



# Shire of Dowerin

## Audit Committee Minutes

15 June 2016

<b>COMMITTEE MEMBERS</b>	<b>REPRESENTING</b>
Cr D.E. Metcalf	Shire of Dowerin
Cr A.J. Metcalf	Shire of Dowerin
Cr R.I Trepp	Shire of Dowerin
<b>OBSERVER</b>	<b>REPRESENTING</b>
Andrea Selvey – CEO	Shire of Dowerin
Sonia King – Finance Manager	Shire of Dowerin
Leanne Oliver – External Auditor	Byfields

## COMMITTEE TERMS OF REFERENCE

1. The Audit Committee is to provide guidance and assistance to Council based on the following *Terms of Reference*:
  - 1.1 To carry out Council's functions in relation to audits carried out under Part 7 (Audit) of the Local Government Act 1995
  - 1.2 To develop a process to be used to select and appoint a person to be an Auditor.
2. The Audit Committee may also provide guidance and assistance to Council as to:
  - 2.1 Matters to be audited;
  - 2.2 The scope of audits;
  - 2.3 Council's functions under Part 6 (Financial Management) of the Local Government Act 1995; and
  - 2.4 The carrying out of Council's functions relating to other audits and other matters relating to financial management.
3. The Audit Committee may evaluate tenders received for the provision of audit services and report to Council with a recommendation for appointment of an auditor for the Shire of Dowerin.
4. Meeting cycle: At least once a year to recommend adoption of Annual Report.

**SHIRE OF DOWERIN**

**MINUTES FOR THE AUDIT COMMITTEE MEETING ON 15 JUNE 2016**

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**1. DECLARATION OF OPENING**

The Chair opened the meeting at 3.05pm

**2. ATTENDANCE**

Cr D. Metcalf - Chairperson

Cr A.J. Metcalf

Cr R.I. Trepp

A. Selvey - Chief Executive Officer

S. King – Finance Manager

L. Oliver – Auditor from Byfields (via teleconference)

**3. APOLOGIES**

Nil

**4. APPLICATIONS FOR LEAVE OF ABSENCE**

Nil

**4. DECLARATION OF INTEREST**

IMPORTANT: Parts of Division 6 Subdivision 1 of the Local Government Act 1995 requires Council members and employees to disclose any direct or indirect financial interest or general interest in any matter listed in this agenda.

The Act also requires the nature of the interest to be disclosed in writing before the meeting or immediately before the matter being discussed.

NB A Council member who makes a disclosure must not preside or participate in, or be present during, any discussion or decision making procedure relating to the disclosed matter unless the procedures set out in Sections 5.68 or 5.69 of the Act have been complied with.

**5. CONFIRMATION OF MINUTES**

OFFICER'S RECOMMENDATION

That the minutes of the inaugural meeting of the Shire of Dowerin Audit Committee held on 23 February 2016 be confirmed as a true and correct record of that meeting.

Moved: Cr A Metcalf

Seconded: Cr R Trepp

Carried: 3/0

**6. PRESENTATIONS**

The Shire of Dowerin's Auditor, Ms Leanne K Oliver, Director at Byfields is presenting the 2014/15 annual audit findings.

## 7. AUDIT REPORTS

### 7.1 2014/15 AUDIT AND ANNUAL REPORT

Date:	7 June 2016
File Ref:	
Disclosure of Interest:	Nil
Author:	Andrea Selvey, CEO and Sonia King, Finance Manager
Attachments:	<ol style="list-style-type: none"><li>1. 2014/2015 Signed Accounts;</li><li>2. 2014/15 Annual Report;</li><li>3. Auditor's Report;</li><li>4. Auditor's Letter.</li></ol>

#### Summary

For Committee to consider and, if acceptable, recommend to Council that Council receives the Annual Report for the year ended 30 June 2015 for the Shire of Dowerin.

#### Background

Section 5.54 'Acceptance of Annual Reports' of the Local Government Act 1995 requires an Annual Report to be accepted by Council by 31 December in each year unless the Auditors Report is not available in time. The Local Government Act 1995 Section 5.54(2) requires that if the Annual Report is not accepted by the Local Government by 31 December then it must be presented to Council within two (2) months of the Auditors Report becoming available.

Given the circumstances surrounding the finalisation of the financial statements for 2014/15 and the inability to secure an Auditor's Report before December 2015, the Shire was not able to achieve compliance with the December timeframe.

Since the finalisation of the Forensic Audit in March 2016, the focus has been on reviewing all accounts to ensure accuracy of financial data. This review has been completed and the Annual Financial Report for the year ended 30 June 2015 was presented to the Shire of Dowerin's Auditor. The Audit was completed by the Shire Auditor and signed off on 10 June 2016 – see attached 2014/2015 Signed Accounts; Auditor's Report and Auditor's Letter.

It is a requirement for Council to receive the Annual Report within two months of the Auditor's Report becoming available and as such the Annual Report is now presented for Committee's consideration and should it be acceptable to the Committee, officers seek a Committee recommendation to Council that they receive the 2014/15 Annual Report – see Attached.

Should the 2014/2015 Annual Report be recommend by the Committee and subsequently received by Council, it is intended to hold the Annual Electors Meeting on 30 June 2016 at 7.30pm.

#### Comment

The Auditor's report shows that the Shire of Dowerin failed to meet the obligation to review all infrastructure assets to fair value by June 2015 and to include the Asset Renewal Funding ratio as required by the Local Government Financial Regulations 1996. Apart from these two matters, the Auditor's report shows that the Shire's Financial Statements are compliant with the Local Government Act (1995) and the Local Government Financial Regulations (1996); were prepared in accordance with Australian Accounting Standards; and are a fair and true view of the Shire's financial position as of 30 June 2015. See attached Auditor's Report and accompanying letter.

Consultation

Council is required to hold an Annual Electors Meeting within 56 days of acceptance of the Annual Report. Pending the Committee recommendation and Council's adoption of the Annual Report, the Annual Electors Meeting has been scheduled to take place on 30 June 2016 at 7.30pm in the Town Hall.

The Annual Electors Meeting will be advertised as follows:

- Dowerin Despatch – 16<sup>th</sup> , 23<sup>rd</sup> & 30<sup>th</sup> June 2016
- Notices will also be placed on Shire and Community Notice Boards, Facebook and the Shire of Dowerin website.

Financial Implications

- The cost of the Audit was met within current budget allocation for the Shire Auditors.
- The cost of production of the Annual Report was negligible and met with current resource allocations.

Policy Implications

NIL

Statutory Implications

It is a statutory requirement under the Local Government Act 1995 Section 5.53 & 5.54 for Local Governments to receive an Annual Report.

Strategic Implications

Aligns with the Strategic Community Plan Theme 4 – Local Government Leadership

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**OFFICER'S RECOMMENDATION – ITEM 7.1**

**THAT THE AUDIT COMMITTEE RECOMMENDS TO COUNCIL THAT COUNCIL RESOLVES TO:**

- 1. ACCEPT THAT THE MEETING BETWEEN THE AUDIT COMMITTEE AND THE AUDITOR AT THE AUDIT COMMITTEE MEETING HELD ON 15 JUNE 2016 SATISFIES LEGISLATIVE REQUIREMENTS;**
- 2. ACCEPT THE REPORT PROVIDED BY THE SHIRE AUDITOR MS LEANNE K. OLIVER OF BYFIELDS.**
- 3. RECEIVE THE SHIRE OF DOWERIN ANNUAL REPORT WHICH INCLUDES THE SIGNED FINANCIAL ACCOUNTS FOR THE 2014/2015 FINANCIAL YEAR; AND**
- 4. PROCEED WITH THE ANNUAL ELECTORS GENERAL MEETING ON THURSDAY 30 JUNE 2016 AT 7.30PM IN THE TOWN HALL.**

**COMMITTEE RECOMMENDATION – ITEM 7.1**

Moved: Cr R Trepp

Seconded: Cr A Metcalf

Carried: 3/0

**THE AUDIT COMMITTEE RECOMMENDS TO COUNCIL THAT COUNCIL RESOLVES TO:**

- 1. ACCEPT THAT THE MEETING BETWEEN THE AUDIT COMMITTEE AND THE AUDITOR AT THE AUDIT COMMITTEE MEETING HELD ON 15 JUNE 2016 SATISFIES LEGISLATIVE REQUIREMENTS;**
- 2. ACCEPT THE REPORT PROVIDED BY THE SHIRE AUDITOR MS LEANNE K. OLIVER OF BYFIELDS.**
- 3. RECEIVE THE SHIRE OF DOWERIN ANNUAL REPORT WHICH INCLUDES THE SIGNED FINANCIAL ACCOUNTS FOR THE 2014/2015 FINANCIAL YEAR;**
- 4. PROCEED WITH THE ANNUAL ELECTORS GENERAL MEETING ON THURSDAY 30 JUNE 2016 AT 7.30PM IN THE TOWN HALL; AND**
- 5. DIRECTS THE CEO TO PREPARE A DRAFT SCOPE OF WORKS FOR THE AUDITOR IN COMPLETING THE 2105/16 AUDIT FOR REVIEW BY THE COMMITTEE AT THE NEXT MEETING OF THE AUDIT COMMITTEE ON 3 AUGUST 2016.**

## 7.2 TERMS OF REFERENCE

Date: 7 June 2016  
File Ref:  
Disclosure of Interest: Nil  
Author: Andrea Selvey, CEO and Sonia King, Finance Manager  
Attachments: 5. Draft Terms of Reference for the Shire of Dowerin Audit Committee

### Summary

A revised Terms of Reference are presented for the Audit Committee's review and, if acceptable, officers seek a committee recommendation to Council that they adopt these as the Shire of Dowerin Audit Committee Terms of Reference.

### Background

The Local Government Act 1995 (the Act) requires that all local governments establish an audit committee. An audit committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and the internal and external audit functions.

It is important that Committees of Council have clear and comprehensive terms of reference, setting out the committee's roles and responsibilities and that matters such as the governing legislation, membership, primary roles and responsibilities of the committee and ancillary functions are also addressed.

The Audit Committee for the Shire of Dowerin was established early in 2016 and the Committee held its inaugural meeting on 23 February 2016.

### Comment

On 17 May 2017, Jenni Law, Director of Local Government Regulation and Support from the Department of Local Government and Communities presented to the Finance Committee Meeting. At this meeting Ms Law outlined and clarified the role of a Finance Committee and the role of an Audit Committee. Based on Ms Law's recommendations and advice, the Terms of Reference for the Audit Committee have been reviewed by the Finance Manager and CEO and are now presented as a draft for consideration by the Committee – see attached. Should the Committee accept the draft TORs, they will be presented for Council's consideration at the next possible meeting.

### Consultation

The Shire has consulted with the Department of Local Government and Communities and with WALGA.

### Financial Implications

Nil

### Policy Implications

Nil

### Statutory Implications

The Local Government Act 1995 (the Act) requires that all local governments establish an audit committee.

Strategic Implications

Aligns with the Strategic Community Plan Theme 4 – Local Government Leadership

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**OFFICER’S RECOMMENDATION – ITEM 7.2**

**COMMITTEE RECOMMENDATION – ITEM 7.2**

Moved: Cr A Metcalf

Seconded: Cr D E Metcalf

Carried: 3/0

***THAT THE AUDIT COMMITTEE RECOMMENDS TO COUNCIL THAT THE REVISED TERMS OF REFERENCE ARE ADOPTED;***

***THAT THE CEO CONTACTS APPROPRIATELY QUALIFIED INDIVIDUALS FOR CONSIDERATION BY COUNCIL AS A CO-OPTED EXTERNAL MEMBER OF THE AUDIT COMMITTEE;***

***PRESENT THE REVISED TERMS OF REFERENCE AND RECOMMENDATION FOR AN EXTERNAL MEMBER OF THE AUDIT COMMITTEE FOR COUNCIL CONSIDERATION AT THE JULY COUNCIL MEETING.***

**8. QUESTIONS FROM MEMBERS**

Nil

**9. URGENT BUSINESS**

Nil

**10. DATE OF NEXT MEETING**

Date: 3 August 2016 at 3pm

Items for next meeting: External Membership to the Audit Committee; and

Scope of Work for the Auditor in completing the 2015/16 Audit.

**11. CLOSURE OF MEETING**

The presiding member closed the meeting at 4.25pm.

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

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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 2015

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the *Tenth* day of June 2016



Andrea Selvey  
Chief Executive Officer

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

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Revenue</b>				
Rates	22	1,119,722	1,098,214	1,046,403
Operating grants, subsidies and contributions	28	2,314,274	1,887,627	1,175,141
Fees and charges	27	291,050	328,150	256,949
Sewerage charges	23	125,637	125,637	119,609
Interest earnings	2(a)	76,676	83,354	114,821
Other revenue		367,486	94,068	18,948
		<u>4,294,845</u>	<u>3,617,050</u>	<u>2,731,871</u>
<b>Expenses</b>				
Employee costs		(1,365,651)	(1,355,105)	(1,516,147)
Materials and contracts		(1,031,923)	(596,907)	(767,434)
Utility charges		(156,078)	(136,550)	(159,946)
Depreciation on non-current assets	2(a)	(1,180,688)	(1,484,312)	(1,484,305)
Interest expenses	2(a)	(24,927)	(23,567)	(23,696)
Insurance expenses		(141,984)	(149,738)	(113,982)
Other expenditure		(385,766)	(67,650)	(95,398)
		<u>(4,287,017)</u>	<u>(3,813,829)</u>	<u>(4,160,908)</u>
		7,828	(196,779)	(1,429,037)
Non-operating grants, subsidies and contributions				
	28	747,916	515,136	806,237
Loss on revaluation of fixed assets	2(a)	(110,832)	0	0
Profit on asset disposals	20	5,905	0	0
Loss on asset disposals	20	(1,412)	(23,428)	0
		<u>649,405</u>	<u>294,929</u>	<u>(622,800)</u>
<b>Net result</b>				
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets	12	7,409,891	0	4,110,238
		<u>7,409,891</u>	<u>0</u>	<u>4,110,238</u>
<b>Total other comprehensive income</b>				
		<u>8,059,296</u>	<u>294,929</u>	<u>3,487,438</u>
<b>Total comprehensive income</b>				

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 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Revenue</b>	2(a)			
Governance		17,105	38,700	58,971
General purpose funding		3,302,682	2,551,480	1,845,544
Law, order, public safety		29,364	31,180	38,661
Health		263,446	293,872	310,500
Education and welfare		93,081	81,653	28,317
Housing		125,738	131,917	116,201
Community amenities		218,096	218,723	207,095
Recreation and culture		77,755	68,907	62,528
Transport		22,338	182,278	22,138
Economic services		114,065	9,339	34,085
Other property and services		31,175	9,000	7,832
		<u>4,294,845</u>	<u>3,617,049</u>	<u>2,731,872</u>
<b>Expenses</b>	2(a)			
Governance		(603,244)	(328,756)	(367,425)
General purpose funding		(96,596)	(96,960)	(84,364)
Law, order, public safety		(84,666)	(99,050)	(108,568)
Health		(335,929)	(346,773)	(396,275)
Education and welfare		(118,633)	(94,831)	(78,300)
Housing		(170,030)	(177,521)	(201,334)
Community amenities		(316,138)	(301,177)	(335,874)
Recreation and culture		(730,054)	(606,316)	(662,974)
Transport		(1,441,123)	(1,549,681)	(1,574,564)
Economic services		(334,046)	(184,999)	(224,176)
Other property and services		(31,631)	(4,197)	(94,358)
		<u>(4,262,090)</u>	<u>(3,790,261)</u>	<u>(4,128,212)</u>
<b>Finance costs</b>	2(a)			
Recreation and culture		(22,539)	(21,428)	(32,697)
Economic services		(2,388)	(2,139)	0
		<u>(24,927)</u>	<u>(23,567)</u>	<u>(32,697)</u>
<b>Non-operating grants, subsidies and contributions</b>				
Community amenities		41,000	0	0
Recreation and culture		59,893	0	163,634
Transport		647,023	515,136	642,603
	28	<u>747,916</u>	<u>515,136</u>	<u>806,237</u>
<b>Profit/(Loss) on disposal of assets</b>				
General purpose funding		(110,832)	0	0
Transport		4,493	(23,428)	0
	20	<u>(106,339)</u>	<u>(23,428)</u>	<u>0</u>
<b>Net result</b>		<u>649,405</u>	<u>294,929</u>	<u>(622,800)</u>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets	12	7,409,891	0	4,110,238
<b>Total other comprehensive income</b>		<u>7,409,891</u>	<u>0</u>	<u>4,110,238</u>
<b>Total comprehensive income</b>		<u>8,059,296</u>	<u>294,929</u>	<u>3,487,438</u>

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

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

	NOTE	2015 \$	2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	2,575,033	2,054,953
Trade and other receivables	4	152,347	149,044
Inventories	5	20,805	22,458
<b>TOTAL CURRENT ASSETS</b>		<u>2,748,185</u>	<u>2,226,455</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	103,137	18,949
Inventories	5	53,666	4,639
Property, plant and equipment	6	16,441,703	9,227,982
Infrastructure	7	24,186,122	23,860,532
<b>TOTAL NON-CURRENT ASSETS</b>		<u>40,784,628</u>	<u>33,112,102</u>
<b>TOTAL ASSETS</b>		<u>43,532,813</u>	<u>35,338,557</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	287,196	230,697
Current portion of long term borrowings	9	81,822	57,180
Provisions	10	216,320	198,516
<b>TOTAL CURRENT LIABILITIES</b>		<u>585,338</u>	<u>486,393</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	9	496,483	472,175
Provisions	10	23,224	11,517
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>519,707</u>	<u>483,692</u>
<b>TOTAL LIABILITIES</b>		<u>1,105,045</u>	<u>970,085</u>
<b>NET ASSETS</b>		<u>42,427,768</u>	<u>34,368,472</u>
<b>EQUITY</b>			
Retained surplus		28,973,770	28,405,157
Reserves - cash backed	11	1,805,192	1,724,400
Revaluation surplus	12	11,648,806	4,238,915
<b>TOTAL EQUITY</b>		<u>42,427,768</u>	<u>34,368,472</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 2015**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2013</b>		<b>29,139,740</b>	<b>1,612,617</b>	<b>128,677</b>	<b>30,881,034</b>
Comprehensive income		(622,800)	0	0	(622,800)
Net result		<u>0</u>	<u>0</u>	<u>4,110,238</u>	<u>4,110,238</u>
Changes on revaluation of non-current assets	12	<u>(622,800)</u>	<u>0</u>	<u>4,110,238</u>	<u>3,487,438</u>
Total comprehensive income		<u>(111,783)</u>	<u>111,783</u>	<u>0</u>	<u>0</u>
Transfers from/(to) reserves					
<b>Balance as at 30 June 2014</b>		<b>28,405,157</b>	<b>1,724,400</b>	<b>4,238,915</b>	<b>34,368,472</b>
Comprehensive income		649,405	0	0	649,405
Net result		<u>0</u>	<u>0</u>	<u>7,409,891</u>	<u>7,409,891</u>
Changes on revaluation of non-current assets	12	<u>649,405</u>	<u>0</u>	<u>7,409,891</u>	<u>8,059,296</u>
Total comprehensive income		<u>(80,792)</u>	<u>80,792</u>	<u>0</u>	<u>0</u>
Transfers from/(to) reserves					
<b>Balance as at 30 June 2015</b>		<b>28,973,770</b>	<b>1,805,192</b>	<b>11,648,806</b>	<b>42,427,768</b>

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 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,119,126	1,107,387	1,041,501
Operating grants, subsidies and contributions		2,356,677	1,897,211	1,143,036
Fees and charges		291,051	328,150	256,475
Service charges		125,637	125,637	119,609
Interest earnings		76,676	83,354	18,948
Goods and services tax		331,004	7,976	225,059
Other revenue		318,459	94,068	114,821
		<u>4,618,630</u>	<u>3,643,783</u>	<u>2,919,449</u>
<b>Payments</b>				
Employee costs		(1,340,264)	(1,420,968)	(1,264,686)
Materials and contracts		(968,084)	(696,967)	(986,298)
Utility charges		(156,078)	(136,550)	(114,650)
Interest expenses		(24,723)	(23,567)	(23,837)
Insurance expenses		(141,984)	(149,738)	(113,982)
Goods and services tax		(359,028)	0	(215,481)
Other expenditure		(382,678)	(67,650)	(95,538)
		<u>(3,372,839)</u>	<u>(2,495,440)</u>	<u>(2,814,472)</u>
<b>Net cash provided by (used in) operating activities</b>	13(b)	<u>1,245,792</u>	<u>1,148,343</u>	<u>104,976</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(650,938)	(445,625)	(1,080,989)
Payments for construction of infrastructure		(892,810)	(1,529,881)	(865,023)
Advances to community groups		(117,000)	(117,000)	0
Non-operating grants, Subsidies and contributions		747,916	515,136	806,237
Proceeds from sale of fixed assets		127,300	257,300	0
<b>Net cash provided by (used in) investment activities</b>		<u>(785,532)</u>	<u>(1,320,070)</u>	<u>(1,139,775)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(68,050)	(67,964)	(54,912)
Proceeds from self supporting loans		10,870	10,783	0
Proceeds from new debentures		117,000	117,000	0
<b>Net cash provided by (used in) financing activities</b>		<u>59,820</u>	<u>59,819</u>	<u>(54,912)</u>
<b>Net increase (decrease) in cash held</b>		520,080	(111,908)	(1,089,711)
Cash at beginning of year		2,054,953	2,116,815	3,144,664
<b>Cash and cash equivalents at the end of the year</b>	13(a)	<u><u>2,575,033</u></u>	<u><u>2,004,907</u></u>	<u><u>2,054,953</u></u>

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

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

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
<b>Revenue</b>				
Governance		17,105	38,700	58,971
General purpose funding		2,182,960	1,453,266	799,141
Law, order, public safety		29,364	31,180	38,661
Health		263,446	293,872	310,500
Education and welfare		93,081	81,653	28,317
Housing		125,738	131,917	116,201
Community amenities		259,096	218,723	207,095
Recreation and culture		137,648	68,907	226,162
Transport		675,266	697,414	664,741
Economic services		114,065	9,339	34,085
Other property and services		31,175	9,000	7,832
		<u>3,928,944</u>	<u>3,033,971</u>	<u>2,491,706</u>
<b>Expenses</b>				
Governance		(603,244)	(328,756)	(367,425)
General purpose funding		(207,428)	(96,960)	(84,364)
Law, order, public safety		(84,666)	(99,050)	(108,568)
Health		(335,929)	(346,773)	(396,275)
Education and welfare		(118,633)	(94,831)	(78,300)
Housing		(170,030)	(177,522)	(201,334)
Community amenities		(316,138)	(301,177)	(335,874)
Recreation and culture		(752,593)	(627,744)	(695,671)
Transport		(1,442,535)	(1,573,109)	(1,574,564)
Economic services		(336,434)	(187,138)	(224,176)
Other property and services		(31,631)	(4,197)	(94,358)
		<u>(4,399,261)</u>	<u>(3,837,257)</u>	<u>(4,160,909)</u>
<b>Net result excluding rates</b>		(470,317)	(803,286)	(1,669,203)
<b>Adjustments for cash budget requirements:</b>				
<b>Non-cash expenditure and revenue</b>				
(Profit)/Loss on asset disposals	20	106,339	23,428	0
Movement in deferred pensioner rates (non-current)		(330)	0	4,201
Movement in employee benefit provisions (non-current)		11,707	0	15,325
Movement in Accrued Salaries & Wages		0	0	3,276
Movement in Accrued Interest		0	0	(142)
Movement in Local Govt House Equity		(49,027)	0	0
Movement in LSL Reserve		24,618	0	0
Depreciation and amortisation on assets	2(a)	1,180,688	1,484,312	1,484,305
<b>Capital Expenditure and Revenue</b>				
Purchase of land and buildings	6(b)	(151,658)	0	(1,044,080)
Purchase furniture & equipment	6(b)	(75,538)	(64,865)	0
Purchase vehicles & plant	6(b)	(423,742)	(380,760)	(36,909)
Purchase infrastructure - roads	7(b)	(892,810)	(1,014,881)	(787,513)
Purchase infrastructure - parks & ovals		0	(515,000)	(69,832)
Purchase infrastructure - signs		0	0	(7,678)
Advances to community groups		(117,000)	(117,000)	0
Proceeds from disposal of fixed assets	20	127,300	257,300	0
Repayment of debentures	21(a)	(68,050)	(67,964)	(54,912)
Proceeds from new debentures	21(a)	117,000	117,000	0
Proceeds from self supporting loans		10,870	10,783	0
Transfers to reserves (restricted assets)	11	(80,792)	(344,969)	(292,044)
Transfers from reserves (restricted assets)	11	0	64,460	180,261
<b>ADD</b>		<b>203,649</b>	<b>253,228</b>	<b>1,460,978</b>
<b>LESS</b>		<b>572,629</b>	<b>0</b>	<b>232,436</b>
<b>Total amount raised from general rate</b>	<b>22(a)</b>	<b>(1,119,722)</b>	<b>(1,098,214)</b>	<b>(1,046,403)</b>

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 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

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

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

**Critical accounting estimates**

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

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

**The local government reporting entity**

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

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

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

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

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

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

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

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

**(c) Cash and Cash Equivalents**

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

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

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

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

**(d) Trade and Other Receivables**

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

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

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

**(e) Inventories**

**General**

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

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

**Land held for sale**

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

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

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

**(f) Fixed Assets**

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

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

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

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

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

and

- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

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

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

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

The Shire will revalue the remaining infrastructure assets in the year ending June 2017

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

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

**(f) Fixed Assets (Continued)**

***Land under control***

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

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

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

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

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

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

***Revaluation***

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

***Land under roads***

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

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

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

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

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

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

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

**(f) Fixed Assets (Continued)**

***Depreciation***

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

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

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

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

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

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

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

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

***Capitalisation threshold***

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

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

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

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

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

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

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

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

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

***Fair value hierarchy***

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

***Valuation techniques***

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

**Market approach**

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

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

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

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

**Income approach**

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

**Cost approach**

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

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

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

**(h) Financial Instruments**

***Initial recognition and measurement***

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

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

***Classification and subsequent measurement***

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

Amortised cost is calculated as:

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

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

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

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

**(h) Financial Instruments (Continued)**

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

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

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

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

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

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

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

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

*(v) Financial liabilities*

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

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

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

**(h) Financial Instruments (Continued)**

***Impairment***

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

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

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

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

***Derecognition***

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

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

**(i) Impairment of Assets**

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

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

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

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

**(j) Trade and Other Payables**

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

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

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

**(k) Employee Benefits**

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

**(l) Borrowing Costs**

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

**(m) Provisions**

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

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

**(n) Leases**

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

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

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

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

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

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

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

**(o) Investment in Associates**

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

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

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

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

**(p) 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 2015**

**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 2015**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Notes:**

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

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

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

These new and revised Standards were:

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

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

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

<b>2. REVENUE AND EXPENSES</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Net Result</b>		
The Net result includes:		
(i) Charging as an expense:		
<b>Significant expense</b>		
<b>Misappropriation of Shire Funds</b>		
Governance	231,870	80,015
- This relates to Shire funds misappropriated by the former CEO Mr Dacre Alcock		
Governance	51,902	0
- This relates to mistated Trust funds in prior years		
<b>Loss on Revaluation of Fixed Assets</b>		
General purpose funding	110,832	0
- This relates to the Loss on Disposal of Land & Building Assets as a result of Revaluation		
<b>Auditors remuneration</b>		
- Audit of the annual financial report	15,900	16,555
<b>Depreciation</b>		
Non-specialised buildings	220,670	197,511
Specialised buildings	0	0
Furniture & Equipment	28,912	36,389
Vehicles & Plant	354,711	381,851
Tools & Equipment	9,177	14,659
Infrastructure - Roads	434,084	718,262
Infrastructure - Footpaths	12,465	18,953
Infrastructure - Drainage	15,541	15,541
Infrastructure - Parks & Ovals	70,494	67,014
Infrastructure - Signs	15,497	14,987
Infrastructure - Street Lighting	6,136	6,136
Infrastructure - Sewerage	13,002	13,002
	<u>1,180,688</u>	<u>1,484,305</u>
<b>Interest expenses (finance costs)</b>		
Debentures (refer Note 21 (a))	24,927	23,696
	<u>24,927</u>	<u>23,696</u>
(ii) Crediting as revenue:		
<b>Significant revenue</b>		
Equity in Local Government House	49,027	0
<b>Other revenue</b>		
Reimbursements and recoveries	299,337	0
Significant revenue (refer above)	49,027	0
Other	19,122	18,948
	<u>367,486</u>	<u>18,948</u>

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

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

	<b>2015 Actual \$</b>	<b>2015 Budget \$</b>	<b>2014 Actual \$</b>
<b>Interest earnings</b>			
- Self supporting loans	1,901	0	0
- Reserve funds	61,313	60,354	70,460
- Other funds	6,865	19,500	34,678
Other interest revenue (refer note 26)	6,597	3,500	9,683
	<u>76,676</u>	<u>83,354</u>	<u>114,821</u>

**(b) Statement of Objective**

The Shire of Dowerin is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

**GOVERNANCE**

Administration and operation of facilities and services to elected members of Council. Other costs that relate to the corporate management of Council which do not concern other specific Council services.

**GENERAL PURPOSE FUNDING**

Rates including income and expenses relating to the imposition of rates.

General purpose government grants and interest earnings.

**LAW, ORDER, PUBLIC SAFETY**

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

**HEALTH**

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**

Care for the aged, community nursing.

Maintenance costs Community Resource Centre.

**HOUSING**

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

**COMMUNITY AMENITIES**

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**

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**

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**

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

**OTHER PROPERTY & SERVICES**

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 2015**

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

(c) Conditions Over Grants/Contributions	Grant/Contribution	Function/ Activity	Opening		Expended (3)		Closing		Expended (2)		Closing	
			Balance (1) 1/07/13	Received (2) 2013/14	Expended (3) 2013/14	Balance (1) 30/06/14	Expended (3) 2014/15	Received (2) 2014/15	Balance (1) 30/06/15	Expended (3) 2014/15	Received (2) 2014/15	Balance (1) 30/06/15
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	Community Safety Grant	Law, Order	24,150	0	(24,150)	0	0	0	0	0	0	0
	R4R - Heritage Rail	Economic Services	1,250,000	0	(702,153)	547,847	0	0	0	(140,057)	407,790	0
	WDC - Age Friendly Communities	Community Amenities	0	0	0	0	41,000	0	0	0	41,000	0
	LotteryWest - Gym Funding	Recreation & Culture	0	0	0	0	29,893	0	0	(29,893)	0	0
	Suicide Prevention	Recreation & Culture	0	0	0	0	1,850	0	0	0	1,850	0
	Womens Program 2015	Recreation & Culture	0	0	0	0	3,170	0	0	0	3,170	0
	<b>Total</b>		<b>1,274,150</b>	<b>0</b>	<b>(726,303)</b>	<b>547,847</b>	<b>75,913</b>	<b>0</b>	<b>(169,950)</b>	<b>453,810</b>	<b>0</b>	<b>0</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.

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

	Note	2015 \$	2014 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		316,031	(217,294)
Restricted		2,259,002	2,272,247
		<u>2,575,033</u>	<u>2,054,953</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	11	155,425	130,806
Plant Reserve	11	150,291	250,893
Sewerage Reserve	11	851,521	768,244
Land & Building Reserve	11	19,966	19,285
Recreation Facilities Reserve	11	173,751	167,826
Chp Units Reserve	11	44,474	35,356
Community Bus Reserve	11	39,214	33,714
Economic Reserve	11	312,977	302,276
All Hours Gym Reserve	11	5,000	0
Bowling Green Reserve	11	40,358	10,000
Tennis Court Reserve	11	12,215	6,000
Unspent grants	2(c)	453,810	547,847
		<u>2,259,002</u>	<u>2,272,247</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates outstanding		25,969	25,703
Sundry debtors		35,577	75,230
GST receivable		46,797	18,834
Loans - clubs/institutions		22,272	0
Sewerage Rates Outstanding		12,687	15,438
Rubbish Rates Outstanding		7,540	11,084
Emergency Services Levy		1,505	2,755
		<u>152,347</u>	<u>149,044</u>
<b>Non-current</b>			
Rates outstanding - pensioners		19,279	18,949
Loans - clubs/institutions		83,858	0
		<u>103,137</u>	<u>18,949</u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and materials		20,805	22,458
		<u>20,805</u>	<u>22,458</u>
<b>Non-current</b>			
Land held for resale - cost		53,666	4,639
Equity In Local Government House		53,666	4,639
		<u>53,666</u>	<u>4,639</u>

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

	2015	2014
	\$	\$
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Freehold land at:		
- Independent valuation 2015 - level 2	963,000	460,183
	<u>963,000</u>	<u>460,183</u>
	<u>963,000</u>	<u>460,183</u>
Non-specialised buildings at:		
- Management valuation 2015 - level 2	13,569,539	8,442,163
- Additions after valuation - cost	151,658	0
Less: accumulated depreciation	0	(1,448,197)
	<u>13,721,197</u>	<u>6,993,966</u>
	<u>13,721,197</u>	<u>6,993,966</u>
<b>Total land and buildings</b>	<u><u>14,684,197</u></u>	<u><u>7,454,149</u></u>
Furniture & Equipment At:		
- Management valuation 2013 - level 3	716,968	716,968
- Additions after valuation - cost	75,538	0
Less accumulated depreciation	(379,240)	(350,328)
	<u>413,266</u>	<u>366,640</u>
Vehicles & Plant At:		
- Management valuation 2013 - level 3	2,537,491	2,888,932
- Additions after valuation - cost	423,742	0
Less accumulated depreciation	(1,641,614)	(1,515,537)
	<u>1,319,619</u>	<u>1,373,395</u>
Tools & Equipment At:		
- Management valuation 2013 - level 3	152,189	152,189
Less accumulated amortisation	(127,568)	(118,391)
	<u>24,621</u>	<u>33,798</u>
	<u><u>16,441,703</u></u>	<u><u>9,227,982</u></u>

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

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

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Movements in Carrying Amounts**

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Freehold land	460,183	0	(48,000)	550,817		0	0	963,000
<b>Total land</b>	<b>460,183</b>	<b>0</b>	<b>(48,000)</b>	<b>550,817</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>963,000</b>
Non-specialised buildings	6,993,966	151,658	(62,832)	6,859,074		(220,670)	0	13,721,197
<b>Total buildings</b>	<b>6,993,966</b>	<b>151,658</b>	<b>(62,832)</b>	<b>6,859,074</b>	<b>0</b>	<b>(220,670)</b>	<b>0</b>	<b>13,721,197</b>
<b>Total land and buildings</b>	<b>7,454,149</b>	<b>151,658</b>	<b>(110,832)</b>	<b>7,409,891</b>	<b>0</b>	<b>(220,670)</b>	<b>0</b>	<b>14,684,197</b>
Furniture & Equipment	366,640	75,538	0	0		(28,912)	0	413,266
Vehicles & Plant	1,373,395	423,742	(122,807)	0		(354,711)	0	1,319,619
Tools & Equipment	33,798	0	0	0		(9,177)	0	24,621
<b>Total property, plant and equipment</b>	<b>9,227,982</b>	<b>650,938</b>	<b>(233,639)</b>	<b>7,409,891</b>	<b>0</b>	<b>(613,469)</b>	<b>0</b>	<b>16,441,703</b>

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

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
<b>Land and buildings</b>					
Freehold land	2 / 3	Market approach using recent observable market data for similar properties	Independent	June 2015	Price per hectare/market borrowing rate
Non-specialised buildings	2 / 3	Market approach using recent observable market data for similar properties	Independent	June 2015	Improvements to land using construction costs and current condition ( Level2) , residual values and remaining useful life assessments (Level 3) inputs.
<b>Furniture &amp; Equipment</b>					
	3	Market approach where possible otherwise cost	Management	June 2013	Purchase costs and current condition (Level 2), residual values Purchase costs and current condition (Level 2), residual values
<b>Vehicles &amp; Plant</b>					
	3	Market approach where possible otherwise cost	Management	June 2013	Purchase costs and current condition (Level 2), residual values Purchase costs and current condition (Level 2), residual values
<b>Tools &amp; Equipment</b>					
	3	Market approach where possible otherwise cost	Management	June 2013	Purchase costs and current condition (Level 2), residual values Purchase costs and current condition (Level 2), residual values

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 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>7 (a). INFRASTRUCTURE</b>		
Infrastructure - Roads		
- Management valuation 2014 - level 3	21,482,165	21,482,165
- Additions after valuation - cost	892,810	0
Less accumulated depreciation	<u>(434,085)</u>	<u>0</u>
	21,940,890	21,482,165
Infrastructure - Footpaths		
- Management valuation 2014 - level 3	371,239	371,239
Less accumulated depreciation	<u>(12,465)</u>	<u>0</u>
	358,774	371,239
Infrastructure - Drainage		
- Cost	518,045	518,045
Less accumulated depreciation	<u>(459,980)</u>	<u>(444,439)</u>
	58,065	73,606
Infrastructure - Parks & Ovals		
- Cost	1,830,838	1,830,838
Less accumulated depreciation	<u>(370,335)</u>	<u>(299,841)</u>
	1,460,503	1,530,997
Infrastructure - Signs		
- Cost	195,010	195,010
Less accumulated depreciation	<u>(153,083)</u>	<u>(137,586)</u>
	41,927	57,424
Infrastructure - Street Lighting		
- Cost	122,714	122,714
Less accumulated depreciation	<u>(82,329)</u>	<u>(76,193)</u>
	40,385	46,521
Infrastructure - Sewerage		
- Cost	520,088	520,088
Less accumulated depreciation	<u>(234,510)</u>	<u>(221,508)</u>
	285,578	298,580
	<u>24,186,122</u>	<u>23,860,532</u>

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

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

The remaining infrastructure assets are disclosed at cost and will be revalued by 30 June 2017 to ensure compliance with the Local Government ( Financial Management) Regulation 17A (2).

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

**7. INFRASTRUCTURE (Continued)**

**(b) Movements in Carrying Amounts**

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

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of the Year \$
Infrastructure - Roads	21,482,165	892,810	0	0	0	(434,084)	0	21,940,890
Infrastructure - Footpaths	371,239	0	0	0	0	(12,465)	0	358,774
Infrastructure - Drainage	73,606	0	0	0	0	(15,541)	0	58,065
Infrastructure - Parks & Ovals	1,530,997	0	0	0	0	(70,494)	0	1,460,503
Infrastructure - Signs	57,424	0	0	0	0	(15,497)	0	41,927
Infrastructure - Street Lighting	46,521	0	0	0	0	(6,136)	0	40,385
Infrastructure - Sewerage	298,580	0	0	0	0	(13,002)	0	285,578
<b>Total infrastructure</b>	<b>23,860,532</b>	<b>892,810</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(567,219)</b>	<b>0</b>	<b>24,186,123</b>

**SHIRE OF DOWERIN**  
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**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2014	Construction costs and current condition (Level 2), residual value and remaining useful life assessments level 3 inputs
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2014	Construction costs and current condition (Level 2), residual value and remaining useful life assessments level 3 inputs
Infrastructure - Drainage		These assets have not been revalued			
Infrastructure - Parks & Ovals		These assets have not been revalued			
Infrastructure - Signs		These assets have not been revalued			
Infrastructure - Street Lighting		These assets have not been revalued			
Infrastructure - Sewerage		These assets have not been revalued			

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**  
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	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	77,982	105,245
Accrued interest on debentures	1,565	1,361
Accrued salaries and wages	28,325	27,426
ATO liabilities	4,405	9,428
Excess Rates	76,737	78,504
Other Payables	98,182	5,253
Payroll Creditors	0	3,480
	<b>287,196</b>	<b>230,697</b>

**9. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by floating charge		
Debentures	81,822	57,180
	<b>81,822</b>	<b>57,180</b>
<b>Non-current</b>		
Secured by floating charge		
Debentures	496,483	472,175
	<b>496,483</b>	<b>472,175</b>

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

	<b>Provision for Annual Leave</b>	<b>Provision for Long Service Leave</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Opening balance at 1 July 2014</b>	90,805	107,711	198,516
Non-current provisions	0	11,517	11,517
	<b>90,805</b>	<b>119,228</b>	<b>210,033</b>
Additional provision	88,786	38,574	127,360
Amounts used	(79,147)	(18,702)	(97,849)
<b>Balance at 30 June 2015</b>	<b>100,444</b>	<b>139,100</b>	<b>239,544</b>
<b>Comprises</b>			
Current	100,444	115,876	216,320
Non-current	0	23,224	23,224
	<b>100,444</b>	<b>139,100</b>	<b>239,544</b>

**SHIRE OF DOWERIN**  
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	2015 \$	2015 Budget \$	2014 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Leave Reserve</b>			
Opening balance	130,806	130,806	105,640
Amount set aside / transfer to reserve	24,619	14,578	25,166
Amount used / transfer from reserve	0	0	0
	<u>155,425</u>	<u>145,384</u>	<u>130,806</u>
<b>(b) Plant Reserve</b>			
Opening balance	250,893	250,893	101,617
Amount set aside / transfer to reserve	(100,602)	8,781	149,276
Amount used / transfer from reserve	0	(64,460)	0
	<u>150,291</u>	<u>195,214</u>	<u>250,893</u>
<b>(c) Sewerage Reserve</b>			
Opening balance	768,244	768,244	701,814
Amount set aside / transfer to reserve	83,277	94,034	66,430
Amount used / transfer from reserve	0	0	0
	<u>851,521</u>	<u>862,278</u>	<u>768,244</u>
<b>(d) Land &amp; Building Reserve</b>			
Opening balance	19,285	19,285	16,797
Amount set aside / transfer to reserve	681	675	2,488
Amount used / transfer from reserve	0	0	0
	<u>19,966</u>	<u>19,960</u>	<u>19,285</u>
<b>(e) Recreation Facilities Reserve</b>			
Opening balance	167,826	167,826	156,623
Amount set aside / transfer to reserve	5,925	33,874	11,203
Amount used / transfer from reserve	0	0	0
	<u>173,751</u>	<u>201,700</u>	<u>167,826</u>
<b>(f) Chp Units Reserve</b>			
Opening balance	35,356	35,356	34,150
Amount set aside / transfer to reserve	9,118	9,456	1,467
Amount used / transfer from reserve	0	0	(261)
	<u>44,474</u>	<u>44,812</u>	<u>35,356</u>
<b>(g) Community Bus Reserve</b>			
Opening balance	33,714	33,714	28,630
Amount set aside / transfer to reserve	5,500	5,180	5,084
Amount used / transfer from reserve	0	0	0
	<u>39,214</u>	<u>38,894</u>	<u>33,714</u>
<b>(h) Economic Reserve</b>			
Opening balance	302,276	302,276	467,346
Amount set aside / transfer to reserve	10,701	161,831	14,930
Amount used / transfer from reserve	0	0	(180,000)
	<u>312,977</u>	<u>464,107</u>	<u>302,276</u>

**SHIRE OF DOWERIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	2015 \$	2015 Budget \$	2014 \$
<b>11. RESERVES - CASH BACKED (CONTINUED)</b>			
<b>(i) All Hours Gym Reserve</b>			
Opening balance	0	0	0
Amount set aside / transfer to reserve	5,000	0	0
Amount used / transfer from reserve	0	0	0
	<u>5,000</u>	<u>0</u>	<u>0</u>
<b>(j) Bowling Green Reserve</b>			
Opening balance	10,000	10,000	0
Amount set aside / transfer to reserve	30,358	10,350	10,000
Amount used / transfer from reserve	0	0	0
	<u>40,358</u>	<u>20,350</u>	<u>10,000</u>
<b>(k) Tennis Court Reserve</b>			
Opening balance	6,000	6,000	0
Amount set aside / transfer to reserve	6,215	6,210	6,000
Amount used / transfer from reserve	0	0	0
	<u>12,215</u>	<u>12,210</u>	<u>6,000</u>
<b>TOTAL RESERVES</b>	<u>1,805,192</u>	<u>2,004,909</u>	<u>1,724,400</u>
<b>SUMMARY</b>			
Total Opening balance	1,724,400	1,724,400	1,612,617
Total Amount set aside / transfer to reserve	80,792	344,969	292,044
Total Amount used / transfer from reserve	0	(64,460)	(180,261)
<b>TOTAL RESERVES</b>	<u>1,805,192</u>	<u>2,004,909</u>	<u>1,724,400</u>

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

**SHIRE OF DOWERIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**11. RESERVES - CASH BACKED (CONTINUED)**

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

- (a) Leave Reserve
  - to be used to fund annual and long service leave requirements
- (b) Plant Reserve
  - to be used to fund the purchase of future plant acquisitions and major repairs.
- (c) Sewerage Reserve
  - to be used to preserve sewerage assets
- (d) Land & Building Reserve
  - for future purchase and development of Council land & building assets.
- (e) Recreation Facilities Reserve
  - to be used for the proposed construction of multi purpose sports centre.
- (f) Chp Units Reserve
  - to be used for contribution to joint venture aged units project and singles accommodation.
- (g) Community Bus Reserve
  - to be used for part funding of the replacement of the community bus.
- (h) Economic Reserve
  - to provide for future funding for development opportunities in the community.
- (i) All Hours Gym Reserve
  - to be used for the replacement of the gym equipment
- (j) Bowling Green Reserve
  - to be used for the replacement of the bowling greens
- (k) Tennis Court Reserve
  - to be used for the replacement of the tennis courts

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

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

**12. REVALUATION SURPLUS**

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

**(a) Land**

Opening balance	0	0
Revaluation increment	550,817	0
Revaluation decrement	0	0
	<u>550,817</u>	<u>0</u>

**(b) Buildings**

Opening balance	0	0
Revaluation increment	6,859,074	0
Revaluation decrement	0	0
	<u>6,859,074</u>	<u>0</u>

**(c) Plant and Equipment**

Opening balance	128,678	128,678
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>128,678</u>	<u>128,678</u>

**(d) Roads**

Opening balance	3,995,438	0
Revaluation increment	0	3,995,438
Revaluation decrement	0	0
	<u>3,995,438</u>	<u>3,995,438</u>

**(e) Infrastructure - Footpaths**

Opening balance	114,799	0
Revaluation increment	0	114,799
Revaluation decrement	0	0
	<u>114,799</u>	<u>114,799</u>

**TOTAL ASSET REVALUATION SURPLUS**

<u>11,648,806</u>	<u>4,238,915</u>
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**SHIRE OF DOWERIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**13. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	2015 \$	2015 Budget \$	2014 \$
Cash and cash equivalents	<u>2,575,033</u>	<u>2,004,907</u>	<u>2,054,953</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	649,405	294,929	(622,800)
Non-cash flows in Net result:			
Depreciation	1,180,688	1,484,312	1,484,305
(Profit)/Loss on sale of asset	(4,493)	23,428	0
Loss on revaluation of fixed assets	110,832	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	18,639	(26,534)	(27,903)
(Increase)/Decrease in inventories	(47,374)	0	254
Increase/(Decrease) in payables	56,499	(98,075)	51,552
Increase/(Decrease) in provisions	29,511	(14,581)	25,805
Grants contributions for the development of assets	<u>(747,916)</u>	<u>(515,136)</u>	<u>(806,237)</u>
Net cash from operating activities	<u>1,245,791</u>	<u>1,148,343</u>	<u>104,976</u>
<b>(c) Undrawn Borrowing Facilities</b>			
<b>Credit Standby Arrangements</b>			
Bank overdraft limit	60,000		60,000
Bank overdraft at balance date	0		0
Credit card limit	16,000		16,000
Credit card balance at balance date	<u>(5,967)</u>		<u>(4,791)</u>
<b>Total amount of credit unused</b>	<u>70,033</u>		<u>71,209</u>
<b>Loan facilities</b>			
Loan facilities - current	81,822		57,180
Loan facilities - non-current	<u>496,483</u>		<u>472,175</u>
<b>Total facilities in use at balance date</b>	<u>578,305</u>		<u>529,355</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 2015**

**14. CONTINGENT LIABILITIES**

The Shire is unaware of any Contingent Liabilities as at the reporting date.

**15. CAPITAL AND LEASING COMMITMENTS**

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

**(b) Capital Expenditure Commitments**

The Shire did not have any future capital expenditure commitments at the reporting date.

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

**16. SUBSEQUENT EVENTS**

The misappropriation of funds by the former CEO Mr Dacre Alcock extends to the 2015/2016 financial year. An estimated sum of \$145,802 was misappropriated in that year.

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Governance	49,861	73,324
General purpose funding	2,566,627	4,828,660
Law, order, public safety	324,783	372,590
Health	17,259	31,250
Education and welfare	635,589	89,428
Housing	3,730,199	1,596,541
Community amenities	1,500,025	578,793
Recreation and culture	7,249,061	4,941,460
Transport	23,199,836	22,632,033
Economic services	1,641,897	5,997
Other property and services	2,460,873	33,657
Unallocated	156,803	154,824
	<u>43,532,813</u>	<u>35,338,557</u>

**SHIRE OF DOWERIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	2015	2014	2013
<b>18. FINANCIAL RATIOS</b>			
Current ratio	2.19	1.41	1.55
Asset sustainability ratio	1.20	1.31	3.07
Debt service cover ratio	11.91	1.00	32.36
Operating surplus ratio	(0.05)	(0.92)	0.74
Own source revenue coverage ratio	0.45	0.37	0.39

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 58 of this document.

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

**19. TRUST FUNDS**

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

	Balance 1 July 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
HACC - Vehicle Sale	2,025	0	0	2,025
Housing Rental Bonds	4,900	0	0	4,900
Key Deposits	610	0	0	610
Nomination Deposits	400	0	(400)	0
Tidy Towns Prize	2,818	0	0	2,818
Rec Steering Committee	27,504	13,335	(17,479)	23,360
Builders Bonds	5,000	5,000	0	10,000
Yellow Ribbon	247	0	0	247
Dowerin Childcare	(295)	295	0	0
HACC - Fundraising	2,265	244	0	2,509
Centenary Park	2,111	0	0	2,111
AROC Funds	64,198	104,669	(67,324)	101,543
	<u>111,783</u>			<u>150,123</u>

**20. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>General Purpose Funding</b>						
<i>Fair Value adjustments</i>						
Asset 2012-005 - Cottrell St	22,420	0	0	0	(22,420)	0
Asset 06001 - HACC Air Con	3,816	0	0	0	(3,816)	0
Asset 05012 - Display Buildings	17,371	0	0	0	(17,371)	0
Asset 093 - Res 10647	20,000	0	0	0	(20,000)	0
Asset 090 - Res 04012	3,000	0	0	0	(3,000)	0
Asset 087 - Res 10614	25,000	0	0	0	(25,000)	0
Asset 072 - Res 10744	8,600	0	0	0	(8,600)	0
Asset 071 - Old Fire Shed	3,800	0	0	0	(3,800)	0
Asset 067 - Garage 5 O'Loghlen S	2,325	0	0	0	(2,325)	0
Asset 027 - Old Toilet Block	4,500	0	0	0	(4,500)	0
<b>Housing</b>						
Dowerin Bowling Club House	0	130,000	0	130,000	0	0
<b>Transport</b>						
Asset 8002 Mitsubishi Truck	65,062	75,364	63,650	63,650	(1,412)	(11,714)
Asset 8003 Mitsubishi Truck	57,745	75,364	63,650	63,650	5,905	(11,714)
	<u>233,639</u>	<u>280,728</u>	<u>127,300</u>	<u>257,300</u>	<u>(106,339)</u>	<u>(23,428)</u>

Profit	5,905	0
Loss	(112,244)	(23,428)
	<u>(106,339)</u>	<u>(23,428)</u>

**SHIRE OF DOWERIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Particulars</b>								
<b>Recreation and Culture</b>								
Dowerin Community Club	97	0	57,181	57,181	472,174	472,174	22,539	21,428
<b>Economic services</b>								
*Dowerin Events Management	98	117,000	10,870	10,783	106,130	106,217	2,388	2,139
	529,355	117,000	68,050	67,964	578,305	578,391	24,927	23,567

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

**SHIRE OF DOWERIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**21. INFORMATION ON BORROWINGS (Continued)**

(b) New Debentures - 2014/15

	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Particulars/Purpose *Dowerin Events Management	117,000	117,000	WATC	Debenture	5	128,039	3.25%	117,000	117,000	0

(c) Unspent Debentures

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

(d) Overdraft

Council has established an overdraft with the National Australia Bank of \$60,000 to assist with short term liquidity requirements. The balance of the overdraft at 1 July 2014 and 30 June 2015 was Nil.

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

**22. RATING INFORMATION - 2014/15 FINANCIAL YEAR**

(a) Rates

<b>GENERAL RATE TYPE</b>		<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>Gross rental value valuations</b>												
Residential		9.4917	135	1,143,584	108,546	0	0	108,546	108,546	0	0	108,546
Commercial/Industrial		9.4917	19	355,540	33,747	0	0	33,747	33,747	0	0	33,747
Town Rural		9.4917	10	87,048	8,262	0	0	8,262	8,262	0	0	8,262
Other Towns		9.4917	1	2,130	202	0	0	202	202	0	0	202
<b>Unimproved value valuations</b>												
Rural Farmland		0.8513	250	101,054,500	862,729	0	0	862,729	862,729	0	0	862,729
Sub-Totals			415	102,642,802	1,013,486	0	0	1,013,486	1,011,034	0	0	1,011,034
<b>Minimum payment</b>		<b>Minimum \$</b>										
<b>Gross rental value valuations</b>												
Residential		630	47	217,020	29,610	0	0	29,610	29,610	0	0	29,610
Commercial/Industrial		630	15	55,169	9,450	0	0	9,450	9,450	0	0	9,450
Town Rural		630	17	42,102	10,710	0	0	10,710	10,710	0	0	10,710
Other Towns		120	18	5,529	2,160	0	0	2,160	2,160	0	0	2,160
<b>Unimproved value valuations</b>												
Rural Farmland		630	47	2,400,900	29,610	0	0	29,610	30,240	0	0	30,240
Commercial/Industrial		630	4	400	2,520	0	0	2,520	2,520	0	0	2,520
Town Rural		630	3	73,000	1,890	0	0	1,890	1,890	0	0	1,890
Mining Tenement		120	6	10,885	720	0	0	720	600	0	0	600
Sub-Totals			157	2,805,005	86,670	0	0	86,670	87,180	0	0	87,180
<b>Ex-gratia rates</b>												
<b>Discounts/concessions (refer note 25)</b>								19,567				0
Total amount raised from general rate								0				0
<b>Specified Area Rate (refer note 22)</b>								1,119,722				1,098,214
Totals								0				0
								1,119,722				1,098,214

**SHIRE OF DOWERIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**22. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)**

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

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 14 brought forward</b>	<u>572,629</u>	<u>203,649</u>	<u>232,436</u>
<b>Comprises:</b>			
<i>Cash and cash equivalents</i>			
Unrestricted	769,841	330,553	330,553
Restricted	1,805,192	1,724,400	1,724,400
<i>Receivables</i>			
Rates outstanding	25,969	25,703	25,703
Sundry debtors	35,577	75,230	75,230
GST receivable	46,797	18,834	18,834
Loans - clubs/institutions	22,272	0	0
Sewerage Rates Outstanding	12,687	15,438	15,438
Rubbish Rates Outstanding	7,540	11,084	11,084
Emergency Services Levy	1,505	2,755	2,755
<i>Inventories</i>			
Fuel and materials	20,805	22,458	22,458
<b>Less:</b>			
<i>Trade and other payables</i>			
Sundry creditors	(77,982)	(105,245)	(105,245)
Accrued interest on debentures	(1,565)	(1,361)	
Accrued salaries and wages	(28,325)	(27,426)	
ATO liabilities	(4,405)	(9,428)	(9,428)
Excess Rates	(76,737)	(78,504)	(78,504)
Other Payables	(98,182)	(5,253)	(5,253)
Payroll Creditors	0	(3,480)	(3,480)
<i>Current portion of long term borrowings</i>			
Secured by floating charge	(81,822)	(57,180)	0
<i>Provisions</i>			
Provision for annual leave	(100,444)	(90,805)	(90,805)
Provision for long service leave	(115,876)	(107,711)	(107,711)
<b>Net current assets</b>	<u>2,162,847</u>	<u>1,740,062</u>	<u>1,826,029</u>
<b>Less:</b>			
Reserves - restricted cash	(1,805,192)	(1,724,400)	(1,724,400)
Loans - Clubs/Institutions	(22,272)	0	0
<b>Add:</b>			
Secured by floating charge	81,822	57,180	0
Liabilities supported by Reserve	155,425	130,807	130,807
<b>Surplus/(deficit)</b>	<u>572,629</u>	<u>203,649</u>	<u>232,436</u>

**Difference**

There was a difference of \$ 28,787 between the surplus/(deficit) 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2014 audited financial report, due to the inclusion of Accrued Interest and Salaries and Wages.

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

**22. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR**

The Shire did not impose any Specified Area Rates.

**23. SEWERAGE CHARGES - 2014/15 FINANCIAL YEAR**

	Rate in \$	Number of Properties	Rateable Value \$	Revenue \$	Budget Rate Revenue	Applied to Costs \$	Budget Applied to Costs
<b>Gross Rental Value</b>					\$		\$
Residential	6.1740	168	1,387,880	85,687	85,687	85,687	85,687
Commercial/Industrial	6.1740	12	286,616	17,696	17,696	17,696	17,696
<b>Minimum payment</b>							
Residential	320	9	14,040	2,880	2,880	2,880	2,880
Commercial/Industrial	660	11	70,428	7,260	7,260	7,260	7,260
Vacant Land	320	5	5,460	1,600	1,600	1,600	1,600
Government	660	2	0	1,320	1,320	1,320	1,320
<b>Total Rates</b>		<b>207</b>	<b>1,764,424</b>	<b>116,443</b>	<b>116,443</b>	<b>116,443</b>	<b>116,443</b>
<b>Fixtures</b>							
1st Fixture	211	14	0	2954	2954	2954	2954
Other Fixtures	96	65	0	6240	6240	6240	6240
<b>Total Fixtures</b>		<b>79</b>	<b>0</b>	<b>9,194</b>	<b>9,194</b>	<b>9,194</b>	<b>9,194</b>
<b>Total Sewerage Rates and Charges</b>		<b>286</b>	<b>1,764,424</b>	<b>125,637</b>	<b>125,637</b>	<b>125,637</b>	<b>125,637</b>

**24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR**

The Shire did not impose any service charges.

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

No discount on rates is available

**26. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	11.00%		3,108	2,000
Interest on instalments plan	5.50%		3,489	1,500
Charges on instalment plan		4	603	800
			<b>7,200</b>	<b>4,300</b>

Ratepayers had the option of paying rates in:

1. - full, due on 2nd September 2014, or
2. - two equal instalments, due on 2nd September 2014 and 6th March 2015, or
3. - four equal instalments, due on 2nd September 2014, 4th November 2014, 6th January 2015 and 6th March 2015.

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

<b>27. FEES &amp; CHARGES</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Governance	0	636
General purpose funding	3,061	3,972
Law, order, public safety	5,927	3,214
Health	17,447	25,991
Education and welfare	1,560	1,560
Housing	125,211	112,159
Community amenities	91,278	85,313
Recreation and culture	30,737	16,960
Transport	540	530
Economic services	9,454	6,043
Other property and services	5,835	571
	<u>291,050</u>	<u>256,949</u>

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

**28. GRANT REVENUE**

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

<b>By Nature or Type:</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Operating grants, subsidies and contributions	2,314,274	1,175,141
Non-operating grants, subsidies and contributions	747,916	806,237
	<u>3,062,190</u>	<u>1,981,378</u>
 <b>By Program:</b>		
Governance	0	58,335
General purpose funding	2,051,614	680,348
Law, order, public safety	23,437	35,448
Health	234,319	284,509
Education and welfare	0	26,756
Housing	0	4,042
Community amenities	41,000	2,172
Recreation and culture	64,913	209,202
Transport	647,023	645,263
Economic services	-116	28,042
Other property and services	0	7,261
	<u>3,062,190</u>	<u>1,981,378</u>

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

**29. EMPLOYEE NUMBERS**

	<b>2015</b>	<b>2014</b>
The number of full-time equivalent employees at balance date	<u>23</u>	<u>21</u>

**30. ELECTED MEMBERS REMUNERATION**

	<b>2015</b>	<b>2015</b>		<b>2014</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	15,335	18,540		16,679
President's allowance	3,000	3,000		2,500
Deputy President's allowance	750	750		750
Travelling expenses	0	0		0
Telecommunications allowance	0	1,800		0
	<u>19,085</u>	<u>24,090</u>		<u>19,929</u>

**31. MAJOR LAND TRANSACTIONS**

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

**32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

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

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

**33. FINANCIAL RISK MANAGEMENT**

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

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

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

*The Shire held the following financial instruments at balance date:*

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>				
Cash and cash equivalents	2,575,033	2,054,953	2,575,033	2,054,953
Receivables	255,484	167,993	255,484	167,993
	<u>2,830,517</u>	<u>2,222,946</u>	<u>2,830,517</u>	<u>2,222,946</u>
<b>Financial liabilities</b>				
Payables	287,196	230,697	287,196	230,697
Borrowings	578,305	529,355	611,298	565,787
	<u>865,501</u>	<u>760,052</u>	<u>898,494</u>	<u>796,484</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**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

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

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>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% (1) movement in interest rates on cash		
- Equity	25,750	20,550
- Statement of Comprehensive Income	25,750	20,550

*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 2015**

**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Receivables**

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

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

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

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

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

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

	<b>2015</b>	<b>2014</b>
Percentage of rates and annual charges		
- Current	0%	28%
- Overdue	100%	72%
Percentage of other receivables		
- Current	85%	95%
- Overdue	15%	5%

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

**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables  
 Borrowings**

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

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

	<u>2015</u>	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	287,196	0	0	0	287,196	287,196
Borrowings	103,794	402,406	156,505	156,505	662,705	578,305
	<u>390,990</u>	<u>402,406</u>	<u>156,505</u>	<u>156,505</u>	<u>949,901</u>	<u>865,501</u>
Payables	230,697	0	0	0	230,697	230,697
Borrowings	78,252	313,010	234,757	234,757	626,019	529,355
	<u>308,949</u>	<u>313,010</u>	<u>234,757</u>	<u>234,757</u>	<u>856,716</u>	<u>760,052</u>

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

**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables**  
**Borrowings (continued)**

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

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
<b>Year ended 30 June 2015</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debtentures	0	0	0	0	106,130	472,175	578,305	3.94%
Weighted average Effective interest rate	0	0	0	0	3.25%	4.09%		
<b>Year ended 30 June 2014</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debtentures	0	0	0	0	0	529,355	529,355	4.09%
Weighted average Effective interest rate	0	0	0	0	0	4.09%		

## Audit Report

## Audit Report

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

**RATIO INFORMATION**

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

	<b>2015</b>	<b>2014</b>	<b>2013</b>
Asset consumption ratio	0.91	0.73	N/A
Asset renewal funding ratio	N/A	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	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

The Shire is unable to produce the Asset renewal funding ratio.

# ANNUAL REPORT

2014 -2015



Shire of Dowerin  
13 Cottrell Street  
Dowerin WA 6461

[www.dowerin.wa.gov.au](http://www.dowerin.wa.gov.au)



# Annual Report 2014-2015

## Our Vision is to be...

**A thriving rural community which will be a lifestyle choice for generations, a preferred location for business development and a recognised leader in environmental management.**

## Who is this report for?

We have designed this report for a broad audience that reflects the great diversity of our constituents, including residents, our ratepayers, local businesses, interested stakeholders, government agencies and departments.

As part of our environmental commitment to reducing paper use, we encourage you to read this report online at [www.dowerin.wa.gov.au](http://www.dowerin.wa.gov.au)

If you prefer a printed version, copies are available for review at the Shire Administration Office or Dowerin CRC. Alternatively, please contact Council via phone or email.

## Feedback

We are committed to improving our annual reporting and would welcome your feedback.

## Contact Us

**Shire of Dowerin**

**13 Cottrell Street (PO Box 111)**

**DOWERIN WA 6461**

**Tel: 08 9631 1202**

**Fax: 08 9631 1193**

**[dowshire@dowerin.wa.gov.au](mailto:dowshire@dowerin.wa.gov.au)**

**[www.dowerin.wa.gov.au](http://www.dowerin.wa.gov.au)**

**Office Hours: 8.30 – 4.00PM**



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## **Dowerin - our community, our place**

### **Suburbs & Localities**

Dowerin is home to approximately 678 people who reside in the 367 private dwellings based within the townsite and rural surrounds including the localities of Amery, Ejanding, Kooberkine, Minnivale, Manmanning and Ucarty.

### **Attractions**

Dowerin boasts a vast array of high quality community and sports facilities for a town of its size and population. A range of modern sports facilities are readily available for community use including ovals for cricket, football and hockey, basketball, netball, badminton and tennis courts, a bowling green and an Olympic-size swimming pool. Dowerin also caters for the needs of varying demographics within the community with a variety of activities and services for seniors including Home & Community Care (HACC), a senior citizens group (Dowerin Companion Club) and a small range of retirement housing units. Dowerin Playgroup, safe playgrounds and the provision of a highly successful District High School also ensures that Dowerin is a family friendly place to reside.

### **Significant Local Events**

Dowerin continues to be home to one of the largest and most impressive agricultural exhibitions within Australia, the GWN7 Machinery Dowerin Field Days held in August. The Shire of Dowerin hosts an annual Australia Day event and Anzac Breakfast as well as various community events throughout the year including a community movie night and Christmas market.

### **Local Industries**

The Shire of Dowerin covers an area of some 1,867sq km and consists mainly of agricultural land used primarily for the purposes of grain growing and sheep production for meat and wool. Other predominant industries include cattle, engineering, agricultural machinery & goods supply, heavy transport, CBH, retail, accounting and farm advisory services.

The Dowerin Shire Council is committed to the provision of a full range of quality community services, equitable access to facilities and full participation in community life for all residents and visitors to the shire.

The Dowerin Shire Council is dedicated to delivering its residents the best possible standard of living within the Wheatbelt and values it's laid back, progressive community, seeking to support all members to participate in a rich and rewarding community life in Dowerin.



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## Message from the Shire President

The 2014/2015 annual report demonstrates the Shire of Dowerin ability to deliver projects and services that have been highlighted as high priorities for the Community of Dowerin. There were no changes to Council membership and no elections held during the 2014/15 year.

Council, in partnership with the community, has completed a number of capital projects in the 2014/15 financial year which have been planned and implemented to meet the Shire of Dowerin's overall vision to be a thriving rural community, a lifestyle choice for all generations, a preferred location for enterprise development and a recognised leader in environmental management. These projects included:

- The completion of the Dowerin All Hours Gym;
- The endorsement of the Shire of Dowerin Disability Inclusion Plan;
- The opening of Lil'Tigers Early Learning Centre; and
- A collaborative project with Dowerin Events Management to enhance the event infrastructure at the Dowerin Field Day site with the construction of a new toilet block adjacent to the hockey field.

A sincere thank you to all the huge number of volunteers in our community who have contributed their time and expertise to ensure that projects such as those listed above were brought to successful fruition. Also, to those who volunteer their time to ensure the week to week running of sport, events and community service groups in Dowerin I offer my thanks. Without you our fantastic range of facilities would either not exist or would not be of the standard we enjoy. Dowerin should take pride in the level of volunteerism we demonstrate within our community. It is noteworthy that the Regional Institute Australia ranked Dowerin as the 3<sup>rd</sup> best community nationally for the high level of volunteerism.

Dowerin Shire roads are often highlight as the envy of residents of other Shires and our Works Crew managed to successfully deliver a \$1,022,670 roads program in the 2014/15 period. This work was delivered in a timely manner and on budget including significant works to the following areas:

- Reconstruction of the Dowerin Meckering Road
- Reconstruction and widening of the Cunderdin Minnivale Road

On behalf of Council, I extend to all staff our sincere appreciation of your efforts within the organisation and especially the extra hours you do at community events.

In closing I wish to thank the Councillors for their support and commitment to the community we serve. Their input on the various issues facing Council throughout the year has been invaluable.

**Dale Metcalf**

**Shire President, Shire of Dowerin**



## Message from the Chief Executive Officer

This report by the Chief Executive Officer is not a traditional or normal annual report due to the exceptional circumstances that relate to the reporting period of 2014/2015. The CEO responsible for that complete period, Mr Dacre Alcock, resigned his position on Friday 30 October 2015, effective immediately. The resignation followed the serving of search warrants by Crime and Corruption Commission Officers the previous day and the subsequent charging of Mr Alcock with numerous counts of stealing. It is necessary to report now on those matters as being significant and to inform the community without waiting for the 2015/2016 annual report.

It is also relevant that the adverse matters relate to previous financial years going back to the 2010/2011 financial year. The intent of this report is to put on the public record the key issues and events and to allow the Council and the community to move forward in a positive manner.

The author, Gary Martin, commenced as the Acting CEO on Monday 9 November 2015, with the prime focus of stabilising the Shire's management, recruiting a CEO and advising the Council on its functions and actions necessary due to the unsatisfactory situation resulting from the illegal activities of Mr Alcock, and the flow on negative impacts on the Shire. A key component of the recovery phase was the engagement of Forensic Auditors to conduct a thorough review of the Shire's financial and administration records and to report on the period of the illegal activity, the amount of money involved, the funds and accounts effected and any third party implications.

The forensic audit report by Mr Ron Back and Associates was thorough and comprehensive. Significantly, the report confirmed the various issues and amounts relevant to the charges laid by the CCC for prosecution purposes. The report identified a total of \$599,879.92 misappropriated from the Shire between 7 November 2011 and 28 October 2015. The report also identified a further \$40,015.68 of other transactions of a doubtful nature, mainly relating to misuse of entitlements and hospitality type expenditure which may have been a disciplinary matter if identified earlier. Mr Alcock has since pleaded guilty to stealing the \$599,879.92 and is currently awaiting sentence.

The Shire will recover from the damage caused by the loss, with a large amount being absorbed prior to 1 July 2015 and the loss for the 2015/2016 financial year being met by internal reallocation of funds and particularly a reduction in budgeted reserve fund transactions. However, the damage to the Shire goes far deeper than the direct financial loss. Apart from the betrayal of trust and all associated human reactions, the sheer scale of disruption and damage to the Shire's internal management far outweighs the direct loss. For example, the Shire has been forced to deal with a severe cash flow problem arising from funding agencies withholding grant monies expended by the Shire but not recouped until further audits carried out. It also became apparent that the standard of compliance and basic management systems were well below an acceptable standard. The Shire was non-

compliant in many areas.

The Council appointed Ms Andrea Selvey as the new CEO following a comprehensive recruitment process. Ms Selvey commenced work on Monday 14 March 2016. Ms Selvey faces a significant difficult task in returning the Shire to a vibrant, effective, accountable and compliant organisation. The sheer scale of non-compliance, problems and tasks she inherited, and the need for organisational change should not be understated.

There were no material variations in the functions of Council, the structure or Council policy.

I am pleased to note that the Shire employees continued to serve the Shire in a friendly and positive manner in a very difficult environment. Their service to the community deserves recognition.

**Gary Martin**

**Acting Chief Executive Office**

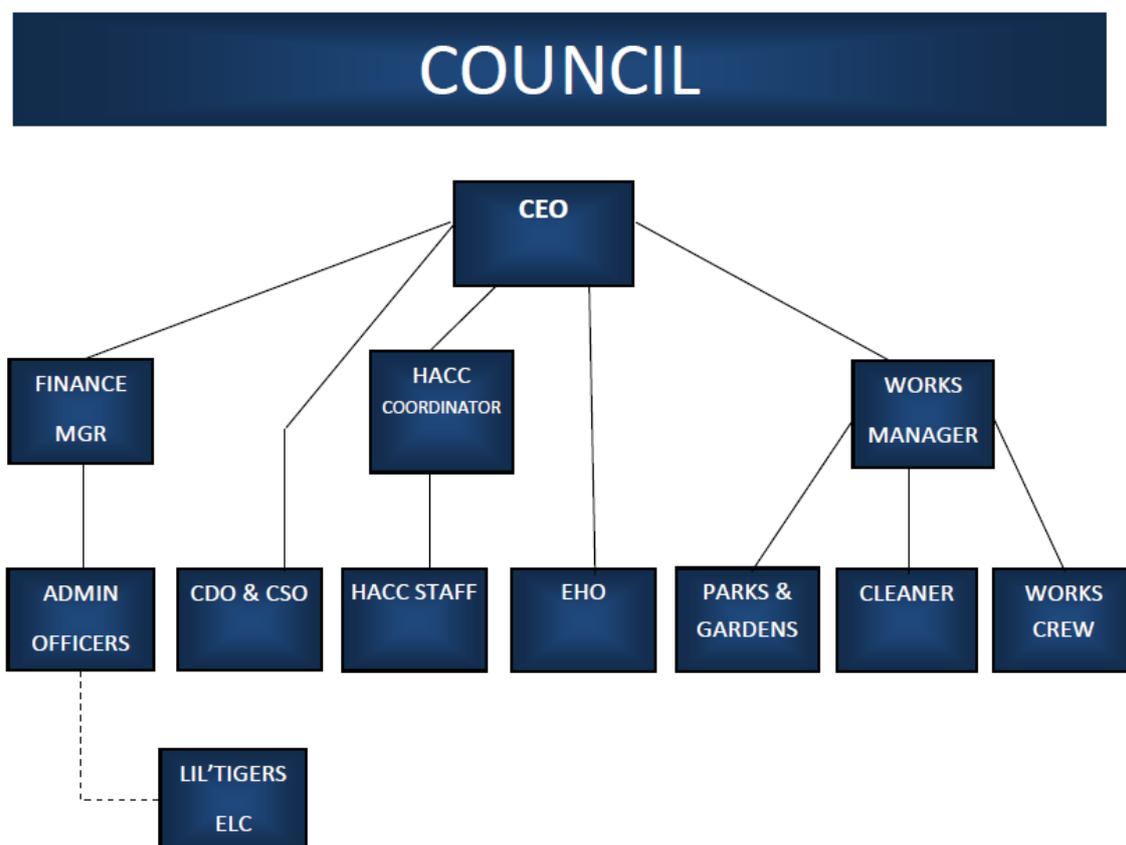
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## Members of Council

Elected Members			
Name	Ward	Address	Contact Details
<b>Dale (DE) Metcalf</b> (Shire President)	Town	19 Anderson Street, Dowerin WA 6461	Ph: 08 9631 1080 Fax: 08 9631 1215 Mob: 0429 081 775 <a href="mailto:linden@wn.com.au">linden@wn.com.au</a>
<b>Graham (GB) Ralph</b> Deputy President	South	3718 Cunderdin Minnivale Road PO Box 176 DOWERIN WA 6461	Ph: 08 9631 3014 Fax: 08 9631 3013 Mob: 0427 313 014 <a href="mailto:gsralph@wn.com.au">gsralph@wn.com.au</a>
<b>William (WE) Coote</b>	North	69 Dowall Street, Minnivale PO Box 91 Dowerin WA 6461	Ph:08 9631 3020 Fax:08 9631 3021 Mob: 0427 313 020 <a href="mailto:billcoote45@gmail.com">billcoote45@gmail.com</a>
<b>Tracy (TA) Jones</b>	North	95 Ejanding West Road PO Box 44 Dowerin WA 6461	Ph:08 9632 3014 Fax: 08 9632 3070 Mob: 0429 323 014 <a href="mailto:ash.tracy@bigpond.com">ash.tracy@bigpond.com</a>
<b>Lindsay (LG) Hagboom</b>	South	1279 Dowerin Meckering Road PO Box 86 DOWERIN WA 6461	Ph: (08) 9634 1015 Fax: (08) 9634 1015 Mob: 0429 858 320 <a href="mailto:blantyre@bbnet.com.au">blantyre@bbnet.com.au</a>
<b>Todd (TW)Quartermaine</b>	Town	Ucarty Farm 84 Ucarty Rock Road Ucarty PO Box 222 DOWERIN WA 6461	Ph: (08) 9634 1032 Mob: 0428 341 032 <a href="mailto:tlq@bigpond.com">tlq@bigpond.com</a>
<b>Shannon (SV) Brookes</b>	Town	2273 Dowerin-Meckering Road Ucarty PO Box 129 DOWERIN WA 6461	Ph: (08) 9634 1020 Mob: 0429 341 020 <a href="mailto:shannonbrookes@bigpond.com">shannonbrookes@bigpond.com</a>
<b>Darrel (DP) Hudson</b>	Town	7506 Goomalling- Merredin Road PO Box 59 Dowerin WA 6461	Ph: 08 9631 1063 Fax: 08 9631 1454 0428 311 063 <a href="mailto:yleena2@bigpond.com">yleena2@bigpond.com</a>

## Staffing Structure

The Shire of Dowerin employed 34 full-time and part-time staff in the 2014/15 period and continues to be the largest employer in the district. The structure of the organisation is illustrated below.



## Year in Review

July  
2014

### WA 4WD Association Country Campout

This event was organised and run by the WA 4WD Association with the assistance of the Shire of Dowerin as a way to get their 30+ clubs and hundreds of members together once a year to mingle and talk all things four wheel drive.

August  
2014

### Award Winners!

The Shire of Dowerin was presented with the Infrastructure Planning, Design or Management Award as part of the 2014 Sport & Recreation Industry Awards for the development of the Dowerin Community Club.

### 50<sup>th</sup> Anniversary of the Dowerin Field Days

It was the Field Days Golden Anniversary which was recognised with the construction of a new gated entrance on the southern entrance to the site.

Sept  
2014

### Hockey Stars!

Our Senior Hockey team took out the 2014 Premiership, the first time winning in 28 years.

Nov  
2014

### Going Solar

A 30kw solar panel system was installed on the roof of the DCC which will contribute to sustainability and save approximately \$11,000 per annum in power costs.

Jan  
2015

### Australia Day Award

The 2015 Australia Day Active Citizenship Award was presented to Tammy Mann for the work she does in the community.

Feb  
2015

### Dowerin All Hours Gym Opens its doors

Thanks to funding from Lotterywest and the Shire of Dowerin, the Dowerin All Hours Gym opened its doors establishing a firm membership base shortly after opening.

March  
2015

### Clean Up Australia Day

We had 28 community members wage war against little at the annual Clean Up Australia Day event.

April  
2015

### Soldiering On

A fantastic production written and produced by **Paul De'Pierres** and showcased our fantastic local talent.

### Anzac Centenary Commemorations

There was an overnight vigil leading up to the dawn service and the war time memorabilia display at the Dowerin District Museum from the beginning of April to the middle of May.

May  
2015

### Grants, grants, grants!

The Shire of Dowerin successful with applications for funding for a bike plan, to install fencing at the air strip and to install a number of measures such as ramps and electronic doors to ensure Dowerin is an Aged Friendly Community.

## Strategic Community Plan

The Shire of Dowerin Strategic Community Plan, in compliance with s5.56 of the Local Government Act, was adopted by Council in June 2013.



The Shire of Dowerin has four key principles which it uses to drive planning and decision making processes:



Review of performance against strategic objectives, explaining variations between budget and actual results and how they impact on the SCP.

# COMMUNITY

## GOAL: A strong, healthy and safe community

### Sport & recreation

In 2014-15 the Shire of Dowerin received 29 applications for KidSport allowing families to access \$1,945.00 in funding from the Department of Sport and Recreation to assist children within our community take part in local sport and recreation opportunities. More information about KidSport can be obtained online at <http://www.dsr.wa.gov.au/funding/individuals/kidsport> or contact Emma Richards at the Shire Office for details.

Contract Aquatic Services appointed new Manager Jayson Riley to the Dowerin Memorial Swimming Pool in the 2014-15 season. Jay proved to be a huge asset to the Dowerin community and instilled a new lease of life into the Dowerin Pool. 23 season passes and 1 single person pass was issued during the 14/15 season with a further 641 additional public admissions.

### Health & Well-Being

The Shire of Dowerin continues to support our surrounding shires with contributions towards medical services and practitioners. In early 2014, the Shire of Dowerin in conjunction with the Wheatbelt GP network trialled the provision of a doctor in Dowerin once per week. Unfortunately, a lack of local support for this service rendered the service financially unviable resulting in the Dowerin GP service ceasing in November 2014. The Shire of Dowerin entered into an MoU with the Shire of Goomalling for the delivery of a Doctor's service. The Shire of Dowerin contributes 33% to the operating loss of the Goomalling Medical Practice up to an annual maximum of \$25,000. The operating loss is

only to include direct costs attributed to the Goomalling Medical Practice. The operating loss does not include Council administration costs and overheads, depreciation, leave liabilities, accruals, Doctors accommodation and vehicle costs. This MoU serves to provide the residents of Dowerin with access to a quality medical service in close proximity to Dowerin. In addition, the Shire promotes this medical service via the Dowerin Despatch, website and social media at an approximate cost of \$500 per annum. The Shire of Dowerin continues to support the provision of allied health services. As part of the Wheatbelt GP Network, Jenni Daniel (Podiarist) has been available here in Dowerin once every 3 months whilst Northam based Chiropractor Deanna Hanson has been attending Dowerin each Monday to assist residents with all Chiropractic requirements.

Further to this, HACC services continue to provide a pivotal role in its services to our elderly population in Dowerin. Lisa and the team help to ensure Dowerin's senior population receive the care and assistance required to live independently within their own home and community.

### Infrastructure & Facilities

In 2014-15 the Shire of Dowerin conducted works totalling \$1,022,670 to help strengthen and improve our local road network; \$707,156.00 of this was obtained through grant funding. Major works included the reconstruction of the Dowerin Meckering Road and the reconstruction and widening of the Cunderdin Minnivale Road. Further to this, paths at the local Cemetery were

resealed with asphalt greatly improving the safety and longevity of paths at the Dowerin Cemetery.

Shire Groundskeepers worked tirelessly to improve the level of sporting fields in

Dowerin. Verti mowing of the hockey field and town oval was completed in October 2014. The hockey field was also top dressed for the purpose of evening the surface to ensure that a top quality hockey field was available for the 2015 hockey season.

## **LOCAL BUSINESS/ECONOMY**

### **GOAL: A Strong & Vibrant Local Economy**

#### **Business & Industry**

In 2014/15 the Shire of Dowerin continued to support the local business community by way of ensuring the viability and ongoing success of Lil'Tigers Early Learning Centre (ELC). The Shire of Dowerin deems Child Care to be instrumental in the ongoing success and economic viability of the district and Council supports the Dowerin Community Child Care in the Administration and Human Resource aspect of the daily running of Lil'Tigers ELC. Further to this, the Shire of Dowerin also continues to provide rent-free use of the building for the purpose of Child Care services in Dowerin.

The Wheatbelt Development Commission (WDC) in conjunction with Landcorp and the Shire of Dowerin has been gathering information from Shire Staff in order to develop a Business Case which will be utilized to attract funding to develop more light industrial units in Dowerin. This proposal relates to an area of land on Cottrell Street and once the project is complete aims to attract a new business opportunity for Dowerin.

The Shire of Dowerin continues to provide business opportunities to those wishing to utilise them in Dowerin. The Wheatbelt Vet Services continues to run in Dowerin on a monthly basis. This year, the Vet has moved into a new location in the Town Hall and

continues to provide a great service to local residents in Dowerin.

#### **Tourism**

In 2014/15 the Shire helped facilitate and support events which utilised the Field Day Site and specifically the Four Wheel Drive Track. In July 14 Dowerin played host to the WA 4WD Association Country Campout. This event was organised and run by the WA 4WD Association with the assistance of Shire Staff and saw hundreds of members get together in Dowerin to utilise our facilities as well as supporting our local businesses and services.

#### **Short Term Accommodation Project**

Shire Officers commenced a project to design and facilitate the development of a short term accommodation precinct in Dowerin this year. The purpose of this project is to directly increase the number of overnight visitors to Dowerin which will in turn increase Dowerin's economic base. A small working group comprising of Councillors, Shire Staff and Dowerin Events Management Representatives travelled throughout Wheatbelt region to visit a range of caravan parks and cabins and gather a good understanding of what the market is like throughout the Wheatbelt. The working group then worked in conjunction with MCG Architects to develop a draft

master plan which is currently being utilised to help draw up applications which will be

used to attract external funding to help see the project through to fruition.

## ENVIRONMENT

### GOAL: A sustainable natural and built environment

#### Recycling Shed and Waste Management

Council staff continue adhere to the Dowerin recycling program with the aim of maintaining this successful and beneficial venture with part proceeds going to the DDHS P&C. The Recycling Centre located on the Dowerin Kalannie Road continues to be utilized heavily and efficiently by local residents. This facility, once run on a volunteer basis is now supported by the Wheatbelt Work Camp whereby representatives from the Camp attend to the recyclables to ensure that they are sorted and bundled ready for transport to Perth and processing.

The management of the refuse site is proving successful and the tip will remain open to the public three days per week from 11am—4pm on a Wednesday, Friday and Sunday.

Council encourages community members to continue making appropriate use of Dowerin's green waste site located just out of town on the corner of Sanders and Meckering Road.

#### Solar Power

The Shire of Dowerin approved the installation of a 30kw Solar Power System on the roof of the Dowerin Community Club building. This system is expected to significantly contribute to environmental sustainability outcomes and save approximately \$11,000 per annum in power costs; repaying the cost of installation within 5 years.

#### Community Support

The Community of Dowerin demonstrated their ongoing support to the Annual Clean Up Australia Day Event with a team of volunteers taking to our streets and road verges in March 15. Community support to the National Tree Day event was also strong which helped with the Shire's efforts to re-vegetate a disused gravel pit within the Shire. It's been fantastic to see volunteers spanning across generations coming together to assist in these Shire driven community events.



## LOCAL GOVERNMENT LEADERSHIP

### GOAL: A vibrant and progressive community led by an innovative Council.

#### Workforce Plan

Shire Staff began implementing the Shire Workforce plan in 2014/15. This is a live document which tracks the training schedules and qualifications of staff within the organisation. In 2014/15 the Shire of Dowerin became a leader in efforts to retain and attract youth in Dowerin by way of employing a Trainee who has recently completed her Certificate III in Business through C Y O'Connor TAFE. Further to this, four members of administration staff completed their certificate III in Local Government through C Y O'Connor TAFE. Whilst outside staff have obtained qualifications in various areas including traffic control, snake handling and chemical handling.

This area of the SCP has been neglected to due to ineffective and unfocussed leadership. Although there is no specific funding allocated to this area in the CBP, the impact to this area due to poor performance has resulted in non-compliance in annual reporting activities (as outlined in the compliance return) and a qualified audit due to former CEO's lack of attention to Shire related activities. This has resulted in a direct loss to the Shire of \$231,870 in 14/15, plus an additional \$51,902 due to trust Fund as a result of incorrect accounting treatment in prior years. The impact of this loss and recovery from it will be borne by the Shire in 15/16 likely through an insurance claim and utilisation of cash backed reserve funds.



## 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 programmes that are proposed to commence or to continue in the next financial year

In November 2013 Council adopted its Corporate Plan 2013 – 2017 incorporating the plan for the future of the district.

The key parts of the Plan are as follows:

### ***Vision***

*A thriving rural community which will be a lifestyle choice for generations, a preferred location for business development and a recognised leader in environmental management.*

### **A thriving rural community...**

Dowerin will be progressive and successful community whereby activities and events will happen regularly and opportunities will be available for residents, businesses and visitors to take advantage of.

Shire facilities will be heavily utilised, well managed and successfully maintained and local residents will play an intricate role in the community through volunteerism and participation.

### **A lifestyle choice for generations....**

With high quality facilities and services that will cater for the needs of a range of demographics. Dowerin will be a prime location for singles, families and seniors to relocate from the hustle and bustle of the metropolitan area and will offer employment, education and health and emergency services and will be a safe and friendly place to reside.

### **A preferred location for business development....**

Dowerin will be a prosperous and successful place to live and do business. Opportunities will be available for economic growth and business activity leading to a sustainable economy for the long term. Young people will be attracted back to Dowerin through the availability of traineeships and apprenticeships leading to a bright future of opportunity and personal growth.

## **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 with 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.

Council continued to upgrade its buildings and incorporate access for the disabled which is highlighted in 2014/15 with an application to the Aged Friendly Communities Grant which, if approved will provide improved access to the Post Office, Gym and Dowerin Community Club. All applications for building licences include the Building Code of Australia access requirements.

## **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 Office of State Records 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**

The Public Interest Disclosure Act was established by the Commissioner for Public Sector Standards 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.

The Shire of Dowerin had no Public Interest Disclosures during the 2014/15 reporting period.

## **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 has had one request for Freedom of Information during the 2014/15 year.

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**

There was one employee who was within the annual cash salary band of 100,001 to 110,000.

## **INDEPENDENT AUDIT REPORT TO THE SHIRE OF DOWERIN**

### **Report on the Financial Report**

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

#### *Council's Responsibility for the Financial Report*

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

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

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

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

#### *Independence*

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

Byfields Pty Ltd ACN 150 608 398

DIRECTORS: Andrew Northcott B.Com CPA • Craig Lane B.Com CPA • Dale Woodruff B.Bus CPA • Jon Bush B.Com CPA • Leanne Oliver B.Com CPA  
Neil Hooper B.Com CPA • Simon Northey B.Bus CPA • Glenn Waldock B.Bus CPA • Roger Thomson B.Bus CA • Brant Jansen B.Bus CPA

ASSOCIATES: Ian Jones B.Com CPA • Lea Williams B.Com CA • Ryan Naughton B.Com CPA • Tony Umbrello B.Bus CA

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## *Statutory Compliance*

### Valuation of Infrastructure

The Shire has failed to meet their obligations under Regulation 17A of Local Government (Financial Management) Regulations 1996. The Shire is required to revalue all infrastructure assets to fair value by 30 June 2015. As at balance day a number of infrastructure assets were disclosed at cost.

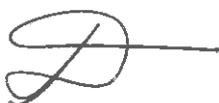
### Ratios

The shire has failed to meet their obligations under regulation 50(1) of the Local Government (Financial Management) Regulations 1996. The shire has failed to include the Asset Renewal Funding Ratio as stipulated in this regulation.

### **Auditor's Opinion**

In our opinion, other than the matters noted above, the financial report for the Shire of Dowerin:

- i) gives a true and fair view of the Shire of Dowerin's financial position as at 30 June 2015 and of their performance for the year ended on that date; and
- ii) complies with Australian Accounting Standards (including the Australian Accounting Interpretations) and
- iii) is prepared in accordance with the requirements of Local Government Act 1995 Part 6 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended)



LEANNE OLIVER RCA  
Director

BYFIELDS BUSINESS ADVISERS  
BELMONT WA

Date: 10 June 2016

10 June 2016

The President  
Shire of Dowerin  
PO Box 111  
DOWERIN WA 6461

Dear Sir

### **Management Report for the Year Ended 30 June 2015**

We have completed the audit of your Shire's financial report for the year ended 30 June 2015. We enclose the audited financial report for your attention.

We direct your attention to the fact that the responsibility for the preparation of the financial statements and adequate disclosure is that of the Council. This includes the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies and the safeguarding of monies of the Shire.

The purpose of our audit of the financial report is to express an opinion on that report and this report on management issues includes only matters that come to our attention during the conduct of our work and therefore should not be regarded as a comprehensive statement of management issues that may exist.

Our audit procedures highlighted the following issue for your consideration and implementation where possible.

#### Qualifications:

##### *Valuation of Infrastructure*

The Shire has failed to meet their obligations under Regulation 17A of Local Government (Financial Management) Regulations 1996. The Shire is required to revalue all infrastructure assets to fair value by the 30 June 2015. As at balance day a number of infrastructure assets are disclosed at cost.

It is our understanding this task will be undertaken with the correct fair values being disclosed in the year ended 30 June 2017, this will result in this qualification remain in place for the year ended 30 June 2016

##### *Ratios*

The shire has failed to meet their obligations under regulation 50(1) of the Local Government (Financial Management) Regulations 1996. The shire has failed to include the Asset Renewal Funding Ratio as stipulated in this regulation.

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### Other Compliance Matter

While the following matters have not resulted in any qualification, as they are outside the scope of the audit report, we felt it necessary to bring them to your attention.

#### *Financial Management Review*

As required under Part 2, Section 5 (2) (c) of the Local Government (Financial Management Regulations) 1996, the CEO must undertake a review of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 4 financial years) and report to the local government the results of those reviews.

As at balance date however a financial management review had not been undertaken.

#### *Primary and Annual Returns*

Some Primary and Annual Returns for the financial year ended 30 June 2015 were not completed and lodged within the specified timeframes as required under Part 5, Division 6, Section 5.75 and 5.76 of the Local Government Act 1995.

With the annual returns, the CEO is able to accept the annual returns for all the councillors and executive staff. With the annual return for the CEO this must be accepted by the president and an acknowledgement letter be provided to the CEO from the president, this was not the case in the 2015 year.

### Other Matters

#### *Fraudulent Activity of Mr Dacre Alcock*

We have reviewed in detail the forensic audit report prepared by RJ Back & Associates. We have also discussed the amendments made to the financial report with Megan Shirt and are satisfied the necessary amendments and disclosures have been made to ensure the financial statements are not materially misstated by the actions of the former CEO.

#### *Bank Reconciliation*

At the time of conducting our audit testing there were a number of months where the bank reconciliation was not performed and no reviews were undertaken.

We understand for the year under audit the bank reconciliations have now been prepared and all anomalies have been reviewed.

It is a recommendation by the department as outlined in section 5.3.6 of the Local Government Accounting Manual that as part of the local governments general systems of internal controls that a reconciliation of all restricted and non-restricted bank accounts be performed at the very least once a month.

*Goods and Services Tax*

At balance date there is a level of uncertainty around the correct amount owing the ATO. We have reviewed the forensic auditor's findings and the amendment made to the accounts. We feel while there is a level of uncertainty any changes that may be required will not be material and thus have not qualified on these balances.

Other than the above, we noted no other significant matters that should be raised or brought to the attention of Council.

We thank you for the kind assistance provided during the audit. If you wish to discuss any of the above items or require any further information, please contact us immediately.

Yours sincerely

A handwritten signature in black ink, appearing to be 'L. K. Oliver', written in a cursive style.

LEANNE K OLIVER RCA CPA  
Director

*(Please detach this page, sign and return to our office. The Management Letter above is for you to retain for your reference.)*

We certify that the above letter (consisting of 3 pages) has been tabled at our next council meeting of the **Shire of Dowerin**, held on ....., and considered by all Council Members.

**(President)**

Signature: .....

Name: .....

\_\_\_ / \_\_\_ / 2016

**(Council Member)**

Signature: .....

Name: .....

\_\_\_ / \_\_\_ / 2016

**(Council Member)**

Signature: .....

Name: .....

\_\_\_ / \_\_\_ / 2016

**(Council Member)**

Signature: .....

Name: .....

\_\_\_ / \_\_\_ / 2016

**(Council Member)**

Signature: .....

Name: .....

\_\_\_ / \_\_\_ / 2016

**(Council Member)**

Signature: .....

Name: .....

\_\_\_ / \_\_\_ / 2016

**(Council Member)**

Signature: .....

Name: .....

\_\_\_ / \_\_\_ / 2016

**(Council Member)**

Signature: .....

Name: .....

\_\_\_ / \_\_\_ / 2016

**(Council Member)**

Signature: .....

Name: .....

\_\_\_ / \_\_\_ / 2016

**(Council Member)**

Signature: .....

Name: .....

\_\_\_ / \_\_\_ / 2016

## **Shire of Dowerin Audit Committee Terms of Reference**

### **Objectives of Audit Committees:**

The primary objective of the Audit Committee is to accept responsibility for the annual external audit and liaise with the Shire's auditor so that Council can be satisfied with the performance of the Shire in managing its financial affairs.

Reports from the Audit Committee will assist Council in discharging its legislative responsibilities

The Audit Committee is to facilitate:

- the enhancement of the credibility and objectivity of internal and external financial reporting;
- effective management of financial and other risks and the protection of Council assets;
- compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance;
- the coordination of the internal audit function with the external audit; and
- the provision of an effective means of communication between the external auditor, internal auditor, the CEO and Council.

### **Powers of the Audit Committee**

The Audit Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference.

The Audit Committee is a formally appointed committee of Council and is responsible to that body. The committee does not have

executive powers or authority to implement actions and does not have any delegated financial responsibility.

### **Membership**

The Audit Committee will consist of three members with **XX elected and one external person**. Membership will be reviewed biennially immediately following Local Government elections unless, by a decision of Council, an interim appointment is required.

All members shall have full voting rights.

External persons appointed to the committee will have business or financial management/reporting knowledge and experience, and be conversant with financial and other reporting requirements.

**Appointment of external persons shall be made by Council by way of a public advertisement and be for a maximum term of two years.**

The terms of the appointment should be arranged to ensure an orderly rotation and continuity of membership despite changes to Council's elected representatives.

Reimbursement of approved expenses will be paid to the external person who is a member of the committee.

The CEO and Finance Manager shall be ex-officio members of the Committee and shall provide secretarial and administrative support to the committee.

### **Meetings**

The Audit Committee shall meet at least quarterly.

### **Reporting**

Reports and recommendations of each committee meeting shall be presented to the next ordinary meeting of the Council.

## Duties and Responsibilities

The duties and responsibilities of the Audit Committee will be to:

- a) Provide guidance and assistance to Council as to the carrying out the functions of the local government in relation to audits;
- b) Develop and recommend to Council an appropriate process for the selection and appointment of a person as the Shire's auditor;
- c) Develop and recommend to Council a list of those matters to be audited and the scope of the audit to be undertaken;
- d) Recommend to Council the person or persons to be appointed as auditor;
- e) Develop and recommend to Council a written agreement for the appointment of the external auditor. The agreement is to include:
  - the objectives of the audit;
  - the scope of the audit;
  - a plan of the audit;
  - details of the remuneration and expenses to be paid to the auditor; and
  - the method to be used by the local government to communicate with, and supply information to, the auditor;
- f) Meet with the auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions;
- g) Liaise with the CEO to ensure that the local government does everything in its power to –
  - assist the auditor to conduct the audit and carry out his or her other duties under the Local Government Act 1995; and
  - ensure that audits are conducted successfully and expeditiously;
- h) Examine the reports of the auditor after receiving a report from the CEO on the matters to –
  - determine if any matters raised require action to be taken by the local government; and
  - ensure that appropriate action is taken in respect of those matters;
- i) Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to Council for adoption prior to the end

of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time;

j) Review the scope of the audit plan and program and its effectiveness;

k) Review the appropriateness of special internal audit assignments undertaken by internal audit at the request of Council or CEO;

l) Review the level of resources allocated to internal audit and the scope of its authority;

m) Review reports of internal audits, monitor the implementation of recommendations made by the audit and review the extent to which Council and management reacts to matters raised;

n) Facilitate liaison between the internal and external auditor to promote compatibility, to the extent appropriate, between their audit programs;

o) Review the local government's draft annual financial report, focusing on –

- accounting policies and practices;
- changes to accounting policies and practices;
- the process used in making significant accounting estimates;
- significant adjustments to the financial report (if any) arising from the audit process;
- compliance with accounting standards and other reporting requirements; and
- significant variances from prior years;

p) Consider and recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the annual financial report is signed;

q) Review the annual Compliance Audit Return and report to Council the results of that review, and

r) Consider the CEO's biennial reviews of the appropriateness and effectiveness of the Shire's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the committee, and report to the Council the results of those reviews.