

SHIRE OF GOOMALLING
BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

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SHIRE OF GOOMALLING
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Revenue				
Rates	8	2,039,218	1,954,193	1,954,890
Operating grants, subsidies and contributions	15	509,035	1,303,265	839,781
Fees and charges	13	1,555,654	1,620,378	1,957,192
Service charges		0	0	0
Interest earnings	2(a)	79,984	88,371	77,878
Other revenue	2(a)	272,120	331,792	244,237
		<u>4,456,011</u>	<u>5,297,999</u>	<u>5,073,978</u>
Expenses				
Employee costs		(1,720,910)	(1,800,375)	(1,934,871)
Materials and contracts		(1,283,732)	(1,165,493)	(997,731)
Utility charges		(264,550)	(240,769)	(261,264)
Depreciation on non-current assets	2(a)	(1,400,100)	(1,317,425)	(1,400,450)
Interest expenses	2(a)	(276,134)	(236,628)	(310,463)
Insurance expenses		(206,470)	(176,396)	(210,480)
Other expenditure		(158,526)	(237,479)	(180,068)
		<u>(5,310,422)</u>	<u>(5,174,565)</u>	<u>(5,295,327)</u>
		(854,411)	123,434	(221,349)
Non-operating grants, subsidies and contributions	15	1,771,098	1,055,381	1,797,703
Profit on asset disposals	6	0	6,498	128,394
Loss on asset disposals	6	(177,480)	(65,656)	(23,500)
Loss on revaluation of non current assets		0	0	0
Net result		<u>739,207</u>	<u>1,119,657</u>	<u>1,681,248</u>
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		<u>0</u>	<u>0</u>	<u>0</u>
Total comprehensive income		<u><u>739,207</u></u>	<u><u>1,119,657</u></u>	<u><u>1,681,248</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 30 JUNE 2018

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Revenue (refer notes 1,2,8,10 to 15)				
Governance		75,570	108,914	67,000
General purpose funding		2,275,585	2,911,889	2,525,808
Law, order, public safety		74,988	68,959	73,500
Health		677,150	695,643	677,151
Education and welfare		3,500	2,608	4,040
Housing		243,060	256,869	257,700
Community amenities		342,496	323,425	326,968
Recreation and culture		187,011	177,932	165,673
Transport		4,000	3,364	10,000
Economic services		304,150	414,616	334,780
Other property and services		268,501	333,780	631,358
		<u>4,456,011</u>	<u>5,297,999</u>	<u>5,073,978</u>
Expenses excluding finance costs (refer notes 1, 2 & 16)				
Governance		(404,825)	(412,690)	(375,790)
General purpose funding		(17,500)	(29,493)	(34,738)
Law, order, public safety		(168,600)	(169,106)	(127,650)
Health		(745,200)	(781,116)	(750,200)
Education and welfare		(13,000)	(8,185)	(11,500)
Housing		(245,760)	(247,430)	(207,700)
Community amenities		(418,100)	(353,433)	(408,707)
Recreation and culture		(605,170)	(600,718)	(578,320)
Transport		(1,573,410)	(1,562,125)	(1,619,712)
Economic services		(743,001)	(701,214)	(711,509)
Other property and services		(99,722)	(72,427)	(159,038)
		<u>(5,034,288)</u>	<u>(4,937,937)</u>	<u>(4,984,864)</u>
Finance costs (refer notes 2 & 7)				
General purpose funding		(1,000)	(34)	(5,000)
Economic services		(271,734)	(223,330)	(295,801)
Other property and services		(3,400)	(13,264)	(9,662)
		<u>(276,134)</u>	<u>(236,628)</u>	<u>(310,463)</u>
		(854,411)	123,434	(221,349)
Non-operating grants, subsidies and contributions	15	1,771,098	1,055,381	1,797,703
Profit on disposal of assets	6	0	6,498	128,394
(Loss) on disposal of assets	6	(177,480)	(65,656)	(23,500)
Loss on revaluation of non current assets		0	0	0
		<u>1,593,618</u>	<u>996,223</u>	<u>1,902,597</u>
Net result		739,207	1,119,657	1,681,248
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		<u>739,207</u>	<u>1,119,657</u>	<u>1,681,248</u>

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

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

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,039,218	2,025,489	1,954,890
Operating grants, subsidies and contributions		746,719	1,159,286	839,781
Fees and charges		1,555,654	1,620,378	1,957,192
Interest earnings		79,984	88,371	77,878
Goods and services tax		300,000	385,149	450,000
Other revenue		272,120	331,792	244,237
		<u>4,993,695</u>	<u>5,610,465</u>	<u>5,523,978</u>
Payments				
Employee costs		(1,720,910)	(1,853,206)	(2,101,259)
Materials and contracts		(1,483,732)	(1,290,176)	(1,142,731)
Utility charges		(264,550)	(240,769)	(261,264)
Interest expenses		(276,134)	(310,191)	(310,463)
Insurance expenses		(206,470)	(176,396)	(210,480)
Goods and services tax		(300,000)	(332,228)	(450,000)
Other expenditure		(158,526)	(237,479)	(185,068)
		<u>(4,410,322)</u>	<u>(4,440,445)</u>	<u>(4,661,265)</u>
Net cash provided by (used in) operating activities	3(b)	<u>583,373</u>	<u>1,170,020</u>	<u>862,713</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	5	(1,323,500)	(278,953)	(1,528,954)
Payments for construction of infrastructure	5	(1,264,460)	(1,589,661)	(1,169,384)
Non-operating grants, subsidies and contributions used for the development of assets		1,771,098	1,055,381	1,797,703
Proceeds from sale of plant & equipment	6	250,000	261,506	316,000
Net cash provided by (used in) investing activities		<u>(566,862)</u>	<u>(551,728)</u>	<u>(584,635)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	7	(554,470)	(523,704)	(575,445)
Repayment of Finance leases		(154,327)	(158,133)	(217,161)
Proceeds from self supporting loans		30,503	28,659	28,661
Proceeds from new borrowings	7	270,000	0	0
Net cash provided by (used in) financing activities		<u>(408,294)</u>	<u>(653,178)</u>	<u>(763,945)</u>
Net increase (decrease) in cash held		(391,783)	(34,885)	(485,867)
Cash at beginning of year		<u>1,596,478</u>	<u>1,631,363</u>	<u>1,611,827</u>
Cash and cash equivalents at the end of the year	3(a)	<u><u>1,204,695</u></u>	<u><u>1,596,478</u></u>	<u><u>1,125,960</u></u>

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

**SHIRE OF GOOMALLING
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Net current assets at start of financial year - surplus/(deficit)	4	382,013	176,099	235,827
		382,013	176,099	235,827
Revenue from operating activities (excluding rates)				
Governance		75,570	108,914	67,000
General purpose funding		460,895	1,174,721	787,943
Law, order, public safety		74,988	68,959	73,500
Health		677,150	695,643	677,151
Education and welfare		3,500	2,608	4,040
Housing		243,060	263,367	386,094
Community amenities		342,496	323,425	326,968
Recreation and culture		187,011	177,932	165,673
Transport		4,000	3,364	9,999
Economic services		304,150	414,616	334,780
Other property and services		268,501	333,780	631,358
		<u>2,641,321</u>	<u>3,567,329</u>	<u>3,464,506</u>
Expenditure from operating activities				
Governance		(404,825)	(412,690)	(375,790)
General purpose funding		(18,500)	(29,527)	(39,738)
Law, order, public safety		(168,600)	(169,106)	(127,650)
Health		(745,200)	(781,116)	(750,200)
Education and welfare		(13,000)	(8,185)	(11,500)
Housing		(245,760)	(247,430)	(207,700)
Community amenities		(418,100)	(353,433)	(408,707)
Recreation and culture		(605,170)	(600,718)	(578,320)
Transport		(1,573,410)	(1,568,621)	(1,643,212)
Economic services		(1,192,215)	(983,704)	(1,007,310)
Other property and services		(103,122)	(85,690)	(168,700)
		<u>(5,487,902)</u>	<u>(5,240,220)</u>	<u>(5,318,827)</u>
Operating activities excluded from budget				
(Profit) on asset disposals	6	0	(6,498)	(104,894)
Loss on disposal of assets	6	177,480	65,656	0
Depreciation on assets	2(a)	1,400,100	1,317,425	1,400,450
Movement in employee benefit provisions (non-current)		2,772	3,768	0
Amount attributable to operating activities		(884,216)	(116,441)	(322,938)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	15	1,771,098	1,055,381	1,797,703
Purchase property, plant and equipment	5	(1,323,500)	(278,953)	(1,528,954)
Purchase and construction of infrastructure	5	(1,264,460)	(1,589,661)	(1,169,384)
Proceeds from disposal of assets	6	250,000	261,506	316,000
Amount attributable to investing activities		(566,862)	(551,728)	(584,635)
FINANCING ACTIVITIES				
Repayment of borrowings	7	(554,470)	(523,704)	(575,445)
Proceeds from new borrowings	7	270,000	0	0
Repayment of Leases		(154,327)	(158,133)	(217,160)
Proceeds from self supporting loans		30,503	28,661	28,661
Transfers to cash backed reserves (restricted assets)	9	(22,190)	(61,771)	(66,348)
Transfers from cash backed reserves (restricted assets)	9	66,872	27,961	0
Amount attributable to financing activities		(363,612)	(686,986)	(830,292)
Budgeted deficiency before general rates		(1,814,690)	(1,355,155)	(1,737,865)
Estimated amount to be raised from general rates	8	1,814,690	1,737,168	1,737,865
Net current assets at end of financial year - surplus/(deficit)	4	0	382,013	0

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

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

Critical accounting estimates

The preparation of a budget 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 of Goomalling controls resources to carry on its functions have been included in the financial statements forming part of this budget.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 17 to the budget.

(b) 2016/17 actual balances

Balances shown in this budget as 2016/17 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(c) Rounding off figures

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

(d) Comparative figures

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

(e) Budget comparative figures

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

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Forecast fair value adjustments

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

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

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

(g) Rates, grants, donations and other contributions

Rates, grants, donations and other contributions are recognised as revenues when the Shire of Goomalling 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.

(h) 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.

(i) Superannuation

The Shire of Goomalling contributes to a number of superannuation funds on behalf of employees.

All funds to which the Shire of Goomalling contributes are defined contribution plans.

(j) Cash and cash equivalents

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 4 - Net Current Assets.

(k) 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.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Inventories

General

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

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

Land held for resale

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

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

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

(m) 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 of Goomalling 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 of Goomalling 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.

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

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Fixed assets (continued)

Revaluation

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

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 BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Fixed assets (continued)

Depreciation

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

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

Buildings	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
gravel sheet	12 years
Formed roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping & 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 profit or loss in the period which they arise.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Fair value of assets and liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

The Shire of Goomalling 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 of Goomalling are consistent with one or more of the following valuation approaches:

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Fair value of assets and liabilities (continued)

Market approach

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

Income approach

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

Cost approach

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

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

The mandatory measurement framework imposed by the *Local Government (Financial Management) Regulations* requires, as a minimum, all assets to be revalued at least every 3 years. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards have been made in the budget as necessary.

(o) Financial instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments (continued)

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) 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 has an impact on the estimated future cash flows of the financial asset(s).

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

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

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

Derecognition

Financial assets are derecognised where the contractual rights for receipt of cash flows expire or the asset is transferred to another party, whereby the Shire of Goomalling 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.

(p) Impairment of assets

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

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

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

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Impairment of assets (continued)

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

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2018.

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

(q) 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 of Goomalling 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.

(r) Employee benefits

Short-term employee benefits

Provision is made for the Shire of Goomalling'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 of Goomalling'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 of Goomalling'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 or service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) 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.

(t) Provisions

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

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

(u) 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 of Goomalling, 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.

(v) Investment in associates

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

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire of Goomalling'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.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Investment in associates (continued)

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

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

(x) 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 of Goomalling'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 19.

(y) 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 of Goomalling's operational cycle. In the case of liabilities where the Shire of Goomalling 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 of Goomalling's intentions to release for sale.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

2 REVENUES AND EXPENSES	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Net result			
The net result includes:			
Charging as an expense:			
Auditors remuneration			
Audit services	11,000	10,369	10,000
Other services	0	1,000	0
Depreciation by program			
Governance	51,000	35,687	54,500
General purpose funding	0	0	
Law, order, public safety	59,000	58,335	16,050
Health	10,000	9,251	15,000
Education and welfare	6,500	6,551	6,000
Housing	66,000	58,917	66,000
Community amenities	61,600	41,779	80,600
Recreation and culture	180,500	186,527	179,800
Transport	810,000	778,109	800,000
Economic services	85,500	81,804	112,500
Other property and services	70,000	60,467	70,000
	<u>1,400,100</u>	<u>1,317,425</u>	<u>1,400,450</u>
Depreciation by asset class			
Land	0	0	0
Buildings	241,983	277,863	238,076
Furniture and Equipment	81,000	81,920	84,027
Plant and Equipment	140,045	139,348	140,045
Roads	810,000	691,985	840,270
Footpaths	19,529	19,529	14,005
Drainage	35,000	35,530	0
Sewerage	29,902	29,952	0
Infrastructure - Other	21,000	19,657	84,027
Swimming Pool	21,641	21,641	0
	<u>1,400,100</u>	<u>1,317,425</u>	<u>1,400,450</u>
Interest expenses (finance costs)			
- Borrowings (refer note 7(a))	271,734	223,330	295,801
Other	4,400	13,298	14,662
	<u>276,134</u>	<u>236,628</u>	<u>310,463</u>
Crediting as revenues:			
Interest earnings			
Investments			
- Reserve funds	27,950	29,771	29,500
- Other funds	10,000	12,741	5,125
Other interest revenue (refer note 12)	21,423	23,254	20,500
SSL Interest Reimbursement	20,611	22,605	22,753
	<u>79,984</u>	<u>88,371</u>	<u>77,878</u>
Other revenue			
Reimbursements and recoveries	50,400	161,686	122,297
Other	221,720	170,106	121,940
	<u>272,120</u>	<u>331,792</u>	<u>244,237</u>

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

REVENUES AND EXPENSES (Continued)

2 (b) Statement of objective

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

COMMUNITY VISION

To provide the ultimate works and services to our community at the most economical rate.

GOVERNANCE

Objective:

To provide a decision making process for the efficient allocation of scarce resources.

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer and environmentally conscious community.

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

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

EDUCATION AND WELFARE

Objective:

To provide services to disadvantaged persons, the elderly, children and youth.

Activities:

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

HOUSING

Objective:

To provide and maintain elderly residents housing.

Activities:

Provision and maintenance of elderly residents housing.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

REVENUES AND EXPENSES (Continued)

2 (b) Statement of objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

RECREATION AND CULTURE

Objective:

To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.

Activities:

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

TRANSPORT

Objective:

To provide safe, effective and efficient transport services to the community

Activities:

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

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

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

OTHER PROPERTY & SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

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

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

3 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	2017/18	2016/17	2016/17
	Budget	Actual	Budget
	\$	\$	\$
Cash - unrestricted	155,119	502,220	24,267
Cash - restricted	<u>1,049,576</u>	<u>1,094,258</u>	<u>1,101,693</u>
	<u><u>1,204,695</u></u>	<u><u>1,596,478</u></u>	<u><u>1,125,960</u></u>

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

Long Service Leave	141,303	138,532	138,536
Mortlock Lodge	3,813	3,738	3,742
Plant Replacement	188,912	185,000	195,589
Staff Housing	56,163	55,000	58,161
Aged Care Reserve	148,041	145,138	145,142
Vehicle Reserve	102,262	100,000	113,080
Sewerage Reserve	310,238	304,155	304,161
Community Bus Reserve	58,602	57,437	58,260
Lcdc Reserve	11,227	11,000	11,330
S/Pool Revitalisation Reserve	0	65,570	65,107
Emergency Fund Reserve	0	0	5,000
S&R Co-Ordinator AI & Lsl Reserve	<u>16,699</u>	<u>16,371</u>	<u>16,372</u>
	<u><u>1,037,261</u></u>	<u><u>1,081,942</u></u>	<u><u>1,114,481</u></u>

(b) Reconciliation of net cash provided by operating activities to net result

Net result	739,207	1,119,657	1,681,248
Depreciation	1,400,100	1,317,425	1,400,450
(Profit)/loss on sale of asset	177,480	59,158	(104,894)
Loss on revaluation of non current assets	0	0	0
(Increase)/decrease in receivables	237,684	(19,762)	0
(Increase)/decrease in inventories	0	96	0
Increase/(decrease) in payables	(200,000)	(251,173)	(150,000)
Increase/(decrease) in employee provisions	0	0	(166,388)
Grants/contributions for the development of assets	<u>(1,771,098)</u>	<u>(1,055,381)</u>	<u>(1,797,703)</u>
Net cash from operating activities	<u><u>583,373</u></u>	<u><u>1,170,020</u></u>	<u><u>862,713</u></u>

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

(c) NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Undrawn borrowing facilities credit standby arrangements			
Bank overdraft limit	0	0	0
Bank overdraft at balance date	0	0	0
Credit card limit	10,000	10,000	10,000
Credit card balance at balance date	0	656	0
Total amount of credit unused	<u>10,000</u>	<u>10,656</u>	<u>10,000</u>
Loan facilities			
Loan facilities in use at balance date	<u>3,742,842</u>	<u>4,027,312</u>	<u>3,976,083</u>
Unused loan facilities at balance date	<u>0</u>	<u>0</u>	<u>0</u>
	Note	2017/18 Budget \$	2016/17 Actual \$
4 NET CURRENT ASSETS			
Composition of estimated net current assets			
Current assets			
Cash - unrestricted	3(a)	155,119	502,220
Cash - restricted reserves	3(a)	1,049,576	1,094,258
Receivables		75,999	374,695
Inventories		38,457	38,457
		<u>1,319,151</u>	<u>2,009,630</u>
Less: current liabilities			
Trade and other payables		(57,410)	(257,410)
Short term borrowings		0	0
Long term borrowings		93,928	(614,869)
Provisions		(396,291)	(396,291)
		<u>(359,773)</u>	<u>(1,268,570)</u>
Unadjusted net current assets		959,378	741,060
Differences between the net current assets at the end of each financial year in the rate setting statement and net current assets detailed above arise from amounts which have been excluded when calculating the budget deficiency in accordance with <i>Local Government (Financial Management) Regulation 32</i> as movements for these items have been funded within the budget estimates. These differences are disclosed as adjustments below.			
Adjustments			
Less: Cash - restricted reserves	3(a)	(1,037,259)	(1,081,942)
Less: Land held for resale		0	0
Less: Current loans - clubs / institutions		30,506	(30,506)
Add: Current portion of borrowings		(93,928)	614,869
Add: Long Service Leave Reserve		141,303	138,532
Adjusted net current assets - surplus/(deficit)		<u>0</u>	<u>382,013</u>

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

5. ACQUISITION OF ASSETS

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

Asset class	Reporting program										2017/18 Budget total \$	2016/17 Actual total \$	
	Governance \$	General purpose funding \$	Law, order, public safety \$	Health \$	Education and welfare \$	Housing \$	Community amenities \$	Recreation and culture \$	Transport \$	Economic services \$			Other property and services \$
<i>Property, Plant and Equipment</i>													
Land	0	0	0	0	0	0	0	0	0	0	0	45,961	
Buildings	0	0	0	0	0	1,108,000	22,500	45,000	0	37,000	0	1,212,500	141,973
Furniture and Equipment	5,000	0	0	2,000	0	0	0	7,000	0	0	0	14,000	65,621
Plant and Equipment	0	0	0	0	0	0	0	1,000	0	0	0	1,000	25,399
Swimming Pool	0	0	0	0	0	0	0	96,000	0	0	0	96,000	0
	5,000	0	0	2,000	0	1,108,000	22,500	149,000	0	37,000	0	1,323,500	278,953
<i>Infrastructure</i>													
Roads	0	0	0	0	0	0	0	0	1,047,460	0	0	1,047,460	1,317,808
Footpaths	0	0	0	0	0	0	0	0	50,000	0	0	50,000	50,092
Drainage	0	0	0	0	0	0	0	0	0	0	0	0	153,658
Infrastructure - Other	0	0	0	0	0	0	0	167,000	0	0	0	167,000	68,103
	0	0	0	0	0	0	0	167,000	1,097,460	0	0	1,264,460	1,589,661
<i>Land Held for Resale</i>													
Land held for resale													0
Total acquisitions	5,000	0	0	2,000	0	1,108,000	22,500	316,000	1,097,460	37,000	0	2,587,960	1,868,615

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

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

6. DISPOSALS OF ASSETS

No assets are to be disposed off during the year.

By Program

	Net book value \$	Sale proceeds \$	2017/18 Budget		2016/17 Actual		2016/17 Budget	
			Profit \$	Loss \$	Profit \$	Loss \$	Profit \$	Loss \$
Housing								
Sale of 14 High St	0	0	0	0	6,498	0	128,394	0
Transport								
Sale of 1983 Merc Truck	0	0	0	0	0	(6,496)	0	(23,500)
Economic services	0	0	0	0	0	(59,160)	0	0
Sale of Grange St Blocks x4	427,480	250,000	0	(177,480)	0	0	0	0
Sale Lot 207 Hennessy Place	0	0	0	0	0	0	0	0
	427,480	250,000	0	(177,480)	6,498	(65,656)	128,394	(23,500)

By Class

	Net book value \$	Sale proceeds \$	2017/18 Budget		2016/17 Actual		2016/17 Budget	
			Profit \$	Loss \$	Profit \$	Loss \$	Profit \$	Loss \$
Land and buildings	427,480	250,000	0	(177,480)	6,498	(59,160)	6,498	0
Plant and equipment	0	0	0	0	0	(6,496)	0	0
	427,480	250,000	0	(177,480)	6,498	(65,656)	6,498	0

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

7. INFORMATION ON BORROWINGS

(a) Borrowing repayments

Movement in borrowings and interest between the beginning and the end of the current financial year.

Purpose	Principal 1-Jul-17	New loans	Principal repayments		Principal outstanding		Interest repayments	
			2017/18 Budget \$	2016/17 Actual \$	2017/18 Budget \$	2016/17 Actual \$	2017/18 Budget \$	2016/17 Actual \$
Housing								
Loan 113 - Aged Housing Wollyam st		200,000	7,338	0	192,662	0	5,800	0
Recreation and culture								
Loan 111 New Sports Pavilion	1,178,737		22,800	20,813	1,155,937	1,178,737	73,951	69,688
Loan 114 Retic Football/Hockey Ovals		70,000	6,175	0	63,825	0	1,598	0
Economic services								
Loan 105 Slater Homestead	61,314		13,644	13,644	47,670	61,314	4,430	1,169
Loan 104 Community Centre	204,393		45,478	45,478	158,915	204,393	14,766	16,857
Loan 106 Rural Community Centre	422,187		12,913	11,468	409,274	422,187	36,665	29,354
Loan 108 Salmon Gum & Grange	787,006		152,658	141,425	634,348	787,006	57,341	50,657
Loan 109 Caravan Park Ablution	41,075		12,961	12,280	28,114	41,075	2,072	1,556
*Loan 112 Bank Overdraft	1,000,000		250,000	250,000	750,000	1,000,000	54,500	33,076
	3,694,711	270,000	523,967	495,108	3,440,744	3,694,711	251,123	202,357
<u>Self Supporting Loans</u>								
Recreation and culture								
Loan 110	332,601		30,503	28,596	302,098	332,601	20,611	20,973
	332,601	0	30,503	28,596	302,098	332,601	20,611	20,973
	4,027,312	270,000	554,470	523,704	3,742,842	4,027,312	271,734	223,330

All borrowing repayments will be financed by general purpose revenue, except * Loan 112 that will be financed from the Sale of Land as identified in Note 6 and 18.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

7. INFORMATION ON BORROWINGS (Continued)

(b) New borrowings - 2017/18

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate %	Amount borrowed	Total interest & charges	Amount used	Balance unspent
					\$	\$	\$	\$
Loan 113 Aged Housing Wollyam St	Bendigo Bank		10	5.8	200,000	5,800	200,000	0
Loan 114 Retic Football/Hockey Ovals	Bendigo Bank		5	5.8	70,000	1,598	70,000	0
					<u>270,000</u>	<u>7,398</u>	<u>270,000</u>	<u>0</u>

(c) Unspent borrowings

The Shire of Goomalling had no unspent borrowing funds as at 30th June 2017 nor is it expected to have unspent borrowing funds as at 30th June 2018

(d) Overdraft

The Shire of Goomalling has not utilised an overdraft facility during the financial year. It is not anticipated that this facility will be required to be utilised during 2017/18.

(e) Finance Lease Liability

Particulars	Maturity Date	Principal 1-Jul-17	New Leases	Principal Repayments		Principal Outstanding		Interest Repayments	
				16-17 Actual \$	17-18 Budget \$	16-17 Actual \$	17-18 Budget \$	16-17 Actual \$	17-18 Budget \$
GO 018 Truck	13/07/2017	13,990		65,126	13,990	13,990	0	2,353	56
GO 019 Grader	3/10/2017	32,154		51,523	32,154	32,154	0	2,833	381
GO 024 Loader	15/03/2017	35,469		20,938	35,469	35,469	0	2,423	890
Photocopier	30/09/2020	8,497		1,369	1,960	8,497	6,537	581	640
GO 025 Roller	4/10/2017	70,753		14,861	70,753	70,753	0	4,884	1,433
GO 037 Ford Ranger	2/10/2016	0		2,341	0	0	0	53	0
GO 035 Ford Mondeo	21/09/2016	0		1,974	0	0	0	21	0
		<u>160,864</u>	-	<u>158,133</u>	<u>154,327</u>	<u>160,863</u>	<u>6,537</u>	<u>13,149</u>	<u>3,400</u>

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

8. RATING INFORMATION

RATE TYPE	Rate in \$	Number of properties	Rateable value \$	2017/18 Budgeted rate revenue \$	2017/18 Budgeted interim rates \$	2017/18 Budgeted back rates \$	2017/18 Budgeted total revenue \$	2016/17 Actual \$
Differential general rate or general rate								
GRV Residential	0.105000	218	1,507,920	158,332			158,332	123,220
GRV Commercial	0.118000	18	337,295	39,801			39,801	43,348
GRV Industrial	0.113000	11	80,636	9,112			9,112	6,018
GRV Urban Farmland	0.101000	15	185,900	18,776			18,776	13,616
UV Rural Zone 2	0.006500	37	16,559,000	107,634			107,634	97,569
UV Special Rural	0.012900	14	1,384,500	17,860			17,860	20,861
UV General Zone 3 Farming	0.007100	214	167,029,000	1,185,906			1,185,906	1,121,626
Sub-Totals		527	187,084,251	1,537,420	0	0	1,537,420	1,426,258
Minimum payment								
	Minimum \$							
GRV Residential	920	129	718,954	118,680			118,680	148,520
GRV Commercial	875	17	52,493	14,875			14,875	16,920
GRV Industrial	530	8	14,325	4,240			4,240	14,100
GRV Urban Farmland	690	13	39,911	8,970			8,970	16,920
UV Rural Zone 2	1100	33	4,661,500	36,300			36,300	35,970
UV Special Rural	1135	4	306,000	4,540			4,540	2,180
UV General Zone 3	1135	79	6,691,671	89,665			89,665	76,300
Sub-Totals		283	12,484,854	277,270	0	0	277,270	310,910
		810	199,569,105	1,814,690	0	0	1,814,690	1,737,168
Discounts/concessions (Refer note 13)								
Total amount raised from general rates							1,814,690	1,737,168
Ex Gratia - CBH							16,922	16,272
Specified area rates (Refer note 10)							207,606	200,753
Total rates							2,039,218	1,954,193

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

8(a). RATING INFORMATION

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

The general rates detailed above for the 2017/18 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of the Local Government services/facilities.

Objectives and reasons for differential rating

To provide equity in the rating of properties across the Shire the following rate categories have been determined for the implementation of differential rating.

Differential general rate

Description	Characteristics	Objects	Reasons
UV Rural Zone 2	Properties within the Shire that are mainly closed development (small hobby farms)	The rate in \$ is a 9% reduction of Rural Zone 3	Rate is lower to bring some parity in the rates paid per hectare as Zone 2 are mainly closed development lots and are reflected in the reduced rate compared to Zone 3
UV Rural Zone 3	Properties within the Shire that is predominantly for rural use	The UV Rural Zone 3 rate in the \$ levied is the base rate	Rate is resultant of the increased capacity of land production due to technology and better farming methods
UV Special Rural Residential Zone	Properties within the Shire that are rural residential situated adjacent to the Goomalling Townsite	In Special Rural Residential Zone, the rate in \$ levied, is resultant of the area adjacent to the Goomalling Townsite having the beneficial affects.	The rate in the \$ is levied as an intention to bring some parity in rates levied with these properties affected by GRV's in the Goomalling Townsite as the properties have the beneficial affects been close to the Goomalling Townsite
GRV Residential	Properties within the Townsite that are residential for housing	For the first time this year 17/18 Differential Rating has be introduced for the Gross Rental Valuations	Rate is resultant of the revaluation carried out by the VGO of a 22.09% increase from 5 years aog
GRV Industrial	Properties within the Townsite that are provided for industry	due to increase in GRV's for Residential and decreases in GRV's for commercials and light industrial.	Rate is resultant of the revaluation carried out by the VGO of a 6.12% reduction from 5 years ago
GRV Commercial	Properties within the Townsite that are provided for businesses in our community	The rates applicable to relevant zones reflect the differential rating for an overall increase of 4% across the board for UV's and GRV's	Rate is resultant of the revaluation carried out by the VGO of a 16.37% reduction from 5 years ago
GRV Urban Farmland	Properties within the Townsite that are farmland block but in the townsite boundary		Rate is resultant of the revaluation carried out by the VGO of a 14.57% reduction from 5 years ago

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

8(a). RATING INFORMATION

Differential minimum payment

Description	Characteristics	Objects	Reasons
UV Rural Minimum Rural Zone 2	Properties within the Shire that are predominately for rural use	The object of the minimums is to raise a reasonable contribution from all ratepayers towards cost of providing municipal services	The minimum is a realistic contribution that any property should make towards the cost of services provided.
UV Rural Minimum Rural Zone 3	Properties within the Shire that are predominately for rural use	The object of the minimums is to raise a reasonable contribution from all ratepayers towards cost of providing municipal services	Minimum rates are to ensure all ratepayers are paying their fair share towards Council's provisions of many works and services which are provided to all members of the community
GRV Residential	Properties within the Townsite that are provided for residential housing	The object of the minimums is to raise a reasonable contribution from all ratepayers towards cost of providing municipal services	Minimum rates are to ensure all ratepayers are paying their fair share towards Council's provisions of many works and services which are provided to all members of the community
GRV Industrial	Properties within the Townsite that are provided for industry	The object of the minimums is to raise a reasonable contribution from all ratepayers towards cost of providing municipal services	Minimum rates are to ensure all ratepayers are paying their fair share towards Council's provisions of many works and services which are provided to all members of the community
GRV Commercial	Properties within the Townsite that are provided for business for our community	The object of the minimums is to raise a reasonable contribution from all ratepayers towards cost of providing municipal services	Minimum rates are to ensure all ratepayers are paying their fair share towards Council's provisions of many works and services which are provided to all members of the community
GRV Urban Farmland	Properties within the Townsite that are farmland block but in the townsite boundary	The object of the minimums is to raise a reasonable contribution from all ratepayers towards cost of providing municipal services	Minimum rates are to ensure all ratepayers are paying their fair share towards Council's provisions of many works and services which are provided to all members of the community

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

9. CASH BACKED RESERVES

	2017/18 Budget Opening balance \$	2017/18 Budget Transfer to \$	2017/18 Budget Transfer (from) \$	2017/18 Budget Closing balance \$	2016/17 Actual Opening balance \$	2016/17 Actual Transfer to \$	2016/17 Actual Transfer (from) \$	2016/17 Actual Closing balance \$	2016/17 Budget Opening balance \$	2016/17 Budget Transfer to \$	2016/17 Budget Transfer (from) \$	2016/17 Budget Closing balance \$
Long Service Leave	138,532	2,771	0	141,303	134,763	3,769	0	138,532	134,763	3,773	0	138,536
Mortlock Lodge	3,738	75	0	3,813	3,640	98	0	3,738	3,640	102	0	3,742
Plant Replacement	185,000	3,912	0	188,912	190,262	5,323	(10,585)	185,000	190,262	5,327	0	195,589
Staff Housing	55,000	1,163	0	56,163	56,577	1,580	(3,157)	55,000	56,577	1,584	0	58,161
Aged Care Reserve	145,138	2,903	0	148,041	141,189	3,949	0	145,138	141,189	3,953	0	145,142
Vehicle Reserve	100,000	2,262	0	102,262	110,000	3,076	(13,076)	100,000	110,000	3,080	0	113,080
Sewerage Reserve	304,155	6,083	0	310,238	295,876	8,279	0	304,155	295,876	8,285	0	304,161
Community Bus Reserve	57,437	1,165	0	58,602	56,673	1,583	(818)	57,437	56,673	1,587	0	58,260
Lcdc Reserve	11,000	227	0	11,227	11,021	304	(325)	11,000	11,021	309	0	11,330
S/Pool Revitalisation Reserve	65,570	1,302	(66,872)	0	32,205	33,365	0	65,570	32,205	32,902	0	65,107
S&R Co-Ordinator AI & Lsl Res	16,371	328	0	16,699	15,926	445		16,371	15,926	446	0	16,372
	<u>1,081,941</u>	<u>22,190</u>	<u>(66,872)</u>	<u>1,037,259</u>	<u>1,048,132</u>	<u>61,771</u>	<u>(27,961)</u>	<u>1,081,942</u>	<u>1,048,132</u>	<u>61,348</u>	<u>0</u>	<u>1,109,480</u>

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

9. CASH BACKED RESERVES (Continued)

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

Reserve name	Anticipated date of use	Purpose of the reserve
Long Service Leave	ongoing	To be used to fund Long Service Leave Requirements
Mortlock Lodge	ongoing	To be used for maintenance and improvements to the Mortlock Retirements Units
Plant Replacement	ongoing	To be used for the future replacement of plant
Staff Housing	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 of the needs of the aged.
Vehicle Reserve	ongoing	To be used for the purchase of motor vehicles and utilities if at a future date Council ceases to lease the same
Sewerage Reserve	ongoing	To be used to maintain and upgrade the sewerage scheme in the Goomalling Town site
Community Bus Reserve	ongoing	To be used to purchase a new Community Bus when the time arises
Lcdc Reserve	ongoing	To be used to fund Landcare Activities
S/Pool Revitalisation Reserve	30/06/2018	To be used to fund Revitalisation of the Swimming Pool
Emergency Fund Reserve	ongoing	To be used to fund any catastrophic emergency event with the Shire of Goomalling
S&R Co-Ordinator AI & Lsl Reser	ongoing	To be used to fund the S&R Coordinators annual and long service leave

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

10. SPECIFIED AREA RATE

	Basis of valuation	Rate in	Amount/ Rateable value	2017/18 Budgeted specified area rate revenue	2017/18 Interim specified area rate revenue	2017/18 Back specified area rate revenue	2017/18 Total specified area rate revenue	2016/17 Actual revenue
		\$	\$	\$	\$	\$	\$	\$
Sewer Charges								
Sewerage - Residential		7.400	n/a	206,246	0	0	206,246	199,453
Sewerage - Religious Church		340.000	4	1,360	0	0	1,360	1,300
			4	207,606	0	0	207,606	200,753

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

INTEREST CHARGES AND INSTALMENTS - RATES AND SERVICE CHARGES

11. The following instalment options are available to ratepayers for the payment of rates and service charges.

Instalment options	Date due	Instalment plan admin charge \$	Instalment plan interest rate %	Unpaid rates interest rates %
Option one	11/09/2017	5	5.50%	11.00%
Option two	11/09/2017	5	5.50%	11.00%
	11/11/2017	5	5.50%	11.00%
Option three	11/09/2017	5	5.50%	11.00%
	11/11/2017	5	5.50%	11.00%
	11/01/2018	5	5.50%	11.00%
	11/03/2018	5	5.50%	11.00%

	2017/18 Budget revenue \$	2016/17 Actual \$
Instalment plan admin charge revenue	15,990	17,799
Instalment plan interest earned	5,433	5,455
Unpaid rates interest earned	2,065	2,065
	<u>23,488</u>	<u>25,319</u>

12. PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS

The Shire of Goomalling does not offer discounts, waivers or concessions.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

	2017/18 Budget \$	2016/17 Actual \$
13. FEES & CHARGES REVENUE		
Governance	5,570	7,020
General purpose funding	2,065	2,065
Law, order, public safety	63,488	64,959
Health	652,150	670,643
Education and welfare	500	1,203
Housing	233,060	248,207
Community amenities	129,890	119,035
Recreation and culture	37,900	38,968
Transport	500	460
Economic services	183,450	212,567
Other property and services	247,081	255,252
	<u>1,555,654</u>	<u>1,620,378</u>
14. GRANT REVENUE		
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:		
By Program:		
Operating grants, subsidies and contributions		
Governance	0	0
General purpose funding	381,535	1,090,617
Law, order, public safety	11,500	4,000
Health	0	0
Education and welfare	0	0
Housing	0	0
Community amenities	0	0
Recreation and culture	36,000	36,000
Transport	0	0
Economic services	80,000	169,526
Other property and services	0	3,122
	<u>509,035</u>	<u>1,303,265</u>
Non-operating grants, subsidies and contributions		
Governance	0	0
General purpose funding	0	0
Law, order, public safety	0	0
Health	0	0
Education and welfare	0	0
Housing	900,000	0
Community amenities	0	0
Recreation and culture	44,560	0
Transport	826,538	1,020,381
Economic services	0	35,000
Other property and services	0	0
	<u>1,771,098</u>	<u>1,055,381</u>

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

	2017/18 Budget \$	2016/17 Actual \$
15. ELECTED MEMBERS REMUNERATION		
The following fees, expenses and allowances were paid to council members and/or the President.		
Meeting fees	18,000	21,200
Mayor/President's allowance	2,500	2,500
Deputy Mayor/President's allowance	625	625
Travelling expenses	4,000	4,368
Telecommunications allowance	0	0
	<u>25,125</u>	<u>28,693</u>

16. TRUST FUNDS

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

Detail	Balance 1-Jul-17 \$	Estimated amounts received \$	Estimated amounts paid (\$)	Estimated balance 30-Jun-18 \$
Police Licencing	0	700,000	(700,000)	0
DFES 1718	14,287	0	(14,287)	0
Mortlock Farm	1,542	0	0	1,542
Gym Keys Bond Monies	7,400	0	0	7,400
Pioneers Pathway Sign	43,089	0	0	43,089
General Deposits	205	0	0	205
Solar Panels - Mortlock Sports	6,000	0	(6,000)	0
	<u>72,523</u>	<u>700,000</u>	<u>(720,287)</u>	<u>52,236</u>

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

17. MAJOR LAND TRANSACTIONS

(a) Details

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

(b) Current year transactions

There no current year transactions in this budget.

(c) Expected future cash flows

	2017/18	2018/19	2019/20	2020/21	2021/21	Total
	\$	\$	\$	\$	\$	\$
Cash outflows						
Interest on Borrowing	(57,341)	(45,439)	(32,610)	(18,780)	(3,870)	(158,040)
	(57,341)	(45,439)	(32,610)	(18,780)	(3,870)	(158,040)
Cash Inflows						
*Sale of 3 blocks Grange St	250,000	0	0	0	0	250,000
	250,000	0	0	0	0	250,000
Net cash flows	192,659	(45,439)	(32,610)	(18,780)	(3,870)	91,960

* Proceeds from Sale of this land are budgeted to be applied to Loan 112. (Refer Note 6 and 7)

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2017/18.

19. INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated the Shire of Goomalling will be party to any joint venture arrangements during 2017/18.