

**SHIRE OF GOOMALLING**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

SHIRE OF GOOMALLING  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2016 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the *2nd* day of December 2016

  
Clem Kerp  
Chief Executive Officer

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>				
Rates	23	1,865,543	1,862,534	1,790,885
Operating grants, subsidies and contributions	30	949,925	487,735	1,289,978
Fees and charges	29	1,360,323	1,244,660	1,274,837
Service charges	26	0	0	0
Interest earnings	2(a)	64,426	52,000	58,241
Other revenue	2(a)	424,789	289,620	1,731,553
		<u>4,665,006</u>	<u>3,936,549</u>	<u>6,145,494</u>
<b>Expenses</b>				
Employee costs		(1,721,277)	(1,513,747)	(1,836,541)
Materials and contracts		(828,562)	(667,931)	(1,543,474)
Utility charges		(244,041)	(330,735)	(256,825)
Depreciation on non-current assets	2(a)	(1,561,882)	(1,057,350)	(1,064,429)
Interest expenses	2(a)	(280,803)	(301,022)	(278,438)
Insurance expenses		(189,729)	(255,500)	(196,130)
Other expenditure		(407,377)	(589,635)	(610,718)
		<u>(5,233,671)</u>	<u>(4,715,920)</u>	<u>(5,786,555)</u>
		(568,665)	(779,371)	358,939
Non-operating grants, subsidies and contributions	30	1,613,523	2,262,423	1,674,081
Profit on asset disposals	21	0	188,634	0
(Loss) on asset disposals	21	(921,478)	(83,740)	(15,882)
Fair value adjustments to financial assets at fair value through profit or loss	4	(212,447)	0	(595,189)
(Loss) on revaluation of plant and equipment	7(b)	(63,053)	0	0
<b>Net result</b>		<u>(152,120)</u>	<u>1,587,946</u>	<u>1,421,949</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	6,986,804	0	1,599,764
<b>Total other comprehensive income</b>		<u>6,986,804</u>	<u>0</u>	<u>1,599,764</u>
<b>Total comprehensive income</b>		<u><u>6,834,684</u></u>	<u><u>1,587,946</u></u>	<u><u>3,021,713</u></u>

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

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>	2(a)			
Governance		76,696	52,780	99,305
General purpose funding		2,069,991	2,092,819	2,800,427
Law, order, public safety		437,744	55,230	170,871
Health		662,613	542,250	588,244
Education and welfare		9,356	2,500	2,378
Housing		256,370	291,760	272,867
Community amenities		331,399	299,940	298,696
Recreation and culture		248,595	169,700	232,287
Transport		3,508	2,750	1,173,813
Economic services		455,952	364,400	350,535
Other property and services		112,782	62,420	156,070
		<u>4,665,006</u>	<u>3,936,549</u>	<u>6,145,493</u>
<b>Expenses</b>	2(a)			
Governance		(313,079)	(367,925)	(298,229)
General purpose funding		(88,793)	(22,000)	(31,988)
Law, order, public safety		(106,269)	(104,950)	(109,810)
Health		(752,584)	(625,800)	(678,896)
Education and welfare		(24,605)	(19,200)	(8,996)
Housing		(235,476)	(233,700)	(241,543)
Community amenities		(391,944)	(422,760)	(397,776)
Recreation and culture		(674,844)	(719,800)	(653,781)
Transport		(1,626,342)	(1,157,880)	(2,390,080)
Economic services		(694,343)	(729,990)	(636,253)
Other property and services		(44,589)	(10,893)	(60,764)
		<u>(4,952,868)</u>	<u>(4,414,898)</u>	<u>(5,508,116)</u>
<b>Finance costs</b>	2(a)			
General purpose funding		(25,386)	(20,000)	(59,588)
Economic services		(238,924)	(256,734)	(185,213)
Other property and services		(16,493)	(24,288)	(33,637)
		<u>(280,803)</u>	<u>(301,022)</u>	<u>(278,438)</u>
		<u>(568,665)</u>	<u>(779,371)</u>	<u>358,939</u>
Non-operating grants, subsidies and contributions	30	1,613,523	2,262,423	1,674,081
Profit on disposal of assets	21	0	188,634	0
(Loss) on disposal of assets fair value through profit or loss	21 4	(921,478) (212,447)	(83,740) 0	(15,882) (595,189)
(Loss) on revaluation of plant and equipment	7(b)	(63,053)	0	0
<b>Net result</b>		<u>(152,120)</u>	<u>1,587,946</u>	<u>1,421,949</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	6,986,804	0	1,599,764
<b>Total other comprehensive income</b>		<u>6,986,804</u>	<u>0</u>	<u>1,599,764</u>
<b>Total comprehensive income</b>		<u><u>6,834,684</u></u>	<u><u>1,587,946</u></u>	<u><u>3,021,713</u></u>

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

**SHIRE OF GOOMALLING**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2016**

	NOTE	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	1,631,363	864,448
Trade and other receivables	5	288,922	440,770
Inventories	6	38,552	33,818
<b>TOTAL CURRENT ASSETS</b>		<u>1,958,837</u>	<u>1,339,036</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables	5	437,575	115,435
Inventories	6	600,000	812,447
Property, plant and equipment	7	27,161,381	18,424,043
Infrastructure	8	39,654,562	40,059,905
<b>TOTAL NON-CURRENT ASSETS</b>		<u>67,853,518</u>	<u>59,411,830</u>
<b>TOTAL ASSETS</b>		<u>69,812,355</u>	<u>60,750,866</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	444,417	699,368
Current portion of long term borrowings	10	492,642	308,875
Provisions	11	396,291	366,860
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,333,350</u>	<u>1,375,103</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	10	4,345,478	2,087,829
Provisions	11	37,935	27,025
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>4,383,413</u>	<u>2,114,854</u>
<b>TOTAL LIABILITIES</b>		<u>5,716,763</u>	<u>3,489,957</u>
<b>NET ASSETS</b>		<u>64,095,592</u>	<u>57,260,909</u>
<b>EQUITY</b>			
Retained surplus		24,287,624	24,487,876
Reserves - cash backed	12	1,048,132	1,000,000
Revaluation surplus	13	38,759,837	31,773,033
<b>TOTAL EQUITY</b>		<u>64,095,592</u>	<u>57,260,909</u>

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

**SHIRE OF GOOMALLING  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2014</b>		23,065,927	1,000,000	30,173,269	54,239,196
Comprehensive income					
Net result		1,421,949	0	0	1,421,949
Changes on revaluation of assets		0	0	1,599,764	1,599,764
Total comprehensive income	13	<u>1,421,949</u>	<u>0</u>	<u>1,599,764</u>	<u>3,021,713</u>
Transfers from/(to) reserves		0	0	0	0
<b>Balance as at 30 June 2015</b>		<b>24,487,876</b>	<b>1,000,000</b>	<b>31,773,033</b>	<b>57,260,909</b>
Comprehensive income					
Net result		(152,120)	0	0	(152,120)
Changes on revaluation of assets		0	0	6,986,804	6,986,804
Total comprehensive income	13	<u>(152,120)</u>	<u>0</u>	<u>6,986,804</u>	<u>6,834,684</u>
Transfers from/(to) reserves		(48,132)	48,132	0	0
<b>Balance as at 30 June 2016</b>		<b>24,287,624</b>	<b>1,048,132</b>	<b>38,759,837</b>	<b>64,095,592</b>

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

**SHIRE OF GOOMALLING  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,907,504	1,847,534	1,592,652
Operating grants, subsidies and contributions		1,137,062	487,735	1,295,139
Fees and charges		1,360,323	1,244,660	1,274,837
Interest earnings		64,426	52,000	58,241
Goods and services tax		568,402	590,000	574,402
Other revenue		396,128	289,620	1,731,553
		<u>5,433,845</u>	<u>4,511,549</u>	<u>6,526,824</u>
<b>Payments</b>				
Employee costs		(1,744,484)	(1,517,288)	(1,829,982)
Materials and contracts		(1,053,217)	(967,931)	(1,205,775)
Utility charges		(244,041)	(330,735)	(256,825)
Interest expenses		(252,285)	(301,022)	(256,605)
Insurance expenses		(189,729)	(255,500)	(196,130)
Goods and services tax		(577,934)	(590,000)	(616,460)
Other expenditure		(407,377)	(589,635)	(610,718)
		<u>(4,469,067)</u>	<u>(4,552,111)</u>	<u>(4,972,495)</u>
<b>Net cash provided by (used in) operating activities</b>	14(b)	<u>964,778</u>	<u>(40,562)</u>	<u>1,554,329</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(2,460,601)	(3,941,000)	(1,482,310)
Payments for construction of infrastructure		(1,770,961)	(1,433,753)	(1,009,192)
Non-operating grants, subsidies and contributions		1,613,523	2,262,423	1,674,081
Proceeds from sale of fixed assets		339,955	316,000	39,521
<b>Net cash provided by (used in) investment activities</b>		<u>(2,278,084)</u>	<u>(2,796,330)</u>	<u>(777,900)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(259,001)	(575,445)	(197,135)
Repayment of finance leases		(113,317)	(115,234)	(133,718)
Proceeds from self supporting loans		13,803	10,339	6,916
Proceeds from new debentures		2,835,000	3,375,000	65,000
Advances to Community Groups		(375,000)	0	0
Loan Adjustment		(21,264)	0	(9,103)
<b>Net cash provided by (used in) financing activities</b>		<u>2,080,221</u>	<u>2,694,660</u>	<u>(268,040)</u>
<b>Net increase (decrease) in cash held</b>		766,915	319,272	508,389
Cash at beginning of year		864,448	864,448	356,059
<b>Cash and cash equivalents at the end of the year</b>	14(a)	<u>1,631,363</u>	<u>1,183,720</u>	<u>864,448</u>

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

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

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>		<u>(596,057)</u>	<u>(610,813)</u>	<u>(934,750)</u>
		(596,057)	(610,813)	(934,750)
<b>Revenue from operating activities (excluding rates)</b>				
Governance		76,696	52,780	99,305
General purpose funding		412,954	437,238	1,194,361
Law, order, public safety		437,744	55,230	170,871
Health		662,613	542,250	588,244
Education and welfare		9,356	2,500	2,378
Housing		256,370	291,760	272,867
Community amenities		331,399	299,940	298,696
Recreation and culture		248,595	169,700	232,287
Transport		3,508	2,750	1,173,813
Economic services		455,952	553,034	350,535
Other property and services		112,782	62,420	156,070
		<u>3,007,969</u>	<u>2,469,602</u>	<u>4,539,427</u>
<b>Expenditure from operating activities</b>				
Governance		(313,079)	(367,925)	(298,229)
General purpose funding		(389,679)	(42,000)	(686,765)
Law, order, public safety		(106,269)	(104,950)	(109,810)
Health		(752,584)	(625,800)	(678,896)
Education and welfare		(24,605)	(19,200)	(8,996)
Housing		(235,476)	(233,700)	(241,543)
Community amenities		(391,944)	(422,760)	(397,776)
Recreation and culture		(674,844)	(719,800)	(655,586)
Transport		(1,626,342)	(1,182,380)	(2,390,080)
Economic services		(1,854,745)	(1,045,964)	(835,543)
Other property and services		(61,082)	(35,181)	(94,401)
		<u>(6,430,649)</u>	<u>(4,799,660)</u>	<u>(6,397,625)</u>
<b>Operating activities excluded from budget</b>				
(Profit) on disposal of assets	21	0	(188,634)	0
Loss on disposal of assets	21	921,478	83,740	15,882
(Profit)/Loss on Revaluation of assets		275,500	0	595,189
Movement in deferred pensioner rates (non-current)		10,396	0	(4,133)
Movement in employee benefit provisions (non-current)		10,910	0	8,476
Movement in other Non-Current Assets		0	0	(47,879)
Movement in Lease & Loan Adjustments		(21,264)	0	(9,103)
Movement in LSL Bank		3,628	0	4,801
Depreciation and amortisation on assets	2(a)	1,561,882	1,057,350	1,064,429
<b>Amount attributable to operating activities</b>		<u>(1,256,207)</u>	<u>(1,988,415)</u>	<u>(1,165,286)</u>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		1,613,523	2,262,423	1,674,081
Proceeds from disposal of assets	21	339,955	316,000	39,521
Purchase of land held for resale		0	0	0
Purchase of property, plant and equipment	7(b)	(2,460,601)	(3,941,000)	(1,482,310)
Purchase and construction of infrastructure	8(b)	(1,770,961)	(1,433,753)	(1,009,192)
<b>Amount attributable to investing activities</b>		<u>(2,278,084)</u>	<u>(2,796,330)</u>	<u>(777,900)</u>
<b>FINANCING ACTIVITIES</b>				
Advances to community groups		(375,000)	0	0
Repayment of debentures	22(a)	(259,001)	(575,445)	(197,135)
Proceeds from new debentures	22(a)	2,835,000	3,375,000	65,000
Repayment of Finance Leases		(113,316)	(115,234)	(133,718)
Proceeds from self supporting loans		13,803	10,339	6,916
Transfers to reserves (restricted assets)	12	(75,797)	(27,000)	(155,360)
Transfers from reserves (restricted assets)	12	27,664	0	155,360
<b>Amount attributable to financing activities</b>		<u>2,053,354</u>	<u>2,667,660</u>	<u>(258,937)</u>
<b>Surplus(deficiency) before general rates</b>		<u>(1,480,938)</u>	<u>(2,117,085)</u>	<u>(2,202,123)</u>
<b>Total amount raised from general rates</b>	23	<u>1,657,037</u>	<u>1,655,581</u>	<u>1,606,066</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	24	<u><u>176,099</u></u>	<u><u>(461,504)</u></u>	<u><u>(596,057)</u></u>

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



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

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

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

**Critical accounting estimates**

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

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

**The local government reporting entity**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 20 to these financial statements.

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

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

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

**(c) Cash and Cash Equivalents**

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) Inventories

*General*

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

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

*Land held for sale*

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

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

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

(f) Fixed Assets

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

*Mandatory requirement to revalue non-current assets*

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

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

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

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

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

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

***Land under control***

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

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

***Initial recognition and measurement between mandatory revaluation dates***

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

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

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

***Revaluation***

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

***Land under roads***

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

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

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

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

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

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

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

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

***Depreciation***

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

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

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

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

Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

***Capitalisation threshold***

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

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

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

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

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

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

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

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

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

***Fair value hierarchy***

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

***Valuation techniques***

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

**Market approach**

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

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

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

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

**Income approach**

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

**Cost approach**

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

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

**(h) Financial Instruments**

***Initial recognition and measurement***

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

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

***Classification and subsequent measurement***

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

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and  
initially recognised and the maturity amount calculated using the effective interest rate method.

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

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

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

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

***Classification and subsequent measurement (continued)***

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

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

***(ii) Loans and receivables***

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

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

***(iii) Held-to-maturity investments***

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

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

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

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

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

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

***(v) Financial liabilities***

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

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

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

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

***Impairment***

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

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

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

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

***Derecognition***

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

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

**(i) Impairment of Assets**

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

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

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

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

**(j) Trade and Other Payables**

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



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

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

**(k) Employee Benefits**

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

**(l) Borrowing Costs**

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

**(m) Provisions**

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

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

**(n) Leases**

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

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

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

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

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

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

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

**(o) Investment in Associates**

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

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

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

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

**(p) Interests in Joint Arrangements**

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 17.

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

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

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

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

**(r) Superannuation**

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

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

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

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

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

**(t) Rounding Off Figures**

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

**(u) Comparative Figures**

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

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

**(v) Budget Comparative Figures**

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

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

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

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

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.  Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

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

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.  This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.  Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15.  It will require changes to reflect the impact of AASB 15.

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

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101  [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.  This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.
(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities  [AASB 10, 124 & 1049]	March 2015	1 July 2016	It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.  The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.  The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

**Notes:**

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

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

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

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

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

These new and revised standards were as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

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

<b>2. REVENUE AND EXPENSES</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Net Result</b>		
The Net result includes:		
(i) Charging as an expense:		
<b>Significant expense and revenue</b>		
Impairment LHFR - Refer Note 32	212,447	184,550
Loss on Revaluation of Assets	63,053	410,639
	<u>275,500</u>	<u>595,189</u>
<b>Auditors remuneration</b>		
- Audit of the Annual Financial Report		
Butler Senteniri	0	10,568
Anderson Munro Wyllie	9,913	19,198
- Financial Management Review	0	6,000
- Other Services	1,100	3,300
<b>Depreciation</b>		
Buildings - Non Specialised	301,636	250,090
Furniture & Equipment	92,444	93,850
Plant & Equipment	150,697	168,369
Swimming Pool & Equipment	23,931	25,627
Infrastructure - Roads	632,007	408,108
Infrastructure - Footpaths	17,935	36,582
Infrastructure - Drainage	283,065	19,143
Infrastructure - Other Infrastructure	649	0
Infrastructure - Sewerage	59,518	62,660
	<u>1,561,882</u>	<u>1,064,429</u>
<b>Interest expenses (finance costs)</b>		
Debentures (refer Note 22 (a))	238,924	180,371
Finance Leases	16,493	38,479
Bank Overdraft	25,386	59,588
	<u>280,803</u>	<u>278,438</u>
(ii) Crediting as revenue:		
<b>Significant revenue</b>		
Increase in Equity Local Govt House	0	47,879
Refer Note 5 - Non- Current Assets		
<b>Other revenue</b>		
Reimbursements and recoveries	247,619	270,528
Significant revenue (refer above)	0	47,879
Other	177,170	1,413,146
	<u>424,789</u>	<u>1,731,553</u>
	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Budget</b>
	<b>\$</b>	<b>\$</b>
<b>Interest earnings</b>		
- Loans receivable - clubs/institutions	11,904	0
- Reserve funds	27,870	5,000
- Other funds	7,507	27,000
Other interest revenue (refer note 28)	17,144	20,000
	<u>64,426</u>	<u>52,000</u>



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

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

**(b) Statement of Objective**

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

Objectives and strategies have been presented under four main categories; social, economic, environmental and civic leadership. Objectives are set for the short term (up to 2 years), medium (3 to 6 years) and long terms (7 years or more). Some strategies are shown as ongoing in that they cover all terms.

The Strategic Community Plan defines the key objectives of the Shire as:

"Economic: Provide an effective and efficient transportation network, Facilitate the development of local and regional tourism & Actively support the development of local and new business.

Environment: Enhance the health and integrity of the natural environment & Manage current and future assets and infrastructure in a sustainable manner.

Social: Create an environment that strengthens "a sense of Community", Create an environment that provides for a caring and health community, Provide active and passive recreation facilities and services & provide services and processes to enhance public safety.

Civic Leadership: Provide accountable and transparent leadership & maintain and strengthen the Shire's capability and capacity.

**GOVERNANCE**

**Activities:**

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

**GENERAL PURPOSE FUNDING**

**Activities:**

Rates, general purpose government grants and interest revenue & miscellaneous revenues such as commission on Police Licensing. The costs associated with raising the above mentioned revenues, e.g., Valuation expenses, debt collection and overheads.

**LAW, ORDER, PUBLIC SAFETY**

**Activities:**

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

**HEALTH**

**Activities:**

Inspection of food outlets and their control, noise control and waste disposal compliance and provision of medical health services.

**EDUCATION AND WELFARE**

**Activities:**

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

**HOUSING**

**Activities:**

Provision and maintenance of rented housing accommodation for pensioners and employees.

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

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

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

**COMMUNITY AMENITIES**

**Activities:**

Rubbish collection services, operation of rubbish disposal site, 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**

**Activities:**

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

**TRANSPORT**

**Activities:**

Construction and maintenance of roads, streets, footpaths, depots, cycleway, parking facilities and traffic control. Cleaning streets and maintenance of street trees, street lighting and depot maintenance.

**ECONOMIC SERVICES**

**Activities:**

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

**OTHER PROPERTY & SERVICES**

**Activities:**

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

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

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

(c) Conditions Over Grants/Contributions		Opening Balance 1/07/14	Received 2014/15	Expended 2014/15	Closing Balance 30/06/15	Received 2015/16	Expended 2015/16	Closing Balance 30/06/16
Grant/Contribution		\$	\$	\$	\$	\$	\$	\$
	Function/ Activity							
Grants Commission General Purpose	General Purpose Fund	0	0	0	0	180,418	(180,418)	0
Grants Commission - Roads	Transport	0	0	0	0	187,317	(187,317)	0
Aware Program	Law & Order	1,446	0	0	1,446	0	(1,446)	0
Crime Prevention CCTV	Law & Order	0	24,268	0	24,268	0	(24,268)	0
FESA - Bush Fire Mitigation	Law & Order	0	0	0	0	7,500	(525)	6,975
FESA - Admin	Law & Order	0	0	0	0	4,000	(4,000)	0
FESA - New Donated Vehicle	Law & Order	0	116,136	(116,136)	0	367,114	(367,114)	0
Aged Friendly Communities Grant	Education & Welfare	0	54,500	0	54,500	0	(54,500)	0
Goomalling Youth Mental Health	Health	7,200	0	0	7,200	0	(7,200)	0
NAIDOC Indigenous Development	Community Amenities	1,264	0	0	1,264	0	(1,264)	0
Grant Kids Sport Program	Recreation	0	0	0	0	4,000	(3,855)	145
Grant CRSFF New Pavilion	Recreation	0	337,500	(337,500)	0	112,500	(112,500)	0
Grant LW New Pavilion	Recreation	0	520,000	(520,000)	0	0	0	0
Swimming Operational Grant	Recreation	0	30,000	(30,000)	0	32,000	(32,000)	0
Skelton Weed Research	Economic Services	0	9,844	(9,844)	0	83,091	(83,091)	0
LGEEP Energy Grant	Economic Services	0	10,555	(10,555)	0	0	0	0
VET Affairs Grant - War Banners	Economic Services	0	0	0	0	2,000	(2,000)	0
Grant - Holistic Park Development	Economic Services	7,350	0	0	7,350	0	(7,350)	0
Grant - CCPF Goomalling Youth Zone	Economic Services	0	0	0	0	17,394	0	17,394
Department of Water - CWSP Grant	Economic Services	16,100	0	0	16,100	40,000	(4,596)	51,504
Comm Infrast. Grant Program Post Office	Economic Services	0	0	0	0	8,994	(8,994)	0
Grant LW Koomal Corn Native Reserve	Economic Services	0	0	0	0	16,100	(16,100)	0
Grant - Youth Friendly - Friendly Community	Economic Services	0	0	0	0	10,000	0	10,000
Grant - SCP - BMX Pocket Park	Economic Services	0	0	0	0	20,000	0	20,000
Grant - CCG Community Garden Grants	Economic Services	0	0	0	0	19,454	0	19,454
School Based Trainee	Other Property & Services	0	2,500	(2,500)	0	0	0	0
Roads to Recovery	Transport	0	165,855	(165,855)	0	473,963	(473,963)	0
Govt Grants - State Special	Transport	0	70,000	(70,000)	0	76,100	(76,100)	0
Govt Grants - Tied MRWA Special	Transport	0	64,423	(64,423)	0	315,860	(315,860)	0
MRWA Blackspot Funding	Transport	0	30,000	(30,000)	0	204,000	(204,000)	0
Department of Transport Air Strip	Transport	0	3,437	(3,437)	0	0	0	0
<b>Total</b>		<b>33,360</b>	<b>1,439,018</b>	<b>(1,360,250)</b>	<b>112,128</b>	<b>2,181,805</b>	<b>(2,168,461)</b>	<b>125,472</b>

**Notes:**

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

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

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

	Note	2016 \$	2015 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted Cash		443,971	(265,045)
Restricted Cash		<u>1,187,392</u>	<u>1,129,493</u>
		<u>1,631,363</u>	<u>864,448</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Long Service Leave Reserve	12	134,763	131,135
Mortlock Lodge Reserve	12	3,640	3,542
Plant Replacement Reserve	12	190,262	202,169
Staff Housing Reserve	12	56,577	55,054
Aged Care Reserve	12	141,189	137,388
Vehicle Reserve	12	110,000	115,050
Sewerage Reserve	12	295,876	289,468
Community Bus Reserve	12	56,673	55,147
S&R CoOrd AL LSL Reserve	12	15,926	0
Lcdc Reserve	12	11,021	11,048
S/Pool Revitalisation Reserve	12	32,205	0
Local Medical Practice		13,788	17,365
Unspent grants	2(c)	<u>125,472</u>	<u>112,128</u>
		<u>1,187,392</u>	<u>1,129,494</u>

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>5. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates outstanding	121,591	153,156
Sundry debtors	138,446	295,878
GST receivable	9,532	0
Loans receivable - clubs/institutions	28,661	0
Doubtful Debts	(9,308)	(9,308)
Other Tax due from ATO	0	1,044
	<u>288,922</u>	<u>440,770</u>
<b>Non-current</b>		
Rates outstanding - pensioners	50,770	61,166
Loans receivable - clubs/institutions	332,536	0
Other - Non Current	3,390	3,390
Investment in WALGA Local Government House*	50,879	50,879
	<u>437,575</u>	<u>115,435</u>

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

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

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

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

**6. INVENTORIES**

<b>Current</b>		
Fuel and materials	38,552	33,818
	<u>38,552</u>	<u>33,818</u>
<b>Non-current</b>		
Land held for resale - cost		
Cost of acquisition	1,139,462	1,139,462
Less Impairment	(539,462)	(327,015)
	<u>600,000</u>	<u>812,447</u>

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

	2016	2015
	\$	\$
<b>7 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Land - Freehold at:		
- Independent valuation 2016- level 2	3,840,000	0
- Management valuation 2016 - level 3	205,866	0
- Additions after valuation - cost	<u>0</u>	<u>1,084,638</u>
	4,045,866	1,084,638
Buildings - Non Specialised at:		
- Management valuation June 2016 - level 3	461,800	0
- Independent valuation June 2016 - level 2	19,404,800	15,202,014
Less: accumulated depreciation	<u>0</u>	<u>0</u>
	19,866,600	15,202,014
Total land and buildings	<u>23,912,466</u>	<u>16,286,652</u>
Furniture & Equipment at:		
- Management valuation 2013 - level 3	0	776,539
- Management valuation 2015 - level 3	338,729	0
- Additions after valuation - cost	90,272	51,561
Less accumulated depreciation	<u>0</u>	<u>(494,928)</u>
	429,001	333,172
Plant & Equipment at:		
- Management 2013 - level 2	0	2,034,137
- Management valuation June 2016 - level 3	1,523,514	0
- Additions after valuation - cost	0	129,125
Less Disposals after Revaluation	0	(89,953)
Less accumulated depreciation	<u>0</u>	<u>(693,456)</u>
	1,523,514	1,379,853
Swimming Pool & Equipment at:		
- Independent valuation June 2016 - level 3	1,251,600	675,991
- Management valuation June 2016 - level 3	44,800	0
- User defined	0	60,584
Less accumulated amortisation	<u>0</u>	<u>(312,209)</u>
	1,296,400	424,366
	<u>27,161,381</u>	<u>18,424,043</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning	of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to	Revaluation (Losses)/ Reversals Through to	Impairment (Losses)/ Reversals	Depreciation	Transfers/movement of class during the year	Carrying Amount at the End of Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - Freehold	1,084,638	73,568	(174,022)	3,061,682	0	0	0	0		4,045,866
<b>Total land</b>	<b>1,084,638</b>	<b>73,568</b>	<b>(174,022)</b>	<b>3,061,682</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,045,866</b>
Buildings - Non Specialised	15,202,014	1,804,418	(1,087,413)	4,327,958	0	0	0	(301,636)	(78,741)	19,866,600
<b>Total buildings</b>	<b>15,202,014</b>	<b>1,804,418</b>	<b>(1,087,413)</b>	<b>4,327,958</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(301,636)</b>	<b>(78,741)</b>	<b>19,866,600</b>
<b>Total land and buildings</b>	<b>16,286,652</b>	<b>1,877,986</b>	<b>(1,261,435)</b>	<b>7,389,640</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(301,636)</b>	<b>(78,741)</b>	<b>23,912,466</b>
Furniture & Equipment	333,172	90,272	0	0	0	0	0	(92,444)	98,001	429,001
Plant & Equipment	1,379,853	490,773	0	(133,362)			(63,053)	(150,697)	0	1,523,514
Swimming Pool & Equipment	424,366	1,570	0	894,395	0	0	0	(23,931)	0	1,296,400
<b>Total property, plant and equipment</b>	<b>18,424,943</b>	<b>2,460,601</b>	<b>(1,261,435)</b>	<b>8,150,673</b>	<b>0</b>	<b>0</b>	<b>(63,053)</b>	<b>(568,708)</b>	<b>19,260</b>	<b>27,161,380</b>



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

**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

(c) Fair Value Measurements	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
<b>Land and buildings</b>						
	Land - Freehold	2	Market approach using recent observable market data for similar items ( Net revaluation method)	Independent Registered Valuer Management Valuation	June 2016	Price per hectare/market borrowing rate
	Buildings - Non Specialised	3	Market approach using recent observable market data for similar items ( Net revaluation method)	Independent Registered Valuer/Management Valuation	June 2016	Improvements to buildings using construction costs and current condition ( Level 2), residual values and remaining useful life assessments ( Level 3) inputs.
	Furniture & Equipment	3	Cost approach using depreciated replacement cost ( Net revaluation method)	Management Valuation	June 2015	Construction/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3 ) inputs.
	Plant & Equipment	3	Cost approach using depreciated replacement cost ( Net revaluation method)	Management Valuation	June 2016	Construction/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3 ) inputs.

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

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

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

	2016	2015
	\$	\$
<b>8 (a). INFRASTRUCTURE</b>		
Infrastructure - Roads		
- Management valuation June 2015 - Level 3	33,477,258	33,477,258
- Additions after valuation - cost	1,312,598	0
Less accumulated depreciation	<u>(632,007)</u>	<u>0</u>
	34,157,849	33,477,258
Infrastructure - Footpaths		
- Management valuation June 2015 - Level 3	634,755	634,755
- Additions after valuation - cost	60,599	0
Less accumulated depreciation	<u>(17,935)</u>	<u>0</u>
	677,419	634,755
Infrastructure - Drainage		
- Management valuation 2015 - level 3	2,502,842	2,502,842
- Additions after valuation - cost	63,757	0
Less accumulated depreciation	<u>(283,065)</u>	<u>0</u>
	2,283,534	2,502,842
Infrastructure - Other Infrastructure		
- Independent valuation June 2016 - Level 3	817,760	0
- Management valuation June 2016 - Level 3	<u>32,500</u>	<u>0</u>
	850,260	0
Infrastructure - Sewerage		
- Independent Valuation June 2016 - level 3	1,599,000	4,067,085
- Management valuation June 2016 - level 3	86,500	0
Less Accumulated Depn Infrastructure - Sewerage	<u>0</u>	<u>(630,345)</u>
	1,685,500	3,445,050
	<u>39,654,562</u>	<u>40,059,905</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires infrastructure to be shown at fair value.

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

8. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	33,477,258	1,312,598	0	0	0	0	(632,007)	0	34,157,849
Infrastructure - Footpaths	634,755	60,599	0	0	0	0	(17,935)	0	677,419
Infrastructure - Drainage	2,502,842	63,757	0	0	0	0	(283,065)	0	2,283,534
Infrastructure - Other Infrastructure	0	300,779	0	569,391	0	0	(649)	(19,260)	850,260
Infrastructure - Sewerage	3,445,050	33,228	0	(1,733,260)	0	0	(59,518)	0	1,685,500
<b>Total infrastructure</b>	<b>40,059,905</b>	<b>1,770,961</b>	<b>0</b>	<b>(1,163,869)</b>	<b>0</b>	<b>0</b>	<b>(993,174)</b>	<b>(19,260)</b>	<b>39,654,563</b>

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

**8. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Management Valuation	June 2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3 ) inputs.
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Management Valuation	June 2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3 ) inputs.
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Management Valuation	June 2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3 ) inputs.
Infrastructure - Other Infrastructure	3	Cost approach using depreciated replacement cost (Net revaluation method)	Independent Registered Valuers and Management Valuation	June 2016	Construction/Purchase 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 (Net revaluation method)	Independent Registered Valuers and Management Valuation	June 2016	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3 ) inputs.

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

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

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

	2016 \$	2015 \$
<b>9. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	370,854	590,775
Accrued interest on debentures	73,563	45,045
GST due to ATO	0	41,481
Other Payables	0	22,067
	<u>444,417</u>	<u>699,368</u>

**10. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by floating charge		
Loan Liability - Current	275,481	193,641
Lease Liability - Current	217,161	115,234
	<u>492,642</u>	<u>308,875</u>
<b>Non-current</b>		
Secured by floating charge		
Loan Liability - Non Current	4,276,110	1,803,219
Lease Liability - Non- Current	69,368	284,610
	<u>4,345,478</u>	<u>2,087,829</u>

Additional detail on borrowings is provided in Note 22.

**11. PROVISIONS**

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
<b>Opening balance at 1 July 2015</b>			
Current provisions	145,401	221,459	366,860
Non-current provisions	0	27,025	27,025
	<u>145,401</u>	<u>248,484</u>	<u>393,885</u>
Additional provision	109,489	38,298	147,787
Amounts used	(87,593)	(19,853)	(107,446)
<b>Balance at 30 June 2016</b>	<u>167,297</u>	<u>266,929</u>	<u>434,226</u>
<b>Comprises</b>			
Current	167,297	228,994	396,291
Non-current	0	37,935	37,935
	<u>167,297</u>	<u>266,929</u>	<u>434,226</u>

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

12. RESERVES - CASH BACKED

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Long Service Leave Reserve	131,135	3,628	0	134,763	131,135	3,541	0	134,676	126,334	4,801	0	131,135
Morlock Lodge Reserve	3,542	98	0	3,640	3,541	98	0	3,637	3,412	130	0	3,542
Plant Replacement Reserve	202,169	5,593	(17,500)	190,262	202,169	5,459	0	207,627	204,402	7,767	(10,000)	202,169
Sport & Recreation	0	0	0	0	0	0	0	0	113,063	4,296	(117,360)	0
Staff Housing Reserve	55,054	1,523	0	56,577	55,054	1,486	0	56,540	57,855	2,199	(5,000)	55,054
Aged Care Reserve	137,388	3,801	0	141,189	137,388	3,709	0	141,098	132,359	5,030	0	137,388
Vehicle Reserve	115,050	3,183	(8,232)	110,000	110,000	3,106	0	118,156	122,639	4,660	(12,250)	115,050
Sewerage Reserve	289,468	8,008	(1,600)	295,876	289,468	7,816	0	297,284	175,441	124,027	(10,000)	289,468
Community Bus Reserve	55,147	1,526	0	56,673	55,147	1,489	0	56,636	53,128	2,019	0	55,147
S&R CoOrd ALLSL Reserve	0	15,926	0	15,926	0	0	0	0	0	0	0	0
Lcdc Reserve	11,048	306	(332)	11,021	11,048	298	0	11,346	11,366	432	(750)	11,048
S/Pool Revitalisation Reserve	0	32,205	0	32,205	0	0	0	0	0	0	0	0
Emergency Fund Reserve	0	0	0	0	0	0	0	0	0	0	0	0
	1,000,000	75,797	(27,664)	1,048,132	1,000,000	27,000	0	1,027,000	1,000,000	155,360	(155,360)	1,000,000

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

**SHIRE OF GOOMALLING**  
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**12. RESERVES - CASH BACKED**

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:

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
Long Service Leave Reserve	Ongoing	To be used to fund Long Service Leave requirements.
Mortlock Lodge Reserve	Ongoing	To be used for maintenance and improvements to the Mortlock Retirement Units.
Plant Replacement Reserve	Ongoing	To be used for further replacement of plant.
Staff Housing Reserve	Ongoing	To be used for the maintenance, upgrading and construction of new housing for Council employees or public rental housing.
Aged Care Reserve	Ongoing	To be utilised to provide for the needs of the aged.
Vehicle Reserve	Ongoing	To be used for the purchase of motor vehicles and utilities if at a future date the Council ceases to lease the same.
Sewerage Reserve	Ongoing	To be used to maintain and upgrade the sewerage scheme in the Goomalling Townsite
Community Bus Reserve	Ongoing	To be used to fund the purchase of a new Community Bus.
S&R CoOrd AL LSL Reserve	Ongoing	To be used to fund the S & R Coordinators annual and long service leave.
Lodc Reserve	Ongoing	To be used to fund Landcare Activities.
S/Pool Revitalisation Reserve	Ongoing	To be used to fund Revitalisation of the Swimming Pool.
Emergency Fund Reserve	Ongoing	To be used to fund any catastrophic emergency event within the Shire of Goomalling.

SHIRE OF GOOMALLING  
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13. REVALUATION SURPLUS

	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2015	2015	2015	2015	2015	2015	2015	
	Opening	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Closing
	Balance	Increment	Decrement	Decrement	Decrement	Decrement	Decrement	Decrement	Decrement	Decrement	Decrement	Decrement	Decrement	Decrement	Decrement	Decrement	Decrement	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	0	3,061,682	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Buildings	6,589,534	4,327,958	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,589,534
Plant & Equipment	133,362	0	(133,362)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	133,362
Furniture & Equipment	232,717	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	232,717
Swimming Pool & Equipment	38,121	894,395	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	38,121
Infrastructure - Roads	19,720,840	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	19,720,840
Infrastructure - Drainage	1,891,185	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,891,185
Infrastructure - Other Infrastructure	0	569,391	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	569,391
Infrastructure - Sewerage	3,167,274	0	(1,733,260)	(1,733,260)	(1,733,260)	(1,733,260)	(1,733,260)	(1,733,260)	(1,733,260)	(1,733,260)	(1,733,260)	(1,733,260)	(1,733,260)	(1,733,260)	(1,733,260)	(1,733,260)	(1,733,260)	3,167,274
	<b>31,773,033</b>	<b>8,853,426</b>	<b>(1,866,622)</b>	<b>(1,866,622)</b>	<b>(1,866,622)</b>	<b>(1,866,622)</b>	<b>(1,866,622)</b>	<b>(1,866,622)</b>	<b>(1,866,622)</b>	<b>(1,866,622)</b>	<b>(1,866,622)</b>	<b>(1,866,622)</b>	<b>(1,866,622)</b>	<b>(1,866,622)</b>	<b>(1,866,622)</b>	<b>(1,866,622)</b>	<b>(1,866,622)</b>	<b>31,773,033</b>

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



**SHIRE OF GOOMALLING**  
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**14. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	2016 \$	2016 Budget \$	2015 \$
Cash and cash equivalents	<u>1,631,363</u>	<u>1,183,720</u>	<u>864,448</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	(152,120)	1,587,946	1,421,949
Non-cash flows in Net result:			
Depreciation	1,561,882	1,057,350	1,064,429
(Profit)/Loss on sale of asset	921,478	(104,894)	15,882
Fair value adjustments to fixed assets at fair value through profit or loss	212,447	0	595,189
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	190,905	(15,000)	(235,130)
(Increase)/Decrease in inventories	(4,734)	0	5,862
Increase/(Decrease) in payables	(254,951)	(300,000)	353,670
Increase/(Decrease) in provisions	40,342	(3,541)	6,559
Grants contributions for the development of assets	<u>(1,613,523)</u>	<u>(2,262,423)</u>	<u>(1,674,081)</u>
Net cash from operating activities	<u>964,778</u>	<u>(40,562)</u>	<u>1,554,329</u>
<b>(c) Undrawn Borrowing Facilities</b>			
	<b>2016</b>		<b>2015</b>
	<b>\$</b>		<b>\$</b>
<b>Credit Standby Arrangements</b>			
Bank overdraft limit	0		1,250,000
Bank overdraft at balance date	0		0
Credit card limit	10,000		10,000
Credit card balance at balance date	<u>(595)</u>		<u>0</u>
<b>Total amount of credit unused</b>	<u>9,405</u>		<u>1,260,000</u>
<b>Loan facilities</b>			
Loan facilities - current	492,642		308,875
Loan facilities - non-current	<u>4,345,478</u>		<u>2,087,829</u>
<b>Total facilities in use at balance date</b>	<u>4,838,120</u>		<u>2,396,704</u>
<b>Unused loan facilities at balance date</b>	<u>NIL</u>		<u>NIL</u>

**SHIRE OF GOOMALLING  
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**15. CONTINGENT LIABILITIES**

The Shire is not aware of any reportable contingent liability.

<b>16. CAPITAL AND LEASING COMMITMENTS</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	32,891	32,891
- later than one year but not later than five years	14,510	32,891
- later than five years	<u>0</u>	<u>0</u>
	47,401	65,782
Less future Finance Charges		<u>0</u>
	<u>47,401</u>	<u>65,782</u>

**(b) Capital Expenditure Commitments**

Contracted for:		
- capital expenditure projects	0	1,543,856
Payable:		
- not later than one year	0	1,543,856

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

**17. JOINT VENTURE ARRANGEMENTS**

The Shire of Goomalling together with the Shire of Toodyay have a joint venture arrangement, the Shire has entered into an arrangement with the DFES and the Shire of Toodyay in respect to providing Fire and Emergency services in the region. The assets used in the levy of services are shared on the basis of 70% by DFES and 15% each by Toodyay and hire of Goomalling.

**SHIRE OF GOOMALLING**  
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**18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	2016	2015
	\$	\$
Governance	936,675	984,033
Law, order, public safety	931,022	464,087
Health	60,558	65,483
Education and welfare	515,000	331,932
Housing	4,989,406	3,872,125
Community amenities	2,813,492	4,007,564
Recreation and culture	11,095,486	5,101,993
Transport	38,670,449	38,074,181
Economic services	8,769,709	4,922,612
Other property and services	134,763	1,799,399
Unallocated	895,796	1,127,457
	<u>69,812,355</u>	<u>60,750,866</u>

**SHIRE OF GOOMALLING**  
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	2016	2015	2014
<b>19. FINANCIAL RATIOS</b>			
Current ratio	0.64	0.17	(0.69)
Asset sustainability ratio	1.17	1.36	1.33
Debt service cover ratio	0.14	2.50	0.04
Operating surplus ratio	(0.50)	(0.07)	(0.42)
Own source revenue coverage ratio	0.58	0.59	0.63

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

**Notes:**

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 59 of this document.

Two of the 2016 and 2015 ratios disclosed above are distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$371735

The early payment was considered to be "one-off" and if recognised in the year to which the allocation related the calculations in the 2016 and 2015 columns above would be as follows:

	2016	2015
Debt service cover ratio	0.83	1.64
Operating surplus ratio	(0.39)	(0.18)

**SHIRE OF GOOMALLING**  
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**20. TRUST FUNDS**

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

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Police Licensing DOT	0	72,963	(72,963)	0
Slater Homestead Donation	1,643	700	0	2,343
Konno Special Series Plate	670	0	(670)	0
Mortlock Farm Improvement	1,542	0	0	1,542
Accrued AL & LSL Beactive	14,661	0	(14,661)	0
Pioneers Pathway Sign	35,918	7,271	0	43,189
Skeleton Weed	1,091	0	(1,091)	0
General Deposits	13,661	1,393	0	15,054
	<u>69,186</u>			<u>62,128</u>

**21. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$
<b>Housing</b>							
Sale of 14 High Street	0	0	0	0	138,840	210,000	71,160
Sale of 30 Forward Street	247,378	179,955	0	(67,423)	0	0	0
Sale of 73A James Street	0	0	0	0	38,766	90,000	51,234
<b>Economic Services</b>							
Sale of THT Railway Terrace	829,833	160,000	0	(669,833)	0	0	0
Vacant Land - duplicated in register is L	130,000	0	0	(130,000)	0	0	0
Vacant Land - duplicated in register	32,500	0	0	(32,500)	0	0	0
Vacant Land - duplicated in register	11,522	0	0	(11,522)	0	0	0
<b>Transport</b>							
Sale of 1983 Merc Truck	0	0	0	0	33,500	10,000	(23,500)
Proceeds on Sale of Tip Body from Go 017						6,000	6,000
<b>Buildings</b>							
Asset No 1322/1319/1024/1375/5424/1	75,790	0	0	(10,200)	0	0	0
	<u>1,327,023</u>	<u>339,955</u>	<u>0</u>	<u>(921,478)</u>	<u>211,106</u>	<u>316,000</u>	<u>104,894</u>

**SHIRE OF GOOMALLING**  
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**22. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1 July 2015 \$	New Loans \$	Principal Repayments		Principal 30 June 2016		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing								
Loan 101 Tradesmen Residence	19,560		19,588	0	0	0	493	0
<b>Recreation and culture</b>								
Loan 110 - Mortlock Sports Council SS*		375,000	13,803	28,661	361,197	332,536	13,673	22,453
Loan 111 - New Sports Pavilion		1,210,000	10,450	21,905	1,199,550	1,177,645	44,263	74,846
<b>Economic services</b>								
Loan 105 - Slater Homestead	88,602		13,644	13,644	74,958	61,314	6,561	5,473
Loan 104 - Rural Transaction Cent	295,349		45,478	45,478	249,871	204,393	21,868	18,245
Loan 106 - Rural Transaction Cent	444,832		10,797	11,857	434,035	422,142	37,987	37,721
Loan 108 - Grange & Salmon Gum Sub	1,083,517		133,630	141,620	928,591	786,971	78,176	68,380
Loan 109 - Caravan Park Ablution Bloc	65,000		11,611	12,280	53,389	41,082	4,612	2,753
Loan 112 - Overdraft Bendigo Bank		1,250,000	0	300,000	1,250,000	950,000	31,293	65,930
	1,996,860	2,835,000	259,001	575,445	4,551,591	3,976,083	238,924	295,801
	1,996,860	2,835,000	259,001	575,445	4,551,591	3,976,083	238,924	295,801

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

**SHIRE OF GOOMALLING**  
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**22. INFORMATION ON BORROWINGS (Continued)**

(b) New Debentures - 2015/16

Particulars/Purpose	Amount Borrowed		Institution	Type	Loan (Years)	Term Charges \$	Total Interest & Rate %	Interest Actual \$	Amount Used Budget \$	Balance Unspent \$
	Actual \$	Budget \$								
Loan 110 Morlock Sports Council SSL	375,000	375,000	Bendigo	Debenture	10	137,205	6.34%	375,000	375,000	0
Loan 111 Community & Sports Centre	1,210,000	1,250,000	Bendigo	Debenture	25	1,179,426	6.34%	1,210,000	1,210,000	0
Loan 112 Overdraft Loan	1,250,000	1,750,000	Bendigo	Interest Only	5	329,110	6.34%	1,250,000	1,250,000	0
	<u>2,835,000</u>	<u>3,375,000</u>				<u>1,645,742</u>		<u>2,835,000</u>	<u>2,835,000</u>	<u>0</u>

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2016.

(d) Overdraft

The Shire has no Overdraft facility as at 30 June 2016.

**SHIRE OF GOOMALLING**  
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**23. RATING INFORMATION - 2015/16 FINANCIAL YEAR**

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$	
<b>Differential general rate / general rate</b>												
<b>Gross rental value valuations</b>												
Townsites												
GRV District	11.7114	219	1,485,667	173,992	959	0	174,951	173,992	0	0	173,992	0
<b>Unimproved value valuations</b>												
UV - Rural Zone 2	0.5621	48	18,525,000	104,129	0	0	104,129	104,129	0	0	104,129	0
UV - Special Rural	1.1232	16	1,878,000	21,094	0	0	21,094	21,094	0	0	21,094	0
UV - General Zone 3	0.007391	231	146,322,000	1,081,466	0	0	1,081,466	1,081,466	0	0	1,081,466	0
<b>Sub-Total</b>		514	168,210,667	1,380,681	959	0	1,381,640	1,380,681	0	0	1,380,681	0
<b>Minimum payment</b>	<b>Minimum \$</b>											
<b>Gross rental value valuations</b>												
Townsites												
GRV District	900	213	992,438	191,700	0	0	191,700	191,700	0	0	191,700	0
<b>Unimproved value valuations</b>												
UV - Rural Zone 2	1,040	19	2,991,500	19,760	0	0	19,760	19,760	0	0	19,760	0
UV - Special Rural	1,040	1	78,500	1,040	0	0	1,040	1,040	0	0	1,040	0
UV - General Zone 3	1,040	60	4,432,701	60,320	2,577	0	62,897	62,400	0	0	62,400	0
<b>Sub-Total</b>		293	8,495,139	272,820	2,577	0	275,397	274,900	0	0	274,900	0
<b>807</b>			<b>176,705,806</b>	<b>1,653,501</b>	<b>3,536</b>	<b>0</b>	<b>1,657,037</b>	<b>1,655,581</b>	<b>0</b>	<b>0</b>	<b>1,655,581</b>	<b>0</b>
<b>Discounts/concessions (refer note 27)</b>												
<b>Total amount raised from general rate</b>							<b>1,657,037</b>				<b>1,655,581</b>	
Specified Area Rate (refer note 25)							193,003				191,450	
Ex-gratia rates							15,503				15,503	
<b>Totals</b>							<b>1,865,543</b>				<b>1,862,534</b>	



**SHIRE OF GOOMALLING**  
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**24. NET CURRENT ASSETS**

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 15 brought forward</b>	<u>176,099</u>	<u>(596,057)</u>	<u>(596,057)</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted Cash	443,971	(152,917)	(152,917)
Restricted Cash	1,187,392	1,017,365	1,017,365
Receivables			
Rates outstanding	121,591	153,156	153,156
Sundry debtors	138,446	295,878	295,878
GST receivable	9,532	0	0
Loans receivable - clubs/institutions	28,661	0	0
Doubtful Debts	(9,308)	(9,308)	(9,308)
Other Tax due from ATO	0	1,044	1,044
Inventories			
Fuel and materials	38,552	33,818	33,818
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(370,854)	(590,775)	(590,775)
Accrued interest on debentures	(73,563)	(45,045)	(45,045)
GST due to ATO	0	(41,481)	(41,481)
Other Payables	0	(22,067)	(22,067)
Current portion of long term borrowings			
Secured by floating charge	(275,481)	(193,641)	(193,641)
Lease Liability - Current	(217,161)	(115,234)	(115,234)
Provisions			
Provision for annual leave	(167,297)	(145,401)	(145,401)
Provision for long service leave	(228,994)	(221,459)	(221,459)
<b>Unadjusted net current assets</b>	<u>625,487</u>	<u>(36,067)</u>	<u>(36,067)</u>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(1,048,132)	(1,000,000)	(1,000,000)
Less: Loans receivable - clubs/institutions	(28,661)	0	0
Add: Secured by floating charge	275,481	193,641	193,641
Add: Lease Liability - Current	217,161	115,234	115,234
Add: Leave reserve - cash backed	134,763	131,135	131,135
<b>Adjusted net current assets - surplus/(deficit)</b>	<u>176,099</u>	<u>(596,057)</u>	<u>(596,057)</u>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.

**SHIRE OF GOOMALLING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**25. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR**

Specified Area Rate	Basis of Valuation	Rate in \$	Rateable Value \$	Rate Revenue \$	Interim Rate Revenue \$	Back Rate Revenue \$	Total Specified Area Rate Revenue	Budget Rate Revenue \$	Budget Back Rate Revenue \$
Sewerage Scheme Levy	GRV	8.1020	2,480,430	191,763	0	0	191,763	190,210	0
Unrated properties				1,240	0	0	1,240	1,240	0
				193,003	0	0	193,003	191,450	0

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	Rate Applied to Costs \$	Rate Set Aside to Reserve \$	Reserve Applied to Costs \$	Budget Rate Applied to Costs \$	Budget Rate Set Aside to Reserve \$
Sewerage Scheme Levy	To fund Sewerage costs within the Goomalling Townsite	Goomalling Townsite	184,995	8,008	0	183,634	7,816
			184,995	8,008	0	183,634	7,816

**26. SERVICE CHARGES - 2015/16 FINANCIAL YEAR**

The Shire of Goomalling did not impose any service charges during the year.

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2015/16 FINANCIAL YEAR**

No Discount on rates is available

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

**28. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR**

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %	
<b>Instalment Options</b>					
<b>Option One</b>					
Single full payment	14-Sep-15				
<b>Option Two</b>					
First Instalment	14-Sep-15	0			
Second Instalment	14-Nov-15	5	5.50%	11.00%	
<b>Option Three</b>					
First Instalment	14-Sep-15	0			
Second Instalment	14-Nov-15	5	5.50%	11.00%	
Third Instalment	14-Jan-16	5	5.50%	11.00%	
Fourth Instalment	14-Mar-16	5	5.50%	11.00%	
					<b>Budgeted Revenue</b>
Interest on unpaid rates					\$ 15,000
Interest on instalment plan					4,674
Charges on instalment plan					1,775
					<u>18,919</u>
					<u>22,000</u>

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

<b>29. FEES &amp; CHARGES</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Governance	8,038	3,236
General purpose funding	1,775	1,720
Law, order, public safety	59,131	50,735
Health	640,053	575,744
Education and welfare	1,220	2,378
Housing	248,070	248,311
Community amenities	113,662	109,908
Recreation and culture	27,819	23,824
Transport	460	180
Economic services	217,389	212,802
Other property and services	42,706	45,999
	<u>1,360,323</u>	<u>1,274,837</u>

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

**30. GRANT REVENUE**

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

<b>By Nature or Type:</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>		
General purpose funding	338,615	1,079,364
Law, order, public safety	378,614	120,136
Recreation and culture	36,000	30,000
Transport	0	3,437
Other property and services	2,500	2,500
	<u>949,925</u>	<u>1,289,978</u>
<b>Non-operating grants, subsidies and contributions</b>		
Education and welfare	0	54,500
Recreation and culture	487,500	857,500
Transport	1,069,923	737,813
Economic services	56,100	24,268
	<u>1,613,523</u>	<u>1,674,081</u>
	<u>2,563,448</u>	<u>2,964,059</u>

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

**31. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

28	29
----	----

**32. ELECTED MEMBERS REMUNERATION**

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

	2016 \$	2016 Budget \$	2015 \$
Meeting Fees	24,300	24,800	23,350
President's allowance	2,500	2,500	2,500
Deputy President's allowance	625	625	625
Members Travel	4,697	6,000	4,624
	32,122	33,925	31,099

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

**33. MAJOR LAND TRANSACTIONS**

**Salmon Gum Way and Grange Street Subdivisions**

(a) Details

The Council major land transaction during the year. The Shire of Goomalling has undertaken rural residential subdivisions in Salmon Gum Way and Grange Street, Goomalling. The Shire will conduct either auction or tender process for the sale of lots for Salmon Gum Way. In relation to lots in Grange Street, the sale will be by tender process at market valuations. The proceeds from the sale of the two rural subdivisions will be applied towards the repayment to of loans raised to finance the development and thereafter any surplus funds remaining will be held in the Municipal Fund Account. A Business Plan was prepared for the two rural residential subdivisions in accordance with section 3.59 of the Local Government Act 1995.

(b) Transactions to date

<b>Salmon Gum Way Subdivision</b>	<b>\$</b>	<b>\$</b>
<b>Development Expenses</b>		
2007-2008	361,983	
2008-2009	64,794	
2009-2010	131,128	
2010-2011	76,162	
2011-2012	<u>1,276</u>	<u>635,343</u>
 <b>Grange Subdivision</b>		
<b>Development Expenses</b>		
2007-2008	46,957	
2008-2009	340,678	
2009-2010	329,693	
2010-2011	61,415	
2011-2012	<u>7,660</u>	<u>786,403</u>
<b>Total Development Expenses</b>		<b>1,421,746</b>
<b>Less Land Sold</b>	<u>(282,284)</u>	<u>(282,284)</u>
<b>Less Impairment Loss</b>		
2013-2014	(142,465)	
2014-2015	(184,550)	
2015-2016	(212,447)	(539,462)
<b>Book Value of Development</b>		<u><u>600,000</u></u>
<b>Plus Interest on Borrowings</b>		
2007-2008	46,381	
2008-2009	63,483	
2009-2010	44,399	
2010-2011	14,026	
2011-2012	57,376	
2012-2013	104,820	
2013-2014	95,867	
2014-2015	91,204	
2015-2016	<u>80,039</u>	<u>597,595</u>
<b>Total Costs of Development to Date</b>		<b>1,197,595</b>

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

**33 MAJOR LAND TRANSACTIONS (CONTINUED)**

The Council has 14 blocks for sale. Based on the development cost to date plus interest on borrowings, the unit cost of remaining blocks are on average \$42,857 each.

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

The Council raised loans of \$1.5 Million to finance the above sub division costs.

(c) Current year transactions	2016 \$	2016 Budget \$	2015 \$
<b>Operating income</b>			
- Profit on sale	0	0	0
<b>Capital income</b>			
- Sale proceeds	0	0	0
- Development costs			
	<u>0</u>	<u>0</u>	<u>0</u>

(d) Expected Future Cash Flows

	2017 \$	2018 \$	2019 \$	2020 \$	Total \$
<b>Cash outflows</b>					
- Development costs	0	0	0	0	0
- Loan repayments	141,620	152,661	164,563	177,393	636,237
	<u>141,620</u>	<u>152,661</u>	<u>164,563</u>	<u>177,393</u>	<u>636,237</u>

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**TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

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

**35. FINANCIAL RISK MANAGEMENT**

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

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

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

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

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	1,631,363	864,448	1,631,363	864,448
Receivables	726,497	556,205	726,497	556,205
	<u>2,357,860</u>	<u>1,420,653</u>	<u>2,357,860</u>	<u>1,420,653</u>
<b>Financial liabilities</b>				
Payables	444,417	699,368	444,417	699,368
Borrowings	4,838,120	2,396,704	4,838,120	2,396,704
	<u>5,282,537</u>	<u>3,096,072</u>	<u>5,282,537</u>	<u>3,096,072</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.



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

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

**(a) Cash and Cash Equivalents**

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

**Available-for-sale financial assets**

**Held-to-maturity investments**

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

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

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

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

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	16,314	8,644
- Statement of Comprehensive Income	16,314	8,644

Notes:

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

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

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

**(b) Receivables**

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

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

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

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

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

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

	2016	2015
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	75%	79%
- Overdue	25%	33%

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

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables  
 Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2016</u>					
Payables	444,417	0	0	444,417	444,417
Borrowings	505,411	1,961,381	2,797,026	5,263,818	4,551,993
	<u>949,828</u>	<u>1,961,381</u>	<u>2,797,026</u>	<u>5,708,235</u>	<u>4,996,410</u>
<u>2015</u>					
Payables	699,368	0	0	699,368	699,368
Borrowings	361,368	1,359,174	1,516,115	3,236,657	2,396,704
	<u>1,060,736</u>	<u>1,359,174</u>	<u>1,516,115</u>	<u>3,936,025</u>	<u>3,096,072</u>

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

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables  
 Borrowings (continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<b>Year ended 30 June 2016</b>								
<b>Borrowings</b>								
Fixed rate	0	0	0	53,364	1,250,000	3,248,627	4,551,991	6.62%
Debtentures								
Weighted average				5.74%	5%	7.17%		
Effective interest rate								
<b>Year ended 30 June 2015</b>								
<b>Borrowings</b>								
Fixed rate	19,560	0	0	0	65,000	1,912,300	1,996,860	7.58%
Debtentures								
Weighted average	7.64%	0.00%	0.00%	0.00%	7.62%	7.44%		
Effective interest rate								



# Anderson Munro & Wyllie

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

### Scope

We have audited the financial report of Shire of Goomalling for the year ended 30 June 2016. The financial report comprises the Statement by Chief Executive Officer, Statements of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement, Rate Setting Statement and accompanying notes to the financial statements.

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

### Audit Approach

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

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

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

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

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

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



## Independence

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

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

## Audit Opinion

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

- a) So as to give a true and fair view of the state of affairs of the Shire as at 30 June 2016 and the results of its operations and cash flows for the year then ended;
- b) In accordance with the requirements of the Local Government Act 1995; and
- c) In Accordance with Applicable Australian Accounting Standards.

## Other Matters

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

- a) We noted that Council did not publish a statewide notice prior to adoption of its regional price preference policy as required under *Local Government (Functions & General) Regulation 24F*.
- b) Council accepted the 2014/2015 annual report on 17 February 2016. This was later than two months from the receipt of the auditor's report as required under section 5.54. *Local Government Act 1995*.

## Statutory Compliance

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

- a) Except for the issues identified in the above 'Other Matters' paragraph we did not during the course of the audit, become aware of any other instances where the Council did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.
- b) There were no material or significant adverse trends in financial position or financial management practices revealed during the course of our audit.
- c) We have obtained all necessary information and explanations in relation to our audit.
- d) Our audit procedures were all satisfactorily completed.
- e) In relation to the Supplementary Ratio Information presented at page 63 of this report, we have reviewed the calculations as presented and in our opinion these are:
  - i. Based on verifiable information; and
  - ii. Reasonable assumptions.

Dated the 16<sup>th</sup> day of December 2016 in Perth, Western Australia

**BILLY-JOE THOMAS**  
Registered Company Auditor

**ANDERSON MUNRO & WYLLIE**  
Chartered Accountants

**SHIRE OF GOOMALLING  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2016**

**RATIO INFORMATION**

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

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Asset consumption ratio	0.99	0.73	0.73
Asset renewal funding ratio	1.01	2.05	0.83

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$