

SHIRE OF GOOMALLING
BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

TABLE OF CONTENTS

Statement of Comprehensive Income by Nature or Type	2
Statement of Comprehensive Income by Program	3-4
Statement of Cash Flows	5
Rate Setting Statement	6
Notes to and Forming Part of the Budget	7 to 36
Supplementary Information	

SHIRE OF GOOMALLING
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Revenue				
Rates	8	1,862,534	1,790,885	1,777,022
Operating Grants, Subsidies and Contributions		487,735	1,289,979	1,751,999
Fees and Charges	11	1,244,660	1,274,771	1,224,025
Service Charges	10	0	0	0
Interest Earnings	2(a)	52,000	58,241	38,000
Other Revenue	2(a)	289,620	1,683,672	424,348
		<u>3,936,549</u>	<u>6,097,548</u>	<u>5,215,394</u>
Expenses				
Employee Costs		(1,513,747)	(1,887,759)	(1,394,038)
Materials and Contracts		(667,931)	(1,557,198)	(641,155)
Utility Charges		(330,735)	(256,825)	(330,835)
Depreciation on Non-Current Assets	2(a)	(1,057,350)	(1,064,519)	(1,092,340)
Interest Expenses	2(a)	(301,022)	(264,966)	(373,951)
Insurance Expenses		(255,500)	(196,130)	(250,817)
Other Expenditure		(589,635)	(607,103)	(779,192)
		<u>(4,715,920)</u>	<u>(5,834,500)</u>	<u>(4,862,328)</u>
		(779,371)	263,048	353,066
Non-Operating Grants, Subsidies and Contributions		2,262,423	1,674,081	1,613,000
Profit on Asset Disposals	3	136,828	0	331,797
Loss on Asset Disposals	3	(83,740)	(14,077)	0
		<u>1,536,140</u>	<u>1,923,052</u>	<u>2,297,863</u>
NET RESULT				
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u><u>1,536,140</u></u>	<u><u>1,923,052</u></u>	<u><u>2,297,863</u></u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets in accordance with the mandating of fair value measurement through Other Comprehensive Income, are impacted upon by external forces and is not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

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 2016

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Revenue (Refer Notes 1,2,8 to 13)				
Governance		52,780	99,305	52,780
General Purpose Funding		2,092,819	2,752,549	2,376,912
Law, Order, Public Safety		55,230	170,871	52,650
Health		542,250	588,244	517,250
Education and Welfare		2,500	2,378	2,500
Housing		291,760	272,867	260,750
Community Amenities		299,940	298,696	292,677
Recreation and Culture		169,700	232,287	246,700
Transport		2,750	1,173,813	2,750
Economic Services		364,400	350,535	306,250
Other Property and Services		62,420	156,004	109,175
		<u>3,936,549</u>	<u>6,097,549</u>	<u>4,220,394</u>
Expenses Excluding Finance Costs (Refer Notes 1,2 & 14)				
Governance		(367,925)	(306,003)	(336,000)
General Purpose Funding		(22,000)	(31,988)	(22,000)
Law, Order, Public Safety		(104,950)	(109,810)	(87,045)
Health		(625,800)	(718,181)	(633,300)
Education and Welfare		(19,200)	(8,996)	(16,715)
Housing		(233,700)	(241,543)	(188,200)
Community Amenities		(422,760)	(397,776)	(429,060)
Recreation and Culture		(719,800)	(652,638)	(764,231)
Transport		(1,157,880)	(2,390,080)	(1,555,070)
Economic Services		(729,990)	(636,253)	(640,741)
Other Property and Services		(10,893)	(76,267)	183,985
		<u>(4,414,898)</u>	<u>(5,569,535)</u>	<u>(4,488,377)</u>
Finance Costs (Refer Notes 2 & 5)				
General Purpose Funding		(20,000)	(59,588)	(30,000)
Recreation and Culture		0	0	(8,733)
Economic Services		(256,734)	(166,897)	(241,233)
Other Property and Services		(24,288)	(38,481)	(93,985)
		<u>(301,022)</u>	<u>(264,966)</u>	<u>(373,951)</u>
Non-operating Grants, Subsidies and Contributions				
Housing		900,000	0	900,000
Recreation and Culture		162,500	857,500	970,000
Transport		1,069,923	737,813	738,000
Economic Services		130,000	24,268	0
Other Property and Services		0	0	0
		<u>2,262,423</u>	<u>1,674,081</u>	<u>2,608,000</u>

SHIRE OF GOOMALLING
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Profit/(Loss) On				
Disposal Of Assets (Refer Note 3)				
Transport		(24,500)	0	0
Economic Services		77,588	(14,077)	331,797
Other Property and Services		0	0	0
		<u>53,088</u>	<u>(14,077)</u>	<u>331,797</u>
NET RESULT		1,536,140	1,923,052	2,297,863
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>1,536,140</u>	<u>1,923,052</u>	<u>2,297,863</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets in accordance with the mandating of fair value measurement through Other Comprehensive Income, is impacted upon by external forces and is not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the remeasurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

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 2016**

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,847,534	1,895,506	1,778,452
Operating Grants, Subsidies and Contributions		487,735	1,289,979	1,105,800
Fees and Charges		1,244,660	1,274,771	1,186,063
Service Charges		0	0	0
Interest Earnings		52,000	58,241	38,000
Goods and Services Tax		590,000	364,214	913,660
Other Revenue		289,620	1,497,768	74,000
		<u>4,511,549</u>	<u>6,380,479</u>	<u>5,095,975</u>
Payments				
Employee Costs		(1,517,288)	(1,829,984)	(1,702,360)
Materials and Contracts		(967,931)	(1,370,335)	(1,010,116)
Utility Charges		(330,735)	(256,825)	(330,835)
Interest Expenses		(301,022)	(264,966)	(373,951)
Insurance Expenses		(255,500)	(196,130)	(250,817)
Goods and Services Tax		(590,000)	(357,762)	(900,000)
Other Expenditure		(589,635)	(533,685)	(108,467)
		<u>(4,552,111)</u>	<u>(4,809,687)</u>	<u>(4,676,546)</u>
Net Cash Provided By Operating Activities	15(b)	<u>(40,562)</u>	<u>1,570,792</u>	<u>419,429</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment	4	(3,941,000)	(1,482,312)	(4,251,285)
Payments for Construction of Infrastructure	4	(1,433,753)	(1,009,192)	(1,158,500)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		2,262,423	1,674,081	2,608,000
Proceeds from Sale of Plant & Equipment	3	539,000	16,818	1,570,000
Net Cash Used in Investing Activities		<u>(2,573,330)</u>	<u>(800,605)</u>	<u>(1,231,785)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(452,175)	(333,715)	(543,714)
Proceeds from Self Supporting Loans		10,339	6,916	0
Proceeds from New Debentures	5	3,375,000	65,000	2,100,000
Net Cash Provided By (Used In) Financing Activities		<u>2,933,164</u>	<u>(261,799)</u>	<u>1,556,286</u>
Net Increase (Decrease) in Cash Held		319,272	508,389	743,930
Cash at Beginning of Year		<u>864,448</u>	<u>356,059</u>	<u>241,316</u>
Cash and Cash Equivalents at the End of the Year	15(a)	<u><u>1,183,720</u></u>	<u><u>864,448</u></u>	<u><u>985,246</u></u>

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

**SHIRE OF GOOMALLING
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Revenue	1,2			
Governance		52,780	99,305	52,780
General Purpose Funding		421,735	1,146,484	766,849
Law, Order, Public Safety		55,230	170,871	52,650
Health		542,250	588,244	517,250
Education and Welfare		2,500	56,878	2,500
Housing		1,191,760	272,867	1,160,750
Community Amenities		299,940	298,696	292,677
Recreation and Culture		332,200	1,089,787	1,216,700
Transport		1,072,673	1,911,626	740,750
Economic Services		631,228	374,803	638,047
Other Property and Services		62,420	156,004	109,175
		<u>4,664,716</u>	<u>6,165,565</u>	<u>5,550,128</u>
Expenses	1,2			
Governance		(367,925)	(306,003)	(336,000)
General Purpose Funding		(42,000)	(91,576)	(52,000)
Law, Order, Public Safety		(104,950)	(109,810)	(87,045)
Health		(625,800)	(718,181)	(633,300)
Education and Welfare		(19,200)	(8,996)	(16,715)
Housing		(233,700)	(241,543)	(188,200)
Community Amenities		(422,760)	(397,776)	(429,060)
Recreation and Culture		(719,800)	(652,638)	(772,964)
Transport		(1,182,380)	(2,390,080)	(1,555,070)
Economic Services		(1,045,964)	(817,227)	(881,974)
Other Property and Services		(35,181)	(114,748)	90,000
		<u>(4,799,660)</u>	<u>(5,848,578)</u>	<u>(4,862,328)</u>
Net Result Excluding General Rates		(134,944)	316,987	687,800
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	3	(53,088)	14,077	(331,797)
Depreciation on Assets	2(a)	1,057,350	1,064,519	1,092,340
Movement in Non-Current Staff Leave Provisions		0	51,857	17,449
Capital Expenditure and Revenue				
Purchase Land Held for Resale	3	0	0	0
Purchase Property, Plant and Equipment	4	(3,941,000)	(1,482,312)	(4,251,285)
Purchase Infrastructure	4	(1,433,753)	(1,009,192)	(1,158,500)
Proceeds from Disposal of Assets	3	539,000	16,818	1,570,000
Repayment of Debentures	5	(336,941)	(199,995)	(380,754)
Repayment of Finance Leases	5	(115,234)	(133,720)	(162,960)
Proceeds from New Debentures	5	3,375,000	65,000	2,100,000
Self-Supporting Loan Principal Income		10,339	6,916	0
Transfers to Reserves (Restricted Assets)	6	(27,000)	(155,360)	(38,000)
Transfers from Reserves (Restricted Assets)	6	0	155,360	250,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	(610,813)	(927,834)	(1,005,076)
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	(0)	(610,813)	(720)
Amount Required to be Raised from General Rate	8	<u>(1,671,084)</u>	<u>(1,606,065)</u>	<u>(1,610,063)</u>

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

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government 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 budget are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the budget 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.

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 budget.

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 16 to this budget document.

(b) 2014/15 Actual Balances

Balances shown in this budget as 2014/15 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(c) Rounding Off Figures

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

(d) 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.

(e) 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.

(f) 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.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, 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 shown as short term borrowings in current liabilities in Note 7 - Net Current Assets.

(h) 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.

(i) 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 Resale

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.

(j) 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.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

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 budget 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 (being fair value at the date of acquisition (deemed cost) as per AASB 116) they were revalued along with other items of Land and Buildings at 30 June 2012 and now form part of Land and Buildings to be subject to regular revaluation as detailed above.

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.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 of the next anniversary date in accordance with the mandatory measurement framework detailed above.

(j) Fixed Assets (Continued)

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 Arrangement

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.

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 BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) 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.

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

Buildings	0 to 50 years
Furniture and Equipment	0 to 10 years
Plant and Equipment	0 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
gravel sheet	12 years
Formed roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 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 profit or loss in the period which they arise.

When revalued assets are sold, 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 BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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 (ie 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.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

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

(l) Financial Instruments

Initial Recognition and Measurement

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

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

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

Classification and Subsequent Measurement

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

(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. Assets in this category are classified as current assets. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(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's management 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 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.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

(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 (excl. financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss.

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 has 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 for 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.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) 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 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.

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2016.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget document.

(n) 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.

(o) 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.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Employee Benefits (Continued)

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.

(p) 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.

(q) Provisions

Provisions are recognised when the Council has a 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.

(r) 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.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) 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 17.

(t) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's 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.

(u) Comparative Figures

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

(v) Budget Comparative Figures

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

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
2. REVENUES AND EXPENSES			
(a) Net Result			
The Net Result includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	12,000	39,066	39,100
Depreciation			
By Program			
Governance	51,500	52,527	15,000
General Purpose Funding	0	0	0
Law, Order, Public Safety	15,000	19,650	14,120
Health	16,000	14,984	20,500
Education and Welfare	6,200	5,637	9,215
Housing	66,000	69,202	22,500
Community Amenities	81,000	72,922	81,000
Recreation and Culture	159,650	151,600	223,664
Transport	420,000	435,908	563,095
Economic Services	117,000	108,671	143,246
Other Property and Services	125,000	133,418	0
	<u>1,057,350</u>	<u>1,064,519</u>	<u>1,092,340</u>
By Class			
Buildings	253,350	250,090	214,963
Furniture And Equipment	90,000	93,938	143,772
Plant & Equipment	192,000	193,996	264,014
Infrastructure -Roads	407,000	408,108	332,079
Infrastructure - Footpaths	35,000	36,582	0
Infrastructure - Other	80,000	81,805	137,512
	<u>1,057,350</u>	<u>1,064,519</u>	<u>1,092,340</u>
Interest Expenses (Finance Costs)			
- Debentures (<i>refer note 5</i>)	256,734	166,897	340,124
Other	44,288	98,069	33,827
	<u>301,022</u>	<u>264,966</u>	<u>373,951</u>
(ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	27,000	38,000	38,000
- Other Funds	5,000	4,686	0
Other Interest Revenue (<i>refer note 13</i>)	20,000	15,555	0
	<u>52,000</u>	<u>58,241</u>	<u>38,000</u>
(iii) Other Revenue			
Reimbursements and Recoveries	75,420	270,528	153,167
Other	214,200	1,413,144	824,000
	<u>289,620</u>	<u>1,683,672</u>	<u>977,167</u>

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

2. REVENUES 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 of the community.

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 traffic control. Cleanin

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

3. DISPOSAL OF ASSETS

The following assets are budgeted to be disposed of during the year.

<u>By Program</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2015/16 BUDGET \$	2015/16 BUDGET \$	2015/16 BUDGET \$
Economic Services			
Proceeds Sale of 34 Eaton Street	134,293	195,000	60,707
Proceeds Sale of 30 Forward St	279,240	220,000	(59,240)
Proceeds Sale of 73a James St	38,879	115,000	76,121
Transport			
Proceeds on Sale of 1983 Merc Truck (Asset 3414)	33,500	9,000	(24,500)
	485,912	539,000	53,088

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2015/16 BUDGET \$	2015/16 BUDGET \$	2015/16 BUDGET \$
Land and Buildings	452,412	530,000	77,588
Plant & Equipment	33,500	9,000	(24,500)
	485,912	539,000	53,088

Summary

	2015/16 BUDGET \$
Profit on Asset Disposals	136,828
Loss on Asset Disposals	(83,740)
	<u><u>53,088</u></u>

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

4. ACQUISITION OF ASSETS

The following assets are budgeted to be acquired during the year:

Asset Class	Reporting Program											Total \$
	Governance \$	General Purpose Funding \$	Law, Order, Public Safety \$	Health \$	Education And Welfare \$	Housing \$	Community Amenities \$	Recreation And Culture \$	Transport \$	Economic Services \$	Other Property & Services \$	
<u>Property, Plant and Equipment</u>												
Land	0	0	0	0	0	0	0	0	0	0	0	0
Buildings	0	0	0	0	24,020	1,263,500	56,283	2,087,627	0	90,570	0	3,522,000
Furniture & Equipment	35,000	0	25,000	10,000	0	0	2,000	13,000	0	10,000	0	95,000
Plant & Equipment	0	0	0	0	0	0	0	0	109,000	185,000	0	294,000
Swimming Pool	0	0	0	0	0	0	0	30,000	0	0	0	30,000
<u>Infrastructure</u>												
Roads	0	0	0	0	0	0	0	0	1,293,753	0	0	1,293,753
Footpaths	0	0	0	0	0	0	0	0	100,000	0	0	100,000
Sewerage	0	0	0	0	0	0	40,000	0	0	0	0	40,000
<u>Land Held for Resale</u>												
	35,000	0	25,000	10,000	24,020	1,263,500	98,283	2,130,627	1,502,753	285,570	0	5,374,753

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget document.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Maturity Date	Principal 1-Jul-16	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
				14-15 Actual \$	15-16 Budget \$	14-15 Actual \$	15-16 Budget \$	14-15 Actual \$	15-16 Budget \$
Housing									
Loan 98 - Community bank Housing		0		8,636	0	0	0	857	0
Loan 98 - Young Peoples House		0		8,636	0			1,031	
Loan 101 - Tradesmans Residence	2016	19,554		17,488	19,229	21,127	325	2,097	964
Economic Services									
Loan 105 - Slater Homestead	2032	95,424		6,822	13,644	89,146	81,780	7,300	7,129
Loan 104 - Rural Transaction Centre	2032	318,088		22,739	45,478	245,531	272,610	24,334	23,438
Loan 106 - Rural Transaction Centre	2033	455,240		9,538	10,390	445,703	444,850	40,040	39,187
Loan 108-Grange & Salmon Gums Subdivisions	2021	1,224,592		126,136	135,968	1,097,884	1,088,624	91,204	81,370
Loan 109 Caravan Park - Ablution Block Portable	2020	65,000		0	11,819		53,181	0	3,396
Loan 110 Mortlock SPORTS COUNCIL *SSL	2024		375,000	0	10,339	0	364,661	0	11,250
Loan 111 New Sports Pavilion	2039		1,250,000	0	7,074	0	1,242,926	0	37,500
Loan 112 Treasury - Overdraft	2020		1,750,000	0	83,000	0	1,667,000	0	52,500
		2,177,898	3,375,000	199,995	336,941	1,899,391	5,215,957	166,863	256,734

All debenture repayments are to be financed by general purpose revenue.

(b)

New Debentures - 2015/2016

Particulars/Purpose	Amount Borrowed Budget	Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used Budget	Balance Unspent \$
Loan 110 Mortlock SPORTS COUNCIL *SSL	375,000	Bendigo	Debenture	20	164,716	7.5%	375,000	-
Loan 111 New Sports Pavilion	1,250,000	Bendigo	Debenture	25	1,535,888	7.5%	1,250,000	-
Loan 112 Treasury - Overdraft	1,750,000	WATC	Interest Only	5	262,500	3.0%	1,750,000	-

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

5. INFORMATION ON BORROWINGS (CONTINUED)

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2015 nor is it expected to have unspent debenture funds as at 30th June 2016.

(d) Overdraft

Council established an overdraft facility of \$1.25M with Bendigo Bank to assist with short term liquidity requirements. It is anticipated that the facility will be reduced during the year due to New debenture Loan 112

(e) Finance Lease Liability

Particulars	Maturity Date	Principal 1-Jul-15	New Leases	Principal Repayments		Principal Outstanding		Interest Repayments	
				14-15 Actual \$	15-16 Budget \$	14-15 Actual \$	15-16 Budget \$	14-15 Actual \$	15-16 Budget \$
GO 018 Truck	8/07/2016	71,482		23,114	25,096	96,578	71,482	9,070	7,088
GO 019 Grader	20/09/2016	76,003		22,757	24,471	100,474	76,003	8,269	6,555
GO 017 Truck	2/02/2016	23,376		16,438	23,384	23,376	0	579	440
GO 024 Loader	15/03/2017	50,499		11,058	11,739	60,916	50,499	4,333	3,652
GO 037 Utility (ranger)	2/10/2016	2,341		3,435	4,852	7,193	2,341	560	474
GO 035 Mondeo Stn Sdn (dr's vehicle)	21/09/2015	8,997		7,084	8,997	8,997	0	960	161
Photocopier	16/11/2015	2,743		2,815	2,743	2,743	0	566	127
GO 025 Roller	4/10/2017	85,614		13,125	13,953	99,567	85,614	6,619	5,791
Old Lease GO 017	23/01/2018	0		19,607	0	0	0	1,856	0
Old Lease GO 037	12/10/2014	0		1,419	0	0	0	236	0
Old Lease GO 023&015	14/05/2015	0		10,840	0	0	0	539	0
Old Lease Computer	1/11/2014	0		2,029	0	0	0	53	0
		321,056	-	133,720	115,234	399,845	285,940	33,638	24,288

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
6. RESERVES			
(a) Long Service Leave			
Opening Balance	131,135	126,334	126,334
Amount Set Aside / Transfer to Reserve	3,541	4,801	4,801
Amount Used / Transfer from Reserve	0		
	<u>134,676</u>	<u>131,135</u>	<u>131,135</u>
(b) Mortlock Lodge Reserve			
Opening Balance	3,542	3,412	3,412
Amount Set Aside / Transfer to Reserve	96	130	130
Amount Used / Transfer from Reserve	0	0	0
	<u>3,638</u>	<u>3,542</u>	<u>3,542</u>
(c) Plant Replacement Reserve			
Opening Balance	202,169	204,402	204,402
Amount Set Aside / Transfer to Reserve	5,459	7,767	7,767
Amount Used / Transfer from Reserve	0	(10,000)	0
	<u>207,628</u>	<u>202,169</u>	<u>212,169</u>
(d) Sport & Recreation Reserve			
Opening Balance	(0)	113,063	113,063
Amount Set Aside / Transfer to Reserve	0	4,297	4,296
Amount Used / Transfer from Reserve	0	(117,360)	(115,000)
	<u>(0)</u>	<u>(0)</u>	<u>2,359</u>
(e) Staff Housing Reserve			
Opening Balance	55,054	57,855	57,855
Amount Set Aside / Transfer to Reserve	1,486	2,199	2,199
Amount Used / Transfer from Reserve	0	(5,000)	0
	<u>56,540</u>	<u>55,054</u>	<u>60,054</u>
(f) Aged Care Reserve			
Opening Balance	137,389	132,359	132,359
Amount Set Aside / Transfer to Reserve	3,709	5,030	5,030
Amount Used / Transfer from Reserve	0	0	(135,000)
	<u>141,098</u>	<u>137,389</u>	<u>2,389</u>
(f) Vehicle Reserve			
Opening Balance	115,049	122,639	122,639
Amount Set Aside / Transfer to Reserve	3,106	4,660	4,660
Amount Used / Transfer from Reserve	0	(12,250)	0
	<u>118,155</u>	<u>115,049</u>	<u>127,299</u>
(f) Sewerage Reserve			
Opening Balance	289,468	175,441	175,441
Amount Set Aside / Transfer to Reserve	7,816	124,027	6,667
Amount Used / Transfer from Reserve	0	(10,000)	0
	<u>297,284</u>	<u>289,468</u>	<u>182,108</u>

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

(f) Community Bus Reserve

Opening Balance	55,147	53,128	53,128
Amount Set Aside / Transfer to Reserve	1,489	2,019	2,019
Amount Used / Transfer from Reserve	0	0	0
	<u>56,636</u>	<u>55,147</u>	<u>55,147</u>

(f) Lcdc Reserve

Opening Balance	11,049	11,367	11,366
Amount Set Aside / Transfer to Reserve	298	432	432
Amount Used / Transfer from Reserve	0	(750)	0
	<u>11,347</u>	<u>11,049</u>	<u>11,798</u>

Total Reserves	<u>1,027,000</u>	<u>1,000,000</u>	<u>788,000</u>
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All of the above reserve accounts are to be supported by money held in financial institutions.

2015/16	2014/15	2014/15
Budget	Actual	Budget
\$	\$	\$

SUMMARY OF RESERVE TRANSFERS

Transfers to Reserves

Long Service Leave	3,541	4,801	4,801
Mortlock Lodge Reserve	96	130	130
Plant Replacement Reserve	5,459	7,767	7,767
Sport & Recreation Reserve	0	4,297	4,296
Staff Housing Reserve	1,486	2,199	2,199
Aged Care Reserve	3,709	5,030	5,030
Vehicle Reserve	3,106	4,660	4,660
Sewerage Reserve	7,816	124,027	6,667
Community Bus Reserve	1,489	2,019	2,019
Lcdc Reserve	298	432	432
	<u>17,397</u>	<u>28,883</u>	<u>28,883</u>

Transfers from Reserves

Long Service Leave	0	0	0
Mortlock Lodge Reserve	0	0	0
Plant Replacement Reserve	0	(10,000)	0
Sport & Recreation Reserve	0	(117,360)	(115,000)
Staff Housing Reserve	0	(5,000)	0
Aged Care Reserve	0	0	(135,000)
Vehicle Reserve	0	(12,250)	0
Sewerage Reserve	0	(10,000)	0
Community Bus Reserve	0	0	0
Lcdc Reserve	0	(750)	0
	<u>0</u>	<u>(144,610)</u>	<u>(250,000)</u>

Total Transfer to/(from) Reserves	<u>17,397</u>	<u>(115,727)</u>	<u>(221,117)</u>
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SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

6. RESERVES (Continued)

Opening balance	1,000,000	1,000,000	999,999
Amount Set Aside / Transfer to Reserve	27,000	155,360	38,001
Amount Used / Transfer from Reserve	0	(155,360)	(250,000)
Total Reserves	<u>1,027,000</u>	<u>1,000,000</u>	<u>788,000</u>

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

Long Service Leave

- to be used to fund Long Service Leave requirements

Mortlock Lodge Reserve

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

Plant Replacement Reserve

- to be used for the future replacement of plant.

Sport & Recreation Reserve

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

Staff Housing Reserve

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

Aged Care Reserve

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

Vehicle Reserve

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

Sewerage Reserve

- to be used to maintain and upgrade the sewerage cheme in the Goomalling Townsite.

Community Bus Reserve

-to be used to fund the purchase of a new Community Bus.

Lcdc Reserve

- to be used to fund Landcare Activities

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 BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

	Note	2015/16 Budget \$	2014/15 Actual \$
7. NET CURRENT ASSETS			
Composition of Estimated Net Current Asset Position			
CURRENT ASSETS			
Cash - Unrestricted	15(a)	142,895	(152,917)
Cash - Restricted Reserves	15(a)	1,040,825	1,017,365
Receivables		354,399	339,399
Inventories		20,096	20,096
		1,558,215	1,223,943
LESS: CURRENT LIABILITIES			
Trade and Other Payables		(252,144)	(552,144)
Long Term Borrowings		0	(369,175)
Provisions		(413,747)	(413,747)
		(665,891)	(1,335,066)
NET CURRENT ASSET POSITION		892,324	(111,123)
Less: Cash - Restricted Reserves	15(a)	(1,027,000)	(1,000,000)
Less: Current Loans - Clubs / Institutions		0	0
Add: Current Portion of Debentures		0	369,175
Add: Long Service Leave Reserve		134,676	131,135
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		(0)	(610,813)

The estimated surplus/(deficiency) c/fwd in the 2014/15 actual column represents the surplus (deficit) brought forward as at 1 July 2015.

The estimated surplus/(deficiency) c/fwd in the 2015/16 budget column represents the surplus (deficit) carried forward as at 30 June 2016.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

8. RATING INFORMATION - 2015/16 FINANCIAL YEAR

<u>RATE TYPE</u>	Rate in \$ cents	Number of Properties	Rateable Value \$	2015/16 Budgeted Rate Revenue \$	2015/16 Budgeted Interim Rates \$	2015/16 Budgeted Back Rates \$	2015/16 Budgeted Total Revenue \$	2014/15 Actual \$
General Rate								
GRV - District	11.7114	219	1,485,667	173,992	0	0	173,992	170,997
UV - Rural Zone 2	0.562100	48	18,525,000	104,129	0	0	104,129	110,040
UV - Special Rural	1.1232	16	1,878,000	21,094	0	0	21,094	20,099
UV - General Zone 3	0.7391	231	146,322,000	1,081,466	0	0	1,081,466	1,030,906
Sub-Totals		514	168,210,667	1,380,681	0	0	1,380,681	1,332,042
	Minimum \$							
Minimum Payment								
GRV - District	900	213	992,438	191,700	0	0	191,700	175,100
UV	1040	80	7,502,701	83,200	0	0	83,200	84,150
Sub-Totals		293	8,495,139	274,900	0	0	274,900	259,250
Discounts (Note 12)							0	0
Total Amount Raised from								
							1,655,581	1,591,292
							15,503	14,773
Total General Rates							1,671,084	1,606,065
Specified Area Rates (Note 9)							191,450	184,819
Total Rates							1,862,534	1,790,885

All land except exempt land in the Shire of Goomalling is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the Shire.

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

8. RATING INFORMATION - 2015/16 FINANCIAL YEAR (CONTINUED)

The general rates detailed above for the 2015/16 financial year have been determined by Council on the basis of raising the required amount to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year. The minimum rates have been determined by council on the basis that all ratepayers must make a reasonable contribution to the cost of the Local Government services/facilities.

Section 6.33 of the Local Government Act 1995 provides the ability to differentially rate properties based on zoning and/or land use as determined by the Council. The application of differential rating maintains equity in the rating of properties across the Shire, enabling Council to provide facilities, infrastructure and services to the entire Community. Council in determining the Special Rural Rates for properties in close proximity to the town site considered that as the property owners in this zone have access to all the town site services more so than the outer property owners, the differential rate should be set at a level that is higher than the Rural Zone 2 properties. With regards to the rating category Rural Zone 2, the Council determined that as the properties are situated at the Western end of the Shire having a much higher valuation and their access to the town services are limited due to the distance from the town centre, a lower rate in the dollar should be applied to be fair and equitable to property owners in the municipality.

9. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

	Rate in \$	Rateable Value	2015/16 Budgeted Revenue \$	Budget Applied to Costs \$	2014/15 Actual \$
Sewerage Scheme					
SEWERAGE - RESIDENTIAL	8.1020		191,450	191,450	184,819
			191,450	191,450	184,819

The sewerage rate for the Goomalling Town Sewerage Scheme is levied on property assessments within the town site 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.

10. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire of Goomalling does not impose a service charge as prescribed under the Local Government Act WA.

11. FEES & CHARGES REVENUE	2015/16 Budget \$	2014/15 Actual \$
Governance	2,280	3,236
General Purpose Funding	2,000	1,720
Law, Order, Public Safety	51,230	50,735
Health	517,250	575,744
Education and Welfare	500	2,378
Housing	261,760	248,311
Community Amenities	103,490	109,908
Recreation and Culture	32,700	23,824
Transport	150	180
Economic Services	228,300	212,802
Other Property and Services	45,000	45,934
	<u>1,244,660</u>	<u>1,274,771</u>

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

12. RATE PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS
- 2015/16 FINANCIAL YEAR

No discounts are offered for early payment of rates however ratepayers making their rates payment in full within 35 days of the date of issue of the notice are eligible to enter the early payment prize drawer consisting of the following:

- (a) - A \$600 Voucher to be spent at any of the Businesses in the Shire of Goomalling.
- (b) - A \$300 Voucher to be spent at any of the Businesses in the Shire of Goomalling.
- (c) - A \$100 Voucher to be spent at any of the Businesses in the Shire of Goomalling.

13. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	2015/16 Budget \$	2014/15 Actual \$
Interest on Unpaid Rates	11.00%	N/A	15,000	11,374
Interest on Instalments Plan	5.50%	N/A	5,000	4,181
Charges on Instalment Plan	N/A	5	2,000	1,720
			22,000	17,275

Ratepayers have the option of paying rates in four equal instalments, due on 14th September 2015, 14th November 2015, 14th January 2016 and 14th March 2016. Administration charges and interest applied for the final three instalments.

14. ELECTED MEMBERS REMUNERATION

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

	2015/16 Budget \$	2014/15 Actual \$
Meeting Fees	24,800	23,350
President's Allowance	2,500	2,500
Deputy President's Allowance	625	625
Travelling Expenses	6,000	4,624
Telecommunications Allowance	0	0
	33,925	31,099

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

15. 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. Estimated cash at the end of the reporting period is as follows:

	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Cash - Unrestricted	142,895	(152,917)	195,606
Cash - Restricted	1,040,825	1,017,365	789,640
	<u>1,183,720</u>	<u>864,448</u>	<u>985,246</u>

The following restrictions have been imposed by regulation or other externally imposed requirements:

Long Service Leave	134,676	131,135	131,135
Mortlock Lodge Reserve	3,638	3,542	3,542
Plant Replacement Reserve	207,628	202,169	212,169
Sport & Recreation Reserve	(0)	(0)	2,359
Staff Housing Reserve	56,540	55,054	60,054
Aged Care Reserve	141,098	137,389	2,389
Vehicle Reserve	118,155	115,049	127,299
Sewerage Reserve	297,284	289,468	182,108
Community Bus Reserve	56,636	55,147	55,147
Lcdc Reserve	11,347	11,049	11,798
	<u>1,027,000</u>	<u>1,000,000</u>	<u>788,000</u>

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

Net Result	1,536,140	1,923,052	2,297,863
Depreciation	1,057,350	1,064,519	1,092,340
(Profit)/Loss on Sale of Asset	(53,088)	14,077	(331,797)
(Increase)/Decrease in Receivables	(15,000)	(74,831)	(24,419)
(Increase)/Decrease in Inventories	0	(19,583)	0
Increase/(Decrease) in Payables	(300,000)	279,864	(20,601)
Increase/(Decrease) in Employee Provisions	(3,541)	57,775	14,043
Grants/Contributions for the Development of Assets	(2,262,423)	(1,674,081)	(2,608,000)
Net Cash from Operating Activities	<u>(40,562)</u>	<u>1,570,792</u>	<u>419,429</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft Limit	0	1,250,000	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
Total Amount of Credit Unused	<u>10,000</u>	<u>1,260,000</u>	<u>510,000</u>

Loan Facilities

Loan Facilities in use at Balance Date	<u>5,215,957</u>	<u>1,899,391</u>	<u>4,253,202</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

16. TRUST FUNDS

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

Detail	Balance 1-Jul-15 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-16 \$
Police Licencing	0	790,000	(790,000)	0
Slater Homestead Donation	1,643	50	0	1,693
Konno Special Plate	670	0	(670)	0
Mortlock Farm	1,542	0	(500)	1,042
Accrued AL & LSL Beactive	14,661	1,500	0	16,161
Pioneers Pathway Sign	35,918	3,000	(10,000)	28,918
Skeleton Weed	1,091	0	(1,091)	(0)
General Deposits	13,661	2,000	(2,000)	13,661
	<u>69,185</u>	<u>796,550</u>	<u>(804,261)</u>	<u>61,474</u>

17. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2015/16.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

18. MAJOR LAND TRANSACTIONS

(a) Details

The council will continue to 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

Salmon Gums Subdivision		\$	\$
Development Expenses	2007-2008	361,983	
	2008-2009	64,794	
	2009-2010	131,128	
	2010-2011	76,162	
	2011-2012	<u>1,276</u>	<u>635,343</u>
Grange Subdivision			
Development Expenses	2007-2008	46,957	
	2008-2009	340,678	
	2009-2010	329,693	
	2010-2011	61,415	
	2011-2012	<u>7,660</u>	<u>786,403</u>
Development Expenses		<u>(282,284)</u>	<u>(282,284)</u>
Impairment Loss	2013-2014	<u>(142,465)</u>	<u>(142,465)</u>
Book Value of Development			<u>996,997</u>
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	95,867	
	2014-2015	91,204	
Budget	2015-2016	<u>81,370</u>	<u>598,926</u>
Total Costs of Development to Date			<u><u>1,595,923</u></u>

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

18. MAJOR LAND TRANSACTIONS (Continued)

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 is less than the development expenses recorded.

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

(b) Current year transactions

Loan Interest will be applied to the cost of the development as indicated above .This budget does not anticipate the sale of any land during the year.