



ANNUAL REPORT

2015 -2016

Shire of Dowerin
13 Cottrell Street
Dowerin WA 6461

www.dowerin.wa.gov.au



Annual Report 2015-2015

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.**

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

www.dowerin.wa.gov.au

Office Hours: 8.30 – 4.00PM

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

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.



Contents

Dowerin - our community, our place.....	2
Suburbs & Localities.....	2
Attractions.....	2
Significant Local Events.....	2
Local Industries	2
Message from the Shire President.....	4
Message from the Chief Executive Officer	5
Members of Council.....	6
Staffing Structure	7
Year in Review.....	8
Strategic Community Plan.....	9
LOCAL BUSINESS/ECONOMY	0
LOCAL GOVERNMENT LEADERSHIP	16
GOAL: A vibrant and progressive community led by an innovative Council.	16
Statutory Reports.....	21
PLAN FOR THE FUTURE	21
DISABILITY ACCESS & INCLUSION PLAN	21
RECORD KEEPING PLAN	21
PUBLIC INTEREST DISCLOSURE	21
FREEDOM OF INFORMATION STATEMENT	21
EMPLOYEES REMUNERATION	21
Plan for the Future	22
A thriving rural community... ..	22
A lifestyle choice for generations.... ..	22
A preferred location for business development.... ..	22
Disability Access Inclusion Plan.....	23
Record Keeping Plan	23
Public Interest Disclosure.....	24
Freedom of Information Statement.....	25
Employees Remuneration.....	25

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, Koomberkine, Minnivale, Manmanning, Ucarty and Hindmarsh.

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, squash and tennis courts, a bowling green, golf club, rifle club, an Olympic-size swimming pool and a well-equipped 24 hour gym. 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.



Message from the Shire President

The year 2015/16 was one of challenge for the community, Shire Staff and Councillors. A report from a staff member triggered an investigation by the Corruption, Crime Commission which resulted in the former CEO pleading guilty to four separate charges of stealing as a servant. As a result the past year has been disrupted in many ways; however it is to the credit of dedicated and professional staff, that services have continued to be delivered to a high standard over the year.

While this Council and the sector in general have learnt some hard lessons from this disturbing misappropriation event, we have not let this define us.

Council has progressed various strategic initiatives, including the securing of funding for the Short Term Accommodation. The positive working relationship that exists between the Shire and Dowerin Events Management continues to enhance the advancement of this community. Both organisations bring forward initiatives that are co-operatively supported, enhancing the town amenities and giving the district a point of difference.

I must acknowledge the acting CEO, Gary Martin, who accepted the position without hesitation and provided great guidance to Staff and councillors over a period of five months.

In March, I welcomed Andrea Selvey as our new CEO. On behalf of council, I express sincere appreciation and gratitude for all her commitment and hard work for the Shire and for the community. Your efforts are recognised and valued.

During the year, there has been a huge increase in the work load for Councillors, often at very short notice. They were charged with the upgrading of the management practices of the Shire and the engagement of consultants to assist the process and this comes at a personal cost which I much appreciate. Special thanks must go to Cr. Graham Ralph and Finance Manager Sonia King, for they alone carried the burden for three weeks early in the investigation.

I thank all Councillors for their support and frankness that makes my role so much easier. Finally I thank all the Shire staff, both inside and outside for their contribution to the organisation and the wider community.

Dale Metcalf

Shire President, Shire of Dowerin



Message from the Chief Executive Officer

I was delighted to take up position of Chief Executive Officer for the Shire of Dowerin in March 2016. Dowerin's reputation as a progressive and proactive community made this a very appealing position. My experience over the past months has shown that reputation is well-deserved. Thank you to the Dowerin community for making my husband Neale and I feel so welcome.

Much has already been written about the misappropriation of funds by the former CEO. Mr Gary Martin, the Acting CEO, provided details in the 2014/15 Annual Report. We have learnt from this experience and are in the process of making improvements to our governance and processes. A Financial Management Report with 51 recommendations by the Forensic Auditor engaged by the Shire provided a roadmap of improvements which are being implemented within the Shire's resource capacity. While implementing these improvements is vitally important, it is now equally important to put the event behind us and move forward to realise the aspirations of Council and the community we serve.

Staff at the Shire have delivered on several very significant projects over the past year. One such achievement was securing \$800,000 in federal government grant funding to commence Stage One of the Short Term Accommodation Precinct – a project being delivered in partnership with Dowerin Events Management.

The Wheatbelt Heritage Project also saw some critical progress with the Shire of Dowerin finally achieving accreditation after many months of behind the scenes effort. And while the project is still some way from being finalised, essential ground work is being done to try and bring it to life in the near future.

The Living in the Wheatbelt Conference was a very successful and innovative event that showcased the assets of the region and attracted strong support and attention.

As always our road program was delivered to a very high standard and sporting grounds are recognised as among the best in the region.

These and other strategic projects were delivered by the dedicated staff at the Shire in addition to maintaining day to day services that make our community a great place to live.

I reiterate the comments by our Shire President in acknowledgement of the professionalism, dedication and hard work of the staff and the commitment of our Council. This winning combination is what makes Dowerin stand out as a community.

Andrea Selvey

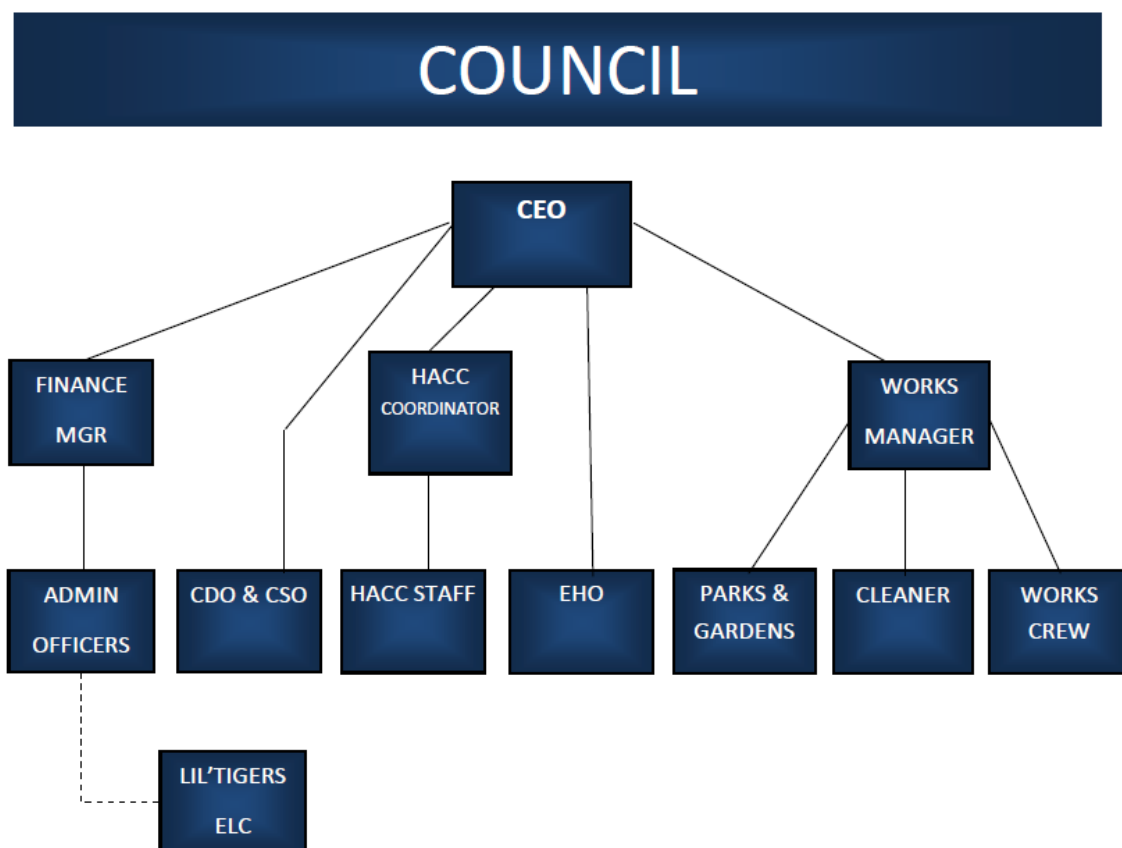
Chief Executive Officer

Members of Council

Elected Members			
Name	Ward	Address	Contact Details
Dale (DE) Metcalf (Shire President)	Town	19 Anderson Street, Dowerin WA 6461	Ph: 08 9631 1080 Fax: 08 9631 1215 Mob: 0429 081 775 linden@wn.com.au
Graham (GB) Ralph 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 gsralph@wn.com.au
William (WE) Coote	North	69 Dowall Street, Minnivale PO Box 91 Dowerin WA 6461	Ph: 08 9631 3020 Fax: 08 9631 3021 Mob: 0427 313 020 billcoote45@gmail.com
Tracy (TA) Jones	North	95 Ejanding West Road PO Box 44 Dowerin WA 6461	Ph: 08 9632 3014 Fax: 08 9632 3070 Mob: 0429 323 014 ash.tracy@bigpond.com
Robert (RI) Trepp	South	99 Borgward Road PO Box 92 DOWERIN WA 6461	Ph: 0457 081 254 Mob: 0435 595 493 robr@agn.net.au
Brenton (BN) Walsh	Town	12 Cottrell St DOWERIN WA 6461	Ph: 08 9631 1068 Mob: 0499 558 282 dowerinbutchershop@bigpond.com
Adam (AJ) Metcalf	Town	127 McHugh Road DOWERIN WA 6461	Mob: 0427 311 025 maddog1@wn.com.au
Darrel (DP) Hudson	Town	7506 Goomalling- Merredin Road PO Box 59 Dowerin WA 6461	Ph: 08 9631 1063 Fax: 08 9631 1454 Mob: 0428 311 063 yleena2@bigpond.com

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
2015

National Tree Day

Local volunteers helped to transform an area adjacent to the skate park and centenary park within the Dowerin Town site planting a new native garden which has transformed a once unused area into now a tranquil area for residents and visitors to enjoy.

August
2015

Banner success!

The efforts of the Dowerin Arts Group were awarded during Local Government week when they took first honours in the Community Group Section of the Banners in the Terrace Competition. The winning article is now on permanent public display in Centenary Park.

Sept
2015

DCC turns into a Conference Venue

The Living in the Wheatbelt Conference saw Shelley

Taylor Smith, Maggie Dent and Glen Mitchell travel to Dowerin and inspire those in attendance with their inspirational stories. This proved to be a fantastic and well received event which attracted attendees from across the region.

A Reserves WIN!

The Dowerin-Wylie Tigers took out the honours in September winning the A Reserve Grand Final in Goomalling.

Oct
2015

Council Elections

Elections took place in October and we farewelled 3 former Councillors all of whom made valuable contributions to the Shire. Newly appointed members of Council Robert Trepp, Adam Metcalf and Brenton Walsh were welcomed.

Dec
2015

Christmas Markets

The Shire in conjunction with the CRC held the first Dowerin Christmas Markets on Jackson Street in the lead up to Christmas. The event was well received by the community and local microbusinesses alike. The CRC also did a fantastic job organising an Arts

Exhibition which culminated on the same evening.

Jan
2016

Australia Day Citizen of the Year

Congratulations to our local Premiers Australia Day Citizen of the year Noela Newman who was recognised for her on-going commitment to our community and for devoting countless hours to volunteer efforts that benefit others and our town. We also recognised the Dowerin Community Child Care Inc. as our Community Group of the Year. The DCCC are responsible for developing and managing the Lil'Tigers Early Learning Centre in Dowerin and the hard work and dedication of the representatives of this committee is immeasurable

March
2016

In March 2016 the Shire of Dowerin appointed our new CEO Andrea Selvey. Andrea came to Dowerin following 15 years at the City of Geraldton.

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:



COMMUNITY

GOAL: A strong, healthy and safe community

Sport & recreation

In 2015-16 the Shire of Dowerin received 31 applications for KidSport allowing families to access \$1810 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.

Dowerin All Hours Gym

The Dowerin All Hours Gym was a facility on Dowerin's wish list for a number of years and since its inception in February 2015, the facility has proven to be a highly successful development for the Shire and Community of Dowerin. In 2015/16 the Shire processed 83 memberships for the gym including standard memberships (63), concessions (16) and non-Dowerin Residents (4). This facility was jointly funded by Lotterywest and the Shire of Dowerin and has seen the complete transformation of the former tennis club rooms into our state of the art gym facility. The gym continues to run successfully and is accessible to members 24 hours per day 7 days per week. Offering an opportunity to work out utilising new cardio and weights equipment in air conditioned comfort

Aged Housing Alliance

In March 2016 council resolved to support a collaborative approach to the development of Aged Housing units within the Shires of Dowerin, Goomalling, Victoria Plains and Toodyay as part of the AROC Aged Housing Alliance. The project is in its infancy and has to date involved the development of a Business Case put together by Heartlands and the Wheatbelt Development Commission which aims to seek funding in 2017/2018. If successful, the AROC Aged Housing Alliance will see the development of 4 new Independent Living Units to be located adjacent to the existing units on Hilda St/Goldfields Road.

Road Infrastructure

In 2015-16 the Shire of Dowerin conducted works totalling \$1,218,849 to help strengthen and improve our local road network; \$861,597.00 of this work was funded through state and federal grants. Major works included the reconstruction of the Redding Road and the reconstruction and widening of a section of the Dowerin-Koorda Road near the boundary and the asphaltting of the Koombarkine Uberin Road T- junction.

Shire Groundskeepers worked tirelessly to improve the level of sporting fields in Dowerin. Verti-draining of the hockey field and town oval was completed in September after Field days and prior to school sports carnival 2016.

Thanks to funding as part of the Aged Friendly Communities Program, the Shire of Dowerin successfully installed ramp access to the spectator area at the Dowerin Memorial Swimming Pool, a new handrail at the Dowerin Community Club and an electronic sliding door at the Dowerin Post Office.

LOCAL BUSINESS/ECONOMY

GOAL: A Strong & Vibrant Local Economy

Light Industrial Land Development

In March 2016 Wheatbelt Development Commission (WDC) in conjunction with Landcorp presented the Shire of Dowerin with a draft Business Case for the development of Light Industrial Land Units in Dowerin. There is very limited industrial land available in Dowerin at present and the Shire of Dowerin has agreed in principal to supporting this business case which outlines the development of 2 light industrial blocks within the existing Industrial Land Precinct in Dowerin. Following a funding outcome, the Shire will conduct extensive Community and industry consultation regarding a forward plan for the development of light industrial land throughout the district.

Short Term Accommodation Project

Stage one of the Dowerin Short Term Accommodation Project was given the go ahead in November 2015 when the Shire was notified of successful grant funding as part of the Department of Infrastructure and Regional Development's National Stronger Regions Fund. After some extensive negotiations, the Shire of Dowerin received \$800,000 as part of the NSRF Fund and \$400,000 from Dowerin Events Management in order to proceed with stage 1 of the project which will see the development of 4 studio units, 3 1 bedroom units, caravan/camping grounds and an ablution block and camp kitchen.

ENVIRONMENT

GOAL: A sustainable natural and built environment

Recycling Shed and Waste Management

Council staff continue to support 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

Community Involvement

The Dowerin Community have once again banded together for the greater good with a number of volunteers assisting with the annual Clean Up Australia Day in March whilst in July a group of volunteers also assisted with the beautification of Centenary Park planting a range of trees and shrubs as part of National Tree Day.

LOCAL GOVERNMENT LEADERSHIP

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

Council Elections

In October 2015 we had 3 new nominations for three positions on the Dowerin Shire Council. It's exciting to see that there is such interest and enthusiasm in running for such important positions within our community.

Early in 2016, Council also committed to take part in member training in order to ensure that Councillors are well informed of their roles and duties and that of the Shire Administration.

Community Input

Council meetings are a great opportunity for members of the community to observe the Council decision making process. Every Council meeting includes a public question time allowing the community to engage with their elected representatives.



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 within the community”

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

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

Council continued to upgrade its buildings and incorporate access for the disabled which is highlighted in successful application as part of the Aged Friendly Communities Program which saw the installation of ramps into 2 community buildings (Dowerin All Hours Gym and Dowerin Memorial Swimming Pool), installation of a handrail into the Dowerin Community Club and installation of an electronic sliding door into the Dowerin Post Office.

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 is administered by the Public Sector Commissioner under Section 20 of the Public Interest Disclosure Act 2003.

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

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

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

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

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

The Shire of Dowerin had one report of misconduct under the Corruption Crime and Misconduct Act (2003) from a staff member which triggered an investigation by the Corruption Crime Commission. The investigation resulted in the former CEO pleading guilty to four separate charges of stealing as a servant.

Freedom of Information Statement

The Shire of Dowerin is responsible for the good governance of the Shire and carries out functions as required including statutory compliance and provision of services and facilities.

Council is comprised of eight elected members who meet each month, except January, to make decisions relating to the policy and direction of the Shire. All Council meetings are open to the public and meeting dates and venues are advertised on a regular basis. Members of the public are invited to ask questions during Public Question Time shortly after the commencement of each meeting.

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

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

Council received no requests for Freedom of Information during the 2015/16 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

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

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

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9
Independent Audit Report	56
Supplementary Ratio Information	58

Principal place of business:
Address
13 Cottrell Street
DOWERIN WA 6461

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the

16th

day of December 2016



Andrea Selvey
Chief Executive Officer

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	23	1,163,541	1,144,163	1,119,722
Operating grants, subsidies and contributions	30	1,093,172	1,183,342	2,314,274
Fees and charges	29	284,642	328,479	291,050
Sewerage charges	26	127,877	128,033	125,637
Interest earnings	2(a)	60,251	71,236	76,676
Other revenue	2(a)	285,334	43,811	367,486
		<u>3,014,817</u>	<u>2,899,064</u>	<u>4,294,845</u>
Expenses				
Employee costs		(1,383,311)	(1,394,966)	(1,365,651)
Materials and contracts		(721,456)	(590,307)	(1,031,923)
Utility charges		(146,003)	(133,450)	(156,078)
Depreciation on non-current assets	2(a)	(1,144,753)	(1,107,536)	(1,180,688)
Interest expenses	2(a)	(25,515)	(22,401)	(24,927)
Insurance expenses		(142,972)	(150,365)	(141,984)
Other expenditure		(264,041)	(31,832)	(385,766)
		<u>(3,828,051)</u>	<u>(3,430,856)</u>	<u>(4,287,017)</u>
		(813,234)	(531,792)	7,828
Non-operating grants, subsidies and contributions	30	997,915	1,001,352	747,916
Profit on asset disposals	21	98,293	78,519	5,905
(Loss) on asset disposals	21	(60,364)	(9,475)	(1,412)
(Loss) on revaluation of fixed assets		0	0	(110,832)
Net result		222,610	538,604	649,405
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	(35,797)	0	7,409,891
Total other comprehensive income		(35,797)	0	7,409,891
Total comprehensive income		186,813	538,604	8,059,296

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 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Governance		115,910	39,050	17,105
General purpose funding		1,884,872	1,902,893	3,302,682
Law, order, public safety		24,984	26,000	29,364
Health		265,870	255,022	263,446
Education and welfare		116,505	94,549	93,081
Housing		126,918	136,077	125,738
Community amenities		223,393	217,584	218,096
Recreation and culture		92,057	49,052	77,755
Transport		140,139	148,828	22,338
Economic services		12,686	10,536	114,065
Other property and services		11,483	10,000	31,175
		<u>3,014,817</u>	<u>2,889,591</u>	<u>4,294,845</u>
Expenses				
Governance		(593,560)	(336,666)	(603,244)
General purpose funding		(89,390)	(91,972)	(96,596)
Law, order, public safety		(80,436)	(84,515)	(84,666)
Health		(319,371)	(313,334)	(335,929)
Education and welfare		(138,894)	(128,270)	(118,633)
Housing		(165,504)	(159,084)	(170,030)
Community amenities		(315,361)	(311,867)	(316,138)
Recreation and culture		(710,704)	(611,122)	(730,054)
Transport		(1,183,376)	(1,182,152)	(1,441,123)
Economic services		(180,010)	(175,755)	(334,046)
Other property and services		(25,930)	(4,245)	(31,631)
		<u>(3,802,536)</u>	<u>(3,398,982)</u>	<u>(4,262,090)</u>
Finance costs				
Recreation and culture		(21,547)	(19,065)	(22,539)
Economic services		(3,968)	(3,336)	(2,388)
		<u>(25,515)</u>	<u>(22,401)</u>	<u>(24,927)</u>
		(813,234)	(531,792)	7,828
Non-operating grants, subsidies and contributions	30	997,915	1,001,352	747,916
Profit on disposal of assets	21	98,293	78,519	5,905
(Loss) on disposal of assets	21	(60,364)	(9,475)	(1,412)
(Loss) on revaluation of fixed assets	4	0	0	(110,832)
Net result		222,610	538,604	649,405
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	(35,797)	0	7,409,891
Total other comprehensive income		(35,797)	0	7,409,891
Total comprehensive income		186,813	538,604	8,059,296

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

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

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	2,021,078	2,575,033
Trade and other receivables	5	198,133	152,347
Inventories	6	5,504	20,805
TOTAL CURRENT ASSETS		<u>2,224,715</u>	<u>2,748,185</u>
NON-CURRENT ASSETS			
Other receivables	5	80,135	103,137
Investments	4	53,666	53,666
Property, plant and equipment	7	16,179,419	16,441,703
Infrastructure	8	25,057,927	24,186,122
TOTAL NON-CURRENT ASSETS		<u>41,371,147</u>	<u>40,784,628</u>
TOTAL ASSETS		<u>43,595,862</u>	<u>43,532,813</u>
CURRENT LIABILITIES			
Trade and other payables	9	297,382	287,196
Current portion of long term borrowings	10	85,005	81,822
Provisions	11	169,706	216,320
TOTAL CURRENT LIABILITIES		<u>552,093</u>	<u>585,338</u>
NON-CURRENT LIABILITIES			
Long term borrowings	10	411,485	496,483
Provisions	11	17,703	23,224
TOTAL NON-CURRENT LIABILITIES		<u>429,188</u>	<u>519,707</u>
TOTAL LIABILITIES		<u>981,281</u>	<u>1,105,045</u>
NET ASSETS		<u>42,614,581</u>	<u>42,427,768</u>
EQUITY			
Retained surplus		29,148,659	28,973,770
Reserves - cash backed	12	1,852,913	1,805,192
Revaluation surplus	13	11,613,009	11,648,806
TOTAL EQUITY		<u>42,614,581</u>	<u>42,427,768</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 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		28,405,157	1,724,401	4,238,915	34,368,472
Comprehensive income					
Net result		649,405	0	0	649,405
Changes on revaluation of assets	13	0	0	7,409,891	7,409,891
Total comprehensive income		649,405	0	7,409,891	8,059,296
Transfers from/(to) reserves		(80,792)	80,792	0	0
Balance as at 30 June 2015		28,973,770	1,805,192	11,648,806	42,427,768
Comprehensive income					
Net result		222,610	0	0	222,610
Changes on revaluation of assets	13	0	0	(35,797)	(35,797)
Total comprehensive income		222,610	0	(35,797)	186,813
Transfers from/(to) reserves		(47,721)	47,721	0	0
Balance as at 30 June 2016		29,148,659	1,852,913	11,613,009	42,614,581

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 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,148,561	1,144,163	1,119,126
Operating grants, subsidies and contributions		1,027,240	1,183,342	2,356,677
Fees and charges		284,642	328,479	291,051
Service charges		127,877	128,033	125,637
Interest earnings		60,251	71,236	76,676
Goods and services tax		267,928	0	331,004
Other revenue		285,334	43,811	318,459
		<u>3,201,833</u>	<u>2,899,064</u>	<u>4,618,630</u>
Payments				
Employee costs		(1,463,771)	(1,467,443)	(1,340,264)
Materials and contracts		(667,408)	(590,307)	(968,084)
Utility charges		(146,003)	(133,450)	(156,078)
Interest expenses		(25,751)	(22,401)	(24,723)
Insurance expenses		(142,972)	(150,365)	(141,984)
Goods and services tax		(232,072)	0	(359,028)
Other expenditure		(264,041)	(31,832)	(382,678)
		<u>(2,942,018)</u>	<u>(2,395,798)</u>	<u>(3,372,839)</u>
Net cash provided by (used in) operating activities	14(b)	<u>259,815</u>	<u>503,266</u>	<u>1,245,791</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(683,147)	(809,388)	(650,938)
Payments for construction of infrastructure		(1,218,854)	(1,369,637)	(892,810)
Advances to community groups		0	0	(117,000)
Non-operating grants, subsidies and contributions		997,915	1,001,352	747,916
Proceeds from sale of fixed assets		149,859	302,900	127,300
Net cash provided by (used in) investment activities		<u>(754,227)</u>	<u>(874,773)</u>	<u>(785,532)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(81,815)	(81,815)	(68,050)
Proceeds from self supporting loans		22,272	22,272	10,870
Proceeds from new debentures		0	0	117,000
Net cash provided by (used in) financing activities		<u>(59,543)</u>	<u>(59,543)</u>	<u>59,820</u>
Net increase (decrease) in cash held		<u>(553,955)</u>	<u>(431,050)</u>	<u>520,080</u>
Cash at beginning of year		2,575,033	2,660,850	2,054,953
Cash and cash equivalents at the end of the year	14(a)	<u><u>2,021,078</u></u>	<u><u>2,229,800</u></u>	<u><u>2,575,033</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 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net current assets at start of financial year - surplus/(deficit)		572,630	783,180	203,649
		<u>572,630</u>	<u>783,180</u>	<u>203,649</u>
Revenue from operating activities (excluding rates)				
Governance		115,910	39,050	17,105
General purpose funding		740,714	758,730	2,182,960
Law, order, public safety		24,984	26,000	29,364
Health		265,870	255,022	263,446
Education and welfare		116,505	94,549	93,081
Housing		126,918	136,077	125,738
Community amenities		223,393	217,584	218,096
Recreation and culture		92,057	49,052	77,755
Transport		238,432	231,822	28,243
Economic services		12,686	10,536	114,065
Other property and services		11,483	10,000	31,175
		<u>1,968,952</u>	<u>1,828,422</u>	<u>3,181,028</u>
Expenditure from operating activities				
Governance		(593,560)	(336,666)	(603,244)
General purpose funding		(148,403)	(91,972)	(207,428)
Law, order, public safety		(80,436)	(84,515)	(84,666)
Health		(319,371)	(313,334)	(335,929)
Education and welfare		(138,894)	(128,270)	(118,633)
Housing		(165,504)	(168,559)	(170,030)
Community amenities		(315,361)	(311,867)	(316,138)
Recreation and culture		(732,251)	(630,187)	(752,593)
Transport		(1,184,727)	(1,186,626)	(1,442,535)
Economic services		(183,978)	(179,090)	(336,434)
Other property and services		(25,930)	(4,245)	(31,631)
		<u>(3,888,415)</u>	<u>(3,435,331)</u>	<u>(4,399,261)</u>
Operating activities excluded from budget				
(Profit) on disposal of assets	21	(98,293)	(78,519)	(5,905)
Loss on disposal of assets	21	60,364	9,475	112,244
Equity in Local Government House		0	0	(49,027)
Movement in deferred pensioner rates (non-current)		0	0	(330)
Movement in employee benefit provisions (non-current)		(5,521)	0	11,707
Movement in Leave Reserve		(53,644)	0	24,618
Depreciation and amortisation on assets	2(a)	<u>1,144,753</u>	<u>1,107,536</u>	<u>1,180,688</u>
Amount attributable to operating activities		<u>(299,174)</u>	<u>214,763</u>	<u>259,411</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		997,915	1,001,352	747,916
Proceeds from disposal of assets	21	149,859	302,900	127,300
Purchase of property, plant and equipment	7(b)	(683,147)	(809,388)	(650,938)
Purchase and construction of infrastructure	8(b)	<u>(1,218,854)</u>	<u>(1,369,637)</u>	<u>(892,810)</u>
Amount attributable to investing activities		<u>(754,227)</u>	<u>(874,773)</u>	<u>(668,532)</u>
FINANCING ACTIVITIES				
Advances to community groups		0	0	(117,000)
Repayment of debentures	22(a)	(81,815)	(81,815)	(68,050)
Proceeds from new debentures	22(a)	0	0	117,000
Proceeds from self supporting loans		22,272	22,272	10,870
Transfers to reserves (restricted assets)	12	(167,474)	(486,608)	(190,252)
Transfers from reserves (restricted assets)	12	<u>119,753</u>	<u>62,000</u>	<u>109,460</u>
Amount attributable to financing activities		<u>(107,264)</u>	<u>(484,151)</u>	<u>(137,972)</u>
Surplus(deficiency) before general rates		<u>(1,160,666)</u>	<u>(1,144,163)</u>	<u>(547,093)</u>
Total amount raised from general rates	23	<u>1,144,158</u>	<u>1,144,163</u>	<u>1,119,722</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	24	<u>(16,508)</u>	<u>0</u>	<u>572,629</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical accounting estimates

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

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

The local government reporting entity

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

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

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

(b) Goods and Services Tax (GST)

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

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

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

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

(c) Cash and Cash Equivalents

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land held for sale

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

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

Land under roads

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings	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 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(h) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(l) Borrowing Costs

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

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

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

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

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

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

(p) Interests in Joint Arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 17.

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.</p>
(iii) AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p>

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	<p>This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.</p>
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	<p>This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.</p>
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	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.
(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were as follows:

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

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

2. REVENUE AND EXPENSES

	2016	2015
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Significant expense and revenue		
Governance	148,014	231,870
- This relates to Shire Funds misappropriated by the former CEO		
Governance	0	51,902
- This relates to mistated Trust funds in prior years		
Loss on Revaluation of Fixed Assets		
General Purpose Funding	0	110,832
This relates to Loss on disposal of Land & Building Assets as a result of Revaluation		
Auditors remuneration		
- Audit of the Annual Financial Report	11,400	15,900
Depreciation		
Buildings - Non Specialised	293,685	220,670
Furniture & Equipment	63,787	28,912
Plant & Equipment	256,314	354,711
Tools & Equipment	6,672	9,177
Infrastructure - Roads	391,674	434,084
Infrastructure - Footpaths	11,137	12,465
Infrastructure - Drainage	15,541	15,541
Infrastructure - Parks & Ovals	71,205	70,494
Infrastructure - Street Lighting	6,136	6,136
Infrastructure - Sewerage	13,002	13,002
Infrastructure - Signs	15,600	15,497
	<u>1,144,753</u>	<u>1,180,688</u>
Interest expenses (finance costs)		
Debentures (refer Note 22 (a))	25,515	24,927
	<u>25,515</u>	<u>24,927</u>
(ii) Crediting as revenue:		
Significant revenue		
Equity in Local Government House	0	49,027
Other revenue		
Reimbursements and recoveries	285,334	299,337
Significant revenue (refer above)	0	49,027
Other	0	19,123
	<u>285,334</u>	<u>367,487</u>
Interest earnings		
- Loans receivable - clubs/institutions	3,301	3,336
- Reserve funds	47,721	54,156
- Other funds	889	8,000
Other interest revenue (refer note 28)	8,341	6,597
	<u>60,251</u>	<u>72,492</u>
	<u>60,251</u>	<u>76,676</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

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.

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

Community - A Strong, Healthy and Safe Community

Economic - A Strong and Diverse Local Economy

Environment - To have a Sustainable Natural and Built Environment that meets our community's needs, now and in the future

Local Government Leadership - A Vibrant and Progressive Community lead by an Innovative Council.

GOVERNANCE

Activities:

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

GENERAL PURPOSE FUNDING

Activities:

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

General purpose government grants and interest earnings.

LAW, ORDER, PUBLIC SAFETY

Activities:

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

HEALTH

Activities:

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

EDUCATION AND WELFARE

Activities:

Care for the aged, community nursing.

Maintenance costs Community Resource Centre.

HOUSING

Activities:

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

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

COMMUNITY AMENITIES

Activities:

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

RECREATION AND CULTURE

Activities:

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

TRANSPORT

Activities:

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

ECONOMIC SERVICES

Activities:

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

OTHER PROPERTY & SERVICES

Activities:

Private Works. Plant repairs and operation. Engineering and Administration overheads. Material stocks.

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance ⁽¹⁾ 30/06/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance 30/06/16 \$
R4R - Heritage Rail	Economic Services	547,847	0	(140,057)	407,790	0	(213,939)	193,851
WDC - Age Friendly Communities	Community Amenities	0	41,000	0	41,000	0	(37,363)	3,637
LotteryWest - Gym Funding	Recreation & Culture	0	29,893	(29,893)	0	0	0	0
Suicide Prevention	Recreation & Culture	0	1,850	0	1,850	0	(1,850)	0
Womens Program 2015	Recreation & Culture	0	3,170	0	3,170	0	(3,170)	0
Roads to Recovery	Transport	0	248,720	(248,720)	0	710,772	(664,962)	45,810
Regional Road Group	Transport	0	293,303	(293,303)	0	287,543	(287,543)	0
Swimming Pool	Recreation & Culture	0	0	0	0	32,000	(32,000)	0
Department of Transport - Bike Plan	Transport	0	0	0	0	7,000	(7,000)	0
Department of Health - HACC	Health	0	234,319	(234,319)	0	247,117	(247,117)	0
Total		547,847	852,255	(946,292)	453,810	1,284,432	(1,494,944)	243,298

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 2016

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted Cash		(75,133)	316,031
Restricted Cash		<u>2,096,211</u>	<u>2,259,002</u>
		<u><u>2,021,078</u></u>	<u><u>2,575,033</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Lsl Reserve	12	101,780	155,425
Plant Reserve	12	92,264	150,291
Sewerage Reserve	12	951,502	851,521
Land & Building Reserve	12	20,494	19,966
Swimming Pool Reserve	12	32,000	0
Recreation Reserve	12	178,345	173,751
Chp Units Reserve	12	45,649	44,474
Community Bus Reserve	12	40,250	39,214
Economic Reserve	12	315,534	312,977
All Hours Gym Reserve	12	5,132	5,000
Bowling Green Reserve	12	50,681	40,358
Tennis Court Reserve	12	19,282	12,215
Unspent grants	2(c)	<u>243,298</u>	<u>453,810</u>
		<u><u>2,096,211</u></u>	<u><u>2,259,002</u></u>
4. INVESTMENTS - Non-Current			
Equity in Local Government House		<u>53,666</u>	<u>53,666</u>
Equity in Local Government House			
At the beginning of the year		<u>53,666</u>	0
Additions		0	53,666
Disposals		0	0
At the end of the year		<u><u>53,666</u></u>	<u><u>53,666</u></u>

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

	2016 \$	2015 \$
5. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	36,631	25,969
Sundry debtors	99,516	35,577
GST receivable	10,941	46,797
Loans receivable - clubs/institutions	23,002	22,272
Sewerage Rates Outstanding	14,680	12,687
Rubbish Rates Outstanding	9,221	7,540
Emergency Services Levy	4,142	1,505
	<u>198,133</u>	<u>152,347</u>
Non-current		
Rates outstanding - pensioners	19,279	19,279
Loans receivable - clubs/institutions	60,856	83,858
	<u>80,135</u>	<u>103,137</u>
6. INVENTORIES		
Current		
Fuel and materials	5,504	20,805
	<u>5,504</u>	<u>20,805</u>

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

	2016 \$	2015 \$
7 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land - Freehold at:		
- Independent valuation 2015 - level 2	963,000	963,000
	<u>963,000</u>	<u>963,000</u>
Buildings - Non Specialised at:		
- Independent valuation 2015 - level 2	13,569,540	13,569,539
- Additions after valuation - cost	365,596	151,658
Less: accumulated depreciation	(293,686)	0
	<u>13,641,450</u>	<u>13,721,197</u>
	<u>13,641,450</u>	<u>13,721,197</u>
Total land and buildings	<u>14,604,450</u>	<u>14,684,197</u>
Furniture & Equipment at:		
- Management valuation 2016 - level 3	116,719	0
- Management valuation 2013 - level 3	0	716,968
- Additions after valuation - cost	0	75,538
Less accumulated depreciation	0	(379,240)
	<u>116,719</u>	<u>413,266</u>
Plant & Equipment at:		
- Management valuation 2016 - level 3	1,421,409	0
- Management valuation 2013 - level 3	0	2,537,509
- Additions after valuation - cost	0	423,724
Less accumulated depreciation	0	(1,641,614)
	<u>1,421,409</u>	<u>1,319,619</u>
Tools & Equipment at:		
- Management valuation 2016 - level 3	36,841	0
- Management valuation 2013 - level 3	0	152,189
Less accumulated depreciation	0	(127,568)
	<u>36,841</u>	<u>24,621</u>
	<u>16,179,419</u>	<u>16,441,703</u>

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

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - Freehold	963,000	0	0	0	0	0	0	0	963,000
Land - vested in and under the control of Council	0	0	0	0	0	0	0	0	0
Total land	963,000	0	0	0	0	0	0	0	963,000
Buildings - Non Specialised	13,721,197	213,938	0	0	0	0	(293,685)	0	13,641,450
Total buildings	13,721,197	213,938	0	0	0	0	(293,685)	0	13,641,450
Total land and buildings	14,684,197	213,938	0	0	0	0	(293,685)	0	14,604,450
Furniture & Equipment	413,266	3,500	(59,014)	0	0	0	(63,787)	(177,246)	116,719
Plant & Equipment	1,319,619	465,709	(51,737)	(52,068)	0	0	(256,314)	(3,800)	1,421,409
Tools & Equipment	24,621	0	(1,179)	16,271	0	0	(6,672)	3,800	36,841
Total property, plant and equipment	16,441,703	683,147	(111,930)	(35,797)	0	0	(620,458)	(177,246)	16,179,419

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

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

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

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

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

	2016 \$	2015 \$
8 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Management valuation June 2014 - Level 3	22,374,975	21,482,165
- Additions after valuation - cost	1,218,854	892,810
Less accumulated depreciation	<u>(825,759)</u>	<u>(434,085)</u>
	22,768,070	21,940,890
Infrastructure - Footpaths		
- Management valuation June 2014 - Level 3	371,239	371,239
Less accumulated depreciation	<u>(23,602)</u>	<u>(12,465)</u>
	347,637	358,774
Infrastructure - Drainage		
- Cost	518,045	518,045
Less accumulated depreciation	<u>(475,521)</u>	<u>(459,980)</u>
	42,524	58,065
Infrastructure - Parks & Ovals		
- Cost	1,830,838	1,830,838
Less accumulated depreciation	<u>(441,540)</u>	<u>(370,335)</u>
	1,389,298	1,460,503
Infrastructure - Other Infrastructure		
- Cost	214,361	0
Less accumulated depreciation	<u>(37,115)</u>	<u>0</u>
	177,246	0
Infrastructure - Street Lighting		
- Cost	122,714	122,714
Less accumulated depreciation	<u>(88,465)</u>	<u>(82,329)</u>
	34,249	40,385
Infrastructure - Sewerage		
- Cost	520,088	520,088
Less accumulated depreciation	<u>(247,512)</u>	<u>(234,510)</u>
	272,576	285,578
Infrastructure - Signs		
- Cost	195,010	195,010
Less accumulated depreciation	<u>(168,683)</u>	<u>(153,083)</u>
	26,327	41,927
	<u>25,057,927</u>	<u>24,186,122</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 2016

8. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	21,940,890	1,218,854	0	0	0	0	(391,674)	0	22,768,070
Infrastructure - Footpaths	358,774	0	0	0	0	0	(11,137)	0	347,637
Infrastructure - Drainage	58,065	0	0	0	0	0	(15,541)	0	42,524
Infrastructure - Parks & Ovals	1,460,503	0	0	0	0	0	(71,205)	0	1,389,298
Infrastructure - Other Infrastructure	0	0	0	0	0	0	0	177,246	177,246
Infrastructure - Street Lighting	40,385	0	0	0	0	0	(6,136)	0	34,249
Infrastructure - Sewerage	285,578	0	0	0	0	0	(13,002)	0	272,576
Infrastructure - Signs	41,927	0	0	0	0	0	(15,600)	0	26,327
Total infrastructure	24,186,122	1,218,854	0	0	0	0	(524,295)	177,246	25,057,927

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

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Management Valuation	June 2014	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Management Valuation	June 2014	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Drainage		These class of asset has not been revalued			
Infrastructure - Parks & Ovals		These class of asset has not been revalued			
Infrastructure - Other Infrastructure		These class of asset has not been revalued			
Infrastructure - Street Lighting		These class of asset has not been revalued			
Infrastructure - Sewerage		These class of asset has not been revalued			
Infrastructure - Signs		These class of asset has 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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	108,420	77,982
Accrued interest on debentures	1,329	1,565
Accrued salaries and wages	0	28,325
ATO liabilities	0	4,405
Rates in Advance	36,565	76,737
Licencing Creditors	8,305	0
Other Payables	141,495	98,182
Payroll Creditors	1,268	0
	<u>297,382</u>	<u>287,196</u>

10. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Loan Liability - Current	85,005	81,822
	<u>85,005</u>	<u>81,822</u>
Non-current		
Secured by floating charge		
Loan Liability - Non Current	411,485	496,483
	<u>411,485</u>	<u>496,483</u>

Additional detail on borrowings is provided in Note 22.

11. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2015			
Current provisions	100,444	115,876	216,320
Non-current provisions	0	23,224	23,224
	<u>100,444</u>	<u>139,100</u>	<u>239,544</u>
Additional provision	75,006	4,103	79,108
Amounts used	(102,832)	(28,411)	(131,243)
Balance at 30 June 2016	<u>72,617</u>	<u>114,792</u>	<u>187,409</u>
Comprises			
Current	72,617	97,089	169,706
Non-current	0	17,703	17,703
	<u>72,617</u>	<u>114,792</u>	<u>187,409</u>

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

12. RESERVES - CASH BACKED

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Lsl Reserve	155,425	4,108	(57,753)	101,780	155,425	14,663	0	170,088	130,806	24,619	0	155,425
Plant Reserve	150,291	3,973	(62,000)	92,264	150,291	4,509	(62,000)	92,800	250,893	8,858	(109,460)	150,291
Sewerage Reserve	851,521	99,981	0	951,502	851,521	95,188	0	946,709	768,244	83,277	0	851,521
Land & Building Reserve	19,966	528	0	20,494	19,966	39,226	0	59,192	19,285	681	0	19,966
Swimming Pool Reserve	0	32,000	0	32,000	0	0	0	0	0	0	0	0
Recreation Reserve	173,751	4,594	0	178,345	173,751	35,213	0	208,964	167,826	5,925	0	173,751
Chp Units Reserve	44,474	1,175	0	45,649	44,473	10,317	0	54,790	35,356	9,118	0	44,474
Community Bus Reserve	39,214	1,036	0	40,250	39,213	5,176	0	44,389	33,714	5,500	0	39,214
Economic Reserve	312,977	2,557	0	315,534	312,977	259,389	0	572,366	302,276	10,701	0	312,977
All Hours Gym Reserve	5,000	132	0	5,132	5,000	5,350	0	10,350	0	5,000	0	5,000
Bowling Green Reserve	40,358	10,323	0	50,681	40,360	11,211	0	51,571	10,000	30,358	0	40,358
Tennis Court Reserve	12,215	7,067	0	19,282	12,215	6,366	0	18,581	6,000	6,215	0	12,215
	<u>1,805,192</u>	<u>167,474</u>	<u>(119,753)</u>	<u>1,852,913</u>	<u>1,805,192</u>	<u>486,608</u>	<u>(62,000)</u>	<u>2,229,800</u>	<u>1,724,400</u>	<u>190,252</u>	<u>(109,460)</u>	<u>1,805,192</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.

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

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

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

13. REVALUATION SURPLUS

	2016 Opening Balance \$	2016 Revaluation Increment \$	2016 Revaluation Decrement \$	2016 Total Movement on Revaluation \$	2016 Closing Balance \$	2015 Opening Balance \$	2015 Revaluation Increment \$	2015 Revaluation Decrement \$	2015 Total Movement on Revaluation \$	2015 Closing Balance \$
Land	550,817	0	0	0	550,817	0	550,817	0	550,817	550,817
Buildings	6,859,074	0	0	0	6,859,074	0	6,859,074	0	6,859,074	6,859,074
Plant & Equipment	128,678	0	(52,068)	(52,068)	76,610	128,678	0	0	0	128,678
Tools & Equipment	0	16,271	0	16,271	16,271	0	0	0	0	0
Infrastructure - Roads	3,995,438	0	0	0	3,995,438	3,995,438	0	0	0	3,995,438
Infrastructure - Footpaths	114,799	0	0	0	114,799	114,799	0	0	0	114,799
	11,648,806	16,271	(52,068)	(35,797)	11,613,009	4,238,915	6,859,074	0	7,409,891	11,648,806

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

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

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2016	2016	2015
	\$	Budget	\$
	\$	\$	\$
Cash and cash equivalents	<u>2,021,078</u>	<u>2,229,800</u>	<u>2,575,033</u>

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

Net result	222,610	538,604	649,405
Non-cash flows in Net result:			
Depreciation	1,144,753	1,107,536	1,180,688
(Profit)/Loss on sale of asset	(37,929)	(69,044)	106,339
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(45,056)	17,269	18,639
(Increase)/Decrease in inventories	15,301	0	(47,374)
Increase/(Decrease) in payables	10,186	(75,084)	56,499
Increase/(Decrease) in provisions	(52,135)	(14,663)	29,511
Grants contributions for the development of assets	(997,915)	(1,001,352)	(747,916)
Net cash from operating activities	<u>259,815</u>	<u>503,266</u>	<u>1,245,791</u>

	2016	2015
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	60,000	60,000
Bank overdraft at balance date	0	0
Credit card limit	12,000	16,000
Credit card balance at balance date	(1,671)	(5,967)
Total amount of credit unused	<u>70,329</u>	<u>70,033</u>
Loan facilities		
Loan facilities - current	85,005	81,822
Loan facilities - non-current	411,485	496,483
Total facilities in use at balance date	<u>496,490</u>	<u>578,305</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

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

15. CONTINGENT LIABILITIES

The Shire is not aware of any reportable contingent liability.

16. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

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

(b) Capital Expenditure Commitments

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

17. JOINT VENTURE ARRANGEMENTS

The Shire of Dowerin has no Joint Venture arrangements

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016	2015
	\$	\$
Governance	142,571	49,861
General purpose funding	257,303	2,566,627
Law, order, public safety	253,970	324,783
Health	15,909	17,259
Education and welfare	616,950	635,589
Housing	3,621,674	3,730,199
Community amenities	1,525,368	1,500,025
Recreation and culture	7,079,520	7,249,061
Transport	24,126,726	23,199,836
Economic services	1,447,123	1,641,897
Other property and services	2,612,463	2,460,873
Unallocated	1,896,285	156,803
	<u>43,595,862</u>	<u>43,532,813</u>

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

	2016	2015	2014
19. FINANCIAL RATIOS			
Current ratio	0.29	1.14	(0.13)
Asset sustainability ratio	1.49	1.20	1.31
Debt service cover ratio	3.68	11.91	1.00
Operating surplus ratio	(0.38)	(0.05)	(0.92)
Own source revenue coverage ratio	0.52	0.45	0.37

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.

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

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

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

	2016	2015
Debt service cover ratio	10.16	4.42
Operating surplus ratio	(0.04)	(0.41)

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

20. TRUST FUNDS

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

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
HACC - Vehicle Sale	2,025	0	0	2,025
Housing Rental Bonds	4,900	360	(1,394)	3,866
Key Deposits	610	0	0	610
Nomination Deposits	0	320	0	320
Tidy Towns Prize	2,818	0	0	2,818
Rec Steering Committee	23,359	0	0	23,359
Builders Bonds	10,000	0	0	10,000
Yellow Ribbon	247	0	0	247
HACC - Fundraising	2,509	0	0	2,509
Centenary Park	2,111	0	0	2,111
AROC Funds	101,543	37,306	(43,192)	95,657
	<u>150,123</u>			<u>143,523</u>

21. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
General purpose funding								
Furniture & Fittings Minor Assets - written off in revaluation	59,014	0	0	(59,014)	0	0	0	0
Housing								
58 Stacey Street	0	0	0	0	155,000	150,000	0	(5,000)
Transport								
120M Grader	37,757	132,000	94,243	0	60,222	133,900	73,678	0
Merc Water Truck	0	4,050	4,050	0	159	5,000	4,841	0
Ford territory D02	13,980	13,809	0	(171)	18,475	14,000	0	(4,475)
Minor Assets written off	1,179	0	0	(1,179)	0	0	0	0
	<u>111,930</u>	<u>149,859</u>	<u>98,293</u>	<u>(60,364)</u>	<u>233,856</u>	<u>302,900</u>	<u>78,519</u>	<u>(9,475)</u>

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

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2015 \$	New Loans \$	Principal Repayments Actual \$	Budget \$	Principal 30 June 2016 Actual \$	Budget \$	Interest Repayments Actual \$	Budget \$
Recreation and culture								
Dowerin Community Club	472,174		59,543	59,543	412,631	412,631	21,547	19,065
	472,174	0	59,543	59,543	412,631	412,631	21,547	19,065
<u>Self Supporting Loans</u>								
Economic services								
*Dowerin Events Management	106,130		22,272	22,272	83,858	83,858	3,968	3,336
	106,130	0	22,272	22,272	83,858	83,858	3,968	3,336
	578,304	0	81,815	81,815	496,489	496,489	25,515	22,401

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

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

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2015/16

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

(c) Unspent Debentures

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

(d) Overdraft

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 2015 and 30 June 2016 was Nil.

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

23. RATING INFORMATION - 2015/16 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
General rate											
Gross rental value valuations											
Residential	9.8714	132	1,123,616	110,917	0	(90)	110,827	110,832	0	0	110,832
Commercial/Industrial	9.8714	18	316,540	31,247	0	0	31,247	31,247	0	0	31,247
Town Rural	9.8714	10	87,048	8,593	0	0	8,593	8,593	0	0	8,593
Other Towns	9.8714	1	2,130	210	0	0	210	210	0	0	210
Unimproved value valuations											
Rural Farmland	0.8897	245	101,196,000	900,341	0	0	900,341	900,341	0	0	900,341
Mining		0	0	0	0	0	0	0	0	0	0
Sub-Total		406	102,725,334	1,051,307	0	(90)	1,051,218	1,051,223	0	0	1,051,223
Minimum payment	Minimum \$										
Gross rental value valuations											
Residential	660	50	236,988	33,000	0	0	33,000	33,000	0	0	33,000
Commercial/Industrial	660	15	55,169	9,900	0	0	9,900	9,900	0	0	9,900
Town Rural	660	17	42,102	11,220	0	0	11,220	11,220	0	0	11,220
Other Towns	120	18	5,529	2,160	0	0	2,160	2,160	0	0	2,160
Unimproved value valuations											
Rural Farmland	660	48	2,441,900	31,680	0	0	31,680	31,680	0	0	31,680
Commercial/Industrial	660	4	400	2,640	0	0	2,640	2,640	0	0	2,640
Town Rural	660	3	73,000	1,980	0	0	1,980	1,980	0	0	1,980
Mining Tenement	120	3	5,690	360	0	0	360	360	0	0	360
Sub-Total		158	2,860,778	92,940	0	0	92,940	92,940	0	0	92,940
		564	105,586,112	1,144,247	0	(90)	1,144,158	1,144,163	0	0	1,144,163
Discounts/concessions (refer note 27)							0				0
Total amount raised from general rate							1,144,158				1,144,163
Ex-gratia rates							19,383				0
Totals							1,163,541				1,144,163

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

24. NET CURRENT ASSETS

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus/(Deficit) 1 July 15 brought forward	<u>(16,508)</u>	<u>572,630</u>	<u>572,629</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted Cash	168,165	769,841	769,841
Restricted Cash	1,852,913	1,805,192	1,805,192
Receivables			
Rates outstanding	36,631	25,969	25,969
Sundry debtors	99,516	35,577	35,577
GST receivable	10,941	46,797	46,797
Loans receivable - clubs/institutions	23,002	22,272	22,272
Prepayments	0	0	0
Sewerage Rates Outstanding	14,680	12,687	12,687
Rubbish Rates Outstanding	9,221	7,540	7,540
Emergency Services Levy	4,142	1,505	1,505
Provision For Doubtful Debts	0	0	0
Inventories			
Fuel and materials	5,504	20,805	20,805
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(108,420)	(77,982)	(77,982)
Accrued interest on debentures	(1,329)	(1,565)	(1,565)
Accrued salaries and wages	0	(28,325)	(28,325)
ATO liabilities	0	(4,405)	(4,405)
Rates in Advance	(36,565)	(76,737)	(76,737)
Licencing Creditors	(8,305)	0	0
Other Payables	(141,495)	(98,182)	(98,182)
Payroll Creditors	(1,268)	0	0
Current portion of long term borrowings			
Secured by floating charge	(85,005)	(81,822)	(81,822)
Provisions			
Provision for annual leave	(72,617)	(100,444)	(100,444)
Provision for long service leave	(97,089)	(115,876)	(115,876)
Unadjusted net current assets	<u>1,672,622</u>	<u>2,162,847</u>	<u>2,162,847</u>
Adjustments			
Less: Reserves - restricted cash	(1,852,913)	(1,805,192)	(1,805,192)
Less: Loans receivable - clubs/institutions	(23,002)	(22,272)	(22,272)
Add: Secured by floating charge	85,005	81,822	81,822
Add: Liabilities Supported by Reserve	101,780	155,425	155,425
Adjusted net current assets - surplus/(deficit)	<u>(16,508)</u>	<u>572,630</u>	<u>572,629</u>

Difference

There was a minor difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report, due to rounding

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

25. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

The Shire of Dowerin did not levy a Specified Area Rate during the year.

26. SEWERAGE CHARGES - 2015/16 FINANCIAL YEAR

Sewerage charges are imposed on those properties within the Dowerin Towsite which are connected to the Shires Sewerage Scheme

	Rate in \$	Number of Properties	Rateable Value \$	Revenue \$	Budget Rate Revenue	Applied to Costs \$
Gross Rental Value					\$	
Residential	6.4200	167	1,378,819	88,381	88,534	88,534
Commercial/Industrial	6.4200	14	277,511	17,816	17,819	17,819
Minimum payment						
Residential	330	9	9,048	2,970	2,970	2,970
Commercial/Industrial	680	9	20,748	6,120	6,120	6,120
Vacant Land	330	5	5,460	1,650	1,650	1,650
Government	680	2	0	1,360	1,360	1,360
Total Rates		206	1,691,586	118,297	118,454	118,453
Fixtures						
1st Fixture	220	14		3080	3080	3080
Other Fixtures	100	65		6500	6500	6500
Total Fixtures		79	0	9,580	9,580	9,580
Total Sewerage Rates and Charges		285	1,691,586	127,877	128,034	128,033

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

Rates Discounts

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

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

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

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	03-Sep-15	0		
Option Two				
First Instalment	03-Sep-15	0		
Second Instalment	08-Mar-16	4	5.50%	11.00%
Option Three				
First Instalment	03-Sep-15	0		
Second Instalment	03-Nov-15	4	5.50%	11.00%
Third Instalment	05-Jan-16	4	5.50%	11.00%
Fourth Instalment	08-Mar-16	4	5.50%	11.00%
				Budgeted
				Revenue
				\$
Interest on unpaid rates				8,341
Interest on instalment plan				0
Charges on instalment plan				848
				9,189
				7,000

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

29. FEES & CHARGES	2016 \$	2015 \$
Governance	323	0
General purpose funding	3,048	3,061
Law, order, public safety	2,002	5,927
Health	18,723	17,447
Education and welfare	1,620	1,560
Housing	125,065	125,211
Community amenities	91,925	91,278
Recreation and culture	32,609	30,737
Transport	630	540
Economic services	5,330	9,454
Other property and services	3,367	5,835
	<u>284,642</u>	<u>291,050</u>

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

30. GRANT REVENUE

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

By Nature or Type:	2016 \$	2015 \$
Operating grants, subsidies and contributions		
General purpose funding	656,466	2,051,614
Law, order, public safety	22,983	23,437
Health	247,117	234,319
Recreation and culture	45,071	5,020
Transport	120,412	0
Economic services	1,123	-116
	<u>1,093,172</u>	<u>2,314,274</u>
Non-operating grants, subsidies and contributions		
Community amenities	0	41,000
Recreation and culture	0	59,893
Transport	997,915	647,023
	<u>997,915</u>	<u>747,916</u>
	<u>2,091,087</u>	<u>3,062,190</u>

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

	2016	2015
31. EMPLOYEE NUMBERS		
The number of full-time equivalent employees at balance date	<u>24</u>	<u>23</u>

	2016 \$	2016 Budget \$	2015 \$
32. ELECTED MEMBERS REMUNERATION			
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	22,010	18,540	15,335
President's allowance	3,000	3,000	3,000
Deputy President's allowance	750	750	750
Communications	978	1,800	0
	<u>26,738</u>	<u>24,090</u>	<u>19,085</u>

33. MAJOR LAND TRANSACTIONS

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

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

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

35. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	2,021,078	2,575,033	2,021,078	2,575,033
Receivables	278,268	255,484	278,268	255,484
	<u>2,299,346</u>	<u>2,830,517</u>	<u>2,299,346</u>	<u>2,830,517</u>
Financial liabilities				
Payables	297,382	287,196	297,382	287,196
Borrowings	496,490	578,305	523,495	611,298
	<u>793,872</u>	<u>865,501</u>	<u>820,877</u>	<u>898,494</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 2016

35. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

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

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

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

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

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

	2016	2015
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	20,211	25,750
- Statement of Comprehensive Income	20,211	25,750

Notes:

⁽¹⁾ 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 2016

35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2016	2015
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Rates were levied 30 July 2015. All rates unpaid 35 days after levy are considered overdue.		
Percentage of other receivables		
- Current	92%	85%
- Overdue	8%	15%

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

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2016</u>					
Payables	297,382	0	0	297,382	297,382
Borrowings	103,794	376,864	78,252	558,910	496,490
	<u>401,176</u>	<u>376,864</u>	<u>78,252</u>	<u>856,292</u>	<u>793,872</u>
<u>2015</u>					
Payables	287,196	0	0	287,196	287,196
Borrowings	103,794	402,406	156,505	662,705	578,305
	<u>390,990</u>	<u>402,406</u>	<u>156,505</u>	<u>949,901</u>	<u>865,501</u>

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

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings (continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<u>Year ended 30 June 2016</u>								
Borrowings								
Fixed rate								
Debentures	0	0	0	83,858	0	412,632	496,490	3.95%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	3.25%	0.00%	4.09%	0	
<u>Year ended 30 June 2015</u>								
Borrowings								
Fixed rate								
Debentures	0	0	0	0	106,130	472,175	578,305	3.94%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	0.00%	3.25%	4.09%		

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 2016 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 • Ryan Naughton B.Com CPA
ASSOCIATES: Ian Jones B.Com CPA • Lea Williams B.Com CA • Tony Umbrello B.Bus CA

"Liability limited by a scheme approved under Professional Standards Legislation."

www.byfields.com.au

Statutory Compliance

During the course of our audit we become aware of the following instance where the Council did not comply with the Local Government (Financial Management) Regulations 1996 (as amended).

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 2016. 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 2016 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: 16 December 2016

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

RATIO INFORMATION

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

	2016	2015	2014
Asset consumption ratio	0.94	0.91	0.46
Asset renewal funding ratio*	0	0	0

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 due to not currently having a LTFP or Asset Plan.