

SHIRE OF GOOMALLING

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

LOCAL GOVERNMENT ACT 1995

LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Goomalling being the annual financial report and supporting notes and other information for the financial year ended 30 June 2012 are in my opinion properly drawn up to present fairly the financial position of the Shire of Goomalling at 30 June 2012 and the results of the operations for the financial year then ended in accordance with the *Australian Accounting Standards* and comply with the provisions of the *Local Government Act 1995* and the regulations under that Act.

Signed on the 4th of November 2013



Clem Kerp

Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT TO SHIRE OF GOOMALLING RATE PAYERS



Report on the Financial Report

We have audited the accompanying financial report of Shire of Goomalling, which comprises the statement of financial position as at 30 June 2012 and the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement of 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 (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.

**BUTLER
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**Butler Settineri
(Audit) Pty Ltd**

ACN 112 942 373

Registered Company Auditor
Number 289109

*Liability limited by a scheme
approved under Professional
Standards Legislation*

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 Goomalling 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 2012 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 1996 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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 1996 (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 were 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: 19 November 2013

**SHIRE OF GOOMALLING
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE PERIOD ENDING 30 JUNE 2012**

	NOTE	2011-2012 Actual \$	2011-2012 Budget \$	2010-2011 Actual \$
REVENUE				
Rates	23	1,472,563	1,464,398	1,406,549
Operating Grants & Subsidies	29	1,996,877	691,022	975,013
Contributions		357,211	299,045	247,345
Fees & Charges	28	1,188,812	1,069,657	1,072,361
Interest Earnings	2(a)	85,832	82,500	66,889
Other Revenue		166,143	81,500	133,031
		<u>5,267,437</u>	<u>3,688,122</u>	<u>3,901,187</u>
EXPENSES				
Employee Costs		(1,824,102)	(1,210,876)	(1,222,349)
Materials & Contracts		(1,445,546)	(1,365,456)	(1,378,393)
Utilities		(210,180)	(170,937)	(167,181)
Depreciation	2(a)	(1,450,316)	(560,885)	(468,907)
Interest Expenses	2(a)	(383,318)	(205,210)	(169,479)
Insurance		(144,892)	(118,293)	(115,250)
Other Expenditure		(114,668)	(80,635)	(91,209)
		<u>(5,573,023)</u>	<u>(3,712,292)</u>	<u>(3,612,767)</u>
Non-Operating Grants & Subsidies	29	911,397	1,039,648	1,054,584
Profit on Asset Disposals	21	46,715	299,153	31,681
NET RESULT		<u>652,527</u>	<u>1,314,631</u>	<u>1,374,685</u>
Other Comprehensive Income				
Revaluation of Property Plant Equipment & Infrastructure	6	9,669,534		
TOTAL COMPREHENSIVE INCOME		<u>10,322,061</u>	<u>1,314,631</u>	<u>1,374,685</u>

Shire of Goomalling
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	2011-2012 Actual \$	2011-2012 Budget \$	2010-2011 Actual \$
REVENUE				
General Purpose Funding		2,279,664	1,903,994	2,010,574
Governance		130,353	59,007	76,159
Law, Order, Public Safety		36,706	37,030	88,231
Health		563,532	585,305	593,835
Education & Welfare		2,276	2,050	4,662
Housing		214,739	191,970	197,910
Community Amenities		297,536	289,863	237,921
Recreation & Culture		152,602	141,900	154,339
Transport		1,648,743	763,748	729,279
Economic Services		716,254	937,266	709,417
Other Property & Services		183,144	114,790	185,125
		<u>6,225,548</u>	<u>5,026,923</u>	<u>4,987,451</u>
EXPENSES				
General Purpose Funding		(2,606)		0
Governance		(277,377)	(259,013)	(269,896)
Law, Order, Public Safety		(89,658)	(84,845)	(68,413)
Health		(653,282)	(661,075)	(663,795)
Education & Welfare		(9,736)	(6,131)	(14,809)
Housing		(124,457)	(144,870)	(132,973)
Community Amenities		(316,197)	(327,400)	(254,874)
Recreation & Culture		(574,345)	(524,030)	(537,172)
Transport		(2,505,669)	(1,035,400)	(994,631)
Economic Services		(483,435)	(490,523)	(370,055)
Other Property & Services		(152,942)	26,205	(136,670)
		<u>(5,189,703)</u>	<u>(3,507,082)</u>	<u>(3,443,288)</u>
FINANCE COSTS				
Governance		(66,428)	(75,467)	(23,698)
Housing		(75,737)	(6,879)	(8,344)
Recreation		(1,503)	(2,500)	(1,882)
Economic Services		(176,741)	(78,739)	(103,422)
Other Property and Services		(62,909)	(41,625)	(32,132)
	2(a)	<u>(383,318)</u>	<u>(205,210)</u>	<u>(169,478)</u>
NET RESULT		<u>652,527</u>	<u>1,314,631</u>	<u>1,374,685</u>
Other Comprehensive Income				
Revaluation of Property Plant Equipment & Infrastructure	6	<u>9,669,534</u>		
TOTAL COMPREHENSIVE INCOME		<u><u>10,322,061</u></u>	<u><u>1,314,631</u></u>	<u><u>1,374,685</u></u>

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

**SHIRE OF GOOMALLING
STATEMENT OF FINANCIAL POSITION
AS AT THE YEAR ENDED 30 JUNE 2012**

	NOTE	2011-2012 \$	2010-2011 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	1,532,833	1,252,240
Receivables	4	504,090	289,654
Inventories	5	31,214	59,069
Subdivision Land Developed for Resale	33(b)	1,329,462	1,505,340
TOTAL CURRENT ASSETS		3,397,599	3,106,303
NON-CURRENT ASSETS			
Receivables	4	55,473	32,882
Property, Plant and Equipment	6	17,454,661	10,248,066
Infrastructure	7	37,240,450	34,142,637
TOTAL NON-CURRENT ASSETS		54,750,584	44,423,584
TOTAL ASSETS	19	58,148,182	47,529,887
CURRENT LIABILITIES			
Bank Overdraft		0	1,587,337
Payables	8	561,554	173,856
Current Portion of Long Term Borrowings	9	525,570	390,027
Provisions	10	249,923	243,388
TOTAL CURRENT LIABILITIES		1,337,047	2,394,607
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	2,732,750	1,386,614
Provisions	10	40,717	33,059
TOTAL NON-CURRENT LIABILITIES		2,773,467	1,419,673
TOTAL LIABILITIES		4,110,515	3,814,280
NET ASSETS		54,037,668	43,715,607
EQUITY			
Retained Surplus		23,105,874	22,453,345
Reserves - Cash/Investment Backed	11	1,250,001	1,250,001
Reserves - Asset Revaluation	12	29,681,795	20,012,261
TOTAL EQUITY		54,037,670	43,715,607

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

**SHIRE OF GOOMALLING
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE	RETAINED SURPLUS \$	CASH INVESTMENT BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2010	21,078,661	1,250,001	20,012,261	42,340,923
Net Result	1,374,685			1,374,685
Rounding	-1			-1
Balance as at 30 June 2011	22,453,345	1,250,001	20,012,261	43,715,607
Net Result	652,527			652,527
Total Other Comprehensive Income		-	-	0
Revaluation Increment for Land & Building			9,669,534	9,669,534
Rounding	2			2
Balance as at 30 June 2012	23,105,874	1,250,001	29,681,795	54,037,670

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

**SHIRE OF GOOMALLING
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012**

	NOTE	2011-2012 Actual \$	2011-2012 Budget \$	2010-2011 Actual \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,495,204	1,488,620	1,375,621
Operating Grants, Subsidies		1,996,877	691,022	975,013
Reimbursement and Contributions		362,866	299,045	230,091
Fees and Charges		961,095	1,096,622	1,175,293
Interest Earnings		85,832	82,500	66,889
Goods and Services Tax		852,713	400,000	417,457
Other Revenue		166,142	98,203	133,030
		<u>5,920,728</u>	<u>4,156,012</u>	<u>4,373,394</u>
Payments				
Employee Costs		(1,809,910)	(1,203,654)	(1,212,497)
Materials and Contracts		(1,067,809)	(1,266,808)	(1,467,947)
Utilities (gas, electricity, water, etc)		(210,180)	(170,937)	(167,181)
Insurance		(144,892)	(118,293)	(115,250)
Interest		(375,035)	(197,634)	(146,787)
Goods and Services Tax		(860,784)	(400,000)	(417,784)
Other Expenditure		(114,667)	(80,635)	(91,208)
		<u>(4,583,276)</u>	<u>(3,437,961)</u>	<u>(3,618,655)</u>
Net Cash Provided By Operating Activities	13	<u>1,337,452</u>	<u>718,051</u>	<u>754,739</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale	21	(8,936)	(415,000)	(137,577)
Payments for Purchase of Property, Plant & Equipment	21	(1,263,808)	(685,827)	(824,398)
Payments for Construction of Infrastructure	21	(908,856)	(960,248)	(860,418)
Advances to Community Groups				
Payments for Purchase of Investments				
Non-Operating Grants, Subsidies and Contributions	29	911,397	1,039,646	1,054,584
Proceeds from Sale of Plant & Equipment	21	185,500	2,389,227	190,273
Proceeds from Sale of Land and Buildings	21	132,500		58,000
Proceeds from Sale of Furniture		1,000		
Disposal of Shares				1150
		<u>(951,203)</u>	<u>1,367,800</u>	<u>(518,387)</u>
Net Cash Used in Investing Activities				
Cash Flows from Financing Activities				
Repayment of Debentures	22(a)	(156,918)	(193,522)	(523,431)
Repayment of Finance Leases		(221,712)	(196,505)	(142,649)
Proceeds from Self Supporting Loans	22(a)	0	0	17,922
Proceeds from Loan # 108 Raised During Year		1,500,000	0	0
Proceeds from Finance Leases		360,310	15,000	223,785
Net Cash Provided By (Used In) Financing Activities		<u>1,481,679</u>	<u>(375,027)</u>	<u>(424,373)</u>
Net Increase (Decrease) in Cash Held		<u>1,867,929</u>	<u>1,710,824</u>	<u>(188,021)</u>
Cash at Beginning of Year		(335,096)	(335,096)	(147,075)
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>1,532,833</u></u>	<u><u>1,375,728</u></u>	<u><u>(335,096)</u></u>

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

**SHIRE OF GOOMALLING
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012**

	NOTE	2011/12 Actual \$	2011/12 Budget \$	2010/11 Actual \$
Revenue	1,2			
General Purpose Funding		945,616	576,142	604,025
Governance		130,174	58,780	76,159
Law, Order, Public Safety		36,706	37,030	88,231
Health		563,532	585,305	593,835
Education and Welfare		2,276	2,050	4,662
Housing		214,739	191,970	197,910
Community Amenities		159,021	153,317	237,921
Recreation and Culture		152,602	141,900	154,339
Transport		1,626,735	763,748	729,279
Economic Services		691,726	638,340	709,417
Other Property and Services		183,144	114,790	153,444
		<u>4,706,271</u>	<u>3,263,372</u>	<u>3,549,222</u>
Expenses	1,2			
General Purpose Funding		(2,496)	0	-
Governance		(343,805)	(334,013)	(293,594)
Law, Order, Public Safety		(89,658)	(84,845)	(68,413)
Health		(653,282)	(661,075)	(663,795)
Education and Welfare		(9,736)	(6,131)	(14,809)
Housing		(200,194)	(144,870)	(141,317)
Community Amenities		(316,197)	(327,400)	(254,874)
Recreation & Culture		(575,848)	(526,530)	(539,054)
Transport		(2,505,669)	(1,035,400)	(994,631)
Economic Services		(660,176)	(490,523)	(473,477)
Other Property and Services		(215,851)	(101,505)	(168,802)
		<u>(5,572,911)</u>	<u>(3,712,292)</u>	<u>(3,612,766)</u>
		(866,641)	-448,920	(63,545)
Net Operating Excluding Rates				
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	21	46,715	299,153	31,681
Prior Year Loan Liability Adjustment		0		21,704
Book Value Assets Sold Written Back		272,285	2,090,074	216,592
Movement in Provisions, Accruals, Debtors		(14,933)	(1,571)	23,701
Depreciation on Assets	2(a)	1,450,316	560,885	468,907
Long Service Leave Bank Increase/Decrease		6,753	2,885	5,298
Net Non-Cash Expenditure and Revenue		<u>1,761,137</u>	<u>2,951,426</u>	<u>767,883</u>
Capital Expenditure and Revenue				
Development of Land Held for Resale	20	(8,936)	(460,000)	(137,577)
Purchase Land and Buildings	20	(576,011)	(417,500)	(274,725)
Infrastructure Assets - Roads	20	(908,856)	(948,248)	(860,418)
Infrastructure Assets - Other	20	(12,959)	(12,000)	-
Purchase Plant and Equipment	20	(617,050)	(138,727)	(476,091)
Purchase Furn and Equipment	20	(57,787)	(84,600)	(73,582)
Proceeds Disposal of Assets	4			
Repayment of Debentures	22	(156,918)	(193,522)	(523,431)
Repayment of Finance Leases		(221,712)	(196,505)	(142,649)
Proceeds from New Debentures		1,860,310	15,000	223,785
Transfers to Reserves	11	77,607	(77,500)	64,000
Transfers from Reserves	11	(77,607)	80000	-64,000
Net Cash from Investing Activities		<u>(699,920)</u>	<u>(2,433,602)</u>	<u>(2,264,689)</u>
		(1,544,846)	(1,544,846)	(1,391,044)
<i>ADD</i>	Estimated Surplus/(Deficit)			
<i>LESS</i>	Estimated Surplus/(Deficit)	(122,183)	11,544	1,544,846
Rounding			1	
Amount Required to be Raised from Rates	23	<u>(1,472,453)</u>	<u>(1,464,397)</u>	<u>(1,406,549)</u>

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012

1 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(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 Standards Board, the *Local Government Act 1995* and accompanying regulations. The report has also been prepared on the accrual basis under the convention of historical cost accounting modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities. Shire of Goomalling is a not-for-profit entity for purpose of preparing the financial statements

Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. 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 this experience and other factors combine to form the basis of making judgements about carrying values or assets and liabilities 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 17 to this financial report.

(c) Goods and Services Tax

In accordance with recommended practice, 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.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity 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.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the Statement of Financial Position.

(e) Trade and Other Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for doubtful debts. Receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012**

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Inventories

(i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the established selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Subdivision land developed for resale/capitalisation of borrowing costs

Subdivision land developed for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the costs of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred. Borrowing costs included in the cost of subdivision land developed for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

Revenue arising from the sale of property is recognised in the operating statement as at the time of signing a binding contract of sale. Subdivision land developed for resale is classified as current except where it is held as non-current based on the council's intentions to release for sale. "The Subdivision land developed for Resale under current inventory has been excluded from the Rate Setting Statement as Council does not have sufficient evidence that revenue from the sale of these properties will be received within the next twelve months. This treatment has been adopted to ensure that there will be no adverse impact on cash flows during the budget year if the sale proceeds are not received."

(g) Fixed Assets

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 includes the cost of all materials, direct labour and variable and fixed overheads

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits of the asset. Land and Buildings and the sewerage buildings were re-valued by Australian Valuation Partners Pty Ltd and were entered in the 2011/2012 Financial year.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ significantly from that determined using fair value at reporting date.

Land under Roads

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

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

In respect of land under roads acquired on or after 1 July 2008, as detailed above, *Local Government (Financial Management) Regulations* r. 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) Regulations* r. 4(2) provides that, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail.

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

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012**

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Expenditure on items of equipment under \$2,000 are not capitalised but are placed on an "Attractive Items" list for reference and maintenance.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
- construction/road base	50 years
Re-surfacing	
- bituminous seals	30 years
- asphalt surfaces	35 years
Gravel roads	
- construction/road base	50 years
- gravel sheet	12 years
Formed roads (unsealed)	
- construction /road base	50 years
Footpaths - Slab and Concrete	40 years
Sewerage Piping	75 years
Recreational reserves	
Water supply piping & drainage systems	75 years

The assets residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(i) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Council becomes a part 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 and amortised cost using the effective interest rate method or 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.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial Instruments (Continued)

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
- (d) less any reduction for impairment.

The effective interest method used is 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 contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future 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 or 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. They are included in current assets, except for those with maturities greater than 12 months after the Statement of Financial Position date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the council's management has the positive intention and ability to hold to maturity. 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. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the Statement of Financial Position date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the council for similar financial instruments.

(k) Provisions

Provisions are recognised when the council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(l) Leases

Leases of property, plant and equipment where the council has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. Lease payments under operating leases, where substantially all the risks and benefits remain with the lesser, are charged as expenses in the periods in which they are incurred.

(m) Impairment

In accordance with Australian Accounting Standards the council's assets, other than inventories, are tested annually for impairment. Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with *AASB 136 "Impairment of Assets"* and appropriate adjustments made. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised in the Statement of Comprehensive Income.

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

(n) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality 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.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid of the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the council has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date. 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.

(p) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the council has a present obligation to pay resulting from employee's services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the council expects to pay and includes related on-costs.

Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(q) Superannuation

The council contributes to a number of Superannuation Funds on behalf of their employees. Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(r) Joint Venture

The municipality's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the Statement of Financial Position and Statement of Comprehensive Income. Information about the joint venture is set out in Note 16.

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012**

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature and type of amounts pertaining to those undischarged conditions are disclosed at Note 2(d).

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.

(t) 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 operation cycle. In the case of liabilities where the council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on the council's intentions to release for sale.

(u) Rounding Off Figures

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

(v) Comparative Figures

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

(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.

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012**

(x) New Accounting Standards and Interpretations

Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 124
AASB 1054
AASB 2009 – 12
AASB 2010 – 4
AASB 2010 – 5
AASB 2010 – 6
AASB 2010 – 9
AASB 2010 – 14
AASB 2011 – 1

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

New Accounting Standards and Interpretations for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council's assessment of these new standards and interpretations is set out below.

Title and topic	Issued	Applicable	Impact
(i) AASB 9 – Financial Instruments	Dec-09	1-Jan-13	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 that the standard will have any material effect.
(ii) AASB 1053 – Application of Tiers of Australian Accounting Standards	Jun-10	1-Jul-13	Nil – Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iii) AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and interpretations 10 & 12]	Dec-09	1-Jan-13	Nil – The revisions embodied in this standard give effect to consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (ii) above).
(iv) AASB 2010 – 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	Jun-10	1-Jul-13	Nil – None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(v) 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]	Dec-10	1-Jan-13	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
(vi) AASB 2010 – 8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	Dec-10	1-Jan-12	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
(vii) AASB 2010 – 10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]	Dec-10	1-Jan-13	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
(viii) AASB 2011 – 2 Amendments to Australian Accounting Standards – Arising from the Trans – Consequence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]	May-11	1-Jul-13	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

AASB 2011 – 3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]	May-11	1-Jul-12	
AASB 2011 – 6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 & 131]	Jul-11	1-Jul-13	
(ix) AASB 10 – Consolidated Financial Statements AASB 11 – Joint Arrangements AASB 12 – Disclosure of Interests in Other Entities AASB 127 – Separate Financial Statements AASB 128 – Investments in Associates and Joint Ventures AASB 2011 – 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16, 17]	Aug-11	1-Jan-13	Nil - None of these except for AASB128, are expected to have significant application to the operations of council. With respect to AASB 128, where the council has an interest in a joint venture, the requirements of AASB 128 supersede those of the current joint venture standard AASB 131. The new standard more clearly defines the accounting treatment and
(x) AASB 13 – Fair Value Measurement AASB 2011 – 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	Sep-11	1-Jan-13	AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 requires: - Inputs to all fair value measurements to be categorized in accordance with a fair value hierarchy; and - Enhanced disclosures regarding all assets and liabilities (including, but not limited to financial assets and financial liabilities) measured at fair value. AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are
(xi) AASB 2011 – 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	Sep-11	1-Jul-13	The main change embodied in this standard is the requirement or group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(xii) AASB 119 – Employee Benefits AASB 2010 – 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011 – 3 and Interpretation 14]	Sep-11	1-Jan-13	The changes in relation to defined benefits plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(xiii) AASB 2011 – 11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	Sep-11	1-Jul-13	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 – 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	Nov-11	1-Jan-13	
AASB 2011 – 6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 & 131]	Dec-11	1-Jul-12	

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12 Actual \$	2011/12 Budget \$	2010/11 Actual \$
2 REVENUES AND EXPENSES			
(a) Result from Ordinary Activities Result from Ordinary Activities			
(i) Charging as Expenses:			
Significant Expense			
The significant expense relates to the reduction in the fair value of investments			
Auditor's Remuneration			
Audit	7,750	8,500	9,900
Depreciation			
By Program			
Governance	25,111	11,671	17,743
Law, Order, Public Safety	25,299	19,995	21,832
Health	12,268	9,825	19,169
Education and Welfare	6,200		6,139
Housing	83,123	1,081	26,707
Community Amenities	41,481	27,370	20,163
Recreation and Culture	111,053	18,400	64,600
Transport	1,019,357	41,350	211,015
Economic Services	126,424	397,000	81,538
Other Property and Services		34,193	0
	1,450,316	560,885	468,907
By Class			
Land and Buildings	138,668	90,866	130,716
Furniture and Equipment	33,073	16,214	29,045
Plant and Equipment	367,484	186,334	210,148
Roads and Footpaths	879,066	243,076	86,175
Other	32,025	24,395	12,823
	1,450,316	560,885	468,907
Interest Expenses (Finance Costs)			
- Finance Lease Charges	65,703	44,155	34,014
- Debentures (refer note 22(a))	253,598	86,055	112,324
- Bank Overdraft	64,017	75,000	23,140
	383,318	205,210	169,478
(ii) Crediting as Revenue:			
Interest Earnings			
Investments			
- Reserve Funds	77,607	77,500	64,000
- Other Funds	8,225	5,000	2,889
	85,832	82,500	66,889

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012**

2 OPERATING REVENUES AND EXPENSES (Continued)

(b) Statement of Objectives, Reporting Programs and Nature or Type Classifications

The Shire of Goomalling is dedicated to providing high quality services to the community through the various service orientated programs which it has established

REPORTING PROGRAM DESCRIPTIONS

Council operations that are disclosed encompass the following service orientated activities/programs:

GOVERNANCE

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

Activities: Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

Objective: To collect revenue to allow for the provision of services.

Activities: Rates, general purpose government grants, and interest revenue.

LAW, ORDER, PUBLIC SAFETY

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

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

HOUSING

Objective: To provide and maintain elderly residents housing.

Activities: Provision and maintenance of elderly residents housing.

COMMUNITY AMENITIES

Objective: To provide services required by the community.

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

RECREATION AND CULTURE

Objective: To establish and effectively manage infrastructure and resources which will help the social well being of the community.

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

TRANSPORT

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

Activities: Construction and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

ECONOMIC SERVICES

Objective: To help promote the shire and its economic wellbeing.

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

OTHER PROPERTY & SERVICES

Objective: To monitor and control council's overheads operating accounts.

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

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012

2 OPERATING REVENUES AND EXPENSES (Continued)

(c) Nature or Type Classifications

The Shire of Goomalling is required by the Australian Accounting Standards to disclose revenue and expenditure according to its nature or type classification. The following nature or function descriptions are also required by State Government regulations

Revenue

Rates

All rates levied under the Local Government Act 1995. Includes general, differential, specific area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Excludes administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

Operating Grants, Subsidies and

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

Non-Operating Grants, Subsidies and

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

Profit on Asset Disposal

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

Service Charges

Service charges imposed under Division 6 of Part 6 of the Local Government Act 1995. Regulation 54 of the Local Government (Financial Management) Regulations (1996) identifies the charges which can be raised. These are television and radio broadcasting, underground electricity and neighbourhood surveillance services. Excludes rubbish removal charges.

Interest Earnings

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

Other Revenue

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates, etc.

Expenditure

Employee Costs

All costs associated with the employment of persons such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefits tax etc.

Material and Contracts

All expenditure on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc.

Utilities (Gas, Electricity, Water, etc)

Expenditures made to respective agencies for the provision of power, gas or water. Excludes expenditure incurred for the reinstatement of road works on behalf of these agencies.

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012**

2 OPERATING REVENUES AND EXPENSES (Continued)

(c) Nature or Type Classifications (continued)

Depreciation on Non-Current Assets

Depreciation and amortisation expense raised on all classes of assets.

Loss on Asset Disposal

Loss on the disposal of fixed assets.

Interest Expenses

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and re-financing expenses.

Insurance

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

Other Expenditure

Statutory fees, taxes, provision of bad debts. Donations and subsidies made to community groups.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012

2 OPERATING REVENUE AND EXPENSES (continued)
(d) Conditions Over Grants/Contributions

Grant/Contribution	Balance 1-Jul-10 \$	Received 2010-11 \$	Expended 2010-11 \$	Closing Balance 30-Jun-11 \$	Received 2011-2012 \$	Expended 2011-2012 \$	Closing Balance 30-Jun-12 \$
Operating Grants/Contributions							
General Purpose Funding							
General Purpose Grants Commission		327,361	327,361		430,948	430,948	
Local Road Funding Grants Commission		325,075	325,075		428,836	428,836	
Special Projects Grants Commission		14,900	14,000				
FESA Admin		4,000	4,000		4,000	4,000	
Law, Order & Public Safety							
Crime Prevention	26,200		26,200				
Government Grant FESA		34,600	34,600		35,380	35,380	
Health							
Government Grant Rural Doctor		220	220		10,000	10,000	
Education and Welfare							
Department of Reg. Dev - Respite Pool		2,250	2,250				
Community Amenities							
Grant- Thank a volunteer					1,000	1,000	
Recreation							
Swimming Pool Grant		3,000	3,000		3,000	3,000	
Grant Cota WA		731	731		1,000	1,000	
Grant International Womens Day 2011		200	200				
Volunteer Grant-Netball Club					1,000	1,000	
Transport							
Government Grant - Direct Grant		50,968	50,968		54,410	54,410	
MRD Flood Damage		184,250	184,250		240,949	240,949	
MRWA Contribution Upgrade					784,354	784,354	
State Black Spot Funding	13,661		13,661				
Economic Services							
Skeiton Weed Research	2,589	5,221	7,810				
Grant Fox Bait Subsidy		773	773				
Adult Learners Weeks Event Building		1,364	1,364				
Dry Season Assistance Grant		20,000		20,000			20,000
Know Your neighbour Grant		1,000	1,000				
Forward Capital Plan Expense	35,000		9,630	25,370			25,370
Indigenous Reconciliation Grant 11/12					2,000	2,000	
Capital Grants/Contributions towards the Development of Assets							
Law, Order & Public Safety							
Government Grant Special		51,750	51,750				
Health							
Government Grant Health		5,500	5,500				
Community Amenities							
Grant Disability Services - Account # 13241		20,000		20,000			20,000
Recreation							
Grant Tennis Australia		13,091	13,091				
Transport							
Grant - Roads to Recovery		172,648	172,648		172,648	172,648	
Government Grants - Tied MRWA Specific		164,368	164,368		215,380	215,380	
MRWA Contribution Upgrade		23,550	23,550				
Government Grants - MRWA Bridges		43,000	43,000				
Government Grants - States Blackspot		34,322	34,322		154,220	154,220	
Bikewest Grant		50,000	50,000				
Grant - EMA Generator Grant		35,000	35,000				
Economic Services							
Rural Transaction Centre	18,530		18,530				
Royalties for Regions		334,621	153,670	180,951	294,149	267,535	207,565
Government Grant - Slater Homestead		76,734	76,734		75,000	75,000	
Government Grant		30,000		30,000			
Total Operating	77,450	975,013	1,007,093	45,370	1,996,877	2,042,247	0
Total Capital	18,530	1,054,584	842,163	230,951	911,397	934,783	207,565
Total Operating and Capital	95,980	2,029,597	1,849,256	276,321	2,908,274	2,977,030	207,565

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012

Notes:

- (*) Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (+) New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (#) Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12	2010/11
	\$	\$
3 CASH AND CASH EQUIVALENTS		
Unrestricted	73,628	(1,863,058)
Restricted	1,459,205	1,527,962
	<u>1,532,833</u>	<u>(335,096)</u>
Cash at Bank - Municipal		
Unrestricted Cash	73,628	(1,863,058)
Restricted Cash - Unspent Grants (refer Note 2(d))	207,565	276,321
Restricted Cash - Local Medical Practice	1640	1640
Various Reserve Accounts (refer note 11)	1,250,000	1,250,001
	<u>1,459,205</u>	<u>1,527,962</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
(d) Conditions over contributions - Rural Transaction Centre		
(d) Conditions over contributions - Blackspot Program		
(d) Conditions over contributions - Forward Capital Plan		25,370
(d) Conditions over contributions - Skelton Weed Search		
(d) Conditions over contributions - Crime Prevention		
(d) Conditions over contributions - Dry Season Assistance Grant		20,000
(d) Conditions over contributions - Disabilities Assistance grant		20,000
(d) Conditions over contributions - Royalties for Regions	207,565	180,951
(d) Conditions over contributions - Government Grant Account # 17200		30,000
	<u>207,565</u>	<u>276,321</u>

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012

4 TRADE & OTHER RECEIVABLES

	2011/12	2010/11
	\$	\$
Current		
Rates and Rubbish	78,975	99,592
General Receivables	408,131	173,081
Provision for Doubtful Debts	(1,006)	(1,006)
Self Supporting Loan Debtors	17,989	17,917
	<u>504,090</u>	<u>289,584</u>
Non-Current		
Rates Outstanding - Pensioners	31,093	26,492
Self Supporting Loan Debtors	17,989	0
Other	6,390	6,390
	<u>55,472</u>	<u>32,882</u>

5 INVENTORIES

	2011/12	2010/11
	\$	\$
Current		
Fuel and Materials	493	27,548
History Books	30,721	32,521
Subdivision land developed for resale	1,329,462	1,505,340

6 PROPERTY, PLANT AND EQUIPMENT

	2011/12	2010/11
	\$	\$
Land and Buildings - At Valuation-1/7/11	18,020,421	16,953,800
Less Accumulated Depreciation	<u>(1,446,693)</u>	<u>(1,308,025)</u>
	16,573,728	9,645,775
Furniture and Equipment - Cost	850,877	801,815
Less Accumulated Depreciation	<u>(481,323)</u>	<u>(461,076)</u>
	369,554	340,739
Plant and Equipment - Cost	2,968,784	2,613,030
Less Accumulated Depreciation	<u>(1,506,709)</u>	<u>(1,220,297)</u>
	1,462,075	1,392,733
Swimming Pool and Equipment - Cost	615,794	591,994
Less Accumulated Depreciation	<u>(237,026)</u>	<u>(217,835)</u>
	378,768	374,158
Less subdivision land developed for resale as disclosed note 5	18,784,125	11,753,406
	<u>(1,329,462)</u>	<u>(1,505,340)</u>
	<u>17,454,661</u>	<u>10,248,066</u>

All property, plant and equipment asset classes are carried at cost and whilst not subject to a policy of regular revaluation, they are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

SHIRE OF GOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012

6 PROPERTY, PLANT AND EQUIPMENT (continued)

Movements in Carrying Amounts

The following represents the movement in carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial

Program	Land & Buildings	Furn and Equip	Plant and Equipment	Swimming Pool	Infrastructure	Total
	\$	\$	\$	\$	\$	\$
Balance 1/7/2010	9,369,878	296,202	1,329,462	382,388	33,381,216	44,759,146
Additions 2010-2011	412,302	73,582	467,325	8,766	860,418	1,822,393
Depreciation 2010-2011	-130,716	-29,045	-193,153	-16,995	-98,998	-468,907
Cost of Disposals 2010-2011	-5,690		-283,904			-289,594
Depreciation on Disposals			73,002			73,002
Total as per 2010/2011 Annual Accounts	9,645,774	340,740	1,392,733	374,159	34,142,637	45,896,041
Revaluation	6,589,534				3,080,000	9,669,534
Additions 2011-2012	584,947	61,887	601,250	23800	909,713	2,181,597
Depreciation 2011-2012	(138,668)	(33,073)	(367,484)	(19,191)	(891,900)	-1,450,316
Cost of Disposals 2011-2012	(107,860)	(12,825)	(245,496)			-366,181
Depreciation on Disposals		12,825	81,074			93,899
Subdivision land developed for resale	(1,329,462)					-1,329,462
Total as per 2011-2012 Annual Accounts	15,244,265	369,554	1,462,077	378,768	37,240,450	54,695,112

7 INFRASTRUCTURE

	2011/12 \$	2010/11 \$
Roadworks(Includes Bridges & Culverts) at cost	43,315,747	42,433,759
Less Accumulated Depreciation	(11,381,076)	(10,555,498)
	<u>31,934,671</u>	<u>31,878,261</u>
Drainage at cost	1,435,854	1,435,855
Less Accumulated Depreciation	(766,765)	(747,621)
	<u>669,089</u>	<u>688,233</u>
Footpaths and Cycleways at cost	1,373,777	1,346,911
Less Accumulated Depreciation	(327,679)	(303,335)
	<u>1,036,098</u>	<u>1,043,576</u>
Sewerage at valuation 1/7/2011	4,033,811	952,952
Less Accumulated Depreciation	(433,219)	(420,385)
	<u>3,600,592</u>	<u>532,567</u>
	<u><u>37,240,450</u></u>	<u><u>34,142,637</u></u>

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012**

7 INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Roads	Drainage	Sewerage	Footpaths & Cycleways	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2011	31,878,261	688,233	532,567	1,043,576	34,142,637
Additions	881,988	0	859	26,866	909,713
Depreciation (Expense)	(825,578)	(19,144)	(12,834)	(34,344)	(891,900)
Sewerage Revaluation Increment			3,080,000		3,080,000
Balance as at 30 June 2012	31,934,671	669,089	3,600,592	1,036,098	37,240,450

SHIRE OF GOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12	2010/11
	\$	\$
8 TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	513,357	151,931
Accrued Interest on Debentures	48,197	21,924
Accrued Salaries and Wages		
	561,554	173,855
9 LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge		
Debentures	275,152	193,522
Lease Liability	250,419	196,505
	525,570	390,027
Non-Current		
Secured by Floating Charge		
Debentures	2,267,623	1,006,169
Lease Liability	465,128	380,444
	2,732,750	1,386,613
Additional detail on borrowings is provided in Note 22.		
10 PROVISIONS		
Current		
Provision for Annual Leave	150,043	151,363
Provision for Long Service Leave	99,880	92,025
	249,923	243,388
Non-Current		
Provision for Long Service Leave	40,717	33,060
	40,717	33,060

SHIRE OF GOOMALLING
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDING 30 JUNE 2012**

	2011/2012 Actual	2011/2012 Budget	2010/11 Actual
11 RESERVES - CASH/INVESTMENT BACKED			
Bitumen Reserve			
Balance brought forward 1st July	6,349	6,349	6,040
Plus transfer from General Purpose Funding	394	394	309
Less transfer To General Purpose Funding			
BALANCE AS AT 30TH JUNE	6,743	6,743	6,349
Long Service Leave Reserve			
Balance brought forward 1st July	108,771	108,771	103,473
Plus transfer from General Purpose Funding	6,753	6,744	5,298
Less transfer To General Purpose Funding			
BALANCE AS AT 30TH JUNE	115,524	115,515	108,771
Mortlock Lodge Reserve			
Balance brought forward 1st July	3,319	3,319	3,157
Plus transfer from General Purpose Funding	206	206	162
Less transfer To General Purpose Funding			
BALANCE AS AT 30TH JUNE	3,525	3,525	3,319
Office Equipment Reserve			
Balance brought forward 1st July	2,622	2,622	2,494
Plus transfer from General Purpose Funding	163	163	128
Less transfer To General Purpose Funding			
BALANCE AS AT 30TH JUNE	2,785	2,785	2,622
Plant Replacement Reserve			
Balance brought forward 1st July	321,607	321,607	337,538
Plus transfer from General Purpose Funding	19,967	19,940	17,282
Less transfer To General Purpose Funding	-41,300	-80,000	-33,213
BALANCE AS AT 30TH JUNE	300,274	261,547	321,607
Sanitation Reserve			
Balance brought forward 1st July	441	441	420
Plus transfer from General Purpose Funding	27	27	21
Less transfer To General Purpose Funding			
BALANCE AS AT 30TH JUNE	468	468	441
Sport & Recreation Reserve			
Balance brought forward 1st July	30,092	30,092	28,626
Plus transfer from General Purpose Funding	1,868	1,866	1,466
Less transfer To General Purpose Funding			
BALANCE AS AT 30TH JUNE	31,960	31,958	30,092
Staff Housing Reserve			
Balance brought forward 1st July	80,377	80,377	82,581
Plus transfer from General Purpose Funding	4,990	4,983	4,228
Less transfer To General Purpose Funding			-6432
BALANCE AS AT 30TH JUNE	85,367	85,360	80,377
Staff Training Reserve			
Balance brought forward 1st July	4,222	4,222	4,016
Plus transfer from General Purpose Funding	262	262	206
Less transfer To General Purpose Funding			
BALANCE AS AT 30TH JUNE	4,484	4,484	4,222

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012

11 RESERVES - CASH BACKED (Continued)

	2011/12 Actual	2011/12 Budget	2010/11 Actual
Two Way Radio Reserve			
Balance brought forward 1st July	1,308	1,308	1,244
Plus transfer from General Purpose Funding	81	80	64
Less transfer To General Purpose Funding			
BALANCE AS AT 30TH JUNE	1,389	1,388	1,308
Aged Care Reserve			
Balance brought forward 1st July	113,958	113,958	108,408
Plus transfer from General Purpose Funding	7,075	7,065	5,550
Less transfer To General Purpose Funding			
BALANCE AS AT 30TH JUNE	121,033	121,023	113,958
Vehicle Reserve			
Balance brought forward 1st July	199,875	199,875	202,697
Plus transfer from General Purpose Funding	12,409	12,392	10,378
Less transfer To General Purpose Funding	-13,000		-13,200
BALANCE AS AT 30TH JUNE	199,284	212,267	199,875
Community Bus Reserve			
Balance brought forward 1st July	45,742	45,742	43,463
Plus transfer from General Purpose Funding	2,840	2,836	2,279
Less transfer To General Purpose Funding			
BALANCE AS AT 30TH JUNE	48,582	48,578	45,742
Sewerage Reserve			
Balance brought forward 1st July	119,666	119,666	113,851
Plus transfer from General Purpose Funding	7,430	7,419	5,815
Less transfer To General Purpose Funding			
BALANCE AS AT 30TH JUNE	127,096	127,085	119,666
S.E.E.D Reserve			
Balance brought forward 1st July	200,203	200,203	200,544
Plus transfer from General Purpose Funding	12,430	12,413	10,228
Less transfer To General Purpose Funding	-225,965.7		-10,569
BALANCE AS AT 30TH JUNE	190,036	212,616	200,203
LCDC Reserve			
Balance brought forward 1st July	11,448	11,448	11,448
Plus transfer from General Purpose Funding	711	710	586
Less transfer To General Purpose Funding	-710.75		-586
BALANCE AS AT 30TH JUNE	11,448	12,158	11,448
TOTAL RESERVES	1,250,000	1,247,500	1,250,000

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012

11 RESERVES - CASH BACKED (Continued)

Summary of Reserve Transfers

	2011/12 Actual	2011/12 Budget	2010/11 Actual
	\$	\$	\$
Transfers to Reserves			
Bitumen Reserve	394	394	309
Long Service Leave Reserve	6,753	6,744	5,298
Mortlock Lodge Reserve	206	206	162
Office Equipment Reserve	163	163	128
Plant Replacement Reserve	19,967	19,940	17,282
Sanitation Reserve	27	27	21
Sport & Recreation Reserve	1,868	1,866	1,466
Staff Housing Reserve	4,990	4,983	4,228
Staff Training Reserve	262	262	206
Two Way Radio Reserve	81	80	64
Aged Care Reserve	7,075	7,065	5,550
Vehicle Reserve	12,409	12,392	10,378
Community Bus Reserve	2,840	2,836	2,279
Sewerage Reserve	7,430	7,419	5,815
S.E.E.D Reserve	12,430	12,413	10,228
LCDC Reserve	711	710	586
	77,607	77,500	64,000

Transfers from Reserves

Bitumen Reserve	0	0	0
Long Service Leave Reserve	0	0	0
Mortlock Lodge Reserve	0	0	0
Office Equipment Reserve	0	0	0
Plant Replacement Reserve	-41,300	-80,000	(33,213)
Sanitation Reserve	0	0	0
Sport & Recreation Reserve	0	0	0
Staff Housing Reserve	0	0	(6,432)
Staff Training Reserve	0	0	0
Two Way Radio Reserve	0	0	0
Aged Care Reserve	0	0	0
Vehicle Reserve	-13,000	0	(13,200)
Community Bus Reserve	0	0	0
Sewerage Reserve	0	0	0
S.E.E.D Reserve	-22,597	0	(10,568)
LCDC Reserve	-711	0	(586)
	-77,607	-80,000	(64,000)

Total Transfer to/(from) Reserves

0	-2,500	0
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**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012**

11 RESERVES - CASH BACKED (Continued)

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amounts 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:

Bitumen Reserve

- to be used to fund future maintenance of existing roads and the construction of new bitumen roads.

Long Service Leave Reserve

- to be used to fund long service leave requirements.

Mortlock Lodge Reserve

- to be used for maintenance and improvements to the Mortlock Retirement Units.

Office Equipment Reserve

- to be used for the purchase of new office equipment.

Plant Replacement Reserve

- to be used for the future replacement of plant.

Sanitation Reserve

- to be used to maintain and improve sanitation services to the community.

Sport & Recreation Reserve

- to be used for the upgrading and improvements to sporting and recreational facilities within the Shire.

Staff Housing Reserve

- to be used for the maintenance, upgrading and construction of new housing for Council's employees or public rental housing.

Staff Training Reserve

- to be used for future training of Council's staff.

Two Way Radio Reserve

- to be used for the upkeep and improvement to council's two way network.

Streetscape Reserve

- to be used for the maintenance and improvements of roads & streets within the municipality.

Aged Care Reserve

- to be utilised to provide for the needs of the aged.

Vehicle Reserve

- to be used for the purchase of motor vehicles and utilities if at a future date council ceases to lease the same.

Landcare Project Officer Reserve

- to be used to fund the purchase of a new vehicle for the Landcare Co-ordinator.

Community Bus Reserve

- to be used to fund the purchase of a new community bus.

Sewerage Reserve

- to be used to maintain and upgrade the sewerage scheme in the Goomalling townsite.

SEED (Social Economic & Environmental Development) Reserve

- to be used for the social and economic & environmental development for the district of the Shire of Goomalling.

Sport & Recreation Co-Ordinator Leave Entitlements Reserve

- to be used to fund annual leave for the Sport and Recreation Officer.

LCDC Reserve

- to be used to fund Landcare Activities

It's the Shire's intention to utilise the Funds held in the abovementioned Reserves for the purpose of not utilising external Overdraft Facilities from time to time during the Financial year. The benefits to the Shire is that it reduces its Financing Costs.

12 RESERVES - ASSET REVALUATION

Asset revaluation reserves have arisen on revaluation of the following classes of assets:

	2011/12	2010/11
	\$	\$
(a) Roads		
Opening Balance	20,012,261	20,012,261
Revaluation Increment	9,669,534	0
Revaluation Decrement	0	0
	<u>29,681,795</u>	<u>20,012,261</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>29,681,795</u></u>	<u><u>20,012,261</u></u>

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012

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

	2011/12 Actual	2011/12 Budget	2010/11 Actual
Cash and Cash Equivalents	1,532,833	1,375,728	335,096

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

Net Result	652,527	1,314,631	1,374,685
Amortisation			
Depreciation	1,450,316	560,885	468,907
Write-down in Fair Value of Investments			
(Profit)/Loss on Sale of Asset	(46,715)	(299,153)	(31,661)
Prior Year Loan Liability Adjustment	0		21,704
(Increase)/Decrease in Receivables	(225,481)	67,890	54,423
(Increase)/Decrease in Inventories	27,855	15,069	(13,021)
Increase/(Decrease) in Payables	349,882	83,579	(76,533)
Increase/(Decrease) Accrued Loan Interest	26,272	7,576	988
Increase/(Decrease) in Employee Provisions	14,193	7,222	9,852
Grants/Contributions for the Development of Assets	(911,397)	(1,039,648)	(1,054,584)
Net Cash from Operating Activities	1,337,453	718,051	754,740

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	500,000	\$2 Million	\$2 Million
Bank Overdraft at Balance Date	0	0	1,587,337
Credit Card limit	15,000	10,000	10,000
Credit Card Balance at Balance Date	4192	0	0
Total Amount of Credit Unused	519,192	2,010,000	422,663

Loan Facilities

Loan and Lease Facilities - Current	525,570	442,100	390,027
Loan and Lease Facilities - Non-Current	2,732,750	959,513	1,386,613
Total Facilities in Use at Balance Date	3,258,320	1,401,613	1,776,640

Unused Loan Facilities at Balance Date

0	0	0
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14 CONTINGENT LIABILITIES

The council is not aware of any contingent liability that may arise in relation to the day to day operations and activities of the Shire of Goomalling for the period under review

15 CAPITAL AND LEASING COMMITMENTS

2011/12	2010/11
\$	\$

(a) Finance Lease Commitments Payable:

- not later than one year	329,490	44,199
- later than one year but not later than five years	498,061	622,051
- later than five years		0
Minimum Lease Payments	827,550.55	666,250
Less Future Finance Charges	(112,004)	(89,301)
Total Lease Liability	715,546	576,949

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012**

15 CAPITAL AND LEASING COMMITMENTS (continued)

The council has not entered into any operating leases and all capital expenditure commitments on contracts entered into during the financial year were completed and finalised as at 30 June 2012

16 JOINT VENTURE

(a) Details

This Shire, together with the Shires of Dowerin, Toodyay have a Joint Venture arrangement with regard to the provision of a Sport and Recreation Co-ordinator. The only assets are miscellaneous equipment. These assets are included in Furniture & Equipment. In addition The Shire has entered into an arrangement with the FESA & The Shire of Toodyay in respect to providing Fire & Emergency services in the region. The Assets used in the levy of the services are shared on the basis of 70% by FESA & 15% each by Toodyay & Shire of Goomalling.

(b) Current Year Transactions

2011/12
\$

2010/11
\$

The Council's value of Furniture & Equipment under the joint venture is as follows:

Non-Current Assets	2011/12	2010/11
Furniture & Equipment	3,380	3,380
Emergency Service vehicle	7,879	
	<u>11,259</u>	<u>3,380</u>

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012

17 TRUST FUNDS

	Balance 1-Jul-11 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-12 \$
Financial Assistance Grants	6,500	2,380	2,240	6,640
Road Wise Grant				
HACC Surplus				
Young Persons Unit Surplus	0			
New Sporting Complex				
Subdivision Bond				
Tidy Towns	0			
A.V.T.A				
Cemetery Deposits				
Rental Bonds	7,070	1,400	1,080	7,390
Aged Homes Rentals				
Police Licensing	0	814,383	814,383	0
Slater Homestead Donation	14,816	2,182		16,998
Deposits				
Konno Special Series Plate	670			670
War Memorial				
Mortlock Farm	1,542			1,542
Novated Lease				
Accrued AL and LSL Beactive	6,868	416		7,284
Department Sport				
Amazing Race	5,628			5,628
Youth Group Activities	105			105
Special Series Plates				
Arcadia Creek Project				
Shopping Bags Slater Homes				
Market Day Stalls	100			100
2007 Muni Golf Day				
Goom/Wong Womans Football	-294			(294)
Pioneers Pathway Sign Fund	20,071	7,620		27,691
Skeleton Weed		5,120		5,120
Goom Biggest Loser (GYM)	-1,000			(1,000)
Cross Over Bond	0			0
	62,076	833,501	817,703	77,874

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012

18 FINANCIAL RATIOS	2011/12	2010/11	2009/10
Current Ratio	1.54	0.70	0.50
Untied Cash to Unpaid Trade Creditors Ratio	0.14	0.00	0.00
Debt Ratio	0.07	0.08	0.09
Debt Service Ratio	0.15	0.21	0.28
Gross Debt to Revenue Ratio	0.75	0.86	0.50
Gross Debt to Economically Realisable Assets Ratio	0.15	0.25	0.17
Rate Coverage Ratio	0.28	0.28	0.27
Outstanding Rates Ratio	0.06	0.07	0.06

The above ratios are calculated as follows:

The above ratios are calculated as follows:	
Current Ratio: Benchmark > 1.0	$\frac{[\text{current assets minus restricted current assets}]}{[\text{current liabilities minus liabilities associated with restricted assets}]}$
Untied Cash to Unpaid Trade Creditors Ratio: Benchmark > 1.0	$\frac{[\text{untied cash}]}{[\text{unpaid trade creditors}]}$
Debt Ratio: Benchmark < 0.1	$\frac{[\text{total liabilities}]}{[\text{total assets}]}$
Debt Service Ratio: Benchmark < 0.1	$\frac{[\text{debt service cost}]}{[\text{available operating revenue}]}$
Gross Debt to Revenue Ratio: Benchmark - lower the better	$\frac{[\text{gross debt}]}{[\text{total revenue}]}$
Gross Debt to Economically Realisable Assets Ratio: Benchmark < 0.3	$\frac{[\text{gross debt}]}{[\text{economically realisable assets}]}$
Rate Coverage Ratio: Benchmark > 0.4	$\frac{[\text{net rate revenue}]}{[\text{operating revenue}]}$
Outstanding Rates Ratio: Benchmark < 0.05	$\frac{[\text{rates outstanding}]}{[\text{rates collectable}]}$

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012

18 FINANCIAL RATIOS	2011/12	2010/11	2009/10
Current Ratio	1.54	0.70	0.50
Untied Cash to Unpaid Trade Creditors Ratio	0.14	0.00	0.00
Debt Ratio	0.07	0.08	0.09
Debt Service Ratio	0.15	0.21	0.28
Gross Debt to Revenue Ratio	0.75	0.86	0.50
Gross Debt to Economically Realisable Assets Ratio	0.15	0.25	0.17
Rate Coverage Ratio	0.28	0.28	0.27
Outstanding Rates Ratio	0.06	0.07	0.06

The above ratios are calculated as follows:

The above ratios are calculated as follows:	
Current Ratio: Benchmark > 1.0	$\frac{[\text{current assets minus restricted current assets}]}{[\text{current liabilities minus liabilities associated with restricted assets}]}$
Untied Cash to Unpaid Trade Creditors Ratio: Benchmark > 1.0	$\frac{[\text{untied cash}]}{[\text{unpaid trade creditors}]}$
Debt Ratio: Benchmark < 0.1	$\frac{[\text{total liabilities}]}{[\text{total assets}]}$
Debt Service Ratio: Benchmark < 0.1	$\frac{[\text{debt service cost}]}{[\text{available operating revenue}]}$
Gross Debt to Revenue Ratio: Benchmark - lower the better	$\frac{[\text{gross debt}]}{[\text{total revenue}]}$
Gross Debt to Economically Realisable Assets Ratio: Benchmark < 0.3	$\frac{[\text{gross debt}]}{[\text{economically realisable assets}]}$
Rate Coverage Ratio: Benchmark > 0.4	$\frac{[\text{net rate revenue}]}{[\text{operating revenue}]}$
Outstanding Rates Ratio: Benchmark < 0.05	$\frac{[\text{rates outstanding}]}{[\text{rates collectable}]}$

19 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2011/12 Actual \$	2010/11 Actual \$
Governance	11,830	9,506
General Purpose Funding	23,259	19,012
Law, Order, Public Safety	814,075	665,418
Health	290,741	237,649
Education and Welfare	0	0
Housing	232,593	190,120
Community Amenities	348,889	285,179
Recreation and Culture	3,140,002	2,566,614
Transport	49,914,400	40,799,656
Economic Services	174,445	142,590
Other Property and Services	2,500,372	2,043,785
Unallocated	697,778	570,359
	<u>58,148,182</u>	<u>47,529,888</u>

20 ACQUISITION OF ASSETS

	Land & Buildings	Motor Vehicles	Plant & Equip	Furn & Equip	Infra Roads & Other	TOTALS
	Actual 2011-2012	Actual 2011-2012	Actual 2011-2012	Actual 2011-2012	Actual 2011-2012	Actual 2011-2012
By Program						
Governance						
CEO Vehicle x 2			38,727			38,727
Office Furniture & Equipment				4,355		4,355
Computer				4,486		4,486
Council Chambers				30,183		30,183
						0
Law, Order, Public Safety						
Contrib to Purchase New Vehicle for CSM 15% contrib			3,126			3,126
Dog Cage & Equipment				389		389
						0
Health						
Office Equipment Surgery				4,110		4,110
Gommalling Shire Medical Surgery	12,738					12,738
Doctor Residence Cap	2,828					2,828
						0
Education and Welfare						
Senior Citizens Centre	1,178					1,178
CWA Building	2,867					2,867
						0
Housing						
Purchase Land	60,000					60,000
Joint Venture - Youth Housing	901					901
Other Housing Forrest Street - Duplex	605					605
Staff Housing 32 Eaton St	620					620
Lot 465 James Residence	2,130					2,130
Lot 146 (14) High St Capital	1,800					1,800
Joint Venture -Housing	8,895					8,895
						0
						0
Community Amenities						
Fencing New Tip	6,358					6,358
Erect War Memorial	20,332					20,332
Memorial	363					363
						0
Recreation and Culture						
Swimming Pool Shades				8,000		8,000
Purchase Tables & Chairs				1,339		1,339
Old Office Vet Clinic	735					735
New Seating at Hockey Oval	1,400					1,400
Parks & Garden Depot	10,533					10,533
Old Bankwest Building -	4,070					4,070
Paint Museum	11,600					11,600
Museum Extensions	46,367					46,367
Swimming Pool Various			15,800			15,800
RIDE ON MOWER - OVAL / HOCKEY			6,500			6,500
Golf Club Mower			19,091			19,091
Major Overhaul Old Southern Cros			185			185
TM Compressor for Rec Ground Equipment			1,080			1,080
Konnogorring Hall Paint	328					328
Upgrade Jenna Hall	1,428					1,428
Pavilion Upgrade	280					280
Sporting Complex	3,510					3,510
New Playground & Equipment					12,100	12,100
						0
						0
Transport						
Banner Poles - Railway Tce				1,520		1,520
Christmas Lights & Decorations				154		154
Purchase Extension	13,381					13,381
Roads to Recovery						0
Roads to Recovery					173,400	173,400
Footpaths & Kerbing					26,867	26,867
Bitumen Widening & Primer Seal-Black Spot					326,643	326,643
Municipal Road Construction					130,518	130,518
Black Spot Funding Program Patterson Road					251,428	251,428
Plant and Equipment			1,615			1,615
New Small Truck			2,154			2,154
PURCHASE NEW GRADER			540			540
New 10Lit Water Tank			8,180			8,180
Upgrades - overhaul F/end Loader			23,161			23,161
Purchase secondhand - 1983 Mercedes Prime Mover			22,409			22,409
Purchase secondhand - 2001 Multpac steel roller			45,000			45,000
Major Replacement 4 Tonne Truck GO027			3,894			3,894
New Truck GO 018			179,810			179,810

New Cat Grader - Go 019		180,500			180,500
Economic Services					0
Diesel Generator		775			775
Purchase Bec Vehicle		64,364			64,364
Upgrade of Various Shops	10,340				10,340
Slater Homestead Renovations	249,601				249,601
Carvan Park 2 onsite Units	124				124
Rural Transaction Centre Renovations	1,540				1,540
Upgrade to Caravan Park	60,369				60,369
THT Building - Capital	1,210				1,210
Purchase 14 Haywood St Goomalling - Vacant Land	32,500				32,500
Salmon Gum Way Subdivision Development Purch	1,276				1,276
Mens Shed Building	5,080				5,080
Caravan Park Washing Machine			3,100		3,100
Grange St Subdivision Development	7,660				7,660
Furniture and Equipment for GCC			150		150
OTHER PROPERTY AND SERVICES					0
Turf Curator - Tool Box		140			140
RENEW WIRING DAM SWITCHBOARD				859	859
584,947	0	617,050	57,785	921,815	2,181,597

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012**

21 DISPOSAL OF ASSETS - 2011-12 FINANCIAL YEAR

The following assets were disposed of during the year

	Proceeds Sale of Assets		Written Down Value		Gain/(Loss) on Disposal	
	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12
	Budget	Actual	Budget	Actual	Budget	Actual
	\$	\$	\$	\$	\$	\$
Asset by Class						
Land Held for Resale	2,150,000		1,965,340		184,660	
Furniture and Equipment		1,000		0		1,000
Land and Buildings	210,000	132,500	95,734	107,860	114,266	24,640
Plant and Equipment	29,227	185,500	29,000	164,425	227	21,075
	2,389,227	319,000	2,090,074	272,285	299,153	46,715
Assets by Program						
Governance						
CEO Vehicles	29,227	30,091	29,000	30,911	227	(820)
Office Furniture		1,000				1,000
Transport						
Sale of Grader		16,500		0		16,500
Sale of Tip Truck		88,182		82,674		5,508
Economic Services						
Motor Vehicle		50,727		50,840		(112)
Building						
Land Held for Resale	2,150,000	105,000	1,965,340	105,000	184,660	-
Industrial Land	150,000		89,532		60,468	-
Residential Land	60,000	27,500	6,202	2,860	53,798	24,640
TOTAL BY CLASS OF ASSETS	2,389,227	319,000	2,090,074	272,285	299,153	46,715
				2011-2012 Actual \$	2011-2012 Budget \$	2010-2011 Actual \$
Summary						
Profit on Asset Disposals				46,715	299,153	52,310
Loss on Asset Disposals					-	(20,629)
				46,715	299,153	31,681

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012

22 INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Borrowing Institution	Interest Rate %	Principal 1-Jul-11 \$	New Loans \$	Principal Repayments		Principal 30-Jun-12		Interest Repayments		Repayments Due 2013	
					Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Interest \$	Principal \$
Governance												
Loan 93 - Administration Upgrade	Bendigo Bank	6.42	5,507		5,507	5,507	0	0	1,119	467	0	0
Housing												
Loan 94 - Construction Community Housing	Country Housing Authority	6.59	9,869		9,869	9,869	0	0	2,101	490	0	0
Loan 98 - Community Bank Housing *	Bendigo Bank	6.63	17,923		-15,260	16,555	33,183	1,368	32,288	473	1,938	16,051
Loan 99 - Young Peoples Housing	Bendigo Bank	6.63	17,923		-15,260	16,555	33,183	1,368	32,288	473	1,938	16,051
Loan 101 - Tradesmans Residence	Bendigo Bank	6.54	86,574		13,625	15,229	72,949	71,345	7,047	5,443	4,511	16,161
Economic Services												
Loan 97 - Various Building Upgrades	Bendigo Bank	5.97	125,138		56,388	60,705	66,749	64,433	10,856	6,539	3,162	68,749
Loan 105 - Slater Homestead	Bendigo Bank	7.65	102,246		6,822	13,644	95,424	88,602	7,833	7,500	7,186	9,534
Loan 104 - Rural Transaction Centre	Bendigo Bank	7.65	340,827		22,739	45,478	318,088	295,349	26,109	25,100	23,973	31,632
Loan 106 - Rural Transaction Centre	Bendigo Bank	8.75	493,685		21,193	9,978	472,492	483,707	28,385	39,600	41,183	8,415
Loan 108 - Grange & Salmon Gums Subdivisions	Bendigo Bank	7.65%	0	1,500,000	51,294	0	1,448,706	0	57,376	0	108,789	168,559
			1,199,692	1,500,000	135,513	193,520	2,542,774	1,006,172	205,400	86,085	192,663	275,152

Funding of Borrowings

Self-Supporting Loan

All loan repayments were funded by general purpose income. Loan 108 secured by Shire Rates, Term Investment of \$1.25 Million and 1st Registered Mortgage over balance of Land available n Grange Street Subdivision.

* Those loans denoted with " * " are subject of a repayment agreement that secured the reimbursement from a community organisation of all costs associated with the loan. As at 30 June 2012 the organisation owes the council the sum of \$331,831.11 which was raised during the year to offset the interest correction to loan 98 as disclosed in the above schedule. The net result of this adjustment will show that the interest on loans paid by the council during the year in account 18302 as being reduced by this amount to \$172,217.

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012**

(b) Overdraft

The Shire established an overdraft facility of \$500,000 in 2008 to assist with short term liquidity requirements. The \$500,000 was adequate for the 2011/12 financial year. The Overdraft was not increased during 2011/12. The balance of Council cash & cash equivalents was \$280,543 as at 30 June 2012

23 RATING INFORMATION - 2011-2012 FINANCIAL YEAR

RATING INFORMATION - 2011/12 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim/ Back Rates \$	Total Revenue \$
Differential General Rate						
GRV - District	0.1192	232	2,233,368	266,217		266,217
UV - Rural Zone 2	0.00367	68	26,686,500	97,939		97,939
UV - Special Rural	0.00873	17	2,292,000	20,009		20,009
UV - General Zone 3	0.00503	305	140,341,080	705,916		705,916
CBH Exgratia Contribution				10,950		10,950
ExGratia Other				750		750
Sub-Totals		622	171,552,948	1,101,782		1,101,782
Minimum Rates	Minimum					
GRV - District	700	222	933,816	155,400		155,400
UV - General Zone 3	800	82	3,271,670	65,600		65,600
UV - Mining						
UV - Commercial/Industrial						
Sub-Totals		304	4,205,486	221,000		221,000
Section 6.47 - 5% concession						-8,600
Interest - Late Payment Penalty						1,314,182
Administration Fee - Rate Instalments						12,888
Interest - Rates Instalments						2,136
Specified Area Rates (Note 9)						4,842
Totals						1,472,563

24 SPECIFIED AREA RATE - 2011/12 FINANCIAL YEAR

	Rate In \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Applied to Costs \$	Budget Rate Revenue \$	Budget Applied to Costs \$
Goonaing Town Sewerage							
Scheme Operating Expenses					187,135		181,800
Transfer To Reserve Account					7,430		7,419
- Rate	8.4 cents	GRV	164899	138515		136,546	
- Interim Rate							
- Back Rate							
Other Charges and Contributions				60001		53,777	
				198,516	194,565	190,323	189,219

25 SERVICE CHARGES - 2011/12 FINANCIAL YEAR

Council did not raise any service charges during the 2011/12 financial year.

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012**

26 DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS

(a) Discounts

The council does not offer a discount on rates for those who pay their rates in full within 35 days of the date of service appearing on the rate notice.

(b) Write-Offs

During the year the ESL on two mining tenements each of \$55 was written off due to been raised in error.

(c) Waivers

The council did not offer any waivers during the financial year ending 30 June 2012

(d) Concessions

The council did not offer any Concessions during the financial year ending 30 June 2012

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012

27 INTEREST CHARGES AND INSTALMENTS - 2011-2012 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11%		12,888	12,500
Interest on Instalments Plan	5.50%		4,842	3,000
Charges on Instalment Plan		\$5	2,135	1,500
			19,866	17,000

Ratepayers had the option of paying rates in four equal instalments, due on 12th September 2011, 12th November 2011, 12th January 2012 and 12th March 2012. Administration charges and interest applied for the final three instalments.

28 FEES & CHARGES

	2011-2012 Actual \$	2011-2012 Budget \$	2010-2011 Actual \$
General Purpose Funding			
Governance	57,412	2,280	2,208
Law, Order, Public Safety	1,288	1,650	1,681
Health	501,371	540,100	531,418
Education & Welfare	0	0	
Housing	187,346	171,970	177,591
Community Amenities	95,121	93,717	88,620
Recreation & Culture	24,981	22,700	21,834
Transport	149	100	100
Economic Services	180,342	147,140	151,420
Other Property & Services	140,802	90,000	97,489
	1,188,812	1,069,657	1,072,361

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

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012**

29 GRANTS & SUBSIDIES

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

	2011/2012 Actual \$	2010/11 Actual \$
(a) By Nature & Type:		
Operating Grants and Subsidies	1,996,877	975,013
Non-Operating Grants and Subsidies		
	<u>911,397</u>	<u>1,054,584</u>
	<u>2,908,274</u>	<u>2,029,597</u>
(b) By Program:		
General Purpose Funding	859,784	666,436
Governance	4,000	4,000
Law, Order, Public Safety	35,380	86,350
Health	10,000	5,720
Education & Welfare	0	2,250
Community Amenities	1,000	20,000
Recreation and Culture	5,000	17,022
Transport **	1,621,961	723,106
Economic Services	371,149	504,713
Other Property & Services	0	
	<u>2,908,274</u>	<u>2,029,597</u>

30 EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

2011/12	2010/11	2009/10
37	26	26

31 COUNCILLORS' REMUNERATION

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

	2011/12 Actual \$	2011/12 Budget \$	2010/11 Actual \$
Meeting Fees	16,950	20,000	19,321
President's Allowance	2,500	2,500	2,500
Deputy President's Allowance	500	500	500
Travelling Expenses	2,681	3,200	2,118
Telecommunications Allowance		-	
	<u>22,631</u>	<u>26,200</u>	<u>24,439</u>

32 EMPLOYEES' REMUNERATION

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

Details	Salary Range \$	2011/12 \$	2010/11 \$
LG Administration Regulations 19 B	100,000 - 109,999	-	-
LG Administration Regulations 19 B	110,000 - 119,999	-	-
LG Administration Regulations 19 B	120,000 - 129,999	-	-
LG Administration Regulations 19 B	130,000 - 139,999	-	-
LG Administration Regulations 19 B	140,000 - 149,999	-	-
LG Administration Regulations 19 B	150,000 - 159,999	-	-
LG Administration Regulations 19 B	160,000 - 169,999	-	-

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012**

33 Major Land Transactions

(a) Details

The council proposes to continue developing major land transactions during the year.

The Shire of Goomalling has undertaken rural residential subdivisions in Salmon Gum Way and Grange Street Goomalling

The Shire will conduct either auction or tender process for the Sale of lots for Salmon Gum Way

In relation to rural lots in Grange Street, the sale will be completed following by tender process at market valuations.

The proceeds from the sale of the two rural residential subdivisions will be applied towards the repayment of loans raised to finance the development and thereafter any surplus funds remaining will be held in the Municipal Fund Account.

A Business Plan was prepared for the two rural residential subdivisions in accordance with section 3.59 of the Local Government Act 1995

(b) Transactions to Date

Salmon Gums Subdivision

Development Expenses		
2007-2008	361,983	
2008-2009	64,794	
2009-2010	131,128	
2010-2011	76,162	
2011-2012	1,276	
	635,343	

Grange Subdivision

Development Expenses		
2007-2008	46,957	
2008-2009	340,678	
2009-2010	329,693	
2010-2011	61,415	
2011-2012	7,660	
	786,403	

Less Book Value Land Sold	-92,284	-92,284
---------------------------	---------	---------

Book Value of Development as Per Asset Register	1,329,462
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**Plus Interest on Borrowings
(Not Capitalised in Asset Register)**

2007-2008	46,381	
2008-2009	63,483	
2009-2010	44,399	
2010-2011	14,026	
2011-2012	57,376	
	225,665	

Total Costs of development to Date	1,555,127
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(c) The council raised loans 1.5Million Dollars to finance the above sub division costs.

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012**

34 Council did not participate in any trading undertakings or mayor trading undertakings during the 2011/2012 financial year

35 FINANCIAL RISK MANAGEMENT

The Shires's activities expose it to a variety of financial risk including price risk, credit risk, liquidity risk and interest rate risk. The

Financial Assets	Carrying Value		Fair Value	
	2011/12	2010/11	2011/12	2010/11
Cash and cash equivalents	1,532,833	1,252,241	1,532,833	1,252,241
Receivables	504,090	289,584	504,090	289,584
Financial assets at fair value through profit or loss				
Available for sale financial assets - Land Held for Resale at Cost	1,329,462	1,505,340	1,329,462	1,505,340
Held to maturity investments				
	3,366,385	3,047,165	3,366,385	3,047,165
Financial Liabilities				
Bank Overdraft	0	1,587,337	0	1,587,337
Payables (Excludes accrued Loan Interest)	513,357	151,931	248,019	151,931
Borrowings	3,258,320	1,776,641	3,258,320	1,776,641
Fair value is determined as follows:	3,771,678	3,515,909	3,506,339	3,515,909

Cash and Cash Equivalents, Receivables, Payables - estimated to be the carrying value which approximates net market value.

*
(a) **Cash and Cash Equivalents**

The Shires's objective is to maximise its return on cash and cash equivalents whilst maintaining an adequate level of liquidity and preserving capital. The Finance Section manages the cash and investments portfolio with the assistance of independent advisers. The Shire has an investment policy which complies with the relevant legislations. The policy is regularly reviewed by the Shire and an Investment Report provided to the Shire monthly setting out the make-up and performance of the portfolio.

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012**

35 FINANCIAL RISK MANAGEMENT (Continued)

**Impact of a 1% movement in
interest rates on cash and investments**

	30-Jun-12	30-Jun-11
• Equity	\$12,500	\$12,500
• Statement of Comprehensive Income	\$12,500	\$12,500

The impact on the council's \$1.25 million cash investment portfolio in the event of a 1% movement in market interest rates could result in investment returns being reduced by up to \$12,500.

(b) Receivables

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

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

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

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

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

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012**

35 Receivables (continued)

(b)	The profile of the Shire's credit risk at balance date was:	30-Jun-12	30-Jun-11
		%	%
	Percentage of Rates and Annual Charges		
	• Current	95.75%	94.75%
	• Overdue	4.25%	5.25%

The rates collectable total \$1,410,538. The rate arrears as at 30 June 2011 was \$76,492 and at 30 June 2012 the arrears totalled \$59,932. The rate collection percentage of the council for the financial year ended 30 June 2012 was therefore 95.75%. Rate Arrears excludes Pensioner Deferred Rate.

Percentage of Other Receivables

• Current	76.00%	82.00%
• Overdue	24.00%	18.00%

Current Receivables represents 30 days or less and Overdue more than 30 days

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2012

Payables

35 Borrowings

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

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

Weighted Average:

Multiply each loan outstanding by its interest rate, add the results of the multiplication and divide the result by the total loans outstanding.

Loan #	Debenture Loans Interest Rate	Loan liability 30-Jun-11	Calculation Interest Rate by Liability	Weighted Average 2011	Loan liability 30-Jun-12	Calculation Interest Rate by Liability	Weighted Average 2012
98	6.63%	17,923	1,188		33,183	2,200	
99	6.63%	17,923	1,188		33,183	2,200	
101	6.54%	86,574	5,662		72,949	4,771	
97	5.97%	125,138	7,471		68,749	4,104	
105	7.65%	102,246	7,822		95,424	7,300	
104	7.65%	346,827	26,073		318,088	24,334	
106	8.75%	493,684	43,197		472,492	41,343	
108	7.65%	0			1,448,706	110,826	
		<u>1,184,315</u>	<u>92,602</u>	<u>7.82</u>	<u>2,542,774</u>	<u>197,078</u>	<u>7.75</u>

36 DISABILITY SERVICES ACT

The Disability Services management Plan, as required by that Act, was reviewed during the year under review. Outcomes were met in accordance with the Plan and the provisions of the ACT.

The Plan includes:

- a. Information on Council functions, facilities and services;
- b. A policy statement about Council's commitment to addressing the issue of access for people with disabilities, their families and carers;
- c. A description of the process used to consult with people with disabilities, their families, carers, disabilities organizations and relevant community groups;
- d. The identification of objectives and strategies to overcome barriers that people with disabilities identified during the consultation period;
- e. A method of review and evaluation of the plan; and
- f. Information about how the plan is being communicated to staff and people with disabilities.

37 Record Keeping Plan

The Shire of Goomalling has prepared a Record Keeping Plan as required by the State Records Act 2000. The plan has been approved by the State Records Commission and the Shire of Goomalling is committed to ensuring record keeping practices comply with legislation.

Information sessions for staff will be undertaken to ensure that they are aware of the requirements of the State Records Act 2000 and these will be ongoing in order to evaluate the record keeping practices of the council. In addition induction programs have been established to address employee roles and responsibilities to enable compliance with the Record Keeping Plan.