



# SHIRE OF DUMBLYUNG



## ANNUAL REPORT

FOR THE YEAR ENDING 30 JUNE 2019





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## SHIRE INFORMATION

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### Authority and Legislation

The Dumbleyung Shire Council is a Local Government operating under the provisions of the *Local Government Act 1995* (as amended). The Minister and the Department of Local Government oversee the operation of all Local Government Councils in Western Australia.

### Dumbleyung Shire Location

The town of Dumbleyung is located 267km south east of Perth. The Shire of Dumbleyung covers an area of 2,553 square kilometres and includes two town sites, Dumbleyung and Kukerin.

Shire Office and Chambers	Cnr Harvey & Dawson Streets, Dumbleyung
Postal Address	PO Box 99, Dumbleyung, WA, 6350
Telephone	(08) 9863 4012
Facsimile	(08) 9863 4146
E-mail	<a href="mailto:ceo@dumbleyung.wa.gov.au">ceo@dumbleyung.wa.gov.au</a>
Website	<a href="http://www.dumbleyung.wa.gov.au">www.dumbleyung.wa.gov.au</a>
Office Hours	8.30am to 4.30pm Monday – Friday

### History of the Shire

The Dumbleyung Road Board operated between 1909 –1960.

In 1961, the current Dumbleyung Shire Council came into existence. In 2003, Council had its Ward and Elected Member structure reviewed and altered. The Shire of Dumbleyung now has four Wards (North, South, Dumbleyung and Kukerin) and nine councillors.



The Shire of Dumbleyung's population recorded during the 2016 Census was 671. This represents an increase of 66 (10%) since 2011.

Localities within our Shire are Bullock Hills, Datatine, Dongolocking, Dumbleyung, Merilup, Moulyinning, Nairibin, Nippering, North Kukerin, North Moulyinning, South Kukerin and Tarin Rock.

### Population and Employees

The population of the Shire of Dumbleyung as at the last census was 671, with 450 electors.

There are currently 26 people who work for the Shire; made up of both full-time and part-time employees.

## SHIRE PRESIDENT'S REPORT

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It is with great pleasure that I present the Shire of Dumbleyung's Annual President's Report for 2018/19.

I would once again like to thank the Councillors and the Shire staff for their support in what has been a somewhat different and challenging year for the Shire of Dumbleyung. In particular, I would like to thank my Deputy President, Julie Ramm for her support and dedication.

I would also like to thank the shire staff, both office and outside crew, for their dedication and commitment to their roles.

The year started with the departure of our CEO Matt Gilfellow after six years in the position. While at the Shire of Dumbleyung, Matt instigated and oversaw many projects and we are grateful to him for all his hard work and improvements to our Shire. While we were sad to lose Matt, Amanda, Cecelia and Leo from our community, we wish them well in their new home and Matt in his CEO position at the Shire of Chittering.

With Matt's departure we welcomed Acting CEO Allen Cooper to Dumbleyung, who took up this position for four months. It was a pleasure to have Allen at our Shire and he and his wife Debbie became familiar faces in our community.

After Allen left in June for a well-earned holiday, we likewise welcomed our next Acting CEO Paul Sheedy. Once again it was a pleasure to work with Paul who stayed in this role until September and the arrival of our new permanent CEO Peter Crispin.

Welcome to the Shire of Dumbleyung Peter and we hope you have many fruitful and happy years here.

Outside of the office, the year has also been a busy one. The Shire welcomed the Caravan and Camping Club of WA to Dumbleyung in April, when over 120 caravans were situated at Stubbs Park, with the campers providing a welcome boost to the local economy and attending the Taste of Dumbleyung. The caravaners also took in the local sights and thoroughly enjoyed their time in the area.

The Shire initiated Mini Mall also continues to go from strength to strength and has provided a much needed boost to the Dumbleyung main street, with the Health Hub now planned for the shop next door, which will also be a great asset to the town.

The Bain Estate continues to provide financial support to community groups and we are always grateful for this wonderful legacy. A memorial will soon be constructed in Dumbleyung to honour the Bain family.

As a Shire we have much to be proud of and can move forward with confidence.

**Jacki Ball**  
**Shire President**

## CHIEF EXECUTIVE OFFICER REPORT

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With the resignation of the incumbent Chief Executive Officer, Matthew Gilfellon in March 2019, Acting Chief Executive Officer, Allen Cooper completed the financial year in that role, with myself completing the Acting CEO role until 13 September 2019, with the new Chief Executive Officer, Peter Crispin commencing on 16 September 2019.

The Shire's Administration focus in the 2018/19 financial year has again been to ensure prudent financial management of the Shire's resources and to ensure that it's meeting all of its statutory financial management obligations and I am pleased to report that overall the Audit Report indicated the Shire is in a sound financial position.

The Treasury short term overdraft to assist in meeting the cost of road works repairs resulting from the 2017 floods (approximately \$5.9 million) resulted in an adverse financial trend in the debt service cover ratio and operating surplus ratio for the 2017/18 financial year and again in the 2018/19 financial year. This is expected to be corrected once the WANDRA claims for the flood damage repairs are finalised and the short term overdraft ceases. Unfortunately, due to the lengthy delays in the WANDRA claims being approved and paid by Main Roads WA Council is expected to incur approximately \$25,000 in lending costs.

Council continues to focus on economic development opportunities throughout the Shire in an endeavour to stimulate activity and attract new businesses into the Shire. The Dumbleyung Mini Mall is one of these which has proven to be an outstanding success filling a vacant shop in the main street of town. A Health Hub is the next focus with the intention of bringing health professionals services to the community.

The recent addition of more Australian Accounting Standards being applied to local government in WA and the transfer of local government audit responsibilities from private practices to the Officer of Auditor General (OAG) will result in a substantial increase in financial, governance and compliance requirements for the Shire in 2018/19 and the years to follow. The OAG assumes responsibility for the Shire of Dumbleyung audit process from the 1 July 2019.

As part of the State Government's ongoing review of the Local Government Act 1995 a number of amendments, as part of phase 1, have been made to the Act and regulations already and further amendments will be implemented in the second half of 2019. This will result in a lot more Shire documents being available to the community on the Shire website and will see changes to gift declarations, recruitment of the CEO, Codes of Conduct, reporting of elected member training undertaken each year and development of policies in relation to professional development of council members and attendance at events. A further phase 2 review has already commenced with any changes from this review expected in 2020.

Finally, my appreciation and thanks to the Shire staff for their ongoing commitments and fantastic efforts in keeping the Shire moving forward and meeting the ongoing needs of the community and also to all the Councillors who continue to commit many hours of their time to serve the community and have done a wonderful job in setting the future direction of the Shire. With the terms of office of some of the Councillors concluding in October 2019 I wish them all the best if they choose to continue their service to the community and

renominate for Council and for those who choose not to, thanks for your contributions during your time as a Councillor at the Shire of Dumbleyung.

**Paul Sheedy**  
**Acting Chief Executive Officer**

## MANAGER OF WORKS AND SERVICES REPORT



During the 2018/19 financial year, the Shire replaced an Isuzu six-wheel truck with another Isuzu six-wheel truck and four light vehicles were replaced.

The Shires outside works crew main town project was resealing Manser Street in Kukerin and resealing sections of Bennett Street, Dawson Street and McIntyre Street in Dumbleyung and renewing footpaths on Absolon Street Dumbleyung.

During the 2018/19 fiscal year the following totals were spent in comparison to 2017/18:

	2018/19	2017/18
Road Construction	\$1,377,004	\$1,598,117
Road Maintenance, including footpaths and town beautification	\$3,186,574 (\$2,523,668 of this being WANDRRA)	\$3,846,920 (\$3,166,195 of this being WANDRRA)
Public Open Space Maintenance, including ovals	\$212,569	\$184,891
Plant Operation Costs	\$381,511	\$363,791
Overheads	\$626,259	\$720,913

The following grant money was received in the 2018/19 financial year for road construction again in comparison to 2017/18:

	2018/19	2017/18
Regional Road Group	\$353,249	\$389,086
Direct Road Grants	\$133,434	\$78,025
Roads to Recovery	\$0	\$533,730

The Shire's Works Department completed the following projects:

- Constructed and sealed 2.5km of Adams Road
- Constructed new culvert and cement stabilised Bennett Street
- Cement stabilised 1km of Kulin-Dumbleyung Road
- Resealed 6km of 129 Gate Road
- Resealed 3.5km of Tincurrin Road
- Resealed 1.5km of Kulin-Dumbleyung Road
- Resealed 1.2km of Bartram Road
- Formed and gravelled section of the Adams Road
- Formed and gravelled section of the Wishbone Road
- Formed and gravelled the last of the Tarin Rock South Road
- Formed and gravelled section of the Fairclough Road
- Formed and gravelled the last of the Moulyinning South Road

- Formed and gravelled section of Halden Road
- Formed and gravelled section of the Datatine North Road
- Formed and gravelled section of the Boundary Road

The Shire's workforce continues its mission to provide safe roads, a safe community and a safe workplace. We will continue with our efforts to ensure that we meet our commitment. I would like to thank the Council and Staff for their continued support.

**Calvin Shotter**  
**Manager of Works and Services**

## ELECTED MEMBERS AND EXECUTIVE STAFF

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The Shire of Dumbleyung consists of nine (9) Elected Members and three (3) Executive Staff.



BACK ROW (LEFT TO RIGHT) – Cr Catherine Watkins, Cr Nicholas Green, Cr Patrick O’Neill, Cr Marilyn Hasleby, Cr Grant Lukins, Cr Amy Knight

FRONT ROW (LEFT TO RIGHT) – Chief Executive Officer Mr Matthew Gilfellon, Deputy President Cr Julie Ramm, Shire President Cr Jacki Ball, Manager of Finance Mrs Diana Marsh, Manager of Works and Services Mr Calvin Shotter. ABSENT - Cr Bevan Doney

## STATUTORY REPORTS

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### 1. NATIONAL COMPETITION POLICY (NCP)

#### Annual Reporting Requirements

Local Governments are required to report their progress in implementing National Competition Policy in their Annual Report. There are a number of specific requirements placed on local government in the areas of competitive neutrality, legislation review and structural reform

Clause 7 of the NCP applies the competition principles to Local Government in each state as well as the Trade Practices Act now being applicable to Local Government.

The principle of competitive neutrality is that government businesses should not enjoy a competitive advantage or disadvantage, simply as a result of their public sector ownership. Competitive neutrality should apply to all significant business activities which generate a user-pays income of over \$200,000 per annum unless it can be shown it is in the public interest. A public benefit test is used to determine if competitive neutrality is in the public interest. This involves assessing the benefits of implementing competitive neutrality against the costs. If the benefit exceeds the costs, competitive neutrality should be implemented.

The impact of Clause 7 on the operations of the Shire of Dumbleyung are minimal and little action has been required to comply with the competitive neutrality requirements. This is because of the limited number and size of Council operated business type enterprises.

In accordance with Council's responsibilities under the Clause 7 statement relating to competitive neutrality, the Shire of Dumbleyung has reviewed its activities in line with advice from the Local Government Department Circular No. 806 and has found none of its activities have been found to fit the 'Significant Business Activity' category for competitive neutrality requirements.

Necessary policies have been developed and adopted by Council to regulate and control matters where a consistent approach is considered necessary and desirable.

### 2. INFORMATION STATEMENT

The public can attend the office of the Shire of Dumbleyung during office hours and in accordance with section 5.94 of the *Local Government Act 1995* can inspect free of charge certain information in relation to the operation of the Shire which is not otherwise excluded by virtue of section 5.95 of the said Act. Nothing in the Act affects the operation of the *Freedom of Information Act 1995*.

#### Council Documents

Documents available for inspection:

- Council Agendas and Minutes
- Annual Budgets and Budget Reviews
- Policy Manual
- Annual Financial Statements

- Strategic Community Plan
- Corporate Business Plan
- Local Laws
- Delegations Register
- Town Planning Scheme
- Rates Assessment Book
- Electoral Roll
- Strategic Plan
- Customer Service Charter
- Sewerage Asset Management Plan
- Code of Conduct – Members & Staff
- Freedom of Information Statement

In addition to the above documents, Council provides information through the following outlets as a service to the public:

- Community Telephone and Information Directory
- Bushfire Information Booklet
- Councils Website and Tourism Website
- The Lake Express (Council Newsletter)
- Social Media
- Quack Chat Newsletter

### **3. FREEDOM OF INFORMATION**

In complying with the *Freedom of Information Act 1992*, the Shire of Dumbleyung is required to prepare and publish an Information Statement. The Shire of Dumbleyung's Information Statement is reviewed annually and is available for download from the Shire of Dumbleyung website.

A printed copy can be viewed in hard copy at the Shire Administration Office. The Information Statement contains information on the type of documents available to the public and how to access those documents. During the 2018/19 year, Council received one request for information under the Freedom of Information Act.

The Shire of Dumbleyung welcomes any enquires for any information held by Council.

If information cannot be accessed by less formal means, a freedom of information request can be made to:

The Freedom of Information Officer  
 Shire of Dumbleyung  
 PO Box 99  
 DUMBLEYUNG WA 6350

## 4. PLAN FOR THE FUTURE

### Background

Section 5.56 of the Local Government Act 1995 now provides that a Local Government is to prepare a Plan for the Future for the next two or more financial years.

Section 5.53 of the Act provides that a Council shall include an assessment of the Local Government in relation to each major initiative included in its Annual Report and that particulars of the major initiatives planned for the next financial year be also included.

A full review of the Strategic Community Plan was conducted in 2017/2018 with the review of the Strategic Community Plan adopted by Council at the April 2018 Ordinary Meeting of Council. The modifications made to the Strategic Community Plan were:

- Remove the improvement of waste sites as an objective as this has been completed.
- Change the objective of increasing the Level of Aged Care Services to Maintaining the Level of Aged Care Services following the successful Well Aged Unit Construction Program.
- The creation of New Businesses and Improved Communications was added to the objective of A Strong and Improving Economy.

An entirely new Corporate Business Plan was developed in 2018/2019 and the Corporate Business Plan being presented to Council at the August 2018 Ordinary Meeting. The new plan adopted a 'Multi-Year Budget' style and was combined with the Long Term Financial Plan. This was a move away from the previous 'Wish List' style of Corporate Business Plan.

The Council intends to pursue the following issues:

#### 1. MAINTENANCE OF SHIRE SERVICES

- Roads
- Sport and Recreation
- Sewerage
- Waste Management
- Community Development
- Parks, Gardens and Townscape

#### 2. A STRONG AND IMPROVING ECONOMY

- Water Security
- Tourism Development
- Land Assembly: Land, Power, Water, Sewerage
- New Businesses
- Improved Communications

#### 3. MAINTENANCE OF STATE GOVERNMENT AND OTHER EXTERNAL SERVICES

- Health
- Education
- Emergency Services, Police, Ambulance, Fire and Rescue

#### 4. MAINTAIN LEVEL OF AGED CARE SERVICES AND FACILITIES

- Aged Friendly Towns
- HACC

## 5. RECORD KEEPING PLAN

The State Records Act 2000 requires that the Shire maintains and disposes of all records in the prescribed manner. The State Records Act 2000 also requires all local authorities to produce a Record Keeping Plan to be endorsed by the State Records Commission. A revised Record Keeping Plan was submitted to the State Records Commission for approval in 2018. The plan was approved by the State Records Commission on 9 August 2019 and approved by Council in September 2019.

### Rationale

An organisation and its employees must comply with the organisation's Record Keeping Plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.

### Principle 6

Compliance with the State Records Commission Standard 2 requires that government organisations ensure their employees comply with the Record Keeping Plan and include within its Annual Report a section that addresses points 1-4 of the Principle.

### Minimum Compliance Requirements:

1. Evaluation of recordkeeping systems
  - Describe any evaluation of the organisation's recordkeeping systems (including the Recordkeeping Plan) that has taken place, or is planned for future reporting period. Recordkeeping systems must be evaluated not less than every five (5) years.

The Shire of Dumbleyung's Record Keeping Plan commenced review in March 2018 and the revised Record Keeping Plan was submitted to the State Records Commission for approval. The plan was approved by the State Records Commission on 9 August 2019 and approved by Council in September 2019.

2. Recordkeeping training program
  - Describe the training mechanisms in place within the organisation.

The Shire of Dumbleyung has implemented activities to ensure that all staff are aware of their recordkeeping responsibilities and compliance with the Recordkeeping Plan. New employees have access to the Procedures and Policy Manual which detail all functions conducted by the office, including records management. Two records management staff attended training provided by IRIS Consulting Group in October 2018 covering Archives Management, Records & Document Management, Keyword Classification, Records Disposal and Digitisation Programs. Another new records management staff member will be attending the same training in 2019/20.

3. Evaluation of the recordkeeping training program
  - Describe any evaluation of the recordkeeping training program that has taken place.

The Shire of Dumbleyung's training program was reviewed in March 2018 as part of the review of the revised Recordkeeping Plan and will continue to be reviewed annually. The recordkeeping procedures are also under constant review after new procedures have been implemented.

4. Recordkeeping induction program
  - This statement must confirm whether the induction program addresses employee roles and responsibilities in regard to compliance with the Recordkeeping Plan.

New employees receive a face-to-face induction covering an overview of the Recordkeeping Plan, the Records Procedure Manual and Policies, staff responsibilities, including the capture of emails and procedures for forwarding records for capture within the system.

The Shire has complied with items 1 to 4.

## **6. PUBLIC INTEREST DISCLOSURES**

The *Public Interest Disclosure Act 2003* facilitates the disclosure of public interest information, and provides protection for those making such disclosure and those who are the subject of disclosures. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

Council has complied with all obligations under the Act including:

- a. Appointing the Chief Executive Officer as the PID Officer for the organisation and publishing an internal procedure relating to the Shire's obligations.
- b. Providing protection from detrimental action or the threat of detrimental action for any employee of the Shire who makes an appropriate disclosure of public interest information.

There were no matters raised or reported during the year under review.

## **7. LEGISLATIVE REVIEW**

The Annual Report is to include a statement of which Local Laws that have been reviewed, the conclusions of those reviews, and a forward strategy for all Local Laws still to be reviewed.

Local governments are required to review local laws to ensure they do not restrict competition unless:

- The benefits of the restriction to the community as a whole outweigh the costs; and
- The objectives of the legislation can only be achieved by restricting competition.

Where necessary Clause 7 legislation review principles will be complied with and the Shire of Dumbleyung remains committed to reviewing its existing local laws, as well as proposed local laws.

The Shire of Dumbleyung started the process of reviewing three Local Laws within this period.

For a list of all Local Laws please refer to the Shire of Dumbleyung website of the Department of Local Government website.

## **8. DISABILITY ACCESS AND INCLUSION PLAN**

The Western Australia Disability Services Act 1993 (amended 2004) requires all Local Governments to develop and implement a Disability Access and Inclusion Plan (DAIP) to ensure that people with disability have equal access to its facilities and services.

Council adopted the 2019-2024 Disability Access and Inclusion Plan in November 2018 for implementation going forward. Council is required to report on our present activities as they relate to the seven desired DAIP outcomes.

1. People with disability have the same opportunities as other people to access the services of, and any events organised by, the Shire of Dumbleyung.
2. People with disability have the same opportunities as other people to access the buildings and other facilities of the Shire of Dumbleyung.
3. People with disability receive information from the Shire of Dumbleyung in a format that will enable them to access the information, as readily as other people are able to access it.
4. People with disability receive the same level and quality of service from the staff of the Shire of Dumbleyung.
5. People with disability have the same opportunities as other people to make complaints to the Shire of Dumbleyung.
6. People with disability have the same opportunities as other people to participate in any public consultation by the Shire of Dumbleyung.
7. People with disability have the same opportunities as other people to obtain and maintain employment with the Shire of Dumbleyung.

A review was conducted to ascertain the progress on the implementation of the Plan. The DAIP is now a document for ongoing assessment and implementation of the activities that have been listed.

The Disability Access and Inclusion Plan can be accessed on the Shire of Dumbleyung website.

## IMPLEMENTATION PLAN

Strategy	Task	Task Timeline	Responsibility
1.3 Ensure all Shire officers, agents and contractors comply with the requirements of the Disability Services Act and relevant Australian Standards	1.3.1 Rubbish Removal - People with mobility problems unable to bring rubbish bins to kerb side, People with disability to be informed that alternative arrangements for removal of rubbish can be made upon request.	Ongoing	Manager of Works and Services
2.1 Become more adaptable in responding to the barriers experienced by people with disability when accessing events or services offered by the Shire.	2.1.1 Ensuring there are activities available at events that are inclusive for people with disability.	Ongoing	Community Development Officer
2.3 Facilitate the improvement of pedestrian footpaths to meet the requirements of people with disability	2.3.1 Dumbleyung Town Centre - Footpaths in town centre uneven in places. No kerb/ramp access from roadway onto footpaths	Ongoing - Footpath upgrading partially completed	Manager of Works and Services
	2.3.2 Kukerin Town Centre - Footpaths in town centre uneven in places. No kerb/ramp access from roadway onto footpaths	Ongoing - Footpath upgrading partially completed	Manager of Works and Services

<p>3.2 Provide information regarding services facilities and customer feedback in appropriate formats.</p>	<p>3.2.1 Applies to all council functions, facilities and services. Information about all council functions, facilities and services is not written in clear and concise language and not available in formats that are accessible for people with disability.</p> <p>This includes information on:</p> <ul style="list-style-type: none"> <li>- Planning</li> <li>- Community, recreational, cultural activities and facilities.</li> <li>- Rubbish removal</li> <li>- Rates notices, annual reports</li> </ul> <p>Council minutes and electoral material</p>	<p>Ongoing - Council to develop a policy that all information to be made available to the community to be written in clear and concise language.</p> <p>The following formats to be made available on request: Large print, Audio cassette, CD. Council to advise through the local newspaper that information about council services, functions and facilities is available in alternative formats.</p>	<p>Chief Executive Officer</p>
	<p>3.2.2 Processes of Government - Lack of information about processes of government and how residents can access the decision making process</p>	<p>Ongoing - Council will provide information about planning processes, electoral processes, council meetings and complaint procedures in clear</p>	<p>Chief Executive Officer</p>

		and concise language and will make these available in alternative formats upon request eg Large print Audio cassette Computer disc. A copy of "Accessible Information" DVD is available for staff to ensure they are aware of accessibility guidelines.	
4.3 Ensure all Shire officers, agents and contractors comply with the requirements of the Disability Services Act and relevant Australian Standards	4.3.1 All new and contracting staff will be given a copy of the DAIP.	Ongoing	Executive Services
4.4 Ensure disability awareness training is offered to new staff during staff induction	4.4.1 All new staff will be requested to view the "You can make a difference to customer relations for people with disability" available for Local and State Government DVD.	Ongoing	Executive Staff

<p>5.1 Ensure complaint and feedback procedures are accessible to people with a disability</p>	<p>5.1.1 Creating the Shire of Dumbleyung Communications Plan</p>	<p>January 2019</p>	<p>Chief Executive Officer</p>
<p>6.1 Ensure that information is available in clear and concise language on how residents can participate in public consultations by a public authority.</p>	<p>6.1.1 Implementation of the Shire of Dumbleyung Communications Plan</p>	<p>April 2019</p>	<p>All Staff</p>
<p>6.2 Support people with disability, their families and carers to attend public community consultation processes arranged by the Shire.</p>	<p>6.2.1 Make information readily accessible in alternative formats to people with disability when it comes time to engage them in public consultation.</p>	<p>Ongoing</p>	<p>All Staff</p>
<p>6.3 Increase the involvement of people with disability in the Shire's public consultation</p>	<p>6.3.1 People with disability encouraged to participate in consultation process should it be required with any buildings that procedure requires consultation.</p>	<p>Ongoing</p>	<p>All Staff</p>
<p>7.1 Ensure the Shire's policies, practices and procedures are inclusive.</p>	<p>7.1.1 Consideration when reviews are undertaken of policies, practices and procedures regarding employment to make sure that all are inclusive of people with disability.</p>	<p>Ongoing</p>	<p>All Staff</p>

## 9. EMPLOYEES REMUNERATION

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

<b>Salary Range</b>	<b>2017/18</b>	<b>2018/19</b>
\$100,000 - \$110,000	0	2
\$110,000 - \$120,000	2	1
\$120,000 - \$130,000	0	0
\$130,000 - \$140,000	1	1

## 10. COMPLAINTS OF MINOR BREACHES

In accordance with Sections 5.53(2) and 5.121 of the Local Government Act 1995, the Annual Report is required to disclose the number of complaints of minor breaches received each year.

<b>No. of complaints 2018-19</b>	<b>Outcome</b>	<b>Action taken</b>
Nil	N/A	N/A

**Peter Crispin**  
**CHIEF EXECUTIVE OFFICER**

**SHIRE OF DUMBLEYUNG**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

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**COMMUNITY VISION**

“A vibrant shire which is sustainable, which has a high local Community of Interest, & which supports the pursuit of quality lifestyles of the people of the area”

Principal place of business:  
32 Harvey Street  
Dumbleyung  
WA 6350

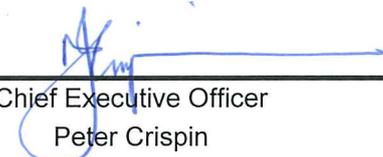
**SHIRE OF DUMBLEYUNG  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019**

*Local Government Act 1995  
Local Government (Financial Management) Regulations 1996*

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Dumbleyung for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Dumbleyung at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 18th day of October 2019.



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Chief Executive Officer  
Peter Crispin

SHIRE OF DUMBLEYUNG  
STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
Rates	20(a)	1,621,149	1,626,238	1,653,166
Operating grants, subsidies and contributions	2(a)	1,891,150	910,685	2,100,684
Fees and charges	2(a)	546,440	479,951	325,078
Interest earnings	2(a)	186,655	183,691	173,656
Other revenue	2(a)	139,328	95,053	204,526
		<b>4,384,722</b>	<b>3,295,618</b>	<b>4,457,110</b>
<b>Expenses</b>				
Employee costs		(1,460,210)	(1,398,060)	(1,334,942)
Materials and contracts		(865,421)	(1,463,894)	(1,125,297)
Utility charges		(166,772)	(145,630)	(152,862)
Depreciation on non-current assets	10(c)	(2,392,710)	(1,767,827)	(1,802,268)
Interest expenses	2(b)	(36,938)	(27,866)	(22,998)
Insurance expenses		(151,296)	(167,018)	(174,009)
Other expenditure		(240,183)	(11,621)	(120,800)
		<b>(5,313,530)</b>	<b>(4,981,916)</b>	<b>(4,733,176)</b>
		<b>(928,808)</b>	<b>(1,686,298)</b>	<b>(276,066)</b>
Non-operating grants, subsidies and contributions	2(a)	3,924,873	4,076,455	3,015,144
Profit on asset disposals	10(a)	53,070	15,300	0
(Loss) on asset disposals	10(a)	(7,211)	(29,670)	(128,545)
Fair value adjustments to financial assets at fair value through profit or loss	7	52,551	0	0
		<b>4,023,283</b>	<b>4,062,085</b>	<b>2,886,599</b>
		<b>3,094,475</b>	<b>2,375,787</b>	<b>2,610,533</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	(58,539)	0	56,619,217
		<b>(58,539)</b>	<b>0</b>	<b>56,619,217</b>
		<b>3,035,936</b>	<b>2,375,787</b>	<b>59,229,750</b>

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

**SHIRE OF DUMBLEYUNG**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		20,121	8,327	37,281
General purpose funding		3,520,638	2,625,481	3,270,614
Law, order, public safety		49,204	24,542	391,582
Health		1,876	0	50
Education and welfare		82,711	92,557	53,784
Housing		80,076	90,954	81,614
Community amenities		240,875	238,625	353,152
Recreation and culture		23,356	21,373	30,400
Transport		145,309	93,419	91,203
Economic services		69,695	37,574	41,573
Other property and services		150,861	62,766	105,857
		<b>4,384,722</b>	<b>3,295,618</b>	<b>4,457,110</b>
<b>Expenses</b>				
	2(b)			
Governance		(547,007)	(479,216)	(432,195)
General purpose funding		(73,505)	(73,549)	(69,680)
Law, order, public safety		(198,931)	(205,609)	(187,425)
Health		(38,255)	(89,945)	(65,851)
Education and welfare		(117,157)	(126,155)	(110,510)
Housing		(132,802)	(159,464)	(139,272)
Community amenities		(568,052)	(691,922)	(854,314)
Recreation and culture		(699,299)	(734,540)	(727,230)
Transport		(2,318,321)	(1,874,361)	(1,684,770)
Economic services		(246,114)	(227,594)	(200,897)
Other property and services		(337,149)	(291,695)	(238,034)
		<b>(5,276,592)</b>	<b>(4,954,050)</b>	<b>(4,710,178)</b>
<b>Finance Costs</b>				
	2(b)			
Education and welfare		(4,199)	(3,252)	(3,759)
Community amenities		(3,255)	(2,567)	(2,738)
Recreation and culture		(823)	(640)	(1,064)
Transport		(20,001)	(14,072)	(6,903)
Economic services		(8,660)	(7,335)	(8,534)
		<b>(36,938)</b>	<b>(27,866)</b>	<b>(22,998)</b>
		<b>(928,808)</b>	<b>(1,686,298)</b>	<b>(276,066)</b>
contributions	2(a)	3,924,873	4,076,455	3,015,144
Profit on disposal of assets	10(a)	53,070	15,300	0
(Loss) on disposal of assets	10(a)	(7,211)	(29,670)	(128,545)
Fair value adjustments to financial assets at fair value through profit or loss	5	52,551	0	0
		<b>4,023,283</b>	<b>4,062,085</b>	<b>2,886,599</b>
<b>Net result for the period</b>		<b>3,094,475</b>	<b>2,375,787</b>	<b>2,610,533</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	(58,539)	0	56,619,217
<b>Total other comprehensive income for the period</b>		<b>(58,539)</b>	<b>0</b>	<b>56,619,217</b>
<b>Total comprehensive income for the period</b>		<b>3,035,936</b>	<b>2,375,787</b>	<b>59,229,750</b>

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

SHIRE OF DUMBLEYUNG  
STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 \$	2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	3,422,486	6,422,486
Trade receivables	5	1,329,585	828,098
Other financial assets at amortised cost	7	3,867,605	0
Inventories	6	20,258	16,627
<b>TOTAL CURRENT ASSETS</b>		<b>8,639,934</b>	<b>7,267,211</b>
<b>NON-CURRENT ASSETS</b>			
Trade receivables	5	28,497	29,289
Other financial assets at amortised cost	7(b)	52,551	0
Property, plant and equipment	8	17,263,810	17,641,469
Infrastructure	9	81,072,925	78,880,575
<b>TOTAL NON-CURRENT ASSETS</b>		<b>98,417,783</b>	<b>96,551,333</b>
<b>TOTAL ASSETS</b>		<b>107,057,717</b>	<b>103,818,544</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	227,909	182,986
Borrowings	13(b)	733,765	498,144
Employee related provisions	14	259,135	258,735
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,220,809</b>	<b>939,865</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	13(b)	309,747	364,920
Employee related provisions	14	45,815	68,349
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>355,562</b>	<b>433,269</b>
<b>TOTAL LIABILITIES</b>		<b>1,576,371</b>	<b>1,373,134</b>
<b>NET ASSETS</b>		<b>105,481,346</b>	<b>102,445,410</b>
<b>EQUITY</b>			
Retained surplus		28,735,133	25,732,418
Reserves - cash backed	4	6,298,792	6,207,032
Revaluation surplus	11	70,447,421	70,505,960
<b>TOTAL EQUITY</b>		<b>105,481,346</b>	<b>102,445,410</b>

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

SHIRE OF DUMBLEYUNG  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2017</b>		<b>23,546,532</b>	<b>5,782,382</b>	<b>13,886,745</b>	<b>43,215,659</b>
Comprehensive income					
Net result for the period		2,610,533	0	0	2,610,533
Other comprehensive income	11	0	0	56,619,217	56,619,217
Total comprehensive income		2,610,533	0	56,619,217	59,229,750
Transfers from/(to) reserves		(424,650)	424,650	0	0
<b>Balance as at 30 June 2018</b>		<b>25,732,418</b>	<b>6,207,032</b>	<b>70,505,960</b>	<b>102,445,409</b>
Comprehensive income					
Net result for the period		3,094,475	0	0	3,094,475
Other comprehensive income	11	0	0	(58,539)	(58,539)
Total comprehensive income		3,094,475	0	(58,539)	3,035,936
Transfers from/(to) reserves		(91,760)	91,760	0	0
<b>Balance as at 30 June 2019</b>		<b>28,735,133</b>	<b>6,298,792</b>	<b>70,447,421</b>	<b>105,481,345</b>

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

SHIRE OF DUMBLEYUNG  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,606,218	1,623,238	1,558,799
Operating grants, subsidies and contributions		1,276,673	870,680	1,697,768
Fees and charges		546,440	474,255	510,260
Interest received		186,655	183,691	173,656
Goods and services tax received		0		561,392
Other revenue		139,328	60,053	204,526
		<b>3,755,314</b>	<b>3,211,917</b>	<b>4,706,401</b>
<b>Payments</b>				
Employee costs		(1,463,789)	(1,398,060)	(1,311,103)
Materials and contracts		(842,684)	(1,464,921)	(1,490,109)
Utility charges		(166,772)	(145,630)	(152,862)
Interest expenses		(36,938)	(27,866)	(22,522)
Insurance paid		(151,296)	(167,018)	(174,009)
Goods and services tax paid		128,713	0	(634,039)
Other expenditure		(240,183)	(11,621)	(120,800)
		<b>(2,772,949)</b>	<b>(3,215,116)</b>	<b>(3,905,444)</b>
<b>Net cash provided by (used in) operating activities</b>	15	<b>982,365</b>	<b>(3,199)</b>	<b>800,957</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(709,136)	(682,896)	(570,565)
Payments for construction of infrastructure		(3,900,672)	(3,281,000)	(4,835,686)
Non-operating grants, subsidies and contributions		3,924,873	4,076,455	3,015,144
Proceeds from sale of property, plant & equipment		389,727	338,630	107,671
Movement in financial assets		(3,867,605)	0	0
<b>Net cash provided by (used in) investment activities</b>		<b>(4,162,813)</b>	<b>451,189</b>	<b>(2,283,436)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings		(1,457,729)	(1,998,145)	(1,090,635)
Proceeds from new borrowings		1,638,177	1,500,000	1,560,331
<b>Net cash provided by (used in) financing activities</b>		<b>180,448</b>	<b>(498,145)</b>	<b>469,696</b>
<b>Net increase (decrease) in cash held</b>		<b>(3,000,000)</b>	<b>(50,155)</b>	<b>(1,012,783)</b>
Cash at beginning of year		6,422,486	6,422,484	7,435,269
<b>Cash and cash equivalents at the end of the year</b>	15	<b>3,422,486</b>	<b>6,372,329</b>	<b>6,422,486</b>

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

**SHIRE OF DUMBLEYUNG**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net current assets at start of financial year - surplus/(deficit)	21 (b)	618,456	130,726	1,331,887
		618,456	130,726	1,331,887
<b>Revenue from operating activities (excluding rates)</b>				
Governance		72,672	8,327	37,281
General purpose funding		1,913,809	999,243	1,617,448
Law, order, public safety		49,204	24,542	391,582
Health		1,876	0	50
Education and welfare		82,711	92,557	53,784
Housing		80,076	90,954	81,614
Community amenities		240,875	238,625	353,152
Recreation and culture		23,356	21,373	30,400
Transport		193,360	108,719	91,203
Economic services		69,695	37,574	41,573
Other property and services		155,880	62,766	105,857
		2,883,514	1,684,680	2,803,944
<b>Expenditure from operating activities</b>				
Governance		(547,007)	(479,216)	(432,195)
General purpose funding		(73,505)	(73,549)	(69,680)
Law, order, public safety		(198,931)	(205,609)	(308,128)
Health		(38,255)	(89,945)	(65,851)
Education and welfare		(121,356)	(129,407)	(114,269)
Housing		(132,802)	(159,464)	(139,272)
Community amenities		(571,307)	(694,489)	(857,052)
Recreation and culture		(700,122)	(735,180)	(728,294)
Transport		(2,342,930)	(1,914,893)	(1,691,673)
Economic services		(254,774)	(234,929)	(209,431)
Other property and services		(339,752)	(294,905)	(245,876)
		(5,320,741)	(5,011,586)	(4,861,721)
Non-cash amounts excluded from operating activities	21(a)	2,272,558	1,782,197	1,929,570
<b>Amount attributable to operating activities</b>		453,787	(1,413,983)	1,203,680
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		3,924,873	4,076,455	3,015,144
Proceeds from disposal of assets	10(a)	389,727	338,630	107,671
Purchase of property, plant and equipment	8(a)	(709,136)	(682,896)	(570,565)
Purchase and construction of infrastructure	9(a)	(3,900,672)	(3,281,000)	(4,835,686)
<b>Amount attributable to investing activities</b>		(295,208)	451,189	(2,283,436)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	13(b)	(1,457,729)	(1,998,145)	(1,090,635)
Proceeds from borrowings	13(c)	1,638,177	1,500,000	1,560,331
Transfers to reserves (restricted assets)	4	(618,873)	(638,211)	(612,183)
Transfers from reserves (restricted assets)	4	527,113	472,912	187,533
<b>Amount attributable to financing activities</b>		88,688	(663,444)	45,046
<b>Surplus/(deficit) before imposition of general rates</b>		247,267	(1,626,238)	(1,034,710)
<b>Total amount raised from general rates</b>	20	1,606,829	1,626,238	1,653,166
<b>Surplus/(deficit) after imposition of general rates</b>	21(b)	<b>1,854,096</b>	<b>0</b>	<b>618,456</b>

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

## 1. 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) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*.

Accounting policies which have been adopted in the preparation of this financial report 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 23 to these financial statements.

## 2. REVENUE AND EXPENSES

### (a) Revenue

#### Grant Revenue

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

	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Operating grants, subsidies and contributions</b>			
General purpose funding	1,696,997	807,472	1,542,783
Law, order, public safety	45,202	21,380	385,756
Community amenities	10,517	1,467	85,345
Recreation and culture	5,000	0	8,775
Transport	133,434	80,366	78,025
	<b>1,891,150</b>	<b>910,685</b>	<b>2,100,684</b>
<b>Non-operating grants, subsidies and contributions</b>			
General purpose funding	0	0	6,620
Community amenities	0	5,000	16,082
Recreation and culture	60,000	0	0
Transport	3,864,873	4,071,455	2,992,442
	<b>3,924,873</b>	<b>4,076,455</b>	<b>3,015,144</b>
<b>Total grants, subsidies and contributions</b>	<b>5,816,023</b>	<b>4,987,140</b>	<b>5,115,828</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Grants, donations and other contributions

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

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

##### Grants, donations and other contributions (Continued)

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 19. 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.

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

(a) Revenue (Continued)	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
<b>Significant revenue</b>			
Financial Assistance Grants (see note (i) below)	885,714	0	817,533
(i) The Financial Assistance Grants relates to the prepayment of the first instalment payment for both the 2019/20 and 2018/19 financial year. This has been disclosed in the statement of comprehensive income by program as General Purpose Funding.			
<b>Other revenue</b>			
Reimbursements and recoveries	65,811	20,290	85,922
Other	73,517	74,763	118,534
	<b>139,328</b>	<b>95,053</b>	<b>204,456</b>
<b>Fees and Charges</b>			
Governance	2	714	44
General purpose funding	4,580	4,080	3,900
Law, order, public safety	2,002	3,162	3,076
Health	1,876	0	50
Education and welfare	82,683	92,057	53,657
Housing	79,977	89,954	81,276
Community amenities	227,246	212,158	90,130
Recreation and culture	18,078	19,839	17,877
Transport	91	0	455
Economic services	69,695	27,387	41,573
Other property and services	60,210	30,600	33,040
	<b>546,440</b>	<b>479,951</b>	<b>325,078</b>
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
<b>Interest earnings</b>			
Reserve accounts interest	166,609	163,151	146,537
Rates instalment and penalty interest (refer Note 20(d))	11,796	10,270	10,849
Other interest earnings	8,250	10,270	16,270
	<b>186,655</b>	<b>183,691</b>	<b>173,656</b>

SHIRE OF DUMBLEYUNG  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2019

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

(b) Expenses

**Auditors remuneration**

- Audit of the Annual Financial Report
- Other services

**Interest expenses (finance costs)**

Borrowings (refer Note 13(b))

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
	13,731	11,248	18,676
	0	4,000	2,752
	13,731	15,248	21,428
	36,938	27,866	22,998
	36,938	27,866	22,998

### 3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		970,483	205,902
Term deposits		2,452,003	6,216,584
		<b>3,422,486</b>	<b>6,422,486</b>
<b>Comprises:</b>			
- Unrestricted cash and cash equivalents		961,780	205,902
- Restricted cash and cash equivalents		2,460,706	6,216,584
		<b>3,422,486</b>	<b>6,422,486</b>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
<b>Reserve accounts</b>			
Plant, Vehicle & Equipment Reserve	4	402,667	387,347
Dam Cleaning Reserve	4	17,148	16,836
Employee Entitlement Reserve	4	45,430	118,181
Dumbleyung Sewerage Works Reserve	4	349,278	269,750
Staff Housing Reserve	4	0	60,995
Landcare Development Reserve	4	97,559	115,391
Aged Care Facility Reserve	4	0	55,001
Building Reserve	4	275,552	55,813
Gravel Pit Rehabilitation Reserve	4	26,619	26,136
Fence Road Drain Maintenance Reserve	4	924	0
Drainage Maintenance Reserve	4	16,712	16,408
Bain Estate Reserve	4	4,910,413	5,029,710
Emergency Response Reserve	4	156,490	55,464
		<b>6,298,792</b>	<b>6,207,032</b>
<b>Other restricted cash and cash equivalents</b>			
Unspent grants/contributions	19	0	9,552
Bonds and deposits held	12, 23	29,519	0
<b>Total restricted cash and cash equivalents</b>		<b>6,328,311</b>	<b>6,216,584</b>
<b>Comprises:</b>			
- Restricted cash and cash equivalents		2,460,706	6,216,584
- Financial assets at amortised cost - term deposits		3,867,605	0
		<b>6,328,311</b>	<b>6,216,584</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### 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 with original maturities of three months or less that are readily convertible to known amounts of cash

##### Cash and cash equivalents (Continued)

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 DUMBLEYUNG  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

4. RESERVES - CASH BACKED

	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance	2019 Budget Opening Balance	2019 Budget Transfer to	2019 Budget Transfer (from)	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Plant, Vehicle & Equipment Reserve	387,347	57,165	(41,845)	402,667	387,347	60,181	(100,000)	347,528	75,437	311,910	0	387,347
(b) Dam Cleaning Reserve	16,836	311	0	17,147	16,837	443	0	17,280	6,667	10,169	0	16,836
(c) Employee Entitlement Reserve	118,181	2,186	(74,937)	45,430	118,181	3,106	0	121,287	113,332	4,849	0	118,181
(d) Dumbleyung Sewerage Works Reserve	269,750	79,528	0	349,278	269,750	54,288	0	324,038	225,628	44,122	0	269,750
(e) Staff Housing Reserve	60,995	1,128	(62,123)	0	60,995	1,603	(62,598)	0	59,489	1,506	0	60,995
(f) Landcare Development Reserve	115,391	5,246	(23,078)	97,559	115,391	4,500	(23,078)	96,813	79,352	51,909	(15,870)	115,391
(g) Aged Care Facility Reserve	55,001	1,017	(56,019)	(1)	55,001	1,446	(56,447)	0	53,643	1,358	0	55,001
(h) Building Reserve	55,813	276,524	(56,785)	275,552	55,813	277,862	0	333,675	54,435	1,378	0	55,813
(i) Gravel Pit Rehabilitation Reserve	26,136	483	0	26,619	26,136	687	0	26,823	25,490	646	0	26,136
(j) Fence Road Drain Maintenance Reserve	0	924	0	924	0	0	0	0	3,889	98	(3,987)	0
(k) Drainage Maintenance Reserve	16,408	304	0	16,712	16,408	431	0	16,839	16,003	405	0	16,408
(l) Bain Estate Reserve	5,029,710	93,030	(212,326)	4,910,414	5,029,706	132,205	(230,789)	4,931,122	5,014,922	126,998	(112,210)	5,029,710
(m) Emergency Response Reserve	55,464	101,027	0	156,491	55,465	101,459	0	156,924	0	55,464	0	55,464
(o) Tourist Reserve	0	0	0	0	0	0	0	0	11,041	280	(11,321)	0
(p) Rural Town Development Reserve	0	0	0	0	0	0	0	0	39,688	1,005	(40,693)	0
(q) Refuse Reserve	0	0	0	0	0	0	0	0	1,246	32	(1,278)	0
(r) Asset Plan Reserve	0	0	0	0	0	0	0	0	2,120	54	(2,174)	0
	6,207,032	618,873	(527,113)	6,298,792	6,207,030	638,211	(472,912)	6,372,329	5,782,382	612,183	(187,533)	6,207,032

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 Reserve	Anticipated date of use	Purpose of the reserve
(a) Plant, Vehicle & Equipment Reserve	ongoing	- to be used for the purchase of major plant.
(b) Dam Cleaning Reserve	not known	- to provide funds to clean the Kukerin Dam.
(c) Employee Entitlement Reserve	ongoing	- to meet the organisation's liability for employee's accrued leave.
(d) Dumbleyung Sewerage Works Reserve	not known	- to be used for maintenance and upgrading of the current sewerage system.
(e) Staff Housing Reserve	not known	- to contribute towards the building of new staff housing.
(f) Landcare Development Reserve	ongoing	- to contribute to the Rural Town Development Program.
(g) Aged Care Facility Reserve	not known	- to be used for the construction of an aged care facility.
(h) Building Reserve	not known	- for improvements to shire owned buildings.
(i) Gravel Pit Rehabilitation Reserve	not known	- to be used for the rehabilitation of gravel pits.
(j) Fence Road Drain Maintenance Reserve	not known	- to be used for the maintenance of the Fence Road Drain.
(k) Drainage Maintenance Reserve	not known	- to be used for the maintenance of drains within the shire.
(l) Bain Estate Reserve	ongoing	are in place or an alternative method of holding the funds is established.
(m) Emergency Response Reserve	not known	- to provide funds for unforeseen circumstances and other urgent expenditure.
(o) Tourist Reserve	not known	- to contribute to the provision of tourism.
(p) Rural Town Development Reserve	not known	- to contribute to the Rural Town Development Program.
(q) Refuse Reserve	not known	- to provide for the increased costs of disposing of refuse via transfer stations.
(r) Asset Plan Reserve	not known	- to contribute to the set up of asset management plan.

## 5. TRADE RECEIVABLES

### Current

Rates receivable	
Sundry receivables	
GST receivable	
Allowance for impairment of receivables	
Accrued income	

### Non-current

Pensioner's rates and ESL deferred	
------------------------------------	--

	2019	2018
	\$	\$
	104,964	89,241
	43,159	25,167
	49,867	178,580
	(24,461)	(7,311)
	1,156,056	542,421
	<b>1,329,585</b>	<b>828,098</b>
	28,497	29,289
	<b>28,497</b>	<b>29,289</b>

### SIGNIFICANT ACCOUNTING POLICIES

#### 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.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

#### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 22.

#### Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

#### Classification and subsequent measurement

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.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

## 6. INVENTORIES

	2019	2018
	\$	\$
<b>Current</b>		
Stock on hand	20,258	16,627
	20,258	16,627
The following movements in inventories occurred during the year:		
<b>Carrying amount at 1 July</b>	16,627	16,597
Inventories expensed during the year	(188,431)	(180,051)
Additions to inventory	192,062	180,081
<b>Carrying amount at 30 June</b>	20,258	16,627

### SIGNIFICANT ACCOUNTING POLICIES

#### 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.

**SHIRE OF DUMBLEYUNG**  
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**7. OTHER FINANCIAL ASSETS**

**(a) Current assets**

Other financial assets at amortised cost

2019	2018
\$	\$
3,867,605	0
3,867,605	0

**(b) Non-current assets**

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

- *Unlisted equity investments*

Units in Local Government House Trust

52,551	0
52,551	0
52,551	0
52,551	0

During the year, the following gain was recognised in profit and loss:  
 Fair value gains/(losses) on equity investments at fair value through profit and loss are recognised in other gains/(losses) and classified as other property and services

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

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

The Shire classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has not elected to recognise fair value gains and losses through other comprehensive income.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Previous accounting policy: available for sale financial assets**

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as 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.

**Previous accounting policy: Loans and receivables**

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 24 for explanations regarding the change in accounting policy.

## 8. PROPERTY, PLANT AND EQUIPMENT

### (a) 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.

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Plant and equipment	Works in progress - at cost	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	561,500	365,824	927,324	3,517,108	10,819,000	14,336,108	15,263,432	2,736,535	0	17,999,967
Additions	0	0	0	0	86,841	86,841	86,841	483,724		570,565
(Disposals)	(5,000)	0	(5,000)	0	0	0	(5,000)	(231,216)	0	(236,216)
Depreciation (expense)	0	0	0	(27,238)	(266,222)	(293,460)	(293,460)	(399,387)		(692,847)
<b>Carrying amount at 30 June 2018</b>	556,500	365,824	922,324	3,489,870	10,639,619	14,129,489	15,051,813	2,589,656	0	17,641,469
<b>Comprises:</b>										
Gross carrying amount at 30 June 2018	556,500	365,824	922,324	3,517,108	10,905,841	14,422,949	15,345,273	3,337,302	0	18,682,575
Accumulated depreciation at 30 June 2018	0	0	0	(27,238)	(266,222)	(293,460)	(293,460)	(747,646)	0	(1,041,106)
<b>Carrying amount at 30 June 2018</b>	556,500	365,824	922,324	3,489,870	10,639,619	14,129,489	15,051,813	2,589,656	0	17,641,469
Additions	0	0	0	0	26,249	26,249	26,249	643,679	39,208	709,136
(Disposals)	0	0	0	0	0	0	0	(343,868)	0	(343,868)
Change in accounting policy - asset capitalisation	(46,000)		(46,000)		(4,142)	(4,142)	(50,142)	(8,397)		(58,539)
Depreciation (expense)	0	0	0	(27,238)	(266,764)	(294,002)	(294,002)	(390,386)		(684,388)
<b>Carrying amount at 30 June 2019</b>	510,500	365,824	876,324	3,462,632	10,394,962	13,857,594	14,733,918	2,490,684	39,208	17,263,810
<b>Comprises:</b>										
Gross carrying amount at 30 June 2019	510,500	365,824	876,324	3,517,108	10,926,689	14,443,797	15,320,121	3,500,478	39,208	18,859,807
Accumulated depreciation at 30 June 2019	0	0	0	(54,476)	(531,727)	(586,203)	(586,203)	(1,009,794)	0	(1,595,997)
<b>Carrying amount at 30 June 2019</b>	510,500	365,824	876,324	3,462,632	10,394,962	13,857,594	14,733,918	2,490,684	39,208	17,263,810

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

**(b) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties.	Independent Valuers	Jun-17	Price per hectare
Land - freehold land	3	Improvements to land valued using cost approach using depreciated replacement cost.	Independent Valuers	Jun-17	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost.	Management valuation	Jun-17	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties.	Independent Valuers	Jun-17	Price per square metre.
Buildings - non-specialised	3	Improvements to land valued using cost approach using depreciated replacement cost.	Management valuation	Jun-17	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Buildings - specialised	2	Market approach using recent observable market data for similar properties.	Independent Valuers	Jun-17	Price per square metre.
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost.	Independent Valuers	Jun-17	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Management valuation 2016	2	Market approach using recent observable market data for similar properties.	Management valuation	Jun-16	Price per item.
Management valuation 2016	3	Cost approach using depreciated replacement cost.	Management valuation	Jun-16	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.

## 9. INFRASTRUCTURE

### (a) 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.

	Infrastructure - Roads	Sewerage	Parks & other improvements	Total Infrastructure
	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	15,722,337	727,000	2,085,756	18,535,093
Additions	4,765,103		70,583	4,835,686
Revaluation increments / (decrements) transferred to revaluation surplus	53,195,156	691,000	2,733,061	56,619,217
Depreciation (expense)	(892,960)	(25,000)	(191,461)	(1,109,421)
<b>Carrying amount at 30 June 2018</b>	72,789,636	1,393,000	4,697,939	78,880,575
<b>Comprises:</b>				
Gross carrying amount at 30 June 2018	72,789,636	1,393,000	4,697,939	78,880,575
<b>Carrying amount at 30 June 2018</b>	72,789,636	1,393,000	4,697,939	78,880,575
Additions	3,900,672			3,900,672
Depreciation (expense)	(1,466,871)	(43,819)	(197,632)	(1,708,322)
<b>Carrying amount at 30 June 2019</b>	75,223,437	1,349,181	4,500,307	81,072,925
<b>Comprises:</b>				
Gross carrying amount at 30 June 2019	76,690,308	1,393,000	4,697,939	82,781,247
Accumulated depreciation at 30 June 2019	(1,466,871)	(43,819)	(197,632)	(1,708,322)
<b>Carrying amount at 30 June 2019</b>	75,223,437	1,349,181	4,500,307	81,072,925

**9. INFRASTRUCTURE (Continued)**

**(b) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management valuation	Jun-18	Construction costs and current condition (Level 2), and remaining useful life assessments (Level 3) inputs.
Sewerage	3	Cost approach using depreciated replacement cost	Management valuation	Jun-18	Construction costs and current condition (Level 2), and remaining useful life assessments (Level 3) inputs.
Parks & other improvements	3	Cost approach using depreciated replacement cost	Management valuation	Jun-18	Construction costs and current condition (Level 2), and remaining useful life assessments (Level 3) inputs.

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

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

## 9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

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

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

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, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

#### Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each 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.

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 class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### Land under control

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

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

#### 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.

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10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land				0				0	5,000	3,691	0	(1,309)
Plant and equipment	343,868	389,727	53,070	(7,211)	353,000	338,630	15,300	(29,670)	231,216	103,980	0	(127,236)
	343,868	389,727	53,070	(7,211)	353,000	338,630	15,300	(29,670)	236,216	107,671	0	(128,545)

The following assets were disposed of during the year.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
<b>Plant and Equipment</b>				
<b>Transport</b>				
Works Supervisor Utility	26,223	29,161	2,938	0
Kukerin Utility	6,934	6,818	0	(116)
Grader Utility	21,128	16,636	0	(4,492)
Gardener Utility	2,700	6,818	4,118	0
Isuzu Truck	68,096	109,091	40,995	0
<b>Other property and services</b>				
CEO Vehicle	39,923	37,862	0	(2,061)
CEO Vehicle	33,676	35,000	1,324	0
MOWS Vehicle	33,643	36,952	3,309	0
MOWS Vehicle	36,882	37,125	243	0
MOWS Vehicle	36,989	37,132	143	0
MOWS Vehicle	37,674	37,132	0	(542)
	343,868	389,727	53,070	(7,211)
	343,868	389,727	53,070	(7,211)

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the Shire which are currently in use yet fully depreciated are shown below.

	2019	2018
	\$	\$
Plant and equipment	433,500	148,400
	433,500	148,400

## 10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

### (c) Depreciation

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings - non-specialised	27,238	27,500	27,238
Buildings - specialised	266,764	275,512	266,222
Plant and equipment	390,386	378,206	399,387
Infrastructure - Roads	1,466,871	870,148	892,960
Sewerage	43,819	25,000	25,000
Parks & other improvements	197,632	191,461	191,461
	<b>2,392,710</b>	<b>1,767,827</b>	<b>1,802,268</b>

### SIGNIFICANT ACCOUNTING POLICIES

#### Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested 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.

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.

#### Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
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 sys	75 years
Parks and other improvements	10 to 20 years

#### Depreciation (Continued)

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:

- The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

11 REVALUATION SURPLUS

	2019 Opening Balance	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land & buildings	9,190,620	(50,142)	(50,142)	9,140,478	9,190,620	0	0	9,190,620
Revaluation surplus - Plant and equipment	807,190	(8,397)	(8,397)	798,793	807,190	0	0	807,190
Revaluation surplus - Infrastructure - Roads	52,290,986	0	0	52,290,986	1,374,771	50,916,215	50,916,215	52,290,986
Revaluation surplus - Sewerage	1,365,941	0	0	1,365,941	674,941	691,000	691,000	1,365,941
Revaluation surplus - Parks & other improvements	6,851,223	0	0	6,851,223	1,839,223	5,012,000	5,012,000	6,851,223
	70,505,960	(58,539)	(58,539)	70,447,421	13,886,745	56,619,215	56,619,215	70,505,960

Movements on revaluation of property, plant and equipment (including infrastructure) 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.

## 12. TRADE AND OTHER PAYABLES

### Current

Sundry creditors	
Accrued salaries and wages	
ATO liabilities	
Other expenditure	
Bonds and deposits held (refer Note 25)	
Accrued interest on borrowings	

	2019	2018
	\$	\$
	1,166	28,772
	13,894	0
	35,605	30,944
	140,816	119,753
	29,519	0
	6,909	3,517
	<b>227,909</b>	<b>182,986</b>

### SIGNIFICANT ACCOUNTING POLICIES

#### 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

#### Trade and other payables (Continued)

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.

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13. INFORMATION ON BORROWINGS

(a) Borrowings

	2019	2018
	\$	\$
Current	733,765	498,144
Non-current	309,747	364,920
	1,043,512	863,064

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019					30 June 2019					30 June 2018				
				Actual Principal 1 July 2018	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2018	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2017	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Education and welfare</b>																		
Aged Care Housing	93	WA Treasury Corporation	3.58%	91,679		3,441	4,199	88,238	91,679		3,441	3,252	88,238	95,000		3,321	3,759	91,679
<b>Community amenities</b>																		
Sewerage	38	WA Treasury Corporation	6.40%	10,737		7,047	557	3,690	10,737		7,047	576	3,690	17,353		6,616	991	10,737
Sewerage	40	WA Treasury Corporation	7.40%	4,426		1,370	286	3,056	4,426		1,370	303	3,056	5,700		1,274	384	4,426
Sewerage Extensions	78	WA Treasury Corporation	6.42%	0		0	6	0	0		0	0	0	3,841		3,841	205	0
Fence Road Drainage Scheme Repairs	95	WA Treasury Corporation	2.46%	72,433		15,415	2,406	57,018	72,433		15,415	1,688	57,018		80,000	7,567	1,158	72,433
<b>Recreation and culture</b>																		
Men's Shed Contribution	89	WA Treasury Corporation	3.81%	17,830		4,208	824	13,622	17,829		4,208	640	13,621	21,882		4,052	1,064	17,830
<b>Transport</b>																		
WANDRRA Contribution	94	WA Treasury Corporation	2.29%	80,900		19,540	2,535	61,360	61,360		19,540	1,741	41,820	100,000		19,100	2,556	80,900
WANDRRA Short Term Lending Facility	n/a	WA Treasury Corporation	1.57%	441,147	1,638,177	1,400,732	17,465	678,592	441,147	1,500,000	1,941,147	12,331	0		1,480,331	1,039,184	4,347	441,147
<b>Economic services</b>																		
28 Absolon Street	92	WA Treasury Corporation	5.15%	143,912		5,976	8,660	137,936	143,912		5,977	7,335	137,935	149,592		5,680	8,534	143,912
				863,064	1,638,177	1,457,729	36,938	1,043,512	843,523	1,500,000	1,998,145	27,866	345,378	393,368	1,560,331	1,090,635	22,998	863,064

Loan repayments were financed by general purpose revenue.

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13. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2018/19

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2019 Actual	2019 Budget	2019 Actual	2019 Budget		
WANDRRA Short Term Liquidity L	WA Treasury Corporation	Liquidity lending	periods up to 1 year	various	\$ 1,638,177	\$ 1,500,000	\$ 1,638,177	\$ 1,500,000	\$ 17,465	\$ 0
					1,638,177	1,500,000	1,638,177	1,500,000	17,465	0

(d) Undrawn Borrowing Facilities

Credit Standby Arrangements

	2019	2018
Credit card limit	\$ 13,500	\$ 13,500
Credit card balance at balance date	(1,178)	(1,326)
<b>Total amount of credit unused</b>	<b>12,322</b>	<b>12,174</b>

Loan facilities

Loan facilities - current	733,765	498,144
Loan facilities - non-current	309,747	364,920
<b>Total facilities in use at balance date</b>	<b>1,043,512</b>	<b>863,064</b>

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are recognised at fair value when the Shire becomes a party to the contractual provisions to the instrument.

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

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.

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.

Risk

Information regarding exposure to risk can be found at Note 22.

## 14. EMPLOYEE RELATED PROVISIONS

### Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
<b>Opening balance at 1 July 2018</b>			
Current provisions	138,276	120,459	258,735
Non-current provisions	0	68,349	68,349
	<u>138,276</u>	<u>188,808</u>	<u>327,084</u>
Additional provision	26,406	53,135	79,541
Amounts used	(52,514)	(49,161)	(101,675)
<b>Balance at 30 June 2019</b>	<u>112,168</u>	<u>192,782</u>	<u>304,950</u>
<b>Comprises</b>			
Current	112,168	146,967	259,135
Non-current	0	45,815	45,815
	<u>112,168</u>	<u>192,782</u>	<u>304,950</u>

### Amounts are expected to be settled on the following basis:

	2019	2018
	\$	\$
Less than 12 months after the reporting date	259,135	258,735
More than 12 months from reporting date	33,067	42,818
Expected reimbursements from other WA local governments	12,748	25,531
	<u>304,950</u>	<u>327,084</u>

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

### SIGNIFICANT ACCOUNTING POLICIES

#### 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.

##### Other long-term employee benefits

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

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

##### Other long-term employee benefits (Continued)

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.

##### 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.

## 15. NOTES TO THE STATEMENT OF CASH FLOWS

### 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:

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	3,422,486	6,372,329	6,422,486

### Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	3,094,475	2,375,787	2,610,533
Non-cash flows in Net result:			
Adjustments to fair value of financial assets	(52,551)		
Depreciation	2,392,710	1,767,827	1,802,268
(Profit)/loss on sale of asset	(45,859)	14,370	128,545
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(500,695)	(83,701)	(384,748)
(Increase)/decrease in inventories	(3,631)	(1,027)	(31)
Increase/(decrease) in payables	44,923	0	(369,018)
Increase/(decrease) in provisions	(22,134)	0	28,552
Grants contributions for the development of assets	(3,924,873)	(4,076,455)	(3,015,144)
Net cash from operating activities	982,365	(3,199)	800,957

## 16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	6,205,104	5,995,784
General purpose funding	178,891	248,467
Law, order, public safety	817,581	922,525
Health	21,471	0
Education and welfare	3,393,502	3,469,192
Housing	1,497,559	1,595,750
Community amenities	4,168,829	4,260,447
Recreation and culture	7,220,497	7,387,560
Transport	79,720,303	76,611,482
Economic services	584,888	603,949
Other property and services	2,228,743	2,329,352
Unallocated	1,020,349	394,036
	<b>107,057,717</b>	<b>103,818,544</b>

## 17. CAPITAL AND LEASING COMMITMENTS

### (a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

2019	2018
\$	\$
87,029	0
<b>87,029</b>	<b>0</b>

Payable:

- not later than one year

87,029	0
--------	---

The capital expenditure projects outstanding at the end of 2019 reporting period represents the re-roofing of the shire administration building, and the completion of the installation of heating at the swimming pool.

### (b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year

- later than one year but not later than five years

2019	2018
\$	\$
20,592	6,936
28,778	19,532
<b>49,370</b>	<b>26,468</b>

### SIGNIFICANT ACCOUNTING POLICIES

#### 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 of 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.

#### Leases (Continued)

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 on a straight line basis over the lease term.

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

## 18. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting fees	15,077	20,450	15,985
President's allowance	7,000	7,000	9,500
Deputy President's allowance	1,750	1,750	1,541
Travelling expenses	3,827	10,225	5,873
Telecommunications allowance	2,659	9,203	5,896
	<b>30,313</b>	<b>48,628</b>	<b>38,795</b>

### Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Shire during the year are as follows:

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	507,986	361,242
Post-employment benefits	48,003	33,218
Other long-term benefits	8,625	6,380
	<b>564,614</b>	<b>400,840</b>

#### *Short-term employee benefits*

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

#### *Post-employment benefits*

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

#### *Other long-term benefits*

These amounts represent long service benefits accruing during the year.

## 18. RELATED PARTY TRANSACTIONS (Continued)

### Transactions with related parties

Transactions between related parties and the Shire are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

The following transactions occurred with related parties:	2019 Actual	2018 Actual
	\$	\$
Sale of goods and services	0	3,174
Purchase of goods and services	97,581	297,411
Short term employee benefits -other related parties	8,625	6,380
<b>Amounts outstanding from related parties:</b>		
Trade and other receivables	2,041	0
<b>Amounts payable to related parties:</b>		
Trade and other payables	732	1,609

### Related Parties

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

##### *i. Key management personnel*

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

##### *ii. Other Related Parties*

The associate person of KMP was employed by the Shire under normal employment terms and conditions.

##### *iii. Entities subject to significant influence by the Shire*

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

## 19. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing
	Balance <sup>(1)</sup>			Balance <sup>(1)</sup>			Balance
	1/07/17	2017/18	2017/18	30/06/18	2018/19	2018/19	30/06/19
	\$	\$	\$	\$	\$	\$	\$
<b>Community amenities</b>							
Landcare - State NRM 2015 (Cridlow Catch	11,534		(5,732)	5,802		(5,802)	0
Landcare - State NRM 2016 (Taylor)	15,000		(11,250)	3,750		(3,750)	0
<b>Total</b>	<b>26,534</b>	<b>0</b>	<b>(16,982)</b>	<b>9,552</b>	<b>0</b>	<b>(9,552)</b>	<b>0</b>

**Notes:**

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

## 20. RATING INFORMATION

### (a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19 Actual Rateable Value \$	2018/19 Actual Rate Revenue \$	2018/19 Actual Interim Rates \$	2018/19 Actual Total Revenue \$	2018/19 Budget Rate Revenue \$	2018/19 Budget Total Revenue \$	2017/18 Actual Total Revenue \$
<b>General rate</b>									
<b>Gross rental valuations</b>									
GRV	0.103805	163	1,192,446	123,782	1,393	125,175	123,782	123,782	117,765
<b>Unimproved valuations</b>									
UV	0.010392	289	144,399,385	1,500,598	1,632	1,502,230	1,500,598	1,500,598	1,432,324
<b>Sub-Total</b>		452	145,591,831	1,624,380	3,025	1,627,405	1,624,380	1,624,380	1,550,089
<b>Minimum payment</b>	\$								
<b>Gross rental valuations</b>									
GRV	415	73	85,052	30,295		30,295	30,295	30,295	29,230
<b>Unimproved valuations</b>									
UV	415	27	404,474	11,205		11,205	11,205	11,205	8,295
<b>Sub-Total</b>		100	489,526	41,500	0	41,500	41,500	41,500	37,525
		552	146,081,357	1,665,880	3,025	1,668,905	1,665,880	1,665,880	1,587,614
Discounts/concessions (refer Note 20(c))						(62,076)		(52,000)	(55,409)
<b>Total amount raised from general rate</b>						1,606,829		1,613,880	1,532,205
Specified Area Rate (refer Note 20(b))						0		0	106,891
Ex-gratia rates						12,358		12,358	11,770
Rates paid in advance						1,962		0	2,300
<b>Totals</b>						1,621,149		1,626,238	1,653,166

### SIGNIFICANT ACCOUNTING POLICIES

#### Rates

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

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20. RATING INFORMATION (Continued)

(b) Specified Area Rate

Specified Area Rate	Basis of Valuation	Rate in \$	2018/19 Rateable Value	2018/19 Rate Revenue	2018/19 Interim Rate Revenue	2018/19 Back Rate Revenue	2018/19 Total Specified Area Rate Revenue	2018/19 Budget Rate Revenue	2018/19 Budget Back Rate Revenue	2018/19 Budget Interim Rate Revenue	2018/19 Total Budget Revenue	2017/18 Total Actual Revenue
Sewerage Rates	GRV		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Pedestals												
				0	0	0	0	0	0	0	0	106,891

Sewerage rates and pedestals are fees and charges raised under the Water Services Act 2012 for the ongoing maintenance and future replacement of the Dumbleyung Sewerage Scheme. These charges are disclosed as part of Community Amemities in Note 2(a) Fees & Charges in the 2018/19 financial year.

20. RATING INFORMATION (Continued)

(c) Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2019 Actual	2019 Budget	2018 Actual	Circumstances in which Discount is Granted
General rates discount	0.05%		61,691	52,000	55,157	
General rates write-off			385	0	252	
			62,076	52,000	55,409	

Waivers or Concessions

the Waiver or Charge to which the Waiver or Concession is Granted	the Waiver or Concession is Granted	2019	2019	2018	Reasons for the Waiver or Concession
Pool entry	waiver	100.00%			Entrance under these circumstances to be free.

## 20. RATING INFORMATION (Continued)

### (d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single discount payment	14 Sep 2018	0.00	0.00%	11.00%
<b>Option Two</b>				
Single full payment	05 Oct 2018	0.00	0.00%	11.00%
<b>Option Three</b>				
First instalment	05 Oct 2018	15	5.50%	11.00%
Second instalment	05 Feb 2019	15	5.50%	11.00%
<b>Option Four</b>				
First instalment	05 Oct 2018	15	5.50%	11.00%
Second instalment	05 Dec 2018	15	5.50%	11.00%
Third instalment	05 Feb 2019	15	5.50%	11.00%
Fourth instalment	05 Apr 2019	15	5.50%	11.00%

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Interest on unpaid rates	8,847	8,000	8,500
Interest on instalment plan	2,949	2,270	2,349
Charges on instalment plan	2,700	3,060	2,580
	<b>14,496</b>	<b>13,330</b>	<b>13,429</b>

## 21. RATE SETTING STATEMENT INFORMATION

	2018/19 (30 June 2019 Carried Forward)	2018/19 Budget (30 June 2019 Carried Forward)	2018/19 (1 July 2018 Brought Forward)
Note	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>			
<p>The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i>.</p>			
<b>Adjustments to operating activities</b>			
Less: Profit on asset disposals	10(a) (53,070)	(15,300)	0
Less: Fair value adjustments to financial assets at amortised cost	(52,551)		
Movement in pensioner deferred rates (non-current)	792	0	(3,405)
Movement in employee benefit provisions (non-current)	(22,534)	0	2,162
Add: Loss on disposal of assets	10(a) 7,211	29,670	128,545
Add: Depreciation on assets	10(c) 2,392,710	1,767,827	1,802,268
<b>Non cash amounts excluded from operating activities</b>	<b>2,272,558</b>	<b>1,782,197</b>	<b>1,929,570</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>			
<p>The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.</p>			
<b>Adjustments to net current assets</b>			
Less: Reserves - restricted cash	3 (6,298,792)	(6,372,329)	(6,207,032)
Add: Borrowings	13(a) 733,765	55,172	498,144
<b>Total adjustments to net current assets</b>	<b>(5,565,029)</b>	<b>(6,317,158)</b>	<b>(5,708,890)</b>
<b>Net current assets used in the Rate Setting Statement</b>			
Total current assets	8,639,934	6,810,635	7,267,211
Less: Total current liabilities	(1,220,809)	(493,477)	(939,865)
Less: Total adjustments to net current assets	(5,565,029)	(6,317,158)	(5,708,890)
<b>Net current assets used in the Rate Setting Statement</b>	<b>1,854,096</b>	<b>0</b>	<b>618,456</b>

## 22. FINANCIAL RISK MANAGEMENT

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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 finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

### (a) Interest rate risk

#### Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in a variable interest rate account. Carrying amounts of cash and cash equivalents at 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
<b>2019</b>					
Cash and cash equivalents	2.27%	3,422,486	0	3,422,486	0
Financial assets at amortised cost - term deposits	2.50%	3,867,605	3,867,605	0	0
<b>2018</b>					
Cash and cash equivalents	2.68%	6,422,483	0	6,422,483	0

#### Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	72,901	64,225

\* Holding all other variables constant

#### Borrowings

Borrowings are 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 Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 13(b).

## 22. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

#### Trade Receivables

The Shire's major receivables comprise rates annual charges and user fees and charges. 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 applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2019</b>					
Rates receivable					
Gross carrying amount	1,109	57,086	22,072	51,789	132,056

<b>01 July 2018</b>					
Rates receivable					
Gross carrying amount	43,698	28,266	14,814	30,882	117,660

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2019</b>					
Sundry Receivables					
Expected credit loss	0.06%	0.77%	0.13%	0.83%	
Gross carrying amount	12,358	15,487	1,025	14,289	43,159
Loss allowance	721	11,902	129	11,838	24,590

<b>01 July 2018</b>					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.80%	
Gross carrying amount	7,706	3,696	4,660	9,107	25,169
Loss allowance	0	0	0	7,311	7,311

## 22. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables and 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 and disclosed in Note 13(d).

The contractual undiscounted cash flows of the Shire's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2019</b>					
Payables	227,909	0	0	227,909	227,909
Borrowings	748,129	176,705	220,126	1,144,960	1,043,512
	976,038	176,705	220,126	1,372,869	1,271,421
<b>2018</b>					
Payables	182,986	0	0	182,986	182,987
Borrowings	516,009	225,420	240,131	981,560	863,064
	698,995	225,420	240,131	1,164,546	1,046,051

## 23. TRUST FUNDS

There are no funds held at the balance date which are required to be held in the trust fund.

In previous years, bonds and deposits were held as trust monies. They are now included in Restricted cash at Note 3 and shown as a current liability at Note 12.

	1 July 2018	Amounts Received	Amounts Paid	Reclassification to Restricted Cash	30 June 2019
	\$	\$	\$	\$	\$
Dumbleyung Pictorial Book	775	990	(1,045)	(720)	0
Aged Persons Units	908	880	(880)	(908)	0
Community Bonds	1,158	0	0	(1,158)	0
Beyond the Fence Book	100	0	0	(100)	0
Community Funds - Ski Club	3,800	0	0	(3,800)	0
Shire Staff Bonds	300	260	(260)	(300)	0
Building Fund Levy	0	1,171	(1,107)	(64)	0
Kukerin Cemetery	320	0	0	(320)	0
BCITF	0	336	(336)	0	0
Kukerin Centenary	2,541	0	0	(2,541)	0
Moulyinning Hall	11,683	0	0	(11,683)	0
Nippering Grave Marking	1,208	0	(872)	(336)	0
Fence Road Catchment Group	3,478	0	0	(3,478)	0
Transport Licencing	191	226,425	(224,372)	(2,244)	0
Miscellaneous Bonds	450	2,217	(800)	(1,867)	0
	26,912	232,279	(229,672)	(29,519)	0

## 24. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

### AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139.

There were no adjustments as a result of adopting AASB 9.

#### (a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

## 24. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- The Shire did not designate any financial assets as at fair value through profit and loss.

### (b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, the Shire did not recognise an additional impairment on the Shire's Trade receivables as at 1 July 2018 as the difference in value is considered immaterial.

## 25. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

### (a) Revenue from Contracts with Customers

The City will adopt AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. The Shire will assess the impact for the 30 June 2020 financial year.

### (b) Leases

The Shire will adopt AASB 16 retrospectively from 1 July 2019 which will result in changes in accounting policies.

On adoption of AASB 16, the Shire will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019.

On adoption of AASB 16, the Shire will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate as on 1 July 2019.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

## 25. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (Continued)

### (c) Income For Not-For-Profit Entities

The Shire will adopt AASB 1058 *Income for Not-for-Profit Entities* (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurs the financial liability will be extinguished and the Shire will recognise income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

## 26. CHANGE IN ACCOUNTING POLICY

On 1 July 2018 Paragraph 17A (5) was inserted into Local Government (Financial Management) Regulations 1996

The regulation stated an asset is to be excluded from the assets of a local government if the fair value of the asset at the date of acquisition by the local government is under \$5 000.

The adoption of the regulation constitutes a change in accounting policy.

Due to the effect on the financial statements not being material, the Shire did not retrospectively apply the changes in accounting policy arising from the new regulations and has not restated comparative figures

During the year assets with a fair value at the date of acquisition of under \$5,000 and purchased prior to 1 July 2018 have been excluded from the assets of the Shire and written off in the Statement of Comprehensive Income

The effect of the adjustment at 1 July 2018 is detailed below:

Statement of Financial Position (Extract)	<u>01 July 2018</u> \$
Property, plant and equipment	61,835
Infrastructure	
Investment property	
Net assets	<u>61,835</u>
Retained earnings	<u>61,835</u>
Total equity	<u>61,835</u>

Statement of Comprehensive Income (Extract)	<u>2019</u> \$
<i>By Nature or Type</i>	
Loss on assets disposed	58,538
<i>By program</i>	
Governance	28,000
Law, order, public safety	4,450
Education and welfare	9,000
Recreation and culture	13,142
Transport	2,000
Economic Services	<u>1,946</u>
<b>Total comprehensive income for the period</b>	<b><u>58,538</u></b>

## 27. OTHER SIGNIFICANT ACCOUNTING POLICIES

### a) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

### b) Current and non-current classification

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 or non-current based on the Shire's intentions to release for sale.

### c) Rounding off figures

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

### d) 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 statements that has a material effect on the statement of financial position, 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.

### e) 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.

### f) 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.

### g) Fair value of assets and liabilities

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.

### h) 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.

#### 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 the service capacity of an asset.

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.

### i) Impairment of assets

In accordance with Australian Accounting Standards the Shire's cash generating non-specialised 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 specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

## 28. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<b>GOVERNANCE</b> To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of council and the administrative support available to council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.
<b>GENERAL PURPOSE FUNDING</b> To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b> To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws, laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
<b>HEALTH</b> To provide an operational framework for the environment and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
<b>EDUCATION AND WELFARE</b> To provide services to disadvantaged persons, the elderly, children and youth.	Maintenance of child minding centre, playgroup centre. Provision and maintenance of elderly residents housing.
<b>HOUSING</b> To provide and maintain housing for low income earners.	Provision and maintenance of housing for low income earners.
<b>COMMUNITY AMENITIES</b> To provide services required by the community.	Rubbish collection services, operation of rubbish disposal sites, litter control, protection of the environment and administration of town planning schemes, cemetery and public conveniences.
<b>RECREATION AND CULTURE</b> To establish and effectively manage infrastructure and resources which will help the well-being of the community.	Maintenance of public halls, civic centres, aquatic centre, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library and other cultural facilities.
<b>TRANSPORT</b> To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots and traffic control. Cleaning of streets and maintenance of street trees.
<b>ECONOMIC SERVICES</b> To help promote the shire and its economic well-being.	Tourism and area promotion including the maintenance and operation of caravan parks. Provision of rural services including weed control, vermin control and standpipes. Building control.
<b>OTHER PROPERTY AND SERVICES</b> To monitor and control council's overheads operating accounts.	Private works operation, administration costs, public works costs, plant repair and operation costs.

## 29. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	5.26	1.28	2.84
Asset consumption ratio	0.97	0.99	0.87
Asset renewal funding ratio	1.00	1.07	n/a
Asset sustainability ratio	1.71	2.85	1.34
Debt service cover ratio	1.07	1.28	54.77
Operating surplus ratio	(0.33)	(0.17)	0.08
Own source revenue coverage ratio	0.48	0.49	0.48

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 consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHIRE OF DUMBLEYUNG**

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

#### **Opinion**

We have audited the financial report of the Shire of Dumbleyung, which comprises the statement of financial position as at 30 June 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Chief Executive Officer.

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

- a) giving a true and fair view of the Shire's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

#### **Basis for Opinion**

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Shire in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

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

#### **Emphasis of Matter – Basis of Accounting**

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. Our opinion is not modified in respect of this matter.

## **Other Information**

Management is responsible for the other information. The other information comprises the information in the Shire's annual report for the year ended 30 June 2019 but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australia Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors.
- Conclude on the appropriateness of Shire's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Shire to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

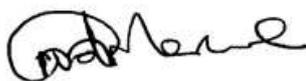
We communicate with Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide Council with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

- a) The debt service cover ratio and operating surplus ratio reported in note 29 to the financial statements does not meet the minimum standard of the Department of Local Government, Sport and Cultural Industries.
- b) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- c) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- d) All information and explanations required were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA  
Director

Perth  
Date: 18 October 2019