

SHIRE OF GOOMALLING
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and forming part of the Financial Report	9
Independent Auditor's Report	51

COMMUNITY VISION

To be a vibrant, prosperous and sustainable community living and working in a respectful, inclusive, fair and equitable community.

Principal place of business:
32 Quinlan Street
GOOMALLING WA 6460

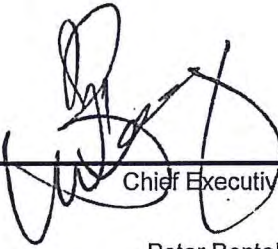
SHIRE OF GOOMALLING
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CHIEF EXECUTIVE OFFICER

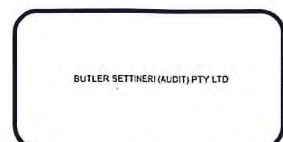
The attached financial report of the Shire of Goomalling for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Goomalling at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the ~~NINETEENTH~~ day of FEBRUARY 2020



Chief Executive Officer
Peter Bentely

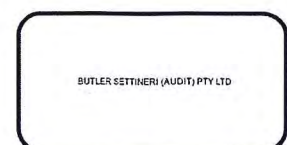
Name of Chief Executive Officer



SHIRE OF GOOMALLING
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	22(a)	2,118,671	2,107,161	2,039,601
Operating grants, subsidies and contributions	2(a)	976,691	515,444	890,692
Fees and charges	2(a)	1,426,460	1,599,890	1,497,150
Interest earnings	2(a)	69,435	65,836	79,144
Other revenue	2(a)	231,663	217,670	482,504
		<u>4,822,919</u>	<u>4,506,001</u>	<u>4,989,091</u>
Expenses				
Employee costs		(2,301,325)	(2,183,815)	(2,005,790)
Materials and contracts		(1,441,060)	(1,203,395)	(1,433,679)
Utility charges		(271,634)	(230,140)	(271,082)
Depreciation on non-current assets	10(b)	(1,541,152)	(1,501,174)	(1,497,521)
Interest expenses	2(b)	(234,853)	(246,701)	(263,721)
Insurance expenses		(174,180)	(153,425)	(156,735)
Other expenditure		(201,968)	(149,788)	(272,604)
		<u>(6,166,171)</u>	<u>(5,668,438)</u>	<u>(5,901,132)</u>
		<u>(1,343,252)</u>	<u>(1,162,437)</u>	<u>(912,041)</u>
Non-operating grants, subsidies and contributions	2(a)	425,173	990,434	1,855,457
Profit on asset disposals	10(a)	570	14,786	0
(Loss) on asset disposals	10(a)	(81,436)	(191,682)	(148,433)
Fair value adjustments to financial assets at fair value through profit or loss	7(b)	6,151	0	0
Fair value adjustments to LHFR through profit & loss	6	0	0	59,041
		<u>350,457</u>	<u>813,538</u>	<u>1,766,065</u>
Net result for the period		(992,795)	(348,899)	854,024
Other comprehensive income/ (losses)				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	(83,595)	0	(106,587)
Total other comprehensive income/(loss) for the period		(83,595)	0	(106,587)
Total comprehensive loss/income for the period		(1,076,390)	(348,899)	747,437

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



SHIRE OF GOOMALLING
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2019

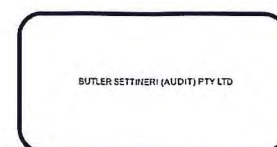
	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue	2(a)			
Governance		66,834	70,630	139,240
General purpose funding		2,727,976	2,330,775	2,616,986
Law, order, public safety		69,078	69,000	79,246
Health		711,802	687,150	677,504
Education and welfare		1,971	3,000	2,933
Housing		268,140	283,820	226,398
Community amenities		357,972	353,960	354,598
Recreation and culture		78,048	54,946	126,003
Transport		3,581	4,000	3,550
Economic services		430,216	377,300	390,227
Other property and services		107,301	271,420	372,406
		<u>4,822,919</u>	<u>4,506,001</u>	<u>4,989,091</u>
Expenses	2(b)			
Governance		(514,071)	(566,660)	(428,867)
General purpose funding		(18,430)	(17,500)	(17,730)
Law, order, public safety		(162,226)	(155,700)	(157,458)
Health		(753,035)	(728,500)	(823,989)
Education and welfare		(10,486)	(13,400)	(10,471)
Housing		(314,878)	(256,500)	(249,815)
Community amenities		(434,288)	(402,357)	(398,958)
Recreation and culture		(815,238)	(710,929)	(655,449)
Transport		(1,767,094)	(1,775,712)	(1,852,496)
Economic services		(707,271)	(718,034)	(714,184)
Other property and services		(434,301)	(76,445)	(327,994)
		<u>(5,931,318)</u>	<u>(5,421,737)</u>	<u>(5,637,411)</u>
Finance Costs	2(b)			
General purpose funding		(771)	(1,000)	0
Economic services		(232,757)	(244,375)	(257,825)
Other property and services		(1,325)	(1,326)	(5,896)
		<u>(234,853)</u>	<u>(246,701)</u>	<u>(263,721)</u>
		<u>(1,343,252)</u>	<u>(1,162,437)</u>	<u>(912,041)</u>
Non-operating grants, subsidies and contributions	2(a)	425,173	990,434	1,855,457
Profit on disposal of assets	10(a)	570	14,786	0
(Loss) on disposal of assets	10(a)	(81,436)	(191,682)	(148,433)
Fair value adjustments to financial assets at fair value through profit or loss	5	6,151	0	0
Fair Value adjustment to LHFR through profit & loss	6	0	0	59,041
		<u>350,458</u>	<u>813,538</u>	<u>1,766,065</u>
Net result for the period		<u>(992,795)</u>	<u>(348,899)</u>	<u>854,024</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	(83,595)	0	(106,587)
Total other comprehensive (loss) income for the period		<u>(83,595)</u>	<u>0</u>	<u>(106,587)</u>
Total comprehensive loss/income for the period		<u>(1,076,390)</u>	<u>(348,899)</u>	<u>747,437</u>

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

SHIRE OF GOOMALLING
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019

	NOTE	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	3	349,077	595,535
Trade receivables	5	237,277	401,632
Other Financial assets	7(a)	964,295	900,001
Other loans and receivables	7(a)	0	32,355
Inventories	6	33,371	23,694
TOTAL CURRENT ASSETS		1,584,020	1,953,217
NON-CURRENT ASSETS			
Trade receivables	5	73,699	70,493
Other Financial assets	7(b)	287,664	46,400
Other loans and receivables	7(b)	0	269,565
Inventories	6	530,000	530,000
Property, plant and equipment	8	26,322,446	26,956,172
Infrastructure	9	40,216,431	40,971,684
TOTAL NON-CURRENT ASSETS		67,430,241	68,844,314
TOTAL ASSETS		69,014,261	70,797,531
CURRENT LIABILITIES			
Trade and other payables	12	388,618	670,843
Borrowings	13(b)	372,905	394,382
Employee related provisions	14	391,544	405,158
TOTAL CURRENT LIABILITIES		1,153,067	1,470,383
NON-CURRENT LIABILITIES			
Borrowings	13(b)	3,247,708	3,621,343
Employee related provisions	14	20,102	36,031
TOTAL NON-CURRENT LIABILITIES		3,267,809	3,657,374
TOTAL LIABILITIES		4,420,876	5,127,757
NET ASSETS		64,593,384	65,669,774
EQUITY			
Retained surplus		25,289,692	26,312,441
Reserves - cash backed	4	929,955	900,001
Revaluation surplus	11	38,373,738	38,457,333
TOTAL EQUITY		64,593,384	65,669,774

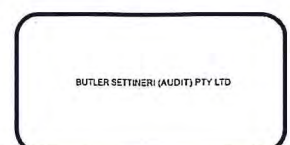
This statement is to be read in conjunction with the accompanying notes.



SHIRE OF GOOMALLING
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2017		25,276,476	1,081,942	38,563,920	64,922,337
Comprehensive income					
Net result for the period		854,024	0	0	854,024
Other comprehensive losses	11	0	0	(106,587)	(106,587)
Total comprehensive income/(loss)		854,024	0	(106,587)	747,437
Transfers from/(to) reserves		181,941	(181,941)	0	0
Balance as at 30 June 2018		26,312,441	900,001	38,457,333	65,669,774
Comprehensive income					
Net result for the period		(992,795)	0	0	(992,795)
Other comprehensive income	11	0	0	(83,595)	(83,595)
Total comprehensive loss		(992,795)	0	(83,595)	(1,076,390)
Transfers from/(to) reserves		(29,954)	29,954	0	0
Balance as at 30 June 2019		25,289,692	929,955	38,373,738	64,593,384

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



SHIRE OF GOOMALLING
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,129,074	2,107,161	1,992,546
Operating grants, subsidies and contributions		1,124,022	515,444	975,756
Fees and charges		1,426,460	1,599,890	1,497,149
Interest received		69,435	65,836	79,144
Goods and services tax received		237,610	300,000	286,051
Other revenue		231,663	217,670	482,532
		5,218,263	4,806,001	5,313,178
Payments				
Employee costs		(2,340,478)	(2,183,815)	(1,980,961)
Materials and contracts		(1,719,386)	(1,353,395)	(1,131,416)
Utility charges		(271,634)	(230,140)	(271,082)
Interest expenses		(238,820)	(246,701)	(268,407)
Insurance paid		(174,180)	(153,425)	(156,735)
Goods and services tax paid		(234,197)	(300,000)	(298,813)
Other expenditure		(201,968)	(149,788)	(272,604)
		(5,180,663)	(4,617,264)	(4,380,018)
Net cash provided by (used in) operating activities	15	37,603	188,737	933,160
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment				
		(97,586)	(700,000)	(1,427,839)
Payments for construction of infrastructure		(413,170)	(999,836)	(1,375,060)
Payments for financial assets at amortised cost		(29,954)	0	(900,001)
subsidies and contributions		425,173	990,434	1,855,457
Proceeds from self supporting loans		32,467	32,468	30,585
Proceeds from sale of property, plant & equipment		87,727	645,000	55,000
Proceeds from sale of infrastructure		106,395	0	0
Net cash provided by (used in) investment activities		111,052	(31,934)	(1,761,858)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings		(334,439)	(759,219)	(346,460)
Proceeds from new borrowings		0	405,000	270,000
Repayment of leases		(60,674)	(65,079)	(95,785)
Net cash provided by (used in) financing activities		(395,113)	(419,298)	(172,245)
Net increase (decrease) in cash held		(246,458)	(262,495)	(1,000,943)
Cash at beginning of year		595,535	1,314,047	1,596,478
Cash and cash equivalents at the end of the year	3	349,077	1,051,552	595,535

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



SHIRE OF GOOMALLING
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	23 (b)	52,200	130,727	362,200
		52,200	130,727	362,200
Revenue from operating activities (excluding rates)				
Governance		66,834	70,630	139,240
General purpose funding		848,149	455,738	801,913
Law, order, public safety		69,078	69,000	79,246
Health		711,802	687,150	677,504
Education and welfare		1,971	3,000	2,933
Housing		268,140	298,606	226,398
Community amenities		357,972	353,960	354,598
Recreation and culture		78,048	54,946	126,003
Transport		4,151	4,000	3,550
Economic services		430,216	377,300	449,268
Other property and services		107,301	271,420	372,406
		2,943,661	2,645,750	3,233,059
Expenditure from operating activities				
Governance		(514,071)	(566,660)	(428,867)
General purpose funding		(19,201)	(18,500)	(17,730)
Law, order, public safety		(162,226)	(155,700)	(157,458)
Health		(753,035)	(728,500)	(823,989)
Education and welfare		(10,486)	(13,400)	(10,471)
Housing		(314,878)	(448,182)	(249,815)
Community amenities		(434,288)	(402,357)	(398,958)
Recreation and culture		(868,404)	(710,929)	(655,449)
Transport		(1,767,094)	(1,775,712)	(1,852,496)
Economic services		(968,299)	(962,409)	(1,013,050)
Other property and services		(435,625)	(77,771)	(441,282)
		(6,247,607)	(5,860,120)	(6,049,565)
Non-cash amounts excluded from operating activities	23(a)	1,599,201	1,680,539	1,546,262
Amount attributable to operating activities		(1,652,545)	(1,403,105)	(908,044)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		425,173	990,434	1,855,457
Proceeds from disposal of assets	10(a)	194,122	645,000	55,000
Proceeds from self supporting loans	13(b)	32,467	32,468	30,585
Purchase of property, plant and equipment	8(a)	(97,586)	(700,000)	(1,427,839)
Purchase and construction of infrastructure	9(a)	(413,170)	(999,836)	(1,375,060)
Amount attributable to investing activities		141,005	(31,934)	(861,857)
FINANCING ACTIVITIES				
Repayment of borrowings	13(b)	(334,439)	(759,219)	(346,460)
Proceeds from borrowings	13(c)	0	405,000	270,000
Repayment of Leases		(60,674)	(65,079)	(98,452)
Transfers to reserves (restricted assets)	4	(29,954)	(20,700)	(28,338)
Transfers from reserves (restricted assets)	4	0	0	210,279
Amount attributable to financing activities		(425,067)	(439,998)	7,029
Surplus/(deficit) before imposition of general rates		(1,936,607)	(1,875,036)	(1,762,872)
Total amount raised from general rates	22	1,885,979	1,875,036	1,815,073
Surplus/(deficit) after imposition of general rates	23(b)	(50,625)	(0)	52,200

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.

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 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*.

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.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 25 to these financial statements.

2. REVENUE AND EXPENSES (Continued)

(a) Revenue

Grant Revenue

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
General purpose funding	771,050	388,444	725,013
Law, order, public safety	7,000	7,000	12,250
Housing	20,000	0	0
Recreation and culture	0	0	33,000
Transport	0	120,000	118,156
Economic services	175,005	0	0
Other property and services	3,636	0	2,273
	976,691	515,444	890,692
Non-operating grants, subsidies and contributions			
Housing	0	350,000	976,352
Recreation and culture	0	0	44,567
Transport	425,173	640,434	826,538
Economic services	0	0	8,000
	425,173	990,434	1,855,457
Total grants, subsidies and contributions	1,401,864	1,505,878	2,746,149

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 21. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

2. REVENUE AND EXPENSES

(a) Revenue (Continued)	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Other revenue			
Reimbursements and recoveries	60,289	48,250	482,504
Other	171,373	169,420	0
	231,663	217,670	482,504
Fees and Charges			
Governance	3,204	4,130	3,450
General purpose funding	2,205	2,000	1,805
Law, order, public safety	62,078	62,000	66,996
Health	686,802	662,150	652,504
Education and welfare	1,772	500	2,528
Housing	242,351	278,820	223,033
Community amenities	139,361	134,440	143,467
Recreation and culture	33,441	36,300	34,935
Transport	684	500	592
Economic services	209,692	207,050	196,344
Other property and services	44,868	212,000	171,496
	1,426,460	1,599,890	1,497,150
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
Interest earnings			
Loans receivable - clubs/institutions	18,797	18,646	20,828
Reserve accounts interest	20,920	20,700	27,950
Rates instalment and penalty interest (refer Note 22(d))	21,835	21,490	19,970
Other interest earnings	7,884	5,000	10,396
	69,435	65,836	79,144

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest earnings (Continued)

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Auditors remuneration			
- Audit of the Annual Financial Report	20,000	11,000	10,210
	20,000	11,000	10,210
Interest expenses (finance costs)			
Borrowings (refer Note 13(b))	233,529	240,880	257,824
Finance Leases	1,324	5,821	5,897
	234,853	246,701	263,721
Rental charges			
- Operating leases	26,375	0	22,004
	26,375	0	22,004

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

3. CASH AND CASH EQUIVALENTS

	NOTE	2019	2018
		\$	\$
Cash at bank and on hand		349,077	595,535
Financial assets at amortised cost - Term Deposits	7	929,955	900,001
Comprises:			
- Unrestricted cash and cash equivalents		57,513	536,711
- Restricted cash and cash equivalents		1,221,519	958,825
		1,279,032	1,495,536
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Leave reserve	4	109,813	107,342
Plant Replacement Reserve	4	153,542	150,088
Sewerage Reserve	4	319,713	312,519
Vehicle Reserve	4	105,115	102,750
LCDC Reserve	4	10,211	9,981
Staff Housing Reserve	4	49,494	48,381
Community Bus Reserve	4	52,976	51,784
Mortlock Lodge Reserve	4	3,172	3,100
Aged Care Reserve	4	116,681	114,056
SW LAG Officer AL/LSL Reserve	4	9,238	-
		929,955	900,001
Other restricted cash and cash equivalents			
Unspent grants/contributions	21	231,450	39,813
Bonds & Deposits Held	25	25,882	-
Local Medical Practice		34,232	19,011
Total restricted cash and cash equivalents		1,221,519	958,825

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 with original maturities of three months or less that are readily convertible to known amounts of cash

Cash and cash equivalents (Continued)

and which are subject to an insignificant risk of changes in value and bank overdrafts.

SHIRE OF GOOMALLING
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance	2019 Budget Opening Balance	2019 Budget Transfer to	2019 Budget Transfer (from)	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance
4. RESERVES - CASH BACKED												
(1) Leave reserve	107,342	2,471	-	109,813	107,342	2,469	-	109,811	138,532	3,810	(35,000)	107,342
(2) Plant Replacement Reserve	150,088	3,455	-	153,543	150,088	3,452	-	153,540	185,000	5,088	(40,000)	150,088
(3) Sewerage Reserve	312,519	7,194	-	319,714	312,519	7,188	-	319,707	304,155	8,364	-	312,519
(4) Vehicle Reserve	102,750	2,365	-	105,115	102,750	2,363	-	105,113	100,000	2,750	-	102,750
(5) LCDC Reserve	9,981	229	-	10,210	9,981	230	-	10,211	11,000	303	(1,322)	9,981
(6) Staff Housing Reserve	48,381	1,113	-	49,494	48,381	1,113	-	49,494	55,000	1,513	(8,132)	48,381
(7) Community Bus Reserve	51,784	1,192	-	52,976	51,785	1,191	-	52,976	57,437	1,580	(7,232)	51,785
(8) Mortlock Lodge Reserve	3,100	71	-	3,171	3,100	71	-	3,171	3,738	103	(740)	3,101
(9) Aged Care Reserve	114,056	2,625	-	116,681	114,056	2,623	-	116,679	145,139	3,991	(35,074)	114,056
(10) SW LAG Officer AL/LSL Reserve	-	9,238	-	9,238	-	-	-	-	16,371	450	(16,822)	-
(11) Swimming Pool Revitalisation Reserve	-	-	-	-	-	-	-	-	65,570	388	(65,958)	-
	900,001	29,954	-	929,955	899,999	20,700	-	920,700	1,081,941	28,338	(210,279)	900,001

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
(1) Leave reserve	Ongoing	- To be used to fund Long Service Leave Requirements
(2) Plant Replacement Reserve	Ongoing	- To be used for the future replacement of plant
(3) Sewerage Reserve	Ongoing	- To be used to maintain and upgrade the sewerage scheme in the Goomalling Town site
(4) 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
(5) LCDC Reserve	Ongoing	- To be used to fund Landcare Activities
(6) Staff Housing Reserve	Ongoing	- To be used for the maintenance, upgrading and construction of new housing for Council employees or public rental housing
(7) Community Bus Reserve	Ongoing	- To be used to purchase a new Community Bus when the time arises
(8) Mortlock Lodge Reserve	Ongoing	- To be used for maintenance and improvement to the Mortlock Retirement Units
(9) Aged Care Reserve	Ongoing	- To be used to provide for the needs of the aged
(10) S&R Coordinator AL/LSL Reserve	Ongoing	- To be used to fund the S&R Coordinators annual and long service leave requirements
(11) Swimming Pool Revitalisation Reserve	Ongoing	- To be used to fund Revitalisation of the Swimming Pool

5. TRADE RECEIVABLES

Current
 Rates receivable
 GST receivable
 Sundry Debtors

Non-current
 Pensioner's rates and ESL deferred

	2019	2018
	\$	\$
	165,516	179,128
	18,792	22,205
	52,968	200,299
	237,277	401,632
	73,699	70,493
	73,699	70,493

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.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 24.

Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

Classification and subsequent measurement

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.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

6. INVENTORIES

	2019	2018
	\$	\$
Current		
Fuel, Materials and Books	33,371	23,694
	<u>33,371</u>	<u>23,694</u>
Non-current		
Land held for resale - cost	929,261	929,261
Less impairment	(399,261)	(399,261)
	<u>530,000</u>	<u>530,000</u>

The following movements in inventories occurred during the year:

Carrying amount at 1 July	553,693	562,036
Inventories expensed during the year	(119,285)	(135,548)
Additions to inventory	128,962	68,166
Fair value adjustment to LHFR through profit & loss	-	59,041
Carrying amount at 30 June	<u>563,371</u>	<u>553,694</u>

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 resale

Land held for development and resale 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 resale (Continued)

Borrowing 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 onto the buyer at this point.

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

SHIRE OF GOOMALLING
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

7. OTHER FINANCIAL ASSETS

(a) Current assets

Other financial assets at amortised cost
 Other loans and receivables

2019	2018
\$	\$
964,295	900,001
	32,355
964,295	932,356

Other financial assets at amortised cost
 - Financial assets at amortised cost - term deposits
 - Financial assets at amortised cost - self supporting loans

929,955	900,001
34,340	0
964,295	900,001

Financial assets previously classified as loans and receivables

- Loans receivable - clubs/institutions

0	32,355
0	32,355

(b) Non-current assets

Financial assets at fair value through profit and loss
 Financial assets at amortised cost - Self Supporting Loan

52,551	46,400
235,113	0
287,664	46,400

Other loans and receivable

0	269,565
---	---------

Total

287,664	315,965
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Financial assets at fair value through profit and loss

- Units in Local Government House Trust

52,551	46,400
52,551	46,400

Other financial assets at amortised cost.

- Financial assets at amortised cost - Self Supporting Loan

235,113	0
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Financial assets previously classified as loans and receivables

- Loans receivable - clubs/institutions

0	269,565
0	269,565

During the year, the following gains/(losses) were recognised in profit and loss:

Fair value gains/(losses) on equity investments at fair value through profit and loss are recognised in other gains/(losses) and classified as other property and services

6,151	0
6,151	0

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit and loss

The Shire classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 24.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Previous accounting policy: available for sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as 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.

Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 26 for explanations regarding the change in accounting policy.

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Total land	Buildings - non- specialised	Total buildings	Total land and buildings	Furniture & Equipment	Plant and equipment	Swimming Pool & Equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	3,844,827	3,844,827	19,384,486	19,384,486	23,229,313	407,065	1,379,198	1,272,821	26,288,397
Additions	-	-	1,320,526	1,320,526	1,320,526	10,249	408	96,656	1,427,839
(Disposals)	-	-	-	-	-	(30,323)	(77,069)	-	(107,392)
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
Comprises:									
Gross carrying amount at 30 June 2018	3,844,827	3,844,827	20,705,012	20,705,012	24,549,839	433,685	1,435,282	1,393,056	27,811,862
Accumulated depreciation at 30 June 2018	-	-	(292,719)	(292,719)	(292,719)	(230,723)	(284,137)	(48,111)	(855,690)
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
Additions	-	-	77,586	77,586	77,586	-	20,000	-	97,586
(Disposals)	(25,000)	(25,000)	(88,270)	(88,270)	(113,270)	-	(2,157)	-	(115,427)
Revaluation increments / (decrements) transferred to revaluation surplus	-	-	(83,595)	(83,595)	(83,595)	-	-	-	(83,595)
Depreciation (expense)	-	-	(311,089)	(311,089)	(311,089)	(43,952)	(152,220)	(25,029)	(532,290)
Carrying amount at 30 June 2019	3,819,827	3,819,827	20,006,926	20,006,925	23,826,752	159,011	1,016,767	1,319,916	26,322,446
Comprises:									
Gross carrying amount at 30 June 2019	3,819,827	3,819,827	20,608,004	20,608,004	24,427,831	433,686	1,439,782	1,393,056	27,694,354
Accumulated depreciation at 30 June 2019	-	-	(601,078)	(601,078)	(601,078)	(274,675)	(423,015)	(73,140)	(1,371,908)
Carrying amount at 30 June 2019	3,819,827	3,819,827	20,006,926	20,006,925	23,826,752	159,011	1,016,767	1,319,916	26,322,446

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) 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 & Equipment	3	Costs approach using depreciated replacement cost (Net revaluation method).	Independent Registered Valuer	June 2015	Constructions/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Plant and equipment	3	Costs approach using depreciated replacement cost (Net revaluation method).	Independent and Management Valuation	June 2016	Constructions/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Swimming Pool & Equipment	3	Costs approach using depreciated replacement cost (Net revaluation method).	Independent and Management Valuation	June 2016	Constructions/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.

9. INFRASTRUCTURE

(a) 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	Infrastructure - Other Infrastructure	Infrastructure - Drainage	Infrastructure - Sewerage	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	34,709,698	706,106	1,081,083	2,398,308	1,652,865	40,548,060
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	733,699	1,257,998	2,357,504	1,628,196	40,971,684
Comprises:						
Gross carrying amount at 30 June 2018	37,213,026	795,976	1,309,335	2,720,258	1,694,350	43,732,945
Accumulated depreciation at 30 June 2018	(2,218,739)	(62,277)	(51,337)	(362,754)	(66,154)	(2,761,261)
Carrying amount at 30 June 2018	34,994,287	733,699	1,257,998	2,357,504	1,628,196	40,971,684
Additions	263,246	43,529	106,395	-	-	413,170
(Disposals)	-	-	(159,561)	-	-	(159,561)
Depreciation (expense)	(880,471)	(24,463)	(29,604)	(40,804)	(33,520)	(1,008,862)
Carrying amount at 30 June 2019	34,377,062	752,766	1,175,227	2,316,700	1,594,676	40,216,431
Comprises:						
Gross carrying amount at 30 June 2019	37,476,271	839,506	1,248,650	2,720,258	1,694,350	43,979,035
Accumulated depreciation at 30 June 2019	(3,099,209)	(86,740)	(73,423)	(403,558)	(99,674)	(3,762,604)
Carrying amount at 30 June 2019	34,377,063	752,766	1,175,227	2,316,699	1,594,676	40,216,431

9. INFRASTRUCTURE (Continued)

(b) 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	30 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	30 June 2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Other Infrastructure	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent and Management Valuation	30 June 2016	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Management Valuation	30 June 2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Sewerage	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent and Management Valuation	30 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. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either 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 where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are 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 and no more than five 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 class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

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 *AASE 1051, Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail.

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

SHIRE OF GOOMALLING
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019				2019				2018			
	Actual Net Book Value	Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
Land - freehold land	25,000	-	-	(25,000)	-	-	-	-	96,041	55,000	-	(41,041)
Buildings - non-specialised	88,270	85,000	-	(3,270)	821,896	645,000	14,786	(191,682)	-	-	-	-
Furniture & Equipment	-	-	-	-	-	-	-	-	30,323	-	-	(30,323)
Plant and equipment	2,157	2,727	570	0	-	-	-	-	77,069	-	-	(77,069)
Infrastructure - Other Infrastructure	159,561	106,395	-	(53,166)	-	-	-	-	-	-	-	-
	274,989	194,122	570	(81,436)	821,896	645,000	14,786	(191,682)	203,433	55,000	-	(148,433)

Program	2019			
	Actual Net Book Value	Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Recreation and culture	159,561	106,395	-	(53,166)
Transport	2,157	2,727	570	-
Economic services	113,270	85,000	-	(28,270)
	274,989	194,122	570	(81,436)

The following assets were disposed of during the year.

	2019			
	Actual Net Book Value	Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Land				
Economic services				
Lot 450 Main Street, Goomalling	25,000	-	-	(25,000)
Land Total	25,000	-	-	(25,000)
Buildings				
Economic services	88,270	85,000	-	(3,270)
Buildings Total	88,270	85,000	-	(3,270)
Plant and Equipment				
Transport				
Ford Territory	2,157	2,727	570	-
Plant and Equipment Total	2,157	2,727	570	-
Other Infrastructure				
Recreation and culture				
Synthetic Bowling Green	159,561	106,395	-	(53,166)
Other Infrastructure Total	159,561	106,395	-	(53,166)
	274,989	194,122	570	(81,436)

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(b) Depreciation	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Buildings - non-specialised	311,089	294,289	292,719
Furniture & Equipment	43,952	78,513	77,442
Plant and equipment	152,220	153,295	151,392
Swimming Pool & Equipment	25,029	23,771	24,532
Infrastructure - Roads	880,471	829,146	827,117
Infrastructure - Footpaths	24,463	22,997	22,938
Infrastructure - Other Infrastructure	29,604	25,127	27,058
Infrastructure - Drainage	40,804	41,136	40,804
Infrastructure - Sewerage	33,520	32,900	33,519
	1,541,152	1,501,174	1,497,521

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested 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.

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.

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings	30 to 50 years
Drainage	100 years
Furniture & Equipment	4 to 10 years
Plant & Equipment	5 to 14 years
Roads	
Pavement	50 years
Surface	20 years
Subgrade	not depreciated
Culverts	19 years
Footpaths	20 years
Swimming Pool Infrastructure	10 - 67 years
Wastewater infrastructure	10 - 67 years
Other Infrastructure	10 to 67 years

Depreciation (Continued)

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) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- (b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

SHIRE OF GOOMALLING
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

11. REVALUATION SURPLUS

	2019	2019	2019	Total	2019	2018	2018	2018	Total	2018
	Opening	Revaluation	Revaluation	Movement on	Closing	Opening	Revaluation	Revaluation	Movement on	Closing
	Balance	Increment	(Decrement)	Revaluation	Balance	Balance	Increment	(Decrement)	Revaluation	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	-	(83,595)	(83,595)	10,637,980	10,721,575	-	-	-	10,721,575
Revaluation surplus - Furniture & Equipment	126,130	-	-	-	126,130	232,717	-	(106,587)	(106,587)	126,130
Revaluation surplus - Swimming Pool & 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 - Infrastructure - Other Infrastructure	569,391	-	-	-	569,391	569,391	-	-	-	569,391
Revaluation surplus - Infrastructure - Drainage	1,891,185	-	-	-	1,891,185	1,891,185	-	-	-	1,891,185
Revaluation surplus - Infrastructure - Sewerage	1,434,014	-	-	-	1,434,014	1,434,014	-	-	-	1,434,014
	38,457,333	-	(83,595)	(83,595)	38,373,738	38,563,920	-	(106,587)	(106,587)	38,457,333

Movements on revaluation of property, plant and equipment (including infrastructure) 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.

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Rates paid in advance
 Accrued salaries and wages
 ATO liabilities
 Accrued interest on long term borrowings
 Bonds and deposits held

	2019	2018
	\$	\$
	100,138	392,453
	182,197	186,165
	3,242	-
	21,638	34,489
	55,521	57,736
	25,883	-
	388,618	670,843

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.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

13. INFORMATION ON BORROWINGS

Total Borrowings

	2019	2018
	\$	\$
Current Loan	368,500	329,303
Current Lease	4,405	65,079
	<u>372,905</u>	<u>394,382</u>
Non Current Loan	3,247,708	3,621,343
Non Current Lease	3,247,708	3,621,343

(a) Borrowings

	2019	2018
	\$	\$
Current	372,905	394,382
Non-current	3,247,708	3,621,343
	<u>3,620,613</u>	<u>4,015,725</u>

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019		30 June 2018		30 June 2019		30 June 2018		30 June 2019		30 June 2018		30 June 2019		30 June 2018	
				Actual Principal 1 July 2019	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2019	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2019	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	
Housing				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Aged Independent living Units	114	Bendigo	5.26%	200,000	-	7,728	5,260	192,272	200,000	-	7,728	5,260	192,273	-	200,000	-	-	200,000	
Aged Independent living Units #2	118	-	-	-	-	-	-	-	200,000	-	-	-	200,000	-	-	-	-	-	
New Sports Pavilion	111	Bendigo	6.34%	1,156,032	-	23,818	72,933	1,132,214	1,155,904	-	24,716	72,035	1,131,168	1,178,825	-	22,793	74,267	1,156,032	
Retc Football/Hockey Ovals	113	Bendigo	5.22%	70,000	-	12,591	3,497	57,409	70,000	-	12,594	-	57,406	-	70,000	-	-	70,000	
Resurface Multi Purpose Courts	116	-	-	-	-	-	-	-	-	60,000	-	-	60,000	-	-	-	-	-	
Community Resource Centre	117	-	-	-	-	-	-	-	-	60,000	-	-	60,000	-	-	-	-	-	
Economic services																			
Rural Transaction Centre (CRC)	104	Bendigo	7.65%	158,915	-	45,478	7,987	113,437	158,915	-	45,478	11,287	113,437	204,393	-	45,478	15,361	158,915	
Slater Homestead	105	Bendigo	7.65%	47,670	-	13,644	2,396	34,026	47,670	-	13,644	3,386	34,026	61,314	-	13,644	4,605	47,670	
Rural Transaction Centre (CRC)	106	Bendigo	5.51%	409,196	-	20,572	29,006	388,624	409,123	-	14,332	35,491	394,791	422,113	-	12,917	36,521	409,196	
Grange/Salmon Gum Subdivisions	108	Bendigo	7.65%	633,707	-	164,469	45,538	469,239	634,084	-	164,581	45,419	469,503	786,846	-	153,139	55,403	633,707	
Caravan Park - Ablution Block Portable	109	Bendigo	5.47%	28,122	-	13,673	1,358	14,450	28,114	-	13,679	1,353	14,436	41,109	-	12,987	1,949	28,122	
Bank Overdraft (subdivisions)	112	Bendigo	5.26%	945,000	-	-	46,757	945,000	945,000	-	430,000	48,003	515,000	1,000,000	-	55,000	49,201	945,000	
Slater Homestead	115	-	-	-	-	-	-	-	-	85,000	-	-	85,000	-	-	-	-	-	
				3,648,642	-	301,972	214,732	3,346,670	3,648,811	405,000	726,751	222,234	3,327,060	3,694,600	270,000	315,958	237,306	3,648,642	
Self Supporting Loans																			
Recreation and culture																			
Mortlock Sports Council	110	Bendigo	6.34%	302,004	-	32,467	18,797	269,537	302,086	-	32,468	18,646	269,618	332,506	-	30,502	20,518	302,004	
				302,004	-	32,467	18,797	269,537	302,086	-	32,468	18,646	269,618	332,506	-	30,502	20,518	302,004	
				3,950,646	-	334,439	233,529	3,616,208	3,950,897	405,000	759,219	240,880	3,596,678	4,027,106	270,000	346,460	257,824	3,950,646	

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 7 as other financial assets at amortised cost.
Other loan repayments were financed by general purpose revenue.
Bendigo Bank have a registered charge over Goomalling Shire Rates as security over borrowings.

SHIRE OF GOMMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

13. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2018/19

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2019 Actual	2019 Budget	2019 Actual	2019 Budget		
Loan 114 - Aged Housing Wollyam Street	Bendigo Bank	Debenture	10	5.00%	-	200,000	-	200,000	-	-
Loan 115 - Slater Homestead Barn Renovations	Bendigo Bank	Debenture	5	5.00%	-	85,000	-	85,000	-	-
Loan 116 - Resurface Multi Purpose Courts	Bendigo Bank	Debenture	5	5.00%	-	60,000	-	60,000	-	-
Loan 117 - Community Resource Centre	Bendigo Bank	Debenture	5	5.00%	-	60,000	-	60,000	-	-
					-	405,000	-	405,000	-	-

(d) Undrawn Borrowing Facilities

	2018	2019
Credit Standby Arrangements		
Bank overdraft limit	350,000	400,000
Credit card limit	15,000	10,000
Credit card balance at balance date	(2,822)	(404)
Total amount of credit unused	362,178	409,596
Loan facilities		
Loan facilities - current	368,500	329,304
Loan facilities - non-current	3,247,708	3,621,343
Total facilities in use at balance date	3,616,208	3,950,647
Unused loan facilities at balance date	NIL	NIL

(e) Finance Leases

Particulars/Purpose	Principal Actual 1 July 2018	New Leases	Principal Repayments		Principal		Interest	
			Actual 30 June 2019	Budget 30 June 2019	Actual 30 June 2019	Budget 30 June 2019	Actual 30 June 2019	Budget 30 June 2019
Photocopier	6,537	-	2,132	2,132	4,405	4,405	468	468
GO 025 Roller - Residual was leased for 12 months	58,542	-	58,542	62,947	-	-	856	856
	65,079	-	60,674	65,079	4,405	4,405	1,324	1,324

	2018	2019
Lease facilities		
Lease facilities - current	4,405	65,079
Lease facilities - non-current	-	-
Total facilities in use at balance date	4,405	65,079

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 when 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.

Risk

Information regarding exposure to risk can be found at Note 24.

14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2018			
Current provisions	181,388	223,770	405,158
Non-current provisions	-	36,031	36,031
	181,388	259,801	441,189
Additional provision	125,049	(1,916)	123,133
Amounts used	(133,644)	(19,032)	(152,676)
Balance at 30 June 2019	172,793	238,853	411,646
Comprises			
Current	172,793	218,751	391,544
Non-current	-	20,102	20,102
	172,793	238,853	411,646

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

Expected reimbursements from other WA local governments

	2019	2018
	\$	\$
Less than 12 months after the reporting date	388,925	405,158
More than 12 months from reporting date	-	36,031
Expected reimbursements from other WA local governments	22,721	-
	411,646	441,189

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

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.

Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

Other long-term employee benefits (Continued)

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:

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Cash and cash equivalents	349,077	1,051,552	595,535
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(992,795)	(348,899)	854,024
Non-cash flows in Net result:			
Adjustments to fair value of financial assets	-	-	(59,041)
Movement in Local Government House	(6,151)	-	28
Depreciation	1,541,152	1,501,174	1,497,521
(Profit)/loss on sale of asset	80,867	176,896	148,433
Changes in assets and liabilities:			
(Increase)/decrease in receivables	161,144	-	25,247
(Increase)/decrease in inventories	(9,676)	-	8,342
Increase/(decrease) in payables	(282,222)	(150,000)	294,017
Increase/(decrease) in provisions	(29,543)	-	20,046
Grants contributions for the development of assets	(425,173)	(990,434)	(1,855,457)
Net cash from operating activities	37,603	188,737	933,160

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	652,531	699,303
General purpose funding	947,717	970,697
Law, order, public safety	731,650	797,076
Health	8,750	29,011
Education and welfare	610,902	572,081
Housing	4,680,871	5,527,992
Community amenities	2,610,140	2,651,172
Recreation and culture	10,510,010	10,574,544
Transport	38,232,924	38,546,344
Economic services	9,779,495	9,481,898
Other property and services	214,930	947,413
	<u>68,979,921</u>	<u>70,797,531</u>

17. CONTINGENT LIABILITIES

The Shire of Goomalling is not aware of any contingent liabilities as at the reporting date.

18. LEASING COMMITMENTS

The Shire of Goomalling had no capital expenditure commitments as at the end of the current reporting period.

(a) Operating Lease Commitments

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

Payable:

- not later than one year
- later than one year but not later than five years

	2019	2018
	\$	\$
	2,317	58,542
	2,088	6,537
	4,405	65,079

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 of 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 on a straight line basis over the lease term.

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. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	13,300	17,500	21,100
President's allowance	625	2,500	2,500
Deputy President's allowance	2,500	625	625
Travelling expenses	3,250	4,500	3,623
Telecommunications allowance	487	0	529
Conference Expenses	6,548	0	3,483
	26,710	25,125	31,860

Key Management Personnel (KMP) Compensation Disclosure

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	399,448	315,205
Post-employment benefits	37,952	43,547
Other long-term benefits	28,438	24,952
Termination benefits	0	0
	465,838	383,704

Short-term employee benefits

These amounts include all salary, 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 leave and long service leave benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP.

19. 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.

	2019 Actual	2018 Actual
The following transactions occurred with related parties:	\$	\$
Sale of goods and services - other related parties	0	0
Purchase of goods and services - other related parties	109,837	157,118

Related Parties

The Shire President and Finance Manager are board members at Goomalling & Districts Community Financial Services Limited, being the local community bank company (Bendigo Bank). The Shire banks with Bendigo Bank.

Four Councillors & the Finance Manager have direct or indirect through close family members interest in the board of Mortlock Sports Council. The Shire has made a self supporting loan to Mortlock Sports Council as follows:

	2019 Actual	2018 Actual
	\$	\$
	269,453	301,920

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. (KMP)

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly are considered related parties in relation to the Shire.

20. MAJOR LAND TRANSACTIONS

Salmon Gum Way and Grange Street Subdivisions

(a) Details

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.

(b) Current year transactions

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Revenue			
- Sale proceeds	-	165,000	55,000
Expenditure			
- Cost	-	(129,958)	(41,041)
- Interest on borrowings	(92,295)	(45,419)	(55,403)
Loss on Sale	(92,295)	(10,377)	(41,444)

(c) Expected future cash flows

	2019/20	2020/21	2021/22	2022/23	Total
	\$	\$	\$	\$	\$
Cash outflows					
- Development costs	-	-	-	-	-
- Interest on borrowings	(16,655)	(18,720)	(3,838)	-	(39,214)
	(16,655)	(18,720)	(3,838)	-	(39,214)
Cash inflows					
- Sale proceeds	-	55,000	55,000	55,000	165,000
	-	55,000	55,000	55,000	165,000
Net cash flows	(16,655)	36,280	51,162	55,000	125,786

(d) Assets and liabilities

Land held for resale included within Note 6	2019	2018
	\$	\$
Current inventory		
Land held for resale - cost	530,000	530,000
	530,000	530,000

SHIRE OF GOOMALLING
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

21. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received ⁽²⁾	Expended ⁽³⁾	Closing	Received ⁽²⁾	Expended ⁽³⁾	Closing
	Balance ⁽¹⁾			Balance ⁽¹⁾			Balance
	1/07/17	2017/18	2017/18	30/06/18	2018/19	2018/19	30/06/19
	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety							
DFES - Bush Fire Mitigation	0	8,250	(8,250)	0	3,000	(3,000)	0
DFES - Admin	0	4,000	(4,000)	0	4,000	(4,000)	0
Recreation and Culture							
Grant - Kids Sport Program	199	1,000	(1,199)	0			0
Housing							
R4R Regional Pool Funding (aged care)	0	0	0	0	20,000	(20,000)	0
Transport							
R2R - Konno West Road	0	331,710	(331,710)	0	164,434	(164,434)	0
Govt Grants - State Special	0	84,328	(84,328)	0	47,287	(47,287)	0
Govt Grants - Tied MRWA Spec	0	410,500	(410,500)	0	171,180	(15,186)	155,994
Flood Damage previous years	0	0	0	0	34,870	(34,870)	0
NDRRA Event previous years	0	0	0	0	3,914	(3,914)	0
Economic services							
Skeleton Weed (LAG)	19,240	105,000	(105,208)	19,032	120,000	(121,305)	17,727
Grant = CCPF Goomalling Youth Zone	5,369		(5,369)	0	0	0	0
CLCF Youth Development Scholarship	0	0	0	1,385	0	(1,385)	0
State NRM Office Community Cactus	20,165	0	(5,493)	14,672	0	(14,672)	0
State NRM new community cactus	0	0	0	0	6,960	0	6,960
Grant - Community Cactus Control - Dept of AG	13,236	0	(13,236)	0	0	0	0
Grant - CGG - Community Gardens Program	12,054	0	(12,054)	0	0	0	0
Volunteer Recognition	0	1,000	(1,000)	0	1,000	(1,000)	0
CLGF Community Development Scholarship	0	4,872	(148)	4,724	0	0	4,724
Safer Communities Fund round 3	0	0	0	0	46,045	0	46,045
Naidoc Week Celebrations	0	0	0	0	1,000	(1,000)	0
Other property and services							
Apprentice Scheme	0	2,273	(2,273)	0	3,640	(3,640)	0
Total	70,263	952,933	(984,768)	39,813	627,330	(435,693)	231,450

Notes:

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

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

22. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2017/18		
			Actual Rateable Value	Actual Rate Revenue	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue	
Differential general rate / general rate			\$	\$	\$	\$	\$	\$	\$	\$	\$		
Gross rental valuations													
GRV - Residential	0.1085	219	1,519,370	164,852	10,943	-	-	175,795	164,850	-	-	164,850	158,714
GRV - Commercial	0.122	18	337,295	41,150	-	-	-	41,150	41,150	-	-	41,150	39,801
GRV - Industrial	0.117	11	80,636	9,434	-	-	-	9,434	9,434	-	-	9,434	9,112
GRV - Urban Farmland	0.1045	16	199,420	20,839	-	-	-	20,839	20,839	-	-	20,839	18,776
Unimproved valuations													
UV - Rural Zone 2	0.0063	37	17,687,000	111,428	-	-	-	111,428	111,428	-	-	111,428	107,634
UV - Special Rural	0.0125	11	1,198,500	14,981	-	-	-	14,981	14,981	-	-	14,981	17,860
UV - General Zone 3 Farming	0.00685	215	179,907,000	1,232,342	-	-	-	1,232,342	1,232,342	-	-	1,232,342	1,185,906
Sub-Total		527	200,929,221	1,595,026	10,943	-	-	1,605,969	1,595,026	-	-	1,595,026	1,537,803
Minimum payment			\$										
Gross rental valuations													
GRV - Residential	950	128	662,909	121,600	-	-	-	121,600	121,600	-	-	121,600	118,680
GRV - Commercial	900	17	52,493	15,300	-	-	-	15,300	15,300	-	-	15,300	14,875
GRV - Industrial	550	8	14,325	4,400	-	-	-	4,400	4,400	-	-	4,400	4,240
GRV - Urban Farmland	715	12	39,911	8,580	-	-	-	8,580	8,580	-	-	8,580	8,970
Unimproved valuations													
UV - Rural Zone 2	1,155	33	4,934,500	38,115	-	-	-	38,115	38,115	-	-	38,115	36,300
UV - Special Rural	1,195	8	408,000	9,560	-	-	-	9,560	9,560	-	-	9,560	4,540
UV - General Zone 3 Farming	1,195	69	7,558,000	82,455	-	-	-	82,455	82,455	-	-	82,455	89,665
Sub-Total		275	13,670,138	280,010	-	-	-	280,010	280,010	-	-	280,010	277,270
Total amount raised from general rate		802	214,599,359	1,875,036	10,943	-	-	1,885,979	1,875,036	-	-	1,875,036	1,815,073
Specified Area Rate (refer Note 22(b))								1,885,979				1,875,036	1,815,073
Ex-gratia rates								214,587				214,020	207,606
Totals								18,105				18,105	16,922
Totals								2,118,671				2,107,161	2,039,601

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.

SHIRE OF GOOMALLING
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

22. RATING INFORMATION (Continued)

(b) Specified Area Rate

Specified Area Rate	Basis of Valuation	Rate in \$	2018/19 Rateable Value	2018/19 Rate Revenue	2018/19 Interim Rate Revenue	2018/19 Back Rate Revenue	2018/19 Total Specified Area Rate Revenue	2018/19	2018/19	2018/19	2018/19	2017/18
								Budget Rate Revenue	Budget Back Rate Revenue	Budget Interim Rate Revenue	Budget Total Revenue	Total Actual Revenue
Sewerage - Residential	GRV	0.0765	2,785,190	213,067	-	-	213,067	212,500	-	-	212,500	206,246
Sewerage - Religious Church	GRV	380.00	-	1,520	-	-	1,520	1,520	-	-	1,520	1,360
				214,587	-	-	214,587	214,020	-	-	214,020	207,606

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

Rates Discounts

Rate or Fee	Discount	Discount	2019 Actual	2019 Budget	2018 Actual	Circumstances in which Discount is Granted
Discount Granted	%	\$	\$	\$	\$	
Early Payment	n/a	1,000	1,000	1,000	1,000	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 for 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.
			1,000	1,000	1,000	

22. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Payment in Full	29/08/2018	0.00	0.00%	0.00%
Option Two				
Instalment 1	29/08/2018	5.00	5.50%	11.00%
Instalment 2	29/10/2018	5.00	5.50%	11.00%
Option Three				
Instalment 1	29/08/2018	5.00	5.50%	11.00%
Instalment 2	29/10/2018	5.00	5.50%	11.00%
Instalment 3	29/12/2018	5.00	5.50%	11.00%
Instalment 4	28/02/2019	5.00	5.50%	11.00%

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Interest on unpaid rates	16,608	15,990	15,919
Interest on instalment plan	5,227	5,500	4,051
Charges on instalment plan	2,205	2,000	1,805
	<u>24,040</u>	<u>23,490</u>	<u>21,775</u>

23. RATE SETTING STATEMENT INFORMATION

Note	2018/19	2018/19	2018/19		
	(30 June 2019 Carried Forward)	Budget (30 June 2019 Carried Forward)	(1 July 2018 Brought Forward)		
	\$	\$	\$		
(a) Non-cash amounts excluded from operating activities					
<p>The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i>.</p>					
Adjustments to operating activities					
	Less: Profit on asset disposals	10(a)	(570)	(14,786)	-
	Less: Movement in liabilities associated with restricted cash		-	-	(31,190)
	Movement in LGH Trust		(6,151)	-	28
	Movement in pensioner deferred rates (non-current)		(3,208)	-	(10,036)
	Movement in Lease and Loan Liability (non-current)		4,942	-	2,667
	Movement in employee benefit provisions (non-current)		(15,929)	2,469	(5,510)
	Movement in employee leave reserve		(2,471)	-	-
	Movement in other provisions (non-current)		-	-	3,390
	Add: Loss on disposal of assets	10(a)	81,436	191,682	148,433
	Add: Loss on revaluation of fixed assets	9(a)	-	-	(59,041)
	Add: Depreciation on assets	10(b)	1,541,152	1,501,174	1,497,521
	Non cash amounts excluded from operating activities		1,599,201	1,680,539	1,546,262
(b) Surplus/(deficit) after imposition of general rates					
<p>The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.</p>					
Adjustments to net current assets					
	Less: Reserves - restricted cash	3	(929,955)	(920,700)	(900,002)
	Less: - Financial assets at amortised cost - self supporting loans	7(a)	(34,341)	113	(32,355)
	Less: Leave Reserve - cash backed		109,813	109,811	107,342
	Add: Borrowings	13(a)	368,500	19,785	329,303
	Add: Lease Liability		4,405	-	65,079
	Total adjustments to net current assets		(481,577)	(790,991)	(430,633)
Net current assets used in the Rate Setting Statement					
	Total current assets		1,584,020	1,297,582	1,953,216
	Less: Total current liabilities		(1,153,067)	(506,591)	(1,470,383)
	Less: Total adjustments to net current assets		(481,577)	(790,991)	(430,633)
	Net current assets used in the Rate Setting Statement		(50,625)	(0)	52,200

24. FINANCIAL RISK MANAGEMENT

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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 finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	0.00%	349,077	-	349,077	-
Financial assets at amortised cost - term deposits	2.05%	929,955	929,955	-	-
2018					
Cash and cash equivalents	0.00%	595,535	-	595,535	-
Financial assets at amortised cost - term deposits	2.30%	900,001	900,001	-	-

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	3,491	5,954

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings.

Details of interest rates applicable to each borrowing may be found at Note 13(b).

24. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade Receivables

The Shire's major receivables comprise rates annual charges and user fees and charges. 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 applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 30 June 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was considered to be insignificant receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	85,525	43,677	23,831	86,182	239,215
Loss allowance	-	-	-	-	-
01 July 2018					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	112,117	33,156	26,992	77,353	249,619
Loss allowance	-	-	-	-	-

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables. The amounts calculated have not been brought to account as they are considered immaterial.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	36,449	692	2,588	14,945	54,673
01 July 2018					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	15,401	2,245	1,751	179,461	198,857

24. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

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 and disclosed in Note 13(d).

The contractual undiscounted cash flows of the Shire's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2019					
Payables	388,618	-	-	388,618	388,618
Borrowings	521,212	1,510,354	1,973,165	4,004,731	3,620,613
	909,830	1,510,354	1,973,165	4,393,349	4,009,231
2018					
Payables	670,843	-	-	670,843	670,843
Borrowings	553,606	2,904,990	2,470,640	5,929,236	4,015,726
	1,224,449	2,904,990	2,470,640	6,600,079	4,686,569

SHIRE OF GOOMALLING
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

25. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

In previous years, bonds and deposits were held as trust monies. These amounts have been transferred from Trust to Restricted cash. Refer to Note 3.

	1 July 2018	Amounts Received	Amounts Paid	Total	Reclassification to Restricted Cash 30 June 2019	Trust 30 June 2019
	\$	\$	\$		\$	\$
Police Licensing DOT	-	643,987	(643,987)	-	-	-
Mortlock Farm Improvement Group	1,542	15	-	1,557	1,557	-
Pioneer Pathway Signage	51,553	514	(2,180)	49,887	(0)	49,887
General Prepayment & Deposits	24,297	-	(24,297)	-	-	-
DFES1920	-	14,945	-	14,945	14,945	-
Pet Bond	-	200	-	200	200	-
Deposit purchase 40 Forrest St	-	2,306	-	2,306	(0)	2,306
Tidy Towns	105	1	-	106	106	-
Market Day stalls	100	1	-	101	101	-
Gym Bond	7,600	2,874	(1,500)	8,974	8,974	-
Other Bonds	1,000	-	(1,000)	-	-	-
	86,197	664,843	(672,964)	78,076	25,883	52,194

26. INITIAL APPLICATION OF AUSTRALIAN 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 associated with the amendment of existing standards, the only new standard with significant application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139.

There were no adjustments as a result of adopting AASB9.

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.

- The Shire did not designate any financial assets as at fair value through profit and loss.

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, the Shire has assessed the ECL to be insignificant.

27. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

The Shire will adopt AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019.

AASB 15 and AASB 1058 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict transfer of goods and services to customers in amounts that reflect the consideration (that is the payment) to which the entity expects to be entitled in exchange for those goods or services as performance obligations have been met as specified in the contracts with customers. The impact to the standards may cause the Shire to defer some revenue until all performance obligations have been met.

(b) Leases

The Shire will adopt AASB 16 retrospectively from 1 July 2019 which will result in changes in accounting policies.

On adoption of AASB 16, the Shire will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019.

The Shire will also recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate as on 1 July 2019.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

In accordance with the transition provisions of AASB 16, the Shire will apply this standard to its leases retrospectively, with the cumulative effect of initially applying AASB 16 recognised on 1 July 2019. AASB 16 is estimated to cause the majority of leases of the Shire to be brought into the statement of financial position.

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(c) Income For Not-For-Profit Entities

The Shire will adopt AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes will occur to the following financial statement line items by application of AASB 1058 as compared to AASB 1004 Contributions before the change:

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurs the financial liability will be extinguished and the Shire will recognise income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

28 OTHER 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

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 or 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 statements that has a material effect on the statement of financial position, 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 the service capacity of an asset.

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 that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

SHIRE OF GOOMALLING
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

29. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	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 well being of the community.	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.

30. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	0.35	0.76	0.89
Asset consumption ratio	0.92	0.95	0.97
Asset renewal funding ratio*	N/A	N/A	N/A
Asset sustainability ratio	0.06	1.06	1.02
Debt service cover ratio	0.63	1.26	1.74
Operating surplus ratio	(0.39)	(0.24)	(0.01)
Own source revenue coverage ratio	0.59	0.68	0.74

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	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

Notes:

- * The Asset Renewal Funding Ratio was not disclosed in the financial report as the long term financial plan and asset management plan is not current for the relevant years.



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Goomalling

Report on the Audit of the Financial Report

Qualified Opinion

I have audited the annual financial report of the Shire of Goomalling which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the annual financial report of the Shire of Goomalling:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Qualified Opinion

The Shire has recognised rates revenue from properties that are owned by the Shire, with a corresponding expense in the Statement of Comprehensive Income by Nature or Type and the Statement of Comprehensive Income by Program. This treatment is not in accordance with the presentation requirements of Australian Accounting Standard AASB 101 "Presentation of Financial Statements". Consequently the total revenue and total expenses presented in the Statement of Comprehensive Income by Nature or Type and the Statement of Comprehensive Income by Program are overstated by \$110,140 for the year ended 30 June 2019 and \$112,403 for the year ended 30 June 2018.

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Shire in accordance with the Auditor General Act 2006 and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's annual financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996, does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of an annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the annual financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the annual financial report, including the disclosures, and whether the annual financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:

- a. The current ratio has been below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.
 - b. The debt service cover ratio has been below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.
 - c. The operating surplus ratio has been below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.
- The financial ratios are reported in Note 30 of the annual financial report.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
 - a. The Shire has not reported the Asset Renewal Funding Ratio for 2019, 2018 and 2017 in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996, as planned capital renewals and required capital expenditure were not estimated in a long term financial plan and asset management plan respectively.
 - b. For 15 employees, there were no signed employment contracts or letters of employment in the Shire's records.
 - c. A review in relation to the appropriateness and effectiveness of the financial management systems and procedures of the local government was not completed at least once in every three financial years as required by Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996.
 - d. A review in relation to the appropriateness and effectiveness of the Council's systems and procedures in relation to risk management, internal controls and legislative compliance was not completed at least once in every three financial years as required by Regulation 17 of the Local Government (Audit) Regulations 1996.
 - (iii) All required information and explanations were obtained by me.
 - (iv) All audit procedures were satisfactorily completed.
 - (v) In my opinion, the Asset Consumption Ratio included in the annual financial report was supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial report of the Shire for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2017 and 2018 in Note 30 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Goomalling for the year ended 30 June 2019 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
20 February 2020