

**SHIRE OF GOOMALLING**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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Principal place of business:  
32 Quinlan Street  
GOOMALLING WA 6460

SHIRE OF GOOMALLING  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

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 supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2017 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 1st day of March 2018



Clem Kerp  
Chief Executive Officer

**SHIRE OF GOOMALLING**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>				
Rates	23	1,954,193	1,954,890	1,865,543
Operating grants, subsidies and contributions	30	1,303,265	839,781	949,925
Fees and charges	29	1,620,378	1,957,192	1,360,323
Interest earnings	2(a)	88,187	77,878	64,426
Other revenue	2(a)	331,281	244,237	424,789
		<u>5,297,305</u>	<u>5,073,978</u>	<u>4,665,006</u>
<b>Expenses</b>				
Employee costs		(1,787,202)	(1,934,871)	(1,721,277)
Materials and contracts		(1,172,176)	(997,731)	(828,562)
Utility charges		(241,063)	(261,264)	(244,042)
Depreciation on non-current assets	2(a)	(1,439,339)	(1,400,450)	(1,561,882)
Interest expenses	2(a)	(298,333)	(310,463)	(280,803)
Insurance expenses		(176,396)	(210,480)	(189,729)
Other expenditure		(237,517)	(180,068)	(407,377)
		<u>(5,352,025)</u>	<u>(5,295,327)</u>	<u>(5,233,671)</u>
		<u>(54,721)</u>	<u>(221,349)</u>	<u>(568,665)</u>
Non-operating grants, subsidies and contributions	30	1,055,381	1,797,703	1,613,523
Profit on asset disposals	21	6,498	128,394	0
(Loss) on asset disposals	21	(65,656)	(23,500)	(921,478)
LHFR fair value adjustments through profit or loss	2(a)	81,160	0	(212,447)
(Loss) on revaluation of plant and equipment	7(b)	0	0	(63,053)
<b>Net result</b>		<u>1,022,662</u>	<u>1,681,248</u>	<u>(152,120)</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	(195,917)	0	6,986,804
<b>Total other comprehensive income</b>		<u>(195,917)</u>	<u>0</u>	<u>6,986,804</u>
<b>Total comprehensive income</b>		<u>826,745</u>	<u>1,681,248</u>	<u>6,834,684</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 2017**

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>	2(a)			
Governance		108,914	67,000	76,696
General purpose funding		2,911,889	2,525,808	2,069,991
Law, order, public safety		68,959	73,500	437,744
Health		695,643	677,151	662,613
Education and welfare		2,608	4,040	9,356
Housing		256,869	263,700	256,370
Community amenities		323,425	326,968	331,399
Recreation and culture		177,899	165,673	248,595
Transport		3,363	4,000	3,508
Economic services		414,616	334,780	455,952
Other property and services		333,120	631,358	112,782
		<u>5,297,305</u>	<u>5,073,978</u>	<u>4,665,006</u>
<b>Expenses</b>	2(a)			
Governance		(385,814)	(375,790)	(313,079)
General purpose funding		(33,943)	(34,738)	(88,793)
Law, order, public safety		(174,705)	(127,650)	(106,269)
Health		(770,747)	(750,200)	(752,584)
Education and welfare		(8,781)	(11,500)	(24,605)
Housing		(252,706)	(207,700)	(235,476)
Community amenities		(357,024)	(408,707)	(391,944)
Recreation and culture		(634,736)	(578,320)	(674,844)
Transport		(1,637,594)	(1,619,712)	(1,626,342)
Economic services		(708,598)	(711,509)	(694,343)
Other property and services		(89,045)	(159,038)	(44,589)
		<u>(5,053,693)</u>	<u>(4,984,864)</u>	<u>(4,952,868)</u>
<b>Finance costs</b>	2(a)			
General purpose funding		(34)	(5,000)	(25,386)
Economic services		(285,035)	(295,801)	(238,924)
Other property and services		(13,264)	(9,662)	(16,493)
		<u>(298,333)</u>	<u>(310,463)</u>	<u>(280,803)</u>
		<u>(54,721)</u>	<u>(221,349)</u>	<u>(568,665)</u>
Non-operating grants, subsidies and contributions	30	1,055,381	1,797,703	1,613,523
Profit on disposal of assets	21	6,498	128,394	0
(Loss) on disposal of assets	21	(65,656)	(23,500)	(921,478)
LHFR fair value adjustments through profit or loss	2(a)	81,160	0	(212,447)
(Loss) on revaluation of plant and equipment	7(b)	0	0	(63,053)
<b>Net result</b>		<u>1,022,662</u>	<u>1,681,248</u>	<u>(152,120)</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	(195,917)	0	6,986,804
<b>Total other comprehensive income</b>		<u>(195,917)</u>	<u>0</u>	<u>6,986,804</u>
<b>Total comprehensive income</b>		<u>826,745</u>	<u>1,681,248</u>	<u>6,834,684</u>

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

**SHIRE OF GOOMALLING**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2017**

	NOTE	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	1,596,478	1,631,363
Investments	4	46,428	50,879
Trade and other receivables	5	353,619	288,922
Inventories	6	32,036	38,552
<b>TOTAL CURRENT ASSETS</b>		<b>2,028,561</b>	<b>2,009,716</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	5	365,878	386,696
Inventories	6	567,000	600,000
Property, plant and equipment	7	26,288,398	27,161,381
Infrastructure	8	40,548,062	39,654,562
<b>TOTAL NON-CURRENT ASSETS</b>		<b>67,769,338</b>	<b>67,802,639</b>
<b>TOTAL ASSETS</b>		<b>69,797,899</b>	<b>69,812,355</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	266,449	444,417
Current portion of long term borrowings	10	459,792	492,642
Provisions	11	379,602	396,291
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,105,843</b>	<b>1,333,350</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	10	3,728,177	4,345,478
Provisions	11	41,541	37,935
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,769,718</b>	<b>4,383,413</b>
<b>TOTAL LIABILITIES</b>		<b>4,875,561</b>	<b>5,716,763</b>
<b>NET ASSETS</b>		<b>64,922,338</b>	<b>64,095,592</b>
<b>EQUITY</b>			
Retained surplus		25,276,476	24,287,624
Reserves - cash backed	12	1,081,942	1,048,132
Revaluation surplus	13	38,563,920	38,759,837
<b>TOTAL EQUITY</b>		<b>64,922,338</b>	<b>64,095,592</b>

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 2017**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2015</b>		<b>24,487,876</b>	<b>1,000,000</b>	<b>31,773,033</b>	<b>57,260,908</b>
Comprehensive income					
Net result		(152,120)	0	0	(152,120)
Changes on revaluation of assets	13	0	0	6,986,804	6,986,804
Total comprehensive income		(152,120)	0	6,986,804	6,834,684
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>
Comprehensive income					
Net result		1,022,662	0	0	1,022,662
Changes on revaluation of assets	13	0	0	(195,917)	(195,917)
Total comprehensive income		1,022,662	0	(195,917)	826,745
Transfers from/(to) reserves		(33,810)	33,810	0	0
<b>Balance as at 30 June 2017</b>		<b>25,276,476</b>	<b>1,081,942</b>	<b>38,563,920</b>	<b>64,922,338</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 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		2,034,367	1,954,890	1,907,504
Operating grants, subsidies and contributions		1,150,428	839,781	1,137,062
Fees and charges		1,620,378	1,957,192	1,360,323
Interest earnings		86,376	77,878	64,426
Goods and services tax		313,254	450,000	568,402
Other revenue		331,281	244,237	396,129
		<u>5,536,084</u>	<u>5,523,978</u>	<u>5,433,845</u>
<b>Payments</b>				
Employee costs		(1,770,579)	(2,101,259)	(1,744,484)
Materials and contracts		(1,357,743)	(1,142,731)	(1,053,217)
Utility charges		(241,063)	(261,264)	(244,041)
Interest expenses		(309,473)	(310,463)	(252,285)
Insurance expenses		(176,396)	(210,480)	(189,729)
Goods and services tax		(313,159)	(450,000)	(577,934)
Other expenditure		(237,519)	(185,068)	(407,378)
		<u>(4,405,932)</u>	<u>(4,661,265)</u>	<u>(4,469,067)</u>
<b>Net cash provided by (used in)</b>				
<b>operating activities</b>	14(b)	<u>1,130,152</u>	<u>862,713</u>	<u>964,778</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of				
property, plant & equipment		(278,954)	(1,528,954)	(2,460,601)
Payments for construction of				
infrastructure		(1,583,319)	(1,169,384)	(1,770,961)
Advances to community groups		0	0	(375,000)
Non-operating grants,				
subsidies and contributions		1,055,381	1,797,703	1,613,523
Proceeds from sale of land held for resale		55,000	0	0
Proceeds from sale of fixed assets		206,505	316,000	339,955
<b>Net cash provided by (used in)</b>				
<b>investment activities</b>		<u>(545,386)</u>	<u>(584,635)</u>	<u>(2,653,084)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(524,486)	(575,445)	(259,001)
Repayment of finance leases		(125,665)	(217,161)	(113,317)
Proceeds from self supporting loans		30,500	28,661	13,803
Proceeds from new debentures		0	0	2,835,000
Advances to Community Group		0	0	375,000
Loan Adjustment		0	0	(21,264)
<b>Net cash provided by (used in)</b>				
<b>financing activities</b>		<u>(619,651)</u>	<u>(763,945)</u>	<u>2,830,221</u>
<b>Net increase (decrease) in cash held</b>		<u>(34,885)</u>	<u>(485,867)</u>	<u>1,141,915</u>
Cash at beginning of year		1,631,363	1,631,363	864,448
<b>Cash and cash equivalents</b>				
<b>at the end of the year</b>	14(a)	<u>1,596,478</u>	<u>1,145,496</u>	<u>1,631,363</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 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>		176,098	235,827	(596,057)
		<u>176,098</u>	<u>235,827</u>	<u>(596,057)</u>
<b>Revenue from operating activities (excluding rates)</b>				
Governance		108,914	67,000	76,696
General purpose funding		1,255,881	787,943	412,954
Law, order, public safety		68,959	73,500	437,744
Health		695,643	677,151	662,613
Education and welfare		2,608	4,040	9,356
Housing		263,367	386,094	256,370
Community amenities		323,425	326,968	331,399
Recreation and culture		177,899	165,673	248,595
Transport		3,363	10,000	3,508
Economic services		414,616	334,780	455,952
Other property and services		333,120	631,358	112,782
		<u>3,647,795</u>	<u>3,464,507</u>	<u>3,007,969</u>
<b>Expenditure from operating activities</b>				
Governance		(385,814)	(375,790)	(313,079)
General purpose funding		(33,977)	(39,738)	(389,679)
Law, order, public safety		(174,705)	(127,650)	(106,269)
Health		(770,747)	(750,200)	(752,584)
Education and welfare		(8,781)	(11,500)	(24,605)
Housing		(252,706)	(207,700)	(235,476)
Community amenities		(357,024)	(408,707)	(391,944)
Recreation and culture		(634,736)	(578,320)	(674,844)
Transport		(1,644,090)	(1,643,212)	(1,626,342)
Economic services		(1,052,793)	(1,007,310)	(1,854,745)
Other property and services		(102,310)	(168,700)	(61,082)
		<u>(5,417,683)</u>	<u>(5,318,827)</u>	<u>(6,430,649)</u>
<b>Operating activities excluded from budget</b>				
(Profit) on disposal of assets	21	(6,498)	(128,394)	0
Loss on disposal of assets	21	65,656	23,500	921,478
Decrease in Equity - Local Government House		4,451	0	0
(Profit)/Loss on Revaluation of Assets		(81,160)	0	275,500
Movement in deferred pensioner rates (non-current)		(9,685)	0	10,396
Movement in employee benefit provisions (non-current)		3,606	0	10,910
Movement in lease and loan adjustment		0	0	(21,264)
Movement in long service leave bank		3,769	0	3,628
Depreciation and amortisation on assets	2(a)	1,439,339	1,400,450	1,561,882
<b>Amount attributable to operating activities</b>		<u>(174,312)</u>	<u>(322,937)</u>	<u>(1,256,207)</u>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		1,055,381	1,797,703	1,613,523
Proceeds from disposal of assets	21	206,505	316,000	339,955
Proceeds from disposal of land held for resale		55,000	0	0
Purchase of property, plant and equipment	7(b)	(278,954)	(1,528,954)	(2,460,601)
Purchase and construction of infrastructure	8(b)	(1,583,319)	(1,169,384)	(1,770,961)
<b>Amount attributable to investing activities</b>		<u>(545,386)</u>	<u>(584,635)</u>	<u>(2,278,084)</u>
<b>FINANCING ACTIVITIES</b>				
Advances to community groups		0	0	(375,000)
Repayment of advances to community groups		0	0	0
Repayment of debentures	22(a)	(524,486)	(575,445)	(259,001)
Repayment of finance leases		(125,665)	(217,161)	(113,316)
Proceeds from new debentures	22(a)	0	0	2,835,000
Proceeds from self supporting loans		28,691	28,661	13,803
Transfers to reserves (restricted assets)	12	(61,771)	(66,348)	(75,797)
Transfers from reserves (restricted assets)	12	27,961	0	27,664
<b>Amount attributable to financing activities</b>		<u>(655,270)</u>	<u>(830,293)</u>	<u>2,053,353</u>
<b>Surplus(deficiency) before general rates</b>		<u>(1,374,968)</u>	<u>(1,737,865)</u>	<u>(1,480,938)</u>
<b>Total amount raised from general rates</b>	23	<u>1,737,168</u>	<u>1,737,865</u>	<u>1,657,037</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	24	<u><u>362,200</u></u>	<u><u>0</u></u>	<u><u>176,099</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 2017**

**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.

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

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

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

**(b) 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 2017**

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

**(c) 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.

**(d) 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.

**(e) 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 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

***Land under control***

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

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

***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 2017**

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

**(e) 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	0 to 50 years
Furniture and equipment	0 to 10 years
Plant and equipment	0 to 15 years
Sealed roads and streets	
formation	Not Depreciated
pavement	60 years
seal	
- bituminous seals	20 years
- asphalt surfaces	30 years
Gravel roads	
formation	Not Depreciated
pavement	60 years
gravel sheet	15 years
Formed roads (unsealed)	
formation	Not Depreciated
pavement	60 years
Footpaths - slab	60 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.

**SHIRE OF GOOMALLING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) 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 2017**

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

**(f) 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.

**(g) Financial Instruments**

***Initial recognition and measurement***

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

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

***Classification and subsequent measurement***

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

Amortised cost is calculated as:

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

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

SHIRE OF GOOMALLING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

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

**(g) 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 2017**

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

**(g) 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.

**(h) 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.

**(i) 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 2017**

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

**(j) 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.

**(k) 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.

**(l) 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.

**(m) 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 2017**

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

**(n) 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.

**(o) 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(n) 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

**(p) 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.

**(q) 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 2017**

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

**(r) 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.

**(s) Rounding Off Figures**

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

**(t) 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.

**(u) 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 2017**

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

**(v) 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:

<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend 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.

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 2017**

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> <li>- Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services.</li> </ul>

**Notes:**

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

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

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

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

- (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

The objective of this Standard was to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit sector entities.

The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

[AASB 10, 124 & 1049]

**SHIRE OF GOOMALLING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**2. REVENUE AND EXPENSES**

	2017 \$	2016 \$
<b>(a) Net Result</b>		
The Net result includes:		
(i) Charging as an expense:		
<b>Significant expense</b>		
Impairment Loss LHFR - Refer Note 32	0	212,447
Loss on Revaluation of Assets	0	63,053
	<u>0</u>	<u>275,500</u>
<b>Auditors remuneration</b>		
- Audit of the Annual Financial Report	10,369	9,913
- Other Audit Services	1,000	1,100
<b>Depreciation</b>		
Land	0	0
Buildings - non-specialised	298,252	301,636
Furniture and equipment	88,977	92,444
Plant and equipment	151,713	150,697
Swimming Pool and Equipment	23,579	23,931
Infrastructure - Roads	759,616	632,007
Footpaths	21,404	17,935
Other Infrastructure	24,280	649
Drainage	38,884	283,065
Sewerage	32,634	59,518
	<u>1,439,339</u>	<u>1,561,882</u>
<b>Interest expenses (finance costs)</b>		
Debentures (refer Note 22 (a))	285,035	238,924
Finance Leases	13,264	16,493
Bank Overdraft	34	25,386
	<u>298,333</u>	<u>280,803</u>
(ii) Crediting as revenue:		
<b>Significant revenue</b>		
Gain LHFR - Refer Note 32	81,160	0
<b>Other revenue</b>		
Reimbursements and recoveries	161,025	247,619
Other	170,256	177,170
	<u>331,281</u>	<u>424,789</u>
	<b>2017 Actual \$</b>	<b>2017 Budget \$</b>
<b>Interest earnings</b>		<b>2016 Actual \$</b>
- Loans receivable - clubs/institutions	22,422	22,753
- Reserve funds	29,771	29,500
- Other funds	12,740	5,125
Other interest revenue (refer note 28)	23,254	17,145
	<u>88,187</u>	<u>77,878</u>
	<u>88,187</u>	<u>64,426</u>

**SHIRE OF GOOMALLING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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.

**COMMUNITY VISION**

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 term (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.

Social: Create an environment that strengthens a 'sense of community'; create an environment that provides for a caring and healthy 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.

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

**GOVERNANCE**

**Objective:**

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

**Activities:**

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

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

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

**Activities:**

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

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

**EDUCATION AND WELFARE**

**Objective:**

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

**Activities:**

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

**SHIRE OF GOOMALLING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

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

**HOUSING**

**Objective:**

To provide and maintain elderly residents housing.

**Activities:**

Provision and maintenance of elderly residents housing.

**COMMUNITY AMENITIES**

**Objective:**

To provide services required by the community.

**Activities:**

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

**RECREATION AND CULTURE**

**Objective:**

To establish and effectively manage infrastructure and resourced which will help the social well being of the community.

**Activities:**

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

**TRANSPORT**

**Objective:**

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

**Activities:**

Construction and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and 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. Building control.

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control council's overhead operating accounts.

**Activities:**

Private works operation, plant repairs and operation costs and engineering operation costs.



**SHIRE OF GOOMALLING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(c) Conditions Over Grants/Contributions**

<u>Grant/Contribution</u>	Opening Balance <sup>(1)</sup> 1/07/15 \$	Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance <sup>(1)</sup> 30/06/16 \$	Received <sup>(2)</sup> 2016/17 \$	Expended <sup>(3)</sup> 2016/17 \$	Closing Balance 30/06/17 \$
<b>General purpose funding</b>							
General Purpose Grant *	0	180,418	(180,418)	0	0	0	0
Local Government Grant *	0	187,317	(187,317)	0	0	0	0
<b>Law, order, public safety</b>							
FESA Grant	0	4,000	(4,000)	0	4,000	(4,000)	0
Bushfire Mitigation	0	7,500	(525)	6,975	0	(6,975)	0
LGGS for Bushfire Brigade Izuzu Truck	0	367,114	(367,114)	0	0	0	0
Aware Program	1,446	0	(1,446)	0	0	0	0
Crime Prevention CCTV	24,268	0	(24,268)	0	0	0	0
<b>Health</b>							
Youth Mental Health	7,200	0	(7,200)	0	0	0	0
<b>Education and welfare</b>							
Aged Friendly Communities Grant	54,500	0	(54,500)	0	0	0	0
<b>Community amenities</b>							
Naidoc Indigenous Development	1,264	0	(1,264)	0	0	0	0
<b>Recreation and culture</b>							
Grant - CSRFF New Pavilion	0	112,500	(112,500)	0	0	0	0
OSR - Swimming Pool Operation Grant	0	32,000	(32,000)	0	32,000	(32,000)	0
Grant - Kids Sport Program	0	4,000	(3,855)	145	4,000	(3,946)	199
<b>Transport</b>							
State Black Spot Grant	0	204,000	(204,000)	0	0	0	0
State Special Grant	0	76,100	(76,100)	0	82,069	(82,069)	0
State Specific Grant	0	315,860	(315,860)	0	397,500	(397,500)	0
Roads to Recovery Grant	0	473,963	(473,963)	0	383,134	(383,134)	0
Flood Damage Grant	0	0	0	0	138,878	(138,878)	0
NDRRA Event - Income	0	0	0	0	18,800	(18,800)	0

## SHIRE OF GOOMALLING

## 2. REVENUE AND EXPENSES (Continued)

## (c) Conditions Over Grants/Contributions (Continued)

Economic services										
Vet Affairs Grant - War Banners	0	2,000	(2,000)	0	0	0	0	0	0	0
Skeleton Weed Group Grant	0	83,091	(83,091)	0	80,000	(60,760)	19,240	5,369	0	0
Grant - CCPF Goomalling Youth Zone	0	17,394	0	17,394	0	(12,025)	0	0	0	0
Dept of Water CWSP Grant Income	16,100	40,000	(4,596)	51,504	35,000	(86,504)	0	0	0	0
Community Infrast Grant Program - Post Office	0	8,994	(8,994)	0	0	0	0	0	0	0
Grant LW - Koomal Committee - Native Reserv	0	16,100	(16,100)	0	0	0	0	0	0	0
Grant - Youth Friendly - Friendly Communities	0	10,000	0	10,000	0	(10,000)	0	0	0	0
Grant - SCP - BMX Pocket Park	0	20,000	0	20,000	0	(20,000)	0	0	0	0
Grant - CGG - Community Gardens Grants Proj	0	19,454	0	19,454	0	(7,400)	12,054	0	0	0
Grant - WDC Community Chest (inc) 16/17	0	0	0	0	4,500	(4,500)	0	0	0	0
Grant - Community Cactus Control - Dept of Ag	0	0	0	0	20,000	(6,764)	13,236	0	0	0
Grant - Volunteer Recognition	0	0	0	0	1,000	(1,000)	0	0	0	0
Grant - Light House Grant for EEO	0	0	0	0	10,000	(10,000)	0	0	0	0
Grant - Community Cactus Control - State NRM	0	0	0	0	20,425	(260)	20,165	0	0	0
Grant - Hollistic Park Development	7,350	0	(7,350)	0	0	0	0	0	0	0
Total	112,128	2,181,804	(2,098,197)	125,472	1,231,306	(1,286,515)	70,263	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.

\* - Excluded from Report in 2016/17 as Grants are not tied.

**SHIRE OF GOOMALLING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	Note	2017 \$	2016 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		431,957	443,971
Restricted		1,164,521	1,187,392
		<u>1,596,478</u>	<u>1,631,363</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Long Service Leave Reserve	12	138,532	134,763
Mortlock Lodge Reserve	12	3,737	3,640
Plant Replacement Reserve	12	185,000	190,262
Staff Housing Reserve	12	55,000	56,577
Aged Care Reserve	12	145,139	141,189
Vehicle Reserve	12	100,000	110,000
Sewerage Reserve	12	304,155	295,876
Community Bus Reserve	12	57,437	56,673
S&R CoOrd AL LSL Reserve	12	16,371	15,926
LCDC Reserve	12	11,000	11,021
S/Pool Revitalisation Reserve	12	65,570	32,205
Unspent grants	2(c)	70,263	125,472
Local Medical Practice	22(c)	12,317	13,788
		<u>1,164,521</u>	<u>1,187,392</u>
<b>4. INVESTMENTS</b>			
Equity in WALGA Local Government House		<u>46,428</u>	<u>50,879</u>
Opening Balance		50,879	50,879
Unrealised gain/(loss) investment in WALGA House		<u>(4,451)</u>	<u>0</u>
Shire of Goomalling's Equity (3 Units)		<u>46,428</u>	<u>50,879</u>

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

This note discloses the equity the Shire has in the WALGA 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.

**SHIRE OF GOOMALLING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	2017	2016
	\$	\$
<b>5. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates outstanding	31,732	121,591
Sundry debtors	281,974	138,446
GST receivable	9,441	9,532
Loans receivable - clubs/institutions	30,472	28,661
Provision for Doubful Debts	0	(9,308)
	<u>353,619</u>	<u>288,922</u>
<b>Non-current</b>		
Rates outstanding - pensioners	60,455	50,770
Loans receivable (Non Current)	302,033	332,536
Other - Non-Current	3,390	3,390
	<u>365,878</u>	<u>386,696</u>

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

<b>Rates outstanding</b>	<u>31,732</u>	<u>121,591</u>
Includes:		
Past due and not impaired	31,732	121,591
Impaired	<u>0</u>	<u>0</u>
<b>Sundry debtors</b>	<u>281,974</u>	<u>138,446</u>
Includes:		
Past due and not impaired	281,974	138,446
Impaired	<u>0</u>	<u>0</u>

**6. INVENTORIES**

<b>Current</b>		
Fuel, Oil & Materials	<u>32,036</u>	<u>38,552</u>
	<u>32,036</u>	<u>38,552</u>
<b>Non-current</b>		
Cost of acquisition	1,025,302	1,139,462
Less Impairment	<u>(458,302)</u>	<u>(539,462)</u>
Value of remaining lots	<u>567,000</u>	<u>600,000</u>
Fair Value adjustment to LHFR through Profit or Loss	81,160	(212,447)

**SHIRE OF GOOMALLING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	2017	2016
	\$	\$
<b>7 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
- Independent valuation 2016 - level 2	0	3,840,000
- Management valuation 2016 - level 3	0	205,866
- Independent valuation 2017 - level 2	3,844,827	0
- Disposals after valuation	0	0
	<u>3,844,827</u>	<u>4,045,866</u>
Buildings - non-specialised at:		
- Independent valuation 2016 - level 2	0	19,404,800
- Management valuation 2016 -level 2	0	461,800
- Independent valuation 2017 - level 2	19,150,051	0
- Management valuation 2017 -level 3	234,435	0
	<u>19,384,486</u>	<u>19,866,600</u>
Total land and buildings	<u>23,229,313</u>	<u>23,912,466</u>
Furniture and equipment at:		
- Management valuation 2015 - level 3	338,729	338,729
- Additions after valuation - cost	157,314	90,272
Furniture and equipment - Less: accumulated depreciation	<u>(88,977)</u>	<u>0</u>
	407,066	429,001
Plant and equipment at:		
- Management valuation 2016 - level 3	1,523,514	1,523,514
- Additions after valuation - cost	25,399	0
- Disposals after valuation	(19,000)	0
Plant and equipment - Less: accumulated depreciation	<u>(150,715)</u>	<u>0</u>
	1,379,198	1,523,514
Swimming Pool and Equipment at:		
- Independent valuation 2016 - level 3	1,251,600	1,251,600
- Management valuation 2016 - level 3	44,800	44,800
- Less: accumulated depreciation	<u>(23,579)</u>	<u>0</u>
	1,272,821	1,296,400
	<u>26,288,398</u>	<u>27,161,381</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 2017

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 \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold land	4,045,866	45,961	(40,000)	0	0	0	(207,000)	3,844,827
<b>Total land</b>	<b>4,045,866</b>	<b>45,961</b>	<b>(40,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(207,000)</b>	<b>3,844,827</b>
Buildings - non-specialised	19,866,600	140,552	(148,497)	(195,917)	0	(298,252)	20,000	19,384,486
<b>Total buildings</b>	<b>19,866,600</b>	<b>140,552</b>	<b>(148,497)</b>	<b>(195,917)</b>	<b>0</b>	<b>(298,252)</b>	<b>20,000</b>	<b>19,384,486</b>
<b>Total land and buildings</b>	<b>23,912,466</b>	<b>186,513</b>	<b>(188,497)</b>	<b>(195,917)</b>	<b>0</b>	<b>(298,252)</b>	<b>(187,000)</b>	<b>23,229,313</b>
Furniture and equipment	429,001	67,042	0	0	0	(88,977)	0	407,066
Plant and equipment	1,523,514	25,399	(18,002)	0	0	(151,713)		1,379,198
Swimming Pool and Equipment	1,296,400	0	0	0	0	(23,579)	0	1,272,821
<b>Total property, plant and equipment</b>	<b>27,161,380</b>	<b>278,954</b>	<b>(206,499)</b>	<b>(195,917)</b>	<b>0</b>	<b>(562,521)</b>	<b>(187,000)</b>	<b>26,288,398</b>

**SHIRE OF GOOMALLING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar items ( Net revaluation method)	Independent Registered Valuer and Management Valuation	June 2017	Price per hectare/market borrowing rate
Buildings - non-specialised	3	Market approach using recent observable market data for similar items ( Net revaluation method)	Independent Registered Valuer and Management Valuation	June 2017	Improvements to buildings using construction costs and current condition ( Level 2), residual values and remaining useful life assessments ( Level 3) inputs.
<b>Furniture and equipment</b>	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.
<b>Plant &amp; Equipment</b>	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 2017**

	2017	2016
	\$	\$
<b>8 (a). INFRASTRUCTURE</b>		
Infrastructure - Roads		
Roads		
- Management valuation 2015 - level 3	33,477,258	33,477,258
- Additions after valuation - cost	2,624,063	1,312,598
Roads - Less: accumulated depreciation	<u>(1,391,622)</u>	<u>(632,007)</u>
	34,709,698	34,157,849
Footpaths		
- Management valuation 2015 - level 3	634,755	634,755
- Additions after valuation - cost	108,816	60,599
Footpaths - Less: accumulated depreciation	<u>(37,464)</u>	<u>(17,935)</u>
	706,107	677,419
Other Infrastructure		
- Independent valuation 2016 - level 3	817,760	817,760
- Management valuation 2016 - level 3	32,500	32,500
- Additions after valuation - cost	250,480	0
Other Infrastructure - Less: accumulated depreciation	<u>(19,657)</u>	<u>0</u>
	1,081,083	850,260
Drainage		
- Management valuation 2015 - level 3	2,502,842	2,502,842
- Additions after valuation - cost	214,062	63,757
Drainage - Less: accumulated depreciation	<u>(318,596)</u>	<u>(283,065)</u>
	2,398,308	2,283,534
Sewerage		
- Independent valuation 2016 - level 3	1,599,000	1,599,000
- Management valuation 2016 - level 3	86,500	86,500
- Additions after valuation - cost	(2,682)	0
Sewerage - Less: accumulated depreciation	<u>(29,952)</u>	<u>0</u>
	1,652,866	1,685,500
	<u>40,548,062</u>	<u>39,654,562</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 2017

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	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	34,157,849	1,311,465	0	0	0	(759,616)	0	34,709,698
Footpaths	677,419	50,092	0	0	0	(21,404)	0	706,107
Other Infrastructure	850,260	68,103	0	0	0	(24,280)	187,000	1,081,083
Drainage	2,283,534	153,658	0	0	0	(38,884)		2,398,308
Sewerage	1,685,500	0	0	0	0	(32,634)		1,652,866
<b>Total Infrastructure</b>	<b>39,654,563</b>	<b>1,583,319</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(876,818)</b>	<b>187,000</b>	<b>40,548,062</b>

**SHIRE OF GOOMALLING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**8. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Infrastructure - Roads</b>	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.
<b>Footpaths</b>	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.
<b>Other Infrastructure</b>	3	This class of asset has not been re-valued.	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.
<b>Drainage</b>	3	This class of asset has not been re-valued.	Management Valuation	June 2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3 ) inputs.
<b>Sewerage</b>	3	This class of asset has not been re-valued.	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 2017

	2017 \$	2016 \$
<b>9. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	174,320	370,854
Accrued interest on debentures	62,423	73,563
ATO liabilities	29,706	0
	<u>266,449</u>	<u>444,417</u>
<b>10. LONG-TERM BORROWINGS</b>		
<b>Current</b>		
Secured by floating charge		
Debentures (Current)	305,465	275,481
Lease Liability	154,327	217,161
	<u>459,792</u>	<u>492,642</u>
<b>Non-current</b>		
Secured by floating charge		
Debentures (Non Current)	3,721,640	4,276,110
Lease Liability (Non Current)	6,537	69,368
	<u>3,728,177</u>	<u>4,345,478</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 2016</b>			
Current provisions	167,297	228,994	396,291
Non-current provisions	0	37,935	37,935
	<u>167,297</u>	<u>266,929</u>	<u>434,226</u>
Additional provision	77,978	31,889	109,867
Amounts used	(99,793)	(23,157)	(122,950)
<b>Balance at 30 June 2017</b>	<u>145,482</u>	<u>275,661</u>	<u>421,143</u>
<b>Comprises</b>			
Current	145,482	234,120	379,602
Non-current	0	41,541	41,541
	<u>145,482</u>	<u>275,661</u>	<u>421,143</u>

SHIRE OF GOOMALLING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

12. RESERVES - CASH BACKED

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Transfer (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Long Service Leave Reserve	134,763	3,769	0	138,532	134,763	3,773	0	138,536	131,135	3,628	0	134,763
Mortlock Lodge Reserve	3,640	98	0	3,737	3,640	102	0	3,742	3,542	98	0	3,640
Plant Replacement Reserve	190,262	5,323	(10,585)	185,000	190,262	5,327	0	195,589	202,169	5,593	(17,500)	190,262
Staff Housing Reserve	56,577	1,580	(3,157)	55,000	56,577	1,584	0	58,161	55,054	1,523	0	56,577
Aged Care Reserve	141,189	3,950	0	145,139	141,189	3,953	0	145,142	137,388	3,801	0	141,189
Vehicle Reserve	110,000	3,076	(13,076)	100,000	110,000	3,080	0	113,080	115,050	3,183	(8,232)	110,000
Sewerage Reserve	295,876	8,278	0	304,155	295,876	8,285	0	304,161	289,468	8,008	(1,600)	295,876
Community Bus Reserve	56,673	1,583	(818)	57,437	56,673	1,587	0	58,260	55,147	1,526	0	56,673
S&R CoOrd AL LSL Reserve	15,926	445	0	16,371	15,926	446	0	16,372	0	15,926	0	15,926
LCDC Reserve	11,021	304	(325)	11,000	11,021	309	0	11,330	11,048	306	(332)	11,021
S/Pool Revitalisation Reserve	32,205	33,365	0	65,570	32,205	32,902	0	65,107	0	32,205	0	32,205
Emergency Fund Reserve	0	0	0	0	0	5,000	0	5,000	0	0	0	0
	1,048,132	61,771	(27,961)	1,081,942	1,048,132	66,348	0	1,114,480	1,000,000	75,797	(27,664)	1,048,132

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

SHIRE OF GOOMALLING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

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:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Long Service Leave Reserve	Ongoing	- To fund long service leave requirements.
Mortlock Lodge Reserve	Ongoing	- To fund maintenance and improvements to the Mortlock Retirement Units.
Plant Replacement Reserve	Ongoing	- To be used for the future replacement of plant.
Staff Housing Reserve	Ongoing	- To be used for the maintenance, upgrading and construction of new housing for Council employees or public rental housing.
Aged Care Reserve	Ongoing	- To be 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 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.
LCDC Reserve	Ongoing	- To be used to fund Landcare activities.
S/Pool Revitalisation Reserve	Ongoing	- To be used to fund revitalisation of the swimming pool.
Emergency Fund Reserve	Ongoing	- To be used to fund any catastrophic emergency event within the Shire of Goomalling.

SHIRE OF GOOMALLING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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13. REVALUATION SURPLUS

	2017			2017			2017			2016		
	Opening	Revaluation	2017	Revaluation	2017	2017	Revaluation	2017	2017	Revaluation	2016	2016
	Balance	Increment		(Decrement)		Closing	Increment		Opening	(Decrement)	Total	Closing
	\$	\$		\$	\$	Balance	\$		Balance	\$	\$	Balance
Revaluation surplus - Land	3,061,682	0	0	0	0	3,061,682	0	0	0	0	3,061,682	3,061,682
Revaluation surplus - Buildings - non-specialised	10,917,492	0	0	(195,917)	(195,917)	10,721,575	4,327,958	0	6,589,534	0	4,327,958	10,917,492
Revaluation surplus - Furniture and equipment	232,717	0	0	0	0	232,717	0	0	232,717	0	0	232,717
Revaluation surplus - Plant and equipment	0	0	0	0	0	0	0	0	133,362	(133,362)	(133,362)	0
Revaluation surplus - Swimming Pool	932,516	0	0	0	0	932,516	894,395	0	38,121	0	894,395	932,516
Revaluation surplus - Roads	19,720,840	0	0	0	0	19,720,840	0	0	19,720,840	0	0	19,720,840
Revaluation surplus - Sewerage	1,434,014	0	0	0	0	1,434,014	0	0	3,167,274	(1,733,260)	(1,733,260)	1,434,014
Revaluation surplus - Drainage	1,891,185	0	0	0	0	1,891,185	0	0	1,891,185	0	0	1,891,185
Revaluation surplus - Infrastructure Other	569,391	0	0	0	0	569,391	569,391	0	0	0	569,391	569,391
	38,759,837	0	0	(195,917)	(195,917)	38,563,920	8,853,426	0	31,773,033	(1,866,622)	6,986,804	38,759,837

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:

	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	<u>1,596,478</u>	<u>1,145,496</u>	<u>1,631,363</u>

**(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result**

Net result	1,022,662	1,681,248	(152,120)
Non-cash flows in Net result:			
Depreciation	1,439,339	1,400,450	1,561,882
(Profit)/Loss on sale of asset	59,158	(104,894)	921,478
Movement in Local Government House	4,451		
Fair value adjustments to fixed assets			
at fair value through profit or loss	(81,160)	0	212,447
Loss on revaluation of fixed assets	0	0	63,053
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(74,382)	0	190,905
(Increase)/Decrease in inventories	6,516	0	(4,734)
Increase/(Decrease) in payables	(177,968)	(150,000)	(254,951)
Increase/(Decrease) in provisions	(13,083)	(166,388)	40,342
Grants contributions for			
the development of assets	(1,055,381)	(1,797,703)	(1,613,523)
Net cash from operating activities	<u>1,130,152</u>	<u>862,713</u>	<u>964,778</u>

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	10,000	10,000
Credit card balance at balance date	(322)	(595)
<b>Total amount of credit unused</b>	<u>9,678</u>	<u>9,405</u>
<b>Loan facilities</b>		
Loan facilities - current	459,792	492,642
Loan facilities - non-current	3,728,177	4,345,478
<b>Total facilities in use at balance date</b>	<u>4,187,969</u>	<u>4,838,120</u>
<b>Unused loan facilities at balance date</b>	<u>NIL</u>	<u>NIL</u>

**SHIRE OF GOOMALLING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**15. CONTINGENT LIABILITIES**

The Shire is not aware of any reportable contingent liability.

	2017	2016
	\$	\$
<b>16. CAPITAL AND LEASING COMMITMENTS</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	154,327	32,891
- later than one year but not later than five years	6,537	14,510
- later than five years	0	0
	<u>160,864</u>	<u>47,401</u>

**(b) Capital Expenditure Commitments**

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



**SHIRE OF GOOMALLING**  
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**FOR THE YEAR ENDED 30TH JUNE 2017**

**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 the Shire of Toodyay and Shire of Goomalling.

**18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Governance	737,463	936,675
General purpose funding	922,468	0
Law, order, public safety	862,588	931,022
Health	51,807	60,558
Education and welfare	465,000	515,000
Housing	4,531,830	4,989,406
Community amenities	2,677,825	2,813,492
Recreation and culture	10,611,057	11,095,486
Transport	38,670,413	38,670,449
Economic services	5,025,859	8,769,709
Other property and services	5,241,589	134,763
Unallocated	0	895,796
	<u>69,797,899</u>	<u>69,812,355</u>

**SHIRE OF GOOMALLING**  
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	2017	2016	2015
<b>19. FINANCIAL RATIOS</b>			
Current ratio	0.89	0.69	0.17
Asset sustainability ratio	1.02	1.17	1.36
Debt service cover ratio	1.74	0.14	2.50
Operating surplus ratio	(0.01)	(0.50)	(0.07)
Own source revenue coverage ratio	0.74	0.58	0.59

The above ratios are calculated as follows:

Current ratio 
$$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$$

Asset sustainability ratio 
$$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$$

Debt service cover ratio 
$$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$$

Operating surplus ratio 
$$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$$

Own source revenue coverage ratio 
$$\frac{\text{own source operating revenue}}{\text{operating expenses}}$$

**Notes:**

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 62 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$381,535.

Three of the 2016 and 2015 ratios disclosed above were 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 \$367,735.

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

	2017	2016	2015
Current ratio	0.44	0.89	(0.13)
Debt service cover ratio	1.37	0.82	1.65
Operating surplus ratio	-0.10	(0.40)	(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 2016 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2017 \$
Police Licensing DOT	0	57,995	(57,995)	0
Slater Homestead Donation	2,343	0	(2,343)	0
Mortlock Farm Improvement	1,542	0	0	1,542
Pioneer Pathway Signage	43,189	0	0	43,189
General Prepayments & Deposits	15,054	14,317	(15,084)	14,287
Council Elections - Nominations	0	1,817	(1,817)	(0)
Tidy Towns	0	105	0	105
Solar Panel Contribution	0	6,000	0	6,000
Market Day Stalls	0	100	0	100
Gym Bond	0	8,100	(800)	7,300
	<u>62,128</u>			<u>72,522</u>

**21. DISPOSALS OF ASSETS - 2016/17 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 \$	Budget Loss \$
<b>Housing</b>								
14 High Street	188,502	195,000	6,498	0	138,840	210,000	71,160	0
<b>Transport</b>								
Merc Truck	14,001	7,505	0	(6,496)	33,500	10,000	0	(23,500)
Hino Tip Truck	4,000	4,000	0	0	0	6,000	6,000	0
<b>Economic services</b>								
Grange St Block	114,160	55,000	0	(59,160)				
73a Janmes St					38,766	90,000	51,234	0
	<u>320,663</u>	<u>261,505</u>	<u>6,498</u>	<u>(65,656)</u>	<u>211,106</u>	<u>316,000</u>	<u>128,394</u>	<u>(23,500)</u>

SHIRE OF GOOMALLING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**24. NET CURRENT ASSETS**

Composition of net current assets

	2017 (30 June 2017 Carried Forward) \$	2017 (1 July 2016 Brought Forward) \$	2016 (30 June 2016 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 16 brought forward</b>	<b>362,200</b>	<b>176,098</b>	<b>176,098</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	502,220	569,443	569,443
Restricted	1,094,258	1,061,920	1,061,920
Receivables			
Rates outstanding	31,732	121,591	121,591
Sundry debtors	281,974	138,446	138,446
GST receivable	9,441	9,532	9,532
Loans receivable - clubs/institutions	30,472	28,661	28,661
Provision for Doubtful Debts	0	(9,308)	(9,308)
Inventories			
Fuel, Oil & Materials	32,036	38,551	38,551
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(174,320)	(370,854)	(370,854)
Accrued interest on debentures	(62,423)	(73,563)	(73,563)
ATO liabilities	(29,706)	0	0
Prepaid Rates	0	0	0
Current portion of long term borrowings			
Secured by floating charge	(555,465)	(275,481)	(275,481)
Lease Liability	(154,327)	(217,161)	(217,161)
Provisions			
Provision for annual leave (Current)	(145,482)	(167,297)	(167,297)
Provision for long service leave (Current)	(234,120)	(228,994)	(228,994)
<b>Unadjusted net current assets</b>	<b>626,290</b>	<b>625,486</b>	<b>625,486</b>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(1,081,942)	(1,048,132)	(1,048,132)
Less: Loans Receivable	(30,472)	(28,661)	(28,661)
Add: Secured by floating charge	555,465	275,481	275,481
Lease Liability	154,327	217,161	217,161
Leave Reserve - Cash Backed	138,532	134,763	134,763
<b>Adjusted net current assets - surplus/(deficit)</b>	<b>362,200</b>	<b>176,098</b>	<b>176,098</b>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

SHIRE OF GOOMALLING  
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22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2016 \$	New Loans \$	Principal Repayments		Principal 30 June 2017		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Recreation and culture</b>								
Loan 111 - New Sports Pavilion	1,199,550	0	20,725	21,905	1,178,825	1,177,645	75,727	74,846
<b>Economic services</b>								
Loan 104 - Goomalling Community Centre	249,871	0	45,478	45,478	204,393	204,393	17,711	18,245
Loan 105 - Slater Homestead	74,958	0	13,644	13,644	61,314	61,314	5,313	5,473
Loan 106 - Rural Transaction Centre	434,035	0	11,922	11,857	422,113	422,178	37,326	37,721
Loan 108 - Grange & Salmon Gums Subdivisions	928,591	0	141,745	141,620	786,846	786,971	65,530	68,380
Loan 109 - Caravan Park Ablution Block	53,389	0	12,280	12,280	41,109	41,109	2,382	2,753
Loan 112 - Bendigo Bank Cashflow	1,250,000	0	250,000	300,000	1,000,000	950,000	58,624	65,930
	4,190,394	0	495,794	546,784	3,694,600	3,643,610	262,614	273,348
<b>Self Supporting Loans</b>								
<b>Economic services</b>								
Loan 110 - Mortlock Sports Council SLL	361,197	0	28,691	28,661	332,506	332,536	22,422	22,453
	361,197	0	28,691	28,661	332,506	332,536	22,422	22,453
	4,551,591	0	524,485	575,445	4,027,106	3,976,146	285,035	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 - 2016/17**

The Shire did not take up any new debentures during the year ended 30 June 2017.

**(c) Unspent Debentures**

The Shire did not have any unspent debentures as at 30 June 2017.

**(d) Overdraft**

The Shire has no overdraft facility.

**SHIRE OF GOOMALLING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**23. RATING INFORMATION - 2016/17 FINANCIAL YEAR**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>Differential general rate / general rate</b>											
<b>Gross rental value valuations</b>											
Gross Rental Value - District	0.1223	221	1,528,203	186,899			186,202	186,899	0	0	186,899
<b>Unimproved value valuations</b>											
Unimproved Value - Rural Zone 2	0.0062	36	15,737,000	97,569			97,569	97,569	0	0	97,569
Unimproved Value - Special Rural	0.0123	16	1,696,000	20,861			20,861	20,861	0	0	20,861
Unimproved Value - General Zone 3	0.0074	223	152,188,000	1,121,626			1,121,626	1,121,626	0	0	1,121,626
<b>Sub-Total</b>		496	171,149,203	1,426,955	0	0	1,426,258	1,426,955	0	0	1,426,955
<b>Minimum payment</b>	<b>Minimum \$</b>										
<b>Gross rental value valuations</b>											
Gross Rental Value - District	940	209	904,756	196,460			196,460	196,460	0	0	196,460
<b>Unimproved value valuations</b>											
Unimproved Value - Rural Zone 2	1,090	33	4,909,500	35,970			35,970	35,970	0	0	35,970
Unimproved Value - Special Rural	1,090	2	155,500	2,180			2,180	2,180	0	0	2,180
Unimproved Value - General Zone 3	1,090	70	5,633,094	76,300			76,300	76,300	0	0	76,300
<b>Sub-Total</b>		314	11,602,850	310,910	0	0	310,910	310,910	0	0	310,910
<b>Total amount raised from general rate</b>		<b>810</b>	<b>182,752,053</b>	<b>1,737,865</b>	<b>0</b>	<b>0</b>	<b>1,737,168</b>	<b>1,737,865</b>	<b>0</b>	<b>0</b>	<b>1,737,865</b>
Specified Area Rate (refer note 25)							1,737,168				1,737,865
Ex-gratia rates							200,753				200,753
<b>Totals</b>							16,272				16,272
							1,954,193				1,954,890

**SHIRE OF GOOMALLING**  
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**25. SPECIFIED AREA RATE - 2016/17 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 \$	Budget Interim Rate Revenue \$
Sewerage Scheme Levy	GRV	0.0844	2,377,745	200,753	0	0	200,753	200,753	0	0
				200,753	0	0	200,753	200,753	0	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 \$	Budget Reserve Applied to Costs \$
Sewerage Scheme Levy	To contribute towards maintenance upgrades and/or capex associated with the town's sewerage scheme.	Properties connected to the town's reticulated sewerage scheme.	200,753	8,278	0	200,753	8,285	0
			200,753	8,278	0	200,753	8,285	0

**26. SERVICE CHARGES - 2016/17 FINANCIAL YEAR**

No service charges were imposed by the Shire during the year ended 2017.

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2016/17 FINANCIAL YEAR**

**Rates Discounts**

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

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



SHIRE OF GOOMALLING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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28. INTEREST CHARGES AND INSTALMENTS - 2016/17 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	05 September 16	0	0.00%	11.00%	
<b>Option Two</b>					
First Instalment	05 September 16	0	5.50%	11.00%	
Second Instalment	05 November 16	5	5.50%	11.00%	
Third Instalment	05 January 17	5	5.50%	11.00%	
Fourth Instalment	05 March 17	5	5.50%	11.00%	
Interest on unpaid rates					
Interest on instalment plan					
Charges on instalment plan					
			<b>FY17 Revenue \$</b>	<b>Budgeted Revenue \$</b>	<b>FY16 Revenue \$</b>
			17,799	15,375	12,471
			5,455	5,125	4,674
			2,065	2,050	1,775
			<b>25,319</b>	<b>22,550</b>	<b>18,920</b>

**SHIRE OF GOOMALLING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	2017	2016
	\$	\$
<b>29. FEES &amp; CHARGES</b>		
Governance	7,020.00	8,038.00
General purpose funding	2,065	1,775
Law, order, public safety	64,959	59,131
Health	670,643	640,053
Education and welfare	1,203	1,220
Housing	248,207	248,070
Community amenities	119,035	113,662
Recreation and culture	38,968	27,819
Transport	460	460
Economic services	212,567	217,389
Other property and services	255,251	42,706
	<u>1,620,378</u>	<u>1,360,323</u>

**30. GRANT REVENUE**

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

	2017	2016
	\$	\$
<b>By Nature or Type:</b>		
<b>Operating grants, subsidies and contributions</b>		
General purpose funding	1,090,617	338,615
Law, order, public safety	4,000.00	378,614.00
Recreation and culture	36,000	36,000
Economic services	169,526	194,196
Other property and services	3,122	2,500
	<u>1,303,265</u>	<u>949,925</u>
<b>Non-operating grants, subsidies and contributions</b>		
Recreation and culture	0	487,500
Transport	1,020,381	1,069,923
Economic services	35,000	56,100
	<u>1,055,381</u>	<u>1,613,523</u>
	<u>2,358,646</u>	<u>2,563,448</u>

**31. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

28	28
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**32. ELECTED MEMBERS REMUNERATION**

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

	2017	2017 Budget	2016
	\$	\$	\$
Meeting Fees	21,200	25,000	24,300
Presidents allowance	2,500	2,500	2,500
Deputy Presidents allowance	625	625	625
Travelling expenses	4,368	5,000	4,697
	<u>28,693</u>	<u>33,125</u>	<u>32,122</u>

**SHIRE OF GOOMALLING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**33. RELATED PARTY TRANSACTIONS**

**Key Management Personnel (KMP) Compensation Disclosure**

**2017**  
\$

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

Short-term employee benefits	380,809
Other long-term benefits	2,214
	<u>383,023</u>

**Short-term employee benefits**

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 32.

**Other long-term benefits**

These amounts represent long service benefits accruing during the year.

**Related Parties**

**The Shire's main related parties are as follows:**

*i. Key management personnel*

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

*ii. Entities subject to significant influence by the Shire*

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

**Transactions with related parties**

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

The following transactions occurred with related parties:

**2017**  
\$

**Associated companies/individuals:**

Purchase of goods and services	96,857
--------------------------------	--------

**Amounts payable to related parties:**

Trade and other payables	14,334
--------------------------	--------

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

**SHIRE OF GOOMALLING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**34. MAJOR LAND TRANSACTIONS**

**Salmon Gum Way and Grange Street Subdivisions**

(a) Details

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

(b) Transactions to date

<b>Salmon Gum Way Subdivision</b>	\$	\$
Development Expenses		
2007-2008	361,983	
2008-2009	64,794	
2009-2010	131,128	
2010-2011	76,162	
2011-2012	<u>1,276</u>	<u>635,343</u>
<b>Grange Subdivision</b>		
Development Expenses		
2007-2008	46,957	
2008-2009	340,678	
2009-2010	329,693	
2010-2011	61,415	
2011-2012	<u>7,660</u>	<u>786,403</u>
Total Development Expenses		1,421,746
Less Book Value of Land Sold	<u>(396,444)</u>	<u>(396,444)</u>
Impairment Loss/Gain		
2013-2014	(142,465)	
2014-2015	(184,550)	
2015-2016	(212,447)	
2016-2017	81,160	(458,302)
Book Value of Development		<u>567,000</u>
Plus Interest on Borrowings		
2007-2008	46,381	
2008-2009	63,483	
2009-2010	44,399	
2010-2011	14,026	
2011-2012	57,376	
2012-2013	104,820	
2013-2014	95,867	
2014-2015	91,204	
2015-2016	80,039	
2016-2017	<u>65,530</u>	<u>663,125</u>
Total Costs of Development to Date		1,230,125

**SHIRE OF GOOMALLING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**34. MAJOR LAND TRANSACTIONS ( Continued)**

The Council has 13 blocks for sale. Based on the development cost to date plus interest on borrowings, the unit cost of remaining blocks are on average \$43,615 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.

**Salmon Gum Way and Grange Street Subdivisions**

- loss on sale	59,159	0	0
<b>Capital income</b>			
- Sale proceeds	55,000	0	0
<b>Capital expenditure</b>			
- Purchase of land	0	0	0
- Development costs	0	0	0
	<u>114,159</u>	<u>0</u>	<u>0</u>

The above capital expenditure is included in land held for resale.

(c) Expected Future Cash Flows

	2018	2019	2020	2021	Total
	\$	\$	\$	\$	\$
<b>Cash outflows</b>					
- Development costs	0	0	0	0	0
- Loan repayments	(152,683)	(164,586)	(177,418)	(191,249)	(685,936)
	<u>(152,683)</u>	<u>(164,586)</u>	<u>(177,418)</u>	<u>(191,249)</u>	<u>(685,936)</u>
<b>Cash inflows</b>					
- Loan proceeds	0	0	0	0	0
- Sale proceeds	250,000	0	0	118,000	368,000
	<u>250,000</u>	<u>0</u>	<u>0</u>	<u>118,000</u>	<u>368,000</u>
<b>Net cash flows</b>	<u>97,317</u>	<u>(164,586)</u>	<u>(177,418)</u>	<u>(73,249)</u>	<u>(317,936)</u>

**35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2016/2017 financial year.

**SHIRE OF GOOMALLING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**36. 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	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	1,596,478	1,631,363	1,596,478	1,631,363
Receivables	719,497	675,618	719,497	675,618
	<u>2,362,403</u>	<u>2,357,860</u>	<u>2,362,403</u>	<u>2,357,860</u>
<b>Financial liabilities</b>				
Payables	266,449	444,417	266,449	444,417
Borrowings	4,027,106	4,383,120	4,985,764	4,383,120
	<u>4,293,555</u>	<u>4,827,537</u>	<u>5,252,213</u>	<u>4,827,537</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 2017**

**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>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	15,965	16,314
- Statement of Comprehensive Income	15,965	16,314

**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 2017**

**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:

	<b>2017</b>	<b>2016</b>
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	26%	75%
- Overdue	74%	25%



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

**(c) Payables**

**Borrowings**

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

2016

**SHIRE OF GOOMALLING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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 2017</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	0	41,083		1,052,678	2,933,345	4,027,106	6.61%
Weighted average Effective interest rate	0.00%	0.00%	5.47%	0.00%	7.65%	6.26%		

**Year ended 30 June 2016**

**Borrowings**

<b>Fixed rate</b>								
Debentures	0	0	0	53,364	1,250,000	3,248,627	4,551,991	6.62%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	5.74%	5.00%	7.17%		



# Anderson Munro & Wyllie

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

### Opinion

We have audited the financial report of Shire of Goomalling for the year ended 30 June 2017. The financial report comprises the Statement by Chief Executive Officer, Statements of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial report of the Shire of Goomalling is in accordance with the requirements of the *Local Government Act 1995*, including:

- a) giving a true and fair view of the Shire of Goomalling's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards to the extent described in Note 1.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Shire of Goomalling in accordance with auditor independence requirements of the *Local Government Act 1995* and the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Matters

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

- a) The annual return submitted by a Councillor had the incorrect period of 1 July 2016 to 30 June 2017 recorded. The letter acknowledging the receipt of the annual return was issued and the return filed in the Register of Financial Interests, the error not being detected. This contravened the requirements of section 5.88 (2)(b) *Local Government Act 1995*.



## **Statutory Compliance**

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

- a) Except for the issue identified in the above 'Other Matters' paragraph we did not during the course of the audit, become aware of any other instances where the Council did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.
- b) There were no material or significant adverse trends in financial position or financial management practices revealed during the course of our audit.
- c) We have obtained all necessary information and explanations in relation to our audit.
- d) Our audit procedures were all satisfactorily completed.
- e) In relation to the Supplementary Ratio Information presented at page 62 of this report, we have reviewed the calculations as presented and in our opinion these are:
  - i. Based on verifiable information; and
  - ii. Reasonable assumptions.

## **Information Other than the Financial Report and Auditor's Report Thereon**

Those charged with governance are responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

## **Responsibilities of Council, and Those Charged with Governance for the Financial Report**

The Council is responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Local Government Act 1995 and Regulations*, and is appropriate to meet the needs of the electors. Council's responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Council is responsible for assessing the Shire of Goomalling's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intend to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Shire of Goomalling's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Report**

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


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



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

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

Dated the 7<sup>th</sup> day of March 2018 in Perth, Western Australia



**BILLY-JOE THOMAS**  
Director



**ANDERSON MUNRO & WYLLIE**  
Chartered Accountants

**SHIRE OF GOOMALLING  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2017**

**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.

	2017	2016	2015
Asset consumption ratio	0.97	0.99	0.73
Asset renewal funding ratio	0.98	1.01	2.05

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