

SHIRE OF GOOMALLING
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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Principal place of business: 32 Quinlan Street Goomalling	

SHIRE OF GOOMALLING
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the 3rd day of November 2015



Clem Kerp
Chief Executive Officer

SHIRE OF GOOMALLING
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Rates	23	1,790,885	1,777,022	1,642,214
Operating grants, subsidies and contributions				215,280
	29	1,289,978	1,107,347	494,803
Fees and charges	28	1,274,837	1,224,025	1,250,181
Interest earnings	2(a)	58,241	38,000	72,141
Other revenue		1,731,553	74,000	233,005
		<u>6,145,494</u>	<u>4,220,394</u>	<u>3,907,624</u>
Expenses				
Employee costs		(1,836,541)	(1,394,038)	(1,824,679)
Materials and contracts		(1,543,474)	(641,155)	(622,355)
Utility charges		(256,825)	(330,835)	(265,270)
Depreciation on non-current assets	2(a)	(1,064,429)	(1,092,340)	(1,092,824)
Interest expenses	2(a)	(278,438)	(373,951)	(274,771)
Insurance expenses		(196,130)	(250,817)	(193,921)
Other expenditure		(610,718)	(779,192)	(827,818)
		<u>(5,786,555)</u>	<u>(4,862,328)</u>	<u>(5,101,638)</u>
		358,939	(641,934)	(1,194,014)
Non-operating grants, subsidies and contributions				
	29	1,674,081	2,608,000	646,622
Fair value adjustments to financial assets at fair value through profit or loss	2(a)	(595,189)	0	(142,465)
Profit on asset disposals	21	0	331,797	0
Loss on asset disposals	21	(15,882)	0	(12,465)
		<u>1,063,010</u>	<u>2,939,797</u>	<u>512,152</u>
Net result		1,421,949	2,297,863	(702,322)
Other comprehensive income				
Changes on revaluation of non-current assets	13	1,599,764	0	0
Total other comprehensive income		<u>1,599,764</u>	<u>0</u>	<u>0</u>
Total comprehensive income		<u>3,021,713</u>	<u>2,297,863</u>	<u>(702,322)</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 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue	2(a)			
Governance		99,305	52,780	83,821
General purpose funding		2,800,427	2,376,912	1,894,389
Law, order, public safety		170,871	52,650	66,606
Health		588,244	517,250	523,795
Education and welfare		2,378	2,500	2,510
Housing		272,867	260,750	246,796
Community amenities		298,696	292,677	274,561
Recreation and culture		232,287	246,700	175,937
Transport		1,173,813	2,750	(29,294)
Economic services		350,535	306,250	383,826
Other property and services		156,070	109,175	284,676
		<u>6,145,493</u>	<u>4,220,394</u>	<u>3,907,624</u>
Expenses	2(a)			
Governance		(298,229)	(336,000)	(370,029)
General purpose funding		(31,988)	(22,000)	(49,608)
Law, order, public safety		(109,810)	(87,045)	(108,878)
Health		(678,896)	(633,300)	(697,492)
Education and welfare		(8,996)	(16,715)	(21,660)
Housing		(241,543)	(188,200)	(211,186)
Community amenities		(397,776)	(429,060)	(381,205)
Recreation and culture		(653,781)	(764,231)	(737,484)
Transport		(2,390,080)	(1,555,070)	(1,513,536)
Economic services		(636,253)	(640,741)	(512,069)
Other property and services		(60,764)	183,985	(223,720)
		<u>(5,508,116)</u>	<u>(4,488,377)</u>	<u>(4,826,867)</u>
Finance costs	2(a)			
Governance		0	0	(19,391)
General purpose funding		(59,588)	(30,000)	0
Housing		0	0	(5,714)
Recreation and culture		0	(8,733)	0
Economic services		(185,213)	(241,233)	(168,324)
Other property and services		(33,637)	(93,985)	(81,342)
		<u>(278,438)</u>	<u>(373,951)</u>	<u>(274,771)</u>
Fair value adjustments to financial assets at fair value through profit or loss	2(a)			
General purpose funding		(595,189)	0	(142,465)
		<u>(595,189)</u>	<u>0</u>	<u>(142,465)</u>
Non-operating grants, subsidies and contributions				
Education and welfare		54,500	0	0
Housing		0	900,000	0
Recreation and culture		857,500	970,000	0
Transport		737,813	738,000	646,622
Economic services		24,268	0	0
	29	<u>1,674,081</u>	<u>2,608,000</u>	<u>646,622</u>
Profit/(Loss) on disposal of assets				
Health		0	0	(12,465)
Recreation and culture		(1,805)	0	0
Economic services		(14,077)	331,797	0
	21	<u>(15,882)</u>	<u>331,797</u>	<u>(12,465)</u>
Net result		<u>1,421,949</u>	<u>2,297,863</u>	<u>(702,322)</u>
Other comprehensive income				
Changes on revaluation of non-current assets	13	1,599,764	0	0
Total other comprehensive income		<u>1,599,764</u>	<u>0</u>	<u>0</u>
Total comprehensive income		<u>3,021,713</u>	<u>2,297,863</u>	<u>(702,322)</u>

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

**SHIRE OF GOOMALLING
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	3	864,448	356,059
Trade and other receivables	5	440,770	264,568
Inventories	6	33,818	39,680
TOTAL CURRENT ASSETS		<u>1,339,036</u>	<u>660,307</u>
NON-CURRENT ASSETS			
Other receivables	5	115,435	63,423
Inventories	6	812,447	996,997
Property, plant and equipment	7	18,424,043	17,535,071
Infrastructure	8	40,059,905	38,388,081
TOTAL NON-CURRENT ASSETS		<u>59,411,830</u>	<u>56,983,572</u>
TOTAL ASSETS		<u>60,750,866</u>	<u>57,643,879</u>
CURRENT LIABILITIES			
Trade and other payables	9	699,368	345,698
Current portion of long term borrowings	10	308,875	411,945
Provisions	11	366,860	368,777
TOTAL CURRENT LIABILITIES		<u>1,375,103</u>	<u>1,126,420</u>
NON-CURRENT LIABILITIES			
Long term borrowings	10	2,087,829	2,259,714
Provisions	11	27,025	18,549
TOTAL NON-CURRENT LIABILITIES		<u>2,114,854</u>	<u>2,278,263</u>
TOTAL LIABILITIES		<u>3,489,957</u>	<u>3,404,683</u>
NET ASSETS		<u>57,260,909</u>	<u>54,239,196</u>
EQUITY			
Retained surplus		24,487,876	23,065,927
Reserves - cash/investment backed	12	1,000,000	1,000,000
Revaluation surplus	13	31,773,033	30,173,269
TOTAL EQUITY		<u>57,260,909</u>	<u>54,239,196</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 2015**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2013		23,768,250	1,000,001	30,173,269	54,941,521
Comprehensive income					
Net result		(702,322)	0	0	(702,322)
Changes on revaluation of non-current assets					
Total comprehensive income	13	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total comprehensive income		(702,322)	0	0	(702,322)
Transfers from/(to) reserves		1	(1)	0	0
Balance as at 30 June 2014		<u>23,065,927</u>	<u>1,000,000</u>	<u>30,173,269</u>	<u>54,239,196</u>
Comprehensive income					
Net result		1,421,949	0	0	1,421,949
Changes on revaluation of non-current assets					
Total comprehensive income	13	<u>0</u>	<u>0</u>	<u>1,599,764</u>	<u>1,599,764</u>
Total comprehensive income		1,421,949	0	1,599,764	3,021,713
Transfers from/(to) reserves		0	0	0	0
Balance as at 30 June 2015		<u>24,487,876</u>	<u>1,000,000</u>	<u>31,773,033</u>	<u>57,260,909</u>

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 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,592,652	1,778,452	1,531,393
Operating grants, subsidies and contributions		1,295,139	1,105,800	861,142
Fees and charges		1,274,837	1,186,063	1,250,181
Interest earnings		58,241	38,000	72,141
Goods and services tax		574,402	913,660	0
Other revenue		1,731,553	74,000	233,005
		<u>6,526,823</u>	<u>5,095,975</u>	<u>3,947,862</u>
Payments				
Employee costs		(1,829,982)	(1,702,361)	(1,885,414)
Materials and contracts		(1,205,775)	(1,010,116)	(488,361)
Utility charges		(256,825)	(330,835)	(265,270)
Interest expenses		(256,605)	(250,817)	(270,329)
Insurance expenses		(196,130)	(373,951)	(193,921)
Goods and services tax		(616,460)	(900,000)	0
Other expenditure		(610,718)	(108,467)	(818,225)
		<u>(4,972,494)</u>	<u>(4,676,546)</u>	<u>(3,921,520)</u>
Net cash provided by (used in) operating activities	14(b)	<u>1,554,329</u>	<u>419,429</u>	<u>26,342</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,482,311)	(4,143,285)	(299,170)
Payments for construction of infrastructure		(1,009,191)	(1,266,500)	(1,163,104)
Non-operating grants, Subsidies and contributions		1,674,081	2,608,000	646,622
Proceeds from sale of fixed assets		39,521	1,570,000	23,709
Proceeds from Land Held for Resale		0	0	95,000
Net cash provided by (used in) investment activities		<u>(777,900)</u>	<u>(1,231,785)</u>	<u>(696,943)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(197,135)	(380,754)	(171,285)
Repayment of finance leases		(133,718)	(162,960)	(127,284)
Proceeds from self supporting loans		6,916	0	31,819
Proceeds from finance leases				8,028
Loan Adjustment		(9,103)	0	(10,849)
Proceeds from new debentures		65,000	2,100,000	0
Lease Adjustment		0	0	(19,617)
Net cash provided by (used in) financing activities		<u>(268,040)</u>	<u>1,556,286</u>	<u>(289,188)</u>
Net increase (decrease) in cash held		508,389	743,930	(959,789)
Cash at beginning of year		356,059	241,316	1,315,850
Rounding			0	(2)
Cash and cash equivalents at the end of the year	14(a)	<u><u>864,448</u></u>	<u><u>985,246</u></u>	<u><u>356,059</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 2015

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Governance		99,305	52,780	83,821
General purpose funding		1,194,361	766,848	428,384
Law, order, public safety		170,871	52,650	66,606
Health		588,244	517,250	523,795
Education and welfare		56,878	2,500	2,510
Housing		272,867	1,160,750	246,796
Community amenities		298,696	292,677	274,561
Recreation and culture		1,089,787	1,216,700	175,937
Transport		1,911,626	740,750	617,328
Economic services		374,803	638,047	383,826
Other property and services		156,070	109,175	284,676
		<u>6,213,508</u>	<u>5,550,127</u>	<u>3,088,240</u>
Expenses				
Governance		(298,229)	(336,000)	(370,029)
General purpose funding		(686,765)	(52,000)	(68,999)
Law, order, public safety		(109,810)	(87,045)	(108,878)
Health		(678,896)	(633,300)	(697,492)
Education and welfare		(8,996)	(16,715)	(21,660)
Housing		(241,543)	(188,200)	(216,900)
Community amenities		(397,776)	(429,060)	(381,205)
Recreation and culture		(655,586)	(772,964)	(737,484)
Transport		(2,390,080)	(1,555,070)	(1,513,536)
Economic services		(835,543)	(881,974)	(680,393)
Other property and services		(94,401)	90,000	(305,062)
		<u>(6,397,625)</u>	<u>(4,862,328)</u>	<u>(5,101,638)</u>
Net result excluding rates		(184,117)	687,799	(2,013,398)
Adjustments for cash budget requirements:				
Non-cash expenditure and revenue				
(Profit)/Loss on asset disposals	21	15,882	(331,797)	(12,465)
(Profit)/Loss on Revaluation of Assets		595,189	0	0
Book Value of Assets Sold		0	0	131,174
Movement in deferred pensioner rates (non-current)		(4,133)	0	(8,786)
Movement in employee benefit provisions (non-current)		8,476	17,449	(14,468)
Movement in Other Non-Current Assets		(47,879)	0	0
Movement in Lease & Loan Adjustment		(9,103)	0	(30,468)
Movement in LSL Bank		4,801	0	5,034
Depreciation and amortisation on assets	2(a)	1,064,429	1,092,340	1,092,824
Capital Expenditure and Revenue				
Purchase of land and buildings	7(b)	(1,284,917)	(4,072,285)	(203,894)
Purchase plant & equipment	7(b)	(129,125)	(15,000)	(41,401)
Purchase furniture & equipment	7(b)	(34,063)	(56,000)	(27,498)
Purchase swimming pool and equipment	7(b)	(34,206)	0	(26,377)
Purchase infrastructure - roads	8(b)	(975,439)	(1,038,500)	(1,105,288)
Purchase infrastructure - sewerage	8(b)	(5,581)	0	(2,729)
Purchase infrastructure - footpaths	8(b)	(28,172)	(110,000)	(55,087)
Purchase infrastructure - other		0	(118,000)	0
Proceeds from disposal of fixed assets	21	39,521	1,570,000	0
Proceeds from new debentures	22(a)	65,000	2,100,000	0
Repayment of debentures	22(a)	(197,135)	(380,754)	(171,285)
Repayment of Finance Leases		(133,718)	(162,960)	(127,284)
Proceeds from self supporting loans		6,916	0	0
Proceeds from Finance Leases		0	0	8,028
Transfers to reserves (restricted assets)	12	(155,360)	(38,000)	(41,500)
Transfers from reserves (restricted assets)	12	155,360	250,000	41,501
ADD Estimated surplus/(deficit) July 1 b/fwd	23(b)	(934,750)	(1,005,076)	209,528
LESS Estimated surplus/(deficit) June 30 c/fwd	23(b)	(596,057)	(720)	(927,834)
Total amount raised from general rate	23(a)	<u>(1,606,066)</u>	<u>(1,610,064)</u>	<u>(1,466,006)</u>

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 2015

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 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 Shire 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 20 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.

(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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 the Council's intentions to release for sale.

(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, the Shire 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a), the Shire 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.

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 Shire 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.

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 Shire.

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

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.

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 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

Fair Value is the price that the Shire 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 or liability. 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 or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) 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 Shire 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 Shire 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 2015

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 Shire 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 are 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 Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire 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 2015

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 Shire 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 2015

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 Shire 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 Shire'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 Shire prior to the end of the financial year that are unpaid and arise when the Shire 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 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

Provision is made for the Shire'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 Shire'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 Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

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

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire 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.

(m) Provisions

Provisions are recognised when the Shire 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 Shire, 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 FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

An associate is an entity over which the Shire 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 Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire'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 Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire 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 Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(p) Interests in Joint Arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire'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.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 Shire's operational cycle. In the case of liabilities where the Shire 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 Shire'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.

(u) Comparative Figures

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

When the Shire 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 2015

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 Shire.

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	September 2012	1 January 2018	Nil - The revisions embodied in this Standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Shire (refer (i) above).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.
(v) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Shire. This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.
(vi) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements. This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	It is not anticipated it will have any significant impact on disclosures. This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn. It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

(x) Adoption of New and Revised Accounting Standards

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

These new and revised Standards were:

- AASB 2011-7
- AASB 2012-3
- AASB 2013-3
- AASB 2013-8
- AASB 2013-9 Parts A & B

Most of the Standards adopted had a minimal effect on the accounting and reporting practices of the Shire 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 2015

2. REVENUE AND EXPENSES	2015	2014
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Significant expense and revenue		
General purpose funding		
Impairment LHFR - Refer Note 6 & 32	184,550	142,465
Loss on Revaluation of Assets	410,639	0
	<u>595,189</u>	<u>142,465</u>
Auditors remuneration		
- Audit of the annual financial report		
Butler Senteniri	10,568	34,843
Anderson, Munro Wiley	19,198	0
- Financial Management Review	6,000	0
- Other services	3,300	0
Depreciation		
Land and Buildings	250,090	249,725
Plant & Equipment	168,369	193,424
Furniture & Equipment	93,850	99,026
Swimming Pool And Equipment	25,627	24,348
Infrastructure - Roads	408,108	408,108
Infrastructure - Sewerage	62,660	62,466
Infrastructure - Footpaths	36,582	36,582
Infrastructure - Drainage	19,143	19,144
	<u>1,064,429</u>	<u>1,092,824</u>
Interest expenses (finance costs)		
Debentures (refer Note 22 (a))	180,371	174,038
Finance Leases	38,479	81,342
Bank Overdraft	59,588	19,391
	<u>278,438</u>	<u>274,771</u>
Rental charges		
- Operating leases (refer Note 16(b))	69,547	32,891
	<u>69,547</u>	<u>32,891</u>
(ii) Crediting as revenue:		
Significant revenue		
Increase Equity Local Government House	47,879	0
Refer note 5 - Non- Current Assets		
Other revenue		
Reimbursements and recoveries	270,528	0
Significant revenue (refer above)	47,879	0
Other	1,413,144	233,005
	<u>1,731,551</u>	<u>233,005</u>

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

2. REVENUE AND EXPENSES (Continued)

(a) Net Result (Continued)

(ii) Crediting as revenue (Continued)

	2015 Actual \$	2015 Budget \$	2014 Actual \$
Interest earnings			
- Reserve funds	38,000	38,000	41,500
- Other funds	4,686	1,000	9,678
Other interest revenue (refer note 27)	15,555	22,000	20,963
	<u>58,241</u>	<u>61,000</u>	<u>72,141</u>

(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.

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

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.

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 2015

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance ⁽¹⁾ 1/07/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance ⁽¹⁾ 30/06/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance 30/06/15 \$
Grant/Contribution	Function/ Activity							
	DLG - Workforce Planning	0	13,000	(13,000)	0	0	0	0
	Grants Commission - General	0	175,204	(175,204)	0	0	0	0
	Grants Commission - Roads	0	159,898	(159,898)	0	0	0	0
	Aware Program	1,446	9,091	(9,091)	1,446	0	0	1,446
	Crime Prevention CCTV	0	21,308	0	21,308	24,268	(21,308)	24,268
	FESA Admin	0	4,000	(4,000)	0	0	0	0
	FESA - New Donated Vehicle	0	0	0	0	116,136	(116,136)	0
	Aged Friendly Communities Grant	0	0	0	0	54,500	0	54,500
	Heart Foundation	0	3,470	(3,470)	0	0	0	0
	Goomalling Youth Mental Health	0	10,000	(2,800)	7,200	0	0	7,200
	NAIDOC Indigenous Development	0	2,000	0	2,000	1,791	(2,527)	1,264
	Golf Club Tractor	0	32,500	(32,500)	0	0	0	0
	Health Way Grant	0	31,500	(31,500)	0	0	0	0
	Historical Flyer	0	10,907	(10,907)	0	0	0	0
	Grant CSRFF New Pavilion	0	0	0	0	337,500	(337,500)	0
	Grant LW New Pavilion	0	0	0	0	520,000	(520,000)	0
	Swimming Operational Grant	0	0	0	0	30,000	(30,000)	0
	Skelton Weed Research	0	0	0	0	9,844	(9,844)	0
	Work For The Dole	0	7,000	(7,000)	0	0	0	0
	LGEPP Energy Efficient Grant	0	9,117	(9,117)	0	0	0	0
	Grant - Holistic Park Development	0	25,335	(25,335)	0	10,555	(10,555)	0
	Dept of Water - CWSP Grant	0	0	0	0	7,350	(8,900)	7,350
	Dept of Families - Volunt Youth	0	0	0	0	25,000	0	16,100
	National Youth Week	0	2,500	(2,500)	0	0	0	0
	School Based Trainee	0	7,973	(7,973)	0	0	(2,500)	0
		0	2,500	(2,500)	0	2,500	0	0

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

2 REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance ⁽¹⁾ 30/06/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance 30/06/15 \$
Function/ Activity							
Roads to Recovery	0	172,651	(172,651)	0	165,855	(165,855)	0
Govt Grants - State Special	0	0	0	0	70,000	(70,000)	0
Govt Grants Tied MRWA Spec	0	64,423	(64,423)	0	471,958	(471,958)	0
MRWA Blackspot Funding	0	0	0	0	30,000	(30,000)	0
MRWA Contribution Upgrade	0	377,048	(377,048)	0	0	0	0
Department of Transport Air strip	0 0	0 0	0 0	0	3,437	(3,437)	0
Royalties For Regions	325,472	0	(29,472)	296,000	0	(296,000)	0
Total	326,918	1,141,425	(1,140,389)	327,954	1,880,694	(2,096,520)	112,128

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.

* These are grants provided to Council without condition and as such are excluded from this report as from this reporting period.

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

	Note	2015 \$	2014 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		(265,046)	(992,124)
Restricted		1,129,494	1,348,183
		<u>864,448</u>	<u>356,059</u>

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

Long Service Leave Reserve	12	131,135	126,334
Mortlock Lodge Reserve	12	3,542	3,412
Plant Replacement Reserve	12	202,169	204,402
Sport & Recreation Reserve	12	0	113,063
Staff Housing Reserve	12	55,054	57,855
Aged Care Reserve	12	137,388	132,359
Vehicle Reserve	12	115,050	122,640
Sewerage Reserve	12	289,468	175,441
Community Bus Reserve	12	55,147	53,128
Lcdc Reserve	12	11,048	11,366
Local medical Practice	12	17,365	20,229
Unspent grants	2(c)	112,128	327,954
		<u>1,129,494</u>	<u>1,348,183</u>

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

	2015 \$	2014 \$
5. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	153,156	164,154
Sundry debtors	295,878	97,645
GST receivable	0	6,453
Loans - clubs/institutions	0	6,916
Provision For Doubtful Debts	(9,308)	(10,600)
Other Tax Receivable	1,044	0
	<u>440,770</u>	<u>264,568</u>
Non-current		
Rates outstanding - pensioners	61,166	57,033
Other - Non Current	3,390	3,390
Investment in WALGA Local Government House *	50,879	3,000
	<u>115,435</u>	<u>63,423</u>

*** Investment in WALGA Local Government House Trust**

This note discloses the equity the City/Town has in the Local Government House Trust as a consequence of a contribution towards the cost of purchasing Local Government House.

The total contribution by all Councils towards the cost of the WALGA building was \$582,000. There are 620 units in the Local Government House Unit Trust, 3 of which are held by the Shire of Goomalling

The Shire has increased its share in the Local Government House Trust based on the trust's 30 June 2014 audited financial statements.

6. INVENTORIES

Current		
Fuel and materials	33,818	39,680
	<u>33,818</u>	<u>39,680</u>
Non-current		
Land held for resale - cost		
Cost of acquisition/Development Costs	1,139,462	1,139,462
Less Impairment	(327,015)	(142,465)
	<u>812,447</u>	<u>996,997</u>

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

	2015	2014
	\$	\$
7 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings at:		
- Independent valuation 2012 - level 2	16,880,959	16,880,959
- Additions after valuation - cost	1,746,816	461,899
Less: accumulated depreciation	<u>(2,341,123)</u>	<u>(2,091,034)</u>
	16,286,652	15,251,825
 Plant & Equipment at:		
- Management valuation 2013 - level 2	2,034,137	2,034,137
- Additions after valuation - cost	129,125	0
- Disposals after Valuation	(89,953)	(34,550)
Less accumulated depreciation	<u>(693,456)</u>	<u>(525,087)</u>
	1,379,853	1,474,500
 Furniture & Equipment at:		
- Management valuation 2013 - level 3	776,539	776,539
- Additions after valuation - cost	51,561	17,498
Less accumulated depreciation	<u>(494,928)</u>	<u>(401,078)</u>
	333,172	392,959
 Swimming Pool And Equipment at:		
- Management valuation 2013 - level 3	675,991	675,991
- Additions after valuation - cost	60,584	26,378
Less accumulated amortisation	<u>(312,209)</u>	<u>(286,582)</u>
	424,366	415,787
	<u>18,424,043</u>	<u>17,535,071</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as 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. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) 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 & Buildings	15,251,825	1,284,917	0	0	0	(250,090)	16,286,652
Plant & Equipment	1,474,500	129,125	(55,403)	0	0	(168,369)	1,379,853
Furniture & Equipment	392,959	34,063	0	0	0	(93,850)	333,172
Swimming Pool And Equipment	415,787	34,206	0	0	0	(25,627)	424,366
Total property, plant and equipment	17,535,071	1,482,311	(55,403)	0	0	(537,936)	18,424,043

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Freehold land	2	Market approach using recent observable market data for similar items	Independent Registered Valuers AVP Valuers	July 2011	Price per hectare/market borrowing rate
Land & Buildings	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent Registered Valuers AVP Valuers	July 2011	Improvements to land using construction costs and current condition (Level2) , residual values and remaining useful life assessments (Level 3) inputs.
Plant & Equipment					
	2	Market approach using recent observable market data for similar items	Management Valuation	June 2013	Price per item
Furniture & Equipment	3	Cost approach using depreciated replacement cost	Management Valuation	June 2013	Construction/Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Swimming Pool And Equipment	3	Cost approach using depreciated replacement cost	Management Valuation	June 2013	Construction/Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied , they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

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

	2015	2014
	\$	\$
8 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Management valuation 2015 - level 3	33,477,258	0
- Management valuation	0	20,012,261
- Additions after valuation - cost	0	25,346,136
Less accumulated depreciation	<u>0</u>	<u>(12,157,049)</u>
	<u>33,477,258</u>	<u>33,201,348</u>
Infrastructure - Sewerage		
- Management valuation 2012 - level 3	4,067,085	4,067,085
- Additions after valuation - cost	8,310	2,729
Less accumulated depreciation	<u>(630,345)</u>	<u>(567,684)</u>
	<u>3,445,050</u>	<u>3,502,129</u>
Infrastructure - Footpaths		
- Management valuation 2015 - level 3	634,755	0
- Cost	0	1,463,270
Less accumulated depreciation	<u>0</u>	<u>(409,466)</u>
	<u>634,755</u>	<u>1,053,804</u>
Infrastructure - Drainage		
- Management valuation 2015 - level 3	2,502,842	0
- Cost	0	1,435,855
Less accumulated depreciation	<u>0</u>	<u>(805,054)</u>
	<u>2,502,842</u>	<u>630,800</u>
	<u><u>40,059,905</u></u>	<u><u>38,388,081</u></u>

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as 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. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions.

This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires infrastructure to be shown at fair value.

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

8. INFRASTRUCTURE (Continued)

(b) 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 the Year \$
Infrastructure - Roads	33,201,348	975,439	0	(291,421)	0	(408,108)	33,477,258
Infrastructure - Sewerage	3,502,129	5,581	0	0	0	(62,660)	3,445,050
Infrastructure - Footpaths	1,053,804	28,172	0	0	(410,639)	(36,582)	634,755
Infrastructure - Drainage	630,800	0	0	1,891,185	0	(19,143)	2,502,842
Total infrastructure	38,388,081	1,009,192	0	1,599,764	(410,639)	(526,493)	40,059,905

The revaluation of infrastructure assets resulted in an increase on revaluation of \$1,599,764 in the net value of infrastructure. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 13) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

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

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Sewerage	3	Cost approach using depreciated replacement cost	Management Valuation	July 2011	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

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

	2015 \$	2014 \$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	590,775	322,486
Accrued interest on debentures	45,045	23,212
Gst Collected - Due To Ato	41,481	(0)
Ato Liabilities - Payg Fbt Wht	22,067	0
	699,368	345,698
10. LONG-TERM BORROWINGS		
Current		
Secured by floating charge		
Debentures	193,641	248,984
Lease liability	115,234	162,961
	308,875	411,945
Non-current		
Secured by floating charge		
Debentures	1,803,219	1,889,115
Lease liability	284,610	370,599
	2,087,829	2,259,714

Additional detail on borrowings is provided in Note 22.

11. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2014	171,740	197,037	368,777
Non-current provisions	0	18,549	18,549
	171,740	215,586	387,326
Additional provision	65,183	40,176	105,359
Amounts used	(91,522)	(7,278)	(98,800)
Balance at 30 June 2015	145,401	248,484	393,885
Comprises			
Current	145,401	221,459	366,860
Non-current	0	27,025	27,025
	145,401	248,484	393,885

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

	2015 \$	2015 Budget \$	2014 \$
12. RESERVES - CASH/INVESTMENT BACKED			
(a) Leave Reserve			
Opening balance	126,334	126,334	121,300
Amount set aside / transfer to reserve	4,801	4,801	5,034
Amount used / transfer from reserve	0	0	0
	<u>131,135</u>	<u>131,135</u>	<u>126,334</u>
(b) Mortlock Lodge Reserve			
Opening balance	3,412	3,412	3,701
Amount set aside / transfer to reserve	130	130	154
Amount used / transfer from reserve	0	0	(443)
	<u>3,542</u>	<u>3,542</u>	<u>3,412</u>
(c) Plant Replacement Reserve			
Opening balance	204,402	204,402	201,058
Amount set aside / transfer to reserve	7,767	7,767	8,344
Amount used / transfer from reserve	(10,000)	0	(5,000)
	<u>202,169</u>	<u>212,169</u>	<u>204,402</u>
(d) Sport & Recreation Reserve			
Opening balance	113,063	113,063	108,558
Amount set aside / transfer to reserve	4,297	4,296	4,505
Amount used / transfer from reserve	(117,360)	(115,000)	0
	<u>0</u>	<u>2,359</u>	<u>113,063</u>
(e) Staff Housing Reserve			
Opening balance	57,855	57,855	89,636
Amount set aside / transfer to reserve	2,199	2,199	3,719
Amount used / transfer from reserve	(5,000)	0	(35,500)
	<u>55,054</u>	<u>60,054</u>	<u>57,855</u>
(f) Aged Care Reserve			
Opening balance	132,359	132,359	127,085
Amount set aside / transfer to reserve	5,029	5,029	5,274
Amount used / transfer from reserve	0	(135,000)	0
	<u>137,388</u>	<u>2,388</u>	<u>132,359</u>
(g) Vehicle Reserve			
Opening balance	122,640	122,640	117,753
Amount set aside / transfer to reserve	4,660	4,660	4,887
Amount used / transfer from reserve	(12,250)	0	0
	<u>115,050</u>	<u>127,300</u>	<u>122,640</u>
(g) Sewerage Reserve			
Opening balance	175,441	175,441	168,450
Amount set aside / transfer to reserve	124,027	6,667	6,991
Amount used / transfer from reserve	(10,000)	0	0
	<u>289,468</u>	<u>182,108</u>	<u>175,441</u>

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

	2015 \$	2015 Budget \$	2014 \$
12. RESERVES - CASH/INVESTMENT BACKED (CONTINUED)			
(h) Community Bus Reserve			
Opening balance	53,128	53,128	51,011
Amount set aside / transfer to reserve	2,019	2,019	2,117
Amount used / transfer from reserve	0	0	0
	<u>55,147</u>	<u>55,147</u>	<u>53,128</u>
(i) Lcdc Reserve			
Opening balance	11,366	11,366	11,448
Amount set aside / transfer to reserve	431	432	475
Amount used / transfer from reserve	(750)	0	(557)
	<u>11,048</u>	<u>11,798</u>	<u>11,366</u>
TOTAL RESERVES	<u>1,000,000</u>	<u>788,000</u>	<u>1,000,000</u>
Total Opening balance	1,000,000	1,000,000	1,000,001
Total Amount set aside / transfer to reserve	155,360	38,000	41,500
Total Amount used / transfer from reserve	<u>(155,360)</u>	<u>(250,000)</u>	<u>(41,501)</u>
TOTAL RESERVES	<u>1,000,000</u>	<u>788,000</u>	<u>1,000,000</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 2015

12. RESERVES - CASH/INVESTMENT 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) Mortlock Lodge Reserve
 - to be used for maintenance and improvements to the Mortlock Retirement Units
- (c) Plant Replacement Reserve
 - to be used for the future replacement of plant.
- (d) Sport & Recreation Reserve
 - to be used for the upgrading and improvements to sporting and recreational facilities within the Sh
- (e) Staff Housing Reserve
 - to be used for the maintenance, upgrading and construction of new housing for Council employees or public rental housing.
- (f) Aged Care Reserve
 - to be utilised to provide for the needs of the aged.
- (g) 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) Sewerage Reserve
 - to be used to maintain and upgrade the sewerage cheme in the Goomalling Townsite.
- (h) Community Bus Reserve
 - to be used to fund the purchase of a new Community Bus.
- (i) Lcdc Reserve
 - to be used to fund Landcare Activities

The 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 2015

13. REVALUATION SURPLUS	2015	2014
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land and buildings		
Opening balance	6,589,534	6,589,534
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>6,589,534</u>	<u>6,589,534</u>
(b) Furniture & Equipment		
Opening balance	232,717	232,717
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>232,717</u>	<u>232,717</u>
(c) Plant & Equipment		
Opening balance	133,362	133,362
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>133,362</u>	<u>133,362</u>
(d) Swimming Pool		
Opening balance	38,121	38,121
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>38,121</u>	<u>38,121</u>
(e) Infrastructure - Roads		
Opening balance	20,012,261	20,012,261
Revaluation increment	0	0
Revaluation decrement	(291,421)	0
	<u>19,720,840</u>	<u>20,012,261</u>
(f) Infrastructure - Sewerage		
Opening balance	3,167,274	3,167,274
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>3,167,274</u>	<u>3,167,274</u>
(g) Infrastructure - Drainage		
Opening balance	0	0
Revaluation increment	1,891,185	0
Revaluation decrement	0	0
	<u>1,891,185</u>	<u>0</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>31,773,033</u></u>	<u><u>30,173,269</u></u>

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

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash 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:

	2015 \$	2015 Budget \$	2014 \$
Cash and cash equivalents	<u>864,448</u>	<u>985,246</u>	<u>356,059</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	1,421,949	2,297,863	(702,322)
Non-cash flows in Net result:			
Depreciation	1,064,429	1,092,340	1,092,824
(Profit)/Loss on sale of asset	15,882	(331,797)	12,465
Fair value adjustments to financial assets			
at fair value through profit or loss	0	0	142,465
Loss on revaluation of fixed assets	595,189	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(235,130)	(24,419)	40,237
(Increase)/Decrease in inventories	5,862	679	(944)
Increase/(Decrease) in payables	353,670	(21,280)	139,381
Increase/(Decrease) in provisions	6,559	14,043	(60,735)
Grants contributions for the development of assets	<u>(1,674,081)</u>	<u>(2,608,000)</u>	<u>(646,622)</u>
Net cash from operating activities	<u>1,554,329</u>	<u>419,429</u>	<u>16,749</u>
(c) Undrawn Borrowing Facilities			
	2015		2014
	\$		\$
Credit Standby Arrangements			
Bank overdraft limit	1,250,000		500,000
Bank overdraft at balance date	0		0
Credit card limit	10,000		10,000
Credit card balance at balance date	0		0
Total amount of credit unused	<u>1,260,000</u>		<u>510,000</u>
Loan facilities			
Loan facilities - current	308,875		411,945
Loan facilities - non-current	<u>2,087,829</u>		<u>2,259,714</u>
Total facilities in use at balance date	<u>2,396,704</u>		<u>2,671,659</u>
Unused loan facilities at balance date	<u>NIL</u>		<u>NIL</u>

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

15. CONTINGENT LIABILITIES

There were no known contingent liabilities as at 30 June 2015.

16. CAPITAL AND LEASING COMMITMENTS	2015 \$	2014 \$
(a) Finance Lease Commitments		
Non-cancellable finance leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	139,523	28,316
- later than one year but not later than five years	381,763	633,644
- later than five years	0	0
	521,286	661,960
Less future Finance Charges	(121,441)	(128,401)
	399,845	533,559

(b) Operating Lease Commitments

During the year ended 30 June 2015 the council entered into a number of operating lease arrangements for the hire of plant and equipment 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 \$69,547 .

(c) Capital Expenditure Commitments

Contracted for:		
- New Recreation Centre	1,543,856	0
Payable:		
- not later than one year	1,543,856	0

Recreation Centre

The Shire of Goomalling along with a proactive Community commenced building a Community Recreation Centre for the Goomalling Community in March 2015. As at 30 June 2015 \$1,081,790 has been spent and a further amount as above is committed for 2015/2016.

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

17. 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 hire of Goomalling.

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2015	2014
	\$	\$
Governance	984,033	11,559
General purpose funding	0	23,118
Law, order, public safety	464,087	809,143
Health	65,483	288,980
Education and welfare	331,932	0
Housing	3,872,125	231,184
Community amenities	4,007,564	346,776
Recreation and culture	5,101,993	3,120,981
Transport	38,074,181	49,612,031
Economic services	4,922,612	173,388
Other property and services	1,799,399	2,485,225
Unallocated	1,127,457	693,551
	<u>60,750,866</u>	<u>57,795,936</u>

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

19. FINANCIAL RATIOS	2015	2014	2013
Current ratio	0.17	(0.69)	0.40
Asset sustainability ratio	1.36	1.33	1.38
Debt service cover ratio	2.50	0.04	1.73
Operating surplus ratio	(0.07)	(0.42)	(0.23)
Own source revenue coverage ratio	0.59	0.63	0.65

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 2015

20. 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 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Police Licencing	0	764,231	(764,231)	0
Slater Homestead Donation	1,443	200	0	1,643
Konno Special Plate	670	0	0	670
Mortlock Farm	1,542	0	0	1,542
Accrued AL & LSL Beactive	11,463	3,198	0	14,661
Pioneers Pathway Sign	27,554	8,364.07	0	35,918
Skeleton Weed	7,286	0	(6,195)	1,091
General Deposits	19,789	18,463	(24,591)	13,661
	<u>69,747</u>			<u>69,185</u>

21. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR

The following assets were disposed of during the year.

	AR #	Net Book Value		Sale Price		Profit (Loss)	
		Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land and Buildings							
Economic services							
Grange Street (4 Blocks)		0	370,000	0	380,000	0	10,000
36 Grange St		0	110,000	0	120,000	0	10,000
34 Eaton St		0	122,955	0	195,000	0	72,045
14 High St		0	146,210	0	225,000	0	78,790
30 Forward St		0	219,200	0	220,000	0	800
Lot 7 Salmon Gum Way		0	240,000	0	350,000	0	110,000
11 High/James St		0	5,164	0	55,000	0	49,836
Plant and Equipment							
Law, Order & Public Safety							
FESA Landcruiser	3242	22,703	0	22,703	0	0	0
Recreation and Culture							
Sale of SBC Vehicle	3431	30,895	24,674	16,818	25,000	(14,077)	326
Water Tank	3,218	1,805	0	0	0	(1,805)	0
		<u>32,700</u>	<u>1,238,203</u>	<u>39,521</u>	<u>1,570,000</u>	<u>(15,882)</u>	<u>331,797</u>

Profit	0	331,797
Loss	(15,882)	0
	<u>(15,882)</u>	<u>331,797</u>

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

23. RATING INFORMATION - 2014/15 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 \$
RATE TYPE											
Differential general rate / general rate											
Gross rental value valuations											
GRV - District	0.1126	229	1,553,995	174,995	(3,997)	0	170,998	174,995	0	0	174,995
Unimproved value valuations											
UV Rural- Zone 2	0.0054	55	20,359,000	110,040	0	0	110,040	110,040	0	0	110,040
UV - Special Rural	0.0108	16	1,861,000	20,099	0	0	20,099	20,099	0	0	20,099
UV - General Zone 3	0.0071	236	145,055,000	1,030,906	0	0	1,030,906	1,030,906	0	0	1,030,906
Sub-Totals		536	168,828,995	1,336,040	(3,997)	0	1,332,043	1,336,040	0	0	1,336,040
Minimum payment	Minimum \$										
Gross rental value valuations											
GRV - District	850	206	926,435	175,100	0	0	175,100	0	0	0	175,100
Unimproved value valuations											
UV - General Zone 3	990	85	6,902,929	84,150	0	0	84,150	0	0	0	84,150
Sub-Totals		291	7,829,364	259,250	0	0	259,250	0	0	0	259,250
Ex-gratia rates											
							1,591,293				1,595,290
							14,773				14,774
							0				0
Total amount raised from general rate Specified Area Rate (refer note 24)							1,606,066				1,610,064
							184,819				181,732
Totals							1,790,885				1,791,796

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

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2014 \$	New Loans \$	Principal Repayments			Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Bank Adjustment	Actual \$	Budget \$	Actual \$	Budget \$
Housing									
Loan 98 - Community Bank Housing*	8,636	0	7,276	8,061	1,360	0	0	891	891
Loan 98 - Young Peoples Housing	8,635	0	7,136	8,061	1,499	0	0	1,031	1,031
Loan 101 - Tradesmans Residence	37,889	0	17,488	18,355	841	19,560	21,127	2,572	2,097
Economic Services									
Loan 105 - Slater Homestead	95,424	0	6,822	6,278	0	88,602	89,146	9,098	7,300
Loan 104 - Rural Transaction Centre	318,088	0	22,739	72,557	0	295,349	245,531	30,331	24,334
Loan 106 - Rural Transaction Centre	454,824	0	9,538	9,537	454	444,832	445,703	42,053	40,040
Loan 108 - Grange & Salmon Gums									
Subdivisions	1,214,602		126,136	126,708	4,949	1,083,517	1,097,884	94,395	91,204
Loan 109 - Caravan Park	0	65,000	0	0	0	65,000	0	0	0
Mortlock Sports Council SSL*	0	0	0	10,339	0	0	10,339	0	0
Sports Pavillion	0	0	0	7,074	0	0	7,074	0	0
Loan Overdraft	0	0	0	113,784	0	0	113,784	0	0
	2,138,098	65,000	197,135	380,754	9,103	1,996,860	1,899,391	180,371	166,897

(*) 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 2015

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2014/15

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan 109 - Caravan Park	65,000	65,000	Bendigo	Debenture	5	18,000	5.47%	65,000	65,000	0
Sports Pavillion	0	985,000				0		0	0	0
Mortlock Sports Council SSL*	0	300,000				0		0	0	0
Loan Overdraft	0	750,000				0		0	0	0
	65,000	2,100,000				18,000		65,000	65,000	0

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2015.

(d) Overdraft

Council established an overdraft facility of \$1,250,000 to assist with short term liquidity requirements, The facility was used during the year. The balance of the bank overdraft at 30 June 2015 was \$0

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

23. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)

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

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
Surplus/(Deficit) 1 July 14 brought forward	<u>(596,057)</u>	<u>(934,750)</u>	<u>(927,834)</u>
Comprises:			
Cash and cash equivalents			
Unrestricted	(152,917)	(992,124)	(992,124)
Restricted	1,017,365	1,348,183	1,348,183
Investments			
Financial assets at fair value through profit and loss	0	0	0
Receivables			
Rates outstanding	153,156	164,154	164,154
Sundry debtors	295,878	97,645	97,645
GST receivable	108,320	0	0
Loans - clubs/institutions	0	6,916	6,916
Provision For Doubtful Debts	(9,308)	(10,600)	(10,600)
Other Tax Receivable	1,044	0	0
Inventories			
Fuel and materials	33,818	39,680	39,680
Less:			
Trade and other payables			
Sundry creditors	(590,775)	(322,486)	(322,486)
Accrued interest on debentures	(45,045)	(23,212)	(23,212)
Gst Collected - Due To Ato	(149,801)	6,453	6,453
Ato Liabilities - Payg Fbt Wht	(22,067)	0	0
Current portion of long term borrowings			
Secured by floating charge	(193,641)	(248,984)	(248,984)
Lease liability	(115,234)	(162,961)	(162,961)
Provisions			
Provision for annual leave	(145,401)	(171,740)	(171,740)
Provision for long service leave	(221,459)	(197,037)	(197,037)
Net current assets	<u>(36,067)</u>	<u>(466,113)</u>	<u>(466,113)</u>
Less:			
Reserves - restricted cash	(1,000,000)	(1,000,000)	(1,000,000)
Loans - Clubs/Institutions	0	(6,916)	(6,916)
Add:			
Liabilities supported by Restricted Funds (Leave Reserve)	131,135	126,334	0
Secured by floating charge	193,641	248,984	248,984
Lease Liability	115,234	162,961	162,961
Loan Liability Adjustment	0	0	(19,617)
Lease Liability	0	0	162,961
Lease Liability Adjustment	0	0	(10,094)
Surplus/(deficit)	<u>(596,057)</u>	<u>(934,750)</u>	<u>(927,834)</u>

Difference

There was a difference between the surplus/(deficit) 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2014 audited financial report. The difference was due to a change in methodology in calculating the surplus/deficit as shown above.

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

24. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Sewerage Scheme Levy	7.7900	GRV	2,480,430	183,679	181,732	185,299	174,500
Unrated Properties				1,140	0	0	0
Transfer to Reserve				0	0	6,667	6,667
				184,819	181,732	191,966	181,167

The Specified Area Rate for the Shire of Goomalling Sewerage Scheme is for those properties on the Goomalling locality which are connected to the scheme and is levied on the Gross rental Value of affected properties.

25. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

The Shire did not impose any service charges.

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

No discount on rates is available

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	11.00%	0	11,374	15,000
Interest on instalments plan	5.50%	0	4,181	5,000
Charges on instalment plan		5	1,720	2,000
			17,275	22,000

Ratepayers had the option of paying rates in four equal instalments, due on 19th September 2014, 19th November 2014, 19th January 2015 and 19th March 2015. Administration charges and interest applied for the final three instalments.

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

28. FEES & CHARGES	2015	2014
	\$	\$
Governance	3,236	3,453
General purpose funding	1,720	2,728
Law, order, public safety	50,735	53,515
Health	575,744	522,387
Education and welfare	2,378	427
Housing	248,311	213,812
Community amenities	109,908	95,600
Recreation and culture	23,824	33,930
Transport	180	260
Economic services	212,802	239,610
Other property and services	45,999	84,459
	<u>1,274,837</u>	<u>1,250,181</u>

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

29. GRANT REVENUE

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

By Nature or Type:	2015	2014
	\$	\$
Operating grants, subsidies and contributions	1,289,978	494,803
Non-operating grants, subsidies and contributions	1,674,081	646,622
	<u>2,964,059</u>	<u>1,141,425</u>
By Program:		
Governance	0	13,000
General purpose funding	1,079,364	335,102
Law, order, public safety	120,136	34,399
Health	0	13,470
Education and welfare	54,500	0
Community amenities	0	2,000
Recreation and culture	887,500	74,907
Transport	741,250	614,122
Economic services	78,809	41,452
Other property and services	2,500	12,973
	<u>2,964,059</u>	<u>1,141,425</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>29</u>	<u>29</u>
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31. ELECTED MEMBERS REMUNERATION

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

	2015	2015	2014
	\$	Budget	\$
		\$	
Meeting Fees	23,350	24,800	24,414
President's allowance	2,500	2,500	2,500
Deputy President's allowance	625	625	625
Travelling expenses	4,624	6,000	4,022
	<u>31,099</u>	<u>33,925</u>	<u>31,561</u>

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

32. MAJOR LAND TRANSACTIONS

Salmon Gums and Grange Subdivision

(a) Details

The council continued 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>
Total Development Expenses		1,421,746
Less Land Sold	<u>(282,284)</u>	<u>(282,284)</u>
Less Impairment Loss		
2013-2014	(142,465)	
2014-2015	(184,550)	(327,015)
Book Value of Development		<u>812,447</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	<u>91,204</u>	<u>517,556</u>
Total Costs of Development to Date		<u><u>1,330,003</u></u>

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

32. MAJOR LAND TRANSACTIONS (CONTINUED)

The council has 14 blocks for sale. Based on the development cost to date plus interest on borrowings, the unit cost of remaining blocks are on average \$95,000 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.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the financial year.

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

34. FINANCIAL RISK MANAGEMENT

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

The Shire 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 Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	864,448	356,059	864,448	356,059
Receivables	556,205	327,991	556,205	327,991
Land held for Resale	1,139,462	1,139,462	812,447	996,997
	<u>2,560,115</u>	<u>1,823,512</u>	<u>2,233,100</u>	<u>1,681,047</u>
Financial liabilities				
Payables	699,368	345,698	699,368	345,698
Borrowings	2,396,704	2,671,659	1,653,848	2,671,659
	<u>3,096,072</u>	<u>3,017,357</u>	<u>2,353,216</u>	<u>3,017,357</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.

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Held-to-maturity investments

The Shire'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 the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2015	2014
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	8,644	8,360
- Statement of Comprehensive Income	8,644	8,360

Notes:

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

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2015	2014
Percentage of rates and annual charges		
- Current	0%	90%
- Overdue	100%	10%
Percentage of other receivables		
- Current	79%	67%
- Overdue	21%	33%

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

34. 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. The Shire 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 %
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Year ended 30 June 2015

Borrowings

Fixed rate								
Debentures	19,560	0	0	0	65,000	1,912,300	1,996,860	7.58%
Weighted average Effective interest rate	7.64%	0.00%	0.00%	0.00%	7.62%	7.44%		

Year ended 30 June 2014

Borrowings

Fixed rate								
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%	0.00%	0.00%	0.00%	7.89%		



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 2015. 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 2015 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 delegations to committees were not in writing or recorded in a register of delegations as is required by *Local Government Act 1995* sections 5.16, 5.17 & 5.18.
- b) Not all decisions made under section 5.68(1), and the extent of participation allowed, were recorded in the minutes. as is required by *Local Government Act 1995 section 5.68(2)*.

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 9th day of November 2015 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 2015**

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

	2015	2014	2013
Asset consumption ratio	0.93	0.73	0.75
Asset renewal funding ratio	0.83	0.78	0.79

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

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