



2014/15
**ANNUAL
REPORT**

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



ABOUT US

The seeds of our Shire were sown 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.

	2010/11	2011/12	2012/13	2013/14	2014/15
Rateable properties	5,130	5,292	5,395	5,518	5,597
Ordinary Rates levied	\$6.42m	\$7.07m	\$7.79m	\$8.45m	\$9.41m
Operating revenue	\$12.3m	\$16.6m	\$17.7m	\$22.7m	\$20.1m
Total assets	\$75m	\$78m	\$84m	\$163m	\$168m
Full-time equivalent staff	75.21	74.86	83.90	88.17	92.97
Planning applications received	123	135	144	133	129
Building applications received	430	437	464	535	500
Domestic refuse collected	-	-	3,600t	3,750t	4,106t
Recyclable collected	-	-	1,300t	1,400t	1,172t
Eaton Rec Centre Members	716	783	752	773	849
Library Members	1816	1767	1753	1810	1968

ELECTED MEMBERS



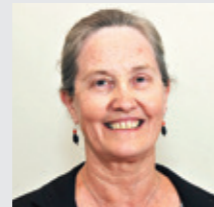
Cr. Michael Bennett
Shire President



Cr. Peter Robinson
Deputy Shire President



Cr. Betty Murfit
Councillor



Cr. Carmel Boyce
Councillor



Cr. James Lee
Councillor



Cr. Luke Davies
Councillor



Cr. Allen Mountford
Councillor



Cr. Tyrrell Gardiner
Councillor



Cr. Frank Papalia
Councillor



Cr. Danny Harris
Councillor

EXECUTIVE



Mark Chester
Chief Executive Officer



Luke Botica
Director
Engineering &
Development Services



Stuart Eaton
Director
Corporate &
Community Services

SHIRE PRESIDENT MESSAGE

“As the Shire of Dardanup continues to blaze a trail in innovation and creativity, attracting national accolades for our work and the emulation of other local governments, it seems hard at times to imagine that we must wage a continual war behind the scenes for our very survival.”



Over the past 12 months, the State Government has thrown us more than a few financial challenges to deal with, but we are not alone!

Across the State, local governments found themselves fighting for their future as Premier Colin Barnett embarked on a plan for amalgamation of local councils. His reform agenda began in the metropolitan area with all indications showing more of the same would eventually follow in the regions.

We braced for a fight, but community backlash saw the plan put on hold for the foreseeable future before it even left Perth. That seemed like a win for us, until the State Government dealt our budgets with a series of blows culminating in talk of a cap on rate increases.

That kind of thinking places an enormous grey cloud over the future of the many exciting projects you will see featured in this Annual Report.

Unlike State and Federal Governments, Local Government elections are held every two years. Therefore I believe, more than any other form of elected member, we are held accountable by the community for our decision-making.

Despite the clouds, the stability and longevity in our Council, gives me the confidence to push ahead with our big picture thinking. At this point, we fight on! There is no reason to slam the brakes on the incredible inroads we are making.

I'm so proud of our many achievements over the past 12 months so please do read on to find out more. Don't hesitate to contact me if there is anything you see here that you would like to discuss in more detail.

Mick Bennett
Shire President

CEO MESSAGE

I must admit, it's an exciting time to be front row as the Shire of Dardanup embarks on a period of incredible development and fast-paced growth.

Even in the 12 months since my last CEO Message, so much has changed in our community.

Perhaps most significantly was the completion in November 2014 of the newly expanded Eaton Fair Shopping Centre.

I think you would agree, its contemporary façade has completely transformed the urban centre of our Shire.

But with this exciting growth and development comes new challenges for us as an organisation.

I'm happy to report we are embracing that challenge whole-heartedly.

This is reflected in the development of our THINK branding, which you might have seen featured throughout the new Shire website.

We are the THINK Ahead Shire and here are some examples of this approach in action:

- Tenders have just been called for our new \$6.5 million Eaton Community Library and co-located expansion of the Administration Centre.
Even our early draft concept designs show this will not just be your traditional, garden variety library. We are working to deliver a vibrant community hub that leads the South West region in creativity, innovation and technology for early adopters.
- Work continues in partnership with the WA Planning Commission on Wanju, WA's newest city to be located on 1,100 hectares east of Eaton and eventually home to an expected 70,000 people.

“In everything we do here, we aim to set the standard, raise the bar and be the THINK Ahead Shire.”



Even in these early stages of the project, the objectives set out for innovation in design, sustainability and density show the development will be unlike anything we already have in the area.

- In June, our Eaton Recreation Centre gymnasium became the first local government-operated facility of its kind in the South West to provide members with 24-hour access.

It would be remiss of me not to thank all of the fantastic staff that we have at Dardanup; they have embraced change and in so doing developed the THINK attitude toward the development of our communities for the benefit of all.

In closing, I would like to encourage you to...well... THINK! THINK about what's important to you as a member of our community; THINK about what you would like your future in the Shire of Dardanup to look like AND lastly, THINK about getting involved, where possible, in shaping that future.

Mark Chester
CEO

FINANCIAL SNAPSHOT

The following provides a snapshot of the Shire's Operating Income for 2014/15. More detailed information can be found in the Financial Statements at the end of this Annual Report.

Operating Grants & Contributions: 19%

Profit on Assets Disposals: 1.4%

Other Revenue: 0.1%

TOTAL OPERATING INCOME
\$20,078,378

15.6%
FEES & CHARGES

48.5%
RATES

2.2%
INTEREST EARNINGS

2014/15 ACHIEVEMENTS

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

- ROADS, TRANSPORT & OTHER INFRASTRUCTURE
- SPORTS, RECREATION & CULTURE
- COMMUNITY LIFE
- ENVIRONMENT
- URBAN AND ECONOMIC ENVIRONMENT

ROADS, TRANSPORT & OTHER INFRASTRUCTURE

POSITIVE OUTCOME ON HOUGH PLACE PROJECT

In April, Shire's Engineering Services Directorate embarked on a \$290,000 project to upgrade drainage in Hough Place, Eaton to reduce flooding often experienced on Eaton Drive, near Chicken Treat.

As work by contractors Leeuwin Civil, Vasse Civil and Howson Technical rolled out, the project challenged the team with a range of unexpected technical difficulties with designs having to be re-worked to accommodate rock, pre-existing underground services and other obstacles.

All of this was not without inconvenience to the very patient residents of Hough Place who at the end of the 10-week project, had cause to sing the praises of road workers digging up their street.

It came as a surprise to us too!

Director of Engineering and Development Services Luke Botica congratulated the three companies involved for not only completing a difficult project on time and on budget but going above and beyond expectations to accommodate the needs of residents affected.

Mr Botica said Hough Place was a cul-de-sac location which made maintaining access for residents to their homes during the works a challenging issue.

Every resident was individually consulted about their needs and the contractors were able to accommodate elderly residents, a caravan that had to come and go and even access for a big number of visitors attending a wedding reception in the street.

"They were even getting people's bin and putting them out on Eaton Drive so their rubbish could still be collected," Mr Botica said.

\$5.6 million road construction, improvements and maintenance

EATON DRIVE

- New traffic lights at Recreation Drive intersection
- Detailed design of road extension and new bridge
- Design and project preliminaries for future upgrade
- New shared path

FALCON ROAD Construction and sealing of remaining 2km

JOSHUA BROOK ROAD Construction and sealing of 2.5km

KING TREE ROAD Design and pre-construction environmental studies

GARDINCOURT DRIVE Construction and sealing

MARTIN PELUSEY/HARRIS ROADS Solar LED intersection lighting

CRAMPTON ROAD Shared paths

RURAL ROAD RE-SURFACING Ferguson Road sections, Harris, Crooked Brook, Crampton, Ratcliffe Roads

URBAN ROAD RE-SURFACING Austin, Graham and Lennard Streets; Belvedere and Eagle Crescents

GRAVEL ROAD RENEWAL Bell and Lennard Roads

SPORTS, RECREATION & CULTURE

EATON RECREATION CENTRE IMPROVEMENTS

Significant investments and upgrades at Eaton Recreation Centre over the past 12 months are helping ensure a happy, healthy and THINK Active lifestyle for residents in the Shire of Dardanup.



In March the ERC gymnasium became the first local government-operated facility of its kind in the region to provide Members with access 24-7.

That followed an extensive makeover and equipment upgrades including installation of 26 new pieces of cardio equipment - each with their own internet access, television, featured blogs, personalised workouts and more.

State of the art closed circuit television security cameras were installed so Members always felt safe and secure, regardless of what time they chose to work out.

Almost \$50,000 was spent upgrading lights within the centre and in the carparks outside to improve illumination, power efficiency and safety. A new \$45,000 solar power system was installed on the centre's roof to offset a portion of daily electricity costs.

But the changes didn't stop there.

A new \$20,000 Sensory Garden was installed to provide children attending the centre Crèche and Vacation Care Programs with a more natural and interactive environment for developing life skills like growing plants, waste reduction and recycling.

Features of the new garden include a timber pirate ship, raised garden beds containing edible and scented plants, interactive art and unusual musical instruments, chalk boards, paths, soft fall surface and a timber stepping trail.

The concept and design of the Sensory Garden was developed by ERC Vacation Care and Crèche staff with input from the Shire of Dardanup Parks and Gardens Team.

What's happening on the Eaton Foreshore?

STAGE 1: \$250,000 COMPLETED

- Installation of new toilet facilities and demolition of old toilet facilities
- Hydro-zoning of irrigation and pathways in immediate vicinity

STAGE 2: \$710,000 COMPLETION

JUNE 2016 Nature playground with tree house, log climb, music play, dry creek bed and climbing nets. Visit the Projects page at www.dardanup.wa.gov.au

HOT NEWS! Shire of Dardanup purchases Cadell Park land in Millbridge to ensure preservation of extended public grass area.

\$131,000 DONATED to Eaton Bowling Club for green resurfacing.

COMMUNITY LIFE

LIBRARY PROGRAM SUCCESS

An innovative program launched by the Shire of Dardanup Library Services, celebrated a phenomenal first year of success in February, recording 87 workshops with an attendance of almost 4,000 people from across the greater Bunbury region.



The programs have covered everything from African drumming to cycling, sculpture, table-top gaming, gardening, spoon-playing and mask decorating.

During its first year, many workshops booked out while others even attracted a wait list.

Coordinator of Culture and Community Services Sue Parora said the workshops had been designed to dispel traditional myths around how libraries should be used and to encourage a whole new population of library users.

Ms Parora said the library team was continuing to work hard in maintaining the early success of the programs by expanding the range of workshops currently on offer.

Workshops began at the Eaton Community Library in February, 2014, before the program was expanded to the Dardanup Public Library a few months later.

Highlights during the first year included weekly

Warhammer workshops where, under the guidance of Bunbury gaming store G-Cubed owner Dave Rosewarner, participants had the chance to paint their own figures, develop game strategies and participate in painting competitions.

Access to workshops and all materials have been provided FREE of charge to participants, by the Shire of Dardanup.

"Libraries are no longer just about quiet places for borrowing books, reading newspapers and studying," Ms Parora said.

"Modern libraries provide their community with a vibrant and exciting hub to meet, relax, socialise and learn."

CHECK OUT THE PLANS

Visit the Projects page at www.dardanup.wa.gov.au

For our new Eaton Library – part of a \$6.5m plan to co-locate the library with an expanded Administration Centre.

ENVIRONMENT

SUSTAINABILITY – COLLIE RIVER STABILISATION PROJECT

A mass planting of about 600 seedlings on the banks of the Collie River was undertaken in June by the Shire of Dardanup in partnership with the South West Catchments Council and students from Eaton Community College to recognise World Environment Day.



The planting marked a continuation of the \$20,000 Collie River bank stabilisation project completed earlier this year and took place near the Eaton Bowling Club.

Shire of Dardanup Manager of Environment and Emergency Ashley Bean said the mass planting would deliver immediate benefits to the health of the Collie River and help raise environmental awareness.

All plants were carefully selected by the Shire to match native vegetation local to the area and included Casuarinas, Melaleucas and Kangaroo Paws.

Under the initial stabilisation project, a combination of sandbagging and baffleboards were installed along the southern shoreline of the Collie River to combat erosion and loss of vegetation caused by wave action and boat wash.

Baffleboards encourage deposition of sand behind them which stabilises the riverbank and allows plants to establish.

The measures have previously been used along the Murray River.

The Shire of Dardanup is continuing management of the foreshore through weed control while the new seedlings establish.

This project is supported by the South West Catchments Council, through funding from the Australian Government's National Landcare Programme and the Government of Western Australia.

URBAN & ECONOMIC ENVIRONMENT

PLANNING FOR WA'S NEWEST CITY

The Shire of Dardanup in partnership with the WA Department of Planning is preparing a District Level Structure Plan for:

- Wanju - City-sized urban development opposite Millbridge between the Australind Bypass and South Western Highway, covering 1,100 hectares
- Waterloo Industrial Park - Industrial Estate east of Picton covering 1,600 hectares

The Plan is expected to be complete in early 2016 and will then be released for a two-month period of public consultation.

Wanju will be WA's newest city and is expected to accommodate a population of up to 70,000 – about the size of the entire greater Bunbury region.

Early discussions are exploring opportunities for the new city to contain:

- Major retail and office facilities
- A major hotel site
- Primary, secondary and tertiary education facilities
- A hospital and medical facilities
- Parks, recreational reserves and recreational facilities similar in size to Hay Park in Bunbury
- Emergency services hub
- Caravan park
- Upgrade and re-alignment of Forrest Highway and Bunbury Outer Ring Road to a freeway
- Train station with park and ride facilities and connecting bus service

The District Level Structure Plan will provide a broad outline of the layout of the city and once complete, will guide the future development of more detailed plans.



PROJECTS IN THE PIPELINE

Glen Huon Pavilion

\$4.4m to construct the new Glen Huon Oval sports pavilion

Library Upgrade

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

Eaton Foreshore Redevelopment Stage 2

\$710,000 includes nature playground

Eaton Town Centre

Perth consultants Hames Sharley is creating a Preferred Plan for development of an Eaton Town Centre as a community hub with European-style piazza

Lighting at Wells Park, Dardanup

\$346,000

Wanju & Waterloo Industrial Park

The Shire of Dardanup in partnership with the WA Planning Commission is preparing a District Level Structure Plan for areas of urban and industrial expansion to be located East of Eaton. The plan is expected to be released for public comment in early 2016

Skate park upgrades

\$272,000

Program of monthly community events

Starting January 2016. \$50,000

Stage 1 of new Council Depot facility

On Martin Pelusey Road

One Library

A State-leading shared Library Management System, driven by the Shire of Dardanup and delivered in collaboration with 10 other Local Governments in the South West. One Library will enable access for members to a far greater collection of resources from any of the participating libraries via one card, delivering cost efficiencies, increased purchase power and a more robust delivery system.



RESPONSIVE

CASE STUDY: ORGANICS BIN PLAN DROPPED FOLLOWING SURVEY

When an online survey in March asked residents if they wanted Shire waste collection services expanded to include a third wheelie bin for organics, the community delivered a message loud and clear.

An unprecedented number of responses were received.

Almost 70 per cent of residents told us they were against the idea, mostly due to an associated increase in rates.

The outcome saw Council vote against the planned introduction of a 3 Bin System despite the service having already been rolled out by neighbouring local governments.

As a result, ratepayers have received a decrease in their annual waste disposal fees for the second year in a row, a total saving of \$12.

Waste disposal in the Shire will be considered again during Council's 2016 Strategic Planning Process.

66%

said they would not support introduction of a 3 Bin System in the Shire of Dardanup

96%

of people indicated their household made a concerted effort to separate recycling

43%

already process their own organic waste using worms, chickens or a compost bin

INCLUSIVE

CASE STUDY: NAME OUR FUTURE

When the Shire of Dardanup embarked on a momentous project in partnership with the WA Planning Commission to deliver WA's newest city east of Eaton, one of the first tasks on the list was to identify a name.

With a plan to get the community involved in the development of the project, right from the outset, an idea was hatched to hold a public naming competition.

Tagged 'Name our Future', the competition was held in two rounds. In November 2014 and February 2015, almost 100 ideas were submitted for names of the planned new urban area and its associated area of industrial land.

The selection process was rigorous with Council identifying a short-list before consulting with stakeholders like the Aboriginal Land and Sea Council and the Geographic Names Committee.

In the weeks before a final decision on the names, the project received wide public interest with plenty of coverage by local media outlets and discussion on social media sites.

WA's newest city was named Wanju – a Noongar word meaning 'welcome'.

The area of industrial expansion was named Waterloo Industrial Park.

The decisions marked the end of an eight month process to Name our Future and represented just one aspect of an overall commitment by the Shire of Dardanup and the WA Planning Commission to ensure the community is kept up-to-date on the project's progress.

Trish Delaney, who submitted the name Wanju, and Paul Harris who won for the combination of his Waterloo submission and accompanying reasoning, were presented with prizes of \$1,000.

TRANSPARENT

CASE STUDY: RE-VAMPED WEBSITE PROVIDES A CLEAR LOOK INSIDE

Providing residents with easy access to information on workings of their Local Government, improving communication and elevating customer service standards were behind a decision last year to completely revamp the Shire of Dardanup website.

The fresh new site, complete with THINK branding, was launched in August along with an associated Shire of Dardanup Facebook page.

Significant growth in unique visitors to the site during its first 12 months of operation has demonstrated the facility is achieving its intended outcomes.

Shire of Dardanup CEO Mark Chester said unveiling of the website was the culmination of many months of planning and work by staff and local branding agency Brandicoot to create an outcome that would provide many benefits to the community.

"We are hoping that residents will find the new website is both visually appealing and easy to navigate despite containing an absolutely exhaustive collection of useful information," Mr Chester said.

Visitors to the new Shire of Dardanup website are able

to access up-to-the-minute information on Council meetings, public notices, news, events and more.

But not only that. A state-of-the-art, interactive Mapping Portal has taken the sharing of information to a whole new level.

Just moved to the Shire? Use the portal to explore pathways, playgrounds, parks, public toilets, sporting facilities, recreation and tourist attractions.

Buying or selling property? Explore land parcels, look up zoning information, review infrastructure and facilities or assess the topographic landscape.

Building, developing or providing services? Use the aerial photography to review infrastructure changes over time and help with planning.

Mr Chester said practical uses for the mapping portal were endless and encouraged all residents and business owners to dive in and have a go.



CUTTING EDGE



CASE STUDY: BREAKING THE MOULD

The Shire of Dardanup is bracing for a period of unprecedented urban and industrial expansion in coming years, with the local population forecast to hit 70,000.

Meeting the organisational challenges of that growth sparked a brave internal exploration of new frontiers to ensure continued delivery of quality service despite extraordinary pressures associated with growth.

It's taken two years from concept to implementation, but in response, the Shire of Dardanup has engineered its own unique document management solution.

TARDIS (Total Archive and Recall Document Information System), launched internally in July, is an Electronic Document Management System uniquely suited to the business requirements of Local Governments.

Put simply, it allows for a new level of information sharing and work collaboration, within the organisation and outside.

CEO Mark Chester said the Shire of Dardanup had faced its future challenges head-on resulting in an industry-leading solution that changed the way every staff member had traditionally worked.

"With our transition towards WA's next regional city, this has been one of several necessary changes we've had to undergo in preparation for meeting the

complexities that are inherent with a future large organisation," Mr Chester said.

"Our hard work now will enable staff in the future to focus on tasks at hand without unnecessary hindrance from business systems and practices that were viable in a smaller organisation but would have undoubtedly failed us during the inevitable periods of growth ahead."

Mr Chester said modern governance demanded more transparency and accountability.

TARDIS achieved this while going beyond State Records Office of WA compliance towards international record-keeping standards.

In broad terms, TARDIS achieves:

- Reduced human resources and materials costs associated with current paper-based Records Management practices
- Improved collaboration internally and externally
- More transparent governance resulting in better public engagement and ultimately, improved service delivery

WHAT CAPTURED YOUR INTEREST



RUNAWAY PIG

There's never a dull moment for our very own (Power) Rangers Murray Halden and Jess Forsyth. Ranger Murray spent three hours of a Saturday night chasing down a surprisingly elusive stray pig after receiving 3 calls from the public about it creating a traffic hazard on Hynes Road, Waterloo.

KEVIN THE KELPIE

In May we engaged the help of local Facebook celebrity Kevin the Kelpie to help spread the word about mandatory micro-chipping for dogs. Kev and his handler took some time out from their busy preparation for an upcoming movie role to tour our Administration Centre, Eaton and meet with staff.

REUNITED AT LAST!

(Power) Ranger Jess Forsyth reunited a cat with its owner in June after it had been missing for an entire YEAR! The cat was found and trapped in Ennis Street, Eaton. Thanks to a microchip, its owner was located in Australind. One VERY surprised and happy customer! Thanks Jess.

TAKE A SHOT PHOTO COMPETITION

Over the summer, we encouraged professional and amateur photographers to snap a shot within our Shire for the chance to win a \$1,000 cash prize or one of eight iPad minis. We were blown away by some of the amazing photos we received. The winner was Chris Tate with his Forest Roo which now features in our Shire of Dardanup website banner.

NAME OUR FUTURE

We called it Name our Future – a competition to come up with a name for WA's newest city to be located east of Eaton and a planned new area of industrial expansion. Former LA girl, now Millbridge resident Trish Delaney came up with the name 'Wanju' a Noongar word for 'welcome'.

ELF ON THE SHELF

When December rolled around we decided to share a bit of festive fun with our Facebook community. Daily updates were posted by our visiting elf until Christmas Eve. He created plenty of mischief but also gave us an opportunity to show you around the inside of our building.

STATUTORY REPORTS

NATIONAL COMPETITION POLICY

Local Governments are required to report annually on the implementation, application and effects of the National Competition Policy (NCP) with regard to three significant areas being:

- Competitive neutrality
- Legislation review
- Structural reform

COMPETITIVE NEUTRALITY

As the Shire of Dardanup did not acquire any new entities or privatise any activities during 2014/15, there was no requirement for competitive neutrality testing. In addition, there were no NCP obligations arising from any structural reform.

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 2014/15, the Shire of Dardanup continued to implement strategies which have been outlined within its Disability Access and Inclusion Plan, the most significant project being the extension of an Eaton Drive pathway up to the main entry of Millbridge. The path is wide enough to accommodate a range of users including community members using motorised scooters and wheelchairs.

An annual review was submitted and accepted as part of the review process to the Government of Western Australia Disability Services Commission. As a result, new outcome 7 was added to the document:

Outcome 7: People with a disability have the same opportunities as other people to obtain and maintain

employment within a public authority.

Staff have attended training in line with this new Outcome 7 and will be looking at opportunities for the hiring of employees with a disability.

STATE RECORDS ACT

The Shire has been developing a replacement Electronic Document Management System.

This system is based on SharePoint, has been completed and was deployed on 6 July, 2015.

The EDMS has been designed to comply with all State Government records compliance requirements; it's VERS and ISO15489 compliant.

To complement the change in systems and processes, the Record Keeping Plan has been re-written to include the significant change in approach using the new EDMS.

Some of the key benefits of the new EDMS include:

- Powerful document discovery tools
- Easy registration of document into the system
- Automatic compliance with State Records Management compliance requirements
- Improved business processing models
- Reduced labour overheads to perform routine document management tasks
- Faster turnaround times for document-based processes

The product is viewed as a platform and able to support other complementary products. This approach ensures strong re-usability of the technology and therefore maximises the investment. The 'platform' also allows access to other cost-effective pre-built products.

This new system and improved practices ensures the Shire can maintain a very high standard of information management well into the future.

COMPLAINTS OF MINOR BREACHES

For the 2014/15 reporting period there were two complaints received:

#	NATURE	OUTCOME
1	Failure to declare a financial interest	Dismissed
1	Failure to declare an impartiality interest	Standards Panel not yet advised



shireofdardanup

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FACEBOOK COMMUNITY

2014/15 FINANCIAL REPORT



Shire of Dardanup

FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2015

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Shire of Dardanup

FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2015

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 17 day of November 2015



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 2015 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 Council, including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2015 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.

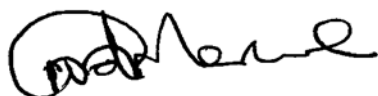
Other matters

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



MARIUS VAN DER MERWE CA
Director
Perth
Date: 17 November 2015

Shire of Dardanup

STATEMENT OF COMPREHENSIVE INCOME

By Nature or Type

For the Year Ended 30 June 2015

	Note	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Rates	24	9,747,856	9,609,805	8,750,948
Operating Grants & Contributions	30	3,808,476	2,213,773	1,541,419
Service Charges	26	0	0	0
Fees & Charges	29	3,141,294	2,915,228	3,003,046
Interest Earnings	2(b)	445,452	469,650	460,162
Profit on Asset Disposals	21	275,962	768,996	114,773
Other Revenue		24,587	18,000	20,971
		<u>17,443,627</u>	<u>15,995,452</u>	<u>13,891,319</u>
Expenses				
Employee Costs		(7,647,684)	(7,098,678)	(6,771,294)
Materials and Contracts		(3,451,716)	(4,219,395)	(3,115,678)
Utility Charges		(437,915)	(439,671)	(449,659)
Depreciation on Non-current Assets	2(a)	(4,567,282)	(2,432,250)	(2,624,277)
Interest Expenses	23(a)	(141,456)	(145,976)	(146,728)
Insurance Expenses		(253,011)	(259,238)	(230,932)
Loss on Asset Disposals	21	(73,068)	0	(49,041)
Other Expenditure		(425,851)	(438,931)	(367,715)
		<u>(16,997,983)</u>	<u>(15,034,139)</u>	<u>(13,755,324)</u>
Operating Result		<u>445,644</u>	<u>961,313</u>	<u>135,995</u>
Grants & Contributions for the Development of Assets	30	2,634,751	2,008,269	8,821,806
		<u>2,634,751</u>	<u>2,008,269</u>	<u>8,821,806</u>
NET RESULT		3,080,395	2,969,582	8,957,801
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	2(f)	1,921,278	0	70,554,325
Total Other Comprehensive Income		<u>1,921,278</u>	<u>0</u>	<u>70,554,325</u>
TOTAL COMPREHENSIVE INCOME		<u>5,001,673</u>	<u>2,969,582</u>	<u>79,512,126</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 2015

	Note	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
General Purpose Funding		12,384,424	11,531,726	9,980,943
Governance		628,831	3,550	7,791
Law, Order, Public Safety		198,670	315,676	559,063
Health		9,094	2,150	4,187
Education and Welfare		5,145	0	7,427
Housing		0	0	0
Community Amenities		1,340,711	1,995,864	1,281,584
Recreation and Culture		1,766,057	1,767,084	1,629,699
Transport		2,911,136	1,919,487	8,528,487
Economic Services		136,165	148,900	207,442
Other Property and Services		698,145	319,284	506,502
		<u>20,078,378</u>	<u>18,003,721</u>	<u>22,713,125</u>
Expenses Excluding Finance Costs				
General Purpose Funding		(400,491)	(338,192)	(286,094)
Governance		(1,162,651)	(1,088,496)	(1,094,623)
Law, Order, Public Safety		(1,100,726)	(974,028)	(1,071,816)
Health		(417,989)	(374,706)	(358,375)
Education and Welfare		(81,146)	(40,948)	(94,257)
Housing		0	0	0
Community Amenities		(1,975,028)	(2,224,769)	(1,691,739)
Recreation & Culture		(6,230,076)	(6,137,522)	(5,610,933)
Transport		(4,892,027)	(3,124,795)	(2,901,704)
Economic Services		(395,612)	(384,706)	(376,865)
Other Property and Services		(200,781)	(200,001)	(122,190)
		<u>(16,856,527)</u>	<u>(14,888,163)</u>	<u>(13,608,596)</u>
Finance Costs				
Recreation & Culture		(57,423)	(58,095)	(51,529)
Transport		(32,214)	(33,603)	(35,617)
Economic Services		(12,532)	(12,743)	(13,565)
Other Property and Services		(39,287)	(41,535)	(46,017)
		<u>(141,456)</u>	<u>(145,976)</u>	<u>(146,728)</u>
NET RESULT		3,080,395	2,969,582	8,957,801
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	2(f)	1,921,278	0	70,554,325
Total Other Comprehensive Income		<u>1,921,278</u>	<u>0</u>	<u>70,554,325</u>
TOTAL COMPREHENSIVE INCOME		<u><u>5,001,673</u></u>	<u><u>2,969,582</u></u>	<u><u>79,512,126</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 2015

	Note	2015 Actual \$	2014 Actual \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	16,553,997	14,112,827
Trade and Other Receivables	4	778,778	444,656
Inventories	5	16,659	14,298
Total Current Assets		17,349,434	14,571,781
NON-CURRENT ASSETS			
Trade and Other Receivables	4	235,598	72,346
Property, Plant and Equipment	6	25,919,338	27,183,763
Infrastructure	7(a)	123,357,356	121,679,954
Intangible Assets	7(b)	1,921,278	0
Total Non-Current Assets		151,433,570	148,936,063
TOTAL ASSETS		168,783,004	163,507,844
CURRENT LIABILITIES			
Trade and Other Payables	9	894,359	825,632
Current Portion of Long Term Borrowings	10	345,515	258,445
Provisions	11	929,026	859,222
Total Current Liabilities		2,168,900	1,943,299
NON-CURRENT LIABILITIES			
Trade and Other Payables	9	0	0
Long Term Borrowings	10	2,307,250	2,254,605
Provisions	11	415,797	420,556
Total Non-Current Liabilities		2,723,047	2,675,161
TOTAL LIABILITIES		4,891,947	4,618,460
NET ASSETS		163,891,057	158,889,384
EQUITY			
Retained Surplus		43,186,973	42,674,004
Reserves - Cash / Investment Backed	12	15,171,393	12,603,967
Reserves - Asset Revaluation	13	105,532,691	103,611,413
TOTAL EQUITY		163,891,057	158,889,384

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 2015

	Note	RETAINED SURPLUS \$	RESERVES CASH / INVESTMENT BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 30 June 2013		34,632,248	11,687,922	33,057,088	79,377,258
- Net Result		8,957,801	0	0	8,957,801
- Asset Revaluation		0	0	0	0
- Total Other Comprehensive Income		0	0	70,554,325	70,554,325
- Transfer to Reserves		(4,659,610)	4,659,610	0	0
- Transfer from Reserves		3,743,565	(3,743,565)	0	0
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

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

Shire of Dardanup

STATEMENT OF CASH FLOWS For the Year Ended 30 June 2015

	Note	2015 Actual \$	2015 Budget \$	2014 Actual \$
Cash Flows From Operating Activities				
Receipts				
Rates		9,787,317	9,609,805	8,769,131
Grants, Subsidies and Contributions - Operating		3,842,001	2,213,773	1,542,965
Service Charges		0	0	0
Fees and Charges		3,187,898	2,915,228	2,945,911
Interest Earnings		445,452	469,650	460,162
Goods and Services Tax		1,193,061	1,705,673	1,619,230
Other		4,413	18,000	144,335
		<u>18,460,142</u>	<u>16,932,129</u>	<u>15,481,734</u>
Payments				
Employee Costs		(7,595,216)	(7,098,678)	(6,591,270)
Materials and Contracts		(3,567,395)	(4,219,395)	(3,297,777)
Utilities Charges		(437,915)	(439,671)	(449,659)
Insurance		(253,011)	(259,238)	(230,932)
Interest		(143,034)	(145,976)	(150,447)
Goods and Services Tax		(1,237,952)	(1,500,000)	(1,455,263)
Other		(418,762)	(438,931)	(348,094)
		<u>(13,653,285)</u>	<u>(14,101,889)</u>	<u>(12,523,442)</u>
Net Cash Provided by (used in)				
Operating Activities	14(b)	<u>4,806,857</u>	<u>2,830,240</u>	<u>2,958,292</u>
Cash Flows from Investing Activities				
Payments for Construction / Development of:				
- Non Current Assets		(5,304,946)	(8,203,268)	(6,252,648)
Grants/Contributions for the:				
- Development of Assets		2,492,348	2,008,269	4,529,415
Proceeds from Sale of Property, Plant & Equipment		527,581	3,968,642	335,694
Net Cash Provided by (used in)				
Investing Activities		<u>(2,285,017)</u>	<u>(2,226,357)</u>	<u>(1,387,539)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	23(a)	(306,244)	(304,601)	(243,972)
Proceeds from New Debentures	23(b)	445,959	2,386,000	0
Advances to Community Groups		(250,000)	(250,000)	0
Proceeds from Self Supporting Loans		29,615	46,156	0
Repayment of Prefunded Developer Infrastructure		0	0	0
Net Cash Provided by (used in)				
Financing Activities		<u>(80,670)</u>	<u>1,877,555</u>	<u>(243,972)</u>
Net Increase (Decrease) in Cash Held		<u>2,441,170</u>	<u>2,481,438</u>	<u>1,326,781</u>
Cash at Beginning of Year		<u>14,112,827</u>	<u>11,282,747</u>	<u>12,786,046</u>
Cash and Cash Equivalents at the End of Year	14(a)	<u><u>16,553,997</u></u>	<u><u>13,764,185</u></u>	<u><u>14,112,827</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 2015

	Note	2015 Actual \$	2015 Budget \$	2014 Actual \$
OPERATING EXPENDITURE				
General Purpose Funding	1,2	(400,491)	(338,192)	(286,094)
Governance		(1,162,651)	(1,088,496)	(1,094,623)
Law, Order, Public Safety		(1,100,726)	(974,028)	(1,071,816)
Health		(417,989)	(374,706)	(358,375)
Education and Welfare		(81,146)	(40,948)	(94,257)
Housing		0	0	0
Community Amenities		(1,975,028)	(2,224,769)	(1,691,739)
Recreation & Culture		(6,287,499)	(6,195,617)	(5,662,462)
Transport		(4,924,241)	(3,158,398)	(2,937,321)
Economic Services		(408,144)	(397,449)	(390,430)
Other Property and Services		(240,068)	(241,536)	(168,207)
		<u>(16,997,983)</u>	<u>(15,034,139)</u>	<u>(13,755,324)</u>
NON OPERATING EXPENDITURE				
Purchase / Construction of Assets				
- Land	8	0	0	0
- Buildings	8	(344,954)	(2,884,275)	(79,742)
- Motor Vehicles	8	(498,883)	(640,980)	(1,192,580)
- Furniture and Fittings	8	(558,573)	(248,253)	(196,495)
- Plant & Equipment	8	(35,129)	(34,201)	(147,565)
- Infrastructure Assets - Roads	8	(2,958,574)	(3,543,341)	(4,011,692)
- Infrastructure Assets - Parks	8	(95,520)	(572,700)	(115,187)
- Infrastructure Assets - Drainage	8	0	0	0
- Infrastructure Assets - Dual Use Paths	8	(315,265)	(279,518)	(23,634)
- Infrastructure Assets - Bridges	8	(221,815)	0	(166,039)
- Work in Progress	8	(276,233)	0	(319,713)
Land Held for Resale		0	0	0
		<u>(5,304,946)</u>	<u>(8,203,268)</u>	<u>(6,252,647)</u>
OTHER EXPENDITURE				
Repayment of Debt				
- Debentures	23	(306,244)	(304,601)	(243,972)
Advances to Community Groups		(250,000)	(250,000)	0
Transfers to Reserves		(5,970,871)	(6,299,000)	(4,659,610)
		<u>(6,527,115)</u>	<u>(6,853,601)</u>	<u>(4,903,582)</u>
TOTAL EXPENDITURE		(28,830,044)	(30,091,008)	(24,911,553)
OPERATING REVENUE				
General Purpose Funding	1,2	2,977,625	2,248,461	1,527,670
Governance		628,831	3,550	7,791
Law, Order, Public Safety		198,670	315,676	559,063
Health		9,094	2,150	4,187
Education and Welfare		5,145	0	7,427
Housing		0	0	0
Community Amenities		1,340,711	1,995,864	1,281,584
Recreation and Culture		1,766,057	1,767,084	1,629,699
Transport		2,911,136	1,919,487	8,528,487
Economic Services		136,165	148,900	207,442
Other Property and Services		698,145	319,284	506,502
		<u>10,671,579</u>	<u>8,720,456</u>	<u>14,259,852</u>
OTHER REVENUE				
Proceeds from Disposal of Assets	21	527,581	3,968,642	335,694
Proceeds from New Debentures	23	445,959	2,386,000	0
Self-Supporting Loan Principal Income		29,615	46,156	0
Transfers from Reserves		3,403,445	3,816,645	3,743,565
		<u>4,406,600</u>	<u>10,217,443</u>	<u>4,079,259</u>
TOTAL REVENUE		15,078,179	18,937,899	18,339,111
Adjustments for Cash Budget Requirements:				
(Profit)/Loss on Asset Disposals	21	(202,894)	(768,996)	(65,732)
Depreciation on Assets written back	2	4,567,282	2,432,250	2,624,277
Net Movement - Increase (Decrease) in Non Current Provisions		(4,759)	0	7,798
Developer Contributed Infrastructure		0	0	(4,440,000)
Net Movement - (Increase) Decrease in Deferred Rates	4	(3,462)	0	(4,394)
		<u>4,356,167</u>	<u>1,663,254</u>	<u>(1,878,051)</u>
NET DEFICIT		(9,395,698)	(9,489,855)	(8,450,493)
Add: Opening Funds 1st July	22	282,960	206,590	280,180
Less: Closing Funds 30th June C/Fwd		(294,061)	0	(282,960)
TOTAL GENERAL RATES LEVIED	24	<u>9,406,799</u>	<u>9,283,265</u>	<u>8,453,273</u>

Shire of Dardanup

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

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 2015

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

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 2015

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 2015

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 2015

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 2015

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 2015

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 2015

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 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	September 2012	1 January 2018	Nil - The revisions embodied in this Standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on Council (refer (i) above).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Council has with those third parties it has dealings with. It may or may not be significant.
(iv) AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer Title column	Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value. As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.

Shire of Dardanup

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

New Accounting Standards and Interpretations (continued)

(v) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	<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>
(vi) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	<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>
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<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.</p>
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	<p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn. It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.</p>

Shire of Dardanup

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

New Accounting Standards and Interpretations (continued)

(x)	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.
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[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 2011-7
AASB 2012-3
AASB 2013-3
AASB 2013-8
AASB 2013-9 Parts A & B

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

Shire of Dardanup

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

	2015 Actual \$	2014 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	9,740	9,960
- Other Services	750	1,550
Bad & Doubtful Debts		
- Rates	0	0
- Sundry Debtors	0	0
Depreciation		
Buildings	759,514	496,963
Furniture and Fittings	178,865	184,864
Motor Vehicles	422,769	380,179
Plant & Equipment	46,830	27,985
Infrastructure		
- Roads	2,144,477	1,249,119
- Dual Use Paths	170,002	31,735
- Parks & Gardens	134,213	130,067
- Bridges	464,878	80,748
- Drainage	245,734	42,617
	<u>4,567,282</u>	<u>2,624,277</u>
Rental Charges		
- Operating Leases	<u>0</u>	<u>0</u>

(b) Result from Ordinary Activities - Revenues

	2015 Actual \$	2015 Budget \$	2014 Actual \$
Interest Earnings			
Investments			
- Reserve Fund	268,587	275,000	294,874
- Municipal Fund	75,578	100,000	74,368
Other Interest Revenue			
- Rating (Note 28)	98,741	92,000	88,698
- Sundry	2,546	2,650	2,222
	<u>445,452</u>	<u>469,650</u>	<u>460,162</u>

Shire of Dardanup

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

2. REVENUES AND EXPENSES (Continued)

(d) 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.

	2015 Actual \$	2014 Actual \$
(e) Conditions Over Contributions		
Grants which were recognised as revenues during the reporting period and which had not yet been expended.		
Prefunded LGGC Financial Assistance	442,521	0
Prefunded LGGC Local Roads Grant	249,193	0
LGGC - Special Projects	0	0
Royalties for Regions Grant Funding	545,522	0
Emergency Services Levy Grant - 14/15 1st Instalment	25,738	20,812
DLG & Communities Grant - Library Programs	10,000	0
FIMM WA Mosquito Control Funding	2,566	0
Black Spot Grant Funding - Moore Road, King Tree Road	197,956	0
Regional Road Group Funding - Eaton Drive Extension	76,092	0
Dept. Sport & Recreation Grant - Glen Huon Reserve Pavilion	200,000	0
Dept. Families, Housing - Joshua Crooked Brook BFB Grant	0	3,120
SW Catchment Council Grant - Collie River Project	0	13,612
Eaton Drive Traffic Signals Grant	0	84,000
Dardanup Storage Shed Grant	0	13,370
	1,749,588	134,914

Shire of Dardanup

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

Note	2015 Actual \$	2014 Actual \$
2. REVENUES AND EXPENSES (Continued)		
(e) 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	0	446,968
Prefunded LGGC Local Roads Grant	0	248,551
LGGC - Special Projects	0	14,970
Emergency Services Levy Grant	20,812	0
Crime Prevention Grants	0	9,421
South West Catchment Council	13,612	0
RRG Funding - Eaton Drive	168,000	0
R4R GIS Software Grant	0	20,004
Water Corp Waterwise Garden Project	0	8,000
DEC Collie River Wetland Trail Grant	0	2,755
Ferguson River Restoration Project	11,702	273
Cat Act Implementation Grants	6,084	6,451
	<u>220,210</u>	<u>757,393</u>
(f) Other Comprehensive Income		
Changes on Revaluation of Non-Current Assets	1,921,278	70,554,325
	<u>1,921,278</u>	<u>70,554,325</u>
3. CASH AND CASH EQUIVALENTS		
Unrestricted		
- Cash on Hand	3,450	3,150
- Municipal Fund	1,379,154	1,505,710
Restricted		
- Reserve Fund	12 15,171,393	12,603,967
	<u>16,553,997</u>	<u>14,112,827</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Pensioner Rates Rebate	7,326	14,607
Sundry Debtors	386,715	326,915
Goods & Services Tax	284,339	97,043
Fuel Tax Credit	5,679	6,091
Self Supporting Loans	60,595	0
Insurance Claims	20,586	0
Prepaid Expenditure	13,538	0
	<u>778,778</u>	<u>444,656</u>
Non-Current		
Rates Outstanding - Deferred Pensioners	75,808	72,346
Self Supporting Loans	159,790	0
	<u>235,598</u>	<u>72,346</u>
5. INVENTORIES		
Current		
Materials	3,367	5,482
Trading Stock - Recreation Centre	13,292	8,816
Land Held for Resale	0	0
	<u>16,659</u>	<u>14,298</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 2015

	2015 Actual \$	2014 Actual \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land - Independent Valuation	4,790,000	4,880,000
Less Accumulated Depreciation	0	0
	4,790,000	4,880,000
Buildings - Independent Valuation	38,066,488	16,772,000
Less Accumulated Depreciation	(21,654,514)	0
	16,411,974	16,772,000
Furniture and Equipment - Cost	2,342,221	1,825,909
Less Accumulated Depreciation	(1,543,901)	(1,400,337)
	798,320	425,572
Motor Vehicles - Cost	4,453,986	4,317,687
Less Accumulated Depreciation	(1,598,509)	(1,310,597)
	2,855,477	3,007,090
Plant and Equipment - Cost	1,015,412	981,328
Less Accumulated Depreciation	(362,251)	(316,466)
	653,161	664,862
Work in Progress - Cost	410,406	1,434,239
Less Accumulated Amortisation	0	0
	410,406	1,434,239
	25,919,338	27,183,763
7. (a) INFRASTRUCTURE		
Roads - Independent Valuation	131,370,395	86,729,809
Less Accumulated Depreciation	(43,826,489)	0
	87,543,906	86,729,809
Footpaths - Management Valuation	8,815,387	6,203,501
Less Accumulated Depreciation	(2,466,623)	0
	6,348,764	6,203,501
Bridges - Management Valuation	28,058,884	10,859,069
Less Accumulated Depreciation	(17,442,878)	0
	10,616,006	10,859,069
Drainage - Management Valuation	18,476,256	15,900,064
Less Accumulated Depreciation	(2,821,926)	0
	15,654,330	15,900,064
Parks & Ovals - Management Valuation	6,809,606	1,987,511
Less Accumulated Depreciation	(3,615,256)	0
	3,194,350	1,987,511
	123,357,356	121,679,954
7. (b) INTANGIBLE ASSETS		
Intangible Assets	1,921,278	0
Less Accumulated Amortisation	0	0
	1,921,278	0
	1,921,278	0

Shire of Dardanup

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

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 2014	0	4,880,000	37,667,000	1,825,909	4,317,687	981,328	128,411,821	18,476,256	8,500,122	27,837,069	5,468,554	1,434,239	239,799,985
Additions	0	0	344,954	558,573	498,883	35,129	2,958,574	0	315,265	221,815	95,520	276,233	5,304,946
Developer Donated Infrastructure	0	0	0	0	0	0	0	0	0	0	0	0	0
Disposals	0	(90,000)	0	(42,261)	(362,584)	(1,045)	0	0	0	0	0	0	(495,890)
Revaluation Increments (Decrements)	1,921,278	0	0	0	0	0	0	0	0	0	0	0	1,921,278
Work in Progress Movement	0	0	54,534	0	0	0	0	0	0	0	1,245,532	(1,300,066)	0
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
Accumulated Depreciation													
Balance at 30 June 2014	0	0	(20,895,000)	(1,400,337)	(1,310,597)	(316,466)	(41,682,012)	(2,576,192)	(2,296,621)	(16,978,000)	(3,481,043)	0	(90,936,268)
Disposals	0	0	0	35,301	134,857	1,045	0	0	0	0	0	0	171,203
Revaluation (Increments) Decrements	0	0	0	0	0	0	0	0	0	0	0	0	0
Asset Class Reclassification	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation Expense	0	0	(759,514)	(178,865)	(422,769)	(46,830)	(2,144,477)	(245,734)	(170,002)	(464,878)	(134,213)	0	(4,567,282)
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)
Net Book Value at 30 June 2015	1,921,278	4,790,000	16,411,974	798,320	2,855,477	653,161	87,543,906	15,654,330	6,348,764	10,616,006	3,194,350	410,406	151,197,972
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 2015

8. (b) Fair Value Measurements

Asset Class	Fair Value Hierarchy <i>Note 1h</i>	Valuation Technique	Basis of Valuation	Date of last Valuation	Inputs Used
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 2013	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 2013	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 2014	Purchase costs and current condition, residual values and remaining useful life assessment's
Roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2014	Construction costs and current condition , residual values and remaining useful life assessments inputs
Drainage	3	Cost approach using depreciated replacement cost	Management Valuation	June 2014	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 2014	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

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

Note	2015 Actual \$	2014 Actual \$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	340,468	442,188
Other Payables	2,510	570
Prepaid Revenue - Rates	80,217	44,575
Prepaid Revenue - Paid Parental Leave	2,730	5,204
Accrued Interest on Debentures	38,555	40,133
Tax Liabilities	176,654	27,218
PAYG Withholdings	0	93,320
Accrued Salaries & Wages	253,225	172,424
	<u>894,359</u>	<u>825,632</u>
Non-Current		
Nil	0	0
	<u>0</u>	<u>0</u>
10. LONG TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	23 345,515	258,445
	<u>345,515</u>	<u>258,445</u>
Non-Current		
Secured by Floating Charge Debentures	23 2,307,250	2,254,605
	<u>2,307,250</u>	<u>2,254,605</u>
11. PROVISIONS		
Current		
Provision for Annual Leave	435,609	399,466
Provision for Long Service Leave	461,581	424,870
Provision for RDO	31,836	34,886
	<u>929,026</u>	<u>859,222</u>
Non-Current		
Provision for Long Service Leave	255,215	267,063
Provision for Refuse Site Rehabilitation	40 160,582	153,493
	<u>415,797</u>	<u>420,556</u>

Shire of Dardanup

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

	2015 Actual \$	2015 Budget \$	2014 Actual \$
12. RESERVES - CASH BACKED			
<i>Reserve Funds over which Council has Discretionary Control</i>			
(a) Buildings Maintenance Reserve			
Opening Balance	2,041,481	1,542,494	2,257,597
Reallocation	(809,683)	0	(349,157)
Amount Set Aside / Transfer to Reserve	246,580	240,000	252,028
Amount Used / Transfer from Reserve	(393,146)	(509,607)	(118,987)
	1,085,232	1,272,887	2,041,481
(b) Plant Reserve			
Opening Balance	83,035	67,521	263,682
Amount Set Aside / Transfer to Reserve	286,986	288,200	327,011
Amount Used / Transfer from Reserve	(106,666)	(207,842)	(507,658)
	263,355	147,879	83,035
(c) Roadwork Construction & Major Maintenance			
Opening Balance	991,770	946,289	808,081
Reallocation	(400,000)	0	0
Amount Set Aside / Transfer to Reserve	981,053	970,000	1,037,633
Amount Used / Transfer from Reserve	(1,005,219)	(1,470,937)	(853,944)
	567,604	445,352	991,770
(d) Information Technology			
Opening Balance	561,641	69,738	230,237
Amount Set Aside / Transfer to Reserve	200,539	235,550	474,957
Amount Used / Transfer from Reserve	(347,871)	(231,166)	(143,553)
	414,309	74,122	561,641
(e) Road Safety Programs			
Opening Balance	1,691	1,691	1,691
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	1,691	1,691	1,691
(f) Tourism Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	10,000	0	0
Amount Used / Transfer from Reserve	0	0	0
	10,000	0	0
(g) Executive & Compliance Vehicles			
Opening Balance	337,220	310,585	319,150
Amount Set Aside / Transfer to Reserve	115,992	115,000	129,430
Amount Used / Transfer from Reserve	(181,877)	(214,492)	(111,360)
	271,335	211,093	337,220
(h) Employee Relief			
Opening Balance	33,814	4,001	2,947
Amount Set Aside / Transfer to Reserve	36,432	36,000	30,867
Amount Used / Transfer from Reserve	0	0	0
	70,246	40,001	33,814
(i) Refuse Site Environmental Works			
Opening Balance	66,814	65,100	57,600
Amount Set Aside / Transfer to Reserve	11,599	10,100	9,214
Amount Used / Transfer from Reserve	0	0	0
	78,413	75,200	66,814

Shire of Dardanup

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

	2015 Actual \$	2015 Budget \$	2014 Actual \$
12. RESERVES - CASH BACKED (Continued)			
(j) Meat Inspection Fund			
Opening Balance	4,832	4,708	4,708
Amount Set Aside / Transfer to Reserve	101	0	124
Amount Used / Transfer from Reserve	0	0	0
	4,933	4,708	4,832
(k) Recycling Education			
Opening Balance	92,618	95,313	106,538
Amount Set Aside / Transfer to Reserve	1,928	0	2,805
Amount Used / Transfer from Reserve	(16,725)	(16,725)	(16,725)
	77,821	78,588	92,618
(l) Eaton Recreation Centre Equipment			
Opening Balance	198,647	190,708	173,903
Amount Set Aside / Transfer to Reserve	34,615	35,000	30,237
Amount Used / Transfer from Reserve	(6,886)	(2,943)	(5,493)
	226,376	222,765	198,647
(m) Council Land Development			
Opening Balance	155,618	159,446	220,732
Reallocation	0	0	(24,286)
Amount Set Aside / Transfer to Reserve	3,239	0	5,172
Amount Used / Transfer from Reserve	(23,654)	(130,000)	(46,000)
	135,203	29,446	155,618
(n) Sale of Land			
Opening Balance	844,257	822,600	0
Reallocation	0	0	822,600
Amount Set Aside / Transfer to Reserve	376,661	3,750,000	21,657
Amount Used / Transfer from Reserve	(55,336)	0	0
	1,165,582	4,572,600	844,257
(o) Accrued Salaries			
Opening Balance	265,769	274,952	258,952
Amount Set Aside / Transfer to Reserve	5,531	6,000	6,817
Amount Used / Transfer from Reserve	0	0	0
	271,300	280,952	265,769
(p) Environmental Projects			
Opening Balance	8,552	8,552	8,552
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	8,552	8,552	8,552
(q) Carried Forward Projects			
Opening Balance	905,244	311,190	1,076,858
Reallocation	1,657,998	0	0
Amount Set Aside / Transfer to Reserve	304,061	0	616,190
Amount Used / Transfer from Reserve	(610,921)	(236,106)	(787,804)
	2,256,382	75,084	905,244
(r) Strategic Planning Studies			
Opening Balance	75,099	64,023	91,396
Reallocation	(56,413)	0	0
Amount Set Aside / Transfer to Reserve	100,099	57,600	53,723
Amount Used / Transfer from Reserve	(65,822)	0	(70,020)
	52,963	121,623	75,099

Shire of Dardanup

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

	2015 Actual \$	2015 Budget \$	2014 Actual \$
12. RESERVES - CASH BACKED (Continued)			
(s) Town Planning Consultancy			
Opening Balance	59,323	115,007	185,007
Reallocation	0	0	(100,000)
Amount Set Aside / Transfer to Reserve	20,858	20,000	33,028
Amount Used / Transfer from Reserve	(38,080)	(115,000)	(58,712)
	42,101	20,007	59,323
(t) Parks & Reserves Development			
Opening Balance	343,109	216,737	179,037
Reallocation	(291,902)	0	0
Amount Set Aside / Transfer to Reserve	180,679	172,600	179,189
Amount Used / Transfer from Reserve	(62,047)	(315,308)	(15,117)
	169,839	74,029	343,109
(u) Election Expenses			
Opening Balance	0	0	12,000
Amount Set Aside / Transfer to Reserve	13,000	13,500	12,500
Amount Used / Transfer from Reserve	0	0	(24,500)
	13,000	13,500	0
(v) Pathways			
Opening Balance	260,449	243,768	103,768
Amount Set Aside / Transfer to Reserve	158,542	160,000	156,681
Amount Used / Transfer from Reserve	(168,602)	(188,519)	0
	250,389	215,249	260,449
(w) Asset / Rating Revaluation			
Opening Balance	94,476	43,922	52,922
Amount Set Aside / Transfer to Reserve	52,404	53,000	53,736
Amount Used / Transfer from Reserve	(78,000)	(78,000)	(12,182)
	68,880	18,922	94,476
(x) Refuse & Recycling Bin Replacement			
Opening Balance	20,527	20,000	0
Amount Set Aside / Transfer to Reserve	20,843	20,000	20,527
Amount Used / Transfer from Reserve	0	0	0
	41,370	40,000	20,527
(y) Emergency Services Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	10,000	0	0
Amount Used / Transfer from Reserve	0	0	0
	10,000	0	0
Sub Total	7,556,876	8,044,250	7,445,986

Shire of Dardanup

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

	2015 Actual \$	2015 Budget \$	2014 Actual \$
12. RESERVES - CASH BACKED (Continued)			
<i>Reserve Funds with Externally Imposed Conditions</i>			
(a) Fire Control Reserve			
Opening Balance	1,026	1,000	1,000
Amount Set Aside / Transfer to Reserve	22	0	26
Amount Used / Transfer from Reserve	0	0	0
	<u>1,048</u>	<u>1,000</u>	<u>1,026</u>
(b) Collie River (Eaton Drive) Bridge Construction			
Opening Balance	3,288,999	3,093,187	2,777,351
Amount Set Aside / Transfer to Reserve	521,450	94,450	516,604
Amount Used / Transfer from Reserve	(50,703)	(100,000)	(4,956)
	<u>3,759,746</u>	<u>3,087,637</u>	<u>3,288,999</u>
(c) Contributions to Works			
Opening Balance	570,480	537,224	860,774
Reallocation	0	0	(349,157)
Amount Set Aside / Transfer to Reserve	49,785	0	211,887
Amount Used / Transfer from Reserve	(113,949)	0	(153,024)
	<u>506,316</u>	<u>537,224</u>	<u>570,480</u>
(d) Unspent Royalties for Regions Grants			
Opening Balance	0	26,811	26,811
Amount Set Aside / Transfer to Reserve	545,522	0	0
Amount Used / Transfer from Reserve	0	0	(26,811)
	<u>545,522</u>	<u>26,811</u>	<u>0</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	287,640	233,126	133,664
Reallocation	(100,000)	0	0
Amount Set Aside / Transfer to Reserve	170,178	5,000	155,702
Amount Used / Transfer from Reserve	(2,021)	0	(1,726)
	<u>355,797</u>	<u>238,126</u>	<u>287,640</u>
(g) Eaton Drive - Scheme Construction			
Opening Balance	817,001	741,446	604,735
Amount Set Aside / Transfer to Reserve	237,669	17,000	214,529
Amount Used / Transfer from Reserve	(2,712)	0	(2,263)
	<u>1,051,958</u>	<u>758,446</u>	<u>817,001</u>

Shire of Dardanup

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

	2015 Actual \$	2015 Budget \$	2014 Actual \$
12. RESERVES - CASH BACKED (Continued)			
(h) Unspent Grants			
Opening Balance	104,756	71,371	799,602
Amount Set Aside / Transfer to Reserve	1,204,065	0	42,544
Amount Used / Transfer from Reserve	(57,208)	0	(737,390)
	1,251,613	71,371	104,756
(i) Swimming Pool Inspections			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	0	0	0
(j) Unspent Specified Area Rate - Bulk Waste Collection			
Opening Balance	17,079	13,287	13,287
Amount Set Aside / Transfer to Reserve	11,911	0	3,792
Amount Used / Transfer from Reserve	0	0	0
	28,990	13,287	17,079
(k) Unspent Specified Area Rate - Eaton Landscaping			
Opening Balance	71,000	36,000	55,340
Amount Set Aside / Transfer to Reserve	58,527	0	61,000
Amount Used / Transfer from Reserve	(16,000)	0	(45,340)
	113,527	36,000	71,000
Sub Total	7,614,517	4,769,902	5,157,981
Total Cash Backed Reserves	15,171,393	12,814,152	12,603,967

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 2015

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 2015

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.

General Contingencies

Established to fund general purpose development, enhancement and promotion of the district.
Date of Utilisation: Funds are not expected to be used within a set period but on a budgetary needs basis.

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 2015

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.

Shire of Dardanup

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

	2015 Actual \$	2014 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 2014	2,883,352	2,884,193
Revaluation Increment	0	0
Revaluation Decrement	0	(841)
Balance as at 30 June 2015	<u>2,883,352</u>	<u>2,883,352</u>
(b) Buildings		
Balance as at 1 July 2014	12,655,665	8,194,184
Revaluation Increment	0	4,461,481
Revaluation Decrement	0	0
Balance as at 30 June 2015	<u>12,655,665</u>	<u>12,655,665</u>
(c) Roads		
Balance as at 1 July 2014	58,014,563	14,293,664
Revaluation Increment	0	43,720,899
Revaluation Decrement	0	0
Balance as at 30 June 2015	<u>58,014,563</u>	<u>58,014,563</u>
(d) Dual Use Paths		
Balance as at 1 July 2014	5,419,166	266,097
Revaluation Increment	0	5,153,069
Revaluation Decrement	0	0
Balance as at 30 June 2015	<u>5,419,166</u>	<u>5,419,166</u>
(e) Parks, Gardens & Reserves		
Balance as at 1 July 2014	1,673,372	1,644,455
Revaluation Increment	0	28,917
Revaluation Decrement	0	0
Balance as at 30 June 2015	<u>1,673,372</u>	<u>1,673,372</u>
(f) Drainage		
Balance as at 1 July 2014	16,400,077	3,151,593
Revaluation Increment	0	13,248,484
Revaluation Decrement	0	0
Balance as at 30 June 2015	<u>16,400,077</u>	<u>16,400,077</u>
(g) Bridges		
Balance as at 1 July 2014	5,809,405	2,285,606
Revaluation Increment	0	3,523,799
Revaluation Decrement	0	0
Balance as at 30 June 2015	<u>5,809,405</u>	<u>5,809,405</u>
(h) Plant & Equipment		
Balance as at 1 July 2014	755,813	337,296
Revaluation Increment	0	418,517
Revaluation Decrement	0	0
Balance as at 30 June 2015	<u>755,813</u>	<u>755,813</u>
(i) Intangible Assets		
Balance as at 1 July 2014	0	0
Revaluation Increment	1,921,278	0
Revaluation Decrement	0	0
Balance as at 30 June 2015	<u>1,921,278</u>	<u>0</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>105,532,691</u></u>	<u><u>103,611,413</u></u>

Shire of Dardanup

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

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	2015 Actual \$	2015 Budget \$	2014 Actual \$
Cash Assets		<u>16,553,997</u>	<u>13,764,185</u>	<u>14,112,827</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result				
Net Result		3,080,395	2,969,582	8,957,801
Amortisation		0	0	0
Depreciation	2 (a)	4,567,282	2,432,250	2,624,277
Developer Contributed Infrastructure		0	0	(4,440,000)
(Increase)/Decrease in Receivables (Excl Self Supporting Loans)	4	(276,989)	469,973	363,927
(Profit)/Loss on Disposal of Assets	21	(202,894)	(768,996)	(65,732)
(Increase)/Decrease in Inventories	5	(2,361)	(14,000)	4,553
Increase/(Decrease) in Payables (Excl Self Supporting Loans)	9	68,727	0	(90,327)
Increase/(Decrease) in Provisions	11	65,045	(250,300)	133,208
Grants & Contributions for the Development of Assets		(2,492,348)	(2,008,269)	(4,529,415)
Net Cash from Operating Activities		<u>4,806,857</u>	<u>2,830,240</u>	<u>2,958,292</u>
(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		<u>260,000</u>		<u>260,000</u>
(d) Loan Facilities				
Loan Facilities - Current		345,515		258,445
Loan Facilities - Non-Current		2,307,250		2,254,605
Total Facilities in Use at Balance Date	23	<u>2,652,765</u>		<u>2,513,050</u>
Unused Loan Facilities at Balance Date		<u>0</u>		<u>0</u>

Shire of Dardanup

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

15. CAPITAL AND OPERATING LEASING COMMITMENTS

Council has no capital or operating lease commitments as at 30th June 2015.

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 2015

	2015 Actual \$	2014 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	16,805	0
General Purpose Funding	16,927,149	14,323,002
Law, Order, Public Safety	1,459,935	1,540,525
Health	1,358,021	1,509,331
Education and Welfare	536,000	455,076
Housing	0	0
Community Amenities	2,496,372	2,402,291
Recreation and Culture	16,462,017	16,551,554
Transport	124,939,296	122,290,307
Economic Services	575,268	581,307
Other Property and Services	4,012,141	3,854,451
	<u>168,783,004</u>	<u>163,507,844</u>

Shire of Dardanup

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

19. FINANCIAL RATIOS

	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual
Current Ratio	0.565	1.019	1.013	1.004
Asset Sustainability Ratio	1.382	2.214	1.685	0.936
Debt Service Cover Ratio	7.559	7.025	7.440	11.513
Operating Surplus Ratio	0.021	0.018	0.010	0.030
Own Source Revenue Coverage Ratio	0.942	0.891	0.946	0.880

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 1/07/14 \$	Amounts Received \$	Amounts Paid \$	Balance 30/06/15 \$
Nomination Deposits	0	0	0	0
Eaton Development Assoc	993	19	0	1,012
Local Art Exhibition	841	0	841	0
Kids Sport	15,602	19,732	30,609	4,725
Deposit on Land Sale	127,887	508,109	0	635,996
Transportable Building Bonds	8,056	156	0	8,212
Tree Planting Bonds	0	0	0	0
Burekup History Books	151	0	0	151
Unclaimed Monies	2,581	232	2,160	653
Extractive Industries Bonds	16,032	310	0	16,342
Retention Bonds	456,072	13,199	165,381	303,890
Election Deposits	0	0	0	0
Bunbury Wellington Group of Councils	30,127	3,966	9,508	24,585
Hire Bonds	1,500	14,022	14,542	980
Key Bonds	312	600	710	202
Kerb Bonds	244,399	118,181	108,394	254,186
Eaton POS	570,242	182,026	131,351	620,917
Dardanup POS	49,059	969	0	50,028
Burekup POS	239,168	4,724	0	243,892
	1,763,022	866,245	463,496	2,165,771

Shire of Dardanup

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

21. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR

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	22,255	12,000	14,545	14,744	(7,710)	2,744
Health	0	0	0	0	0	0
Community Amenities	29,038	3,000,000	35,909	3,750,000	6,871	750,000
Recreation & Culture	52,172	51,646	35,955	54,723	(16,217)	3,077
Transport	23,167	40,000	20,091	41,300	(3,076)	1,300
Other Property & Services	198,055	96,000	421,081	107,875	223,026	11,875
Total	324,687	3,199,646	527,581	3,968,642	202,894	768,996
Land	90,000	3,000,000	359,091	3,750,000	269,091	750,000
Buildings	0	0	0	0	0	0
Furniture & Equipment	6,960	0	1,854	0	(5,106)	0
Vehicles	227,727	199,646	166,636	218,642	(61,091)	18,996
Plant & Equipment	0	0	0	0	0	0
Total	324,687	3,199,646	527,581	3,968,642	202,894	768,996

	2015 Actual \$
22. BUDGET COMPARISON	
Current Position at 1st July 2014	
The current position balance carried forward from the previous financial year for the purpose of the 2014/15 budget was \$206,590	
The actual current position balance shown in the audited financial report as at 30 June 2014 was \$282,960	
This difference, amounts to \$76,370 and was due to:	
a) Increase in Payables	(314,918)
b) Increase in Cash	557,910
c) Increase in Inventory	8,695
d) Decrease in Receivables	(175,317)
	<u>76,370</u>

Shire of Dardanup

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

23. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Loan No.	Principal 01-Jul-14	New Loans	Interest Expense	Interest Repayments		Principal Repayments		Total Repayments		Principal 30-Jun-15			
				(Accrued)	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget		
Recreation & Culture														
Eaton Recreation Centre	59	713,186	0	40,522	41,667	41,667	61,912	61,911	103,579	103,578	651,274	651,274		
Eaton Recreation Centre	63	111,610	0	6,276	6,428	6,428	15,977	15,977	22,405	22,405	95,633	95,633		
Eaton Bowling Club (SSL)	67	0	250,000	6,061	3,825	10,000	29,615	46,156	33,440	56,156	220,385	220,385		
Eaton Recreation Centre	68	0	195,959	4,564	3,233	0	18,185	0	21,418	0	177,774	0		
Transport														
Road Plant Purchases	62	24,632	0	639	1,127	1,127	24,632	24,633	25,759	25,760	0	0		
Depot Land Purchase	66	809,329	0	31,575	32,476	32,476	46,038	46,038	78,514	78,514	763,291	763,291		
Economic Development														
Gravel Site - Panizza Road	61	206,654	0	12,532	12,743	12,743	16,483	16,483	29,226	29,226	190,171	190,171		
Other Property & Services														
Administration Building	49	342,660	0	19,139	20,532	20,532	68,103	68,104	88,635	88,636	274,557	274,557		
Administration Building Ext	65	304,979	0	20,148	21,003	21,003	25,299	25,299	46,302	46,302	279,680	279,680		
				2,513,050	445,959	141,456	143,034	145,976	306,244	304,601	449,278	450,577	2,652,765	2,474,991

Shire of Dardanup

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

23. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2014/15

Purpose	Loan No.	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate	Amount Used		Balance Unspent \$
		Actual	Budget						Actual	Budget	
Bowling Green Resurfacing	67	250,000	250,000	WATC	Debenture	4	18,089	3.06%	250,000	250,000	0
Gym Equipment	68	195,959	0	WATC	Debenture	5	18,772	3.30%	195,959	0	0
		<u>445,959</u>	<u>250,000</u>				<u>36,861</u>		<u>445,959</u>	<u>250,000</u>	<u>0</u>

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1/07/14	Amount of Loan	Expended During Year	Balance 30/06/15
Nil		0	0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

(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 2015 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 2015

24.	Number of Properties	Rateable Value \$	Rate in Dollar \$	2015 Actual \$	2015 Budget \$	2014 Actual \$
GROSS RENTAL VALUE (GRV)						
General Rates - GRV						
Residential	2,587	44,837,153	\$0.082593	3,703,235	3,703,235	3,576,513
Commercial	54	5,374,874	\$0.082593	443,927	443,927	398,324
Industrial	105	6,902,377	\$0.082593	570,088	570,088	549,263
Small Holding	342	6,581,696	\$0.082593	543,602	543,602	392,828
Interim & Back Rates	0	0	\$0.082593	377,534	254,000	84,440
Total Rates - GRV	3,088	63,696,100		5,638,386	5,514,852	5,001,368
Minimum Rates - GRV						
Residential	1,790	21,165,187	\$1,198	2,144,420	2,144,420	1,899,000
Commercial	7	76,436	\$1,198	8,386	8,386	5,625
Industrial	13	156,702	\$1,198	15,574	15,574	5,625
Small Holding	57	416,904	\$1,198	68,286	68,286	113,625
Total Minimum Rates - GRV	1,867	21,815,229		2,236,666	2,236,666	2,023,875
TOTAL GRV	4,955	85,511,329		7,875,052	7,751,518	7,025,243
UNIMPROVED VALUE (UV)						
General Rates - UV						
Broad Acre Rural	477	273,994,044	\$0.004869	1,334,077	1,334,077	1,249,155
Interim & Back Rates	0	0	\$0.004869	0	0	0
Total Rates - UV	477	273,994,044		1,334,077	1,334,077	1,249,155
Minimum Rates - UV						
Broad Acre Rural	145	22,920,356	\$1,198	173,710	173,710	151,875
Mining	20	379,366	\$1,198	23,960	23,960	27,000
Total Minimum Rates - UV	165	23,299,722		197,670	197,670	178,875
TOTAL UV	642	297,293,766		1,531,747	1,531,747	1,428,030
TOTAL GENERAL RATES	5,597			9,406,799	9,283,265	8,453,273
Specified Area Rates (Note 25)						
Bulk Waste Collection - GRV	0	65,394,413	\$0.001790	117,056	115,540	103,081
Eaton Landscaping - GRV	0	69,478,838	\$0.003237	224,903	211,000	194,853
TOTAL RATES LEVIED				9,748,758	9,609,805	8,751,207
Less: Rates Written Off				(902)	0	(259)
Net Rate Revenue				9,747,856	9,609,805	8,750,948

Shire of Dardanup

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

25. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

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 1st July	Rates Levied	Interim Rates	Back Rates	Rates Expended	Reserve Bal 30th June
Specified Area Rate <i>(Refer Note 24 for valuations)</i>	\$	\$	\$	\$	\$	\$
<i>Bulk Waste Collection</i>	17,080	117,056	0	0	(105,146)	28,990

Eaton Landscaping

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

	Reserve Bal 1st July	Rates Levied	Interim Rates	Back Rates	Rates Expended	Reserve Bal 30th June
Specified Area Rate <i>(Refer Note 24 for valuations)</i>	\$	\$	\$	\$	\$	\$
<i>Eaton Landscaping</i>	71,000	224,903	0	0	(182,376)	113,527

26. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

Council did not raise any service charges.

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

	Type	Disc %	Total Cost/ Value	Budget Cost/ Value
Rate Assessments	Write-Off		(902)	0
			(902)	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 2015

28. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR

	Interest Rate	Admin Charge \$	Revenue
Interest			
Unpaid Rates	11.0%	N/A	50,011
Instalment Plan	5.5%	N/A	48,730
			<u>98,741</u>
Charges			
Instalment Plan	N/A	\$30	59,807
			<u>59,807</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 19 September 2014.

Option 2 (4 Instalments)

First instalment to be received on or before 19 September 2014 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	19 September 2014
2nd Instalment	21 November 2014
3rd Instalment	23 January 2015
4th Instalment	25 March 2015

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 \$30.

	2015 Actual \$	2014 Actual \$
29. FEES & CHARGES		
General Purpose Funding	123,831	116,191
Governance	7,239	1,098
Law, Order, Public Safety	97,056	87,111
Health	5,878	2,232
Education & Welfare	0	0
Housing	0	0
Community Amenities	1,325,773	1,246,079
Recreation & Culture	1,267,397	1,274,821
Transport	54,681	1,367
Economic Services	136,165	207,416
Other Property & Services	123,274	66,731
	<u>3,141,294</u>	<u>3,003,046</u>

Shire of Dardanup

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

	2015 Actual \$	2014 Actual \$	
30. GRANTS & CONTRIBUTION REVENUE			
By Nature and Type:			
Grants - Operating	2,266,375	860,700	
Contributions - Operating	188,369	273	
Reimbursements - Operating	1,353,732	680,446	
	<u>3,808,476</u>	<u>1,541,419</u>	
Grants - For the Development of Assets	2,634,751	3,409,043	
Contributions - For the Development of Assets	0	5,412,763	
	<u>2,634,751</u>	<u>8,821,806</u>	
	<u>6,443,227</u>	<u>10,363,225</u>	
By Program:			
General Purpose Funding	2,067,285	653,643	
Governance	621,592	6,694	
Law, Order, Public Safety	101,614	471,952	
Health	3,216	1,955	
Welfare & Education	5,146	7,427	
Community Amenities	8,067	35,504	
Recreation and Culture	498,660	342,056	
Transport	2,832,525	8,405,197	
Economic Services	0	26	
Other Property & Services	305,122	438,771	
	<u>6,443,227</u>	<u>10,363,225</u>	
31. COUNCILLOR'S REMUNERATION	2015 Actual \$	2015 Budget \$	2014 Actual \$
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees - Councillors (excluding the President)	(90,000)	(90,000)	(85,000)
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	(8,829)	(11,000)	(11,193)
Telecommunication Allowance	(9,750)	(10,000)	(9,500)
Reimbursements	(1,226)	(4,000)	(1,770)
	<u>(146,555)</u>	<u>(151,750)</u>	<u>(144,213)</u>
32. EMPLOYEE NUMBERS			
The number of full-time equivalent Employees at balance date	<u>92.97</u>		<u>88.17</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 2014/15 financial year.			
35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS			
Council did not participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.			
36. POST BALANCE DAY EVENTS			
No significant events have occurred since 30 June to the date of reporting.			

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

		2015 Actual \$	2014 Actual \$
37. AGGREGATE EMPLOYMENT ENTITLEMENT			
Current	Note		
Accrued Salaries & Wages	9	253,225	172,424
Provision for Annual Leave	11	435,609	399,466
Provision for Long Service Leave	11	461,581	424,870
Provision for RDO	11	31,836	34,886
		<u>1,182,251</u>	<u>1,031,646</u>
Non Current			
Provision for Long Service Leave	11	255,215	267,063
		<u>255,215</u>	<u>267,063</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		3	2
110,000 - 119,999		1	2
150,000 - 159,999		1	2
160,000 - 169,999		1	2
180,000 - 189,999		2	0
39. PROVISION FOR REHABILITATION			
Council operates the Banksia Rd Refuse Facility which at the end of its life will require rehabilitation. A provision for such has been created and is increased based on usage of the site. The Provision for Rehabilitation has been recorded at its Net Present Value (NPV).			
Opening Balance 1 July		153,493	133,872
Increase (Decrease) in Provision		7,089	19,621
Closing Balance 30 June		<u>160,582</u>	<u>153,493</u>

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

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	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial Assets				
Cash and Cash Equivalent	16,553,997	14,112,827	16,553,997	14,112,827
Receivables	1,014,376	517,002	1,014,376	517,002
Financial Assets at Fair Value 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>17,568,373</u>	<u>14,629,829</u>	<u>17,568,373</u>	<u>14,629,829</u>
Financial Liabilities				
Payables	894,359	825,632	894,359	825,632
Borrowings	<u>2,652,765</u>	<u>2,513,050</u>	<u>2,652,765</u>	<u>2,513,050</u>
	<u>3,547,124</u>	<u>3,338,682</u>	<u>3,547,124</u>	<u>3,338,682</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.

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

40. FINANCIAL RISK MANAGEMENT (Continued)

	2015 Actual \$	2014 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	165,540	141,128
- Income Statement	165,540	141,128

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.

	2015 Actual \$	2014 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%

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

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
	\$	\$	\$	\$	\$
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>
2014					
Payables	825,632	0	0	825,632	825,632
Borrowings	258,445	1,037,919	1,216,686	2,513,050	2,513,050
	<u>1,084,077</u>	<u>1,037,919</u>	<u>1,216,686</u>	<u>3,338,682</u>	<u>3,338,682</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.

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SUPPLEMENTARY RATIO INFORMATION FOR THE YEAR ENDED 30TH JUNE 2015

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.

	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual
Asset Consumption Ratio	0.631	0.614	0.625	0.613
Asset Renewal Funding Ratio	N/A	1.127	1.001	1.087

The above ratios are calculated as follows:

$$\text{Asset Consumption Ratio} = \frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$$

$$\text{Asset Renewal Funding Ratio} = \frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$$

N/A - In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for 2011/12 have not been reported as financial information is not available.



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The logo for the Shire of Dardanup, featuring a stylized green and blue wave above the text "Shire of Dardanup".

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