



ANNUAL REPORT

SHIRE OF DARDANUP | 2015/16



Contents

About Us	3	Enhancing Community Life	14, 15
Elected Members	4	Urban & Economic Environment	16
Executive	5	Projects in the Pipeline	17
Shire President Message	6	Responsive	18
CEO Message	7	Inclusive	19
Financial Snapshot	8	Transparent	20
2015/16 Achievements	9	Cutting Edge	21
Roads, Transport & Other Infrastructure	10	Statutory Reports	22
Environment	11	Financial Report	23
Sports, Recreation & Culture	12, 13		

About Us

The seeds of our Shire were sewn in its picturesque agricultural hinterland where traditional farming enterprises like beef and dairy production have been joined in recent times by a now thriving tourism industry.

Local drawcards, particularly in the Ferguson Valley, like Gnomesville, wineries, galleries, restaurants and boutique accommodation provide an enviable lifestyle for locals and an abundance of activities for tourists.

The townsite of Eaton is the Shire's commercial and residential hub and is one of the fastest growing towns in the South West.

Stunning natural assets provide a multitude of outdoor activities to enjoy including freshwater fishing in quiet rock pools and pristine rivers, swimming, camping and heritage walk trails.

The rural towns of Dardanup and Burekup are set in lush green cattle country and as the gateway to the renowned Ferguson Valley, their rolling hills and picturesque valleys provide wonderful opportunities for scenic drives.

Contact Us

Administration Centre - Eaton
1 Council Drive, Eaton, WA 6232
(08) 9724 0000

Dardanup Office
3 Little Street, Dardanup, WA 6236
(08) 9728 1422


www.dardanup.wa.gov.au


records@dardanup.wa.gov.au


[shireofdardanup](https://www.facebook.com/shireofdardanup)

	2011/12	2012/13	2013/14	2014/15	2015/16
Rateable properties	5,292	5,395	5,518	5,597	5,708
Ordinary Rates levied	\$7.07m	\$7.79m	\$8.45m	\$9.41m	\$10.77m
Operating revenue	\$16.6m	\$17.7m	\$22.7m	\$20.1m	23.5m
Total assets	\$78m	\$84m	\$163m	\$168m	179m
Full-time equivalent staff	74.86	83.90	88.17	92.97	100.86
Planning applications received	135	144	133	129	138
Building applications received	437	464	535	500	453
Domestic refuse collected	-	3,600t	3,750t	4,106t	4,390t
Recyclable collected	-	1,300t	1,400t	1,172t	1,170t
Eaton Rec Centre Members	783	752	773	849	836
Library Members	1,767	1,753	1,810	1,968	2,809

Elected Members



Cr. Michael Bennett
Shire President



Cr. Peter Robinson
Deputy Shire President



Cr. Patricia Perks
Councillor



Cr. Carmel Boyce
Councillor



Cr. James Lee
Councillor



Cr. Luke Davies
Councillor



Cr. Allen Mountford
Councillor



Cr. Tyrrell Gardiner
Councillor



Cr. Danny Harris
Councillor

Executive



Mark Chester
Chief Executive Officer



Stuart Eaton
Director
Corporate &
Community Services



Luke Botica
Director
Engineering &
Development Services



Shire President Message



“There’s a great deal of Council projects culminating in the near future which will have a big and exciting impact on our community.”

The release in April, 2016 of the Draft District Structure Plan for Western Australia’s newest city, Wanju, marked an unprecedented step in the future development of our Shire.

With a projected population of 50,000 residents and 20,000 homes, the development is one of the biggest urban developments to be undertaken in regional WA over the next decade.

We marked the occasion with an official Naming event and traditional Aboriginal Smoking Ceremony at a site within the planned city limits.

A dedicated website at wanju.dardanup.wa.gov.au was also launched to keep the community, stakeholders and potential investors up-to-date on developments.

The three-month period of public consultation on the draft District Structure Plan is now complete and we hope to finalise the document in 2017.

Development could commence by 2021 at a projected rate of 600 dwellings per year.

That’s a long-term view of the future in our Shire. There’s a great deal of other Council projects culminating in the near future which will also have a big and exciting impact on our community.

Construction by a Main Roads WA contractor will start next year on the \$24 million Millbridge-Treendale Bridge.

Work is now underway on our \$6.6 million redevelopment of Glen Huon Reserve and the benefits to the community of its upgraded recreation facilities will be immense.

When you combine completion of this with the coming expansion of Eaton Fair by Citygate Properties – including more shops, restaurants, entertainment,

business and office space and residential units, plus creation of a more Town Centre atmosphere for residents and visitors – you begin to see real and exciting changes are coming.

Adding to the overall vibrancy will be Council’s plans for construction of a region-leading new public library facility. We’re close to finalising our designs on that one before proceeding to a tender process for construction.

I’m so proud of all that we are achieving in the Shire of Dardanup and its gratifying to see the results of our hard work coming together to provide real and exciting change.

MICK BENNETT
Shire President

CEO Message

When residents and ratepayers chat to me, the single most important thing they want to know is are they getting value for money? When they pay their annual rates, what is the Shire of Dardanup offering them in return for that investment? It’s a fair question.

I can address that in a moment by outlining some of our specific achievements in the 2015/16 financial year. But first I want to talk about the culture of our organisation. We define ourselves as the THINK Ahead Shire.

What that really means to me is we are never happy to accept the status quo. People working in every department of our organisation are constantly raising the bar, pushing the boundaries and developing new objectives to make life in the Shire of Dardanup better for all.

As a Local Government organisation, we aim to be the leader, never the follower.

This approach infiltrates everything we do from driving a State-leading one card library service involving 11 partner Local Governments, to successfully developing and launching a new online building application service and leading the region in modern planning policy to allow for the introduction of cosmopolitan-style shop-top living.

Other specific achievements in 2015/16 of which we are particularly proud include:

- Design work completed for multi-million dollar redevelopment of Glen Huon

Reserve including two pavilions and new playground;

- Progress towards design of the new Eaton Library and administration centre which included an increase in project budget without impacting rates;
- Launch of Wanju draft District Structure Plan in partnership with WA Department of Planning;
- Opening of Eaton Foreshore Nature Playground;
- Dardanup Town Centre beautification and Wells Park improvements including installation of lights;

- Sealing of Pile/Mungilup Road creating a top quality tourist route between Dardanup and Collie.

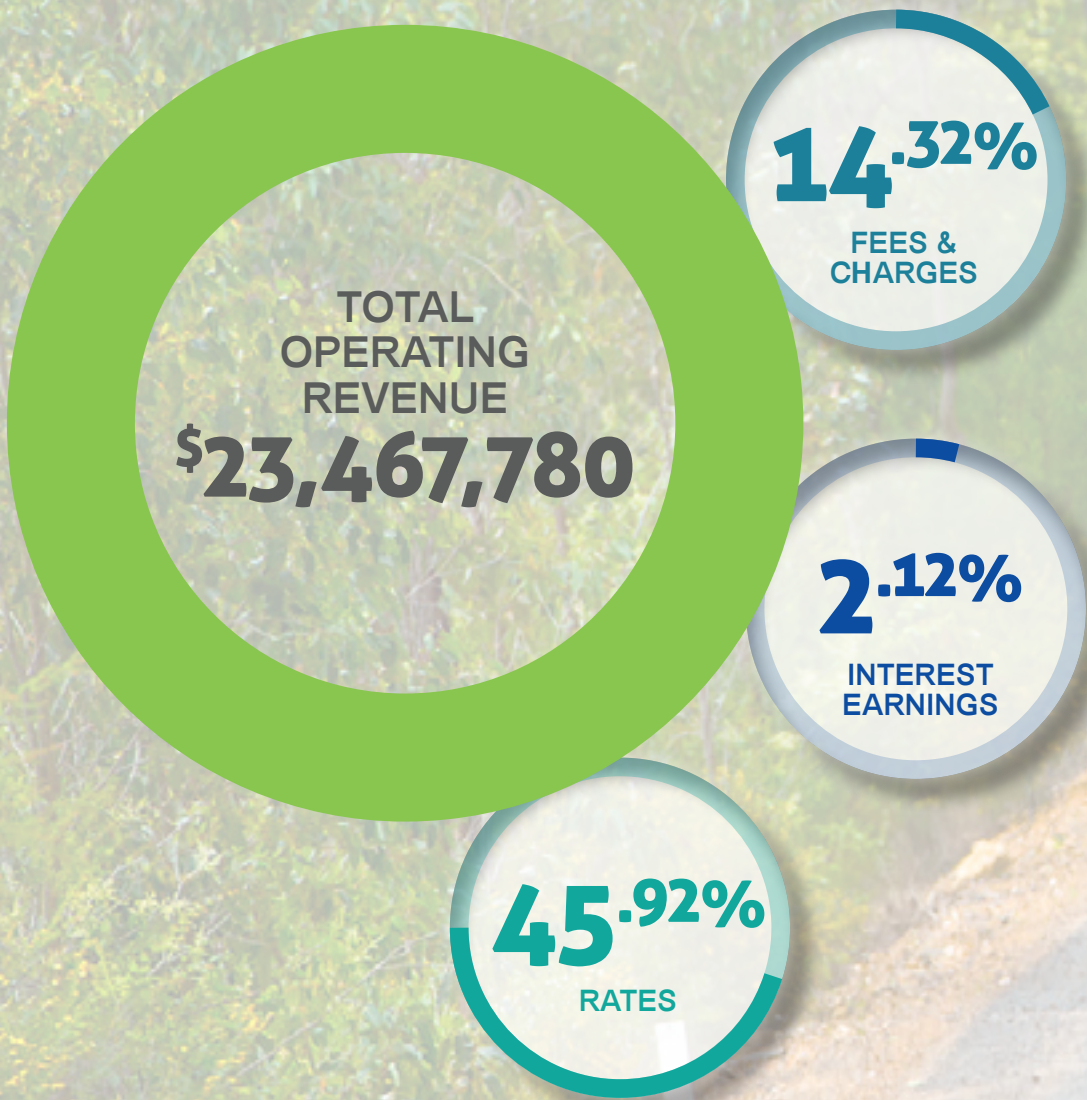
Thank you to all of the committed staff here at the Shire of Dardanup who embrace a THINK Ahead attitude and continue to ensure we deliver our community with the value for money they rightfully expect but also deserve.

MARK CHESTER
Chief Executive Officer



Financial Snapshot

The following provides a snapshot of the Shire's Operating Income for 2015/16. More detailed information can be found in the Financial Statements at the end of this Annual Report.



Operating Grants & Contributions: 6.20%
Profit on Assets Disposals: 21.45%
Other Revenue: 0.11%

2015/16 Achievements

The Shire of Dardanup's Strategic Community Plan 2013-2023 sets out objectives in the following Key Performance Areas:



Roads, Transport & Other Infrastructure

Dardanup Streetscaping Plan

High rainfall and poor working conditions during May and June did little to deter progress by Shire workers on a plan to beautify the picturesque town of Dardanup's main centre.

A concept plan for the improvements – developed by the Dardanup Townscape Committee with representatives from Council and the community - was released for a period of public comment by the Shire of Dardanup in February.

The bulk of works occurred in Charlotte Street with main features including road widening, parallel and angle parking, re-surfacing, fresh paving and new trees.

The project was completed in mid-June.



\$4.2m
INVESTED
IN 2015/16

Completed

- Moore Road
- Widening and reconstruction
- Eaton Drive extension
- Drainage and formation ready for connection to the new Millbridge-Treendale Bridge
- Eaton Drive Median Works
- King Tree Road, Wellington Mill
- Safety improvements and widening

- Collie River Road, Burekup
- Re-surfacing and minor improvements
- Falcon Road
- Sealing works and guardrailing
- Gavins Gully Court, Meadow Lane, Padbury Road, Dardanup West
- Re-surfacing and minor improvements
- Hamilton Road, Ann Street, Eaton

- Kerb renewal, drainage improvements and resurfacing
- Banksia Road, Phillips Road and Stones Road
- Gravel resheeting

New Dual Use Paths

- Pratt Road, Eaton
- Charlotte Street, Dardanup
- Blue Wren Drive, Eaton

Environment

Protecting wildlife on Millars Creek Walkway

Eye spy with my little eye... Have you seen them? There's something new about the Millars Creek walkway.

The Shire of Dardanup completed maintenance works along the Millars Creek walkway which has included installation of nesting boxes and tubes for black cockatoos and bats.

'Cockatubes' were developed to reverse the species decline of Black Cockatoos in Western Australia.

They have been used successfully in a range of local government areas throughout the State.

So next time you're out walking, keep your eyes peeled to see if you can spot the new installations being used by local wildlife.

Fresh approach to weed control

The Shire of Dardanup is testing the effectiveness of weed control using an environmentally friendly and cost effective alternative to traditional chemical herbicides.

Council contractor Cape Life applied the first of up to four steam weed treatments to occur over the next 12 months.

The costs of steam weed control were comparative with traditional chemical methods when carried out in an urban environment, and in addition provided a raft of social and environmental benefits.

Little fungus in the frontline fight against weed

Weed control in the Shire of Dardanup was attacked with a cutting edge bio-control method saving time and money AND drastically reducing the need for general spraying of a broad-based chemical herbicide.

Bridal Creeper is a declared weed of national significance and is prevalent in the Shire of Dardanup.

It's easily spread and left uncontrolled, it smothers and kills off native vegetation.

So Parks and Gardens staff helped with the spread of a targeted rust fungus that stops the creeper in its tracks.

Treatment was applied in September at the Hands Avenue Reserve and the Pratt Road Foreshore Reserve.



Sports, Recreation & Culture

Eaton Foreshore Master Plan

Council adopted the Eaton Foreshore & Boat Ramp Facility Master Plan at its meeting on September 24, 2015. Future stages of the Plan will be rolled out over several years with timing dependent on funding availability. The Master Plan is a guide for the future development of boating facilities and the foreshore reserve. It was developed through the Eaton Townscape Committee after two public meetings and submission periods.



\$710,000

NEW
CARPARK

Coming in 2016/17

NATURE
PLAYGROUND

\$540,000

NEW
TOILETS

RETICULATION

“ Love the new park, may need to be bigger!! We’ve been everyday and it’s always full. ”
Fiona via FB

“ We really love the look of the new park. Lots of interesting things to interact with in a small space. ”
Jamie via FB

“ Wonderful plans. Congratulations to the Shire of Dardanup. ”
Shona via FB

Under consideration...

POP-UP CAFÉ

A worldwide trend for converting shipping containers into pop-up cafes and bars could come to Eaton if a proposal being investigated by the Shire of Dardanup receives Council support.

FENCED DOG EXERCISE AREA

The Shire of Dardanup is investigating the merit of creating a fenced dog exercise area on the Eaton Foreshore.

Enhancing Community Life

More than **\$150,000**
invested in community
grants to support not for
profit groups and projects.

“ I feel way more
confident being
able to do things
out in public,
this has really
inspired my
creative side. ”

*Urban Art Project
Participant*

“ I guess it has
changed me
as in I wasn't
really good
at teamwork.
I liked to do
things by
myself and
this helped
me heaps. ”

“ I am extremely proud of the finished
product, all projects have had great
feedback from the community and that
makes me feel really good to know I've
had a hand in these projects. ”



YOUTH FRIENDLY COMMUNITIES PROJECTS

- 3 professional artists
- 10 youth participants
- 3 urban art murals

An initiative to inspire youth and create a
sense of belonging in the community.



LIBRARY & COMMUNITY PROGRAMS

Think you know libraries? THINK again!

- 2 libraries
- 455 workshops
- 4,700 participants

Programs and workshops to suit all
ages and interests.

Visit library.dardanup.wa.gov.au



EVENTFUL EVENTS IN EXCEPTIONAL PLACES

An assortment of free pop-up events
designed to surprise, delight and deliver
quirky experiences while showcasing
amazing locations the Shire has to offer.



Urban & Economic Environment

Planning is underway for the City of Wanju

Set on just over 1,200 hectares of farmland, just north of Bunbury and 185km south of Perth in the Shire of Dardanup.

Stunning natural landscapes, rich natural assets and an enviable regional lifestyle in the greater Bunbury area are driving an ever-increasing demand for new places to live from a fast-growing population.

Wanju is the answer to growth in a sustainable way.

New benchmarks will be set, new standards achieved in greener ways to create a community.

Official Naming Ceremony held: Friday, April 15, 2016

Three-month public submission period opened on Wanju Draft District Structure Plan.

The document sets the broad layout for design of Wanju in the future.

26 submissions received before July 13, 2016 Closing Date.

Late 2016:

Draft District Structure Plan for neighbouring Waterloo Industrial Park released for public submission period.

2017:

District Structure Plan Finalised

2021: (approx.)

Development could commence at an average planned rate of 600 dwellings per year.



Projects In The Pipeline

Library Upgrade

\$6.5m to construct new Public Library together with office extension at the Eaton Administration Centre

Eaton Town Centre

Closure of Council Drive between Recreation Drive and the Shire of Dardanup's Administration Centre, Eaton will enable greater connection and flow for pedestrians between community facilities and the soon-to-be expanded Eaton Fair by Citygate Properties.

Treendale Bridge

Construction by a Main Roads WA contractor will commence in 2017 on the \$24 million Treendale Bridge, providing a dedicated connection between Eaton and Australind. Shire of Dardanup continues work on 700m extension of Eaton Drive, to meet the new bridge.

Eaton Foreshore Redevelopment Stage 2

\$710,000 new carpark

Wanju & Waterloo Industrial Park

The Shire of Dardanup in partnership with the WA Department of Planning is preparing District Level Structure Plans for areas of urban and industrial expansion to be located east of Eaton.

Road renewal and upgrades in 2016/17

Worth \$2.2 million

Road maintenance in 2016/17

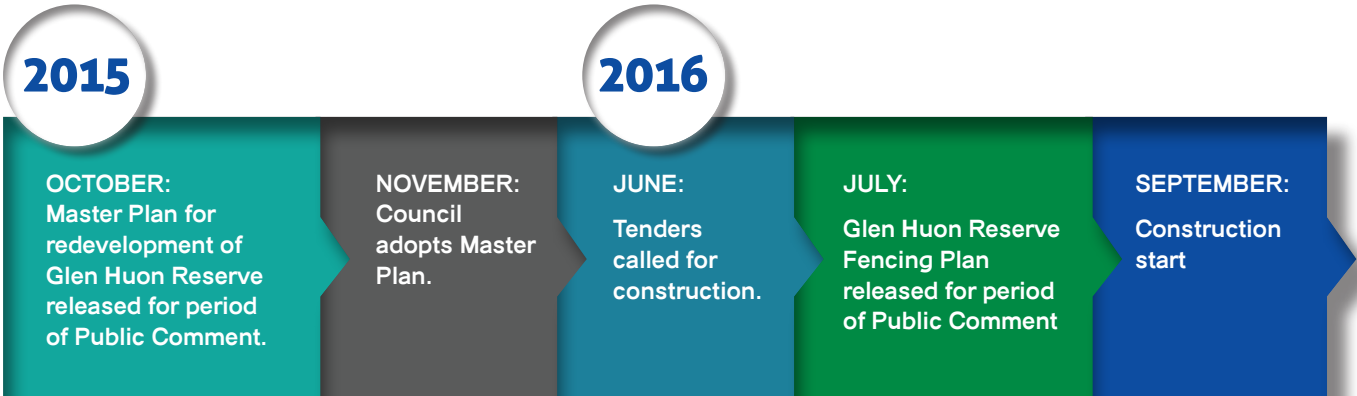
Worth \$8.7 million

Responsive

Significant progress along the road to a redeveloped Glen Huon Reserve in Eaton was made during 2015/16, culminating in the much-anticipated start of construction.

The \$6.6 million project – including two new sports pavilions, new playground and upgraded facilities – is one of the most significant projects currently being undertaken by the Shire of Dardanup.

Construction marks the end of a two year planning process by Council involving extensive opportunities for community consultation and input.



Under the Public Comment period, plans for the Reserve were made available on the Shire website, advertised in the newspaper and displayed at Eaton Fair shopping centre.

Residents in the surrounding area were also posted information and invited to attend an information session with CEO Mark Chester and Shire President Mick Bennett.

In response, Council received 20 submissions with the majority relating to concern over the playground future as its planned new position was not clearly indicated in the draft Plan.

This resulted in Council revisiting the Master Plan with its architect and determining a position for the playground, slightly north of its existing location.

The amended plan was then endorsed by the Eaton Sports Committee at its meeting on November 17, 2015 and approved by Council on November 25.

The consultant architect was advised to continue with detailed designs for the sports buildings and associated infrastructure.

Over time, the Glen Huon Reserve Redevelopment Project has

been characterised by Council's willingness to modify its plans, budget and outcomes to balance the needs of major stakeholders, neighbouring residents and the community as a whole.

Big changes have included relocation of a pavilion from an original proposed position on Pratt Road plus the addition of a second pavilion to the project to better accommodate the needs of local sporting clubs.

Inclusive

Selected locations around Eaton and Millbridge were transformed when an innovative Urban Art project was rolled out.

Residents walking the trails during this time were captivated as they watched bursts of vibrant colour being applied to walls within their community.

The results were truly spectacular, transforming walls into striking displays of Urban Art.

But the real magic of this project was watching the transformation of a bunch of creative and passionate teenagers working collaboratively with professional street artists Andrew Frazer, Drew Turner and Kyle Hughes-Odgers.

The artists collaborated with a small group of youths in a series of workshops on design development, before working together to transfer the impressions from paper to public walls.

Murals were unveiled at Watson Street Reserve, Millbridge

underpass and the Eaton Recreation Centre.

The project culminated in a celebration attended by artists, students, parents, Shire of Dardanup representatives and local media, where each of the participants were presented with a memento of their involvement.

The Youth Friendly Communities Project was funded in partnership with the State Government through the Department of Local Government and Communities.

The aim – apart from adding character and a sense of place to our urban areas – was to target youth empowerment and crime prevention.

Getting our youth involved in shaping the identity of their local environment builds confidence and belonging.

Shire Chief Executive Officer

Mark Chester said the project had been a unique and exhilarating experience to be involved in.

"I'm proud the Shire has been able to deliver a project that has had, and will continue to have, so many positive outcomes," Mr Chester said.

"I've been impressed by the commitment of the young people involved and also by the community response to the project."



Transparent

People don't always have time or feel compelled to pick up the phone or type out an email but there's no denying social media has a way of infiltrating our lives in a fairly seamless way – especially with the advent of smart phones and tablets.

The phenomenon created an ideal opportunity for the Shire of Dardanup to engage more with residents and was the thinking behind the launch in 2014 of our Facebook Page.

More and more people have recognised the benefit of tuning in for grass-roots information on very local news that affects their every day.

The value of Facebook as a communications tool for the Shire of Dardanup was clearly demonstrated during a worrying week in January when the Waroona Fire all but destroyed the historic town of Yarloop. It moved so swiftly through surrounding farmland and bush the Department of Fire and Emergency Services issued 'Watch and Act' warnings to residents as far south as Eaton.

Who could forget the frightening smoke plume which filled the sky over those few days before the fire was brought under control?

Shire staff used regular posts to its website and Facebook page to provide residents with up-to-the-minute information on fire behaviour, latest warnings and participation in the emergency by local fire brigades.

During that time, the audience



or 'reach' of Shire Facebook posts ballooned to 20 times their usual size as users shared the valuable information to their own Facebook pages and friends.

Since that time, the growth in people following our page has created many situations where a simple and easy exchange of information between the Shire of Dardanup and residents provides benefits for all.

More than ever, residents are having a say, offering feedback and advice on Shire projects, services and Council decisions.



Cutting Edge

Building Applications go online

Less paperwork, more streamlined processes and faster approvals were the objectives behind introducing builders in recent months to the Shire of Dardanup's new online building applications system called e-Lodgement.

Staff from the Shire's Building and IT departments liaised with local building companies to develop the system and conducted tailored

training sessions before launch to test its effectiveness.

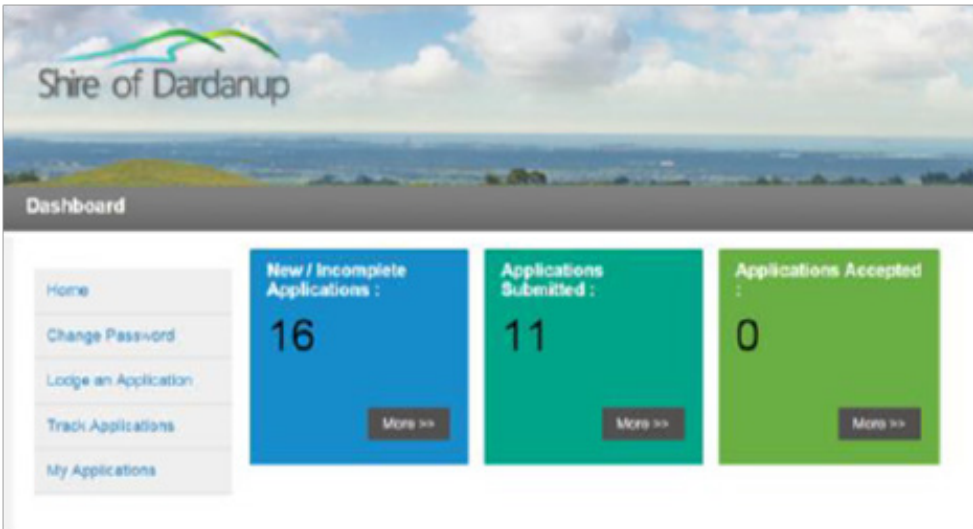
Builders can now logon to e-Lodgement via the Shire of Dardanup website, upload their applications, plans and documents and await assessment, further instructions and/or approval from staff - also delivered online.

The take-up of e-Lodgement by Registered Builders has been swift and the Shire of Dardanup hopes to expand the service to members

of the public requiring Building Licenses for smaller projects like sheds and patios.

More information about lodging Building Applications with the Shire of Dardanup via the new e-Lodgement facility is available on our website at www.dardanup.wa.gov.au/e-lodgement-portal/

Or contact our Building Services Department on 9724 0377 or email: building@dardanup.wa.gov.au



“No improvements to be made. Really easy to use!”
- Home Group

“I think the new e-Lodgement system is great, sometimes documents do take a while to load but I know if I ever get stuck just to give you a call and it's great on saving paper. I also find it a lot better receiving the building permit approvals via email.”
- Dale Alcock Homes

Statutory Reports

National Competition Policy/ Competitive Neutrality

During the 2015/16 financial year, the Shire of Dardanup met its obligations concerning National Competition Policy.

The Shire has no local laws or policies that contain anticompetitive provisions.

No complaints were received during the period.

Disability Access & Inclusion Plan (DAIP)

The Western Australia Disability Services Act requires all Local Governments to develop and implement a Disability Access and Inclusion Plan to ensure that people with disabilities have equal access to its facilities and services.

Other legislation underpinning access and inclusion includes the Western Australia Equal Opportunity Act (1984) and the Commonwealth Disability Discrimination Act 1992, both of which make discrimination on the basis of a person's disability unlawful. The Shire of Dardanup is committed to facilitating the inclusion of people with disabilities through the improvement of access to its facilities and services.

During 2015/16, the Shire of

Dardanup continued to implement strategies which have been outlined within its Disability Access and Inclusion Plan. Of note is the new public amenities and playground at Eaton Foreshore and upgrades to streetscaping, footpaths and parking on Charlotte Street in Dardanup. In addition to these projects the Shire is constructing two new sporting pavilions that will include accessible footpaths, barbecues and drink fountains.

Employees have received training in Equal Opportunity provided by the WA Equal Opportunity Commission with our policy and procedures reviewed and updated in consultation with the EOC, including Equal Employment Opportunity.

State Records Act

Information Services

The efficiency and effectiveness of the Shire's recordkeeping systems were reviewed and revised prior to the rollout of the TARDIS document management system in July 2015. The procedures and policies which resulted from this review are still current and compliant.

Every new employee who is required to use the Shire's recordkeeping / information management systems is required to attend a records induction and a training session prior to being able

to access and use those systems. These inductions and training sessions are delivered by qualified Information Document Services Officers.

Further training is available to all officers one-to-one on a needs basis, especially if their role within the organisation changes.

The efficiency and effectiveness of the recordkeeping program is reviewed ongoing as part of a continuous improvement program. The introduction of informal & voluntary group skilling sessions which include a Q & A element has contributed valuable feedback to this process, giving officers the chance to learn new recordkeeping techniques in a relaxed atmosphere.

All inductions and personal training sessions are tailored to the employee's intended role and responsibilities with Shire.

These processes and procedures ensure that all employees have a sound understanding and awareness of their recordkeeping responsibilities as required by the Shire's recordkeeping plan, and in compliance with the State Records Act (WA) 2000.

Complaints of Minor Breaches

For the 2015/16 reporting period there were no complaints received.

Financial Report





Annual Financial Report

For the Year Ended

30 June 2016

Principal Place of Business
Shire of Dardanup
1 Council Drive
EATON WA 6232

Shire of Dardanup

FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2016

TABLE OF CONTENTS

		Page
Statement by Chief Executive Officer		2
Audit Report		3
Financial Statements		
Statement of Comprehensive Income by Nature or Type		5
Statement of Comprehensive Income by Program		6
Statement of Financial Position		7
Statement of Changes in Equity		8
Statement of Cash Flows		9
Rate Setting Statement		10
Notes to and Forming Part of the Financial Report		
	Note	
Significant Accounting Policies	1	11
Result from Ordinary Activities	2	21
- Expenses	2	21
- Revenues	2	21
Cash Assets	3	23
Receivables	4	23
Inventories	5	23
Property, Plant & Equipment	6	24
Infrastructure	7	24
Intangible Assets	7	24
Movement in Asset Carrying Amounts	8	25
Trade and Other Payables	9	27
Long Term Borrowings	10	27
Provisions	11	27
Reserves - Cash Backed	12	28
Reserves - Asset Revaluation	13	36
Notes to the Statement of Cash Flows	14	37
Capital & Leasing Commitments	15	38
Contingent Liabilities	16	38
Joint Ventures	17	39
Total Assets by Function & Activity	18	39
Financial Ratios	19	40
Trust Funds	20	40
Disposal of Assets	21	41
Budget Comparison - Current Position	22	41
Information on Borrowings	23	42
Rating Information	24	44
Specified Area Rate	25	45
Service Charges	26	45
Discounts, Incentives, Concessions & Write-Offs	27	45
Interest Charges and Instalments	28	46
Fees & Charges	29	46
Grant & Contribution Revenue	30	47
Councillors Remuneration	31	47
Employee Numbers	32	47
Economic Dependency	33	47
Major Land Transactions	34	47
Trading & Major Trading Undertakings	35	47
Post Balance Day Events	36	47
Aggregate Employment Entitlements	37	48
Employee Remuneration	38	48
Provision for Rehabilitation	39	48
Financial Risk Management	40	49
Supplementary Ratio Information		52

Shire of Dardanup

FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2016

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 16th day of November 2016



Mark L Chester
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT TO THE SHIRE OF DARDANUP

Report on the Financial Report

We have audited the accompanying financial report of Shire of Dardanup, which comprises the statement of financial position as at 30 June 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by chief executive officer.

Council's Responsibility for the Financial Report

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

Auditor's 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 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 which 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 the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's Opinion

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

- a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Emphasis of Matter

Without modifying our opinion, we draw attention to page 52 of the financial report "Supplementary Ratio Information", which describes certain ratio information relating to the financial report. Management's calculation of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios.

However, we have reviewed the calculations as presented and in our opinion these are based on verifiable information and appear reasonable.

Reporting on Other Legal and Regulatory Requirements

We did not, during the course of our audit, become aware of any instances where the Shire did not comply with the statutory requirements of the Local Government Act (1995) (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

- a) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) All information and explanations required were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER

Director

Perth

Date: 16 November 2016

Shire of Dardanup

STATEMENT OF COMPREHENSIVE INCOME

By Nature or Type

For the Year Ended 30 June 2016

	Note	2016 Actual \$	2016 Budget \$	2015 Actual \$
Revenue				
Rates	24	10,777,280	10,770,604	9,747,856
Operating Grants & Contributions	30	1,455,648	1,783,934	3,808,476
Service Charges	26	0	0	0
Fees & Charges	29	3,361,588	3,209,726	3,141,294
Interest Earnings	2(b)	497,136	473,650	445,452
Profit on Asset Disposals	21	5,033,884	5,104,725	275,962
Other Revenue		25,354	33,277	24,587
		<u>21,150,890</u>	<u>21,375,916</u>	<u>17,443,627</u>
Expenses				
Employee Costs		(8,348,837)	(8,297,209)	(7,647,684)
Materials and Contracts		(3,357,890)	(3,789,724)	(3,451,716)
Utility Charges		(498,720)	(461,778)	(437,915)
Depreciation on Non-current Assets	2(a)	(4,736,087)	(4,962,150)	(4,567,282)
Interest Expenses	23(a)	(127,339)	(196,048)	(141,456)
Insurance Expenses		(229,604)	(266,766)	(253,011)
Loss on Asset Disposals	21	(104,859)	(31,650)	(73,068)
Other Expenditure		(167,996)	(333,050)	(425,851)
		<u>(17,571,332)</u>	<u>(18,338,375)</u>	<u>(16,997,983)</u>
Operating Result		<u>3,579,558</u>	<u>3,037,541</u>	<u>445,644</u>
Grants & Contributions for the Development of Assets	30	2,316,890	5,876,595	2,634,751
		<u>2,316,890</u>	<u>5,876,595</u>	<u>2,634,751</u>
NET RESULT		5,896,448	8,914,136	3,080,395
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	2(e)	4,582,164	0	1,921,278
Total Other Comprehensive Income		<u>4,582,164</u>	<u>0</u>	<u>1,921,278</u>
TOTAL COMPREHENSIVE INCOME		<u><u>10,478,612</u></u>	<u><u>8,914,136</u></u>	<u><u>5,001,673</u></u>

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

Shire of Dardanup

STATEMENT OF COMPREHENSIVE INCOME

By Program

For the Year Ended 30 June 2016

	Note	2016 Actual \$	2016 Budget \$	2015 Actual \$
Revenue				
General Purpose Funding		12,070,075	12,731,005	12,384,424
Governance		1,771	1,550	628,831
Law, Order, Public Safety		373,710	175,815	198,670
Health		4,725	5,150	9,094
Education and Welfare		8,513	0	5,145
Housing		0	0	0
Community Amenities		1,317,837	1,231,002	1,340,711
Recreation and Culture		1,599,956	5,494,239	1,766,057
Transport		2,492,112	1,933,487	2,911,136
Economic Services		167,870	198,012	136,165
Other Property and Services		5,431,211	5,482,251	698,145
		<u>23,467,780</u>	<u>27,252,511</u>	<u>20,078,378</u>
Expenses Excluding Finance Costs				
General Purpose Funding		(335,318)	(300,009)	(400,491)
Governance		(1,084,166)	(989,676)	(1,162,651)
Law, Order, Public Safety		(1,198,540)	(1,136,189)	(1,100,726)
Health		(474,825)	(468,925)	(417,989)
Education and Welfare		(727,615)	(716,126)	(81,146)
Housing		0	0	0
Community Amenities		(1,882,679)	(2,161,680)	(1,975,028)
Recreation & Culture		(6,019,048)	(6,277,715)	(6,230,076)
Transport		(5,101,952)	(5,373,390)	(4,892,027)
Economic Services		(438,972)	(460,555)	(395,612)
Other Property and Services		(180,878)	(258,062)	(200,781)
		<u>(17,443,993)</u>	<u>(18,142,327)</u>	<u>(16,856,527)</u>
Finance Costs				
Recreation & Culture		(52,724)	(74,283)	(57,423)
Transport		(29,945)	(30,583)	(32,214)
Economic Services		(11,318)	(11,690)	(12,532)
Other Property and Services		(33,352)	(79,492)	(39,287)
		<u>(127,339)</u>	<u>(196,048)</u>	<u>(141,456)</u>
NET RESULT		5,896,448	8,914,136	3,080,395
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	2(e)	4,582,164	0	1,921,278
Total Other Comprehensive Income		<u>4,582,164</u>	<u>0</u>	<u>1,921,278</u>
TOTAL COMPREHENSIVE INCOME		<u><u>10,478,612</u></u>	<u><u>8,914,136</u></u>	<u><u>5,001,673</u></u>

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

Shire of Dardanup

STATEMENT OF FINANCIAL POSITION For the Year Ended 30 June 2016

	Note	2016 Actual \$	2015 Actual \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	21,975,490	16,553,997
Trade and Other Receivables	4	952,345	778,778
Inventories	5	24,887	16,659
Total Current Assets		22,952,722	17,349,434
NON-CURRENT ASSETS			
Trade and Other Receivables	4	174,622	235,598
Property, Plant and Equipment	6	25,650,058	25,919,338
Infrastructure	7(a)	128,747,809	123,357,356
Intangible Assets	7(b)	1,921,278	1,921,278
Total Non-Current Assets		156,493,767	151,433,570
TOTAL ASSETS		179,446,489	168,783,004
CURRENT LIABILITIES			
Trade and Other Payables	9	1,489,751	894,359
Current Portion of Long Term Borrowings	10	363,296	345,515
Provisions	11	1,013,120	929,026
Total Current Liabilities		2,866,167	2,168,900
NON-CURRENT LIABILITIES			
Trade and Other Payables	9	0	0
Long Term Borrowings	10	1,943,954	2,307,250
Provisions	11	266,699	415,797
Total Non-Current Liabilities		2,210,653	2,723,047
TOTAL LIABILITIES		5,076,820	4,891,947
NET ASSETS		174,369,669	163,891,057
EQUITY			
Retained Surplus		44,168,310	43,186,973
Reserves - Cash / Investment Backed	12	20,086,504	15,171,393
Reserves - Asset Revaluation	13	110,114,855	105,532,691
TOTAL EQUITY		174,369,669	163,891,057

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

Shire of Dardanup

STATEMENT OF CHANGES IN EQUITY For the Year Ended 30 June 2016

	Note	RETAINED SURPLUS \$	RESERVES CASH / INVESTMENT BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 30 June 2014		42,674,004	12,603,967	103,611,413	158,889,384
- Net Result		3,080,395	0	0	3,080,395
- Asset Revaluation		0	0	1,921,278	1,921,278
- Total Other Comprehensive Income		0	0	0	0
- Transfer to Reserves		(5,970,871)	5,970,871	0	0
- Transfer from Reserves		3,403,445	(3,403,445)	0	0
Balance as at 30 June 2015		43,186,973	15,171,393	105,532,691	163,891,057
- Net Result		5,896,448	0	0	5,896,448
- Asset Revaluation		0	0	4,582,164	4,582,164
- Total Other Comprehensive Income		0	0	0	0
- Transfer to Reserves		(10,519,955)	10,519,955	0	0
- Transfer from Reserves		5,604,844	(5,604,844)	0	0
Balance as at 30 June 2016		44,168,310	20,086,504	110,114,855	174,369,669

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

Shire of Dardanup

STATEMENT OF CASH FLOWS For the Year Ended 30 June 2016

	Note	2016 Actual \$	2016 Budget \$	2015 Actual \$
Cash Flows From Operating Activities				
Receipts				
Rates		10,771,484	10,770,605	9,787,317
Grants, Subsidies and Contributions - Operating		1,429,962	1,783,934	3,842,001
Fees and Charges		3,377,346	3,209,726	3,187,898
Interest Earnings		497,136	473,650	445,452
Goods and Services Tax		1,240,576	1,800,000	1,193,061
Other		27,525	33,276	4,413
		<u>17,344,029</u>	<u>18,071,191</u>	<u>18,460,142</u>
Payments				
Employee Costs		(8,217,505)	(8,297,209)	(7,595,216)
Materials and Contracts		(2,785,986)	(3,789,724)	(3,567,395)
Utilities Charges		(485,729)	(461,778)	(437,915)
Insurance		(229,604)	(266,766)	(253,011)
Interest		(131,783)	(196,048)	(143,034)
Goods and Services Tax		(1,411,493)	(2,100,713)	(1,237,952)
Other		(328,578)	(333,050)	(418,762)
		<u>(13,590,678)</u>	<u>(15,445,288)</u>	<u>(13,653,285)</u>
Net Cash Provided by (used in)				
Operating Activities	14(b)	<u>3,753,351</u>	<u>2,625,903</u>	<u>4,806,857</u>
Cash Flows from Investing Activities				
Payments for Construction / Development of:				
- Non Current Assets		(6,554,275)	(20,183,610)	(5,304,946)
Grants/Contributions for the:				
- Development of Assets		2,299,133	5,876,595	2,492,348
Proceeds from Sale of Property, Plant & Equipment		6,208,204	6,910,600	527,581
Net Cash Provided by (used in)				
Investing Activities		<u>1,953,062</u>	<u>(7,396,415)</u>	<u>(2,285,017)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	23(a)	(345,515)	(407,865)	(306,244)
Proceeds from New Debentures	23(b)	0	3,580,000	445,959
Advances to Community Groups		0	0	(250,000)
Proceeds from Self Supporting Loans		60,595	60,596	29,615
Net Cash Provided by (used in)				
Financing Activities		<u>(284,920)</u>	<u>3,232,731</u>	<u>(80,670)</u>
Net Increase (Decrease) in Cash Held		<u>5,421,493</u>	<u>(1,537,781)</u>	<u>2,441,170</u>
Cash at Beginning of Year		16,553,997	16,415,602	14,112,827
Cash and Cash Equivalents at the End of Year	14(a)	<u><u>21,975,490</u></u>	<u><u>14,877,821</u></u>	<u><u>16,553,997</u></u>

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

Shire of Dardanup

RATE SETTING STATEMENT For the Year Ended 30 June 2016

	Note	2016 Actual \$	2016 Budget \$	2015 Actual \$
OPERATING EXPENDITURE	1,2			
General Purpose Funding		(335,318)	(300,009)	(400,491)
Governance		(1,084,166)	(989,676)	(1,162,651)
Law, Order, Public Safety		(1,198,540)	(1,136,189)	(1,100,726)
Health		(474,825)	(468,925)	(417,989)
Education and Welfare		(727,615)	(716,126)	(81,146)
Housing		0	0	0
Community Amenities		(1,882,679)	(2,161,680)	(1,975,028)
Recreation & Culture		(6,071,772)	(6,351,998)	(6,287,499)
Transport		(5,131,897)	(5,403,973)	(4,924,241)
Economic Services		(450,290)	(472,245)	(408,144)
Other Property and Services		(214,230)	(337,554)	(240,068)
		<u>(17,571,332)</u>	<u>(18,338,375)</u>	<u>(16,997,983)</u>
NON OPERATING EXPENDITURE				
Purchase / Construction of Assets				
- Land	8	0	0	0
- Buildings	8	(324,019)	(14,281,785)	(344,954)
- Motor Vehicles	8	(521,123)	(449,036)	(498,883)
- Furniture and Fittings	8	(234,183)	(317,401)	(558,573)
- Plant & Equipment	8	(41,873)	(57,347)	(35,129)
- Infrastructure Assets - Roads	8	(3,319,681)	(3,995,209)	(2,958,574)
- Infrastructure Assets - Parks	8	(852,133)	(1,055,991)	(95,520)
- Infrastructure Assets - Drainage	8	0	0	0
- Infrastructure Assets - Dual Use Paths	8	(191,552)	(198,058)	(315,265)
- Infrastructure Assets - Bridges	8	(32,290)	0	(221,815)
- Work in Progress	8	(1,037,421)	0	(276,233)
Land Held for Resale		0	0	0
		<u>(6,554,275)</u>	<u>(20,354,827)</u>	<u>(5,304,946)</u>
OTHER EXPENDITURE				
Repayment of Debt				
- Debentures	23	(345,515)	(407,865)	(306,244)
Advances to Community Groups		0	0	(250,000)
Transfers to Reserves		(10,519,955)	(3,585,000)	(5,970,871)
		<u>(10,865,470)</u>	<u>(3,992,865)</u>	<u>(6,527,115)</u>
TOTAL EXPENDITURE		(34,991,077)	(42,686,067)	(28,830,044)
OPERATING REVENUE	1,2			
General Purpose Funding		1,642,643	2,315,450	2,977,625
Governance		1,771	1,550	628,831
Law, Order, Public Safety		373,710	175,815	198,670
Health		4,725	5,150	9,094
Education and Welfare		8,513	0	5,145
Housing		0	0	0
Community Amenities		1,317,837	1,231,002	1,340,711
Recreation and Culture		1,599,956	5,494,239	1,766,057
Transport		2,492,112	1,933,487	2,911,136
Economic Services		167,870	198,012	136,165
Other Property and Services		5,431,211	5,482,251	698,145
		<u>13,040,348</u>	<u>16,836,956</u>	<u>10,671,579</u>
OTHER REVENUE				
Proceeds from Disposal of Assets	21	6,208,204	6,910,600	527,581
Proceeds from New Debentures	23	0	3,580,000	445,959
Self-Supporting Loan Principal Income		60,596	60,596	29,615
Transfers from Reserves		5,604,844	4,706,879	3,403,445
		<u>11,873,644</u>	<u>15,258,075</u>	<u>4,406,600</u>
TOTAL REVENUE		24,913,992	32,095,031	15,078,179
Adjustments for Cash Budget Requirements:				
(Profit)/Loss on Asset Disposals	21	(4,929,025)	(5,073,075)	(202,894)
Depreciation on Assets written back	2	4,736,087	4,962,150	4,567,282
Net Movement - Increase (Decrease) in Non Current Provisions		(149,098)	0	(4,759)
Developer Contributed Infrastructure		0	0	0
Net Movement - (Increase) Decrease in Deferred Rates	4	(1,488)	0	(3,462)
		<u>(343,524)</u>	<u>(110,925)</u>	<u>4,356,167</u>
NET DEFICIT		(10,420,609)	(10,701,961)	(9,395,698)
Add: Opening Funds 1st July	22	294,061	286,406	282,960
Less: Closing Funds 30th June C/Fwd		(300,884)	0	(294,061)
TOTAL GENERAL RATES LEVIED	24	<u>10,427,432</u>	<u>10,415,555</u>	<u>9,406,799</u>

Shire of Dardanup

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

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Preparation

The financial report is a general purpose financial statement which has 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.

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 the selected non-current assets, financial assets and liabilities.

All amounts are stated in Australian dollars.

The Shire of Dardanup is a not for profit entity for the purposes of preparing the financial statements.

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.

(b) 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, but a separate statement of those monies appears at Note 20 to this financial report.

(c) Goods and Services Tax

Revenues, expenses and assets capitalised are stated net of any GST recoverable.

Receivables and payables in the statement of financial position are stated inclusive of applicable GST. 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.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less 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 shown as short term borrowings in current liabilities in the statement of financial position.

(e) Trade and Other Receivables

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.

(f) Inventories

General

Inventories are recorded 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 Resale

Land purchased for development and/or resale 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 the statement of comprehensive income 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 resale is classified as current except where it is held as non-current based on Council's intention to release for sale.

Shire of Dardanup

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets

Each class of fixed assets is carried at fair value as indicated less, where applicable, any accumulated depreciation or 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 is required to include as an asset Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance.

No such facility meets this requirement within the Shire of Dardanup.

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost. 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.

Intangible Assets

Easements

Council has express rights to use all (or part) of other persons land for a stated purposes. These are for access to underground municipal infrastructure. These easements have an indefinite life due to the permanent nature of the infrastructure.

Shire of Dardanup

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets (cont.)

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 a 1st 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 the Local Government (Financial Management) Regulation 16(a)(i) prohibits local government 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) Regulations 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.

Capitalisation Threshold

Non-current Assets are generally capitalised if they exceed the following amounts

Land	\$0
Buildings	\$5,000
Furniture & Fittings	\$1,000
Plant & Equipment	\$1,000
Vehicles	\$1,000
Infrastructure	\$5,000

Items of a lesser amount shall be capitalised should it be deemed necessary for asset management purposes.

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:

- 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
- 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:

Land	Nil
Buildings	50 years
Furniture and Equipment	5 to 10 years
Plant and Equipment	5 to 10 years
Motor Vehicles	10 years
Roadmaking Plant	5 to 10 years
Work in Progress	Nil
Infrastructure Assets	
Roads	60 years
Bridges	60 to 100 years
Drainage	75 years
Footpaths & Cycleways	50 years
Parks & Reserves	
- Buildings	50 years
- Improvements	20 years

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.

When revalued assets are disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Shire of Dardanup

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) 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.

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.

Shire of Dardanup

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) 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 (ie 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.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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;
- (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; and
- (b) less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly 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.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. 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.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period (classified as non-current assets).

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

(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.

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.

Shire of Dardanup

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (cont.)

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 continued involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. 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.

(j) Impairment of Assets

In accordance with Australian Accounting Standards, Councils 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 (eg AASB 116). 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.

(k) Trade and Other Payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to Council prior to the end of the financial year that are unpaid and arise when Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) 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.

Shire of Dardanup

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

1. 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.

(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.

(q) Rates, Grants, Donations and Other Contributions

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

Control over assets acquired from rates is obtained when rates are levied.

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(e). 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 operation for the current reporting period.

(r) Superannuation

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

(s) 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.

(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 Dardanup

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) 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 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 resale where it is held as non-current based on Council's intentions to release for sale.

(v) Comparative Figures

Unless otherwise stated, the comparative figures shown in this Annual Financial Report relate to the original budget estimates for the relevant item of disclosure.

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

When Council applies an accounting policy retrospectively, makes a retrospective restatement, or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

(w) 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.

(x) 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 pronouncement that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows.

Title and Topic	Issued	Applicable	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	October 2015	1 January 2018	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Council has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the City, the impact is not expected to be significant.

Shire of Dardanup

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

New Accounting Standards and Interpretations (continued)

(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	<p>This Standard amends AASB 11: Joint Arrangements to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the City's financial statements.</p>
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	<p>This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>Given the Council currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.</p>
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2018	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.</p>

Shire of Dardanup

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

New Accounting Standards and Interpretations (continued)

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

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 2015-3
AASB 2015-7

Shire of Dardanup

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

	2016 Actual \$	2015 Actual \$
2. REVENUES AND EXPENSES		
(a) Result from Ordinary Activities - Expenses		
The Result from Ordinary Activities includes:		
Significant Expense		
There were no significant items during the financial year	0	0
Amortisation		
Capitalised Leased Assets	0	0
Auditors Remuneration		
- Audit	13,394	9,740
- Other Services	2,250	750
Bad & Doubtful Debts		
- Rates	0	0
- Sundry Debtors	0	0
Depreciation		
Buildings	767,186	759,514
Furniture and Fittings	226,412	178,865
Motor Vehicles	389,860	422,769
Plant & Equipment	47,623	46,830
Infrastructure		
- Roads	2,278,190	2,144,477
- Dual Use Paths	176,308	170,002
- Parks & Gardens	136,192	134,213
- Bridges	468,582	464,878
- Drainage	245,734	245,734
	<u>4,736,087</u>	<u>4,567,282</u>
Rental Charges		
- Operating Leases	<u>0</u>	<u>0</u>

(b) Result from Ordinary Activities - Revenues

	2016 Actual \$	2016 Budget \$	2015 Actual \$
Interest Earnings			
Investments			
- Reserve Fund	275,570	275,000	268,587
- Municipal Fund	107,337	100,000	75,578
Other Interest Revenue			
- Rating (Note 28)	112,366	96,000	98,741
- Sundry	1,863	2,650	2,546
	<u>497,136</u>	<u>473,650</u>	<u>445,452</u>

Shire of Dardanup

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

2. REVENUES AND EXPENSES (Continued)

(c) Statement of Objective

The Shire of Dardanup is dedicated to provide leadership in encouraging balanced growth and development of the Shire while recognising the diverse needs of our communities.

GENERAL PURPOSE FUNDING

Rates, general purpose government grants and interest revenue.

GOVERNANCE

Administration and operation of facilities and services to members of Council;
Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services.

LAW, ORDER, PUBLIC SAFETY

Supervision of various local-laws, fire prevention, emergency services and animal control.

HEALTH

Food quality and pest control, immunisation services and operation of infant health clinic.

EDUCATION AND WELFARE

Operation of senior citizens' centre, provision of assistance to pre-school facilities, playgroups and other voluntary services. Provision of youth counselling services.

HOUSING

Aged person housing.

COMMUNITY AMENITIES

Rubbish collection services, operation of refuse site, administration of the town planning scheme and maintenance of cemeteries.

RECREATION AND CULTURE

Provision and maintenance of halls, recreation centres, public reserves and library services.

TRANSPORT

Construction and maintenance of streets, roads, bridges; street lighting, depot maintenance.

ECONOMIC SERVICES

The regulation and provision of tourism, area promotion, building control, noxious weeds and vermin control.

OTHER PROPERTY & SERVICES

Private works operations, plant repairs and operations costs.

	2016 Actual \$	2015 Actual \$
(d) Conditions Over Contributions		
Grants which were recognised as revenues during the reporting period and which had not yet been expended.		
Prefunded LGGC Financial Assistance	0	442,521
Prefunded LGGC Local Roads Grant	0	249,193
LGGC - Special Projects	0	0
Royalties for Regions Grant Funding	0	545,522
Emergency Services Levy Grant - 14/15 1st Instalment	0	25,738
DLG & Communities Grant - Library Programs	0	10,000
FIMM WA Mosquito Control Funding	0	2,566
Black Spot Grant Funding - Moore Road, King Tree Road	0	197,956
Regional Road Group Funding - Eaton Drive Extension	0	76,092
Dept. Sport & Recreation Grant - Glen Huon Reserve Pavilion	0	200,000
Leeuwin 2017 Scholarship Funding	1,909	0
Bushfire Brigade Donation	5,000	0
Carbon Pricing Scheme Funding	56,335	0
	63,244	1,749,588

Shire of Dardanup

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

	Note	2016 Actual \$	2015 Actual \$
2. REVENUES AND EXPENSES (Continued)			
(d) Conditions Over Contributions			
Grants which were recognised as revenues in previous reporting periods and which were expended in the current reporting period.			
Prefunded LGGC Financial Assistance		442,521	0
Prefunded LGGC Local Roads Grant		249,193	0
Royalties for Regions Grant Funding - Eaton Foreshore Stage 1		200,000	0
Dept Sport & Recreation - Glen Huon Sporting Pavilion Stage 1		200,000	0
Emergency Services Levy Grant		25,738	20,812
DLG & Communities Grant - Library Programs		10,000	0
South West Catchment Council		0	13,612
RRG Funding - Eaton Drive		76,092	168,000
Dept. Families, Housing - Joshua Crooked Brook BFB Grant		3,120	0
Black Spot Funding - King Tree Road		120,000	0
Ferguson River Restoration Project		1,123	11,702
Cat Act Implementation Grants		0	6,084
		<u>1,327,787</u>	<u>220,210</u>
(e) Other Comprehensive Income			
Changes on Revaluation of Non-Current Assets		4,582,164	1,921,278
		<u>4,582,164</u>	<u>1,921,278</u>
3. CASH AND CASH EQUIVALENTS			
Unrestricted			
- Cash on Hand		3,450	3,450
- Municipal Fund		1,885,536	1,379,154
Restricted			
- Reserve Fund	12	20,086,504	15,171,393
		<u>21,975,490</u>	<u>16,553,997</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Pensioner Rates Rebate		8,192	7,326
Sundry Debtors		411,670	386,715
Goods & Services Tax		423,415	284,339
Fuel Tax Credit		9,375	5,679
Self Supporting Loans		62,464	60,595
Insurance Claims		14,719	20,586
Prepaid Expenditure		22,510	13,538
		<u>952,345</u>	<u>778,778</u>
Non-Current			
Rates Outstanding - Deferred Pensioners		77,296	75,808
Self Supporting Loans		97,326	159,790
		<u>174,622</u>	<u>235,598</u>
5. INVENTORIES			
Current			
Materials		2,900	3,367
Trading Stock - Recreation Centre		21,987	13,292
Land Held for Resale		0	0
		<u>24,887</u>	<u>16,659</u>
Non-Current			
Land Held for Resale		0	0
		<u>0</u>	<u>0</u>

Shire of Dardanup

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

	2016 Actual \$	2015 Actual \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land - Independent Valuation	4,021,149	4,790,000
Less Accumulated Depreciation	0	0
	4,021,149	4,790,000
Buildings	38,067,988	38,066,488
Less Accumulated Depreciation	(22,076,340)	(21,654,514)
	15,991,648	16,411,974
Furniture and Equipment	2,465,106	2,342,221
Less Accumulated Depreciation	(1,656,025)	(1,543,901)
	809,081	798,320
Motor Vehicles	4,639,306	4,453,986
Less Accumulated Depreciation	(1,701,779)	(1,598,509)
	2,937,527	2,855,477
Plant and Equipment	979,769	1,015,412
Less Accumulated Depreciation	(326,962)	(362,251)
	652,807	653,161
Work in Progress	1,237,846	410,406
Less Accumulated Amortisation	0	0
	1,237,846	410,406
	<u>25,650,058</u>	<u>25,919,338</u>
7. (a) INFRASTRUCTURE		
Roads	124,848,351	131,370,395
Less Accumulated Depreciation	(33,917,700)	(43,826,489)
	90,930,651	87,543,906
Footpaths	9,547,865	8,815,387
Less Accumulated Depreciation	(2,572,700)	(2,466,623)
	6,975,165	6,348,764
Bridges	28,091,174	28,058,884
Less Accumulated Depreciation	(17,911,460)	(17,442,878)
	10,179,714	10,616,006
Drainage	22,213,895	18,476,256
Less Accumulated Depreciation	(5,461,907)	(2,821,926)
	16,751,988	15,654,330
Parks & Ovals	7,661,739	6,809,606
Less Accumulated Depreciation	(3,751,448)	(3,615,256)
	3,910,291	3,194,350
	<u>128,747,809</u>	<u>123,357,356</u>
7. (b) INTANGIBLE ASSETS		
Intangible Assets	1,921,278	1,921,278
Less Accumulated Amortisation	0	0
	1,921,278	1,921,278
	<u>1,921,278</u>	<u>1,921,278</u>

Shire of Dardanup

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

8. (a) Movements in carrying amounts

Movements in carrying amounts of each class of Property, Plant and Equipment & Infrastructure between the beginning and end of the current financial year.

	Intangible Assets	Land	Buildings	Furniture & Fittings	Motor Vehicles	Plant & Equipment	Infrastructure					Work in Progress	Total
							Roads	Drainage	Dual Use Paths	Bridges	Parks & Gardens		
Gross Carrying Amount													
Balance at 30 June 2015	1,921,278	4,790,000	38,066,488	2,342,221	4,453,986	1,015,412	131,370,395	18,476,256	8,815,387	28,058,884	6,809,606	410,406	246,530,319
Additions	0	0	324,019	234,183	521,123	41,873	3,319,681	0	191,552	32,290	852,133	1,037,421	6,554,275
Developer Donated Infrastructure	0	0	0	0	0	0	0	0	0	0	0	0	0
Disposals	0	(768,851)	(532,500)	(86,362)	(409,113)	(112,156)	0	0	0	0	0	0	(1,908,982)
Revaluation Increments (Decrements)	0	0	0	(24,936)	73,310	34,640	(9,841,725)	3,737,639	540,926	0	0	0	(5,480,146)
Work in Progress Movement	0	0	209,981	0	0	0	0	0	0	0	0	(209,981)	0
Balance at 30 June 2016	1,921,278	4,021,149	38,067,988	2,465,106	4,639,306	979,769	124,848,351	22,213,895	9,547,865	28,091,174	7,661,739	1,237,846	245,695,466
Accumulated Depreciation													
Balance at 30 June 2015	0	0	(21,654,514)	(1,543,901)	(1,598,509)	(362,251)	(43,826,489)	(2,821,926)	(2,466,623)	(17,442,878)	(3,615,256)	0	(95,332,347)
Disposals	0	0	345,360	75,475	146,537	62,431	0	0	0	0	0	0	629,803
Revaluation (Increments) Decrements	0	0	0	38,813	140,053	20,481	12,186,979	(2,394,247)	70,231	0	0	0	10,062,310
Asset Class Reclassification	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation Expense	0	0	(767,186)	(226,412)	(389,860)	(47,623)	(2,278,190)	(245,734)	(176,308)	(468,582)	(136,192)	0	(4,736,087)
Balance at 30 June 2016	0	0	(22,076,340)	(1,656,025)	(1,701,779)	(326,962)	(33,917,700)	(5,461,907)	(2,572,700)	(17,911,460)	(3,751,448)	0	(89,376,321)
Net Book Value at 30 June 2016	1,921,278	4,021,149	15,991,648	809,081	2,937,527	652,807	90,930,651	16,751,988	6,975,165	10,179,714	3,910,291	1,237,846	156,319,145
Valuation	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	

Shire of Dardanup

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

8. (b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of last Valuation	Inputs Used
<i>Note 1h</i>					
Intangible Assets - Easements	3	Market approach using recent Valuer General rating valuations	Management Valuation	June 2015	Valuer General rating valuations applied to easement land area
Land	3	Market approach using recent observable market data for properties	Independent Valuer	June 2014	Price per m2
Buildings	3	Market approach using recent observable market data for properties	Independent Valuer	June 2014	Construction costs and current condition, residual values and remaining useful life assessment's
Furniture & Fittings	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Purchase costs and current condition, residual values and remaining useful life assessment's
Motor Vehicles	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Purchase costs and current condition, residual values and remaining useful life assessment's
Plant & Equipment	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Purchase costs and current condition, residual values and remaining useful life assessment's
Roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Construction costs and current condition , residual values and remaining useful life assessments inputs
Drainage	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Construction costs and current condition , residual values and remaining useful life assessments inputs
Dual Use Paths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Construction costs and current condition , residual values and remaining useful life assessments inputs
Bridges	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2014	Construction costs and current condition , residual values and remaining useful life assessments inputs
Parks & Gardens	3	Cost approach using depreciated replacement cost	Management Valuation	June 2014	Construction costs and current condition , residual values and remaining useful life assessments inputs

Shire of Dardanup

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

	Note	2016 Actual \$	2015 Actual \$
9. TRADE AND OTHER PAYABLES			
Current			
Sundry Creditors		929,264	340,468
Other Payables		2,818	2,510
Prepaid Revenue - Rates		76,775	80,217
Prepaid Revenue - Paid Parental Leave		0	2,730
Accrued Interest on Debentures		34,111	38,555
Accrued Expenses		12,991	0
Tax Liabilities		152,123	176,654
PAYG Withholdings		0	0
Accrued Salaries & Wages		281,669	253,225
		<u>1,489,751</u>	<u>894,359</u>
Non-Current			
Nil		0	0
		<u>0</u>	<u>0</u>
10. LONG TERM BORROWINGS			
Current			
Secured by Floating Charge Debentures	23	363,296	345,515
		<u>363,296</u>	<u>345,515</u>
Non-Current			
Secured by Floating Charge Debentures	23	1,943,954	2,307,250
		<u>1,943,954</u>	<u>2,307,250</u>
11. PROVISIONS			
Current			
Provision for Annual Leave		460,436	435,609
Provision for Long Service Leave		509,042	461,581
Provision for RDO		43,642	31,836
		<u>1,013,120</u>	<u>929,026</u>
Non-Current			
Provision for Long Service Leave		266,699	255,215
Provision for Refuse Site Rehabilitation	39	0	160,582
		<u>266,699</u>	<u>415,797</u>

Shire of Dardanup

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

	2016 Actual \$	2016 Budget \$	2015 Actual \$
12. RESERVES - CASH BACKED			
<i>Reserve Funds over which Council has Discretionary Control</i>			
(a) Buildings Maintenance Reserve			
Opening Balance	1,085,232	2,112,578	2,041,481
Reallocation	52,494	0	(809,683)
Amount Set Aside / Transfer to Reserve	306,912	242,219	246,580
Amount Used / Transfer from Reserve	(207,419)	(370,110)	(393,146)
	<u>1,237,219</u>	<u>1,984,687</u>	<u>1,085,232</u>
(b) Plant Reserve			
Opening Balance	263,355	263,355	83,035
Amount Set Aside / Transfer to Reserve	285,620	288,522	286,986
Amount Used / Transfer from Reserve	(179,801)	(151,287)	(106,666)
	<u>369,174</u>	<u>400,590</u>	<u>263,355</u>
(c) Roadwork Construction & Major Maintenance			
Opening Balance	567,604	619,882	991,770
Reallocation	0	0	(400,000)
Amount Set Aside / Transfer to Reserve	1,151,842	1,155,188	981,053
Amount Used / Transfer from Reserve	(1,412,013)	(1,531,209)	(1,005,219)
	<u>307,433</u>	<u>243,861</u>	<u>567,604</u>
(d) Information Technology			
Opening Balance	414,309	762,180	561,641
Amount Set Aside / Transfer to Reserve	215,995	219,442	200,539
Amount Used / Transfer from Reserve	(345,846)	(302,711)	(347,871)
	<u>284,458</u>	<u>678,911</u>	<u>414,309</u>
(e) Road Safety Programs			
Opening Balance	1,691	1,691	1,691
Amount Set Aside / Transfer to Reserve	0	37	0
Amount Used / Transfer from Reserve	0	0	0
	<u>1,691</u>	<u>1,728</u>	<u>1,691</u>
(f) Tourism Reserve			
Opening Balance	10,000	10,000	0
Amount Set Aside / Transfer to Reserve	10,000	217	10,000
Amount Used / Transfer from Reserve	0	0	0
	<u>20,000</u>	<u>10,217</u>	<u>10,000</u>
(g) Executive & Compliance Vehicles			
Opening Balance	271,335	271,335	337,220
Amount Set Aside / Transfer to Reserve	127,410	125,633	115,992
Amount Used / Transfer from Reserve	(100,856)	(132,149)	(181,877)
	<u>297,889</u>	<u>264,819</u>	<u>271,335</u>
(h) Employee Relief			
Opening Balance	70,246	70,246	33,814
Amount Set Aside / Transfer to Reserve	41,864	42,396	36,432
Amount Used / Transfer from Reserve	0	0	0
	<u>112,110</u>	<u>112,642</u>	<u>70,246</u>
(i) Refuse Site Environmental Works			
Opening Balance	78,413	78,413	66,814
Amount Set Aside / Transfer to Reserve	2,080	1,704	11,599
Amount Used / Transfer from Reserve	0	0	0
	<u>80,493</u>	<u>80,117</u>	<u>78,413</u>

Shire of Dardanup

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

	2016 Actual \$	2016 Budget \$	2015 Actual \$
12. RESERVES - CASH BACKED (Continued)			
(j) Meat Inspection Fund			
Opening Balance	4,933	4,933	4,832
Amount Set Aside / Transfer to Reserve	131	107	101
Amount Used / Transfer from Reserve	0	0	0
	<u>5,064</u>	<u>5,040</u>	<u>4,933</u>
(k) Recycling Education			
Opening Balance	77,821	77,821	92,618
Amount Set Aside / Transfer to Reserve	2,065	1,691	1,928
Amount Used / Transfer from Reserve	0	0	(16,725)
	<u>79,886</u>	<u>79,512</u>	<u>77,821</u>
(l) Eaton Recreation Centre Equipment			
Opening Balance	226,376	226,376	198,647
Amount Set Aside / Transfer to Reserve	56,007	55,887	34,615
Amount Used / Transfer from Reserve	(16,936)	(5,535)	(6,886)
	<u>265,447</u>	<u>276,728</u>	<u>226,376</u>
(m) Council Land Development			
Opening Balance	135,203	158,857	155,618
Reallocation	(100,000)	0	0
Amount Set Aside / Transfer to Reserve	934	2,276	3,239
Amount Used / Transfer from Reserve	(8,289)	(54,150)	(23,654)
	<u>27,848</u>	<u>106,983</u>	<u>135,203</u>
(n) Sale of Land			
Opening Balance	1,165,582	1,209,782	844,257
Reallocation	(4,885)	0	0
Amount Set Aside / Transfer to Reserve	6,030,932	774,152	376,661
Amount Used / Transfer from Reserve	(917,851)	(613,513)	(55,336)
	<u>6,273,778</u>	<u>1,370,421</u>	<u>1,165,582</u>
(o) Accrued Salaries			
Opening Balance	271,300	271,300	265,769
Amount Set Aside / Transfer to Reserve	57,200	5,897	5,531
Amount Used / Transfer from Reserve	0	0	0
	<u>328,500</u>	<u>277,197</u>	<u>271,300</u>
(p) Environmental Projects			
Opening Balance	8,552	8,552	8,552
Amount Set Aside / Transfer to Reserve	0	186	0
Amount Used / Transfer from Reserve	(8,552)	0	0
	<u>0</u>	<u>8,738</u>	<u>8,552</u>
(q) Carried Forward Projects			
Opening Balance	2,256,382	849,157	905,244
Reallocation	187,391	0	1,657,998
Amount Set Aside / Transfer to Reserve	953,692	0	304,061
Amount Used / Transfer from Reserve	(479,934)	(849,157)	(610,921)
	<u>2,917,531</u>	<u>0</u>	<u>2,256,382</u>
(r) Strategic Planning Studies			
Opening Balance	52,963	104,598	75,099
Reallocation	0	0	(56,413)
Amount Set Aside / Transfer to Reserve	78,347	58,469	100,099
Amount Used / Transfer from Reserve	(33,245)	0	(65,822)
	<u>98,065</u>	<u>163,067</u>	<u>52,963</u>

Shire of Dardanup

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

	2016 Actual \$	2016 Budget \$	2015 Actual \$
12. RESERVES - CASH BACKED (Continued)			
(s) Town Planning Consultancy			
Opening Balance	42,101	14,359	59,323
Reallocation	0	0	0
Amount Set Aside / Transfer to Reserve	26,118	25,638	20,858
Amount Used / Transfer from Reserve	(16,860)	(10,000)	(38,080)
	<u>51,359</u>	<u>29,997</u>	<u>42,101</u>
(t) Parks & Reserves Development			
Opening Balance	169,839	523,788	343,109
Reallocation	(135,000)	0	(291,902)
Amount Set Aside / Transfer to Reserve	184,507	192,363	180,679
Amount Used / Transfer from Reserve	0	(135,000)	(62,047)
	<u>219,346</u>	<u>581,151</u>	<u>169,839</u>
(u) Election Expenses			
Opening Balance	13,000	13,000	0
Amount Set Aside / Transfer to Reserve	20,000	24,000	13,000
Amount Used / Transfer from Reserve	(32,217)	(37,000)	0
	<u>783</u>	<u>0</u>	<u>13,000</u>
(v) Pathways			
Opening Balance	250,389	418,991	260,449
Amount Set Aside / Transfer to Reserve	181,644	183,606	158,542
Amount Used / Transfer from Reserve	(198,058)	(198,058)	(168,602)
	<u>233,975</u>	<u>404,539</u>	<u>250,389</u>
(w) Asset / Rating Revaluation			
Opening Balance	68,880	68,880	94,476
Amount Set Aside / Transfer to Reserve	56,828	57,693	52,404
Amount Used / Transfer from Reserve	0	0	(78,000)
	<u>125,708</u>	<u>126,573</u>	<u>68,880</u>
(x) Refuse & Recycling Bin Replacement			
Opening Balance	41,370	41,370	20,527
Amount Set Aside / Transfer to Reserve	11,098	11,117	20,843
Amount Used / Transfer from Reserve	0	0	0
	<u>52,468</u>	<u>52,487</u>	<u>41,370</u>
(y) Emergency Services Reserve			
Opening Balance	10,000	10,000	0
Amount Set Aside / Transfer to Reserve	0	6,108	10,000
Amount Used / Transfer from Reserve	0	0	0
	<u>10,000</u>	<u>16,108</u>	<u>10,000</u>
Sub Total	<u>13,400,225</u>	<u>7,276,113</u>	<u>7,556,876</u>

Shire of Dardanup

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

	2016 Actual \$	2016 Budget \$	2015 Actual \$
12. RESERVES - CASH BACKED (Continued)			
<i>Reserve Funds with Externally Imposed Conditions</i>			
(a) Fire Control Reserve			
Opening Balance	1,048	1,047	1,026
Amount Set Aside / Transfer to Reserve	28	21	22
Amount Used / Transfer from Reserve	0	0	0
	<u>1,076</u>	<u>1,068</u>	<u>1,048</u>
(b) Collie River (Eaton Drive) Bridge Construction			
Opening Balance	3,759,746	3,765,327	3,288,999
Amount Set Aside / Transfer to Reserve	303,766	81,839	521,450
Amount Used / Transfer from Reserve	(3,810)	0	(50,703)
	<u>4,059,702</u>	<u>3,847,166</u>	<u>3,759,746</u>
(c) Contributions to Works			
Opening Balance	506,316	506,316	570,480
Reallocation	0	0	0
Amount Set Aside / Transfer to Reserve	13,307	0	49,785
Amount Used / Transfer from Reserve	0	0	(113,949)
	<u>519,623</u>	<u>506,316</u>	<u>506,316</u>
(d) Unspent Royalties for Regions Grants			
Opening Balance	545,522	0	0
Amount Set Aside / Transfer to Reserve	0	0	545,522
Amount Used / Transfer from Reserve	(200,000)	0	0
	<u>345,522</u>	<u>0</u>	<u>545,522</u>
(e) Unexpended Loan Funds			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
(f) Eaton Drive - Access Construction			
Opening Balance	355,797	457,819	287,640
Reallocation	0	0	(100,000)
Amount Set Aside / Transfer to Reserve	83,227	9,951	170,178
Amount Used / Transfer from Reserve	(248,448)	0	(2,021)
	<u>190,576</u>	<u>467,770</u>	<u>355,797</u>
(g) Eaton Drive - Scheme Construction			
Opening Balance	1,051,958	1,054,670	817,001
Amount Set Aside / Transfer to Reserve	127,080	18,641	237,669
Amount Used / Transfer from Reserve	(1,853)	(197,000)	(2,712)
	<u>1,177,185</u>	<u>876,311</u>	<u>1,051,958</u>

Shire of Dardanup

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

	2016 Actual \$	2016 Budget \$	2015 Actual \$
12. RESERVES - CASH BACKED (Continued)			
(h) Unspent Grants			
Opening Balance	1,251,613	1,123,087	104,756
Amount Set Aside / Transfer to Reserve	63,245	0	1,204,065
Amount Used / Transfer from Reserve	(1,127,787)	(120,000)	(57,208)
	<u>187,071</u>	<u>1,003,087</u>	<u>1,251,613</u>
(i) Swimming Pool Inspections			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	26,617	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>26,617</u>	<u>0</u>	<u>0</u>
(j) Unspent Specified Area Rate - Bulk Waste Collection			
Opening Balance	28,990	28,990	17,079
Amount Set Aside / Transfer to Reserve	23,871	0	11,911
Amount Used / Transfer from Reserve	0	0	0
	<u>52,861</u>	<u>28,990</u>	<u>28,990</u>
(k) Unspent Specified Area Rate - Eaton Landscaping			
Opening Balance	113,527	71,000	71,000
Amount Set Aside / Transfer to Reserve	58,295	0	58,527
Amount Used / Transfer from Reserve	(65,069)	0	(16,000)
	<u>106,753</u>	<u>71,000</u>	<u>113,527</u>
(l) Dardanup Community Centre			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	3,454	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>3,454</u>	<u>0</u>	<u>0</u>
(m) Dardanup Community Centre - Design			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	419	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>419</u>	<u>0</u>	<u>0</u>
(n) Dardanup Public Library			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	2,218	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>2,218</u>	<u>0</u>	<u>0</u>
(o) Wells Park Hard Courts			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	1,756	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>1,756</u>	<u>0</u>	<u>0</u>
(p) Wells Park Clubroom			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	4,765	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>4,765</u>	<u>0</u>	<u>0</u>
(q) Wells Park Clubroom - Design			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	454	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>454</u>	<u>0</u>	<u>0</u>
(r) Wells Park Car Park			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	6,227	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>6,227</u>	<u>0</u>	<u>0</u>
Sub Total	<u>6,686,279</u>	<u>6,801,708</u>	<u>7,614,517</u>
Total Cash Backed Reserves	<u>20,086,504</u>	<u>14,077,821</u>	<u>15,171,393</u>

All of the cash backed reserve accounts are supported by money held in financial institutions.

Shire of Dardanup

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

12. RESERVES - CASH BACKED (Continued)

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

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

Reserve Funds over which Council has Discretionary Control

Buildings

For the purchase, construction and maintenance of Council buildings.
Date of Utilisation: As scheduled in Council's Asset Management Plan.

Plant

To fund the purchase or replacement of Council's vehicles, heavy plant and equipment.
Date of Utilisation: As scheduled in Council's Asset Management Plan.

Roadwork Construction & Major Maintenance

Established to provide funds for the upgrade and renewal of the shires transport infrastructure.
Date of Utilisation: Funds are not expected to be used within a set period but on a budgetary needs basis.

Information Technology

Established for the acquisition of software and computer equipment.
Date of Utilisation: As scheduled in Council's Asset Management Plan.

Road Safety Programs

Established to fund general road safety programs in the shire.
Date of Utilisation: As funds become available for suitable projects.

Tourism

Established to fund the development of tourism projects.
Date of Utilisation: As funds become available for suitable projects.

Executive & Compliance Vehicles

To fund the purchase or replacement of Council's executive & compliance vehicles.
Date of Utilisation: As scheduled in Council's Asset Management Plan.

Employee Relief Reserve

To provide funds for employee related entitlements & relief staff for prolonged employee leave.
Date of Utilisation: As required.

Refuse Site Environmental Reserve

Established to provide funds for environmental works at the Banksia Road Refuse site.
Date of Utilisation: As required.

Meat Inspection Fund

To provide for equipment for Meat Inspection Services.
Date of Utilisation: As required.

Recycling Education

Unspent recycling education funds for use in special education programs.
Date of Utilisation: As funds become available for suitable projects.

Eaton Recreation Centre Equipment

Established for the acquisition and replacement of equipment at the Eaton Recreation Centre.
Date of Utilisation: As scheduled in Council's Asset Management Plan.

Council Land Development

Established for funding the development of Council land for resale.
Date of Utilisation: As required.

Sale of Land Reserve

Established to hold funds from the sale of Council land.
Date of Utilisation: As suitable projects are identified.

Shire of Dardanup

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

12. RESERVES - CASH BACKED (Continued)

Accrued Salaries

This fund consists of cash backed salaries & wages allocation paid annually into this reserve over a period of 10 financial years to meet the additional cashflow in each eleventh year when 27 pay periods occur (all other years have 26 pay periods).

Environmental Projects

Established to provide for environmental projects.
Date of Utilisation: As funds become available for suitable projects.

Carried Forward Projects

Established to hold unspent project funds to be carried forward into future financial years.
Date of Utilisation: As projects are completed.

Strategic Planning Studies

Established for funding strategic studies.
Date of Utilisation: As required.

Town Planning Consultancy

Established for funding strategic Town Planning Studies.
Date of Utilisation: As funds become available for suitable projects.

Parks & Reserves Development

Established to fund the development of Parks & Reserves.
Date of Utilisation: As scheduled in Council's Asset Management Plan.

Election Expenses

Established to fund Council elections.
Date of Utilisation: Council election year.

Pathways

Established to provide funds for the upgrade and renewal of the shires pathway infrastructure.
Date of Utilisation: Council election year.

Asset / Rating Revaluation

Established to provide funds for asset & rating revaluations.
Date of Utilisation: As required.

Refuse & Recycling Bin Replacement

Established to provide funds for replacement of Refuse & Recycling Bins
Date of Utilisation: As required.

Emergency Services Reserve

Established to fund unforeseen over expenditure in the Emergency Services Levy Budget.
Date of Utilisation: Funds are not expected to be used within a set period but on a budgetary needs basis.

Shire of Dardanup

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

12. RESERVES - CASH BACKED (Continued)

Reserve Funds with Externally Imposed Conditions and which Council has no discretionary Control.

Fire Control Reserve

For the purchase, construction and development of fire fighting equipment and buildings.
Date of Utilisation: As funds become available for suitable projects.

Collie River (Eaton Drive) Bridge Construction

Established for the future construction of a bridge over the Collie River and extend Eaton Drive.
Date of Utilisation: As the necessary funds are raised.

Contributions to Works

Established to account for contributions and donations received from external sources.
Date of Utilisation: Year of budgeted works.

Unspent Royalties for Regions Grants

Established to identify un-expended grants provided through Royalties for Regions program.
Date of Utilisation: As funds become available for suitable projects.

Unexpended Loan Funds

Established to account for un-expended loan funds being carried forward to the next financial period.
Date of Utilisation: Year of budgeted works.

Eaton Drive Access Construction

Established for the construction of Eaton Drive Access Road from developer contributions.
Date of Utilisation: As the growth of Eaton townsite necessitates development.

Eaton Drive Scheme Construction

Established for the future construction of Eaton Drive from developer contributions.
Date of Utilisation: As the growth of Eaton townsite necessitates development.

Unspent Grants Fund

Established to identify un-expended grants and special projects funding.
Date of Utilisation: Year of budgeted works.

Swimming Pool Inspections

Established to account for unspent Swimming Pool Inspection Levy.
Date of Utilisation: On payment of swimming pool inspections every 3 years.

Unspent Specified Area Rate - Bulk Waste Collection

Established to hold unspent specified area rates for bulk waste collection.
Date of Utilisation: Next financial year.

Unspent Specified Area Rate - Eaton Landscaping

Established to hold unspent specified area rates for Eaton landscaping.
Date of Utilisation: As projects are completed.

Dardanup Community Centre

Established to hold funds for the future construction of a community centre and outdoor play area.
Date of Utilisation: As required.

Dardanup Community Centre - Design

Established to hold funds for the design of a future community centre and outdoor play area.
Date of Utilisation: As required.

Dardanup Public Library

Established to hold funds for the future extension of Dardanup Public Library.
Date of Utilisation: As required.

Wells Park Hard Courts

Established to hold funds for the future upgrade of hard courts and lighting at Wells Park.
Date of Utilisation: As required.

Wells Park Clubroom

Established to hold funds for the future extension of club room facilities at Wells Park.
Date of Utilisation: As required.

Wells Park Clubroom - Design

Established to hold funds for the design of future extension of club room facilities at Wells Park.
Date of Utilisation: As required.

Wells Park Car Park

Established to hold funds for the future upgrade and construction of the car parking area at Wells Park.
Date of Utilisation: As required.

Shire of Dardanup

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

	2016 Actual \$	2015 Actual \$
13. RESERVES - ASSET REVALUATION		
Asset revaluation reserves have arisen on revaluation of the following classes of non current assets:		
(a) Land		
Balance as at 1 July 2015	2,883,352	2,883,352
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2016	<u>2,883,352</u>	<u>2,883,352</u>
(b) Buildings		
Balance as at 1 July 2015	12,655,665	12,655,665
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2016	<u>12,655,665</u>	<u>12,655,665</u>
(c) Roads		
Balance as at 1 July 2015	58,014,563	58,014,563
Revaluation Increment	2,345,254	0
Revaluation Decrement	0	0
Balance as at 30 June 2016	<u>60,359,817</u>	<u>58,014,563</u>
(d) Dual Use Paths		
Balance as at 1 July 2015	5,419,166	5,419,166
Revaluation Increment	611,157	0
Revaluation Decrement	0	0
Balance as at 30 June 2016	<u>6,030,323</u>	<u>5,419,166</u>
(e) Parks, Gardens & Reserves		
Balance as at 1 July 2015	1,673,372	1,673,372
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2016	<u>1,673,372</u>	<u>1,673,372</u>
(f) Drainage		
Balance as at 1 July 2015	16,400,077	16,400,077
Revaluation Increment	1,343,392	0
Revaluation Decrement	0	0
Balance as at 30 June 2016	<u>17,743,469</u>	<u>16,400,077</u>
(g) Bridges		
Balance as at 1 July 2015	5,809,405	5,809,405
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2016	<u>5,809,405</u>	<u>5,809,405</u>
(h) Plant & Equipment		
Balance as at 1 July 2015	755,813	755,813
Revaluation Increment	282,361	0
Revaluation Decrement	0	0
Balance as at 30 June 2016	<u>1,038,174</u>	<u>755,813</u>
(i) Intangible Assets		
Balance as at 1 July 2015	1,921,278	0
Revaluation Increment	0	1,921,278
Revaluation Decrement	0	0
Balance as at 30 June 2016	<u>1,921,278</u>	<u>1,921,278</u>
TOTAL ASSET REVALUATION RESERVES	<u>110,114,855</u>	<u>105,532,691</u>

Shire of Dardanup

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

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments, 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:

	Note	2016 Actual \$	2016 Budget \$	2015 Actual \$
Cash Assets		21,975,490	14,877,821	16,553,997
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result				
Net Result		5,896,448	8,914,136	3,080,395
Amortisation		0	0	0
Depreciation	2 (a)	4,736,087	4,962,150	4,567,282
Developer Contributed Infrastructure		0	0	0
(Increase)/Decrease in Receivables				
(Excl Self Supporting Loans)	4	(173,186)	(15,000)	(276,989)
(Profit)/Loss on Disposal of Assets	21	(4,929,025)	(5,073,075)	(202,894)
(Increase)/Decrease in Inventories	5	(8,228)	(1,000)	(2,361)
Increase/(Decrease) in Payables				
(Excl Self Supporting Loans)	9	595,392	(284,713)	68,727
Increase/(Decrease) in Provisions	11	(65,004)	0	65,045
Grants & Contributions for the Development of Assets		(2,299,133)	(5,876,595)	(2,492,348)
Net Cash from Operating Activities		3,753,351	2,625,903	4,806,857
(c) Undrawn Borrowing Facilities				
Credit Standby Arrangements				
Bank Overdraft limit		250,000		250,000
Bank Overdraft at Balance Date		0		0
Credit Card Limit		10,000		10,000
Credit Card Balance at Balance Date		0		0
Total Amount of Credit Unused		260,000		260,000
(d) Loan Facilities				
Loan Facilities - Current		363,296		345,515
Loan Facilities - Non-Current		1,943,954		2,307,250
Total Facilities in Use at Balance Date	23	2,307,250		2,652,765
Unused Loan Facilities at Balance Date		0		0

Shire of Dardanup

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

15. CAPITAL AND OPERATING LEASING COMMITMENTS

Council has no capital or operating lease commitments as at 30th June 2016.

16. CONTINGENT LIABILITIES

The Shire of Harvey and Shire Dardanup Joint Town Planning Scheme No. 1

The Shires of Dardanup and Harvey operate a joint Town Planning Scheme to enable both Local Government Authorities to coordinate land developer contributions to a future bridge spanning the Collie River. Each Council administers the collecting of contributions from land development within their respective boundaries and accumulates their respective collected funds.

Land developers within the Shire of Harvey have successfully appealed the calculation methodology employed by both Councils at the State Administrative Tribunal (SAT). The implications of this decision are that collectable funds will not meet the estimated cost of bridge construction.

Limiting any liability to the Shire of Dardanup will be the following;

- a) The Shire of Harvey and Shire Dardanup Joint Town Planning Scheme No. 1 makes provision for the construction of a new bridge including approaches. There is no obligation to build the bridge if there is a funding deficit.
- b) The Shire of Harvey and Shire Dardanup Joint Town Planning Scheme No. 1 allows all costs (including legal costs) of administering the scheme to be paid from the accumulated funds collected.
- c) All contributed funds to the Shire of Dardanup (less allowable administration expenses) are cash backed in Councils Reserve fund.

Shire of Dardanup

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

	2016 Actual \$	2015 Actual \$

17. JOINT VENTURE

(a) Information Technology Officers

The Shire of Dardanup together with the Shires of Harvey and Donnybrook-Balingup have a joint venture arrangement with regard to the employment of Information Technology Officers. The officers are employed by the Shire of Dardanup with operating costs shared per formal agreement.

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	14,096	16,805
General Purpose Funding	22,493,768	16,927,149
Law, Order, Public Safety	1,537,103	1,459,935
Health	1,287,326	1,358,021
Education and Welfare	512,000	536,000
Housing	0	0
Community Amenities	1,558,529	2,496,372
Recreation and Culture	17,393,143	16,462,017
Transport	129,783,347	124,939,296
Economic Services	595,454	575,268
Other Property and Services	4,271,723	4,012,141
	<u>179,446,489</u>	<u>168,783,004</u>

Shire of Dardanup

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

19. FINANCIAL RATIOS

	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual
Current Ratio	1.019	1.013	1.004	1.000
Asset Sustainability Ratio	2.214	1.685	0.936	1.083
Debt Service Cover Ratio	7.025	7.440	11.513	17.855
Operating Surplus Ratio	0.018	0.010	0.030	0.180
Own Source Revenue Coverage Ratio	0.891	0.946	0.880	1.129

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	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

"Operating Revenue" Means the revenue that is operating revenue for the purposes of the Australian Accounting Standards, excluding grants and contributions for the development or acquisition of assets.

20. TRUST FUNDS

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

	Balance 1/07/15 \$	Amounts Received \$	Amounts Paid \$	Balance 30/06/16 \$
Eaton Development Assoc	1,012	19	0	1,031
Local Art Exhibition	0	0	0	0
Kids Sport	4,725	22,000	25,947	778
Deposit on Land Sale	635,996	13,945	517,109	132,832
Transportable Building Bonds	8,212	156	0	8,368
Tree Planting Bonds	0	0	0	0
Burekup History Books	151	0	0	151
Unclaimed Monies	653	473	0	1,126
Extractive Industries Bonds	16,342	130,650	0	146,992
Retention Bonds	303,890	58,727	54,545	308,072
Election Nomination Deposits	0	640	640	0
Bunbury Wellington Group of Councils	24,585	4,033	0	28,618
Hire Bonds	980	9,670	9,780	870
Key Bonds	202	400	410	192
Kerb Bonds	254,186	98,283	110,396	242,073
Eaton POS	620,917	16,938	0	637,855
Dardanup POS	50,028	4,552	0	54,580
Burekup POS	243,892	4,702	0	248,594
Boyanup Capel Dardanup Football Club Inc	0	267,025	0	267,025
	<u>2,165,771</u>	<u>632,213</u>	<u>718,827</u>	<u>2,079,157</u>

Shire of Dardanup

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

21. DISPOSALS OF ASSETS

The following assets were disposed of during the year.

Function/Activity (Net)	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Law, Order & Public Safety	0	20,000	0	15,003	0	(4,997)
Health	0	0	0	0	0	0
Community Amenities	39,200	21,525	0	21,525	(39,200)	0
Recreation & Culture	90,902	83,000	76,050	59,344	(14,852)	(23,656)
Transport	63,375	0	26,000	0	(37,375)	0
Economic Services	19,600	18,000	20,000	15,003	400	(2,997)
Other Property & Services	1,066,102	1,695,000	6,086,154	6,799,725	5,020,052	5,104,725
Total	1,279,179	1,837,525	6,208,204	6,910,600	4,929,025	5,073,075
Land	768,851	1,625,000	5,802,335	6,745,000	5,033,484	5,120,000
Buildings	187,140	0	147,940	0	(39,200)	0
Furniture & Equipment	10,887	0	7,140	0	(3,747)	0
Vehicles	262,576	212,525	201,064	165,600	(61,512)	(46,925)
Plant & Equipment	49,725	0	49,725	0	0	0
Total	1,279,179	1,837,525	6,208,204	6,910,600	4,929,025	5,073,075

	2016 Actual \$
22. BUDGET COMPARISON	
Current Position at 1st July 2015	
The current position balance carried forward from the previous financial year for the purpose of the 2015/16 budget was \$286,406	
The actual current position balance shown in the audited financial report as at 30 June 2015 was \$294,061	
This difference, amounts to \$7,655 and was due to:	
a) Increase in Payables	(748,791)
b) Increase in Cash	82,604
c) Increase in Inventory	10,659
d) Increase in Receivables	663,183
	<u>7,655</u>

Shire of Dardanup

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

23. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Loan No.	Principal 01-Jul-15	New Loans	Interest Expense (Accrued)	Interest Repayments Actual	Interest Repayments Budget	Principal Repayments Actual	Principal Repayments Budget	Total Repayments Actual	Total Repayments Budget	Principal 30-Jun-16 Actual	Principal 30-Jun-16 Budget
Recreation & Culture												
Eaton Recreation Centre	59	651,274	0	36,453	37,280	37,915	65,663	65,663	102,943	103,578	585,611	585,611
Eaton Recreation Centre	63	95,633	0	5,288	5,460	5,460	16,945	16,945	22,405	22,405	78,688	78,688
Eaton Bowling Club (SSL)	67	220,385	0	5,700	6,284	6,284	60,596	60,596	66,880	66,880	159,789	159,790
Eaton Recreation Centre	68	177,774	0	5,283	5,562	5,562	37,274	37,274	42,836	42,836	140,500	140,500
Glen Huon Oval Redevelopment	New	0	0	0	0	19,062	0	18,809	0	37,871	0	0
Transport												
Depot Land Purchase	66	763,291	0	29,945	30,583	30,583	47,931	47,931	78,514	78,514	715,360	715,360
Economic Development												
Gravel Site - Panizza Road	61	190,171	0	11,318	11,504	11,690	17,536	17,536	29,040	29,226	172,635	172,635
Other Property & Services												
Administration Building	49	274,557	0	14,601	15,917	16,174	72,461	72,462	88,378	88,636	202,096	202,095
Administration Building Ext	65	279,680	0	18,751	19,193	19,193	27,109	27,109	46,302	46,302	252,571	252,571
Administration Building Ext	New	0	0	0	0	44,125	0	43,540	0	87,665	0	0
		2,652,765	0	127,339	131,783	196,048	345,515	407,865	477,298	603,913	2,307,250	2,307,250

Shire of Dardanup

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

23. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures

Purpose	Loan No.	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate	Amount Used		Balance Unspent \$
		Actual	Budget						Actual	Budget	
Nil		0	0				0	0.00%	0	0	0
		0	0				0		0	0	0

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1/07/15	Amount of Loan	Expended During Year	Balance 30/06/16
Nil		0	0	0	0
		0	0	0	0

(d) Overdraft

Council has an overdraft facility of \$250,000 to assist with short term liquidity requirements.
The balance of the bank overdraft at 30 June 2016 was \$nil.

(e) Interest Rate Risk

New loans are borrowed with interest rate fixed for the term of the loan, this protects Council from future increases in interest rate rises.

Shire of Dardanup

RATING INFORMATION For the Year Ended 30 June 2016

24.	Number of Properties	Rateable Value \$	Rate in Dollar \$	2016 Actual \$	2016 Budget \$	2015 Actual \$
GROSS RENTAL VALUE (GRV)						
General Rates - GRV						
Residential	2,741	47,264,821	\$0.088218	4,169,608	4,169,608	3,703,235
Commercial	54	10,753,225	\$0.088218	948,628	948,628	443,927
Industrial	105	6,975,629	\$0.088218	615,376	615,376	570,088
Small Holding	344	6,624,328	\$0.088218	584,385	584,385	543,602
Interim & Back Rates	0	0	\$0.088218	143,897	132,020	377,534
Total Rates - GRV	3,244	71,618,003		6,461,894	6,450,017	5,638,386
Minimum Rates - GRV						
Residential	1,754	20,899,299	\$1,280	2,245,120	2,245,120	2,144,420
Commercial	7	76,445	\$1,280	8,960	8,960	8,386
Industrial	13	156,700	\$1,280	16,640	16,640	15,574
Small Holding	53	387,412	\$1,280	67,840	67,840	68,286
Total Minimum Rates - GRV	1,827	21,519,856		2,338,560	2,338,560	2,236,666
TOTAL GRV	5,071	93,137,859		8,800,454	8,788,577	7,875,052
UNIMPROVED VALUE (UV)						
General Rates - UV						
Broad Acre Rural	481	272,958,118	\$0.005229	1,427,298	1,427,298	1,334,077
Interim & Back Rates	0	0	\$0.005229	0	0	0
Total Rates - UV	481	272,958,118		1,427,298	1,427,298	1,334,077
Minimum Rates - UV						
Broad Acre Rural	137	21,279,882	\$1,280	175,360	175,360	173,710
Mining	19	379,899	\$1,280	24,320	24,320	23,960
Total Minimum Rates - UV	156	21,659,781		199,680	199,680	197,670
TOTAL UV	637	294,617,899		1,626,978	1,626,978	1,531,747
TOTAL GENERAL RATES	5,708			10,427,432	10,415,555	9,406,799
Specified Area Rates (Note 25)						
Bulk Waste Collection - GRV	4,268	66,029,497	\$0.002068	139,767	136,549	117,056
Eaton Landscaping - GRV	4,112	72,231,405	\$0.003025	222,336	218,500	224,903
TOTAL RATES LEVIED				10,789,535	10,770,604	9,748,758
Less: Rates Written Off				(12,255)	0	(902)
Net Rate Revenue				10,777,280	10,770,604	9,747,856

Shire of Dardanup

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

25. SPECIFIED AREA RATE

Bulk Waste Collection

This rate is levied on developed residential properties within (and adjoining to) the townsites of Eaton, Dardanup and Burekup that are serviced with Councils bulk & green waste kerbside pickup.

	Reserve Bal	Rates	Interim	Back	Rates	Reserve Bal
Specified Area Rate	1st July	Levied	Rates	Rates	Expended	30th June
<i>(Refer Note 24 for valuations)</i>	\$	\$	\$	\$	\$	\$
Bulk Waste Collection	28,990	139,767	0	0	(115,896)	52,861

Eaton Landscaping

This rate is levied on properties within the townsite of Eaton for the purpose of upgrading & maintaining parks reserves.

	Reserve Bal	Rates	Interim	Back	Rates	Reserve Bal
Specified Area Rate	1st July	Levied	Rates	Rates	Expended	30th June
<i>(Refer Note 24 for valuations)</i>	\$	\$	\$	\$	\$	\$
Eaton Landscaping	113,527	222,336	0	0	(229,110)	106,753

26. SERVICE CHARGES

Council did not raise any service charges.

27. DISCOUNTS, INCENTIVES, CONCESSIONS & WRITE-OFFS

	Type	Disc %	Total Cost/ Value	Budget Cost/ Value
Rate Assessments	Write-Off		12,255	0
			12,255	0

Pensioners & Seniors

Persons who hold a Seniors Card (SC), Commonwealth Health Seniors Card (CHSC) and/or Pension Concession Card (PCC) may be eligible to claim a rebate of up to 50% on their rates, or be eligible to defer payment of their rates.

Early Payment Incentive

Council provides an early payment incentive prize of \$1,000

Shire of Dardanup

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

28. INTEREST CHARGES AND INSTALMENTS

	Interest Rate	Admin Charge \$	Revenue
Interest			
Unpaid Rates	11.0%	N/A	53,006
Instalment Plan	5.5%	N/A	59,360
			<u>112,366</u>
Charges			
Instalment Plan	N/A	\$30	74,880
			<u>74,880</u>

Two option plans are 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 18 September 2015.

Option 2 (4 Instalments)

First instalment to be received on or before 18 September 2015 including all arrears and quarter of the current rates and service charges. Second, third and fourth instalments to be made at two month intervals on dates shown below:-

1st Instalment	18 September 2015
2nd Instalment	20 November 2015
3rd Instalment	22 January 2016
4th Instalment	23 March 2016

The cost of the instalment plans will comprise of simple interest of 5.5% p.a. calculated from the date the first instalment is due, together with an administration fee of \$36.

	2016 Actual \$	2015 Actual \$
29. FEES & CHARGES		
General Purpose Funding	132,068	123,831
Governance	953	7,239
Law, Order, Public Safety	97,126	97,056
Health	4,690	5,878
Education & Welfare	0	0
Housing	0	0
Community Amenities	1,204,463	1,325,773
Recreation & Culture	1,449,759	1,267,397
Transport	1,105	54,681
Economic Services	165,780	136,165
Other Property & Services	305,644	123,274
	<u>3,361,588</u>	<u>3,141,294</u>

Shire of Dardanup

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

	2016 Actual \$	2015 Actual \$	
30. GRANTS & CONTRIBUTION REVENUE			
By Nature and Type:			
Grants - Operating	863,137	2,266,375	
Contributions - Operating	419,201	188,369	
Reimbursements - Operating	173,310	1,353,732	
	<u>1,455,648</u>	<u>3,808,476</u>	
Grants - For the Development of Assets	2,305,489	2,634,751	
Contributions - For the Development of Assets	11,401	0	
	<u>2,316,890</u>	<u>2,634,751</u>	
	<u>3,772,538</u>	<u>6,443,227</u>	
By Program:			
General Purpose Funding	663,591	2,067,285	
Governance	818	621,592	
Law, Order, Public Safety	276,584	101,614	
Health	35	3,216	
Welfare & Education	8,513	5,146	
Community Amenities	113,375	8,067	
Recreation and Culture	150,198	498,660	
Transport	2,465,652	2,832,525	
Economic Services	1,689	0	
Other Property & Services	92,083	305,122	
	<u>3,772,538</u>	<u>6,443,227</u>	
31. COUNCILLOR'S REMUNERATION			
The following fees, expenses and allowances were paid to council members and/or the president.	2016 Actual \$	2016 Budget \$	2015 Actual \$
Meeting Fees - Councillors (excluding the President)	(85,000)	(85,000)	(90,000)
Meeting Fees - President	(18,000)	(18,000)	(18,000)
Local Government Allowance - President	(15,000)	(15,000)	(15,000)
Local Government Allowance - Deputy President	(3,750)	(3,750)	(3,750)
Travel Reimbursements	(6,355)	(11,000)	(8,829)
Telecommunication Allowance	(9,500)	(10,000)	(9,750)
Reimbursements	(1,559)	(4,000)	(1,226)
	<u>(139,164)</u>	<u>(146,750)</u>	<u>(146,555)</u>
32. EMPLOYEE NUMBERS			
The number of full-time equivalent Employees at balance date	<u>100.86</u>		<u>92.97</u>
33. ECONOMIC DEPENDENCY			
A significant portion of revenue is received by way of grants from the State and Federal Government. The total of grant revenue from government sources is included in Note 30.			
34. MAJOR LAND TRANSACTIONS			
Council did not undertake any Major Land Transaction during the 2015/16 financial year.			
35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS			
Council did not participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.			
36. POST BALANCE DAY EVENTS			
No significant events have occurred since 30 June to the date of reporting.			

Shire of Dardanup

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

		2016 Actual \$	2015 Actual \$
37. AGGREGATE EMPLOYMENT ENTITLEMENT			
Current	Note		
Accrued Salaries & Wages	9	281,669	253,225
Provision for Annual Leave	11	460,436	435,609
Provision for Long Service Leave	11	509,042	461,581
Provision for RDO	11	43,642	31,836
		<u>1,294,789</u>	<u>1,182,251</u>
Non Current			
Provision for Long Service Leave	11	266,699	255,215
		<u>266,699</u>	<u>255,215</u>
38. EMPLOYEES REMUNERATION			
Set out below, in bands of \$10,000, is the number of employees that are entitled to an annual salary of \$100,000 or more.			
Salary Range			
\$			
100,000 - 109,999		4	3
110,000 - 119,999		0	1
150,000 - 159,999		0	1
160,000 - 169,999		1	1
180,000 - 189,999		1	2
190,000 - 199,999		1	0
39. PROVISION FOR REHABILITATION			
The Banksia Road Refuse Site Facility was sold during 2015-16. Council has no future liability associated with the facility.			
Opening Balance 1 July		160,582	153,493
Increase (Decrease) in Provision		<u>(160,582)</u>	<u>7,089</u>
Closing Balance 30 June		<u>0</u>	<u>160,582</u>

Shire of Dardanup

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

40. 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 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 department of Council under policies approved by the Council.

Council held the following financial instruments at balance date.

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial Assets				
Cash and Cash Equivalent	21,975,490	16,553,997	21,975,490	16,553,997
Receivables	1,126,967	1,014,376	1,126,967	1,014,376
Financial Assets at Fair Value	0	0	0	0
through Profit or Loss	0	0	0	0
Available-for-sale Financial Assets	0	0	0	0
Held-to Maturity Investments	0	0	0	0
	<u>23,102,457</u>	<u>17,568,373</u>	<u>23,102,457</u>	<u>17,568,373</u>
Financial Liabilities				
Payables	1,489,751	894,359	1,489,751	894,359
Borrowings	<u>2,307,250</u>	<u>2,652,765</u>	<u>2,307,250</u>	<u>2,652,765</u>
	<u>3,797,001</u>	<u>3,547,124</u>	<u>3,797,001</u>	<u>3,547,124</u>

Fair Value is determined as follows:

- Cash and Cash Equivalents	Estimated to the carrying value which approximates net market value.
- Receivables	Estimated to the carrying value which approximates net market value.
- Payables	Estimated to the carrying value which approximates net market value.
- Held-to Maturity Investments	Estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Borrowings	Estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial Assets at Fair Value through Profit or Loss	Based on quoted market prices at the reporting date or independent valuation.
- Available-for-sale Financial Assets	Based on quoted market prices at the reporting date or independent valuation.

40. (a)

Cash and Cash Equivalents

Financial Assets at Fair Value through Profit or Loss

Available-for-Sale Financial Assets

Held-to Maturity Investments

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

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

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

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

Council manages these risks by only investing in registered commercial banks.

Shire of Dardanup

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

40. FINANCIAL RISK MANAGEMENT (Continued)

	2016 Actual \$	2015 Actual \$
Impact of a 10% movement in price of investments		
- Equity	0	0
- Income Statement	0	0
Impact of a 1% movement in interest rates in cash		
- Equity	219,755	165,540
- Income Statement	219,755	165,540

40. (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.

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

	2016 Actual \$	2015 Actual \$
The profile of Council's credit risk at balance date was:		
Percentage of Rates and Annual Charges		
- Current	100.0%	100.0%
- Overdue	0.0%	0.0%
Percentage of other Receivables		
- Current	100.0%	100.0%
- Overdue	0.0%	0.0%

Shire of Dardanup

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

FINANCIAL RISK MANAGEMENT (Continued)

40. (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:

	Due within 1 Year	Due 1 - 5 years	Due 5 Years +	Total Contracted Cash Flows	Carrying Values
	\$	\$	\$	\$	\$
2016					
Payables	1,489,751	0	0	1,489,751	1,489,751
Borrowings	363,296	1,155,249	788,705	2,307,250	2,307,250
	<u>1,853,047</u>	<u>1,155,249</u>	<u>788,705</u>	<u>3,797,001</u>	<u>3,797,001</u>
2015					
Payables	894,359	0	0	894,359	894,359
Borrowings	345,515	1,309,604	997,646	2,652,765	2,652,765
	<u>1,239,874</u>	<u>1,309,604</u>	<u>997,646</u>	<u>3,547,124</u>	<u>3,547,124</u>

Market Risk - Currency

Nil - Council does not engage in transactions expressed in foreign currencies.

Market Risk - Interest Rate

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

As interest rates on borrowings are fixed for the term of the loan, no impact is experienced from a change in interest rate therefore a sensitivity analysis is not presented.

Shire of Dardanup

SUPPLEMENTARY RATIO INFORMATION FOR THE YEAR ENDED 30TH JUNE 2016

Ratio Information

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

	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual
Asset Consumption Ratio	0.614	0.625	0.613	0.636
Asset Renewal Funding Ratio	1.127	1.001	1.087	1.008

The above ratios are calculated as follows:

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



www.dardanup.wa.gov.au



records@dardanup.wa.gov.au



[shireofdardanup](https://www.facebook.com/shireofdardanup)



Shire of Dardanup

www.dardanup.wa.gov.au