

SHIRE OF GOOMALLING
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

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COMMUNITY VISION

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

Principal place of business:
32 Quinlan Street
GOOMALLING WA 6460

**SHIRE OF GOOMALLING
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Goomalling for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the Shire of Goomalling at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed as authorisation of issue on the

day of

April 2019

Peter Bentley
Chief Executive Officer

**STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Rates	24(a)	2,039,601	2,039,218	1,954,193
Operating grants, subsidies and contributions	2(a)	890,692	509,035	1,303,265
Fees and charges	2(a)	1,497,150	1,555,654	1,620,378
Interest earnings	2(a)	79,144	79,984	88,187
Other revenue	2(a)	482,504	272,120	331,281
		<u>4,989,091</u>	<u>4,456,011</u>	<u>5,297,305</u>
Expenses				
Employee costs		(2,005,790)	(1,720,910)	(1,787,202)
Materials and contracts		(1,433,679)	(1,283,732)	(1,172,176)
Utility charges		(271,082)	(264,550)	(241,063)
Depreciation on non-current assets	10(b)	(1,497,521)	(1,400,100)	(1,439,339)
Interest expenses	2(b)	(263,721)	(276,134)	(298,333)
Insurance expenses		(156,735)	(206,470)	(176,396)
Other expenditure		(272,604)	(158,526)	(237,517)
		<u>(5,901,132)</u>	<u>(5,310,422)</u>	<u>(5,352,025)</u>
		(912,041)	(854,411)	(54,721)
Non-operating grants, subsidies and contributions	2	1,855,457	1,771,098	1,055,381
Profit on asset disposals	10(a)	-	-	6,498
(Loss) on asset disposals	10(a)	(148,433)	(177,480)	(65,656)
LHFR fair value adjustment through profit or loss	4	59,041	-	81,160
Net result		<u>854,024</u>	<u>739,207</u>	<u>1,022,662</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	(106,587)	-	(195,917)
Total other comprehensive income		<u>(106,587)</u>	<u>-</u>	<u>(195,917)</u>
Total comprehensive income		<u><u>747,437</u></u>	<u><u>739,207</u></u>	<u><u>826,745</u></u>

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

**STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
	2(a)			
Governance		139,240	75,570	108,914
General purpose funding		2,616,986	2,275,585	2,911,889
Law, order, public safety		79,246	74,988	68,959
Health		677,504	677,150	695,643
Education and welfare		2,933	3,500	2,608
Housing		226,398	243,060	256,869
Community amenities		354,598	342,496	323,425
Recreation and culture		126,003	187,011	177,899
Transport		3,550	4,000	3,363
Economic services		390,227	304,150	414,616
Other property and services		372,406	268,501	333,120
		<u>4,989,091</u>	<u>4,456,011</u>	<u>5,297,305</u>
Expenses				
	2(b)			
Governance		(428,867)	(404,825)	(385,814)
General purpose funding		(17,730)	(17,500)	(33,943)
Law, order, public safety		(157,458)	(168,600)	(174,705)
Health		(823,989)	(745,200)	(770,747)
Education and welfare		(10,471)	(13,000)	(8,781)
Housing		(249,815)	(245,760)	(252,706)
Community amenities		(398,958)	(418,100)	(357,024)
Recreation and culture		(655,449)	(605,170)	(634,736)
Transport		(1,852,496)	(1,573,410)	(1,637,594)
Economic services		(714,184)	(743,001)	(708,598)
Other property and services		(327,994)	(99,722)	(89,045)
		<u>(5,637,411)</u>	<u>(5,034,288)</u>	<u>(5,053,693)</u>
Finance Costs				
	2(b)			
General purpose funding		-	(1,000)	(34)
Economic services		(257,825)	(271,734)	(285,035)
Other property and services		(5,896)	(3,400)	(13,264)
		<u>(263,721)</u>	<u>(276,134)</u>	<u>(298,333)</u>
		<u>(912,041)</u>	<u>(854,411)</u>	<u>(54,721)</u>
Non-operating grants, subsidies and contributions	2(a)	1,855,457	1,771,098	1,055,381
Profit on disposal of assets	10(a)	-	-	6,498
(Loss) on disposal of assets	10(a)	(148,433)	(177,480)	(65,656)
LHFR fair value adjustment through profit or loss		59,041	-	81,160
		<u>1,766,065</u>	<u>1,593,618</u>	<u>1,077,383</u>
		854,024	739,207	1,022,662
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	(106,587)	-	(195,917)
Total other comprehensive income		<u>(106,587)</u>	<u>-</u>	<u>(195,917)</u>
Total comprehensive income		<u>747,437</u>	<u>739,207</u>	<u>826,745</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018**

	NOTE	2018	2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	1,495,536	1,596,478
Investments	4	46,400	46,428
Trade and other receivables	6	433,987	463,996
Inventories	7	23,694	32,036
TOTAL CURRENT ASSETS		1,999,617	2,138,938
NON-CURRENT ASSETS			
Other receivables	6	340,056	365,878
Inventories	7	530,000	567,000
Property, plant and equipment	8	26,956,172	26,288,398
Infrastructure	9	40,971,686	40,548,062
TOTAL NON-CURRENT ASSETS		68,797,914	67,769,338
TOTAL ASSETS		70,797,531	69,908,276
CURRENT LIABILITIES			
Trade and other payables	12	670,843	376,826
Current portion of long term borrowings	13(a)	394,382	459,792
Provisions	14	405,158	379,602
TOTAL CURRENT LIABILITIES		1,470,383	1,216,220
NON-CURRENT LIABILITIES			
Long term borrowings	13(a)	3,621,343	3,728,177
Provisions	14	36,031	41,541
TOTAL NON-CURRENT LIABILITIES		3,657,374	3,769,718
TOTAL LIABILITIES		5,127,757	4,985,938
NET ASSETS		65,669,774	64,922,338
EQUITY			
Retained surplus		26,312,441	25,276,476
Reserves - cash backed	5	900,001	1,081,942
Revaluation surplus	11	38,457,333	38,563,920
TOTAL EQUITY		65,669,774	64,922,338

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	RETAINED SURPLUS	RESERVES CASH/INVESTMENT BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2016		24,287,624	1,048,132	38,759,837	64,095,592
Comprehensive income					
Net result		1,022,662	-	-	1,022,662
Changes on revaluation of assets	11	-	-	(195,917)	(195,917)
Total comprehensive income		1,022,662	-	(195,917)	826,745
Transfers from/(to) reserves		(33,810)	33,810	-	-
Balance as at 30 June 2017		25,276,476	1,081,942	38,563,920	64,922,338
Comprehensive income					
Net result		854,024	-	-	854,024
Changes on revaluation of assets	11	-	-	(106,587)	(106,587)
Total comprehensive income		854,024	-	(106,587)	747,437
Transfers from/(to) reserves		181,941	(181,941)	-	-
Balance as at 30 June 2018		26,312,441	900,001	38,457,333	65,669,775

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,992,546	2,039,218	2,034,367
Operating grants, subsidies and contributions		975,756	746,719	1,150,428
Fees and charges		1,497,149	1,555,654	1,620,378
Interest earnings		79,144	79,984	86,376
Goods and services tax		286,051	300,000	313,254
Other revenue		482,532	272,120	331,281
		5,313,178	4,993,695	5,536,084
Payments				
Employee costs		(1,980,961)	(1,720,910)	(1,770,579)
Materials and contracts		(1,131,416)	(1,483,732)	(1,357,743)
Utility charges		(271,082)	(264,550)	(241,063)
Interest expenses		(268,407)	(276,134)	(309,473)
Insurance expenses		(156,735)	(206,470)	(176,396)
Goods and services tax		(298,813)	(300,000)	(313,159)
Other expenditure		(272,604)	(158,526)	(237,519)
		(4,380,018)	(4,410,322)	(4,405,932)
Net cash provided by (used in) operating activities	15	933,161	583,373	1,130,152
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,427,839)	(1,323,500)	(278,954)
Payments for construction of infrastructure		(1,375,060)	(1,264,460)	(1,583,319)
Non-operating grants, subsidies and contributions		1,855,457	1,771,098	1,055,381
Proceeds from sale of land held for resale		55,000	-	55,000
Proceeds from sale of fixed assets		-	250,000	206,505
Net cash provided by (used in) investment activities		(892,443)	(566,862)	(545,386)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings		(346,460)	(554,470)	(524,486)
Repayment of finance leases		(95,785)	(154,327)	(125,665)
Proceeds from self supporting loans		30,585	30,503	30,500
Proceeds from new long term borrowings		270,000	270,000	-
Net cash provided by (used in) financing activities		(141,660)	(408,294)	(619,651)
Net increase (decrease) in cash held		(100,942)	(391,783)	(34,885)
Cash at beginning of year		1,596,478	1,596,478	1,631,363
Cash and cash equivalents at the end of the year	15	1,495,536	1,204,695	1,596,478

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

**RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)				
		362,200	382,013	176,098
		<u>362,200</u>	<u>382,013</u>	<u>176,098</u>
Revenue from operating activities (excluding rates)				
Governance		139,240	75,570	108,914
General purpose funding		801,913	460,895	1,255,881
Law, order, public safety		79,246	74,988	68,959
Health		677,504	677,150	695,643
Education and welfare		2,933	3,500	2,608
Housing		226,398	243,060	263,367
Community amenities		354,598	342,496	323,425
Recreation and culture		126,003	187,011	177,899
Transport		3,550	4,000	3,363
Economic services		449,268	304,150	414,616
Other property and services		372,406	268,501	333,120
		<u>3,233,059</u>	<u>2,641,321</u>	<u>3,647,795</u>
Expenditure from operating activities				
Governance		(428,867)	(404,825)	(385,814)
General purpose funding		(17,730)	(18,500)	(33,977)
Law, order, public safety		(157,458)	(168,600)	(174,705)
Health		(823,989)	(745,200)	(770,747)
Education and welfare		(10,471)	(13,000)	(8,781)
Housing		(249,815)	(245,760)	(252,706)
Community amenities		(398,958)	(418,100)	(357,024)
Recreation and culture		(655,449)	(605,170)	(634,736)
Transport		(1,852,496)	(1,573,410)	(1,644,090)
Economic services		(1,013,050)	(1,192,215)	(1,052,793)
Other property and services		(441,282)	(103,122)	(102,310)
		<u>(6,049,565)</u>	<u>(5,487,902)</u>	<u>(5,417,683)</u>
Operating activities excluded				
(Profit) on disposal of assets	10(a)	-	-	(6,498)
Loss on disposal of assets	10(a)	148,433	177,480	65,656
Decrease in equity - Local Government House		28	-	4,451
(Profit)/Loss on revaluation of fixed assets	9(b)	(59,041)	-	(81,160)
Correction to NC Lease and Loan Liability		2,667	-	-
Movement in deferred pensioner rates (non-current)		(10,036)	-	(9,685)
Movement in employee benefit provisions (non-current)		(5,510)	2,772	3,606
Movement in long service leave bank		(31,190)	-	3,769
Movement in non current debtors		3,390	-	-
Depreciation and amortisation on assets	10(b)	1,497,521	1,400,100	1,439,339
Amount attributable to operating activities		<u>(908,044)</u>	<u>(884,216)</u>	<u>(174,312)</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,855,457	1,771,098	1,055,381
Proceeds from disposal of assets	10(a)	-	250,000	206,505
Proceeds from disposal of land held for resale		55,000	-	55,000
Purchase of property, plant and equipment	8(b)	(1,427,839)	(1,323,500)	(278,954)
Purchase and construction of infrastructure	9(b)	(1,375,060)	(1,264,460)	(1,583,319)
Amount attributable to investing activities		<u>(892,443)</u>	<u>(566,862)</u>	<u>(545,386)</u>
FINANCING ACTIVITIES				
Repayment of long term borrowings	13(a)	(346,460)	(554,470)	(524,486)
Proceeds from new long term borrowings	13(b)	270,000	270,000	-
Repayment of leases		(98,452)	(154,327)	(125,665)
Proceeds from self supporting loans	13(a)	30,585	30,503	28,691
Transfers to reserves (restricted assets)	5	(28,338)	(22,190)	(61,771)
Transfers from reserves (restricted assets)	5	210,279	66,872	27,961
Amount attributable to financing activities		<u>37,614</u>	<u>(363,612)</u>	<u>(655,270)</u>
Surplus(deficiency) before general rates		<u>(1,762,872)</u>	<u>(1,814,690)</u>	<u>(1,374,968)</u>
Total amount raised from general rates	24	<u>1,815,073</u>	<u>1,814,690</u>	<u>1,737,168</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	25	<u>52,200</u>	<u>-</u>	<u>362,200</u>

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

1. 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) and Interpretations of the Australian Accounting Standards Board, and the Local Government Act 1995 and accompanying regulations.

Accounting policies which have been adopted in the preparation of this financial report 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.

The Local Government (Financial Management) Regulations 1996 take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or any other sporting or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

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.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

2. REVENUE AND EXPENSES

(a) Revenue	2018 Actual	2017 Actual
	\$	\$
Gain LHFR - Refer to Note 21	59,041	81,160
Other revenue		
Reimbursements and recoveries	482,504	161,025
Other	-	170,256
	<u>482,504</u>	<u>331,281</u>
Fees and Charges		
Governance	3,450	7,020
General purpose funding	1,805	2,065
Law, order, public safety	66,996	64,959
Health	652,504	670,643
Education and welfare	2,528	1,203
Housing	223,033	248,207
Community amenities	143,467	119,035
Recreation and culture	34,935	38,968
Transport	592	460
Economic services	196,344	212,567
Other property and services	171,496	255,251
	<u>1,497,150</u>	<u>1,620,378</u>

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant Revenue

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

	2018	2017
	\$	\$
Operating grants, subsidies and contributions		
General purpose funding	725,013	1,090,617
Law, order, public safety	12,250	4,000
Recreation and culture	33,000	36,000
Economic services	118,156	169,526
Other property and services	2,273	3,122
	<u>890,692</u>	<u>1,303,265</u>
Non-operating grants, subsidies and contributions		
Housing	976,352	-
Recreation and culture	44,567	-
Transport	826,538	1,020,381
Economic services	8,000	35,000
	<u>1,855,457</u>	<u>1,055,381</u>
Total grants, subsidies and contributions	<u>2,746,149</u>	<u>2,358,646</u>

SIGNIFICANT ACCOUNTING POLICIES

Grants, Donations and Other Contributions

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

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

Grants, Donations and Other Contributions (Continued)

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 23.

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.

Interest earnings

- Loans receivable - clubs/institutions
- Reserve funds
- Other funds
Other interest revenue (refer note 24(e))

	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
- Loans receivable - clubs/institutions	20,828	20,611	22,422
- Reserve funds	27,950	27,950	29,771
- Other funds	10,396	10,000	12,740
Other interest revenue (refer note 24(e))	19,970	21,423	23,254
	<u>79,144</u>	<u>79,984</u>	<u>88,187</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other Audit Services

2018	2017
\$	\$
10,210	10,369
-	1,000
10,210	11,369

Interest expenses (finance costs)

- Long term borrowings (refer Note 13(a))
- Finance Leases
- Bank Overdraft

257,824	285,035
5,896	13,264
-	34
263,721	298,333

Rental charges

- Operating leases

22,004	41,869
22,004	41,869

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

3. CASH AND CASH EQUIVALENTS

	NOTE	2018	2017
		\$	\$
Unrestricted		536,710	431,957
Restricted		958,826	1,164,521
		1,495,536	1,596,478

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

Long Service Leave Reserve	5	107,342	138,532
Mortlock Lodge Reserve	5	3,101	3,737
Plant Replacement Reserve	5	150,088	185,000
Staff Housing Reserve	5	48,381	55,000
Aged Care Reserve	5	114,056	145,139
Vehicle Reserve	5	102,750	100,000
Sewerage Reserve	5	312,519	304,155
Community Bus Reserve	5	51,784	57,437
S&R CoOrd AL LSL Reserve	5	-	16,371
LCDC Reserve	5	9,981	11,000
S/Pool Revitalisation Reserve	5	-	65,570
Local Medical Practice		19,011	12,317
Unspent grants	23	39,813	70,263
		958,826	1,164,521

SIGNIFICANT ACCOUNTING POLICIES

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

Cash and cash equivalents (Continued)

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

4. INVESTMENTS

	<u>2018</u>	<u>2017</u>
	\$	\$
Investment in Local Government House	46,400	46,428
At the beginning of the year	46,428	50,879
Unrealised gain/(loss) investment in WALGA House*	(28)	(4,451)
At the end of the year	<u>46,400</u>	<u>46,428</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

SIGNIFICANT ACCOUNTING POLICIES

Classification and subsequent measurement

(i) Financial assets at fair value through profit and loss
Financial assets are classified as “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) 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 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.

(iii) 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.

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).

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.

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment (Continued)

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.

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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

5. RESERVES - CASH BACKED

	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Long Service Leave Reserve	138,532	3,810	(35,000)	107,342	138,532	2,771	-	141,303	134,763	3,769	-	138,532
Mortlock Lodge Reserve	3,738	103	(740)	3,101	3,738	75	-	3,813	3,640	98	-	3,737
Plant Replacement Reserve	185,000	5,088	(40,000)	150,088	185,000	3,912	-	188,912	190,262	5,323	(10,585)	185,000
Staff Housing Reserve	55,000	1,513	(8,132)	48,381	55,000	1,163	-	56,163	56,577	1,580	(3,157)	55,000
Aged Care Reserve	145,139	3,991	(35,074)	114,056	145,138	2,903	-	148,041	141,189	3,950	-	145,139
Vehicle Reserve	100,000	2,750	-	102,750	100,000	2,262	-	102,262	110,000	3,076	(13,076)	100,000
Sewerage Reserve	304,155	8,364	-	312,519	304,155	6,083	-	310,238	295,876	8,278	-	304,155
Community Bus Reserve	57,437	1,580	(7,232)	51,785	57,437	1,165	-	58,602	56,673	1,583	(818)	57,437
S&R CoOrd AL LSL Reserve	16,371	450	(16,822)	-	16,371	328	-	16,699	15,926	445	-	16,371
LCDC Reserve	11,000	303	(1,322)	9,981	11,000	227	-	11,227	11,021	304	(325)	11,000
S/Pool Revitalisation Reserve	65,570	388	(65,958)	-	65,570	1,302	(66,872)	-	32,205	33,365	-	65,570
	1,081,942	28,338	(210,279)	900,001	1,081,941	22,190	(66,872)	1,037,259	1,048,132	61,771	(27,961)	1,081,942

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.

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Long Service Leave Reserve	Ongoing	- To be used to fund Long Service Leave Requirements
Mortlock Lodge Reserve	Ongoing	- To be used for maintenance and improvement to the Mortlock Retirement Units
Plant Replacement Reserve	Ongoing	- To be used for the future replacement of plant
Staff Housing Reserve	Ongoing	- To be used for the maintenance, upgrading and construction of new housing for Council employees or public rental housing
Aged Care Reserve	Ongoing	- To be used to provide for the needs of the aged
Vehicle Reserve	Ongoing	- To be used for the purchase of motor vehicles and utilities if at a future date Council ceases to lease the same
Sewerage Reserve	Ongoing	- To be used to maintain and upgrade the sewerage scheme in the Goomalling Town site
Community Bus Reserve	Ongoing	- To be used to purchase a new Community Bus when the time arises
S&R CoOrd AL LSL Reserve	Ongoing	- To be used to fund the S&R Coordinators annual and long service leave requirements
LCDC Reserve	Ongoing	- To be used to fund Landcare Activities
S/Pool Revitalisation Reserve	Ongoing	- To be used to fund Revitalisation of the Swimming Pool

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

6. TRADE AND OTHER RECEIVABLES

Current

	2018	2017
	\$	\$
Rates outstanding *	179,128	142,109
Sundry debtors	200,299	281,974
GST receivable	22,205	9,441
Loans receivable - clubs/institutions	32,355	30,472
	433,987	463,996

*Refer to Note 12 for Rates paid in advance.

Non-current

Rates outstanding - pensioners	70,491	60,455
Loans receivable - clubs/institutions	269,565	302,033
Other - Non Current	-	3,390
	340,056	365,878

Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

Rates outstanding

Includes:

Past due and not impaired	179,128	142,109
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Sundry debtors

Includes:

Past due and not impaired	200,299	281,974
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SIGNIFICANT ACCOUNTING POLICIES

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.

Classification and subsequent measurement

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

7. INVENTORIES

Current

Fuel, Oil & Materials

Non-current

Land held for resale - cost

Cost of acquisition

Less Impairment

Value of remaining lots

Fair Value adjustment to LHFR through Profit or Loss

	2018	2017
	\$	\$
	23,694	32,036
	<u>23,694</u>	<u>32,036</u>
	929,261	1,025,302
	(399,261)	(458,302)
	<u>530,000</u>	<u>567,000</u>
	59,041	81,160

SIGNIFICANT ACCOUNTING POLICIES

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.

Land held for sale (Continued)

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

8 (a). PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	\$	\$
Land and buildings		
Land - freehold land at:		
- Independent valuation 2017 - level 2	3,844,827	3,844,827
	3,844,827	3,844,827
Total land	3,844,827	3,844,827
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	19,150,051	19,150,051
- Management valuation 2017 - level 3	234,435	234,435
Additions after valuation	1,320,526	-
Less: accumulated depreciation	(292,719)	-
	20,412,293	19,384,486
Total buildings	20,412,293	19,384,486
Total land and buildings	24,257,120	23,229,313
Furniture and equipment at:		
- Management valuation 2015 - level 3	338,729	338,729
Additions after valuation	167,563	157,314
Disposal after valuation	(136,911)	-
Less: accumulated depreciation	(166,419)	(88,977)
	202,962	407,066
Plant and equipment at:		
- Management valuation 2016 - level 3	1,523,514	1,523,514
Additions after valuation	25,807	25,399
Disposals after Valuation	(114,039)	(19,000)
Less: accumulated depreciation	(284,137)	(150,715)
	1,151,145	1,379,198
Swimming Pool and Equipment at:		
- Independent valuation 2016 - level 3	1,251,600	1,251,600
- Management valuation 2016 - level 3	44,800	44,800
Additions after valuation	96,656	-
Less: accumulated depreciation	(48,111)	(23,579)
	1,344,945	1,272,821
Total property, plant and equipment	26,956,172	26,288,398

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

8. 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.

	Land - freehold land	Total land	Buildings - non- specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Swimming Pool and Equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	4,045,866	4,045,866	19,866,600	19,866,600	23,912,466	429,001	1,523,514	1,296,400	27,161,380
Additions	45,961	45,961	140,552	140,552	186,513	67,042	25,399	-	278,954
(Disposals)	(40,000)	(40,000)	(148,497)	(148,497)	(188,497)	-	(18,002)	-	(206,499)
Revaluation increments/ (decrements) transferred to revaluation surplus	-	-	(195,917)	(195,917)	(195,917)	-	-	-	(195,917)
Depreciation (expense)	-	-	(298,252)	(298,252)	(298,252)	(88,977)	(151,713)	(23,579)	(562,521)
Transfers	(207,000)	(207,000)	20,000	20,000	(187,000)	-	-	-	(187,000)
Carrying amount at 30 June 2017	3,844,827	3,844,827	19,384,486	19,384,486	23,229,313	407,066	1,379,198	1,272,821	26,288,398
Additions	-	-	1,320,526	1,320,526	1,320,526	10,249	408	96,656	1,427,839
(Disposals)	-	-	-	-	-	(30,324)	(77,069)	-	(107,393)
Revaluation increments/ (decrements) transferred to revaluation surplus	-	-	-	-	-	(106,587)	-	-	(106,587)
Depreciation (expense)	-	-	(292,719)	(292,719)	(292,719)	(77,442)	(151,392)	(24,532)	(546,085)
Carrying amount at 30 June 2018	3,844,827	3,844,827	20,412,293	20,412,293	24,257,120	202,962	1,151,145	1,344,945	26,956,172

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

8. 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					
Land - freehold land	2	Market approach using recent observable market data for similar items (Net revaluation method)	Independent and Management Valuation	June 2017	Price per hectare/market borrowing rate
Buildings - non-specialised	3	Market approach using recent observable market data for similar items (Net revaluation method)	Independent and Management Valuation	June 2017	Improvements to buildings using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Furniture and equipment	3	Cost approach using depreciated replacement cost (Net revaluation method)	Management Valuation	June 2015	Construction/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Plant and equipment	3	Cost approach using depreciated replacement cost (Net revaluation method)	Independent and Management Valuation	June 2016	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 (Net revaluation method)	Independent and Management Valuation	June 2016	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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

9 (a). INFRASTRUCTURE

	2018	2017
	\$	\$
Infrastructure - Roads		
- Management valuation 2015 - level 3	33,477,258	33,477,258
Additions after valuation	3,735,768	2,624,063
Less: accumulated depreciation	(2,218,739)	(1,391,622)
	<u>34,994,287</u>	<u>34,709,698</u>
Footpaths		
- Management valuation 2015 - level 3	634,755	634,755
Additions after valuation	159,347	108,816
Less: accumulated depreciation	(60,402)	(37,464)
	<u>733,700</u>	<u>706,107</u>
Other Infrastructure		
- Independant valuation 2016 - level 3	817,760	817,760
- Management valuation 2016 - level 3	32,500	32,500
Additions after valuation	454,453	250,480
Less: accumulated depreciation	(46,715)	(19,657)
	<u>1,257,998</u>	<u>1,081,083</u>
Drainage		
- Management valuation 2015 - level 3	2,502,842	2,502,842
Additions after valuation	214,062	214,062
Less: accumulated depreciation	(359,400)	(318,596)
	<u>2,357,504</u>	<u>2,398,308</u>
Sewerage		
- Independent valuation 2016 - level 3	1,599,000	1,599,000
- Management valuation 2016 - level 3	86,500	86,500
Additions after valuation	6,168	(2,682)
Less: accumulated depreciation	(63,471)	(29,952)
	<u>1,628,197</u>	<u>1,652,866</u>
Total infrastructure	<u>40,971,686</u>	<u>40,548,062</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

9. 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.

	Infrastructure - Roads	Infrastructure - Footpaths	Other Infrastructure	Drainage	Sewerage	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	34,157,849	677,419	850,260	2,283,534	1,685,500	39,654,561
Additions	1,311,465	50,092	68,103	153,658	-	1,583,319
Depreciation (Expense)	(759,616)	(21,404)	(24,280)	(38,884)	(32,634)	(876,818)
Transfers	-	-	187,000	-	-	187,000
Carrying amount at 30 June 2017	34,709,698	706,107	1,081,083	2,398,308	1,652,866	40,548,062
Additions	1,111,706	50,531	203,973	-	8,850	1,375,060
Depreciation (Expense)	(827,117)	(22,938)	(27,058)	(40,804)	(33,519)	(951,436)
Carrying amount at 30 June 2018	34,994,287	733,700	1,257,998	2,357,504	1,628,197	40,971,686

9. 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 (Gross revaluation method)	Management Valuation	June 2015	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 (Gross revaluation method)	Management Valuation	June 2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Other Infrastructure	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent and Management Valuation	June 2016	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Drainage	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Management Valuation	June 2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Sewerage	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent and Management Valuation	June 2016	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.

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each 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.

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 control

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

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

10. FIXED ASSETS (Continued)

(a) Disposals of Assets

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Economic services								
Sale of Grange St Blocks x4	96,041	55,000	-	(41,041)	427,480	250,000	-	(177,480)
Other property and services								
Disposal of Plant & Equipment Assets \$<5,000	77,069	-	-	(77,069)	-	-	-	-
Disposal of Furniture & Equipment Assets \$<5,000	30,324	-	-	(30,324)	-	-	-	-
	203,433	55,000	-	(148,433)	427,480	250,000	-	(177,480)

(b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	292,719	298,252
Furniture and equipment	77,442	88,977
Plant and equipment	151,392	151,713
Swimming Pool and Equipment	24,532	23,579
Infrastructure - Roads	827,117	759,616
Footpaths	22,938	21,404
Other Infrastructure	27,058	24,280
Drainage	40,804	38,884
Sewerage	33,519	32,634
	1,497,521	1,439,339

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

10. FIXED ASSETS (Continued)

(b) Depreciation (Continued)

SIGNIFICANT ACCOUNTING POLICIES

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.

Depreciation rates

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

Depreciation rates (Continued)

Sealed roads and streets	
formation	Not Depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	Not Depreciated
pavement	50 years
gravel sheet	12 years
Formed roads (unsealed)	
formation	Not Depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
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.

11. REVALUATION SURPLUS

	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	2018 Total Movement on Revaluation	2018 Closing Balance	2017 Opening Balance	2017 Revaluation Increment	2017 Revaluation (Decrement)	2017 Total Movement on Revaluation	2017 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	3,061,682	-	-	-	3,061,682	3,061,682	-	-	-	3,061,682
Revaluation surplus - Buildings - non-specialised	10,721,575	-	-	-	10,721,575	10,917,492	-	(195,917)	(195,917)	10,721,575
Revaluation surplus - Furniture and equipment	232,717	-	(106,587)	(106,587)	126,130	232,717	-	-	-	232,717
Revaluation surplus - Swimming Pool and Equipment	932,516	-	-	-	932,516	932,516	-	-	-	932,516
Revaluation surplus - Infrastructure - Roads	19,720,840	-	-	-	19,720,840	19,720,840	-	-	-	19,720,840
Revaluation surplus - Other Infrastructure	569,391	-	-	-	569,391	569,391	-	-	-	569,391
Revaluation surplus - Drainage	1,891,185	-	-	-	1,891,185	1,891,185	-	-	-	1,891,185
Revaluation surplus - Sewerage	1,434,014	-	-	-	1,434,014	1,434,014	-	-	-	1,434,014
	38,563,920	(0)	(106,587)	(106,587)	38,457,333	38,759,837	-	(195,917)	(195,917)	38,563,920

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

12. TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
Current		
Sundry creditors	392,453	174,320
Rates Paid in Advance**	186,165	110,377
Accrued interest on long term borrowings	57,736	62,423
ATO liabilities	34,489	29,706
	670,843	376,826

*Rates paid in advance was in prior years included with rates outstanding. Refer Note 6.

SIGNIFICANT ACCOUNTING POLICIES

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

Trade and other payables (Continued)

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.

13. INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Particulars	Principal	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments	
	1 July 2017		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Housing								
Loan 114 - Aged Housing Wollyam St	-	200,000	-	7,338	200,000	192,662	-	5,800
Recreation and culture								
Loan 111 - New Sports Pavilion	1,178,825	-	22,793	22,800	1,156,032	1,156,025	74,267	73,951
Loan 113 - Retic Football / Hockey Oval		70,000		6,175	70,000	63,825	-	1,598
Economic services								
Loan 104 - Rural Transcation Centre (CRC)	204,393	-	45,478	45,478	158,915	158,915	15,361	14,766
Loan 105 - Slater Homestead	61,314	-	13,644	13,644	47,670	47,670	4,605	4,430
Loan 106 - Rural Transcation Centre (CRC)	422,113	-	12,917	12,913	409,196	409,200	36,521	36,665
Loan 108 - Grange & Salmon Gums Subdiv	786,846	-	153,139	152,658	633,707	634,188	55,403	57,341
Loan 109 - Caravan Park - New Ablution block	41,109	-	12,987	12,961	28,122	28,148	1,949	2,072
Loan 112 - Overdraft - Bendigo Bank	1,000,000	-	55,000	250,000	945,000	750,000	49,201	54,500
	3,694,600	270,000	315,958	523,967	3,648,642	3,440,633	237,306	251,123

Particulars	Principal	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments	
	1 July 2017		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Self Supporting Loans								
Economic services								
Loan 110	332,506	-	30,502	30,503	302,004	302,003	20,518	20,611
	332,506	-	30,502	30,503	302,004	302,003	20,518	20,611
	4,027,106	270,000	346,460	554,470	3,950,646	3,742,636	257,824	271,734

Self supporting loans are financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

Borrowings

	2018	2017
	\$	\$
Current	329,303	305,465
Non-current	3,621,343	3,721,640
	3,950,646	4,027,105

13. INFORMATION ON BORROWINGS (Continued)

(b) New Borrowings - 2017/18

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term Years	Total Interest & Charges	Interest Rate	Amount (Used)		Balance Unspent
	Actual	Budget						Actual	Budget	
Loan 114 - Woolyam Street Aged Housing	200,000	200,000	Bendigo Bank	Debenture	10	65,378	5.80%	200,000	200,000	-
Loan 113 - Football / Hockey Oval Retic	70,000	70,000	Bendigo Bank	Debenture	5	13,178	5.80%	70,000	70,000	-
	<u>270,000</u>	<u>270,000</u>				<u>78,556</u>		<u>270,000</u>	<u>270,000</u>	<u>-</u>

(c) Unspent Borrowings

The Shire did not have any unspent debentures as at the 30 June 2018.

(d) Undrawn Borrowing Facilities Credit Standby Arrangements

Bank overdraft limit

Bank overdraft at balance date

Credit card limit

Credit card balance at balance date

Total amount of credit unused

	2018	2017
	\$	\$
Bank overdraft limit	400,000	-
Bank overdraft at balance date	-	-
Credit card limit	10,000	10,000
Credit card balance at balance date	(404)	(322)
Total amount of credit unused	<u>409,596</u>	<u>9,678</u>

Loan facilities

Loan facilities - current

Loan facilities - non-current

Total facilities in use at balance date

Loan facilities - current	329,303	305,465
Loan facilities - non-current	3,621,343	3,721,640
Total facilities in use at balance date	<u>3,950,646</u>	<u>4,027,105</u>

Unused loan facilities at balance date

NIL NIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

13. INFORMATION ON BORROWINGS (continued)

(e) Finance Leases

Particulars	Principal	New Leases	Principal Repayments		Principal 30 June 2018		Interest Repayments	
	1 July 2017		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
GO 018 Truck	13,990		13,990	13,990	-	-	56	56
GO 019 Grader	32,154		32,153	32,154	-	-	381	381
GO 024 Loader	35,469		35,469	35,469	-	-	890	890
Photocopier	8,618		1,960	1,960	6,537	6,658	640	640
GO 025 Roller New Lease	-	73,975	11,028	-	58,542	-	2,843	-
GO 025 Roller - residual was leased for 12 mon	70,753		3,851	70,753	-	-	1,086	1,433
	160,984	73,975	98,452	154,326	65,079	6,658	5,896	3,400

Finance Leases

	2018	2017
	\$	\$
Current	65,079	154,327
Non Current	-	6,537
	65,079	160,864

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are recognised at fair value when the Shire becomes a party to the contractual provisions to the instrument.

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

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.

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

14. PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2017			
Current provisions	145,482	234,120	379,602
Non-current provisions		41,541	41,541
	145,482	275,661	421,143
Additional provision	123,164	15,474	138,638
Amounts used	(87,258)	(31,334)	(118,593)
Balance at 30 June 2018	181,388	259,801	441,189
Comprises			
Current	181,388	223,770	405,158
Non-current	-	36,031	36,031
	181,388	259,801	441,189

Annual Leave Liabilities:

Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018	2017
	\$	\$
Within 12 months of the end of the reporting period	181,388	145,482
More than 12 months after the end of the reporting period	-	-
	181,388	145,482

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

Long Service Leave Liabilities:

Unconditional long service leave provisions are classified as current liabilities as the Shire does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Preconditional & conditional long service leave provisions are classified as non-current liabilities because the Shire has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018	2017
	\$	\$
Within 12 months of the end of the reporting period	50,692	32,000
More than 12 months after the end of the reporting period	209,109	243,661
	259,801	275,661

The provision for long service leave are calculated at present value as the Shire does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

SIGNIFICANT ACCOUNTING POLICIES

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

Other long-term employee benefits (Continued)

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.

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.

15. NOTES TO THE STATEMENT OF CASH FLOWS

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:

	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	854,024	739,207	1,022,662
Non-cash flows in Net result:			
Depreciation	1,497,521	1,400,100	1,439,339
(Profit)/loss on sale of asset	148,433	177,480	59,158
Movement in Local Government House	28	-	4,451
Fair value adjustments to fixed assets			
at fair value through profit or loss	(59,041)	-	(81,160)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	25,247	237,684	(74,382)
(Increase)/decrease in inventories	8,342	-	6,516
Increase/(decrease) in payables	294,017	(200,000)	(177,968)
Increase/(decrease) in provisions	20,046	-	(13,083)
Grants contributions for			
the development of assets	(1,855,457)	(1,771,098)	(1,055,381)
Net cash from operating activities	933,161	583,373	1,130,152

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	699,303	737,463
General purpose funding	970,697	1,032,845
Law, order, public safety	797,076	862,588
Health	29,011	51,807
Education and welfare	572,081	465,000
Housing	5,527,992	4,531,830
Community amenities	2,651,172	2,677,825
Recreation and culture	10,574,544	10,611,057
Transport	38,546,344	38,670,413
Economic services	9,481,898	5,025,859
Other property and services	947,413	5,241,589
	70,797,531	69,908,276

17. CONTINGENT LIABILITIES

There Shire is not aware of any reportable contingent liabilities as at the reporting date.

18. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

There Shire had no capital expenditure commitments as at the reporting date.

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

	2018	2017
	\$	\$
Payable:		
- not later than one year	58,542	154,327
- later than one year but not later than five years	6,537	6,537
- later than five years	-	-
	65,079	160,864

SIGNIFICANT ACCOUNTING POLICIES

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.

Leases (Continued)

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.

19. JOINT VENTURE ARRANGEMENTS

The Shire of Goomalling had no interest in Joint Venture arrangements as at 30 June 2018

20. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
Meeting Fees	21,100	18,000	21,200
Mayor/President's allowance	2,500	2,500	2,500
Deputy Mayor/President's allowance	625	625	625
Travelling expenses	3,623	4,000	4,368
Telecommunications allowance	529	2,000	1,820
Conference Expenses	3,483	6,000	6,854
	<u>28,377</u>	<u>27,125</u>	<u>30,513</u>

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Shire during the year are as follows:

	2018	2017
	\$	\$
Short-term employee benefits	315,205	327,031
Post-employment benefits	43,547	53,777
Other long-term benefits	24,952	2,641
	<u>383,704</u>	<u>383,450</u>

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Shire's superannuation contributions made during the year.

Other long-term benefits

These amounts represent annual and long service benefits accruing during the year.

20. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

Transactions between related parties, and the Shire are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:

	<u>2018</u>	<u>2017</u>
	\$	\$
Purchase of goods and services	157,118	96,857
Amounts payable to related parties:		
Trade and other payables	-	14,334

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

ii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

21. MAJOR LAND TRANSACTIONS

(a) Details

Salmon Gum Way and Grange Street Subdivisions

The Shire of Goomalling has undertaken a rural residential subdivision in Salmon Gum Way and Grant Street, Goomalling. The Shire will conduct either auction or tender process for the sale of lots on 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 residential subdivisions will be applied towards the repayment of loans raised to finance the development and thereafter any surplus funds remaining will be held in the Municipal Fund Account. A business plan was prepared for the two rural residential subdivisions in accordance with section 3.59 of the Local Government Act 1995.

The Council has 13 blocks for sale. Based on the development costs to date plus interest on borrowings, the unit cost of the remaining blocks is on average \$96,041 per lot.

(b) Transactions to date

	\$	\$
Development Expenses - Salmon Gum Way		
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>
Development Expenses - Grange		
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		<u><u>1,421,746</u></u>
Less Book Value of Land Sold	<u>(492,485)</u>	<u>(492,485)</u>
Impairment Loss/Gain		
2013-2014	(142,465)	
2014-2015	(184,550)	
2015-2016	(212,447)	
2016-2017	81,160	
2017-2018	59,041	(399,261)
Book Value of Development		<u><u>530,000</u></u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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21. MAJOR LAND TRANSACTIONS (Continued)

Book Value of Development Carried Forward 530,000

Plus Interest on Borrowings

2007-2008	46,381	
2008-2009	63,483	
2009-2010	44,399	
2010-2011	14,026	
2011-2012	57,376	
2012-2013	104,820	
2013-2014	95,867	
2014-2015	91,204	
2015-2016	80,039	
2016-2017	65,530	
2017-2018	55,403	<u>718,528</u>

Total Costs of Development to Date **\$1,248,528**

Unit Cost per Lot **\$96,041**

(c) Current year transactions

	<u>2018 Actual</u>	<u>2018 Budget</u>	<u>2017 Actual</u>
	\$	\$	\$
Operating income			
- Loss on sale	(41,041)	-	-
Operating expenditure			
- Interest on borrowings	(55,403)	(57,341)	(65,530)
Capital income			
- Sale proceeds	55,000	250,000	-

(d) Expected Future Cash Flows

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Total</u>
	\$	\$	\$	\$	\$
Cash outflows					
- Development costs	-	-	-	-	-
- Loan repayments	(45,439)	(32,610)	(18,780)	(3,870)	(100,699)
	(45,439)	(32,610)	(18,780)	(3,870)	(100,699)
Cash inflows					
- Loan proceeds	-	-	-	-	-
- Sale proceeds	165,000	-	-	-	165,000
	165,000	-	-	-	165,000
Net cash flows	119,561	(32,610)	(18,780)	(3,870)	64,301

22. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during 2017/2018

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

23. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received ⁽²⁾	Expended ⁽³⁾	Closing	Received ⁽²⁾	Expended ⁽³⁾	Closing
	Balance ⁽¹⁾			Balance ⁽¹⁾			Balance
	1/07/16	2016/17	2016/17	30/06/17	2017/18	2017/18	30/06/18
	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety							
FESA Grant	-	4,000	(4,000)	-	4,000	(4,000)	-
Bushfire Mitigation	6,975	-	(6,975)	-	8,250	(8,250)	-
Recreation and culture							
OSR - Swimming Pool Operation Grant	-	32,000	(32,000)	-	32,000	(32,000)	-
Grant - Kids Sport Program	145	4,000	(3,946)	199	1,000	(1,199)	-
Transport							
State Special Grant	-	82,069	(82,069)	-	84,328	(84,328)	-
State Specific Grant	-	397,500	(397,500)	-	410,500	(410,500)	-
Roads to Recovery Grant	-	383,134	(383,134)	-	331,710	(331,710)	-
Flood Damage Grant	-	138,878	(138,878)	-	-	-	-
NDRRA Event - Income	-	18,800	(18,800)	-	-	-	-
Economic services							
Skeleton Weed Group Grant	-	80,000	(60,760)	19,240	105,000	(105,208)	19,032
Grant - CCPF Goomalling Youth Zone	17,394	-	(12,025)	5,369	-	(5,369)	-
Dept. of Water CWSP Grant Income	51,504	35,000	(86,504)	-	-	-	-
Grant - Youth Friendly - Friendly Communities	10,000	-	(10,000)	-	4,155	(4,155)	-
Grant - SCP - BMX Pocket Park	20,000	-	(20,000)	-	-	-	-
Grant- CGG - Community Gardens Grants Program	19,454	-	(7,400)	12,054	-	(12,054)	-
Grant - WDC Community Chest (inc) 16/17	-	4,500	(4,500)	-	-	-	-
Grant - Community Cactus Control - Dept. of Ag	-	20,000	(6,764)	13,236	-	(13,236)	-
Grant - Volunteer Recognition	-	1,000	(1,000)	-	-	-	-
Grant - Light Horse Grant for EEO	-	10,000	(10,000)	-	-	-	-
Grant - Community Cactus Control - State NRM	-	20,425	(260)	20,165	-	(5,493)	14,672
Grant - Youth Development Scholarship	-	-	-	-	2,180	(795)	1,385
Grant - RDA Enterprising communities	-	-	-	-	2,604	(2,604)	-
Grant - Sustainable (2017) Community Grant NRM	-	-	-	-	8,000	(8,000)	-
Grant - CLFG - Community Development Grant	-	-	-	-	4,872	(148)	4,724
Total	125,472	1,231,306	(1,286,515)	70,263	998,599	(1,029,049)	39,813

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

24. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$	2017 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
GRV Residential	0.1050	218	1,507,920	158,332	383	-	158,715	158,332	-	-	158,332	186,202
GRV Commercial	0.1180	18	337,295	39,801	-	-	39,801	39,801	-	-	39,801	
GRV Industrial	0.1130	11	80,636	9,112	-	-	9,112	9,112	-	-	9,112	
GRV Urban Farmland	0.1010	15	185,900	18,776	-	-	18,776	18,776	-	-	18,776	
Unimproved valuations												
UV Rural Zone 2	0.0065	37	16,559,000	107,634	-	-	107,634	107,634	-	-	107,634	97,569
UV Special Rural	0.0129	14	1,384,500	17,860	-	-	17,860	17,860	-	-	17,860	20,861
UV General Zone 3 Farming	0.0071	214	167,029,000	1,185,906	-	-	1,185,906	1,185,906	-	-	1,185,906	1,121,626
Sub-Total		527	187,084,251	1,537,420	383	-	1,537,803	1,537,420	-	-	1,537,420	1,426,258
Minimum payment	\$											
Gross rental valuations												
GRV Residential	920	129	718,954	118,680	-	-	118,680	118,680	-	-	118,680	196,460
GRV Commercial	875	17	52,493	14,875	-	-	14,875	14,875	-	-	14,875	
GRV Industrial	530	8	14,325	4,240	-	-	4,240	4,240	-	-	4,240	
GRV Urban Farmland	690	13	39,911	8,970	-	-	8,970	8,970	-	-	8,970	
Unimproved valuations												
UV Rural Zone 2	1,100	33	4,661,500	36,300	-	-	36,300	36,300	-	-	36,300	35970
UV Special Rural	1,135	4	306,000	4,540	-	-	4,540	4,540	-	-	4,540	2180
UV General Zone 3 Farming	1,135	79	6,691,671	89,665	-	-	89,665	89,665	-	-	89,665	76300
Sub-Total		283	12,484,854	277,270	-	-	277,270	277,270	-	-	277,270	310,910
Total amount raised from general rate		810	199,569,105	1,814,690	383	-	1,815,073	1,814,690	-	-	1,814,690	1,737,168
Specified Area Rate (refer note 24(b))							207,606				207,606	200753
Ex-gratia rates							16,922				16,922	1672
Totals							2,039,601				2,039,218	1,939,593

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

24. RATING INFORMATION (Continued)

(b) Specified Area Rate

The Shire did not levy a specified area rate during the current reporting period.

Specified Area Rate	Basis of Valuation	Rate in \$	Rateable Value	Revenue	Interim Rate Revenue	Back Rate Revenue	Total Specified Area Rate Revenue	Budget Rate Revenue	Budget Back Rate Revenue	Budget Interim Rate Revenue
Sewerage - Residential	GRV	7.40	n/a	\$ 206,246	-	-	\$ 206,246	\$ 206,246	-	-
Sewerage - Religious Church	GRV	340.00	4.00	1,360	-	-	1,360	1,360	-	-
				207,606	-	-	207,606	207,606	-	-

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	Rate Applied to Costs	Rate Set Aside to Reserve	Reserve Applied to Costs	Budget Rate Applied to Costs	Budget Rate Set Aside to Reserve	Budget Reserve Applied to Costs
Sewerage - Residential	To contribute towards maintenance upgrades and/or capex associated with the town's sewerage scheme.	Properties connected to the town's reticulated sewerage scheme.	\$ 206,246	\$ -	\$ -	\$ 206,246	\$ -	\$ -
Sewerage - Religious Church	As above	As above	1,360	-	-	1,360	-	-
			207,606	-	-	207,606	-	-

(c) Service Charges

The Shire did not impose any service charges during the current reporting period.

24. RATING INFORMATION (Continued)

(c) Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

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

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

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	11-Sep-17	\$0.00	0.00%	11.00%
Option Two				
First instalment	11-Sep-17	\$5.00	5.50%	11.00%
Second instalment	11-Nov-17	\$5.00	5.50%	11.00%
Option Three				
First instalment	11-Sep-17	\$5.00	5.50%	11.00%
Second instalment	11-Nov-17	\$5.00	5.50%	11.00%
Third instalment	11-Jan-18	\$5.00	5.50%	11.00%
Fourth instalment	11-Mar-18	\$5.00	5.50%	11.00%

	2018	2018 Budget	2017 Actual
	\$	\$	\$
Interest on unpaid rates	15,919	15,990	17,799
Interest on instalment plan	4,051	5,433	5,455
Charges on instalment plan	1,805	2,065	2,065
	<u>21,775</u>	<u>23,488</u>	<u>48,807</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

25. NET CURRENT ASSETS

Composition of net current assets

	2018 2018 Carried Forward) \$	2018 (1 July 2017 Brought Forward) \$	2017 (30 June 2017 Carried Forward) \$
Surplus/(Deficit) 1 July 17 brought forward	52,201	362,200	362,200
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	536,710	431,957	502,220
Restricted*	958,826	1,164,521	1,094,258
Receivables			
Rates outstanding	179,128	142,109	31,732
Sundry debtors	200,299	281,974	281,974
GST receivable	28,861	9,441	9,441
Loans receivable - clubs/institutions	32,355	30,472	30,472
Inventories			
Fuel, Oil & Materials	23,694	32,036	32,036
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(392,453)	(174,320)	(174,320)
Rates Paid in Advance**	(186,165)	(110,377)	0
Accrued interest on long term borrowings	(57,736)	(62,423)	(62,423)
ATO liabilities	(34,489)	(29,706)	(29,706)
GST Payable	(6,656)	-	-
Current portion of long term borrowings	(329,303)	(555,465)	(555,465)
Lease liability	(65,079)	(154,327)	(154,327)
Provisions			
Provision for annual leave	(181,388)	(145,482)	(145,482)
Provision for long service leave	(223,770)	(234,120)	(234,120)
Unadjusted net current assets	482,834	626,290	626,290
Adjustments			
Less: Reserves - restricted cash	(900,002)	(1,081,942)	(1,081,942)
Less: Loans receivable - clubs/institutions	(32,355)	(30,472)	(30,472)
Add: Current portion of long term borrowings	329,303	555,465	555,465
Add: Lease Liability	65,079	154,327	154,327
Add: Leave Reserve Cash Backed	107,342	138,532	138,532
Adjusted net current assets - surplus/(deficit)	52,201	362,200	362,200

Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

*Cash Restricted includes unspent grants.

**Rates paid in advance in 2018 has been treated as a payable as opposed to a receivable offset in prior years.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

26. 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	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	1,495,536	1,596,478	1,495,536	1,596,478
Receivables	774,043	829,874	774,043	829,874
	<u>2,315,979</u>	<u>2,472,780</u>	<u>2,269,579</u>	<u>2,472,780</u>
Financial liabilities				
Payables	670,843	266,449	670,843	266,449
Borrowings	3,950,646	4,027,106	4,839,509	4,958,764
	<u>4,621,489</u>	<u>4,293,555</u>	<u>5,510,352</u>	<u>5,252,213</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.

26. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. 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 is 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.

	2018	2017
Impact of a 1% ⁽¹⁾ movement in interest rates on cash	\$	\$
- Equity	14,955	15,965
- Statement of Comprehensive Income	14,955	15,965

Votes:

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

26. 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:

	2018	2017
	%	%
Percentage of rates and annual charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables		
- Current	5.58%	26.00%
- Overdue	94.42%	74.00%

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

26. FINANCIAL RISK MANAGEMENT (Continued)

(c) Ageing Analysis of Receivables

	Carrying Amount	Not past due and not impaired	Up to 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years	Impaired Receivables
2018								
Receivables*	449,918	70,491	10,839	3,995	179,461	185,132	-	-
Loan receivable	301,920	301,920	-	-	-	-	-	-
	751,838	372,411	10,839	3,995	179,461	185,132	-	-
2017								
Receivables*	487,928	63,845	249,166	14,311	13,160	147,446	-	-
Loan receivable	332,505	332,505	-	-	-	-	-	-
	820,433	396,350	249,166	14,311	13,160	147,446	-	-

* The amount of receivables excludes the gst recoverable for the ATO (statutory receivable)

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

26. FINANCIAL RISK MANAGEMENT (Continued)

(d) Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2018					
Payables	670,843	-	-	670,843	677,499
Borrowings	603,842	2,468,756	2,599,106	5,671,704	3,950,645
	<u>1,274,685</u>	<u>2,468,756</u>	<u>2,599,106</u>	<u>6,342,547</u>	<u>4,628,144</u>
2017					
Payables	266,449	-	-	266,449	266,449
Borrowings	553,606	2,904,990	2,470,640	5,929,236	4,027,106
	<u>820,055</u>	<u>2,904,990</u>	<u>2,470,640</u>	<u>6,195,685</u>	<u>4,293,555</u>

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

26. FINANCIAL RISK MANAGEMENT (Continued)

(d) Payables and borrowings (Continued)

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

Year ended 30 June 2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
Borrowings								
Fixed rate								
Long term borrowings	-	28,123	-	840,292	945,000	2,137,230	3,950,645	6.49%
Weighted average Effective interest rate	0.00%	5.47%	0.00%	7.65%	5.08%	6.66%		
Year ended 30 June 2017								
Borrowings								
Fixed rate								
Long term borrowings	-	-	41,083	-	1,052,678	2,933,345	4,027,106	6.61%
Weighted average Effective interest rate	0.00%	0.00%	5.47%	0.00%	7.65%	6.26%		

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

27. 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:

	1 July 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
Police Licensing DOT	-	568,523	(568,523)	-
Slater Homestead Donation	-	-	-	-
Mortlock Farm Improvement	1,542	-	-	1,542
Pioneer Pathway Signage	43,189	8,955	(590)	51,553
General Prepayments & Deposits	14,287	24,297	(14,287)	24,297
Council Elections - Nominations	-	-	-	-
Tidy Towns	105	-	-	105
Solar Panel Contribution	6,000	-	(6,000)	-
Market Day Stalls	100	-	-	100
Gym Bond	7,300	3,000	(2,700)	7,600
Bond - Clean up Block	-	1,500	(500)	1,000
	<u>72,522</u>	<u>606,275</u>	<u>(592,600)</u>	<u>86,197</u>

28. 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 15 Revenue from Contracts with Customers	December 2014	1 January 2019	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 on the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iii)	AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

Notes:

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

28. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (Continued)

Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

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

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.

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

(i) AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	1 January 2017
(ii) AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities	1 January 2017

29. SIGNIFICANT ACCOUNTING POLICIES

a) 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.

b) 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.

c) Rounding off figures

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

d) 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.

e) 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.

f) 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.

g) Fair value of assets and liabilities

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.

h) 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.

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.

i) Impairment of assets

In accordance with Australian Accounting Standards the Shire's cash generating non-specialised 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 specialised assets such as roads, drains, public buildings and the like, no annual assessment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

30. ACTIVITIES/PROGRAMS

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

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of Council and the administrative support available to the Council for the provision of governance to 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	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH	To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
EDUCATION AND WELFARE	To provide services to disadvantaged persons, the elderly, children and youth.	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	To provide housing to staff.	Staff housing, provision of general rental accomodation when buildings not required by staff.
COMMUNITY AMENITIES	To provide services required by the community.	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	To establish and effectively manage infrastructure and resources which help the social wel	Maintenance of public halls, civic centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.
TRANSPORT	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots, cycleways and parking facilities.
ECONOMIC SERVICES	To help promote the Shire and its economic wellbeing.	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	To monitor and control Council's overhead operating accounts.	Private works operation, plant repair and operation costs, housing and engineering operation costs.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

31. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	0.76	0.89	0.69
Asset consumption ratio	0.95	0.97	0.99
Asset renewal funding ratio	0.97	0.98	1.01
Asset sustainability ratio	1.06	1.02	1.17
Debt service cover ratio	1.26	1.74	0.14
Operating surplus ratio	(0.24)	(0.01)	(0.50)
Own source revenue coverage ratio	0.68	0.74	0.58

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 consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$