

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

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Principal place of business: Address 32 Quinlan Street Goomallin WA 6460	

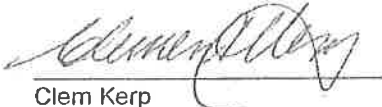
SHIRE OF GOOMALLING  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the *27<sup>th</sup>* day of November *2014*



Clem Kerp  
Chief Executive Officer

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

	NOTE	2014 \$	2014 Budget \$	2013 \$
<b>Revenue</b>				
Rates	22(a)	1,642,214	1,635,007	1,559,919
Operating Grants and Subsidies	28	494,803	421,686	722,044
Contributions, Reimbursements and Donations		215,280	157,848	227,935
Fees and Charges	27	1,250,181	1,240,920	1,309,310
Interest Earnings	2(a)	72,141	46,000	74,026
Other Revenue	2(a)	233,005	93,517	217,000
		<u>3,907,624</u>	<u>3,594,978</u>	<u>4,110,235</u>
<b>Expenses</b>				
Employee Costs		(1,824,679)	(1,670,278)	(1,910,337)
Materials and Contracts		(622,355)	(723,100)	(858,012)
Utility Charges		(265,270)	(200,850)	(222,055)
Depreciation on Non-Current Assets	2(a)	(1,092,824)	(641,545)	(1,210,056)
Interest Expenses	2(a)	(274,771)	(264,998)	(248,590)
Insurance Expenses		(193,921)	(227,350)	(203,668)
Other Expenditure		(827,818)	(348,459)	(193,075)
		<u>(5,101,638)</u>	<u>(4,076,580)</u>	<u>(4,845,793)</u>
		<u>(1,194,014)</u>	<u>(481,602)</u>	<u>(735,558)</u>
Non-Operating Grants, Subsidies and Contributions	28	646,622	1,567,071	1,135,117
Fair value adjustments to financial assets at fair value through profit or loss	2(a)	(142,465)	0	0
Profit on Asset Disposals	20	0	470,538	12,817
Loss on Asset Disposals	20	(12,465)	0	0
		<u>(702,322)</u>	<u>1,556,007</u>	<u>412,376</u>
<b>NET RESULT</b>				
<b>Other Comprehensive Income</b>				
Changes on Revaluation of Non-Current Assets	12	0	0	491,474
		<u>0</u>	<u>0</u>	<u>491,474</u>
<b>Total Other Comprehensive Income</b>		<u>0</u>	<u>0</u>	<u>491,474</u>
<b>Total Comprehensive Income</b>		<u><u>(702,322)</u></u>	<u><u>1,556,007</u></u>	<u><u>903,850</u></u>

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

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

	NOTE	2014 \$	2014 Budget \$	2013 \$
<b>Revenue</b>				
Governance		83,821	47,780	113,834
General Purpose Funding		1,894,389	1,874,971	2,168,889
Law, Order, Public Safety		66,606	64,900	60,883
Health		523,795	518,700	615,746
Education and Welfare		2,510	2,500	2,383
Housing		246,796	1,128,840	221,954
Community Amenities		274,561	281,321	270,271
Recreation and Culture		175,937	143,700	151,574
Transport		(29,294)	(950,250)	14,255
Economic Services		383,826	358,470	317,992
Other Property and Services		284,676	124,045	172,453
		<u>3,907,624</u>	<u>3,594,977</u>	<u>4,110,236</u>
<b>Expenses</b>				
Governance		(370,029)	(282,575)	(342,479)
General Purpose Funding		(49,608)	(22,000)	(44,640)
Law, Order, Public Safety		(108,878)	(108,595)	(102,405)
Health		(697,492)	(630,858)	(917,491)
Education and Welfare		(21,660)	(9,135)	(13,924)
Housing		(211,186)	(168,732)	(186,193)
Community Amenities		(381,205)	(341,900)	(354,562)
Recreation & Culture		(737,484)	(611,090)	(692,789)
Transport		(1,513,536)	(1,091,434)	(1,357,639)
Economic Services		(512,069)	(348,828)	(489,168)
Other Property and Services		(223,720)	(196,435)	(95,914)
		<u>(4,826,867)</u>	<u>(3,811,582)</u>	<u>(4,597,204)</u>
<b>Financial Costs</b>				
Governance		(19,391)	(5,000)	(12,661)
Housing		(5,714)	(5,138)	(22,777)
Recreation & Culture		0	(970)	(966)
Economic Services		(168,324)	(174,862)	(146,674)
Other Property and Services		(81,342)	(79,028)	(65,512)
	2(a)	<u>(274,771)</u>	<u>(264,998)</u>	<u>(248,590)</u>
<b>Fair value adjustments to financial assets at fair value through profit or loss</b>				
General Purpose Funding		(142,465)	0	0
		<u>(142,465)</u>	<u>0</u>	<u>0</u>
<b>Non-Operating Grants, Subsidies and Contributions</b>				
Transport		646,622	1,567,071	772,593
Economic Services		0	0	362,524
		<u>646,622</u>	<u>1,567,071</u>	<u>1,135,117</u>
<b>Profit/(Loss) on Disposal of Assets</b>				
Health		(12,465)	0	0
Economic Services		0	470,538	12,817
		<u>(12,465)</u>	<u>470,538</u>	<u>12,817</u>
<b>Net Result</b>		<u>(702,322)</u>	<u>1,556,006</u>	<u>412,376</u>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	12	0	0	491,474
<b>Total Other Comprehensive Income</b>		<u>0</u>	<u>0</u>	<u>491,474</u>
<b>Total Comprehensive Income</b>		<u>(702,322)</u>	<u>1,556,006</u>	<u>903,850</u>

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

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

	NOTE	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	356,059	1,315,850
Trade and Other Receivables	4	264,568	355,004
Inventories	5	39,680	38,735
<b>TOTAL CURRENT ASSETS</b>		<u>660,307</u>	<u>1,709,589</u>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	63,423	54,637
Inventories	5	996,997	1,234,462
Property, Plant and Equipment	6	17,535,071	17,838,598
Infrastructure	7	38,388,081	37,751,277
<b>TOTAL NON-CURRENT ASSETS</b>		<u>56,983,572</u>	<u>56,878,974</u>
<b>TOTAL ASSETS</b>		<u>57,643,879</u>	<u>58,588,563</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	345,698	206,317
Current Portion of Long Term Borrowings	9	411,945	449,889
Provisions	10	368,777	415,044
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,126,420</u>	<u>1,071,250</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	2,259,713	2,542,775
Provisions	10	18,549	33,017
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>2,278,262</u>	<u>2,575,792</u>
<b>TOTAL LIABILITIES</b>		<u>3,404,682</u>	<u>3,647,042</u>
		<u>54,239,196</u>	<u>54,941,521</u>
<b>EQUITY</b>			
Retained Surplus		23,065,927	23,768,250
Reserves - Cash Backed	11	1,000,000	1,000,001
Revaluation Surplus	12	30,173,269	30,173,269
<b>TOTAL EQUITY</b>		<u>54,239,196</u>	<u>54,941,521</u>

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

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2012</b>		23,105,874	1,250,001	29,681,795	54,037,671
Comprehensive Income		412,376	0	0	412,376
Net Result		412,376	0	0	412,376
Changes on Revaluation of Non-Current Assets	12	0	0	491,474	491,474
Total Comprehensive Income		412,376	0	491,474	903,850
Transfers from/(to) Reserves		250,000	(250,000)	0	0
<b>Balance as at 30 June 2013</b>		<b>23,768,250</b>	<b>1,000,001</b>	<b>30,173,269</b>	<b>54,941,521</b>
Comprehensive Income		(702,322)	0	0	(702,322)
Net Result		(702,322)	0	0	(702,322)
Changes on Revaluation of Non-Current Assets	12	0	0	0	0
Total Comprehensive Income		(702,322)	0	0	(702,322)
Transfers from/(to) Reserves		1	(1)	0	0
<b>Balance as at 30 June 2014</b>		<b>23,065,927</b>	<b>1,000,000</b>	<b>30,173,269</b>	<b>54,239,196</b>

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

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

	NOTE	2014 \$	2014 Budget \$	2013 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		1,531,393	1,626,029	1,532,373
Operating Grants and Subsidies		861,142	579,534	925,795
Fees and Charges		1,250,181	1,262,660	1,473,358
Interest Earnings		72,141	46,000	74,026
Goods and Services Tax		0	400,001	720,849
Other Revenue		233,005	136,833	217,000
		<u>3,947,862</u>	<u>4,051,057</u>	<u>4,943,401</u>
<b>Payments</b>				
Employee Costs		(1,885,414)	(1,698,872)	(1,752,916)
Materials and Contracts		(488,361)	(712,244)	(1,179,800)
Utility Charges		(265,270)	(200,851)	(222,055)
Interest Expenses		(270,329)	(227,350)	(203,668)
Insurance Expenses		(193,921)	(265,995)	(260,028)
Goods and Services Tax		0	(400,000)	(712,778)
Other Expenditure		(818,225)	(348,459)	(193,076)
		<u>(3,921,520)</u>	<u>(3,853,771)</u>	<u>(4,524,320)</u>
<b>Net Cash Provided By Operating Activities</b>	13(b)	<u>26,342</u>	<u>197,286</u>	<u>419,082</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of Property, Plant & Equipment		(299,170)	(2,262,100)	(695,471)
Payments for Construction of Infrastructure		(1,163,104)	(1,023,748)	(971,766)
Non-Operating Grants, Subsidies and Contributions		646,622	1,567,071	1,135,117
Proceeds from Sale of Fixed Assets		23,709	1,800,000	161,709
Proceeds from Land Held for Resale		95,000		
<b>Net Cash (Used in) Investment Activities</b>		<u>(696,943)</u>	<u>81,223</u>	<u>(370,411)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(171,285)	(275,100)	(222,542)
Repayment of Finance Leases		(127,284)	(213,108)	(177,614)
Proceeds from self supporting loans		31,819	0	0
Proceeds from Finance Leases		8,028	0	134,500
Loan Adjustment		(10,849)	0	0
Finance Lease Disposal		(19,617)	0	0
<b>Net Cash (Used in) Financing Activities</b>		<u>(289,188)</u>	<u>(488,208)</u>	<u>(265,656)</u>
<b>Net Increase (Decrease) in Cash Held</b>		<u>(959,789)</u>	<u>(209,699)</u>	<u>(216,986)</u>
Cash at Beginning of Year		1,315,850	1,320,029	1,532,833
<b>Rounding</b>		(2)	(2)	3
<b>Cash and Cash Equivalents at the End of the Year</b>	13(a)	<u><u>356,059</u></u>	<u><u>1,110,330</u></u>	<u><u>1,315,850</u></u>

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

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
<b>Revenue</b>				
Governance		83,821	47,780	113,834
General Purpose Funding		428,384	414,186	763,317
Law, Order, Public Safety		66,606	64,900	60,883
Health		523,795	518,700	615,746
Education and Welfare		2,510	2,500	2,383
Housing		246,796	1,128,840	221,954
Community Amenities		274,561	281,321	270,271
Recreation and Culture		143,437	143,700	151,574
Transport		649,828	616,821	786,848
Economic Services		383,826	358,470	680,516
Other Property and Services		284,676	124,045	172,453
		<u>3,088,240</u>	<u>3,701,263</u>	<u>3,839,780</u>
<b>Expenses</b>				
Governance		(370,029)	(287,575)	(355,140)
General Purpose Funding		(68,999)	(22,000)	(44,640)
Law, Order, Public Safety		(108,878)	(108,595)	(102,405)
Health		(697,492)	(630,858)	(917,491)
Education and Welfare		(21,660)	(9,135)	(13,924)
Housing		(216,900)	(173,870)	(208,970)
Community Amenities		(381,205)	(341,900)	(354,562)
Recreation and Culture		(737,484)	(612,060)	(693,755)
Transport		(1,513,536)	(1,091,434)	(1,357,639)
Economic Services		(680,393)	(523,690)	(635,842)
Other Property and Services		(305,062)	(275,463)	(161,426)
		<u>(5,101,638)</u>	<u>(4,076,580)</u>	<u>(4,845,793)</u>
<b>Net Result Excluding Rates</b>		<b>(2,013,398)</b>	<b>(375,317)</b>	<b>(1,006,013)</b>
<b>Adjustments for Cash Budget Requirements:</b>				
(Profit)/Loss on Asset Disposals	20	(12,465)	470,538	12,817
Book Value Assets Sold Written Back		131,174	1,329,462	148,892
Movement in Deferred Pensioner Rates (Non-Current)		(8,786)	0	836
Movement in Employee Benefit Provisions (Non-current)		(14,468)	0	(7,700)
Depreciation and Amortisation on Assets	2(a)	1,092,824	641,545	1,210,056
Long Service Leave Bank Increase		5,034	0	5,776
Lease Finance Liability Adjustment		(19,617)	0	0
Loan Liability Accrual Adjustment		(10,849)	0	0
<b>Capital Expenditure and Revenue</b>				
Purchase Land and Buildings	6(a)	(203,894)	(1,756,400)	(418,339)
Purchase Furniture and Equipment	6(a)	(27,498)	(55,700)	(21,482)
Purchase Plant and Equipment	6(a)	(41,401)	(50,000)	(248,020)
Purchase Swimming Pool and Equipment	6(a)	(26,377)		(7,630)
Purchase Roads	7(a)	(1,105,288)	(998,750)	(937,361)
Purchase Footpaths	7(a)	(55,087)		(34,405)
Purchase Other Infrastructure	7(a)	0	(25,000)	0
Purchase Sewerage	7(a)	(2,729)		0
Development of Land Held for Resale		0	(400,000)	0
Repayment of Debentures	21(a)	(171,285)	(275,100)	(177,614)
Repayment of Finance Leases		(127,284)	(213,108)	(222,542)
Proceeds from Lease Finance		8,028		134,500
Transfers to Reserves (Restricted Assets)	11	(41,500)	(41,000)	(169,301)
Transfers from Reserves (Restricted Assets)	11	41,501	0	419,301
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	209,528	288,045	122,183
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	(927,834)	0	209,528
<b>Total Amount Raised from General Rate</b>	<b>22(a)</b>	<b><u>(1,466,006)</u></b>	<b><u>(1,460,785)</u></b>	<b><u>(1,405,573)</u></b>

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



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

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

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**Critical Accounting Estimates**

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

**The Local Government Reporting Entity**

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

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

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

**(b) Goods and Services Tax (GST)**

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

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

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(c) Cash and Cash Equivalents**

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

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

**(d) Trade and Other Receivables**

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

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

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

**(e) Inventories**

***General***

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

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

***Land Held for Sale***

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

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets**

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

***Mandatory Requirement to Revalue Non-Current Assets***

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

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

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

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

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

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

***Land Under Control***

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

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

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Initial Recognition and Measurement between Mandatory Revaluation Dates***

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

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

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

***Revaluation***

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

***Transitional Arrangements***

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

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

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

***Early Adoption of AASB 13 - Fair Value Measurement***

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Land Under Roads***

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

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

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Depreciation***

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

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

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

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement seal	50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
Formed roads (unsealed) formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage 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 in the period in which they arise.

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

***Capitalisation Threshold***

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

Fair Value is the price that Council would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

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

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

***Fair Value Hierarchy***

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

***Valuation techniques***

The Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Council are consistent with one or more of the following valuation approaches:

**Market approach**

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Income approach**

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

**Cost approach**

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

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

**(h) Financial Instruments**

***Initial Recognition and Measurement***

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

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

***Classification and Subsequent Measurement***

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

Amortised cost is calculated as:

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

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



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Classification and Subsequent Measurement (Continued)***

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

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

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

*(iv) Available-for-sale financial assets*

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

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

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

*(v) Financial liabilities*

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Impairment***

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

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

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

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

***Derecognition***

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

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

**(i) Impairment of Assets**

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

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

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

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

**(j) Trade and Other Payables**

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Employee Benefits**

**Short-Term Employee Benefits**

Provision is made for the Council's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

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

**Other Long-Term Employee Benefits**

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

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

**(l) Borrowing Costs**

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(m) Provisions**

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

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

**(n) Leases**

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

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

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

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

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

**(o) Investment in Associates**

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

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

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(p) Interests in Joint Arrangements**

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

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

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

**(q) Rates, Grants, Donations and Other Contributions**

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

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

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

**(r) Superannuation**

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

**(s) Current and Non-Current Classification**

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

**(t) Rounding Off Figures**

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

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

**1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(u) Comparative Figures**

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

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

**(v) Budget Comparative Figures**

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

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 – Financial Instruments	December 2013	1 January 2017	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)  [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2013	1 January 2017	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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



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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Notes:**

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(x) Adoption of New and Revised Accounting Standards**

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

These new and revised standards were:

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

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

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

<b>2. REVENUE AND EXPENSES</b>	<b>2014</b>	<b>2013</b>	
	<b>\$</b>	<b>\$</b>	
<b>(a) Net Result</b>			
The Net Result includes:			
(i) Charging as an Expense:			
<b>Significant Expense</b>			
General Purpose Funding	<u>(142,465)</u>	<u>0</u>	
The significant expense relates to the reduction in the fair value of Land Held for Resale by the the Shire. (Refer to Note 5 for further details)			
<b>Auditors Remuneration</b>			
- Audit of the annual financial report	34,843	15,000	
<b>Depreciation</b>			
Land and Buildings	249,725	238,129	
Furniture and Equipment	99,026	159,266	
Plant and Equipment	193,424	292,465	
Swimming Pool and Equipment	24,348	0	
Roads	408,108	367,865	
Footpaths	36,582	0	
Drainage	19,144	0	
Sewerage	62,466	152,331	
	<u>1,092,823</u>	<u>1,210,056</u>	
<b>Interest Expenses (Finance Costs)</b>			
Debentures ( <i>refer Note 21.(a)</i> )	174,038	169,451	
Finance Lease Charges	81,342	67,372	
Bank Overdraft	19,391	11,767	
	<u>274,771</u>	<u>248,590</u>	
<b>Rental Charges</b>			
- Operating Leases	32,891	0	
	<u>32,891</u>	<u>0</u>	
(ii) Crediting as Revenue:			
<b>Significant Revenue</b>	<u>0</u>	<u>0</u>	
<b>Other Revenue</b>			
Other	233,005	217,000	
	<u>233,005</u>	<u>217,000</u>	
	<b>2014</b>	<b>2014</b>	<b>2013</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Interest Earnings</b>			
- Reserve Funds	41,500	41,000	38,170
- Other Funds	9,678	5,000	14,724
Other Interest Revenue ( <i>refer note 26</i> )	20,963	0	21,132
	<u>72,141</u>	<u>46,000</u>	<u>74,026</u>

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

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

**(b) Statement of Objective**

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

**GOVERNANCE**

**Objective:**

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

**Activities:**

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

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

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

**Activities:**

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

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

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

**EDUCATION AND WELFARE**

**Objective:**

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

**Activities:**

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

**HOUSING**

**Objective:**

To provide and maintain elderly residents housing.

**Activities:**

Provision and maintenance of elderly residents housing.

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

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

**(b) Statement of Objective (Continued)**

**COMMUNITY AMENITIES**

**Objective:**

To provide services required by the community.

**Activities:**

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

**RECREATION AND CULTURE**

**Objective:**

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

**Activities:**

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

**TRANSPORT**

**Objective:**

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

**Activities:**

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

**ECONOMIC SERVICES**

**Objective:**

To help promote the shire and its economic wellbeing.

**Activities:**

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

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control council's overheads operating accounts.

**Activities:**

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

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

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

(c) Conditions Over Grants/Contributions		Opening Balance <sup>(1)</sup> 1/07/12	Received <sup>(2)</sup> 2012/13	Expended <sup>(3)</sup> 2012/13	Closing Balance <sup>(1)</sup> 30/06/13	Received <sup>(2)</sup> 2013/14	Expended <sup>(3)</sup> 2013/14	Closing Balance 30/06/14
Grant/Contribution	Function/ Activity	\$	\$	\$	\$	\$	\$	\$
DLG - Workforce Planning	Governance	0	0		0	13,000	(13,000)	0
Grants Commission - General	Gen Purp Fund	0	328,813	(328,813)	0	175,204	(175,204)	0
Grants Commission - Roads	Transport	0	329,299	(329,299)	0	159,898	(159,898)	0
Aware Program	Law & Order	0	9,091	(7,645)	<b>1,446</b>	9,091	(9,091)	<b>1,446</b>
Crime Prevention CCTV	Law & Order	0	0	0	0	21,308	0	<b>21,308</b>
FESA Amin	Law & Order	0	4,000	(4,000)	0	4,000	(4,000)	0
Heart Foundation	Health	0	0		0	3,470	(3,470)	0
Goomalling Youth Mental Health	Health	0	0		0	10,000	(2,800)	<b>7,200</b>
NAIDOC Indigenous Development	Comm Amenities	0	0		0	2,000	0	<b>2,000</b>
Golf Club Tractor	Recreation	0	0		0	32,500	(32,500)	0
Health Way Grant	Recreation	0	3,000	(3,000)	0	31,500	(31,500)	0
Historical Flyer	Recreation	0	470	(470)	0	10,907	(10,907)	0
Healthway Coordinator Subsidy	Recreation	0	35,000	(35,000)	0	0	0	0
Heart Foundation	Recreation	0	700	(700)	0	0	0	0
Bike Week	Recreation	0	227	(227)	0	0	0	0
Skelton Weed Research	Economic Services	0	7,560	(7,560)	0	7,000	(7,000)	0
Work For The Dole	Economic Services	0	3,884	(3,884)	0	9,117	(9,117)	0
LgEEP Energy Efficient Grant	Economic Services	0	0	0	0	25,335	(25,335)	0
Dept of Families - Volunt Youth	Other Prop & Serv	0	0	0	0	2,500	(2,500)	0
National Youth Week	Other Prop & Serv	0	0	0	0	7,973	(7,973)	0
Schol Based Trainee	Other Prop & Serv	0	0	0	0	2,500	(2,500)	0
Roads to Recovery	Transport	0	172,648	(172,648)	0	172,651	(172,651)	0
Govt Grants - State Special	Transport	0	397,049	(397,049)	0	0	0	0
Govt Grants Tied MRWA Spec	Transport	0	60,186	(60,186)	0	64,423	(64,423)	0
MRWA Blackspot Funding	Transport	0	38,578	(38,578)	0	0	0	0
MRWA Contribution Upgrade	Transport	0	115,576	(115,576)	0	377,048	(377,048)	0
Royalties For Regions	Economic Services	207,565	294,149	(176,242)	<b>325,472</b>	0	(29,472)	<b>296,000</b>
Govt Grants - Slater Homestead	Economic Services	0	56,931	(56,931)	0	0	0	0
<b>Total</b>		<b>207,565</b>	<b>1,857,161</b>	<b>(1,737,808)</b>	<b>326,918</b>	<b>1,141,425</b>	<b>(1,140,389)</b>	<b>327,554</b>

**Notes:**

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

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

	Note	2014 \$	2013 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		(992,124)	(12,708)
Restricted		1,348,183	1,328,558
		<u>356,059</u>	<u>1,315,850</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Long Service Leave Reserve	11	126,334	121,300
Plant Replacement Reserve	11	204,402	201,058
Staff Housing Reserve	11	57,855	89,636
Aged Care Reserve	11	132,359	127,085
Vehicle Reserve	11	122,640	117,753
Community Bus Reserve	11	53,128	51,011
Sewerage Reserve	11	175,441	168,450
LCDC Reserve	11	11,366	11,448
Mortlock Lodge Reserve	11	3,412	3,701
Sport & Recreation Reserve	11	113,063	108,558
Otherr Restricted Cash			
Local Medical Practice		20,229	1,640
Unspent Grants	2(c)	327,954	326,918
		<u>1,348,183</u>	<u>1,328,558</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates Outstanding		164,154	75,608
Sundry Debtors		104,098	241,667
GST Receivable		0	0
Loans - Clubs/Institutions		6,916	38,735
Provision for Doubtful Debts		(10,600)	(1,006)
		<u>264,568</u>	<u>355,004</u>
<b>Non-Current</b>			
Rates Outstanding - Pensioners		57,033	48,247
Loans - Clubs/Institutions		0	0
Other		6,390	6,390
		<u>63,423</u>	<u>54,637</u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and Materials		8,959	8,014
History Books		30,721	30,721
		<u>39,680</u>	<u>38,735</u>
<b>Non-Current</b>			
Land Held for Resale - Cost			
Cost of Acquisition		1,139,462	1,234,462
Less Impairment Loss		(142,465)	0
		<u>996,997</u>	<u>1,234,462</u>

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

	2014	2013
	\$	\$
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings		
Land and Buildings at:		
- Independent Valuation 1/7/2011	18,020,421	18,020,421
- Cost	461,899	353,005
Less: Accumulated Depreciation	<u>(2,091,034)</u>	<u>(1,841,308)</u>
	16,391,286	16,532,118
Less: Subdivision Land Held For Resale	<u>(1,139,461)</u>	<u>(1,234,462)</u>
	<u>15,251,825</u>	<u>15,297,656</u>
Furniture and Equipment at:		
- Management Valuation 2013	776,539	776,539
- Additions after Valuation - Cost	17,498	0
Less Accumulated Depreciation	<u>(401,078)</u>	<u>(312,052)</u>
	<u>392,959</u>	<u>464,487</u>
Plant and Equipment at:		
- Management Valuation 2013	2,034,137	2,034,137
- Additions/(Disposals) after Valuation - Cost	(34,550)	0
Less Accumulated Depreciation	<u>(525,087)</u>	<u>(371,439)</u>
	<u>1,474,500</u>	<u>1,662,698</u>
Swimming Pool and Equipment at:		
- Management Valuation 2013	675,991	675,991
- Additions after Valuation - Cost	26,378	0
Less Accumulated Depreciation	<u>(286,582)</u>	<u>(262,234)</u>
	<u>415,787</u>	<u>413,757</u>
	<u>17,535,071</u>	<u>17,838,598</u>



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

**6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

**Land and Buildings:**

Land and Buildings were revalued in 2012.

Whilst the additions since that time are shown at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. Thus, the value is considered in accordance with Local Government (Financial Management) Regulation 17A (2) which requires these assets to be shown at fair value.

**Furniture and Equipment**

**Plant and Equipment:**

**Swimming Pool and Equipment:**

Furniture and equipment, plant and equipment And swimming pool and equipment were all revalued in 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A.

Whilst the additions since that time are shown at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. Thus, the value is considered in accordance with Local Government (Financial Management) Regulation 17A (2) which requires these assets to be shown at fair value.

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Balance at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements)	Impairment (Losses)/ Reversals	Depreciation (Expense)	Carrying Amount at the End of Year
	\$	\$	\$	\$	\$	\$	\$
Land and Buildings (Level 2)	16,532,118	203,894	(95,000)	0	0	(249,725)	16,391,287
Less: Land Held for Resale (Level 2)	(1,234,462)						(1,139,462)
Land and Buildings (Level 2)	15,297,656	203,894	(95,000)	0	0	(249,725)	15,156,825
Furniture and Equipment (Level 3)	464,487	27,498	(10,000)	0	0	(89,026)	392,959
Plant and Equipment (Level 2)	1,662,698	41,401	(75,950)	0	0	(153,648)	1,474,501
Swimming Pool and Equipment (Level 2)	413,757	26,377	0	0	0	(24,348)	415,786
<b>Total Property, Plant and Equipment</b>	<b>17,838,598</b>	<b>299,170</b>	<b>(180,950)</b>	<b>0</b>	<b>0</b>	<b>(516,747)</b>	<b>17,440,071</b>

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

	2014 \$	2013 \$
<b>7. INFRASTRUCTURE</b>		
Roads		
- Valuation	20,012,261	20,012,261
- Additions after Valuation - Cost	25,346,136	24,240,848
Less Accumulated Depreciation	<u>(12,157,056)</u>	<u>(11,748,941)</u>
	<u>33,201,342</u>	<u>32,504,168</u>
Footpaths		
- Cost	1,463,270	1,408,183
Less Accumulated Depreciation	<u>(409,466)</u>	<u>(372,884)</u>
	<u>1,053,804</u>	<u>1,035,299</u>
Drainage		
- Cost	1,435,855	1,435,854
Less Accumulated Depreciation	<u>(805,054)</u>	<u>(785,910)</u>
	<u>630,800</u>	<u>649,944</u>
Sewerage		
- Valuation 2012	4,067,085	4,067,085
- Additions after Valuation - Cost	2,729	0
Less Accumulated Depreciation	<u>(567,684)</u>	<u>(505,219)</u>
	<u>3,502,129</u>	<u>3,561,866</u>
	<u>38,388,081</u>	<u>37,751,277</u>

**Sewerage Infrastructure Assets:**

Sewerage Infrastructure assets were revalued in 2012.

Whilst the additions since that time are shown at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. Thus, the value is considered in accordance with Local Government (Financial Management) Regulation 17A (2) which requires these assets to be shown at fair value.

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

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Roads	32,504,168	1,105,288	0	0	0	(408,108)	33,201,348
Footpaths	1,035,299	55,087	0	0	0	(36,582)	1,053,804
Drainage	649,944	0	0	0	0	(19,144)	630,800
Sewerage	3,561,866	2,729	0	0	0	(62,466)	3,502,129
<b>Total</b>	<b>37,751,277</b>	<b>1,163,104</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(526,300)</b>	<b>38,388,081</b>

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

	2014	2013
	\$	\$
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	322,486	187,547
Accrued Interest on Debentures	23,212	18,770
	345,698	206,317

**9. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by Floating Charge Debentures	248,984	176,873
Lease Liability	162,961	273,016
	411,945	449,889
<b>Non-Current</b>		
Secured by Floating Charge Debentures	1,889,114	2,143,358
Lease Liability	370,599	399,417
	2,259,713	2,542,775

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

Analysis of Total Provisions

Current	368,777	415,044
Non-Current	18,549	33,017
	387,326	448,061

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2013	228,757	219,304	448,061
Additional provision	0	0	0
Amounts used	(57,017)	(3,718)	(60,735)
Balance at 30 June 2014	171,740	215,586	387,326

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

	2014 \$	2014 Budget \$	2013 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Leave Reserve</b>			
Opening Balance	121,300	121,300	115,524
Amount Set Aside / Transfer to Reserve	5,034	4,952	5,776
Amount Used / Transfer from Reserve	0	0	0
	<u>126,334</u>	<u>126,252</u>	<u>121,300</u>
<b>(b) Plant Replacement Reserve</b>			
Opening Balance	201,058	201,058	300,274
Amount Set Aside / Transfer to Reserve	8,344	8,142	15,014
Amount Used / Transfer from Reserve	(5,000)	0	(114,230)
	<u>204,402</u>	<u>209,200</u>	<u>201,058</u>
<b>(c) Bitumen Reserve</b>			
Opening Balance	0	0	6,743
Amount Set Aside / Transfer to Reserve	0	0	297
Amount Used / Transfer from Reserve	0	0	(7,041)
	<u>0</u>	<u>0</u>	<u>0</u>
<b>(d) Staff Housing Reserve</b>			
Opening Balance	89,636	89,635	85,367
Amount Set Aside / Transfer to Reserve	3,720	3,685	4,268
Amount Used / Transfer from Reserve	(35,500)	0	0
	<u>57,855</u>	<u>93,320</u>	<u>89,636</u>
<b>(e) Aged Care Reserve</b>			
Opening Balance	127,085	209,252	121,033
Amount Set Aside / Transfer to Reserve	5,274	5,183	6,052
Amount Used / Transfer from Reserve	0	0	0
	<u>132,359</u>	<u>214,435</u>	<u>127,085</u>
<b>(f) Vehicle Reserve</b>			
Opening Balance	117,753	117,752	199,284
Amount Set Aside / Transfer to Reserve	4,887	4,810	9,968
Amount Used / Transfer from Reserve	0	0	(91,500)
	<u>122,640</u>	<u>122,562</u>	<u>117,753</u>
<b>(g) Community Bus Reserve</b>			
Opening Balance	51,011	51,011	48,582
Amount Set Aside / Transfer to Reserve	2,117	2,140	2,429
Amount Used / Transfer from Reserve	0	0	0
	<u>53,128</u>	<u>53,151</u>	<u>51,011</u>
<b>(h) Sewerage Reserve</b>			
Opening Balance	168,450	133,451	127,096
Amount Set Aside / Transfer to Reserve	6,991	6,838	41,354
Amount Used / Transfer from Reserve	0	0	0
	<u>175,441</u>	<u>140,289</u>	<u>168,450</u>
<b>(i) LCDC Reserve</b>			
Opening Balance	11,448	12,020	11,448
Amount Set Aside / Transfer to Reserve	475	559	572
Amount Used / Transfer from Reserve	(557)	0	(572)
	<u>11,366</u>	<u>12,579</u>	<u>11,448</u>

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

	2014 \$	2014 Budget	2013 \$
<b>11. RESERVES - CASH BACKED (Continued)</b>			
<b>(j) Mortlock Lodge Reserve</b>			
Opening Balance	3,701	3,701	3,525
Amount Set Aside / Transfer to Reserve	154	249	176
Amount Used / Transfer from Reserve	(443)	0	0
	<u>3,412</u>	<u>3,950</u>	<u>3,701</u>
<b>(k) Sport &amp; Recreation Reserve</b>			
Opening Balance	108,558	108,559	31,960
Amount Set Aside / Transfer to Reserve	4,505	4,442	76,598
Amount Used / Transfer from Reserve	0	0	0
	<u>113,063</u>	<u>113,001</u>	<u>108,558</u>
<b>(l) Office Equipment Reserve</b>			
Opening Balance	0	0	2,785
Amount Set Aside / Transfer to Reserve	0	0	99
Amount Used / Transfer from Reserve	0	0	(2,884)
	<u>0</u>	<u>0</u>	<u>0</u>
<b>(m) Sanitation Reserve</b>			
Opening Balance	0	0	468
Amount Set Aside / Transfer to Reserve	0	0	20
Amount Used / Transfer from Reserve	0	0	(488)
	<u>0</u>	<u>0</u>	<u>0</u>
<b>(n) Staff Training Reserve</b>			
Opening Balance	0	4,708	4,484
Amount Set Aside / Transfer to Reserve	0	0	145
Amount Used / Transfer from Reserve	0	0	(4,629)
	<u>0</u>	<u>4,708</u>	<u>0</u>
<b>(o) Two Way Radio Reserve</b>			
Opening Balance	0	1,459	1,389
Amount Set Aside / Transfer to Reserve	0	0	30
Amount Used / Transfer from Reserve	0	0	(1,419)
	<u>0</u>	<u>1,459</u>	<u>0</u>
<b>(p) S.E.E.D. Reserve</b>			
Opening Balance	0	199,538	190,036
Amount Set Aside / Transfer to Reserve	0	0	6,502
Amount Used / Transfer from Reserve	0	0	(196,538)
	<u>0</u>	<u>199,538</u>	<u>0</u>
<b>TOTAL RESERVES</b>	<u>1,000,000</u>	<u>1,294,444</u>	<u>1,000,001</u>
Total Opening Balance	1,000,001	1,253,444	1,250,001
Total Amount Set Aside / Transfer to Reserve	41,500	41,000	169,301
Total Amount Used / Transfer from Reserve	(41,501)	0	(419,301)
<b>TOTAL RESERVES</b>	<u>1,000,000</u>	<u>1,294,444</u>	<u>1,000,001</u>

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

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

**11. RESERVES - CASH BACKED (continued)**

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

- (a) Leave Reserve**  
- to be used to fund annual and long service leave requirements
- (b) Plant Replacement Reserve**  
- to be used for the future replacement of plant.
- (c) Bitumen Reserve**  
- to be used to fund future maintenance of existing roads and the construction of new bitumen roads
- (d) Staff Housing Reserve**  
- to be used for the maintenance, upgrading and construction of new housing for Council's employees or public rental housing.
- (e) Aged Care Reserve**  
- to be utilised to provide for the needs of the aged.
- (f) Vehicle Reserve**  
- to be used for the purchase of motor vehicles and utilities if at a future date Council ceases to lease the same.
- (g) Community Bus Reserve**  
- to be used to fund the purchase of a new community bus.
- (h) Sewerage Reserve**  
- to be used to maintain and upgrade the sewerage scheme in the Goomalling townsite.
- (i) LCDC Reserve**  
- to be used to fund Landcare activities.
- (j) Mortlock Lodge Reserve**  
- to be used for maintenance and improvements to the Mortlock Retirement units.
- (k) Sport & Recreation Reserve**  
- to be used for the upgrading and improvements to sporting and recreational facilities within the Sh
- (l) Office Equipment Reserve**  
- to be used for the purchase of new office equipment.
- (m) Sanitation Reserve**  
- to be used to maintain and improve sanitation services to the community.
- (n) Staff Training Reserve**  
- to be used for future training of Council's staff.

The Leave and Plant Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.



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

<b>12. REVALUATION SURPLUS</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
<b>(a) Land &amp; Buildings</b>		
Opening Balance	6,589,534	0
Revaluation Increment	0	6,589,534
Revaluation Decrement		
	<u>6,589,534</u>	<u>6,589,534</u>
<b>(b) Furniture &amp; Equipment</b>		
Opening Balance	232,717	0
Revaluation Increment	0	232,717
Revaluation Decrement		
	<u>232,717</u>	<u>232,717</u>
<b>(c) Plant &amp; Equipment</b>		
Opening Balance	133,362	0
Revaluation Increment	0	889,311
Revaluation Decrement		(755,949)
	<u>133,362</u>	<u>133,362</u>
<b>(d) Swimming Pool</b>		
Opening Balance	38,121	0
Revaluation Increment	0	38,121
Revaluation Decrement		
	<u>38,121</u>	<u>38,121</u>
<b>(e) Roads</b>		
Opening Balance	20,012,261	20,012,261
Revaluation Increment	0	0
Revaluation Decrement		
	<u>20,012,261</u>	<u>20,012,261</u>
<b>(f) Sewerage</b>		
Opening Balance	3,167,274	3,080,000
Revaluation Increment	0	87,274
Revaluation Decrement		
	<u>3,167,274</u>	<u>3,167,274</u>
<b>TOTAL ASSET REVALUATION SURPLUS</b>	<u>30,173,269</u>	<u>30,173,269</u>

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

**13. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	2014 \$	2014 Budget \$	2013 \$
Cash and Cash Equivalents	<u>356,059</u>	<u>1,110,328</u>	<u>1,315,850</u>

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

Net Result	(702,322)	1,556,007	412,376
Depreciation	1,092,823	641,545	1,210,056
(Profit)/Loss on Sale of Asset	12,465	(470,538)	(12,817)
Impairment Loss	142,465		
(Increase)/Decrease in Receivables	40,237	56,079	138,378
(Increase)/Decrease in Inventories	(944)	(3,115)	(7,521)
Increase/(Decrease) in Payables	139,381	12,973	(343,694)
Increase/(Decrease) in Employee Provisions	(60,735)	(28,594)	157,421
Grants Contributions for the Development of Assets	(646,622)	(1,567,071)	(1,135,117)
Net Cash from Operating Activities	<u>16,748</u>	<u>197,286</u>	<u>419,082</u>

**(c) Undrawn Borrowing Facilities  
Credit Standby Arrangements**

Bank Overdraft limit	500,000	500,000	500,000
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	10,000	10,000	10,000
Credit Card Balance at Balance Date	0	0	0
<b>Total Amount of Credit Unused</b>	<u>510,000</u>	<u>510,000</u>	<u>510,000</u>

**Loan Facilities**

Loan Facilities - Current	411,945	488,208	449,889
Loan Facilities - Non-Current	2,259,713	1,874,902	2,542,775
<b>Total Facilities in Use at Balance Date</b>	<u>2,671,658</u>	<u>2,363,110</u>	<u>2,992,664</u>

<b>Unused Loan Facilities at Balance Date</b>	<u>NIL</u>		<u>NIL</u>
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**SHIRE OF GOOMALLING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**14. CONTINGENT LIABILITIES**

There were no known contingent liabilities as at 30 June 2014.

<b>15. CAPITAL AND LEASING COMMITMENTS</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Finance Lease Commitments</b>		
Non-cancellable finance leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	28,316	271,952
- later than one year but not later than five years	633,644	595,441
- later than five years	0	0
Total Lease Payments	661,960	867,393
Less Future Finance Charges	(128,401)	(194,960)
Total Lease Liability	533,559	672,433

**(b) Operating Lease Commitments**

During the year ended 30 June 2014 the council entered into a number of operating lease arrangements for the hire of plant required by the council to maintain and carry out various works and services detailed in the annual budget adopted by council.

The cost of leases for the year under review amounted to \$32,891.

**(c) Capital Commitments**

The Shire did not have any future capital expenditure commitments at the reporting date.

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

**16. JOINT VENTURE ARRANGEMENTS**

The Shire of Goomalling together with the Shire of Toodyay have a joint venture arrangement with regard to the provision of a Sport and Recreation Coordinator. The only assets are miscellaneous equipment. In addition, the Shire has entered into an arrangement with the DFES and the Shire of Toodyay in respect to providing Fire and Emergency services in the region. The assets used in the levy of services are shared on the basis of 70% by DFES and 15% each by Toodyay and Shire of Goomalling.

**17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Governance	11,559	11,718
General Purpose Funding	23,118	23,435
Law, Order, Public Safety	809,143	820,240
Health	288,980	292,943
Education and Welfare	0	0
Housing	231,184	234,354
Community Amenities	346,776	351,531
Recreation and Culture	3,120,981	3,163,782
Transport	49,612,031	50,292,422
Economic Services	173,388	175,766
Other Property and Services	2,333,168	2,519,308
Unallocated	693,551	703,063
	<u>57,643,879</u>	<u>58,588,562</u>

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

	2014	2013	2012
<b>18. FINANCIAL RATIOS</b>			
Current Ratio	(0.69)	0.40	1.75
Asset Sustainability Ratio	1.34	1.38	1.50
Debt Service Cover Ratio	0.38	1.73	2.91
Operating Surplus Ratio	(0.38)	(0.23)	(0.09)
Own Source Revenue Coverage Ratio	0.62	0.65	0.53

The above ratios are calculated as follows:

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

**Notes:**

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

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

**19. TRUST FUNDS**

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

	Balance 1 July 2013 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2014 \$
Financial Assistance Grants	14,630	0	(14,630)	0
FES grant 1415	0	11,633	0	11,633
Rental Bonds	7,584	1,560	0	9,144
Police Licencing	0	774,513	(774,513)	0
Slater Homestead Donation	12,781	450	(11,788)	1,443
Konno Special Plate	670	0	0	670
Mortlock Farm	1,542	0	0	1,542
Accrued AL & LSL Beactive	11,463	0	0	11,463
Amazing Race	5,628	0	(5,628)	0
Youth Group Activities	105	0	0	105
Goom/Wong Wmn's Fotball	(93)	0	0	(93)
Pioneers Pathway Sign	21,289	6,265	0	27,554
Skeleton Weed	7,079	207	0	7,286
Goom Biggest Loser	(1,000)	0	0	(1,000)
	<u>81,678</u>			<u>69,747</u>

**20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Plant and Equipment</b>						
Health						
2010Ford XR's Sdn	12,465	0	0	0	(12,465)	0
Transport						
Ford BF Falcon XT	4,091	0	4,091	0	0	0
Economic Services						
2010Ford Futura Sdn	10,831	0	10,831	0	0	0
2010 Ford XT Sdn	8,787	0	8,787	0	0	0
Lot 205 Hennessey	95,000	1,329,462	95,000	1,800,000	0	470,538
	<u>131,174</u>	<u>1,329,462</u>	<u>118,709</u>	<u>1,800,000</u>	<u>(12,465)</u>	<u>470,538</u>

Profit	0	470,538
Loss	(12,465)	0
	<u>(12,465)</u>	<u>470,538</u>

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

**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1 July 2013 \$	New Loans \$	Principal Repayments		Principal 30 June 2014		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Housing</b>								
Loan 98 - Community Bank Housing*	24,905		16,269	17,132	8,636	0	1,145	857
Loan 98 - Young Peoples Housing	24,905		16,270	17,132	8,635	0	1,145	857
Loan 101 - Tradesmans Residence	56,730		18,841	17,248	37,889	39,540	3,424	3,424
<b>Economic Services</b>								
Loan 105 - Slater Homestead	95,424		0	6,278	95,424	89,146	7,300	7,272
Loan 104 - Rural Transaction Centre	318,088		0	72,557	318,088	245,531	24,334	24,238
Loan 106 - Rural Transaction Centre	463,995		9,171	27,741	454,824	436,715	40,823	43,027
Loan 108 - Grange & Salmon Gums Subdivisions	1,336,186		121,584	117,012	1,214,602	1,223,144	95,867	100,325
					0	0		
	2,320,233	0	182,135	275,100	2,138,098	2,034,076	174,038	180,000

(\*) Self supporting loan financed by payments from third parties.  
All other loan repayments were financed by general purpose revenue.

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

**21. INFORMATION ON BORROWINGS (Continued)**

(b) New Debentures - 2013/14

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

(c) Unspent Debentures

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

(d) Overdraft

Council established an overdraft facility of \$500,000 to assist with short term liquidity requirements. The facility was used during the year. The balance of the bank overdraft at 30 June 2014 was \$652,868.70.



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

**22. RATING INFORMATION - 2013/14 FINANCIAL YEAR**

(a) Rates	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>RATE TYPE</b>											
Differential General Rate / General Rate											
GRV - District	0.1026	228	1,604,880	164,661			164,661	159,440			159,440
UV - Rural Zone 2	0.0049	56	20,786,000	102,371			102,371	102,371			102,371
UV - Special Rural Zone	0.0098	16	1,861,000	18,322			18,322	18,322			18,322
UV - General Zone 3	0.0065	237	145,142,000	938,488			938,488	938,488			938,488
CBH Exgratia Contribution				12,647			12,647	12,647			12,647
ExGratia Other				843			843	843			843
<b>Sub-Totals</b>		537	169,393,880	1,237,332	0	0	1,237,332	1,232,111	0	0	1,232,111
<b>Minimum Payment</b>											
GRV - District	775	201	926,410	155,775			155,775	155,775			155,775
UV - General Zone 3	900	81	6,590,922	72,900			72,900	72,900			72,900
IUV - Mining				0			0	0			0
UV - Commercial/Industrial				0			0	0			0
<b>Sub-Totals</b>		282	7,517,332	228,675	0	0	228,675	228,675	0	0	228,675
Ex-Gratia Rates							1,466,007				1,460,786
Discounts (refer note 25.)							0				0
<b>Total Amount Raised From General Rate</b>							<b>1,466,007</b>				<b>1,460,786</b>
Sewerage Rates (refer note 23.)							176,208				174,221
<b>Totals</b>							<b>1,642,215</b>				<b>1,635,007</b>

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

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

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

	2014 (30 June 2014 Carried Forward) \$	2014 (1 July 2013 Brought Forward) \$	2013 (30 June 2013 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 13 Brought Forward</b>	<u>(927,834)</u>	<u>209,528</u>	<u>209,528</u>
<b>Comprises:</b>			
Cash and Cash Equivalents			
Unrestricted	(992,124)	(12,708)	(12,708)
Restricted	1,348,183	1,328,558	1,328,558
Receivables			
Rates Outstanding	164,154	75,608	75,608
Sundry Debtors	104,098	241,667	241,667
Loans - Clubs/Institutions	6,916	38,735	38,735
Provision for Doubtful Debts	(10,600)	(1,006)	(1,006)
Inventories			
Fuel and Materials	8,959	8,014	8,014
History Books	30,721	30,721	30,721
<b>Less:</b>			
Trade and other Payables			
Sundry Creditors	(322,486)	(187,547)	(187,547)
Accrued Interest on Debentures	(23,212)	(18,770)	(18,770)
Current Portion of Long Term Borrowings			
Secured by Floating Charge Debentures	(248,984)	(176,873)	(176,873)
Lease Liability	(162,961)	(273,016)	(273,016)
Provisions			
Provision for Annual Leave	(171,740)	(228,757)	(228,757)
Provision for Long Service Leave	(197,037)	(186,287)	(186,287)
<b>Net Current Assets</b>	<u><b>(466,113)</b></u>	<u><b>638,339</b></u>	<u><b>638,339</b></u>
<b>Less:</b>			
Reserves - Restricted Cash	(1,000,000)	(1,000,000)	(1,000,000)
Land Held for Resale - Cost			
Cost of Acquisition	0	(112,981)	(112,981)
Development Costs	0	0	0
Loans - Clubs/Institutions	(6,916)	(38,735)	(38,735)
Add:			
Secured by Floating Charge Debentures	248,984	176,873	176,873
Loan Liability Accrual Adjustment	(19,617)		
Lease Liability	162,961	273,016	273,016
Lease Finance Liability Adjustment	(10,094)	0	0
<b>Surplus/(Deficit)</b>	<u><b>(927,834)</b></u>	<u><b>209,528</b></u>	<u><b>209,528</b></u>

**Difference**

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

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

**23. SEWERAGE RATES - 2013/14 FINANCIAL YEAR**

	Rate in Cents in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
<b>Goomalling Town Sewerage</b>							
Scheme Operating Expenses						164,380	125,000
Transfer to Reserve Account						6,991	6,838
- Rate	7.52	GRV		175,383	174,221		
- Interim Rate				825	1,575		
- Back Rate				176,208	175,796	171,371	131,838

The sewerage rate for the Goomalling Town Sewerage Scheme is levied on property assessments within the townsite which are connected to the sewerage scheme. It is used to contribute towards the scheme operating expenses, with any rates to so applied transferred to the sewerage reserve.

**24. SERVICE CHARGES - 2013/14 FINANCIAL YEAR**

The Shire did not impose any service charges.

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

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

No discount on rates is available.

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

	<b>Interest Rate</b> %	<b>Admin. Charge</b> \$	<b>Revenue</b> \$	<b>Budgeted Revenue</b> \$
Interest on Unpaid Rates	11.00%		16,975	14,000
Interest on Instalments Plan	5.50%			5,000
Charges on Instalment Plan		5	1,885	2,000
Pensioner Deferred Rate Interest	0		0	0
			<b>18,860</b>	<b>21,000</b>

Ratepayers had the option of paying rates in four equal instalments, due on 16th September 2013, 16th Month 2013, 16th January 2014 and 16th March 2014. Administration charges and interest applied for the final three instalments.

<b>27. FEES &amp; CHARGES</b>	<b>2014</b> \$	<b>2013</b> \$
Governance	3,453	985
General Purpose Funding	2,728	16,558
Law, Order, Public Safety	53,515	51,792
Health	522,387	565,754
Education and Welfare	427	576
Housing	213,812	187,885
Community Amenities	95,600	98,810
Recreation and Culture	33,930	36,847
Transport	260	142
Economic Services	239,610	219,221
Other Property and Services	84,459	130,740
	<u>1,250,181</u>	<u>1,309,310</u>

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

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

**28. GRANT REVENUE**

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

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature or Type:</b>		
Operating Grants, Subsidies and Contributions	494,803	722,044
Non-Operating Grants, Subsidies and Contributions	<u>646,622</u>	<u>1,135,117</u>
	<u><u>1,141,425</u></u>	<u><u>1,857,161</u></u>
<b>By Program:</b>		
Governance	13,000	0
General Purpose Funding	335,102	658,112
Law, Order, Public Safety	34,399	13,091
Health	13,470	0
Community Amenities	2,000	0
Recreation and Culture	74,907	39,397
Transport	614,122	784,037
Economic Services	41,452	362,524
Other Property and Services	<u>12,973</u>	<u>0</u>
	<u><u>1,141,425</u></u>	<u><u>1,857,161</u></u>

**29. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u><u>29</u></u>	<u><u>29</u></u>
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**30. ELECTED MEMBERS REMUNERATION**

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

	<b>2014</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Meeting Fees	24,414	15,000	18,525
President's Allowance	2,500	2,500	2,500
Deputy President's Allowance	625	500	500
Travelling Expenses	<u>4,022</u>	<u>8,000</u>	<u>5,497</u>
	<u><u>31,561</u></u>	<u><u>26,000</u></u>	<u><u>27,022</u></u>

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

**31. 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 lots in Grange Street, the sale will be by tender process at market valuations. The proceeds from the sale of the two rural 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

<b>Salmon Gums Subdivision</b>		\$	\$
Development Expenses	2007-2008	361,983	
	2008-2009	64,794	
	2009-2010	131,128	
	2010-2011	76,162	
	2011-2012	<u>1,276</u>	635,343
<b>Grange Subdivision</b>			
Development Expenses	2007-2008	46,957	
	2008-2009	340,678	
	2009-2010	329,693	
	2010-2011	61,415	
	2011-2012	<u>7,660</u>	786,403
Development Expenses		<u>(282,284)</u>	(282,284)
Impairment Loss	2013-2014	<u>(142,465)</u>	(142,465)
Book Value of Development			996,997
Plus Interest on Borrowings	2007-2008	46,381	
	2008-2009	63,483	
	2009-2010	44,399	
	2010-2011	14,026	
	2011-2012	57,376	
	2012-2013	104,820	
	2013-2014	<u>95,867</u>	426,352
Total Costs of Development to Date			<u><u>1,423,349</u></u>

To date the council has 14 blocks still for sale. Based on the development cost to date plus interest on borrowings, the unit cost of remaining blocks are on average \$101,668 each.

The cause for the above impairment loss was the effects of the global financial crisis which commenced in september 2007. Prior to the initial commencement of the GFC, Council had buyers for all eight lots in the Grange Street subdivision with a waiting list of a further two buyers. However, the sale of all lots subsequently fell through and eight of the ten interested buyers cancelled their purchases. The lots are now impaired as the recoverable amount appears to be less than the development expenses recorded.

(c) The council raised loans of \$1.5Million to finance the above sub division costs.

**32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

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

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

**33. FINANCIAL RISK MANAGEMENT**

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

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

*The Council held the following financial instruments at balance date:*

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	356,059	1,315,850	356,059	1,315,850
Receivables	274,162	355,004	274,162	355,004
Land Held For Resale at Cost	1,139,462	1,234,462	1,139,462	1,234,462
	<u>1,769,683</u>	<u>2,905,316</u>	<u>1,769,683</u>	<u>2,905,316</u>
<b>Financial Liabilities</b>				
Payables	345,698	206,317	345,698	206,317
Borrowings	2,671,658	2,992,664	2,671,658	2,992,664
	<u>3,017,356</u>	<u>3,198,981</u>	<u>3,017,356</u>	<u>3,198,981</u>

Fair value is determined as follows:

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

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

**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

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

**Available-for-sale financial assets**

**Held-to-maturity investments**

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

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

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

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

Council manages these risks by diversifying its portfolio and only investing in registered commercial banks. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	8,360	14,243
- Statement of Comprehensive Income	8,360 <sup>(2)</sup>	14,243 <sup>(2)</sup>

*Notes:*

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

<sup>(2)</sup> Maximum impact.



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

**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Receivables**

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

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

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

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

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

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

	<b>2014</b>	<b>2013</b>
<b>Percentage of Rates and Annual Charges</b>		
- Current	90%	90%
- Overdue	10%	10%
<b>Percentage of Other Receivables</b>		
- Current	55%	67%
- Overdue	45%	33%

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

**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables  
 Borrowings**

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

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

	<u>2014</u>	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	322,486	0	0	0	322,486	322,486
Borrowings	46,165	659,256	3,016,147	3,721,568	2,671,658	2,671,658
	<u>368,651</u>	<u>659,256</u>	<u>3,016,147</u>	<u>4,044,054</u>	<u>2,994,144</u>	<u>2,994,144</u>
Payables	187,547	0	0	0	187,547	187,547
Borrowings	325,920	774,869	3,171,942	4,272,731	2,992,664	2,992,664
	<u>513,467</u>	<u>774,869</u>	<u>3,171,942</u>	<u>4,460,278</u>	<u>3,180,211</u>	<u>3,180,211</u>

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

**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables**  
**Borrowings (Continued)**

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<b>Year Ended 30 June 2014</b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures	17,271	37,889	0	0	0	2,082,938	2,138,098	7.86%
Weighted Average Effective Interest Rate	6.63%	6.54%	-	-	-	7.89%		
<b>Year Ended 30 June 2013</b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures	-	49,810	56,730	0	0	2,213,693	2,320,233	7.83%
Weighted Average Effective Interest Rate	-	6.63%	6.54%	-	-	7.86%		



# Anderson Munro & Wyllie

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## INDEPENDENT AUDIT REPORT TO THE ELECTORS OF THE SHIRE OF GOOMALLING

### Scope

We have audited the financial report of Shire of Goomalling for the year ended 30 June 2014. The financial report comprises the Statement by Chief Executive Officer, Statements of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement, Rate Setting Statement and accompanying notes to the financial statements.

The Council is responsible for the preparation of a financial report which provides a true and fair view of the financial performance and position of the council in accordance with the Local Government Act 1995, and Regulations. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for accounting policies and estimates inherent to the financial report.

### Audit Approach

We conducted an independent audit of the financial report in order to express an opinion on it to the electors of the Shire of Goomalling. Our audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore an audit cannot guarantee that all misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995, and Regulations, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Council's financial position, and of their performance which is represented by the results of operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining on a test basis, information to provide evidence, supporting the amounts and disclosures in the financial report.
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the directors.

Whilst we considered the effectiveness of managements internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions were accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the executive and management of the Shire of Goomalling.



### Independence

Anderson Munro & Wyllie are independent of the Shire of Goomalling, and have met the independence requirements of Australian professional ethical pronouncements and the Local Government Act 1995.

The audit opinion expressed in this report has been formed on the above basis.

### Audit Opinion

In our opinion, the financial statements of the Shire of Goomalling are properly drawn up:

- a) So as to give a true and fair view of the state of affairs of the Shire as at 30 June 2014 and the results of its operations and cash flows for the year then ended;
- b) In accordance with the requirements of the Local Government Act 1995; and
- c) In Accordance with Applicable Australian Accounting Standards.

### Other Matters

During the course of our audit we noted the following issues regarding the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996:

- a) We noted that the auditor's report for the 2012/2013 financial year was not received by the local government by 31 December 2013 as is required by *Local Government Act 1995 section 7.9(1)*.
- b) We noted that the annual report for the 2012/2013 financial year was not accepted by Council by 31 December as is required by *Local Government Act 1995 section 5.54*.
- c) We noted several issues regarding the lodgement of primary and annual returns. A primary return of a newly elected member was not lodged within three months of their start day in accordance with *Local Government (Administration) Regulation 22 and Local Government Act 1995 section 5.75(1)*. Annual returns had not been removed from the register when a person ceased to be required to lodge a return as required by *Local Government Act 1995 section 5.88(3)*.

### Statutory Compliance

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

- a) Except for the issues identified in the above 'Other Matters' paragraph we did not during the course of the audit, become aware of any other instances where the Council did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.
- b) There were no material or significant adverse trends in financial position or financial management practices revealed during the course of our audit.
- c) We have obtained all necessary information and explanations in relation to our audit.
- d) Our audit procedures were all satisfactorily completed.
- e) In relation to the Supplementary Ratio Information presented at page 62 of this report, we have reviewed the calculations as presented and in our opinion these are:
  - i. Based on verifiable information; and
  - ii. Reasonable assumptions.

Dated the 12<sup>th</sup> day of December 2014 in Perth, Western Australia

**BILLY-JOE THOMAS**  
Registered Company Auditor

**ANDERSON MUNRO & WYLLIE**  
Chartered Accountants

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

**RATIO INFORMATION**

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

	<b>2014</b>	<b>2013</b>	<b>2012</b>
Asset Consumption Ratio	0.75	0.75	N/A
Asset Renewal Funding Ratio	0.78	0.79	N/A

The above ratios are calculated as follows:

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

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

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