Loans and receivables***

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

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

***(iii) Held-to-maturity investments***

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

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

***(iv) Available-for-sale financial assets***

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

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

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

***(v) Financial liabilities***

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Financial Instruments (Continued)**

***Impairment***

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

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

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

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

***Derecognition***

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

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

**(h) Impairment of Assets**

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

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

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

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

**(i) Trade and Other Payables**

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) Employee Benefits**

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

**(k) Borrowing Costs**

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

**(l) Provisions**

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

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

**(m) Leases**

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

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

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

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) Investment in Associates**

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

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

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

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

**(o) Interests in Joint Arrangements**

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

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

**(p) Rates, Grants, Donations and Other Contributions**

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

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

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

**(q) Superannuation**

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(r) Current and Non-Current Classification**

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

**(s) Rounding Off Figures**

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

**(t) Comparative Figures**

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

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

**(u) Budget Comparative Figures**

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

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**  
**(v) New Accounting Standards and Interpretations for Application in Future Periods**

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.  Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Notes:**

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**(w) Adoption of New and Revised Accounting Standards**

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

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

- (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities
- [AASB 10, 124 & 1049]
- The objective of this Standard was to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit sector entities.
- The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

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

<b>2. REVENUE AND EXPENSES</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Net Result</b>		
The Net result includes:		
(i) Charging as an expense:		
<b>Significant expense and revenue</b>		
<b>Governance</b>		
- This relates to Shire Funds misappropriated by the former CEO	<u>0</u>	<u>148,014</u>
<b>Auditors remuneration</b>		
- Audit of the Annual Financial Report Byfields FY16	20,964	11,400
- Audit of the Annual Financial Report AMD FY17	5,980	0
- Other Audit Services	0	39,846
<b>Depreciation</b>		
Buildings - non-specialised	319,143	293,685
Furniture and equipment	7,461	63,787
Vehicles and plant	213,523	256,314
Tools and equipment	17,248	6,672
Infrastructure - Roads	410,978	391,674
Footpaths	11,136	11,137
Drainage	15,541	15,541
Signs	15,601	15,600
Parks and Ovals	71,205	71,205
Street Lighting	6,136	6,136
Sewerage Infrastructure	13,002	13,002
Other Infrastructure	<u>3,608</u>	<u>0</u>
	<u>1,104,583</u>	<u>1,144,753</u>
<b>Interest expenses (finance costs)</b>		
Debentures (refer Note 22 (a))	<u>40,952</u>	<u>25,515</u>
	<u>40,952</u>	<u>25,515</u>
(ii) Crediting as revenue:		
<b>Other revenue</b>		
Reimbursements and recoveries	168,835	285,334
Other	<u>249,470</u>	<u>0</u>
	<u>418,305</u>	<u>285,334</u>
	<b>2017</b>	<b>2017</b>
	<b>Actual</b>	<b>Budget</b>
	<b>\$</b>	<b>\$</b>
<b>Interest earnings</b>		<b>2016</b>
- Loans receivable - clubs/institutions	0	3,301
- Reserve funds	25,215	47,721
- Other funds	11,419	889
Other interest revenue (refer note 28)	<u>13,242</u>	<u>8,341</u>
	<u>49,876</u>	<u>60,251</u>

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

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective**

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

**COMMUNITY VISION**

The Shire's Strategic Community Plan provides the following Key Themes.

- Community - A Strong, Healthy and Safe Community
- Economic - A Strong and Diverse Local Economy
- Environment - To have a Sustainable Natural and Built Environment that meets our community's needs now and into the future.
- Local Government Leadership - A Vibrant and Progressive Community lead by an innovative Council.

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

**GOVERNANCE**

**Activities:**

Administration and operation of facilities and services to elected members of Council.

**GENERAL PURPOSE FUNDING**

**Activities:**

Rates including income and expenses relating to the imposition of rates. General purpose government grants and interest earnings.

**LAW, ORDER, PUBLIC SAFETY**

**Activities:**

Supervision and enactment of various Local Laws, fire prevention, animal control and community crime prevention.

**HEALTH**

**Activities:**

Environmental health services including food quality, pest control, inspection of buildings and food premises. Home and community care services and meals on wheels services.

**EDUCATION AND WELFARE**

**Activities:**

Care for the aged, community nursing. Maintenance costs. Community Resource Centre.

**HOUSING**

**Activities:**

Maintenance of staff and other rental housing including Community Housing Project Units operated by joint venture with Homeswest.

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

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective (Continued)**

**COMMUNITY AMENITIES**

**Activities:**

Rubbish collection & recycling services, operation of disposal sites, administration and operation of the Dowerin townsite sewerage scheme, administration of the town planning scheme, operation of Dowerin and Minnivale public cemeteries, maintenance to public toilets, Dowerin community bus.

**RECREATION AND CULTURE**

**Activities:**

Maintenance of various halls and sports pavilions, parks and gardens, sports playing surface areas and reserves (including football oval, hockey oval, grassed tennis courts, bowling greens and golf course). Contribution to the operation of the public library.

**TRANSPORT**

**Activities:**

Construction and maintenance of streets, roads, footpaths, drainage, signs. Maintenance of street trees. Lighting of streets. Maintenance of works depot. Purchase of road plant.

**ECONOMIC SERVICES**

**Activities:**

Regulation of tourism, area promotion, building control, saleyards, noxious weeds, vermin. Assistance with administration and infrastructure associated with the Dowerin Field Days.

**OTHER PROPERTY AND SERVICES**

**Activities:**

Private works. Plant repairs and operation. Engineering and administration overheads. Material stocks.

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

**2. REVENUE AND EXPENSES (Continued)**

**(c) Conditions Over Grants/Contributions**

Grant/Contribution	Opening Balance <sup>(1)</sup> 1/07/15 \$	Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance <sup>(1)</sup> 30/06/16 \$	Received <sup>(2)</sup> 2016/17 \$	Expended <sup>(3)</sup> 2016/17 \$	Closing Balance 30/06/17 \$
<b>Economic Services</b>							
R4R - Heritage Rail	407,790	0	(213,939)	193,851	0	(193,851)	0
WDC - Age Friendly Communities	41,000	0	(37,363)	3,637	0	(3,637)	0
Short Term Accommodation	0	0	0	0	200,000	0	200,000
Suicide Prevention	1,850	0	(1,850)	0	0	0	0
Womens Program 2015	3,170	0	(3,170)	0	0	0	0
Roads to Recovery	0	710,772	(664,962)	45,810	518,820	(564,630)	0
Regional Road Group	0	287,543	(287,543)	0	187,634	(187,634)	0
Swimming Pool	0	32,000	(32,000)	0	32,000	(32,000)	0
Department of Transport - Bike Plan	0	7,000	(7,000)	0	0	0	0
Department of Health - HAACC	0	247,117	(247,117)	0	309,071	(250,824)	58,247
<b>Total</b>	<b>453,810</b>	<b>1,284,432</b>	<b>(1,494,944)</b>	<b>243,298</b>	<b>1,247,525</b>	<b>(1,232,576)</b>	<b>258,247</b>

**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.

**(4)** Economic Dependency - A significant portion of revenue is received by way of grants from the State and Federal Government. Total grant revenue from government sources is disclosed within the Statement of Comprehensive Income.

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

	Note	2017 \$	2016 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		1,381,407	(75,133)
Restricted		2,045,643	2,096,211
		3,427,050	2,021,078

The following restrictions have been imposed by regulations or other externally imposed requirements:

Sewerage Reserve	12	1,043,357	951,502
Plant Reserve	12	142,872	92,264
LSL Reserve	12	53,493	101,780
Land & Building Reserve	12	146,594	20,494
Swimming Pool Reserve	12	32,456	32,000
Recreation Reserve	12	180,866	178,345
CHP Units Reserve	12	46,221	45,649
Community Bus Reserve	12	40,787	40,250
Economic Reserve	12	12,021	315,534
All Hours Gym Reserve	12	1,684	5,132
Bowling Green Reserve	12	61,461	50,681
Tennis Court Reserve	12	25,584	19,282
Unspent grants	2(c)	258,247	243,298
		2,045,643	2,096,211

**4. INVESTMENTS**

Equity in Local Government House			
At the beginning of the year		53,666	53,666
Additions		0	0
Revaluation to fair value		(7,238)	0
At the end of the year		46,428	53,666

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>5. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates outstanding	50,660	36,631
Sewerage rates outstanding	15,823	14,680
Rubbish rates outstanding	10,075	9,221
Emergency Services Levy	6,989	4,142
Sundry debtors	356,178	99,516
GST receivable	86,723	10,941
Loans Club/Institutions	23,756	23,002
Prepayments	5,838	0
	<u>556,042</u>	<u>198,133</u>
<b>Non-current</b>		
Rates outstanding - pensioners	28,268	19,279
Loans receivable - clubs/institutions	37,285	60,856
	<u>65,553</u>	<u>80,135</u>

Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

<b>Rates outstanding</b>	<u>50,660</u>	<u>36,631</u>
Includes:		
Past due and not impaired	50,660	36,631
<b>Sewerage rates outstanding</b>	<u>15,823</u>	<u>14,680</u>
Includes:		
Past due and not impaired	15,823	14,680

**6. INVENTORIES**

<b>Current</b>		
Stock on Hand	<u>6,636</u>	<u>5,504</u>
	<u>6,636</u>	<u>5,504</u>

**SHIRE OF DOWERIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	2017	2016
	\$	\$
<b>7 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Land (Independent Valuation 2015 - Level 2)	963,000	963,000
	<u>963,000</u>	<u>963,000</u>
	<u>963,000</u>	<u>963,000</u>
Buildings - non-specialised at:		
Buildings (Independent Valuation 2015 - Level 2)	13,569,540	13,569,540
- Additions after valuation - cost	2,131,347	365,596
Buildings - non-specialised - Less: accumulated depreciation	<u>(612,829)</u>	<u>(293,686)</u>
	<u>15,088,058</u>	<u>13,641,450</u>
	<u>15,088,058</u>	<u>13,641,450</u>
Total land and buildings	<u>16,051,058</u>	<u>14,604,450</u>
Furniture and equipment at:		
Furniture & Equipment (Management Valuation 2016 - Level 3)	116,719	116,719
Furniture and equipment - Less: accumulated depreciation	<u>(7,461)</u>	<u>0</u>
	<u>109,258</u>	<u>116,719</u>
Vehicles and plant at:		
Vehicles & Plant (Management Valuation 2016 - Level 3)	1,421,409	1,421,409
Vehicles and plant - Less: accumulated depreciation	<u>(213,523)</u>	<u>0</u>
	<u>1,207,886</u>	<u>1,421,409</u>
Tools and equipment at:		
Tools & Equipment (Management Valuation 2016 - Level 3)	36,841	36,841
Tools & Equipment - Less: accumulated depreciation	<u>(17,248)</u>	<u>0</u>
	<u>19,593</u>	<u>36,841</u>
	<u>17,387,795</u>	<u>16,179,419</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 DOWERIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**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) \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold land	963,000	0	0	0	0	963,000
<b>Total land</b>	<b>963,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>963,000</b>
Buildings - non-specialised	13,641,450	1,765,751	0	(319,143)	0	15,088,058
<b>Total buildings</b>	<b>13,641,450</b>	<b>1,765,751</b>	<b>0</b>	<b>(319,143)</b>	<b>0</b>	<b>15,088,058</b>
<b>Total land and buildings</b>	<b>14,604,450</b>	<b>1,765,751</b>	<b>0</b>	<b>(319,143)</b>	<b>0</b>	<b>16,051,058</b>
Furniture and equipment	116,719	0	0	(7,461)	0	109,258
Vehicles and plant	1,421,409	0	0	(213,523)	0	1,207,886
Tools and equipment	36,841	0	0	(17,248)	0	19,593
<b>Total property, plant and equipment</b>	<b>16,179,419</b>	<b>1,765,751</b>	<b>0</b>	<b>(557,375)</b>	<b>0</b>	<b>17,387,795</b>

**SHIRE OF DOWERIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar items ( Net revaluation method)	Independent Registered Valuer	June 2015	Price per hectare/market borrowing rate
Buildings - non-specialised	3	Market approach using recent observable market data for similar items ( Net revaluation method)	Independent Registered Valuer	June 2015	Improvements to buildings using construction costs and current condition ( Level 2), residual values and remaining useful life assessments ( Level 3) inputs.
<b>Furniture and equipment</b>					
	3	Cost approach using depreciated replacement cost ( Net revaluation method)	Management Valuation	June 2016	Construction/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3 ) inputs.
<b>Vehicles and plant</b>					
Vehicles & Plant (Management)	3	Cost approach using depreciated replacement cost ( Net revaluation method)	Independent and Management Valuation	June 2016	Construction/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3 ) inputs.
<b>Tools and equipment</b>					
Tools & Equipment (Management)	3	Cost approach using depreciated replacement cost ( Net revaluation method)	Management Valuation	June 2016	Construction/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3 ) inputs.

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

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

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>8 (a). INFRASTRUCTURE</b>		
Infrastructure - Roads		
Roads (Management Valuation June 2014 - Level 3)	0	22,374,975
Roads (Independent Valuation June 2017 - Level 3)	20,692,217	0
- Additions after valuation - cost	0	1,218,854
Infrastructure - Roads - Less: accumulated depreciation	<u>0</u>	<u>(825,759)</u>
	20,692,217	22,768,070
Footpaths		
Footpaths (Management Valuation June 2014 - Level 3)	0	371,239
Footpaths (Independent Valuation June 2017 - Level 3)	524,099	0
Accumulated Depreciation Footpaths	<u>0</u>	<u>(23,602)</u>
	524,099	347,637
Drainage		
Drainage (Cost)	0	518,045
Drainage (Independent Valuation June 2017 - Level 3)	1,105,786	0
Accumulated Depreciation Drainage	<u>0</u>	<u>(475,521)</u>
	1,105,786	42,524
Signs		
Signs (Cost)	0	195,010
Signs - Less: accumulated depreciation	<u>0</u>	<u>(168,683)</u>
	0	26,327
* Recognised from 2017 as Other Infrastructure		
Parks and Ovals		
Parks & Ovals (Cost)	0	1,830,838
Parks & Ovals (Independent Valuation June 2017 - Level 3)	1,351,642	0
Parks & Ovals - Less: accumulated depreciation	<u>0</u>	<u>(441,540)</u>
	1,351,642	1,389,298

**SHIRE OF DOWERIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>8 (a). INFRASTRUCTURE (Continued)</b>		
Street Lighting		
Street Lighting (Cost)	0	122,714
Street Lighting - Less: accumulated depreciation	0	(88,465)
	<u>0</u>	<u>34,249</u>
* Recognised from 2017 as Other Infrastructure		
Sewerage Infrastructure		
Sewerage Infrastructure (Cost)	0	520,088
Sewerage Infrastructure (Management Valuation June 2017 - Level 3)	1,113,375	0
Sewerage Infrastructure - Less: accumulated depreciation	0	(247,512)
	<u>1,113,375</u>	<u>272,576</u>
Other Infrastructure		
Other Infrastructure (Cost)	0	214,361
Other Infrastructure (Independent Valuation June 2017 - Level 3)	733,225	0
- Additions after valuation - cost	23,601	0
Other Infrastructure - Less: accumulated depreciation	0	(37,115)
	<u>756,826</u>	<u>177,246</u>
	<u><u>25,543,945</u></u>	<u><u>25,057,927</u></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 DOWERIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	22,768,070	936,271	0	(2,601,146)	0	(410,978)	0	20,692,217
Footpaths	347,637	0	0	187,598	0	(11,136)	0	524,099
Drainage	42,524	0	0	1,078,803	0	(15,541)	0	1,105,786
Signs	26,327	0	0	0	0	(15,601)	(10,726)	0
Parks and Ovals	1,389,298	0	0	33,549	0	(71,205)	0	1,351,642
Street Lighting	34,249	0	0	0	0	(6,136)	(28,113)	0
Sewerage Infrastructure	272,576	0	0	853,801	0	(13,002)	0	1,113,375
Other Infrastructure	177,246	5,187	0	539,162	0	(3,608)	38,839	756,826
<b>Total infrastructure</b>	<b>25,057,927</b>	<b>941,458</b>	<b>0</b>	<b>91,768</b>	<b>0</b>	<b>(547,208)</b>	<b>0</b>	<b>25,543,945</b>

The Asset Classes of Signs and Street Lighting have been transferred to Other Infrastructure in FY 16/17.

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

**8. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Infrastructure - Roads</b>	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent Valuation	June 2017	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3 ) inputs.
<b>Footpaths</b>	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent Valuation	June 2017	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3 ) inputs.
<b>Drainage</b>	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent Valuation	June 2017	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3 ) inputs.
<b>Parks and Ovals</b>	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent Valuation	June 2017	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3 ) inputs.
<b>Sewerage Infrastructure</b>	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent Valuation	June 2017	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3 ) inputs.
<b>Other Infrastructure</b>	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent Valuation	June 2017	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 DOWERIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>9. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	347,143	108,420
Excess Rates	45,252	36,565
Dept Transport	13,629	8,305
Accrued Loan Interest	6,922	1,329
Accrued Salaries & Wages	6,143	0
Other Payables	227,826	141,495
Payroll Creditors	60,409	1,268
	<u>707,324</u>	<u>297,382</u>

**10. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by floating charge		
Loan Liability Current	117,509	85,005
	<u>117,509</u>	<u>85,005</u>
<b>Non-current</b>		
Secured by floating charge		
Debentures (Non Current)	1,064,968	411,485
	<u>1,064,968</u>	<u>411,485</u>

Additional detail on borrowings is provided in Note 22.

**11. PROVISIONS**

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Total \$</b>
<b>Opening balance at 1 July 2016</b>			
Current provisions	72,617	97,089	169,706
Non-current provisions	0	17,703	17,703
	<u>72,617</u>	<u>114,792</u>	<u>187,409</u>
Additional provision	128,598	8,996	137,594
Amounts used	(106,562)	(7,778)	(114,340)
<b>Balance at 30 June 2017</b>	<u>94,653</u>	<u>116,010</u>	<u>210,663</u>
<b>Comprises</b>			
Current	94,653	90,459	185,112
Non-current	0	25,551	25,551
	<u>94,653</u>	<u>116,010</u>	<u>210,663</u>

**SHIRE OF DOWERIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**12. RESERVES - CASH BACKED**

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Transfer (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Sewerage Reserve	951,502	91,855	0	1,043,357	951,502	104,829	0	1,056,331	851,521	99,981	0	951,502
Plant Reserve	92,264	191,608	(141,000)	142,872	92,264	135,235	0	227,499	150,291	3,973	(62,000)	92,264
Lsl Reserve	101,780	51,097	(99,384)	53,493	101,780	52,884	0	154,664	155,425	4,108	(57,753)	101,780
Land & Building Reserve	20,494	126,100	0	146,594	20,494	72,513	0	93,007	19,966	528	0	20,494
Swimming Pool Reserve	32,000	456	0	32,456	32,000	32,907	0	64,907	0	32,000	0	32,000
Recreation Reserve	178,345	2,521	0	180,866	178,345	5,053	0	183,398	173,751	4,594	0	178,345
Chp Units Reserve	45,649	572	0	46,221	45,649	1,293	0	46,942	44,474	1,175	0	45,649
Community Bus Reserve	40,250	537	0	40,787	40,250	1,140	0	41,390	39,214	1,036	0	40,250
Economic Reserve	315,534	2,204	(305,717)	12,021	315,534	8,940	(300,000)	24,474	312,977	2,557	0	315,534
All Hours Gym Reserve	5,132	(3,448)	0	1,684	5,132	145	0	5,277	5,000	132	0	5,132
Bowling Green Reserve	50,681	10,780	0	61,461	51,425	11,344	0	62,769	40,358	10,323	0	50,681
Tennis Court Reserve	19,282	6,302	0	25,584	18,538	6,639	0	25,177	12,215	7,067	0	19,282
	<b>1,852,913</b>	<b>480,584</b>	<b>(546,101)</b>	<b>1,787,396</b>	<b>1,852,913</b>	<b>432,922</b>	<b>(300,000)</b>	<b>1,985,835</b>	<b>1,805,192</b>	<b>167,474</b>	<b>(119,753)</b>	<b>1,852,913</b>

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

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

**12. RESERVES - CASH BACKED**

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

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
Sewerage Reserve	Ongoing	- To be used to preserve sewerage assets.
Plant Reserve	Ongoing	- To be used to fund the purchase of future plant acquisitions and major repairs.
Lsl Reserve	Ongoing	- To be used to fund annual and long service leave requirements.
Land & Building Reserve	Ongoing	- For future purchase and renewal of Council land & building assets.
Swimming Pool Reserve	Ongoing	- To be used for the maintenance and or renewal of the swimming pool.
Recreation Reserve	Ongoing	- To be used for the proposed construction of a multi purpose sports centre.
Chp Units Reserve	Ongoing	- To be used for contribution to joint venture aged unit projects and singles accommodation.
Community Bus Reserve	Ongoing	- To be used for part funding of the replacement of the community bus.
Economic Reserve	Ongoing	- To provide for future funding for development opportunities in the community.
All Hours Gym Reserve	Ongoing	- To be used for the replacement of the gym equipment
Bowling Green Reserve	Ongoing	- To be used for the replacement of the bowling greens.
Tennis Court Reserve	Ongoing	- To be used for the replacement of the tennis courts.

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

**13. REVALUATION SURPLUS**

	2017			2017			2016			2016		
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Movement on Revaluation	Closing Balance	2016 Total	2016 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	550,817	0	0	0	550,817	550,817	0	0	0	550,817	0	550,817
Buildings - non-specialised	6,859,074	0	0	0	6,859,074	6,859,074	0	0	0	6,859,074	0	6,859,074
Vehicles and plant	76,610	0	0	0	76,610	128,678	0	(52,068)	(52,068)	76,610		76,610
Tools and equipment	16,271	0	0	0	16,271	0	16,271	0	16,271	16,271		16,271
Infrastructure - Roads	3,995,438	0	(2,601,146)	(2,601,146)	1,394,292	3,995,438	0	0	0	3,995,438	0	3,995,438
Footpaths	114,799	187,598	0	187,598	302,397	114,799	0	0	0	114,799	0	114,799
Drainage	0	1,078,803	0	1,078,803	1,078,803	0	0	0	0	0	0	0
Parks and Ovals	0	33,549	0	33,549	33,549	0	0	0	0	0	0	0
Sewerage Infrastructure	0	853,801	0	853,801	853,801	0	0	0	0	0	0	0
Other Infrastructure	0	539,162	0	539,162	539,162	0	0	0	0	0	0	0
	<b>11,613,009</b>	<b>2,692,914</b>	<b>(2,601,146)</b>	<b>91,768</b>	<b>11,704,777</b>	<b>11,648,806</b>	<b>16,271</b>	<b>(52,068)</b>	<b>(35,797)</b>	<b>11,613,009</b>		

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

**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:

	2017 \$	2017 Budget \$	2016 \$
Cash and cash equivalents	<u>3,427,050</u>	<u>2,113,184</u>	<u>2,021,078</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	2,226,636	1,758,073	222,610
Non-cash flows in Net result:			
Depreciation	1,104,583	1,112,647	1,144,753
(Profit)/Loss on sale of asset	0	0	(37,929)
Movement in Local Govt House Equity	7,238	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(366,144)	324,710	(45,056)
(Increase)/Decrease in inventories	(1,132)	(75,000)	15,301
Increase/(Decrease) in payables	409,942	(64,865)	10,186
Increase/(Decrease) in provisions	23,254	(38,133)	(52,135)
Grants contributions for the development of assets	<u>(1,308,272)</u>	<u>(2,074,000)</u>	<u>(997,915)</u>
Net cash from operating activities	<u>2,096,105</u>	<u>943,432</u>	<u>259,815</u>
<b>(c) Undrawn Borrowing Facilities</b>			
	<b>2017</b>		<b>2016</b>
	<b>\$</b>		<b>\$</b>
<b>Credit Standby Arrangements</b>			
Bank overdraft limit	60,000		60,000
Bank overdraft at balance date	0		0
Credit card limit	9,000		12,000
Credit card balance at balance date	(704)		(1,671)
<b>Total amount of credit unused</b>	<u>68,296</u>		<u>70,329</u>
<b>Loan facilities</b>			
Loan facilities - current	117,509		85,005
Loan facilities - non-current	1,064,968		411,485
<b>Total facilities in use at balance date</b>	<u>1,182,477</u>		<u>496,490</u>
<b>Unused loan facilities at balance date</b>	<u>NIL</u>		<u>NIL</u>

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

**15. CONTINGENT LIABILITIES**

The Shire is not aware of any reportable contingent liability.

**16. CAPITAL AND LEASING COMMITMENTS**

**(a) Operating Lease Commitments**

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

**(b) Capital Expenditure Commitments**

- capital expenditure projects 17/18  
Short Term Accomodation Project

Payable:

- not later than one year

554,162

**SHIRE OF DOWERIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**17. JOINT VENTURE ARRANGEMENTS**

The Shire has no Joint Venture arrangements in place.

**18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Governance	84,810	142,571
General purpose funding	1,381,407	257,303
Law, order, public safety	225,758	253,970
Health	69,457	15,909
Education and welfare	601,900	616,950
Housing	4,527,243	3,621,674
Community amenities	2,719,362	1,525,368
Recreation and culture	9,170,968	7,079,520
Transport	22,360,942	24,126,726
Economic services	3,007,350	1,447,123
Other property and services	2,507,727	2,612,463
Unallocated	376,525	1,896,285
	<u>47,033,449</u>	<u>43,595,862</u>

**SHIRE OF DOWERIN**  
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	2017	2016	2015
<b>19. FINANCIAL RATIOS</b>			
Current ratio	2.03	0.29	1.14
Asset sustainability ratio	0.96	1.49	1.20
Debt service cover ratio	14.72	3.68	11.91
Operating surplus ratio	0.43	(0.38)	(0.05)
Own source revenue coverage ratio	0.56	0.52	0.45

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 60 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$723,087.

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

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$695,769.

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

	2017	2016	2015
Current ratio	1.28	Not reported	Not reported
Debt service cover ratio	9.56	10.16	4.42
Operating surplus ratio	0.09	(0.04)	(0.41)

**SHIRE OF DOWERIN**  
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**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 2016 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2017 \$
Housing Rental Bonds	3,866	0	(360)	3,506
Key Deposits	610	0	0	610
Tidy Towns Prize	2,818	0	0	2,818
HACC Vehicle	2,025	0	(1,532)	493
Building Deposits	10,000	0	(10,000)	0
AROC Funds	95,657	1,800	(97,457)	0
HACC Fundraising	2,509	0		2,509
Recreational Steering Committee	23,359	0	(23,359)	0
Nomination Deposits	320	0	0	320
Yellow Ribbon	247	0	0	247
Centenary Park	2,112	0	(320)	1,792
Interest on Trust Funds	0	12	0	12
	<u>143,523</u>	<u>1,812</u>	<u>(133,027)</u>	<u>12,307</u>

**21. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR**

The Shire disposed of no assets during the financial year.

**SHIRE OF DOWERIN**  
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**22. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1 July 2016 \$	New Loans \$	Principal Repayments		Principal 30 June 2017		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Housing</b>								
Loan 99 - Short Term Accommodation	0	785,250	14,257	28,352	770,993	756,898	20,867	25,448
<b>Recreation and culture</b>								
Loan 97 - Dowerin Community Club	412,632	0	62,004	62,003	350,628	350,629	17,404	16,605
<b>Economic services</b>								
* Loan 98 - Dowerin Events Management SSL	83,858	0	23,002	23,002	60,856	60,856	2,681	2,606
	496,490	785,250	99,263	113,357	1,182,477	1,168,383	40,952	44,659

\* Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

**SHIRE OF DOWERIN**  
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**22. INFORMATION ON BORROWINGS (Continued)**

(b) New Debentures - 2016/17

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used		Balance Unspent
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan 99 - Short Term Accommodation	785,250	785,250	NA Treasury Corp	Interest & Principal	20	\$ 278,160	3.14%	\$ 785,250	785,250	\$ 0

(c) Unspent Debentures

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

(d) Overdraft

The Shire has an overdraft facility of \$60,000 with the National Australia Bank to assist with short term liquidity requirements. The balance of the overdraft at 1 July 2016 and 30 June 2017 was 0.

**SHIRE OF DOWERIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**23. RATING INFORMATION - 2016/17 FINANCIAL YEAR**

RATE TYPE	Differential general rate / general rate	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 \$
<b>Gross rental value valuations</b>												
Residential		10.2662	131	1,116,024	114,573	0	0	114,573	114,572	0	0	114,572
Commercial		10.2662	18	316,540	32,497	0	0	32,497	32,497	0	0	32,497
Town Rural		10.2662	10	87,048	8,937	0	0	8,937	8,937	0	0	8,937
Other		10.2662	1	2,130	219	0	0	219	219	0	0	219
<b>Unimproved value valuations</b>												
Rural Farmland		0.8920	239	104,841,500	93,518,618	37	0	935,223	935,186	0	0	935,186
<b>Sub-Total</b>			399	106,363,242	93,674,843	37	0	1,091,448	1,091,411	0	0	1,091,411
<b>Minimum payment</b>												
<b>Minimum payment \$</b>												
<b>Gross rental value valuations</b>												
Residential		686	51	236,988	34,986	0	0	34,986	34,986	0	0	34,986
Commercial		686	15	55,169	10,290	0	0	10,290	10,290	0	0	10,290
Town Rural		686	17	42,102	11,662	0	0	11,662	11,662	0	0	11,662
Other		200	18	5,529	3,600	0	0	3,600	3,600	0	0	3,600
<b>Unimproved value valuations</b>												
Rural Farmland		686	50	2,569,800	34,300	0	0	34,300	34,300	0	0	34,300
Commercial / Industrial		686	4	400	2,744	0	0	2,744	2,744	0	0	2,744
Town Rural		686	3	65,500	2,058	0	0	2,058	2,058	0	0	2,058
Mining Tenement		200	3	5,867	600	0	0	600	600	0	0	600
<b>Sub-Total</b>			161	2,981,355	100,240	0	0	100,240	100,240	0	0	100,240
<b>Total amount raised from general rate</b>												
				<b>109,344,597</b>	<b>93,775,083</b>	<b>37</b>	<b>0</b>	<b>1,191,688</b>	<b>1,191,651</b>	<b>0</b>	<b>0</b>	<b>1,191,651</b>
<b>Ex-gratia rates</b>												<b>20,000</b>
<b>Totals</b>												<b>1,211,651</b>

**SHIRE OF DOWERIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**24. NET CURRENT ASSETS**

Composition of net current assets:

	2017	2017	2016
	(30 June 2017 Carried Forward) \$	(1 July 2016 Brought Forward) \$	(30 June 2016 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 16 brought forward</b>	<u>1,339,633</u>	<u>(16,508)</u>	<u>(16,508)</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	1,381,407	(75,133)	168,165
Restricted	2,045,643	2,096,211	1,852,913
Rates outstanding	50,660	36,631	36,631
Sewerage rates outstanding	15,823	14,680	14,680
Rubbish rates outstanding	10,075	9,221	9,221
Emergency Services Levy	6,989	4,142	4,142
Sundry debtors	356,178	99,516	99,516
GST receivable	86,723	10,941	10,941
Loans Club/Institutions	23,756	23,002	23,002
Prepayments	5,838	0	0
Stock on Hand	6,636	5,504	5,504
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(347,143)	(108,420)	(108,420)
Excess Rates	(45,252)	(36,565)	(36,565)
Dept Transport	(13,629)	(8,305)	(8,305)
Accrued Loan Interest	(6,922)	(1,329)	(1,329)
Accrued Salaries & Wages	(6,143)	0	0
Other Payables	(227,826)	(141,495)	(141,495)
Payroll Creditors	(60,409)	(1,268)	(1,268)
Current portion of long term borrowings			
Secured by floating charge	(117,509)	(85,005)	(85,005)
Provisions			
Provision for annual leave (Current)	(94,653)	(72,617)	(72,617)
Provision for long service leave (Current)	(90,459)	(97,089)	(97,089)
<b>Unadjusted net current assets</b>	<u><b>2,979,783</b></u>	<u><b>1,672,622</b></u>	<u><b>1,672,622</b></u>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(1,787,396)	(1,852,913)	(1,852,913)
Less: Loans Club/Institutions	(23,756)	(23,002)	(23,002)
Less: Liabilities supported by a Reserve	53,493	101,780	101,780
Add: Secured by floating charge	117,509	85,005	85,005
<b>Adjusted net current assets - surplus/(deficit)</b>	<u><u><b>1,339,633</b></u></u>	<u><u><b>(16,508)</b></u></u>	<u><u><b>(16,508)</b></u></u>

**Difference**

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

**SHIRE OF DOWERIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**25. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR**

No specified area rates were imposed by the Shire during the year ended 2017.

**26. SERVICE CHARGES - 2016/17 FINANCIAL YEAR**

Nature of the Service Charge	Amount of Charge	Revenue Raised	Budget Revenue	Charges Applied to Costs		Charges Set Aside to Reserve	Reserve Applied to Costs	Budget Charges Applied to Costs		Budget Charges Set Aside to Reserve	Budget Reserve Applied to Costs
				\$	\$			\$	\$		
Service Charges		122,879	122,275	122,879	0	0	0	122,275	0	0	0
Sewerage Rates		9,952	9,952	9,952	0	0	0	9,952	0	0	0
Sewerage Fixtures		132,831	132,227	132,831	0	0	0	132,227	0	0	0

**Objects of the Charge**  
Sewerage charges

**Reasons for the Charge**

The charge is to be applied to the ongoing maintenance costs of the sewerage scheme, in addition to future capital expenditure requirements of the scheme.

**Area/Properties Charge Imposed**

Properties within the Dowerin township connected to the Shire's sewerage scheme.

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

The Shire of Dowerin does not offer a discount for the early payment of rates.

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

**28. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR**

	Date Due	Instalment Plan		Instalment Interest Rate %	Unpaid Rates Interest Rate %	2016	
		Admin Charge \$	Interest Rate %			Revenue \$	Revenue \$
<b>Instalment Options</b>							
<b>Option One</b>							
Single full payment	14 September 16	0	0.00%	0.00%			
<b>Option Two</b>							
First Instalment	14 September 16	4	5.50%	11.00%			
Second Instalment	14 March 17	4	5.50%	11.00%			
<b>Option Three</b>							
First Instalment	14 September 16	4	5.50%	11.00%			
Second Instalment	14 November 16	4	5.50%	11.00%			
Third Instalment	13 January 17	4	5.50%	11.00%			
Fourth Instalment	14 March 17	4	5.50%	11.00%			
<b>Interest on unpaid rates</b>							
<b>Charges on instalment plan</b>							
						Revenue \$	Revenue \$
						13,242	8,000
						924	900
						14,166	8,900
							8,341
							848
							9,189

**SHIRE OF DOWERIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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<b>29. FEES &amp; CHARGES</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Governance	28	323
General purpose funding	3,024	3,048
Law, order, public safety	3,169	2,002
Health	15,548	18,723
Education and welfare	1,620	1,620
Housing	150,853	125,065
Community amenities	96,668	91,925
Recreation and culture	31,037	32,609
Transport	360	630
Economic services	5,295	5,330
Other property and services	4,730	3,367
	<u>312,332</u>	<u>284,642</u>

**30. GRANT REVENUE**

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

<b>By Nature or Type:</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>		
General purpose funding	2,076,522	656,466
Law, order, public safety	12,688	22,983
Health	309,071	247,117
Community amenities	20,000	0
Recreation and culture	33,000	45,071
Transport	123,066	120,412
Economic services	0	1,123
	<u>2,574,347</u>	<u>1,093,172</u>
<b>Non-operating grants, subsidies and contributions</b>		
Transport	706,454	997,915
Economic services	601,818	0
	<u>1,308,272</u>	<u>997,915</u>
	<u>3,882,620</u>	<u>2,091,087</u>

**31. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>26</u>	<u>24</u>
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**SHIRE OF DOWERIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

<b>32. ELECTED MEMBERS REMUNERATION</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	21,145	21,250	22,010
Presidents allowance	3,000	3,000	3,000
Deputy Presidents allowance	750	750	750
Telecommunications allowance	540	2,000	978
	<u>25,435</u>	<u>27,000</u>	<u>26,738</u>

**33. RELATED PARTY TRANSACTIONS**

**Key Management Personnel (KMP) Compensation Disclosure**

	<b>2017</b>
	<b>\$</b>
The total of remuneration paid to KMP of the Shire during the year are as follows:	
Short-term employee benefits	263,147
Post-employment benefits	24,337
Other long-term benefits	1,635
	<u>289,118</u>

**Short-term employee benefits**

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 32.

**Post-employment benefits**

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

**Other long-term benefits**

These amounts represent long service benefits accruing during the year.

**Related Parties**

**The Shire's main related parties are as follows:**

*i. Key management personnel*

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

*ii. Entities subject to significant influence by the Shire*

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

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

**33. RELATED PARTY TRANSACTIONS (Continued)**

**Transactions with Related Parties that have not been disclosed**

Council has assessed the materiality of disclosure of transactions with related parties on the following criteria:

- 1) The potential effect of the relationship on the financial statements;
- 2) Whether the transaction occurred as:
  - a) part of a public service provider relationship with a taxpayer on terms no different to that of a transaction with the general public or conditions no more or less favourable than those that is reasonable to expect the Council would have adopted with the

Council has determined that no material transactions with related parties have occurred during the financial year 2016-2017

**34. MAJOR LAND TRANSACTIONS**

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

**35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

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

**SHIRE OF DOWERIN**  
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**36. 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	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	3,427,050	2,021,078	3,427,050	2,021,078
Receivables	621,595	278,268	621,595	278,268
	<u>4,048,645</u>	<u>2,299,346</u>	<u>4,048,645</u>	<u>2,299,346</u>
<b>Financial liabilities</b>				
Payables	707,324	297,382	707,324	297,382
Borrowings	1,182,480	496,490	1,259,725	523,495
	<u>1,889,804</u>	<u>793,872</u>	<u>1,967,049</u>	<u>820,877</u>

Fair value is determined as follows: □

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

**SHIRE OF DOWERIN**  
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**36. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

**Financial assets at fair value through profit and loss**

**Available-for-sale financial assets**

**Held-to-maturity investments**

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.

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	34,271	20,211
- Statement of Comprehensive Income	34,271	20,211

**Notes:**

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

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

**36. 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:

	<b>2017</b>	<b>2016</b>
<b>Percentage of rates and annual charges</b>		
- Current	0%	0%
- Overdue	100%	100%
<b>Percentage of other receivables</b>		
- Current	60%	92%
- Overdue	40%	8%

**SHIRE OF DOWERIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**36. 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:

	<b>2017</b>					
	<b>\$</b>	<b>Due within 1 year</b>	<b>Due between 1 &amp; 5 years</b>	<b>Due after 5 years</b>	<b>Total contractual cash flows</b>	<b>Carrying values</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Payables	707,324	0	0	0	707,324	707,324
Borrowings	156,964	564,006	770,978	1,491,948	2,432,480	2,432,480
	<u>864,288</u>	<u>564,006</u>	<u>770,978</u>	<u>2,199,272</u>	<u>3,139,804</u>	<u>3,139,804</u>
Payables	297,382	0	0	0	297,382	308,190
Borrowings	103,794	376,864	78,252	558,910	496,490	496,490
	<u>401,176</u>	<u>376,864</u>	<u>78,252</u>	<u>856,292</u>	<u>804,680</u>	<u>804,680</u>

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

**36. 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 %
	\$	\$	\$	\$	\$	\$	\$	
<b>Year ended 30 June 2017</b>								
<b>Borrowings</b>								
Fixed rate								
Debentures	0	0	60,856	0	350,631	770,993	1,182,480	3.43%
Weighted average	0.00%	0.00%	3.25%	0.00%	4.09%	3.14%		
Effective interest rate								
<b>Year ended 30 June 2016</b>								
<b>Borrowings</b>								
Fixed rate								
Debentures	0	0	0	83,858	0	412,632	496,490	3.95%
Weighted average								
Effective interest rate	0.00%	0.00%	0.00%	3.25%	0.00%	4.09%		

## INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF DOWERIN

### **Opinion**

We have audited the accompanying financial report of the Shire of Dowerin which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

In our opinion, the accompanying financial report of the Shire of Dowerin:

- (i) gives a true and fair view, in all material respects, of the financial position of the Shire of Dowerin as at 30 June 2017, and of its financial performance and its cash flows for the year then ended;
- (ii) complies with Australian Accounting Standards; and
- (iii) is prepared in accordance with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.

### **Report on Other Legal and Regulatory Requirements**

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

- (i) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire of Dowerin;
- (ii) There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law noted during the course of our audit;
- (iii) The asset consumption ratio and the asset renewal funding ratio included in the annual financial report are supported by verifiable information and reasonable assumptions;
- (iv) All necessary information and explanations were obtained by us; and
- (v) All audit procedures were satisfactorily completed during our audit.

### **Basis for Opinion**

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

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

**Other Information**

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

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

**Responsibilities of Management and Council for the Financial Report**

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Report**

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

A further description of our responsibility for the audit of the financial report is located at the Auditing and Assurance Standard Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf). This description forms part of our audit report.

**AMD Chartered Accountants**

**MARIA CAVALLO**  
Director

28-30 Wellington Street, Bunbury, Western Australia

Dated this 15<sup>th</sup> day of November 2017

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

**RATIO INFORMATION**

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

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Asset consumption ratio	0.98	0.94	0.91
Asset renewal funding ratio	0.84	n/a	n/a

The above ratios are calculated as follows:

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