

SHIRE OF DUNDAS
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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Principal place of business:

88-92 Prinsep Street
Norseman
WA 6443

**SHIRE OF DUNDAS
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Dundas being the annual financial report, supporting notes and other information for the financial year ended 30th June 2014 are in my opinion properly drawn up to present fairly the financial position of the Shire of Dundas at 30th June 2014 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 25 day of NOVEMBER 2014



Richard Brookes
Chief Executive Officer

SHIRE OF DUNDAS
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Rates	22	1,984,692	1,937,545	1,910,581
Operating Grants, Subsidies and Contributions	28	1,640,265	1,087,645	2,044,717
Fees and Charges	27	288,014	218,755	348,974
Interest Earnings	2(a)	242,154	160,532	216,687
		<u>4,155,125</u>	<u>3,404,477</u>	<u>4,520,959</u>
Expenses				
Employee Costs		(1,461,044)	(1,398,552)	(1,449,315)
Materials and Contracts		(1,053,067)	(1,086,899)	(1,065,479)
Utility Charges		(161,702)	(180,525)	(171,483)
Depreciation on Non-Current Assets	2(a)	(856,324)	(1,114,183)	(1,012,062)
Interest Expenses	2(a)	(898)	(898)	(2,766)
Insurance Expenses		(178,793)	(199,878)	(155,982)
Other Expenditure		(83,664)	(221,058)	(84,929)
		<u>(3,795,492)</u>	<u>(4,201,993)</u>	<u>(3,942,016)</u>
		359,633	(797,516)	578,943
Non-Operating Grants, Subsidies and Contributions	28	1,383,872	1,432,849	1,003,244
Profit on Asset Disposals	20	2,530	44,342	67,862
Loss on Asset Disposals	20	0	(10,828)	(127,916)
NET RESULT		1,746,035	668,847	1,522,133
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	5,085,370	0	154,557
Total Other Comprehensive Income		5,085,370	0	154,557
Total Comprehensive Income		<u>6,831,405</u>	<u>668,847</u>	<u>1,676,690</u>

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

SHIRE OF DUNDAS
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget	2013 \$
Revenue				
Governance		59,768	26,600	82,120
General Purpose Funding		2,802,650	2,689,142	3,299,117
Law, Order, Public Safety		5,849	51,450	70,154
Health		4,510	4,000	4,101
Education and Welfare		77,340	70,572	97,968
Housing		20,813	16,240	14,159
Community Amenities		139,175	128,468	138,942
Recreation and Culture		27,012	15,710	45,206
Transport		273,742	242,447	525,736
Economic Services		84,421	75,842	98,309
Other Property and Services		659,845	84,006	145,147
	2(a)	4,155,125	3,404,477	4,520,959
Expenses				
Governance		(498,413)	(630,639)	(587,726)
General Purpose Funding		(211,541)	(317,634)	(204,264)
Law, Order, Public Safety		(87,230)	(151,884)	(118,872)
Health		(98,912)	(128,300)	(74,664)
Education and Welfare		(123,213)	(181,275)	(151,477)
Housing		(90,472)	(40,785)	(78,342)
Community Amenities		(473,293)	(648,636)	(476,515)
Recreation & Culture		(678,864)	(791,413)	(733,994)
Transport		(718,397)	(1,019,073)	(994,392)
Economic Services		(227,098)	(228,175)	(260,305)
Other Property and Services		(587,161)	(63,281)	(258,699)
	2(a)	(3,794,594)	(4,201,095)	(3,939,250)
Financial Costs				
Governance		(898)	(898)	(2,766)
	2(a)	(898)	(898)	(2,766)
Non-Operating Grants, Subsidies and Contributions				
Law, Order, Public Safety		52,551	0	48,096
Recreation & Culture		293,056	297,000	40,590
Transport		989,251	998,783	914,558
Economic Services		49,014	87,066	0
Other Property and Services		0	50,000	0
		1,383,872	1,432,849	1,003,244
Profit/(Loss) on Disposal of Assets				
Governance		2,530	1,187	(46,959)
Health		0	0	(9,492)
Education and Welfare		0	0	(6,625)
Housing		0	0	(8,335)
Community Amenities		0	0	8,507
Recreation & Culture		0	0	(20,978)
Transport		0	32,327	23,828
		2,530	33,514	(60,054)
Net Result		1,746,035	668,847	1,522,133
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	5,085,370	0	154,557
Total Other Comprehensive Income		5,085,370	0	154,557
Total Comprehensive Income		6,831,405	668,847	1,676,690

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

**SHIRE OF DUNDAS
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014**

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	5,642,229	4,939,023
Trade and Other Receivables	4	1,107,928	943,456
Inventories	5	10,875	10,875
TOTAL CURRENT ASSETS		<u>6,761,032</u>	<u>5,893,354</u>
NON-CURRENT ASSETS			
Other Receivables	4	34,372	24,456
Property, Plant and Equipment	6	12,176,876	7,075,213
Infrastructure	7	16,492,288	15,454,234
TOTAL NON-CURRENT ASSETS		<u>28,703,536</u>	<u>22,553,903</u>
TOTAL ASSETS		<u>35,464,568</u>	<u>28,447,257</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	429,710	206,529
Current Portion of Long Term Borrowings	9	0	29,323
Provisions	10	254,327	286,116
TOTAL CURRENT LIABILITIES		<u>684,037</u>	<u>521,968</u>
NON-CURRENT LIABILITIES			
Provisions	10	48,020	24,183
TOTAL NON-CURRENT LIABILITIES		<u>48,020</u>	<u>24,183</u>
TOTAL LIABILITIES		<u>732,057</u>	<u>546,151</u>
		<u>34,732,511</u>	<u>27,901,106</u>
EQUITY			
Retained Surplus		25,644,750	23,100,628
Reserves - Cash Backed	11	3,847,834	4,645,921
Revaluation Surplus	12	5,239,927	154,557
TOTAL EQUITY		<u>34,732,511</u>	<u>27,901,106</u>

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

SHIRE OF DUNDAS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2012		21,525,480	4,698,936	0	26,224,416
Comprehensive Income					
Net Result		1,522,133	0	0	1,522,133
Changes on Revaluation of Non-Current Assets	12	0	0	154,557	154,557
Total Comprehensive Income		1,522,133	0	154,557	1,676,690
Transfers from/(to) Reserves		53,015	(53,015)	0	0
Balance as at 30 June 2013		23,100,628	4,645,921	154,557	27,901,106
Comprehensive Income					
Net Result		1,746,035	0	0	1,746,035
Changes on Revaluation of Non-Current Assets	12	0	0	5,085,370	5,085,370
Total Comprehensive Income		1,746,035	0	5,085,370	6,831,405
Transfers from/(to) Reserves		798,087	(798,087)	0	0
Balance as at 30 June 2014		25,644,750	3,847,834	5,239,927	34,732,511

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

**SHIRE OF DUNDAS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,289,873	1,937,545	1,616,460
Operating Grants, Subsidies and Contributions		1,066,901	2,520,494	1,874,826
Fees and Charges		367,211	218,755	307,792
Interest Earnings		242,154	160,533	216,687
Goods and Services Tax		276,831	460,000	242,881
		<u>4,242,970</u>	<u>5,297,327</u>	<u>4,258,646</u>
Payments				
Employee Costs		(1,417,951)	(1,398,552)	(1,389,011)
Materials and Contracts		(847,745)	(1,086,899)	(1,347,556)
Utility Charges		(194,888)	(180,525)	(158,461)
Interest Expenses		(898)	(199,878)	(155,982)
Insurance Expenses		(178,793)	(898)	(3,213)
Goods and Services Tax		(262,233)	(625,000)	(239,369)
Other Expenditure		(83,664)	(221,058)	(84,929)
		<u>(2,986,172)</u>	<u>(3,712,810)</u>	<u>(3,378,521)</u>
Net Cash Provided By (Used in) Operating Activities	13(b)	<u>1,256,798</u>	<u>1,584,517</u>	<u>880,125</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(374,727)	(1,491,900)	(1,090,035)
Payments for Construction of Infrastructure		(1,559,864)	(1,672,134)	(1,952,125)
Non-Operating Grants, Subsidies and Contributions		1,383,872	1,432,849	1,003,244
Proceeds from Sale of Fixed Assets		26,450	268,500	179,818
Net Cash Provided by (Used in) Investment Activities		<u>(524,269)</u>	<u>(1,462,685)</u>	<u>(1,859,098)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		<u>(29,323)</u>	<u>(29,324)</u>	<u>(37,083)</u>
Net Cash Provided By (Used in) Financing Activities		<u>(29,323)</u>	<u>(29,324)</u>	<u>(37,083)</u>
Net Increase (Decrease) in Cash Held		703,206	92,508	(1,016,056)
Cash at Beginning of Year		4,939,023	4,939,023	5,955,079
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>5,642,229</u></u>	<u><u>5,031,531</u></u>	<u><u>4,939,023</u></u>

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

**SHIRE OF DUNDAS
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
Revenue				
Governance		62,298	27,787	82,120
General Purpose Funding		817,958	751,597	1,388,536
Law, Order, Public Safety		58,400	51,450	118,250
Health		4,511	4,000	4,101
Education and Welfare		77,340	70,572	97,968
Housing		20,813	16,240	14,159
Community Amenities		139,175	128,468	147,449
Recreation and Culture		320,068	312,710	85,796
Transport		1,262,993	1,284,385	1,499,649
Economic Services		133,434	162,908	98,309
Other Property and Services		659,845	134,007	145,147
		<u>3,556,835</u>	<u>2,944,124</u>	<u>3,681,484</u>
Expenses				
Governance		(499,311)	(631,537)	(637,451)
General Purpose Funding		(211,541)	(317,634)	(204,264)
Law, Order, Public Safety		(87,230)	(151,884)	(118,872)
Health		(98,912)	(128,300)	(84,156)
Education and Welfare		(123,213)	(181,275)	(158,102)
Housing		(90,472)	(40,785)	(86,677)
Community Amenities		(473,293)	(648,636)	(476,515)
Recreation and Culture		(678,864)	(791,413)	(754,972)
Transport		(718,397)	(1,029,901)	(1,029,919)
Economic Services		(227,098)	(228,175)	(260,305)
Other Property and Services		(587,161)	(63,282)	(258,699)
		<u>(3,795,492)</u>	<u>(4,212,822)</u>	<u>(4,069,932)</u>
Net Result Excluding Rates		(238,657)	(1,268,698)	(388,448)
(Profit)/Loss on Asset Disposals	20	(2,530)	(33,514)	60,054
Movement in Deferred Pensioner Rates (Non-Current)		(9,916)	0	(7,339)
Movement in Employee Benefit Provisions (Non-current)		23,837	0	(4,446)
Depreciation and Amortisation on Assets	2(a)	856,324	1,114,183	1,012,062
Capital Expenditure and Revenue				
Purchase Land and Buildings	6(a)	(306,876)	(637,200)	(215,403)
Purchase Furniture and Equipment	6(a)	(53)	(6,300)	(33,669)
Purchase Plant and Equipment	6(a)	(66,227)	(848,400)	(840,963)
Purchase Valuable Items	6(a)	(1,571)	0	0
Purchase Infrastructure - Roads	6(a)	(1,510,247)	(1,454,975)	(1,692,225)
Purchase Infrastructure - Drainage	6(a)	(6,297)	(42,900)	0
Purchase Infrastructure - Parks & Dvals	6(a)	0	0	(76,295)
Purchase Infrastructure - Aerodrome	7(a)	(10,007)	(114,259)	(82,640)
Purchase Infrastructure - Other	7(a)	(33,313)	(60,000)	(100,965)
Proceeds from Disposal of Fixed Assets	20	26,450	268,500	179,818
Repayment of Debentures	21(a)	(29,323)	(29,324)	(37,083)
Transfers to Reserves (Restricted Assets)	11	(2,707,332)	(333,609)	(1,695,698)
Transfers from Reserves (Restricted Assets)	11	3,505,419	1,541,639	1,748,713
ADD Surplus/(Deficit) July 1 B/Fwd	22(b)	754,788	839,021	1,018,734
LESS Surplus/(Deficit) June 30 C/Fwd	22(b)	2,229,161	(871,709)	754,788
Total Amount Raised from General Rate	22(a)	<u>(1,984,692)</u>	<u>(1,937,545)</u>	<u>(1,910,581)</u>

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

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

Except for cash flow and rate setting information, the report has also 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 Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

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

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

(b) Goods and Services Tax (GST)

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

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

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

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

**SHIRE OF SOMEWHERE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and Cash Equivalents

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

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

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land Held for Sale

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

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

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

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
 - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
 - (i) that are plant and equipment; and
 - (ii) that are -
 - (I) land and buildings; or-
 - (II) Infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

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

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

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

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the Council 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.

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2014.

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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

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

Revaluation

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

Transitional Arrangements

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** Methodology section as detailed above.

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to Fair Value, AASB 13 – Fair Value Measurement only become applicable for the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology in the previous reporting period (year ended 30 June 2013) the Council chose to early adopt AASB 13

As a consequence, the principles embodied in AASB 13 - Fair Value Measurement have been applied to the previous reporting period (year ended 30 June 2013).

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

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 Council.

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings	30 to 50 years
Furniture and Equipment	3 to 10 years
Plant and Equipment	3 to 10 years
Sealed roads and streets	20 to 50 years
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Gravel sheet	5 to 10 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Airport Infrastructure	40 years
Parks and Ovals Infrastructure	20 years
Sewerage piping	80 years
Water supply piping and drainage systems	50 years
Other Infrastructure	10 to 50 years

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

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

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

Capitalisation Threshold

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

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

Fair Value is the price that Council 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. 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 (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

The Council 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 Council are consistent with one or more of the following valuation approaches:

Market approach

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

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fair Value Hierarchy (Continued)

Income approach

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

Cost approach

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council 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 and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

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

(h) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

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

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-Term Employee Benefits

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

Other Long-Term Employee Benefits

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

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

(l) Borrowing Costs

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

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

(o) Investment in Associates

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

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

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

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

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Interests in Joint Arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments	December 2013	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	December 2013	1 January 2018	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]			

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iii) AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities]	December 2012	1 January 2014	Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128.
[AASB 1, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]			It is not expected to have a significant impact on Council.
(iv) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	June 2012	1 January 2014	This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.
[AASB 132]			This Standard is not expected to significantly impact the Council's financial statements.

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(v) AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	June 2013	1 January 2014	This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets.
(vi) AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	1 January 2014	It is not expected to have a significant impact on Council. This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities. It is not expected to have a significant impact on Council.
(vii) AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]	December 2013	Refer Title column	Part A of this standard makes various editorial corrections to Australian Accounting Standards. Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031. Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value. As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.

Notes:

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

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 10	AASB 128	AASB 2012 - 2
AASB 11	AASB 2011 - 7	AASB 2012 - 3
AASB 12	AASB 2011 - 9	AASB 2012 - 5
AASB 119	AASB 2011 - 10	AASB 2012 - 10
AASB 127		

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

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES

2014
\$

2013
\$

(a) Net Result

The Net Result includes:

(i) Charging as an Expense:

Auditors Remuneration

- Audit of the annual financial report current year	25,450	19,801
- Assistance with the finalisation of the annual financial report	4,000	2,100
- Acquittals	9,900	5,400

Depreciation

Buildings	170,867	119,826
Furniture and Equipment	17,305	56,775
Plant and Equipment	146,342	371,560
Roads	462,184	425,951
Drainage	8,121	8,108
Parks & Ovals	25,700	22,209
Other Infrastructure	17,537	4,926
Airport	8,268	2,707
	<u>856,324</u>	<u>1,012,062</u>

Interest Expenses (Finance Costs)

Debentures (refer Note 21(a))	898	2,766
	<u>898</u>	<u>2,766</u>

Rental Charges

- Operating Leases	11,428	11,938
	<u>11,428</u>	<u>11,938</u>

2014
Actual
\$

2014
Budget
\$

2013
Actual
\$

Interest Earnings

- Reserve Funds	151,412	128,332	134,569
- Other Funds	26,473	8,700	10,804
Other Interest Revenue (refer note 26)	64,269	23,500	71,314
	<u>242,154</u>	<u>160,532</u>	<u>216,687</u>

**SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life.

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

GOVERNANCE

Objective:

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

Activities:

Includes the activities of members of council and the administrative support available to the 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.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

EDUCATION AND WELFARE

Objective:

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

Activities:

Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home and community care programs and youth services.

HOUSING

Objective:

To provide and maintain elderly residents housing.

Activities:

Provision and maintenance of elderly residents housing.

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

RECREATION AND CULTURE

Objective:

To establish and effectively manage infrastructure and resource which will help the social well being c

Activities:

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

TRANSPORT

Objective:

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

Activities:

Construction and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and t

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

Private works operation, plant repair and operation costs and engineering operation costs.

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance ⁽¹⁾ 1/07/12 \$	Received ⁽²⁾ 2012/13 \$	Expended ⁽³⁾ 2012/13 \$	Closing Balance ⁽¹⁾ 30/06/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance 30/06/14 \$
Grant/Contribution	Function/ Activity							
HACC Grant	Welfare	6,945	0	0	6,945	0	(6,945)	0
Roberts Street Upgrade - GEDC	Transport	13,000	0	0	13,000	0	(13,000)	0
CLGF (10/11)	Various	117,569	0	(117,569)	0	0	0	0
CLGF 911/12)	Various	191,996	0	(191,996)	0	0	0	0
Workforce Planning Grant	Governance	0	25,000	0	25,000	0	(25,000)	0
Cat Sterilisation Grant	LOP	0	5,000	0	5,000	0	(5,000)	0
Community Safety Grant	LOP	0	22,561	0	22,561	0	(22,561)	0
CLGF (12/13)	Various	0	0	0	0	382,085	(272,812)	109,273
Total		329,510	52,561	(309,565)	72,506	382,085	(345,318)	109,273

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.

\$26,514 out of the total unspent grants is included in Unspent Grants Reserve. The balance is included as Restricted - Unspent Grants at Note 3.

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	Note	2014 \$	2013 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,711,636	293,102
Restricted		<u>3,930,593</u>	<u>4,645,921</u>
		<u>5,642,229</u>	<u>4,939,023</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	323,614	312,042
Plant Reserve	11	707,741	736,290
Aerodrome Reserve	11	129,784	125,143
Property Reserve	11	0	1,477,085
Road / Footpath Reserve	11	0	217,424
Coastal Reserve	11	0	58,428
IT Reserve	11	85,172	82,126
Reseal Reserve	11	0	503,090
Unspent Grant Reserve	11	26,514	825,685
Industrial Area reserve	11	0	80,076
Visitors Centre Precinct Reserve	11	0	228,532
Transport Reserve	11	1,357,829	0
Land Development Reserve	11	1,217,180	0
Restricted - Unspent Grants		<u>82,759</u>	<u>0</u>
		<u>3,930,593</u>	<u>4,645,921</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		292,307	562,404
Sundry Debtors		837,225	414,434
Provision for Doubtful Debts		(45,000)	(45,000)
Interest Accrual		<u>23,396</u>	<u>11,618</u>
		<u>1,107,928</u>	<u>943,456</u>
Non-Current			
Rates Outstanding - Pensioners		<u>34,372</u>	<u>24,456</u>
		<u>34,372</u>	<u>24,456</u>
5. INVENTORIES			
Current			
Fuel and Materials		<u>10,875</u>	<u>10,875</u>
		<u>10,875</u>	<u>10,875</u>

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2013 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Independent Valuation 2014	453,000	0
- Cost	<u>0</u>	<u>81,626</u>
	453,000	81,626
Land Vested In and Under the Control of Council at:		
- Independent Valuation 2014	450,000	0
- Cost	<u>0</u>	<u>2,000</u>
	450,000	2,000
Total Land	<u>903,000</u>	<u>83,626</u>
Specialised Buildings at:		
- Independent Valuation 2014	7,903,900	0
- Cost	0	5,128,061
Less: Accumulated Depreciation	<u>0</u>	<u>(924,067)</u>
	7,903,900	4,203,994
Non-Specialised Buildings at:		
- Independent Valuation 2014	1,190,000	0
- Cost	0	575,511
Less: Accumulated Depreciation	<u>0</u>	<u>(87,610)</u>
	1,190,000	487,901
GVROC Joint Venture		
- Cost	68,000	68,000
Less Accumulated Depreciation	<u>(75)</u>	<u>(75)</u>
	67,925	67,925
Total Buildings	<u>9,161,825</u>	<u>4,759,820</u>
Total Land and Buildings	<u>10,064,825</u>	<u>4,843,446</u>
Furniture and Equipment at:		
- Management Valuation 2013	156,159	156,159
- Additions after Valuation - Cost	53	0
Less Accumulated Depreciation	<u>(17,305)</u>	<u>0</u>
	138,907	156,159
Plant and Equipment at:		
- Management Valuation 2013	2,074,948	2,074,948
- Additions after Valuation - Cost	94,881	0
- Disposals after Valuation - Cost	(52,574)	0
Less Accumulated Depreciation	<u>(146,342)</u>	<u>0</u>
	1,970,913	2,074,948
Valuable Items at:		
- Cost	660	660
- Additions after Valuation - Cost	1,571	0
Less Accumulated Depreciation	<u>0</u>	<u>0</u>
	2,231	660
	<u>12,176,876</u>	<u>7,075,213</u>

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

Land and Buildings:

The Shire's land and buildings were revalued at 30 June 2014 by independent valuers.

In relation to land and non-specialised buildings, valuations were made on the basis of observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regard to specialised buildings, these were valued having regard for their current replacement cost utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).

Given the significance of the Level 3 inputs into the overall fair value measurement, these specialised building assets are deemed to have been valued using Level 3 inputs.

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

The revaluation of these assets resulted in an overall increase of \$5,085,370 in the net value of the Shire's land and buildings. All of this increase was credited to the revaluation surplus account in the Shire's equity (refer to Not 12 (a) for further details) and was recognised as Changes in Revaluation of Non-current Assets in the Statement of Comprehensive Income.

Due to the mandatory fair value measurement framework as detailed in Note 1 (f), Land Vested in and under the control of Council required a fair value assessment to occur in the current year.

This was performed by independent valuers at 30 June 2014.

As land vested in and under the control of Council is Crown Land restricted as to usage, it is not possible for an alternative usage to be considered when arriving at the fair value. In addition, due to its nature, any significant value attributable directly to the land would likely be offset by the need to return value to the Crown before any restriction is lifted, thus reducing the net fair value to nil.

Consequently, the fair value was obtained having regard for the current replacement cost of the improvements on the land to allow for its current restricted usage. These included both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).

Given the significance of Level 3 inputs into the overall fair value measurement, this land vested in and under the control of Council is deemed to be valued using Level 3 inputs.

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

The revaluation of Land vested in and under the control of Council resulted in an overall increase of \$448,000 and was recognised as changes in revaluation of non-current assets in the Statement of Comprehensive Income during the year.

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(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.

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Freehold Land (Level 2)	81,626	0	0	371,374	0	0	453,000
Land Vested In and Under the Control of Council (Level 3)	2,000	0	0	448,000	0	0	450,000
Total Land	83,626	0	0	819,374	0	0	903,000
Non-Specialised Buildings (Level 2)	487,901	0	0	739,049	0	(36,950)	1,190,000
Specialised Buildings (Level 3)	4,203,994	306,876	0	3,526,947	0	(133,917)	7,903,900
GVROC Joint Venture (Level 3)	67,925	0	0	0	0	0	67,925
Total Buildings	4,759,820	306,876	0	4,265,996	0	(170,867)	9,161,825
Total Land and Buildings	4,843,446	306,876	0	5,085,370	0	(170,867)	10,064,825
Furniture and Equipment (Level 3)	156,159	53	0	0	0	(17,305)	138,907
Plant and Equipment (Level 2)	2,074,948	66,227	(23,920)	0	0	(146,342)	1,970,913
Valuable Items	660	1,571	0	0	0	0	2,231
Total Property, Plant and Equipment	7,075,213	374,727	(23,920)	5,085,370	0	(334,514)	12,176,876

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2013 \$
7. INFRASTRUCTURE		
Roads		
- Cost	24,500,058	22,989,811
Less Accumulated Depreciation	<u>(9,969,926)</u>	<u>(9,507,742)</u>
	14,530,132	13,482,069
Drainage		
- Cost	629,956	626,979
Less Accumulated Depreciation	<u>(117,066)</u>	<u>(112,265)</u>
	512,890	514,714
Parks & Ovals		
- Cost	1,186,729	1,186,729
Less Accumulated Depreciation	<u>(194,753)</u>	<u>(169,053)</u>
	991,976	1,017,676
Other Infrastructure		
- Cost	343,309	310,275
Less Accumulated Depreciation	<u>(28,408)</u>	<u>(11,150)</u>
	314,901	299,125
Airport		
- Cost	164,847	154,840
Less Accumulated Depreciation	<u>(22,458)</u>	<u>(14,190)</u>
	142,389	140,650
	<u>16,492,288</u>	<u>15,454,234</u>

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Roads	13,482,069	1,510,247	0	0	0	(462,184)	14,530,132
Drainage	514,714	6,297	0	0	0	(8,121)	512,890
Parks & Ovals	1,017,676	0	0	0	0	(25,700)	991,976
Other Infrastructure	299,125	33,313	0	0	0	(17,537)	314,901
Airport	140,650	10,007	0	0	0	(8,268)	142,389
Total	15,454,234	1,559,864	0	0	0	(521,810)	16,492,288

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2013 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	314,222	113,444
Accrued Interest on Debentures	354	354
Accrued Salaries and Wages	60,704	64,089
ATO Liabilities	54,430	28,642
	<u>429,710</u>	<u>206,529</u>

9. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge Debentures	0	29,323
	<u>0</u>	<u>29,323</u>

Additional detail on borrowings is provided in Note 21.

The Shire did not have any long term borrowings at the reporting date.

10. PROVISIONS

Analysis of Total Provisions

Current	254,327	286,116
Non-Current	48,020	24,183
	<u>302,347</u>	<u>310,299</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2013	138,359	171,940	310,299
Additional provision	2,742	0	2,742
Amounts used	0	(10,694)	(10,694)
Balance at 30 June 2014	<u>141,101</u>	<u>161,246</u>	<u>302,347</u>

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	312,042	312,042	300,720
Amount Set Aside / Transfer to Reserve	11,572	9,361	11,322
Amount Used / Transfer from Reserve	0	0	0
	<u>323,614</u>	<u>321,403</u>	<u>312,042</u>
(b) Plant Reserve			
Opening Balance	736,290	736,290	862,769
Amount Set Aside / Transfer to Reserve	26,489	111,044	434,709
Amount Used / Transfer from Reserve	(55,038)	(541,339)	(561,188)
	<u>707,741</u>	<u>305,995</u>	<u>736,290</u>
(c) Aerodrome Reserve			
Opening Balance	125,143	125,143	120,602
Amount Set Aside / Transfer to Reserve	4,641	3,754	4,541
Amount Used / Transfer from Reserve	0	(57,129)	0
	<u>129,784</u>	<u>71,768</u>	<u>125,143</u>
(d) Property Reserve			
Opening Balance	1,477,085	1,477,085	1,278,934
Amount Set Aside / Transfer to Reserve	53,540	44,313	198,151
Amount Used / Transfer from Reserve	(1,530,624)	(102,500)	0
	<u>0</u>	<u>1,418,898</u>	<u>1,477,085</u>
(e) Road / Footpath Reserve			
Opening Balance	217,424	217,424	130,510
Amount Set Aside / Transfer to Reserve	8,063	6,523	86,914
Amount Used / Transfer from Reserve	(225,487)	0	0
	<u>0</u>	<u>223,947</u>	<u>217,424</u>
(f) Coastal Reserve			
Opening Balance	58,428	58,427	56,308
Amount Set Aside / Transfer to Reserve	2,167	1,753	2,120
Amount Used / Transfer from Reserve	(60,594)	0	0
	<u>0</u>	<u>60,180</u>	<u>58,428</u>
(g) IT Reserve			
Opening Balance	82,126	82,126	81,277
Amount Set Aside / Transfer to Reserve	3,046	2,464	23,060
Amount Used / Transfer from Reserve	0	(1,500)	(22,211)
	<u>85,172</u>	<u>83,090</u>	<u>82,126</u>
(h) Reseal Reserve			
Opening Balance	503,090	503,090	405,812
Amount Set Aside / Transfer to Reserve	18,657	82,368	97,278
Amount Used / Transfer from Reserve	(521,747)	0	0
	<u>0</u>	<u>585,458</u>	<u>503,090</u>
(i) Unspent Grant Reserve			
Opening Balance	825,685	825,685	1,105,201
Amount Set Aside / Transfer to Reserve	0	24,771	799,171
Amount Used / Transfer from Reserve	(799,171)	(799,171)	(1,078,687)
	<u>26,514</u>	<u>51,285</u>	<u>825,685</u>

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAD ENDED 30TH JUNE 2014

11. RESERVES - CASH BACKED (Continued)

(j) Industrial Area reserve			
Opening Balance	80,076	80,076	53,078
Amount Set Aside / Transfer to Reserve	2,234	2,402	26,998
Amount Used / Transfer from Reserve	(82,310)	0	0
	<u>0</u>	<u>82,478</u>	<u>80,076</u>
(k) Visitors Centre Precinct Reserve			
Opening Balance	228,532	46,260	220,241
Amount Set Aside / Transfer to Reserve	1,914	1,389	8,291
Amount Used / Transfer from Reserve	(230,446)	0	0
	<u>0</u>	<u>47,649</u>	<u>228,532</u>
(l) Transport Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	1,357,829	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>1,357,829</u>	<u>0</u>	<u>0</u>
(m) Land Development Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	1,217,180	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>1,217,180</u>	<u>0</u>	<u>0</u>
(n) Rubbish Reserve			
Opening Balance	0	0	83,484
Amount Set Aside / Transfer to Reserve	0	15,000	3,143
Amount Used / Transfer from Reserve	0	0	(86,627)
	<u>0</u>	<u>15,000</u>	<u>0</u>
(o) Townscape Reserve			
Opening Balance	0	130,669	0
Amount Set Aside / Transfer to Reserve	0	3,920	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>134,589</u>	<u>0</u>
(p) Robert Street Reserve			
Opening Balance	0	51,605	0
Amount Set Aside / Transfer to Reserve	0	1,548	0
Amount Used / Transfer from Reserve	0	(40,000)	0
	<u>0</u>	<u>13,153</u>	<u>0</u>
(q) Medical Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	15,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>15,000</u>	<u>0</u>
(r) Building Maintenance Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	8,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>8,000</u>	<u>0</u>
TOTAL RESERVES	<u>3,847,834</u>	<u>3,437,893</u>	<u>4,645,921</u>
Total Opening Balance	4,645,921	4,645,923	4,698,936
Total Amount Set Aside / Transfer to Reserve	2,707,332	333,609	1,695,698
Total Amount Used / Transfer from Reserve	(3,505,419)	(1,541,639)	(1,748,713)
TOTAL RESERVES	<u>3,847,834</u>	<u>3,437,893</u>	<u>4,645,921</u>

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

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

11. RESERVES - CASH BACKED (Continued)

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

- (a) Leave Reserve
 - to be used to fund annual and long service leave requirements
- (b) Plant Reserve
 - to be used for the purchase of major plant
- (c) Aerodrome Reserve
 - to be used for the maintenance of the airstrip at Norseman
- (d) Property Reserve
 - This reserve closed, funds transferred to Transport and Land Development reserves.
- (e) Road / Footpath Reserve
 - This reserve closed, funds transferred to Transport and Land Development reserves.
- (f) Coastal Reserve
 - This reserve closed, funds transferred to Transport and Land Development reserves.
- (g) IT Reserve
 - to be used to purchase and replace computer equipment
- (h) Reseal Reserve
 - This reserve closed, funds transferred to Transport and Land Development reserves.
- (i) Unspent Grant Reserve
 - to be used for completion of projects
- (j) Industrial Area Reserve
 - This reserve closed, funds transferred to Transport and Land Development reserves.
- (k) Visitors Centre Precinct Reserve
 - This reserve closed, funds transferred to Transport and Land Development reserves.
- (l) Transport Reserve
 - to be used for the construction, maintenance and reseal of the Shire's transport network.
- (m) Land Development Reserve
 - to be used for the building, construction and maintenance of the Shire's land and buildings.
- (n) Rubbish Reserve
 - This reserve closed, funds transferred to Transport and Land Development reserves.
- (o) Townscape Reserve
 - This reserve closed, funds transferred to Transport and Land Development reserves.
- (p) Robert Street Reserve
 - This reserve closed, funds transferred to Transport and Land Development reserves.
- (q) Medical Reserve
 - This reserve closed, funds transferred to Transport and Land Development reserves.
- (r) Building Maintenance Reserve
 - This reserve closed, funds transferred to Transport and Land Development reserves.

Apart from Unspent Grants Reserve, all other reserves are not expected to be used within a set period as further transfers to the reserve account are expected as funds are utilised.

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

12. REVALUATION SURPLUS

	2014 \$	2013 \$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land & Buildings		
Opening Balance	0	0
Revaluation Increment	5,085,370	0
Revaluation Decrement	0	0
	<u>5,085,370</u>	<u>0</u>
(b) Plant & Equipment		
Opening Balance	112,783	0
Revaluation Increment	0	112,783
Revaluation Decrement	0	0
	<u>112,783</u>	<u>112,783</u>
(c) Furniture & Equipment		
Opening Balance	41,774	0
Revaluation Increment	0	41,774
Revaluation Decrement	0	0
	<u>41,774</u>	<u>41,774</u>
 TOTAL ASSET REVALUATION SURPLUS	 <u><u>5,239,927</u></u>	 <u><u>154,557</u></u>

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2014 \$	2014 Budget \$	2013 \$
Cash and Cash Equivalents	<u>5,642,229</u>	<u>5,031,531</u>	<u>4,939,023</u>

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

Net Result	1,746,035	668,847	1,522,133
Depreciation	856,324	1,114,183	1,012,062
(Profit)/Loss on Sale of Asset	(2,530)	(33,514)	60,054
(Increase)/Decrease in Receivables	(174,388)	264,525	(501,682)
Increase/(Decrease) in Payables	226,566	841,269	(269,502)
Increase/(Decrease) in Employee Provisions	(11,337)	162,056	60,304
Grants Contributions for the Development of Assets	(1,383,872)	(1,432,849)	(1,003,244)
Net Cash from Operating Activities	<u>1,256,798</u>	<u>1,584,517</u>	<u>880,125</u>

(c) Undrawn Borrowing Facilities

	2014 \$	2014 Budget \$	2013 \$
Credit Standby Arrangements			
Bank Overdraft limit	0	0	0
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	10,000	10,000	10,000
Credit Card Balance at Balance Date	(2,000)	(1,257)	(810)
Total Amount of Credit Unused	<u>8,000</u>	<u>8,743</u>	<u>9,190</u>
Loan Facilities			
Loan Facilities - Current	0	0	29,323
Loan Facilities - Non-Current	0	0	0
Total Facilities in Use at Balance Date	<u>0</u>	<u>0</u>	<u>29,323</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

14. CONTINGENT LIABILITIES

There were no contingent liabilities against Council at the 30th June 2014.

15. CAPITAL AND LEASING COMMITMENTS	2014	2013
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	20,676	4,620
- later than one year but not later than five years	46,521	0
	<u>67,197</u>	<u>4,620</u>

(b) Capital Expenditure Commitments

Contracted for:		
- plant & equipment purchases	366,519	0
Payable:		
- not later than one year	366,519	0

The capital expenditure project outstanding at the end of the current reporting period represents the acceptance of a tender for the acquisition of 3 trucks to be delivered in 2014/15.

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2014

16. JOINT VENTURE ARRANGEMENTS

The Shire together with the Shires of Esperance, Coolgardie, Laverton, Leonora, Memzies, Ngaanyatjarraku, Ravensthorp, Wiluna and the City of Kalgoorlie have a joint venture arrangement with regard to the provision of a Regional Records Service. The only asset is a building and Council's one-tenth share is included in Property, Plant and Equipment (please refer to Note 6).

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2014 \$	2013 \$
Governance	5,009,021	2,166,101
General Purpose Funding	1,076,075	595,699
Law, Order, Public Safety	720,251	536,278
Health	628,228	297,153
Education and Welfare	19,008	23,128
Housing	1,200,454	676,296
Community Amenities	952,860	1,010,323
Recreation and Culture	4,255,184	2,708,086
Transport	18,290,128	15,825,807
Economic Services	0	131,237
Other Property and Services	2,089,723	1,512,663
Unallocated	1,223,636	2,964,486
	<u>35,464,568</u>	<u>28,447,257</u>

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014	2013	2012
18. FINANCIAL RATIOS			
Current Ratio	6.51	5.29	3.44
Asset Sustainability Ratio	1.25	2.93	2.20
Debt Service Cover Ratio	40.35	38.49	58.17
Operating Surplus Ratio	0.14	0.20	0.57
Own Source Revenue Coverage Ratio	0.66	0.63	0.72

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 62 of this document.

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

19. TRUST FUNDS

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

	Balance 1 July 2013 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2014 \$
Building Levy	341	6,400	0	6,741
Building Registration	1,243	3,128	0	4,371
Hall Deposits	1,500	1,200	(1,800)	900
Electricity Cards	7,040	0	0	7,040
Demolition Deposits	500	0	0	500
Norseman Sport & Recreation Federation	35,409	0	0	35,409
Norseman Motor Cycle Club	3,414	0	(3,414)	0
Nomination Deposits	0	240	(240)	0
Excess Rates	4,165	1,311	(2,062)	3,414
TPS App	120	0	0	120
NAPS Trust	1,823	0	0	1,823
Pool Deposits	0	200	0	200
Gym Key Deposits	2,940	2,650	(2,650)	2,940
Youth	944	600	(273)	1,271
Chamber of Commerce	2,650	0	0	2,650
Bowling Club	1,729	0	0	1,729
Christmas Festival	20	0	0	20
Licencing	2,776	4,054	0	6,830
Tennis Key Deposit	280	370	(170)	480
Norseman Swimming Pool	567	0	0	567
Library Deposits	422	62	0	484
Raffle Trust	1,061	0	0	1,061
Cemetery Trust	100	0	0	100
Bank Interest	5,343	75	0	5,418
Norseman Medical Clinic	0	19,561	0	19,561
	74,387	39,851	(10,609)	103,629

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Governance						
MOW Vehicle - 2010 Mitsubishi Triton GLX 4x4	16,418	0	18,318	0	1,900	0
Mitubishi Triton GL 4x2	7,502	0	8,132	0	630	0
CEO Vehicle - 2012 Toyota Prado	0	38,813	0	40,000	0	1,187
Transport						
2008 Mitsubishi Tip Truck - (DS26)	0	69,968	0	85,000	0	15,032
2008 Mitsubishi Tip Truck - (DS174)	0	69,968	0	85,000	0	15,032
2005 Mitsubishi Tip Truck - (DS17)	0	25,673	0	15,000	0	(10,673)
MOW Vehicle - 2010 Mitsubishi Triton (DS242)	0	17,186	0	25,900	0	8,714
2009 Mitsubishi Triton 4x2 (DS263)	0	4,223	0	8,600	0	4,377
2005 Caterpillar 26 1B Skid Steer Loader	0	9,155	0	9,000	0	(155)
	23,920	234,986	26,450	268,500	2,530	33,514

Profit	2,530	43,342
Loss	0	(9,828)
	<u>2,530</u>	<u>33,514</u>

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2013 \$	New Loans \$	Principal Repayments		Principal 30 June 2014		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance	29,323	0	29,323	29,323	0	0	898	898
Administration Building	29,323	0	29,323	29,323	0	0	898	898

(b) New Debentures - 2013/14

The Shire did not take up any new debentures during the year ended 30 June 2014.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2014.

(d) Overdraft

The Shire does not have an overdraft facility.

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate / General Rate											
GRV - Townsites	0.123354	545	4,040,858	498,456	(2,567)	0	495,889	498,456	0	0	498,456
GRV - Roadhouses	0.170699	9	876,720	149,655	0	0	149,655	149,655	0	0	149,655
GRV - Mining	0.203968	2	1,265,520	258,126	0	0	258,126	258,126	0	0	258,126
Unimproved Value Valuations											
UV - Pastoral	0.036889	15	872,574	32,197	0	0	32,197	32,197	0	0	32,197
UV - Mining Leases	0.120411	127	5,082,533	611,993	(71,966)	0	540,027	611,993	0	0	611,993
UV - Exploration Leases	0.120411	136	1,894,523	228,121	(2,306)	0	225,815	228,121	0	0	228,121
UV - Prospecting Leases	0.153645	142	290,898	44,695	1,598	0	46,293	44,695	0	0	44,695
UV - Gold Mining Leases	0.120411	1	5,453	657	0	0	657	657	0	0	657
Sub-Totals		977	14,329,079	1,823,900	(75,241)	0	1,748,659	1,823,900	0	0	1,823,900
Minimum Payment											
GRV - Townsites											
UV - Pastoral	315	134	80,186	42,210	0	0	42,210	42,210	0	0	42,210
UV - Mining Leases	315	6	24,026	1,890	0	0	1,890	1,890	0	0	1,890
UV - Exploration Leases	315	47	44,932	14,805	0	0	14,805	14,805	0	0	14,805
UV - Prospecting Leases	315	74	78,277	23,310	0	0	23,310	23,310	0	0	23,310
UV - Gold Mining Leases	245	127	130,304	31,115	0	0	31,115	31,115	0	0	31,115
Sub-Totals	315	1	598	315	0	0	315	315	0	0	315
		389	358,323	113,645	0	0	113,645	113,645	0	0	113,645
Excess Rates											
Total Amount Raised From General Rates											
							1,862,304				1,937,545
							122,388				0
							1,984,692				1,937,545

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)

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

	2014 (30 June 2014 Carried Forward) \$	2014 (1 July 2013 Brought Forward) \$	2013 (30 June 2013 Carried Forward) \$
Surplus/(Deficit) 1 July 13 Brought Forward	<u>2,229,161</u>	<u>754,788</u>	<u>754,788</u>
<u>Comprises:</u>			
Cash and Cash Equivalents			
Unrestricted	1,711,636	293,102	293,102
Restricted	3,930,593	4,645,921	4,645,921
Receivables			
Rates Outstanding	292,307	666,216	666,216
Sundry Debtors	837,225	310,622	310,622
Provision for Doubtful Debts	(45,000)	(45,000)	(45,000)
Interest Accrual	23,396	11,618	11,618
Inventories			
Fuel and Materials	10,875	10,875	10,875
<u>Less:</u>			
Trade and other Payables			
Sundry Creditors	(314,222)	(113,444)	(113,444)
Accrued Interest on Debentures	(354)	(354)	(354)
Accrued Salaries and Wages	(60,704)	(64,089)	(64,089)
ATO Liabilities	(54,430)	(28,642)	(28,642)
Current Portion of Long Term Borrowings			
Secured by Floating Charge Debentures	0	(29,323)	(29,323)
Provisions			
Provision for Annual Leave	(141,101)	(138,359)	(138,359)
Provision for Long Service Leave	(113,226)	(147,757)	(147,757)
<u>Net Current Assets</u>	<u>6,076,995</u>	<u>5,371,386</u>	<u>5,371,386</u>
<u>Less:</u>			
Reserves - Restricted Cash	(3,847,834)	(4,645,921)	(4,645,921)
<u>Add:</u>			
Secured by Floating Charge Debentures	0	29,323	29,323
Surplus/(Deficit)	<u>2,229,161</u>	<u>754,788</u>	<u>754,788</u>

Difference

There was no difference between the Surplus/(Deficit) 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2013 audited financial report.

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

23. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

24. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

The Shire did not impose any service charges.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2013/14 FINANCIAL YEAR**

No discount on rates is available.

26. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	10.00%	N/A	60,970	21,000
Interest on Instalments Plan	5.50%	N/A	3,299	3,000
Charges on Instalment Plan	5.50%	5	3,248	0
			67,517	24,000

An interest rate of 7.5% will be charged on all rate payments which are late. It is estimated this will generate income of \$21,000. Three separate option plans will be available to ratepayers for payment of their rates.

Option 1 (Full Payment)

Full amount of rates and charges including arrears to be paid on or before 10th September 2013 or 35 days after the date of service appearing on the rate notice whichever is the later. See Note 12 for discount provisions under this option.

Option 2 (2 instalments)

First instalment to be received on or before 10th September 2013 or 35 days after the date of service appearing on the rate notice whichever is later and including all arrears and half of the current rates and service charges.

The second instalment is to be made within a further two months.

Option 3 (4 instalments)

First instalment to be received on or before 10th August 2013 or 35 days after the date of service appearing on the rate notice whichever is later and including all arrears and half of the current rates and service charges.

Second, third and fourth instalments to be made at two monthly intervals thereafter.

The cost of instalment plans will comprise of simple interest of 5.5% p.a calculated from the date of the first instalment is due, together with an administration fee of \$7.00 for each instalment notice.

The total revenue from the imposition of the interest and administration charge under this option is estimated at \$26,500 and is dissected as follows:

	2013/14
	Budget
	\$
Administration Charges	3,000
Interest Charges	23,500
	<u>26,500</u>

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

27. FEES & CHARGES	2014 \$	2013 \$
Governance	21,206	16,720
General Purpose Funding	4,462	3,536
Law, Order, Public Safety	5,418	2,971
Health	4,510	4,101
Housing	20,813	14,159
Community Amenities	138,179	132,866
Recreation and Culture	16,079	16,385
Economic Services	57,890	27,928
Other Property and Services	19,457	130,308
	<u>288,014</u>	<u>348,974</u>

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

28. GRANT REVENUE

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

	2014 \$	2013 \$
By Nature or Type:		
Operating Grants, Subsidies and Contributions	1,640,265	2,044,717
Non-Operating Grants, Subsidies and Contributions	1,383,872	1,003,244
	<u>3,024,137</u>	<u>3,047,961</u>
By Program:		
Governance	41,092	65,401
General Purpose Funding	571,342	1,168,312
Law, Order, Public Safety	52,981	115,279
Education and Welfare	77,339	97,968
Community Amenities	996	6,076
Recreation and Culture	303,990	69,411
Transport	1,260,463	1,436,718
Economic Services	75,546	70,381
Other Property and Services	640,388	18,415
	<u>3,024,137</u>	<u>3,047,961</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>26</u>	<u>27</u>
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30. ELECTED MEMBERS REMUNERATION

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

	2014 \$	2014 Budget \$	2013 \$
Meeting Fees	12,040	15,000	12,250
President's Allowance	3,200	2,800	2,800
Deputy President's Allowance	800	700	700
Travelling Expenses	17,318	17,808	15,452
Telecommunications Allowance	0	1,400	191
	<u>33,358</u>	<u>37,708</u>	<u>31,393</u>

**SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2013/14.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2013/14 financial year.

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

33. FINANCIAL RISK MANAGEMENT

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

Council 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 Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	5,642,229	4,939,023	5,642,229	4,939,028
Receivables	1,142,300	967,912	1,142,300	967,913
	<u>6,784,529</u>	<u>5,906,935</u>	<u>6,784,529</u>	<u>5,906,941</u>
Financial Liabilities				
Payables	429,710	206,529	429,710	206,531
Borrowings	0	29,323	0	29,323
	<u>429,710</u>	<u>235,852</u>	<u>429,710</u>	<u>235,854</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables - estimated to the carrying value which approximates net market value.
- Borrowings, Held to Maturity Investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. Council has an investment policy which is subject to review by Council. An Investment Report is provided to submitted to Council on a basis setting out the make-up and performance of the portfolio.

Cash is subject to interest rate risk - the risk that movements in interest rates could affect returns.

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

Council manages these risks by only investing in funds with recognised Australian Banks.

	2014	2013
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	54,774	50,205
- Statement of Comprehensive Income	54,774 ⁽¹⁾	50,205 ⁽¹⁾

Notes:

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

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council 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 Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council 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.

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

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

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

	2014	2013
Percentage of Rates and Annual Charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of Other Receivables		
- Current	68%	67%
- Overdue	32%	33%

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings

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

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

	<u>2014</u>				
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	429,710	0	0	429,710	429,710
Borrowings	0	0	0	0	0
	<u>429,710</u>	<u>0</u>	<u>0</u>	<u>429,710</u>	<u>429,710</u>
	<u>2013</u>				
Payables	206,531	0	0	206,531	206,531
Borrowings	29,323	0	0	29,323	29,323
	<u>235,854</u>	<u>0</u>	<u>0</u>	<u>235,854</u>	<u>235,854</u>

SHIRE OF DUNDAS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (Continued)

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

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

						Weighted Average Effective Interest Rate %	
	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$
Year Ended 30 June 2014							
Borrowings							
Fixed Rate	0	0	0	0	0	0	0
Debentures							
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Year Ended 30 June 2013							
Borrowings							
Fixed Rate	29,323	0	0	0	0	0	29,323
Debentures							
Weighted Average Effective Interest Rate	6.10%	0.00%	0.00%	0.00%	0.00%	0.00%	6.10%

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF DUNDAS**

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the Shire of Dundas, which comprises the statement of financial position as at 30 June 2014, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL REPORT

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

AUDITOR'S RESPONSIBILITY

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

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

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

AUDITOR'S OPINION

In our opinion, the financial report of the Shire of Dundas is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2014 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF DUNDAS (CONTINUED)**

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

During the course of the audit we became aware of the following instances where the Council did not comply with the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 (as amended):

Budget deficiency

Council did not obtain Ministerial approval for budgeted income from general rates of more than 110% of the amount of the budgeted deficiency prior to approval of the 2013/14 budget as required by Section 6.34 of the Local Government Act.

Differential General Rates

With respect to differential rates imposed by Council for 2013/14;

- a) Local public notice of Council's intention to do so did not advise electors and ratepayers of the time and place where a document describing the objects of, and reasons for, each proposed rate and minimum payment may be inspected as required by Section 6.36(3)(c) of the Local Government Act; and
- b) A brief statement of objects/reasons for imposing the differential rates was not included in the rate notice or information accompanying the rate notice as required by Local Government (Financial Management) Regulation 56(4)(a)(i);

List of Accounts Paid

The lists of accounts presented to Council did not include the dates of payments as required by Local Government (Financial Management) Regulation 13(1)(c).

Budget Review

- a) The half-yearly review of the 2013/14 budget was not presented to Council for adoption within 30 days of its review as required by Local Government (Financial Management) Regulation 33A(2); and
- b) A copy of the budget review was not submitted to the Department of Local Government within 30 days of its adoption as required by Local Government (Financial Management) Regulation 33A(4).

Statement of Financial Activity

- a) The monthly statements for December 2013 and January 2014 did not contain explanations for material variances between the year-to-date actual and budgeted amounts as required by Local Government (Financial Management) Regulation 34(1)(d);
- b) The monthly statement for March 2014 did not include the net current assets at the end of the month to which the statements related as required by Local Government (Financial Management) Regulation 34(1)(e); and
- c) The monthly statements from July 2013 to March 2014 did not contain explanations for material variances relating to capital revenue and capital expenditure as required by Local Government (Financial Management) Regulation 34(2)(b).

Annual Financial Report

The annual financial report for the year ended 30 June 2013 was not submitted to the Department of Local Government within 30 days of receiving the auditor's report as required by Local Government (Financial Management) Regulation 51(2).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF DUNDAS (CONTINUED)**

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Shire.
- b) Except as detailed above, no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 62 of this report, we have reviewed the calculation for the Asset Consumption Ratio as presented and nothing has come to our attention to suggest it is not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.

The Asset Renewal Funding Ratio was not calculated and hence no review was carried out.

- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

Date: 25 November 2014
Perth, WA

UHY HAINES NORTON
CHARTERED ACCOUNTANTS


WEN-SHIEN CHAI
PARTNER

**SHIRE OF DUNDAS
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2014**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information.

	2014	2013	2012
Asset Consumption Ratio	0.73	0.68	N/A
Asset Renewal Funding Ratio (NOTE 1)	N/A	N/A	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

N/A - In keeping with amendments to Local Government (Financial Management) Regulations 50, comparatives for 2012 year have not been reported as financial information is not available.

NOTE 1 - The Shire's Asset Management Plans did not include details on the required capital renewal over 10 years so this ratio was not calculated as at 30 June 2014.