

Shire of Goomalling



Annual Report 2019/20

17 May 2021





CONTENTS

Agenda

Minutes of Previous Meeting

Financial Statements

Statement by Chief Executive Officer

Statement of Comprehensive Income by Nature or Type

Statement of Comprehensive Income by Program

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Rate Setting Statement

Notes to and Forming Part of the Financial Report

Supplementary Ratio Information

Independent Audit Report

Shire President's Report

Chief Executive Officer's Report

SHIRE OF GOOMALLING
AGENDA FOR ANNUAL GENERAL MEETING OF ELECTORS
MONDAY, 17 MAY 2021



Agenda for the **Annual General Meeting of Electors** of the Shire of Goomalling, to be held at the Goomalling Sport & Community Centre on **Monday 17 May 2021**, commencing at 7.00pm.

Business:

- 1. Opening and President's Welcome**
- 2. Attendance and Submission of Apologies**
- 3. Confirmation of Minutes of Previous Meeting – 15 December 2020**

Recommendation

That the Minutes of the Annual General Meeting of Electors held on 15 December 2020 as read be confirmed as true and correct record of proceedings.

4. Matters Arising from Minutes

5. Business of the Meeting

5.1 Receiving the 2019/20 Annual Financial Report

Recommendation

That the Shire of Goomalling 2019/20 Annual Financial Report for the year ended 30 June 2020 be received.

5.2 Receiving of the Annual Report incorporating

- (i) President's Report**
- (ii) Chief Executive Officer's Report**
- (iii) Auditor's Report**

Recommendation

That the Shire of Goomalling 2019/20 Annual Report, Annual Financial Statements and the Independent Auditor's Report for the year ended 30 June 2020 be received.

6 Other Business

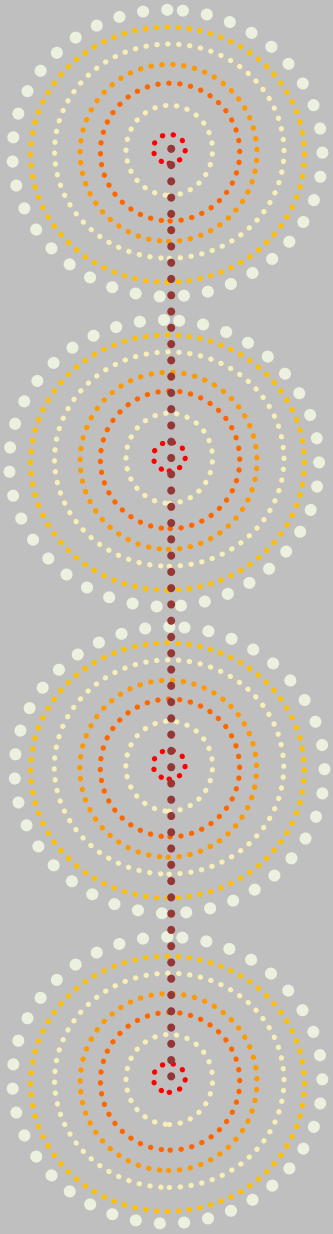
7 Closure

Shire of Goomalling



Annual General Meeting of Electors 2018/2019

15 December 2020



GOOMALLING
MINUTES OF ANNUAL GENERAL MEETING OF ELECTORS
TUESDAY 15 DECEMBER 2020



Annual General Meeting of Electors of the Shire of Goomalling, held at the Goomalling Sport & Community Centre on **Tuesday 15th December 2020**, commencing at 7.00pm.

Business:

1. Opening and President's Welcome

The Shire President, Cr Barry Haywood, declared the meeting open at 7.00 pm.

2. Attendance and Submission of Apologies

Councillors

Shire President	Cr Barry Haywood
Councillor	Cr Julie Chester
Councillor	Cr Brendon Wilkes
Councillor	Cr Roly Van Gelderen
Councillor	Cr Casey Butt
Councillor	Cr Christine Barratt

Staff

Chief Executive Officer	Mr Peter Bentley
Finance Manager	Ms Natalie Bird
Works Manager	Mr David Long

Electors

Louise Barker, Doug French, Christine Van Gelderen and Di Sewell

Apologies

Cr Rodney Sheen, John Bird, Margaret Bird and Sue Carr

3. Confirmation of Minutes of Previous Meeting – Tuesday 4 June 2019

Recommendation

That the Minutes of the Annual General Meeting of Electors held on 4 June 2019 as read be confirmed as true and correct record of proceedings.

Resolution

Moved Doug French, seconded Cr Christine Barratt

that the Minutes of the Annual General Meeting of Electors held on 4 June 2019 as read be confirmed as true and correct record of proceedings.

CARRIED



4. Matters Arising from Minutes

- **Investigation into the Corellas – It was asked how Council was going to be able to control the population of them.**

The CEO provided a brief commentary on the steps that had been investigated and advised that financially the problem was now well beyond what a single council could sustain. Further discussions are taking place with other stakeholders to address the problem.

- **No Retirement Village units were sold, but they are now all rented.**

The CEO advised that the village solution had been abandoned and that Council has reverted to renting the properties. All units are currently tenanted.

5. Business of the Meeting

5.1 Receiving the 2018/2019 Annual Financial Report

Doug French would like to commend the Council and the Staff for the improvement and condition of the road network within the Shire.

Recommendation

That the Shire of Goomalling 2018/2019 Annual Financial Report for the year ended 30 June 2019 be received.

Resolution

Moved Cr Chester, seconded Di Sewell

that the Shire of Goomalling 2018/2019 Annual Financial Report for the year ended 30 June 2019 be received.

CARRIED

5.2 Receiving of the Annual Report incorporating

- (i) **President's Report**
- (ii) **Chief Executive Officer's Report**
- (iii) **Auditor's Report**

Recommendation

That the Shire of Goomalling 2018/2019 Annual Report, Annual Financial Statements and the Independent Auditor's Report for the year ended 30 June 2019 be received.

Resolution

Moved Cr Roly Van Gelderen, seconded Cr Christine Barratt,

that the Shire of Goomalling 2018/2019 Annual Report, Annual Financial Statements and the Independent Auditor's Report for the year ended 30 June 2019 be received.

CARRIED



6 Other Business

- A question from the floor regarding when will the works be continued on the Bolgart East Road and the meeting was advised that would be in the next couple of years due to all the extra funding and road works that is being completed.
- Some discussion also took place regarding the difficulty and cost of obtaining clearing permits to undertake roadworks. The CEO advised that the next phase of the Meckering Road permit had already exceeded \$100,000 and that there was still more to do to obtain the permit.

7 Closure

There being no further business the Shire President thanked everyone for attending and declared the meeting closed at 7.47 pm

SHIRE OF GOOMALLING
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Program	3
Statement of Comprehensive Income by Nature or Type	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Index of Notes to the Financial Report	9
Independent Auditor's Report	56

COMMUNITY VISION

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

Principal place of business:
32 Quinlan Street
GOOMALLING WA 6460

**SHIRE OF GOOMALLING
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Goomalling for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the Shire of Goomalling at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

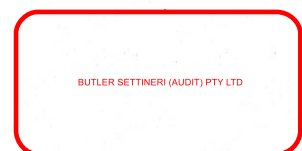
Signed on the **FIFTEENTH** day of **APRIL** 2021



Chief Executive Officer

Peter Bentley

Name of Chief Executive Officer



SHIRE OF GOOMALLING
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
	2(a)			
Governance		74,269	46,500	66,834
General purpose funding		2,792,381	2,371,420	2,727,976
Law, order, public safety		142,265	123,750	69,078
Health		655,143	699,026	711,802
Education and welfare		1,503	0	1,971
Housing		237,392	284,440	268,140
Community amenities		461,240	347,900	357,972
Recreation and culture		81,542	136,699	78,048
Transport		118,940	122,932	3,581
Economic services		249,547	241,950	430,216
Other property and services		62,840	110,060	107,301
		4,877,062	4,484,677	4,822,919
Expenses				
	2(b)			
Governance		(294,958)	(302,984)	(514,071)
General purpose funding		(83,597)	(76,227)	(18,430)
Law, order, public safety		(339,915)	(214,439)	(162,226)
Health		(769,179)	(773,143)	(753,035)
Education and welfare		(33,087)	(31,168)	(10,486)
Housing		(330,341)	(356,370)	(314,878)
Community amenities		(638,649)	(491,915)	(434,288)
Recreation and culture		(945,458)	(932,223)	(868,404)
Transport		(1,665,725)	(1,480,998)	(1,685,658)
Economic services		(520,899)	(434,812)	(735,542)
Other property and services		(40,960)	(84,756)	(434,300)
		(5,662,768)	(5,179,035)	(5,931,318)
Finance Costs				
	2(b)			
General purpose funding		0	(1,000)	(771)
Housing		(9,517)	(6,592)	0
Recreation and culture		(114,257)	(93,900)	0
Economic services		(71,398)	(51,163)	(232,757)
Other property and services		0	0	(1,325)
		(195,172)	(152,655)	(234,853)
		(980,878)	(847,013)	(1,343,252)
Non-operating grants, subsidies and contributions	2(a)	2,102,864	1,455,950	425,172
Profit on disposal of assets	10(a)	0	0	570
(Loss) on disposal of assets	10(a)	(92,522)	0	(81,436)
Fair value adjustments to financial assets at fair value through profit or loss		864	0	6,151
		2,011,206	1,455,950	350,457
Net result for the period		1,030,328	608,937	(992,795)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	(509,526)	0	(83,595)
Total other comprehensive income for the period		(509,526)	0	(83,595)
Total comprehensive income for the period		520,802	608,937	(1,076,390)

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



SHIRE OF GOOMALLING
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	23(a)	2,112,927	2,114,420	2,118,671
Operating grants, subsidies and contributions	2(a)	1,227,318	693,382	976,691
Fees and charges	2(a)	1,304,697	1,439,626	1,426,460
Interest earnings	2(a)	54,645	61,599	69,435
Other revenue	2(a)	177,475	175,650	231,662
		<u>4,877,062</u>	<u>4,484,677</u>	<u>4,822,919</u>
Expenses				
Employee costs		(2,395,543)	(1,876,142)	(2,301,325)
Materials and contracts		(1,051,074)	(1,320,043)	(1,441,060)
Utility charges		(259,049)	(191,344)	(271,634)
Depreciation on non-current assets	10(b)	(1,587,563)	(1,493,900)	(1,541,152)
Interest expenses	2(b)	(195,172)	(152,655)	(234,853)
Insurance expenses		(194,552)	(136,406)	(174,180)
Other expenditure	2(b)	(174,987)	(161,200)	(201,967)
		<u>(5,857,940)</u>	<u>(5,331,690)</u>	<u>(6,166,171)</u>
		<u>(980,878)</u>	<u>(847,013)</u>	<u>(1,343,252)</u>
Non-operating grants, subsidies and contributions	2(a)	2,102,864	1,455,950	425,172
Profit on asset disposals	10(a)	0	0	570
(Loss) on asset disposals	10(a)	(92,522)	0	(81,436)
Fair value adjustments to financial assets at fair value through profit or loss		864	0	6,151
		<u>2,011,206</u>	<u>1,455,950</u>	<u>350,457</u>
Net result for the period		1,030,328	608,937	(992,795)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	(509,526)	0	(83,595)
Total other comprehensive income for the period		(509,526)	0	(83,595)
Total comprehensive income for the period		520,802	608,937	(1,076,390)

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



SHIRE OF GOOMALLING
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTE	2020	2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	119,216	349,077
Trade and other receivables	6	337,502	237,277
Other financial assets	5(a)	942,966	964,295
Inventories	7	34,106	33,371
TOTAL CURRENT ASSETS		1,433,790	1,584,020
NON-CURRENT ASSETS			
Trade and other receivables	6	84,547	73,699
Other financial assets	5(b)	251,498	287,664
Inventories	7	530,000	530,000
Property, plant and equipment	8	24,554,545	26,322,446
Infrastructure	9	41,704,989	40,216,431
Right of use assets	11(a)	23,036	0
TOTAL NON-CURRENT ASSETS		67,148,615	67,430,240
TOTAL ASSETS		68,582,405	69,014,260
CURRENT LIABILITIES			
Trade and other payables	13	308,349	388,618
Contract liabilities	14	79,868	0
Lease liabilities	15(a)	2,088	4,405
Borrowings	16(a)	338,202	368,500
Employee related provisions	17	500,748	391,544
TOTAL CURRENT LIABILITIES		1,229,255	1,153,067
NON-CURRENT LIABILITIES			
Lease liabilities	15(a)	23,230	0
Borrowings	16(a)	2,908,413	3,247,708
Employee related provisions	17	69,187	20,100
TOTAL NON-CURRENT LIABILITIES		3,000,830	3,267,808
TOTAL LIABILITIES		4,230,085	4,420,875
NET ASSETS		64,352,320	64,593,385
EQUITY			
Retained surplus		26,141,760	25,289,692
Reserves - cash/financial asset backed	4	906,175	929,955
Revaluation surplus	12	37,304,385	38,373,738
TOTAL EQUITY		64,352,320	64,593,385

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



SHIRE OF GOOMALLING
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/FINANCIAL ASSET BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2018		26,312,441	900,001	38,457,333	65,669,775
Comprehensive income					
Net result for the period		(992,795)	0	0	(992,795)
Other comprehensive income	12	0	0	(83,595)	(83,595)
Total comprehensive income		(992,795)	0	(83,595)	(1,076,390)
Transfers to reserves	4	(29,954)	29,954	0	0
Balance as at 30 June 2019		25,289,692	929,955	38,373,738	64,593,385
Initial application of the accounting standards	27(b)	(202,040)	0	0	(202,040)
Change in legislation	27(b)	0	0	(559,827)	(559,827)
Restated total equity at 1 July 2019		25,087,652	929,955	37,813,911	63,831,518
Comprehensive income					
Net result for the period		1,030,328	0	0	1,030,328
Other comprehensive income	12	0	0	(509,526)	(509,526)
Total comprehensive income		1,030,328	0	(509,526)	520,802
Transfers from reserves	4	39,191	(39,191)	0	0
Transfers to reserves	4	(15,411)	15,411	0	0
Balance as at 30 June 2020		26,141,760	906,175	37,304,385	64,352,320

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



SHIRE OF GOOMALLING
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,998,300	2,114,420	2,129,074
Operating grants, subsidies and contributions		1,066,204	693,382	1,124,022
Fees and charges		1,304,697	1,439,626	1,426,460
Interest received		54,645	61,599	69,435
Goods and services tax received		390,701	300,000	237,610
Other revenue		177,475	175,650	231,662
		4,992,022	4,784,677	5,218,263
Payments				
Employee costs		(2,226,381)	(1,876,142)	(2,340,478)
Materials and contracts		(1,090,639)	(1,320,043)	(1,719,386)
Utility charges		(259,049)	(191,344)	(271,634)
Interest expenses		(195,172)	(208,178)	(238,820)
Insurance paid		(194,552)	(136,406)	(174,180)
Goods and services tax paid		(400,514)	(300,000)	(234,195)
Other expenditure		(174,987)	(161,200)	(201,967)
		(4,541,294)	(4,193,313)	(5,180,660)
Net cash provided by (used in) operating activities	18	450,728	591,364	37,603
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from financial assets at amortised cost - term deposits		23,780	0	(29,954)
Payments for purchase of property, plant & equipment	8(a)	(163,553)	(190,600)	(97,586)
Payments for construction of infrastructure	9(a)	(2,529,368)	(2,168,500)	(413,170)
Non-operating grants, subsidies and contributions	2(a)	2,102,864	1,455,950	425,173
Proceeds from financial assets at amortised cost - self supporting loans		34,580	34,564	32,467
Proceeds from sale of property, plant & equipment	10(a)	244,258	0	87,727
Proceeds from sale of infrastructure		0	0	106,395
Net cash provided by (used in) investment activities		(287,438)	(868,586)	111,052
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	16(b)	(369,594)	(3,381,232)	(334,439)
Payments for principal portion of lease liabilities	15(b)	(23,556)	(2,317)	(60,674)
Proceeds from new borrowings	16(c)	0	3,500,000	0
Net cash provided by (used in) financing activities		(393,150)	116,451	(395,113)
Net increase (decrease) in cash held		(229,861)	(160,771)	(246,458)
Cash at beginning of year		349,077	1,253,149	595,535
Cash and cash equivalents at the end of the year	18	119,216	1,092,378	349,077

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



**SHIRE OF GOOMALLING
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	24 (b)	(252,665)	5,237	52,200
		(252,665)	5,237	52,200
Revenue from operating activities (excluding rates)				
Governance		75,133	46,500	72,985
General purpose funding		890,792	469,488	841,997
Law, order, public safety		142,265	123,750	69,078
Health		655,143	699,026	711,802
Education and welfare		1,503	0	1,971
Housing		237,392	284,440	268,140
Community amenities		461,240	347,900	357,972
Recreation and culture		81,542	136,699	78,048
Transport		118,940	122,932	4,151
Economic services		249,547	241,950	430,216
Other property and services		62,840	110,060	107,301
		2,976,337	2,582,745	2,943,661
Expenditure from operating activities				
Governance		(294,958)	(302,984)	(514,071)
General purpose funding		(83,597)	(77,227)	(19,201)
Law, order, public safety		(339,915)	(214,439)	(162,226)
Health		(769,179)	(773,143)	(753,035)
Education and welfare		(33,087)	(31,168)	(10,486)
Housing		(339,858)	(362,962)	(314,878)
Community amenities		(638,649)	(491,915)	(434,288)
Recreation and culture		(1,059,715)	(1,026,123)	(868,404)
Transport		(1,758,247)	(1,480,998)	(1,767,094)
Economic services		(592,297)	(485,975)	(968,299)
Other property and services		(40,960)	(84,756)	(435,625)
		(5,950,462)	(5,331,690)	(6,247,607)
Non-cash amounts excluded from operating activities	24(a)	1,719,461	1,495,901	1,599,204
Amount attributable to operating activities		(1,507,329)	(1,247,807)	(1,652,542)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	2,102,864	1,455,950	425,172
Proceeds from disposal of assets	10(a)	244,258	0	194,122
Proceeds from financial assets at amortised cost - self supporting loans		34,580	34,564	32,467
Purchase of property, plant and equipment	8(a)	(163,553)	(190,600)	(97,586)
Purchase and construction of infrastructure	9(a)	(2,529,368)	(2,168,500)	(413,170)
Amount attributable to investing activities		(311,219)	(868,586)	141,005
FINANCING ACTIVITIES				
Repayment of borrowings	16(b)	(369,594)	(3,381,232)	(334,439)
Proceeds from borrowings	16(c)	0	3,500,000	0
Payments for principal portion of lease liabilities	15(b)	(23,556)	(2,317)	(60,674)
Transfers to reserves (restricted assets)	4	(15,411)	(15,000)	(29,954)
Transfers from reserves (restricted assets)	4	39,191	70,000	0
Amount attributable to financing activities		(369,370)	171,451	(425,067)
Surplus/(deficit) before imposition of general rates		(2,187,918)	(1,944,942)	(1,936,604)
Total amount raised from general rates	23(a)	1,901,589	1,901,932	1,885,979
Surplus/(deficit) after imposition of general rates	24(b)	(286,328)	(43,010)	(50,625)

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



SHIRE OF GOOMALLING
INDEX OF NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

Note 1	Basis of Preparation	10
Note 2	Revenue and Expenses	11
Note 3	Cash and Cash Equivalents	15
Note 4	Reserves - Cash backed	16
Note 5	Other Financial Assets	17
Note 6	Trade and Other Receivables	18
Note 7	Inventories	19
Note 8	Property, Plant and Equipment	20
Note 9	Infrastructure	22
Note 10	Fixed Assets	24
Note 11	Leases	27
Note 12	Revaluation Surplus	28
Note 13	Trade and Other Payables	29
Note 14	Contract Liabilities	30
Note 15	Lease Liabilities	31
Note 16	Information on Borrowings	32
Note 17	Employee Provisions	34
Note 18	Notes to the Statement of Cash Flows	35
Note 19	Total Assets Classified by Function and Activity	36
Note 20	Contingent Liabilities	37
Note 21	Related Party Transactions	38
Note 22	Major Land Transactions	40
Note 23	Rating Information	41
Note 24	Rate Setting Statement Information	45
Note 25	Financial Risk Management	46
Note 26	Initial Application of Australian Accounting Standards	50
Note 27	Change in accounting policy	51
Note 28	Trust Funds	53
Note 29	Other Significant Accounting Policies	54
Note 30	Activities/Programs	55
Note 31	Financial Ratios	56

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, *Financial Management Regulation 16* arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire. This was not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

From 1 July 2019, the Shire has applied AASB 16 Leases which requires leases to be included by lessees in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

On 1 July 2020 the following new accounting standards are to be adopted:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*

AASB 1059 *Service Concession Arrangements: Grantors* is not expected to impact the financial report.

Specific impacts of AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*, have not been identified.

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 28 to these financial statements.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service and recycling kerbside collection	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	General reimbursement and Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions			
Governance	3,660	0	0
General purpose funding	825,413	400,000	771,050
Law, order, public safety	67,606	55,000	7,000
Health	25,000	25,000	0
Housing	0	0	20,000
Community amenities	144,000	21,900	0
Recreation and culture	38,599	93,550	0
Transport	93,040	97,932	0
Economic services	30,000	0	175,005
Other property and services	0	0	3,636
	1,227,318	693,382	976,691
Non-operating grants, subsidies and contributions			
Recreation and culture	103,896	58,501	0
Transport	1,994,963	1,397,450	425,172
Economic services	4,005	0	0
	2,102,864	1,455,951	425,172
	3,330,182	2,149,333	1,401,863
Fees and charges			
Governance	930	0	3,204
General purpose funding	2,934	2,500	2,205
Law, order, public safety	69,846	13,500	62,078
Health	630,143	670,026	686,802
Education and welfare	0	0	1,772
Housing	228,020	284,440	242,351
Community amenities	127,316	131,000	139,361
Recreation and culture	18,682	25,800	33,441
Transport	0	0	684
Economic services	202,589	222,800	209,692
Other property and services	24,237	89,560	44,868
	1,304,697	1,439,626	1,426,460

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:

Operating grants, subsidies and contributions

Fees and charges

Other revenue

Non-operating grants, subsidies and contributions

	2020 Actual \$	2020 Budget \$	2019 Actual \$
	2,102,864	1,455,950	425,172
	<u>2,102,864</u>	<u>1,455,950</u>	<u>425,172</u>
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:			
Contracts with customers included as a contract liability at the start of the period	202,040		
Transfers intended for acquiring or constructing recognisable non financial assets included as a contract liability at the start of the period	1,900,824	1,455,950	425,172
	<u>2,102,864</u>	<u>1,455,950</u>	<u>425,172</u>
Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:			
Contract liabilities from contracts with customers	79,868	0	0
	<u>(79,868)</u>	<u>0</u>	<u>0</u>

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

Consideration from contracts with customers is included in the transaction price.

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
General rates	1,901,589	1,901,932	1,885,979
Specified area rates	188,850	190,000	214,587
Statutory permits and licences	6,774	20,000	13,375
Fines	3,174	1,000	1,044
	2,100,387	2,112,932	2,114,985

Other revenue

Reimbursements and recoveries	105,580	95,650	171,373
Sale of inventory	71,895	80,000	0
Other	0	0	60,289
	177,475	175,650	231,662

Interest earnings

Financial assets at amortised cost - self supporting loans	16,534	16,849	18,797
Interest on reserve funds	15,411	15,000	20,920
Rates instalment and penalty interest (refer Note 23(d))	22,700	17,750	21,835
Other interest earnings	0	12,000	7,884
	54,645	61,599	69,436

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

(b) Expenses

Auditors remuneration

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
- Audit of the Annual Financial Report	20,045	30,000	20,000
	20,045	30,000	20,000

Interest expenses (finance costs)

Borrowings	16(b)	194,630	151,554	233,529
Lease liabilities	15(b)	542	0	1,324
		195,172	151,554	234,853

Other expenditure

Sundry expenses		174,987	161,200	201,967
		174,987	161,200	201,967

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

3. CASH AND CASH EQUIVALENTS

	NOTE	2020 \$	2019 \$
Cash at bank and on hand		119,216	349,077
Total cash and cash equivalents		119,216	349,077

Restrictions

The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents		52,328	34,233
- Financial assets at amortised cost - term deposits	5	906,175	929,955
		958,503	964,187

The restricted assets are a result of the following specific purposes to which the assets may be used:

Reserves - cash/financial asset backed	4	906,175	929,955
Local Medical Practice - funds used only for the Medical Practice		52,328	34,232
Total restricted assets		958,503	964,187

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash 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.

Restricted assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

SHIRE OF GOOMALLING
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

4. RESERVES - CASH/FINANCIAL ASSET
 BACKED

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Reserves cash backed - Leave Reserve	109,813	2,000	0	111,813	109,813	2,000	0	111,813	107,342	2,471	0	109,813
(b) Reserves cash backed - Aged Care Reserve	116,681	2,000	0	118,681	116,681	2,000	0	118,681	114,056	2,625	0	116,681
(c) Reserves cash backed - Sewerage Reserve	319,713	4,800	0	324,513	319,713	4,800	0	324,513	312,519	7,194	0	319,713
(d) Reserves cash backed - Vehicle Reserve	105,115	2,000	0	107,115	105,115	2,000	0	107,115	102,750	2,365	0	105,115
(e) Reserves cash backed - LCDC Reserve	10,211	150	0	10,361	10,211	150	0	10,361	9,981	230	0	10,211
(f) Reserves cash backed - Staff housing Reserve	49,494	1,000	(17,500)	32,994	49,494	1,000	(20,000)	30,494	48,381	1,113	0	49,494
(g) Reserves cash backed - Community Bus Reserve	52,976	800	0	53,776	52,976	800	0	53,776	51,784	1,192	0	52,976
(h) Reserves cash backed - Mortlock Lodge Reserve	3,172	2,508	(17,500)	(11,820)	3,171	0	0	3,171	3,100	71	0	3,171
(i) Reserves cash backed - Plant replacement	153,542	0	0	153,542	153,543	2,250	(50,000)	105,793	150,088	3,455	0	153,543
(j) Reserves cash backed - SW Lag Officer AL/LSL	9,238	153	(4,191)	5,200	9,238	0	0	9,238	0	9,238	0	9,238
	929,955	15,411	(39,191)	906,175	929,955	15,000	(70,000)	874,955	900,001	29,954	0	929,955

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

In accordance with Council resolutions or adopted budget 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
(a) Reserves cash backed - Leave Reserve	ongoing	To be used to fund Long Service Leave Requirements
(b) Reserves cash backed - Aged Care Reserve	ongoing	To be used to provide for the needs of the aged
(c) Reserves cash backed - Sewerage Reserve	ongoing	To be used to maintain and upgrade the sewerage scheme in the Goomalling Townsite
(d) Reserves cash backed - Vehicle Reserve	ongoing	To be used for the purchase of motor vehicles and utilise if at a future date Council ceases to lease vehicles
(e) Reserves cash backed - LCDC Reserve	ongoing	To be used to fund Landcare Activities
(f) Reserves cash backed - Staff housing Reserve	ongoing	To be used for the maintenance, upgrading and construction of new housing for Council employees or public rental housing
(g) Reserves cash backed - Community Bus Reserve	ongoing	To be used to purchase a new Community Bus when the time arises
(h) Reserves cash backed - Mortlock Lodge Reserve	ongoing	To be used for maintenance and improvement to the Mortlock Retirement Units
(i) Reserves cash backed - Plant replacement	ongoing	To be used for the future replacement of plant
(j) Reserves cash backed - SW Lag Officer AL/LSL	ongoing	To be used to fund the SW LAG Officer annual and long service leave requirements

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

5. OTHER FINANCIAL ASSETS

(a) Current assets

Other financial assets at amortised cost

	2020	2019
	\$	\$
	942,966	964,295
	942,966	964,295

Other financial assets at amortised cost

Financial assets at amortised cost - term deposits (Note 3)

Financial assets at amortised cost - self supporting loan

	906,175	929,955
	36,791	34,341
	942,966	964,295

(b) Non-current assets

Financial assets at amortised cost - Self Support Loan

Financial assets at fair value through profit and loss

	198,082	235,113
	53,416	52,551
	251,498	287,664

Financial assets at amortised cost

Financial assets at amortised cost - self support loan

	198,082	235,113
	198,082	235,113

Financial assets at fair value through profit and loss

Units in Local Government House Trust

	53,416	52,551
	53,416	52,551

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 16(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 25.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable
 Trade and other receivables
 GST receivable

Non-current

Pensioner's rates and ESL deferred

	2020	2019
	\$	\$
	216,986	165,517
	91,911	52,968
	28,605	18,792
	<u>337,502</u>	<u>237,277</u>
	84,547	73,699
	<u>84,547</u>	<u>73,699</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 25.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

7. INVENTORIES

Current

Fuel and materials

Non-current

Land held for resale - cost (Note - 22 (d))

Less Impairment

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Additions to inventory

Carrying amount at end of period

	2020	2019
	\$	\$
	34,106	33,371
	34,106	33,371
	929,261	929,261
	(399,261)	(399,261)
	530,000	530,000
	563,371	553,694
	(113,517)	(119,285)
	114,252	128,962
	564,106	563,371

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Land held for resale (Continued)

Borrowing costs and holding charges incurred after development is completed are expensed.

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

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

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under	Total land	Buildings - non-specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Swimming Pool and Equipment	Total property, plant and
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	2,725,173	559,827	3,844,827	20,412,294	20,412,294	24,257,121	202,962	1,151,144	1,344,945	26,956,172
Additions	0	0	0	77,586	77,586	77,586	0	20,000	0	97,586
(Disposals)	(25,000)	0	(25,000)	(88,270)	(88,270)	(113,270)	0	(2,157)	0	(115,427)
Impairment (losses) / reversals	0	0	0	(83,595)	(83,595)	(83,595)	0	0	0	(83,595)
Depreciation (expense)	0	0	0	(311,089)	(311,089)	(311,089)	(43,952)	(152,220)	(25,029)	(532,290)
Carrying amount at 30 June 2019	3,260,000	559,827	3,819,827	20,006,926	20,006,926	23,826,753	159,010	1,016,767	1,319,916	26,322,446
Comprises:										
Gross carrying amount at 30 June 2019	3,260,000	559,827	3,819,827	20,608,004	20,608,004	24,427,831	433,685	1,439,782	1,393,056	27,694,354
Accumulated depreciation at 30 June 2019	0	0	0	(601,078)	(601,078)	(601,078)	(274,675)	(423,015)	(73,140)	(1,371,908)
Carrying amount at 30 June 2019	3,260,000	559,827	3,819,827	20,006,926	20,006,926	23,826,753	159,010	1,016,767	1,319,916	26,322,446
Due to change in legislation (Note 27)	0	(559,827)	(559,827)	0	0	(559,827)	0	0	0	(559,827)
Adjusted carrying amount as at 1 July 2019	3,260,000	0	3,260,000	20,006,926	20,006,926	23,266,926	159,010	1,016,767	1,319,916	25,762,619
Additions	0	0	0	45,718	45,718	45,718	11,615	106,220	0	163,553
(Disposals)	(65,000)	0	(65,000)	(239,403)	(239,403)	(304,403)	0	(32,377)	0	(336,780)
Revaluation increments / (decrements)	0	0	0	0	0	0	27,885	0	0	27,885
Impairment (losses) / reversals	0	0	0	(537,411)	(537,411)	(537,411)	0	0	0	(537,411)
Depreciation (expense)	0	0	0	(310,432)	(310,432)	(310,432)	(43,745)	(146,115)	(25,029)	(525,321)
Carrying amount at 30 June 2020	3,195,000	0	3,195,000	18,965,398	18,965,398	22,160,398	154,765	944,495	1,294,887	24,554,545
Comprises:										
Gross carrying amount at 30 June 2020	3,195,000	0	3,195,000	19,867,095	19,867,095	23,062,095	462,361	1,493,502	1,393,056	26,411,014
Accumulated depreciation at 30 June 2020	0	0	0	(901,697)	(901,697)	(901,697)	(307,596)	(549,007)	(98,169)	(1,856,469)
Carrying amount at 30 June 2020	3,195,000	0	3,195,000	18,965,398	18,965,398	22,160,398	154,765	944,495	1,294,887	24,554,545

SHIRE OF GOOMALLING
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar items (Net revaluation method)	Independent and Management Valuation	June 2017	Price per hectare/market borrowing rate
Buildings - non-specialised	3	Market approach using recent observable market data for similar items (Net revaluation method)	Independent and Management Valuation	June 2017	Improvements to buildings using construction costs and current condition (Level2), residual values and remaining useful life assessments (Level3) 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.

Following a change to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

SHIRE OF GOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

9. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - roads	Infrastructure - Sewerage	Infrastructure - Drainage	Infrastructure - Footpaths	Infrastructure - Other Infrastructure	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	34,994,288	1,628,196	2,357,503	733,700	1,257,997	40,971,686
Additions	263,246	0	0	43,529	106,395	413,170
(Disposals)	0	0	0	0	(159,561)	(159,561)
Depreciation (expense)	(880,471)	(33,520)	(40,804)	(24,463)	(29,604)	(1,008,862)
Carrying amount at 30 June 2019	34,377,063	1,594,676	2,316,699	752,766	1,175,227	40,216,431
Comprises:						
Gross carrying amount at 30 June 2019	37,476,272	1,694,350	2,720,258	839,506	1,248,650	43,979,036
Accumulated depreciation at 30 June 2019	(3,099,209)	(99,674)	(403,559)	(86,740)	(73,423)	(3,762,605)
Carrying amount at 30 June 2019	34,377,063	1,594,676	2,316,699	752,766	1,175,227	40,216,431
Additions	2,357,328	0	0	0	172,040	2,529,368
Depreciation (expense)	(896,199)	(33,519)	(40,803)	(25,688)	(44,601)	(1,040,810)
Carrying amount at 30 June 2020	35,838,192	1,561,157	2,275,896	727,078	1,302,666	41,704,989
Comprises:						
Gross carrying amount at 30 June 2020	39,833,600	1,694,350	2,720,258	839,506	1,420,690	46,508,404
Accumulated depreciation at 30 June 2020	(3,995,408)	(133,193)	(444,362)	(112,428)	(118,024)	(4,803,415)
Carrying amount at 30 June 2020	35,838,192	1,561,157	2,275,896	727,078	1,302,666	41,704,989

SHIRE OF GOOMALLING
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

9. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - roads	3	Cost approach using current replacement cost (Gross revaluation method)	Management Valuation	June 2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Sewerage	3	Cost approach using current replacement cost (Gross revaluation method)	Independent and Management Valuation	June 2016	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	3	Cost approach using current replacement cost (Gross revaluation method)	Management Valuation	June 2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	3	Cost approach using current replacement cost (Gross revaluation method)	Management Valuation	June 2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Other Infrastructure	3	Cost approach using current replacement cost (Gross revaluation method)	Independent and Management Valuation	June 2016	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs

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

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

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020
10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

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 zero cost or otherwise significantly less than fair value, 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 that are land, buildings and infrastructure acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land, buildings and infrastructure is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure and vested improvements to be shown at fair value.

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

In accordance with the then *Local Government (Financial Management) Regulation 16(a)(ii)*, the Shire was previously required to include as an asset (by 30 June 2013), vested 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.

Land under roads prior to 1 July 2019

In Western Australia, most 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 then *Local Government (Financial Management) Regulation 16(a)(i)* which arbitrarily prohibited local governments from recognising such land as an asset. This regulation has now been deleted.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then *Local Government (Financial Management) Regulation 16(a)(i)* prohibited 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 was not included as an asset of the Shire.

Land under roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, are treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the Shire to measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 11 that details the significant accounting policies applying to leases (including right of use assets).

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

10. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	65,000	65,000	0	0	0	0	0	0	25,000	0	0	(25,000)
Buildings - non-specialised	239,403	146,881	0	(92,522)	0	0	0	0	88,270	85,000	0	(3,270)
Plant and equipment	32,377	32,377	0	0	0	0	0	0	2,157	2,727	570	0
Infrastructure - Other Infrastructure	0	0	0	0	0	0	0	0	159,561	106,395	0	(53,166)
	336,780	244,258	0	(92,522)	0	0	0	0	274,988	194,122	570	(81,436)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Furniture and Equipment				
Law, order, public safety				
2016 Old Fire Truck	32,377	32,377	0	0
Housing				
40 Forrest street (land)	30,000	30,000	0	0
34 Eaton street (land)	35,000	35,000	0	0
Housing				
40 Forrest street (building)	91,201	75,000	0	(16,201)
34 Eaton street (building)	148,202	71,881	0	(76,321)
	336,780	244,258	0	(92,522)
Other Asset class				
Program				
Law, order, public safety	32,377	32,377	0	0
Housing	304,403	211,881	0	(92,522)
	336,780	244,258	0	(92,522)
	336,780	244,258	0	(92,522)

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

10. FIXED ASSETS

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	310,432	311,089	311,089
Furniture and equipment	43,745	43,952	43,952
Plant and equipment	146,115	104,968	152,220
Swimming Pool and Equipment	25,029	0	25,029
Infrastructure - roads	896,199	880,471	880,471
Infrastructure - Sewerage	33,519	0	33,520
Infrastructure - Drainage	40,803	40,804	40,804
Infrastructure - Footpaths	25,688	24,463	24,463
Infrastructure - Other Infrastructure	44,601	88,153	29,604
Right of use assets	21,432	0	0
	1,587,563	1,493,900	1,541,152

Revision of useful lives of plant and equipment

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 14 years
Sealed roads and streets formation	not depreciated
pavement seal	50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years
Right of use (buildings)	Based on the remaining lease
Right of use (plant and equipment)	Based on the remaining lease

Depreciation on revaluation

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:

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

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

11. LEASES

(a) Right of Use Assets

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

	Plant and equipment \$	Right of use assets - Furniture and equipment \$	Right of use assets Total
Carrying amount at 30 June 2019	0	0	0
Recognised on initial application of AASB 16	44,468	0	44,468
Restated total equity at the beginning of the financial year	44,468	0	44,468
Depreciation (expense)	(21,432)	0	(21,432)
Carrying amount at 30 June 2020	23,036	0	23,036
(b) Cash outflow from leases			
Interest expense on lease liabilities	542	0	542
Lease principal expense	21,238	0	21,238
Total cash outflow from leases	21,780	0	21,780
(c) Other expenses and income relating to leases			
Short-term lease payments recognised as expense	0	2,317	2,317
	0	2,317	2,317

SIGNIFICANT ACCOUNTING POLICIES

Leases

At inception of a contract, the Shire assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Leases for right-of-use assets are secured over the asset being leased.

Right-of-use assets - valuation

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Shire anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

SHIRE OF GOOMALLING
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

12. REVALUATION SURPLUS

	2020	2020	2020	2020	2020	Total	2020	2019	2019	2019	Total	2019
	Opening	Change in	Restated	Revaluation	Revaluation	Movement on	Closing	Opening	Revaluation	Revaluation	Movement on	Closing
	Balance	Accounting	Opening	Increment	(Decrement)	Revaluation	Balance	Balance	Increment	(Decrement)	Revaluation	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	2,501,855		2,501,855	0	0	0	2,501,855	2,501,855	0	0	0	2,501,855
Revaluation surplus - Land Vested in and under control	559,827	(559,827)	0	0	0	0	0	559,827	0	0	0	559,827
Revaluation surplus - Buildings - non-specialised	10,637,980	0	10,637,980	0	(537,411)	(537,411)	10,100,569	10,721,575	0	(83,595)	(83,595)	10,637,980
Revaluation surplus - Furniture and equipment	126,130	0	126,130	27,885	0	27,885	154,015	126,130	0	0	0	126,130
Revaluation surplus - Swimming Pool and Equipment	932,516	0	932,516	0	0	0	932,516	932,516	0	0	0	932,516
Revaluation surplus - Infrastructure - roads	21,612,025	0	21,612,025	0	0	0	21,612,025	19,720,840	1,891,185	0	1,891,185	21,612,025
Revaluation surplus - Infrastructure - Sewerage	1,434,014	0	1,434,014	0	0	0	1,434,014	1,434,014	0	0	0	1,434,014
Revaluation surplus - Infrastructure - Drainage	0	0	0	0	0	0	0	1,891,185	(1,891,185)	(1,891,185)	(1,891,185)	0
Revaluation surplus - Infrastructure - Other Infrastructure	569,391	0	569,391	0	0	0	569,391	569,391	0	0	0	569,391
	38,373,738	(559,827)	37,813,911	27,885	(537,411)	(509,526)	37,304,385	38,457,333	1,891,185	(1,974,780)	(83,595)	38,373,738

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued salaries and wages
 ATO liabilities
 Bonds and deposits held
 Accrued Interest on Loans

	2020	2019
	\$	\$
	86,950	100,138
	129,887	182,197
	10,508	3,242
	25,243	21,638
	11,267	25,882
	44,494	55,521
	308,349	388,618

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect 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.

Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

14. CONTRACT LIABILITIES

Current

Contract liabilities from transfers for recognisable non financial assets

	2020	2019
	\$	\$
	79,868	0
	79,868	0

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

Contract liabilities represent the the Shire's obligation to transfer goods or services to a customer for which the Shire has received consideration from the customer.

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

15. LEASE LIABILITIES

(a) Lease Liabilities	2020	2019
Current	\$ 2,088	\$ 4,405
Non-current	23,230	0
	25,318	4,405

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	30 June 2020		30 June 2019		30 June 2020		30 June 2020		30 June 2020		30 June 2019		30 June 2019		30 June 2019	
					Actual Lease Principal 1 July 2019	Actual New Leases	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	Budget Lease Principal 1 July 2019	Budget New Leases	Budget Lease Principal Repayments	Budget Lease Principal Outstanding	Budget Lease Interest Repayments	Actual Lease Principal 1 July 2018	Actual New Loans	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	
Other property and services					\$ 4,405	\$ 0	\$ 2,317	\$ 2,068	\$ 283	\$ 4,405	\$ 0	\$ 2,317	\$ 2,088	\$ 283	\$ 6,537	\$ 0	\$ 2,132	\$ 4,405	\$ 468	
Photocopier	55490	Bendigo	8.40%	Sep-20	0	0	0	0	0	0	0	0	0	0	58,542	0	58,542	0	856	
GO025 Roller	59219	Bendigo	5.50%	Sep-18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
GO015 Ford Utility	6250532	Toyota Fleet		June 2020	9,898	0	9,898	(0)	75	0	0	0	0	0	0	0	0	0	0	
GO040 Ford Escape(Blue)	6250509	Toyota Fleet		June 2022	17,528	0	5,749	11,778	237	0	0	0	0	0	0	0	0	0	0	
GOSHIRE Ford Escape (White)	6250620	Toyota Fleet		June 2022	17,042	0	5,581	11,451	230	0	0	0	0	0	0	0	0	0	0	
					48,873	0	23,555	25,317	825	4,405	0	2,317	2,088	283	65,079	0	60,674	4,405	1,324	

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

16. INFORMATION ON BORROWINGS

	2020	2019
	\$	\$
Current	338,202	368,500
Non-current	2,908,413	3,247,708
	3,246,615	3,616,208

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020					30 June 2020					30 June 2019				
				Actual Principal 1 July 2019	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2019	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2019	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Housing																		
Aged Independent Living Units	114	Bendigo	5.26%	192,272	0	16,070	9,881	176,202	192,272	0	192,272	6,592	0	200,000	0	7,728	5,260	192,272
Recreation and culture																		
New Sports Pavilion	111	Bendigo	6.34%	1,132,215	0	25,439	71,312	1,106,776	1,132,214	0	1,132,214	40,469	0	1,156,032	0	23,818	72,933	1,132,215
Relic Football/Hockey Ovals	113	Bendigo	5.22%	57,409	0	13,237	1,529	44,172	57,409	0	57,409	2,037	0	70,000	0	12,591	3,497	57,409
Economic services																		
Rural Transaction Centre (CRC)	104	Bendigo	5.05%	113,437	0	45,478	5,726	67,959	113,437	0	113,437	3,584	0	158,915	0	45,478	7,987	113,437
Slater Homestead	105	Bendigo	5.05%	34,026	0	13,644	1,718	20,382	34,026	0	34,026	670	0	47,670	0	13,644	2,356	34,026
Rural Transaction Centre (CRC)	106	Bendigo	4.10%	388,624	0	29,451	20,127	359,175	388,624	0	388,624	14,112	0	409,196	0	20,572	29,006	388,624
Grange/Salmon Gum Subdivisions	108	Bendigo	7.65%	469,238	0	177,245	32,763	291,993	469,238	0	469,238	16,555	0	633,707	0	164,469	45,538	469,238
Caravan Park - Ablution Block/Portable	109	Bendigo	5.47%	14,450	0	14,450	590	0	14,449	0	14,449	16,848	0	28,122	0	13,672	1,358	14,450
Bank Overdraft (subdivisions)	112	Bendigo	4.20%	945,000	0	44,639	945,000	0	945,000	0	945,000	33,838	0	945,000	0	0	46,757	945,000
				3,346,671	0	335,014	188,285	3,011,659	3,346,669	0	3,346,669	134,705	0	3,648,642	0	301,972	214,732	3,346,671
Self Supporting Loans																		
Recreation and culture																		
Mortlock Sports Council	110	Bendigo	6.34%	269,537	0	34,580	16,534	234,957	269,537	0	34,564	16,849	234,973	302,004	0	32,467	18,797	269,537
				269,537	0	34,580	16,534	234,957	269,537	0	34,564	16,849	234,973	302,004	0	32,467	18,797	269,537
				3,616,208	0	369,594	204,819	3,246,616	3,616,206	0	3,381,233	151,554	234,973	3,950,646	0	334,439	233,529	3,616,208

Self supporting loans are financed by payments from third parties. These are shown in Note 5 as other financial assets at amortised cost.
 All other loan repayments were financed by general purpose revenue.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

16. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2019/20

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges \$	Actual Balance Unspent \$
					2020 Actual	2020 Budget	2020 Actual	2020 Budget		
					\$	\$	\$	\$		
Consolidation of existing loans (x13) * WA Treasury Corporation	WATC		20	3.90%	0	3,500,000	0	3,500,000	0	0
					0	3,500,000	0	3,500,000	0	0

(d) Undrawn Borrowing Facilities

Credit Standby Arrangements

	2020 \$	2019 \$
Bank overdraft limit	400,000	350,000
Bank overdraft at balance date	0	0
Credit card limit	15,000	15,000
Credit card balance at balance date	(2,367)	(2,822)
Total amount of credit unused	412,633	362,178

Loan facilities

	2020 \$	2019 \$
Loan facilities - current	338,202	368,500
Loan facilities - non-current	2,908,413	3,247,708
Lease liabilities - current	2,088	4,405
Lease liabilities - non-current	23,230	0
Total facilities in use at balance date	3,271,933	3,620,613

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 25.

17. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2019

Current provisions
 Non-current provisions

Additional provision
 Amounts used

Balance at 30 June 2020

Comprises

Current
 Non-current

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2019			
Current provisions	172,793	218,751	391,544
Non-current provisions	0	20,100	20,100
	172,793	238,851	411,644
Additional provision	151,321	107,990	259,311
Amounts used	(81,357)	(19,663)	(101,020)
Balance at 30 June 2020	242,757	327,178	569,935
Comprises			
Current	242,757	257,991	500,748
Non-current	0	69,187	69,187
	242,757	327,178	569,935

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date
 More than 12 months from reporting date
 Expected reimbursements from other WA local governments

	2020 \$	2019 \$
Less than 12 months after the reporting date	182,945	388,925
More than 12 months from reporting date	364,269	(2)
Expected reimbursements from other WA local governments	22,721	22,721
	569,935	411,644

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

18. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	119,216	1,092,378	349,077
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	1,030,328	608,937	(992,795)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(864)	0	(6,151)
Depreciation on non-current assets	1,587,563	1,493,901	1,541,152
(Profit)/loss on sale of asset	92,522	0	80,866
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(111,073)	0	161,144
(Increase)/decrease in inventories	(735)	0	(9,677)
Increase/(decrease) in payables	(80,269)	(55,524)	(282,222)
Increase/(decrease) in provisions	158,291	0	(29,543)
Increase/(decrease) in contract liabilities	(122,171)	0	0
Non-operating grants, subsidies and contributions	(2,102,864)	(1,455,950)	(425,172)
Net cash from operating activities	450,728	591,364	37,602

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	0	652,531
General purpose funding	449,354	947,717
Law, order, public safety	704,952	731,650
Health	484,075	610,902
Education and welfare	7,500	8,750
Housing	4,533,590	4,680,871
Community amenities	2,525,836	2,610,140
Recreation and culture	10,276,715	10,510,010
Transport	39,743,684	38,232,924
Economic services	5,135,901	9,779,495
Other property and services	4,693,445	214,930
Unallocated	27,353	34,340
	68,582,405	69,014,260

20. CONTINGENT LIABILITIES

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

	2020	2019
Contingent liabilities		
Contingent liabilities arising from contracts entered into during the reporting period		
Contingent liabilities arising from contracts entered into prior to the reporting period		
Total contingent liabilities		

21. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	11,250	15,000	13,300
President's allowance	2,500	2,500	2,500
Deputy President's allowance	625	625	625
Travelling expenses	1,194	3,500	3,250
Telecommunications allowance	0	0	487
Conference Expenses	0	0	6,548
	15,569	21,625	26,710

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	359,412	399,448
Post-employment benefits	46,853	37,952
Other long-term benefits	15,073	28,438
	421,338	465,838

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

21. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

The following transactions occurred with related parties:	2020 Actual	2019 Actual
	\$	\$
Sale of goods and services	39,834	0
Purchase of goods and services	285,141	109,837

Related Parties

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

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

Amounts outstanding from related parties:	2020 Actual	2019 Actual
	\$	\$
Loans to associated entities	234,957	269,453

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. Other Related Parties

The associate person of KMP was employed by the Shire under normal employment terms and conditions.

iii. 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.

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

(b) Current year transactions

Other expenditure

Interest on Borrowings

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on Borrowings	(77,402)	0	(92,295)
	(77,402)	0	(92,295)

(c) Expected future cash flows

Cash outflows

Interest on borrowings

Cash inflows

Sale Proceeds

Net cash flows

	2020/21 \$	2021/22 \$	2022/23 \$	2023/24 \$	Total \$
Interest on borrowings	(57,758)	(42,864)	(39,008)	(39,008)	(178,637)
	(57,758)	(42,864)	(39,008)	(39,008)	(178,637)
Sale Proceeds	0	55,000	55,000	55,000	165,000
	0	55,000	55,000	55,000	165,000
Net cash flows	(57,758)	12,136	15,992	15,992	(13,637)

(d) Assets and liabilities

Land held for resale included within Note 7

Current Inventory

Land held for resale - cost

	2020 \$	2019 \$
Land held for resale - cost	530,000	530,000
	530,000	530,000

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

23. RATING INFORMATION

(a) Rates

RATE TYPE Differential general rate / general rate	Rate in	Number	2019/20	2019/20	2019/20	2019/20	2019/20	2019/20	2019/20	2019/20	2019/20	2018/19
	\$	of	Actual	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Actual
		Properties	Rateable	Rate	Interim	Back	Total	Rate	Interim	Back	Total	Total
			Value	Revenue	Rates	Rates	Revenue	Revenue	Rate	Rate	Revenue	Revenue
	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gross rental valuations												
GRV Residential	0.10959	144	1,285,214	140,497	0	0	140,497	140,840	0	0	140,840	175,795
GRV Commercial	0.12322	17	321,640	39,632	0	0	39,632	39,632	0	0	39,632	41,150
GRV Industrial	0.11817	11	80,636	9,529	0	0	9,529	9,529	0	0	9,529	9,434
GRV Urban Farmland	0.10555	17	211,120	22,283	0	0	22,283	22,283	0	0	22,283	20,839
Unimproved valuations												
UV Rural Zone 2	0.00636	37	18,416,000	117,181	0	0	117,181	117,181	0	0	117,181	111,428
UV Special Rural	0.01263	14	1,405,000	17,738	0	0	17,738	17,738	0	0	17,738	14,981
UV General Zone 3 Farming	0.00692	212	187,332,000	1,295,894	0	0	1,295,894	1,295,894	0	0	1,295,894	1,232,342
Sub-Total		452	209,051,610	1,642,754	0	0	1,642,754	1,643,097	0	0	1,643,097	1,605,969
Minimum payment	Minimum											
	\$											
Gross rental valuations												
GRV Residential	950	103	589,895	97,850	0	0	97,850	97,850	0	0	97,850	121,600
GRV Commercial	900	12	36,412	10,800	0	0	10,800	10,800	0	0	10,800	15,300
GRV Industrial	550	7	12,675	3,850	0	0	3,850	3,850	0	0	3,850	4,400
GRV Urban Farmland	715	7	23,741	5,005	0	0	5,005	5,005	0	0	5,005	8,580
Unimproved valuations												
UV Rural Zone 2	1,075	34	4,580,000	36,550	0	0	36,550	36,550	0	0	36,550	38,115
UV Special Rural	1,100	4	296,500	4,400	0	0	4,400	4,400	0	0	4,400	9,560
UV General Zone 3 Farming	1,195	84	7,674,500	100,380	0	0	100,380	100,380	0	0	100,380	82,455
Sub-Total		251	13,213,723	258,835	0	0	258,835	258,835	0	0	258,835	280,010
Total amount raised from general rate		703	222,265,333	1,901,589	0	0	1,901,589	1,901,932	0	0	1,901,932	1,885,979
Specified Area Rate (Note 23(b))							1,901,589				1,901,932	1,885,979
Ex-gratia rates							188,850				190,000	214,587
							22,488				22,488	18,105
Totals							2,112,927				2,114,420	2,118,671

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.
Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer.
Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

SHIRE OF GOOMALLING
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

23. RATING INFORMATION (Continued)

Specified Area Rate	Basis of Valuation	Rate in \$	2019/20 Rateable Value	2019/20 Rate Revenue \$	2019/20 Interim Rate Revenue \$	2019/20 Back Rate Revenue \$	2019/20 Total Specified Area Rate Revenue \$	2019/20 Budget Rate Revenue	2019/20 Budget Back Rate Revenue	2019/20 Budget Interim Rate Revenue	2019/20 Total Budget Revenue	2018/19 Total Actual Revenue
								\$	\$	\$	\$	\$
Sewerage - Residential		8.033	0	187,330	0	0	187,330	188,480	0	0	188,480	213,067
Sewerage - Religious Church		380.000	0	1,520	0	0	1,520	1,520	0	0	1,520	1,520
			0	188,850	0	0	188,850	190,000	0	0	190,000	214,587

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	2019/20 Actual Rate Applied to Costs	2019/20 Actual Rate Set Aside to Reserve	2019/20 Actual Reserve Applied to Costs	2019/20 Budget Rate Applied to Costs	2019/20 Budget Rate Set Aside to Reserve	2019/20 Budget Reserve Applied to Costs
			\$	\$	\$	\$	\$	\$
Sewerage - Residential	To provide sewerage services for town properties		187,330	0	0	188,480	0	0
Sewerage - Religious Church	To provide sewerage services for town properties		1,520	0	0	1,520	0	0
			188,850	0	0	190,000	0	0

**SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

23. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$	Circumstances in which Discount is Granted
Early Payment Incentive	0.00%	0	900	1,000	1,000	Ratepayers making their rates payments in full within 35 days of the date of issue of the notice are eligible to enter the early payment prize draw for the following: (a) - A \$600 voucher to be spent at any business in the Shire of Goomalling. (b) - A \$300 voucher to be spent at any business in the Shire of Goomalling. (c) - A \$100 voucher to be spent at any business in the Shire of Goomalling.
			900	1,000	1,000	
Total discounts/concessions (Note 23(a))			900	1,000	1,000	

SHIRE OF GOOMALLING
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

23. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options.	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	24/09/2019	5.00	0.00%	0.00%
Option Two				
First instalment	24/09/2019	5.00	5.50%	11.00%
Second instalment	24/11/2019	5.00	5.50%	11.00%
Option Three				
First instalment	24/09/2019	5.00	5.50%	11.00%
Second instalment	24/11/2019	5.00	5.50%	11.00%
Third instalment	24/01/2020	5.00	5.50%	11.00%
Fourth instalment	24/03/2020	5.00	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	16,942	8,000	16,608
Interest on instalment plan	2,085	3,000	5,227
Charges on instalment plan	5,195	6,500	2,205
	24,222	17,500	24,040

SHIRE OF GOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

24. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget	2019/20	2018/19
	2019/20 (30 June 2020 Carried Forward)	(30 June 2020 Carried Forward)	(1 July 2019 Brought Forward)	(30 June 2019 Carried Forward)
Note	\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
	Less: Profit on asset disposals	0	(570)	(570)
10(a)	Less: Movement in LGH Trust	0	(6,151)	(6,151)
	Movement in pensioner deferred rates (non-current)	0	(3,208)	(3,208)
	Movement in Lease and Loan Liability (non-current)	0	4,942	4,942
	Movement in employee benefit provisions (non-current)	0	(15,926)	(15,926)
	Movement in employee leave reserve	2,000	(2,471)	(2,471)
10(a)	Add: Loss on disposal of assets	0	81,436	81,436
10(b)	Add: Depreciation on non-current assets	1,493,900	1,541,152	1,541,152
	Non cash amounts excluded from operating activities	1,495,900	1,599,204	1,599,204
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
4	Less: Reserves - cash/financial asset backed	(874,955)	(929,955)	(929,955)
5(a)	Less: Financial assets at amortised cost - self supporting loans	0	(34,341)	(34,341)
	Less: Leave Reserve - Cash Backed	111,813	109,813	109,813
	Add: Current liabilities not expected to be cleared at end of year			
	- Current portion of borrowings	3,227,917	368,500	368,500
16(a)	- Current portion of lease liabilities	0	4,405	4,405
	- Employee benefit provisions	(9,032)	0	0
	Total adjustments to net current assets	2,455,743	(481,578)	(481,578)
Net current assets used in the Rate Setting Statement				
	Total current assets	1,219,453	1,584,020	1,584,020
	Less: Total current liabilities	(3,718,206)	(1,355,107)	(1,153,067)
	Less: Total adjustments to net current assets	2,455,743	(481,578)	(481,578)
	Net current assets used in the Rate Setting Statement	(43,010)	(252,665)	(50,625)
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards				
	Total current assets at 30 June 2019			1,584,020
	Total current assets at 1 July 2019			1,584,020
	Total current liabilities at 30 June 2019			(1,153,067)
	- Contract liabilities from contracts with customers			(202,040)
26(a)	Total current liabilities at 1 July 2019			(1,355,107)

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

25. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2020					
Cash and cash equivalents	0.00%	119,216	0	0	119,216
Financial assets at amortised cost - term deposits	0.80%	906,175	906,175	0	0
2019					
Cash and cash equivalents	0.00%	349,077	0	0	349,077
Financial assets at amortised cost	2.05%	929,955	929,955	0	0

Sensitivity

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

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	1,192	3,491

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 16(b).

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

25. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and according adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2020 and 1 July 2019 (on adoption of AASB 9) was considered to be insignificant receivable. No expected credit loss was forecast 1 July 2019 to 30 June 2020 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	52,940	43,216	26,504	178,873	301,533

30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	85,525	43,677	23,831	86,182	239,215

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	53,061	27,843	1,951	12,305	95,160

30 June 2019					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	36,449	692	2,588	14,945	54,674

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk - that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 16(d).

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2020					
Payables	308,349	0	0	308,349	308,349
Borrowings	506,181	1,510,354	1,973,165	3,989,700	3,246,615
Lease liabilities	2,088	23,230	0	25,318	25,318
	816,618	1,533,584	1,973,165	4,323,367	3,580,282
2019					
Payables	388,618	0	0	388,618	388,618
Borrowings	521,212	1,510,354	1,973,165	4,004,731	3,616,208
	909,830	1,510,354	1,973,165	4,393,349	4,004,826

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

26. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	Note	AASB 118 carrying amount 30 June 2019 \$	Reclassification \$	AASB 15 carrying amount 01 July 2019 \$
Contract liabilities - current				
Contract liabilities	27(b)	0	(202,040)	(202,040)
Adjustment to retained surplus from adoption of AASB 15			(202,040)	

(b) AASB 1058: Income For Not-For-Profit Entities

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

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

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

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

	Note	2020 \$	Adjustment due to application of AASB 15 and AASB 1058	2020 \$
		As reported under AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004	
Statement of Comprehensive Income				
Revenue				
Rates	23(a)	2,112,927	0	2,112,927
Operating grants, subsidies and contributions	2(a)	1,227,318	0	1,227,318
Fees and charges	2(a)	1,304,697	0	1,304,697
Non-operating grants, subsidies and contributions	2(a)	2,102,864	79,868	2,182,732
Net result		1,030,328	79,868	1,110,196
Statement of Financial Position				
Trade and other payables	13	308,349	0	308,349
Contract liabilities	14	79,868	(79,868)	0
Net assets		64,352,320	79,868	64,432,188

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

Statement of Changes in Equity

Net result	1,030,328	79,868	1,110,196
Retained surplus	26,141,760	79,868	26,221,628

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

(c) AASB 16: Leases

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

	Note	2020
		\$
Lease liability - current		23,555
Lease liability - non-current		25,317
Right-of-use assets recognised at 1 July 2019		44,468

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

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

The table below provides details of the impact of the application of AASB 16 and related adjustments that will be reflected in the current reporting period by the application of the Standard as compared to AASB 17 and related adjustments that will be reflected in the current reporting period.

	2020	2019	Note
Revenue	2,110,196	2,110,196	
Expenses	(1,030,328)	(1,030,328)	
Operating grants, subsidies and contributions	1,304,000	1,304,000	
Non-operating grants, subsidies and contributions	1,210,100	1,210,100	
Net result	1,110,196	1,110,196	
Operating grants, subsidies and contributions	1,304,000	1,304,000	
Non-operating grants, subsidies and contributions	1,210,100	1,210,100	
Revenue	2,110,196	2,110,196	
Expenses	(1,030,328)	(1,030,328)	
Operating grants, subsidies and contributions	1,304,000	1,304,000	
Non-operating grants, subsidies and contributions	1,210,100	1,210,100	
Net result	1,110,196	1,110,196	

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

27. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

Effective 6 November 2020, *Local Government (Financial Management) Regulation 16* was deleted and *Local Government (Financial Management) Regulation 17A* was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 11.

In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	8	26,322,446	(559,827)	25,762,619
Revaluation surplus	5	38,373,738	(559,827)	37,813,911

Also, following changes to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously or during the year were not reversed as it was deemed fair value approximates cost at the date of the change.

(b) Changes in equity due to change in accounting policies

The impact on the Shire's opening retained surplus due to the adoption of AASB 15 and AASB 1058 as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			25,289,692
Adjustment to retained surplus from adoption of AASB 15	26(a)	(202,040)	
		0	(202,040)
Retained surplus - 1 July 2019			25,087,652

The impact on the Shire's opening revaluation surplus resulting from *Local Government (Financial Management) Regulation 16* being deleted and the amendments to *Local Government (Financial Management) Regulation 17A* as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Revaluation surplus - 30 June 2019			38,373,738
Adjustment to revaluation surplus from deletion of FM Reg 16	27(a)	(559,827)	
	27(a)	0	(559,827)
Revaluation surplus - 1 July 2019			37,813,911

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

28. TRUST FUNDS

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

	1 July 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
Pioneers Pathway Sign Fund	49,887	10,171	0	60,058
Deposit purchase 40 Forrest St	2,306	1,016	(3,322)	0
Council Elections Nominations	0	560	(560)	0
	52,193	11,747	(3,882)	60,058

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

29. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

30. ACTIVITIES/PROGRAMS

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

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

SHIRE OF GOOMALLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

31. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	0.43	0.59	0.76
Asset consumption ratio	0.91	0.92	0.95
Asset renewal funding ratio	N/A	N/A	N/A
Asset sustainability ratio	1.47	0.06	1.06
Debt service cover ratio	1.24	0.63	1.26
Operating surplus ratio	(0.30)	(0.39)	(0.24)
Own source revenue coverage ratio	0.60	0.59	0.68

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Goomalling

Report on the Audit of the Financial Report

Qualified Opinion

I have audited the annual financial report of the Shire of Goomalling which comprises the Statement of Financial Position as at 30 June 2020, and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, as well as notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Qualified Opinion

The balances for rates revenue and corresponding expenses for the year ended 30 June 2019 are not comparable to the balances for the year ended 30 June 2020. The Shire recognised rates revenue totalling \$110,140 from properties that are owned by the Shire, with a corresponding expense in the Statement of Comprehensive Income by Nature or Type and the Statement of Comprehensive Income by Program for the year ended 30 June 2019. This treatment was not in accordance with the presentation requirements of the Australian Accounting Standard AASB 101 "Presentation of Financial Statements". Consequently, the total revenue and total expenses presented in the Statement of Comprehensive Income by Nature or Type and the Statement of Comprehensive Income by Program were overstated by \$110,140 for the year ended 30 June 2019. I issued a qualified opinion for the year ended 30 June 2019 in relation to this matter.

I also identified that the Shire's roads, drainage and footpaths infrastructure, reported at values of \$35,838,192, \$2,275,896 and \$727,078 respectively in Note 9 of the annual financial report, were last valued in June 2015. Because the assets have not been revalued with sufficient regularity or in accordance with *Regulation 17A(4)(b)* of the Local Government (Financial Management) Regulations 1996, I am unable to determine whether the infrastructure assets of \$38,841,166 are stated at fair value in the Statement of Financial Position at 30 June 2020.

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

Emphasis of Matter – Basis of Accounting

I draw attention to Notes 1 and 10 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

- (i) Regulation 17A requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 *Leases* which would have required the entity to measure the vested improvements also at zero cost.
- (ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

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

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of the annual financial report that is free from material misstatement, whether due to fraud or error. In preparing the annual financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

Auditor's Responsibility for the Audit of the Financial Report

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

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a. The Current Ratio as reported in Note 31 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the past three financial years.
 - b. The Debt Service Cover Ratio as reported in Note 31 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the past three financial years.
 - c. The Operating Surplus Ratio as reported in Note 31 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the past three financial years.

- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
- a. The Shire has not reported the Asset Renewal Funding Ratio for 2020, 2019 and 2018 in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996, as management has not updated the asset management plan and long term financial plan since 2016.
 - b. More employees than necessary had full access to supplier master files. Also, there was no evidence of independent review of the amendments made to master files. This increased the risk of unauthorised changes to master files, although our audit sampling did not identify any.
 - c. For approximately 23% of purchase transactions we sampled, there was inadequate or no evidence that a sufficient number of quotations were obtained to test the market, and no documentation to explain why other quotes were not sought. This practice increases the likelihood of not receiving value for money in procurement and the risk of fraud or favouritism of suppliers.
 - d. For approximately 33% of purchase transactions we sampled, the approved purchase orders did not include either price or quantities procured. Also, 8% of the purchase orders we sampled were dated after the dates of the corresponding supplier invoices. These practices increase the risk of fraud or favouritism of suppliers, not obtaining value for money in procurement, and inappropriate or unnecessary purchases.
- (iii) All required information and explanations were obtained by me.
(iv) All audit procedures were satisfactorily completed.
(v) In my opinion, the Asset Consumption Ratio included in the annual financial report was supported by verifiable information and reasonable assumptions.

Other Matter

The financial ratios for 2018 in Note 31 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2018. The auditor expressed an unmodified opinion on the annual financial report for that year.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Goomalling for the year ended 30 June 2020 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
27 April 2021



I present Council's Financial Report and report on other activities for the Shire of Goomalling across the 2019/20 financial year for the 2019/20 Annual Report. The report comes at a time where we are battling a once in a lifetime pandemic and this has tested all of us in different ways.

Council staff have tried to keep the community as well appraised of the situation as is possible, working in with our State Government which has done a great job in managing the overall health response to the pandemic. Council's own medical practice has had to adapt and manage its operations in a significantly challenging environment and Nina and her staff have done a fantastic job in keeping our medical services afloat.

Likewise, our regular staff have had to deal with an incredible amount of change and pressures associated with COVID. Changed working practices, long hours, external pressures and managing how we support our most vulnerable have been among the key issues. During the pandemic staff instigated a program where members of the community could adopt a vulnerable person and help them through the worst of those times. This showed the community spirit of both our staff but also of the community as a whole. We have all been lucky to be where we are – in the safe and caring environment that is Goomalling.

Finance

Council remains in difficult financial position and the CEO has written in more detail on this matter. I would like to reassure the Community that the Council continues to be focussed on the task at hand to bring about sustainable change to the Shire of Goomalling and I am encouraged that our staff have the same best interests at heart too.

While we understand that this will take some time to turn around, and that there will be some disappointment and frustration in this situation, we are confident that the work that Council and staff have already done, and have planned for the coming years, will provide a sound basis to go forward as a sustainable, effective and efficient organisation.

Roads

The next stage of the Goomalling-Meckering Road upgrade has been completed and while we are pursuing the clearing permit for the next leg, this is proving to be problematic and the coming years focus will move away from Meckering Road until we can finalise the conditions for the permit. It will eventually be approved but already the costs for the permit, environmental offsets and ongoing monitoring will see this as the most expensive clearing permit in the Council's history, likely to have costs associated of well over \$100,000.

In the planning stages of widening Konnongorring West Road between the Northam-Pithara Rd intersection and the CBH entrance, discussions have been ongoing between the Shire, CBH and Arc Infrastructure. Works were expected to commence in the 2019/20 year however this has had to be postponed due to funding constraints. The work is now planned for the 2021 year.

We have been successful in securing funding for repairs on Calingiri Road as part of the Wheatbelt Secondary Freight Network. These works will commence next year (2021).



Our minor roads are continuing to improve with a different approach to their management, I thank Dave and the outside crew for their continued maintenance work on our unsealed roads, the results are showing.

Projects

Maintenance works have been carried out on some of the bitumen pavement failures on our town streets and patching of footpaths to even out cracks and bumps. These are only temporary repairs until a more detailed reconstruction can be implemented.

Once again I would like to thank the Wheatbelt Work Camp. The assistance they provide to Council through various town and building maintenance projects is invaluable and it is greatly appreciated.

Council

Elections were held in October 2019 with Crs Barry Haywood and Roly Van Gelderen re-elected and Crs Casey Butt and Brendon Wilkes elected for their first terms. We welcome Casey and Brendon to the fold and it is pleasing to see that they are starting to have an impact in what we do.

Our thanks on behalf of all members of the community go to Joe Bowen for his contribution to Council but particularly Kevin Ryan who has served this community for more than 30 years in public office and through his many community roles over the years. His contribution can never be overstated and we sincerely thank Kevin for his efforts over many years.

Council staff

Our staff have had a challenging time of it in recent months as well with some staff working from home, some having to self-isolate due to COVID issues, and generally dealing with incredible increases in workload during these uncertain times. Without the dedication of our staff in times like this, much of what we take for granted in Goomalling would not happen. To Peter, Nat and Dave and all of their staff I offer our sincere thanks.

Volunteers

Again, I would like to send out a Big Thank You to our volunteer fire fighters, ambulance officers, sporting organisations, recycling initiatives, and the many other volunteer groups for the wonderful work you all do for our community. It has been a testing time for all of us and not the least for these committed community members. This is an indispensable feature of a successful regional town and Goomalling do it very well.

Cr Barry Haywood
Shire President

SHIRE OF GOOMALLING

CHIEF EXECUTIVE OFFICER'S REPORT 2020

ANNUAL GENERAL MEETING OF ELECTORS, MONDAY 17 MAY 2021



The 2020 year has been another challenging one with the significant disruption associated with managing COVID-19 including reduced revenues and increased costs that flowed from the pandemic. Council reviewed its financial systems, in particular how it costs and reports revenue and expenditure to increase transparency. Further roadworks were completed and planning commenced for the Wheatbelt Secondary Freight Network and is well advanced to commence works next year.

The final position for the year was a deficit of \$286,328. Some of the deficit was due to reduced revenues and increased expense from the effects of COVID-19. Council put in place measures to assist ratepayers and community groups through the latter part of the year. There were also some extra costs with regard to some of our rental property and public building maintenance, and some cost overruns on road projects.

A snapshot of our year shows the following highlights;

- COVID-19 regional lockdowns.
- Reduced revenues and increased expense due to COVID
- Roads to Recovery works completed (\$235,000 on Konnongorring West Road)
- Calingiri Road Repairs through State Grain Freight Funding (\$1,000,000)
- Regional Road Group works of around \$750,000
- Several older light vehicles replaced with 2nd hand utilities.
- Netball/Tennis Court resurfacing completed
- Extra hockey light added at eastern end.
- Extra lighting at the recreation ground provided through grant funding.
- Updated financial systems to improve the standard of reporting.

Accumulated debt continues to put pressure on us financially and so we have been looking to refinance this debt, but there are some significant obstacles to achieve this and we continue to work toward this end. Much of our debt is locked into fixed rates and this sees significant break costs given that we are in a low interest rate environment right now. Keeping the services we provide at sustainable levels and bringing our systems and processes up to contemporary levels is still a keen focus and while we will suffer from some areas of noncompliance with such issues as revaluations and the like, I believe that we also have an obligation to continue to provide services to the community as the first priority.

Our Audit this year highlighted a number of matters listed as significant – some of these matters have been dealt with in prior audits and others are matters related to our ongoing long term debt. A report will again be required to be prepared for the Minister for Local Government and a copy of that report will appear on our website once completed. We are not yet in a financially sound position, this will take several years to achieve and will only occur as our debt levels reach a more sustainable level and we are able to manage our assets in a more sustainable way.

Our methods of budgeting have changed significantly this year and we now produce 10 year plans for building maintenance, a 20-year plant replacement plan, a 10 year roads program and provide extremely detailed information on our operational expenditures to Councillors. This information is available on our website in the budget document for all to see.

A number of important issues were highlighted during our own review which brought about the introduction of many of these planning documents into our budgeting processes. There is a considerable backlog of building maintenance, our plant is old and so we will plan for the replacement and upgrades in these areas, but it will be a lengthy process.

Our focus for both this year and next year will again be on systems, process and planning to ensure that we stabilise our financial position and to put these things in place to improve our sustainability in coming years.

SHIRE OF GOOMALLING
CHIEF EXECUTIVE OFFICER'S REPORT 2020
ANNUAL GENERAL MEETING OF ELECTORS, MONDAY 17 MAY 2021



With scarce resources this will take time and it will mean that larger projects will be on hold for the time being but we will return to a stable and predictable future at the end of the process.

This year we also experienced problems with clearing permits again, for the Meckering Road and Calingiri Road in particular and while we haven't seen any appeals as yet, the processes have been lengthy, costly and will take considerable resources into next year as well.

Council adopted the Recreation Master Plan in November 2018 which is a planning document for the future of our recreation precinct. While the plan is not set in stone, it is a guideline to inform us as we progress the various elements of the precinct and is a basis to seek external funding for future development. It will be several years before we are in a position to implement significant action in this area but it will remain the basis of our future recreation planning.

The Wheatbelt Secondary Freight Route project which will see potentially \$8M from the \$70M program spent on Calingiri Road and possibly the Meckering Road which could free up Regional Road Group funds for other roads.

There was a reduced number of problems with our water treatment plant this year which provides water to our recreation facility. This system continues to be in need of close monitoring and there will be issues with it from time to time until some significant rains help to fill our dams to give us water to shandy with the treated water.

I would also like to recognise the retirements of Nola Chattaway and Linton Thomas, both who have served our community over many years in their respective roles. We wish them every success and happiness in life post Shire of Goomalling. A little further on from there, Mal Chester also has also retired also after many years of service and her attention to detail with the parks and gardens crew will be greatly missed.

While there are always problems to deal with, there are always silver linings and positive things happening around us as well. Goomalling is a fantastic place to live and we have a great crew in the office helping me in my role here. My thanks to all of my office staff who have had to again endure significant change over the last year and no doubt will do in the coming year as well. It is not easy adapting to such wholesale change and Nat and all of the girls have done a great job, but there is more to come!

Dave Long continues to perform really well with the works crew as our Works Manager and by now everyone will see his influence in the way that we work and look at our roads and other infrastructure. Again, our outside crew has also had to deal with continued change in the way we work and I also congratulate them on the way that things have now settled. The recent work on Meckering road has showcased their continued improvement.

The Council has had a serious appetite for change in the way that we do things and as a group has been extremely supportive and understanding of our position. They have all taken the bit between the teeth and taken on board the advice and the changes that we are implementing and have been a keen and cohesive group over my first year in Goomalling. Both staff and Councillors share a sense of frustration with our current situation but we are working together find a better way. I would like to thank them all for their support.

Peter Bentley
Chief Executive Officer



Strategic Direction

Mission Statement:

Providing good government in developing economic prosperities, social advancement and environmental enhancements.

OBJECTIVES AND STRATEGIES

Leadership

We will continue to advocate on behalf of the community to position our Shire with key stakeholders that will support our success and growth.

Accountable and Sustainable

We will continue to be transparent, display good governance and manage our customer service commitments within our resources.

Advocating Improvement

We are determined to be solution focused, proactively seeking innovative partnerships, working collaboratively with stakeholders and industry to enable growth and ensure that our Shire is sustainable.

The Shire's goal is managing infrastructure assets to meet the required level of service in the most cost effective manner for present and future consumers. The key elements of infrastructure asset management are:

- Taking a cycle approach,
- Developing cost-effective management strategies for the long term,
- Understanding and meeting the demands of growth through demand management and infrastructure investment,
- Managing risks associated with asset failures,
- Sustainable use of physical resources,
- Continuous improvement in asset management practices.

Our Goals

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

Economic

Provide effective and efficient transportation network
Facilitate the development of local and regional tourism
Actively support and develop local and new businesses

Natural Environment

Enhance the health and integrity of the natural environment

Built Environment

Manage current and future assets and infrastructure in a sustainable manner

Civic Leadership

Provide accountable and transparent leadership
Maintain and strengthen the Shire's capability and capacity



Our People

Senior Staff

Chief Executive Officer
 Mr Peter Bentley

Finance Manager
 Miss Natalie Bird

Works & Services Manager
 Mr David Long

Health & Building Services
 Shire of Toodyay

Employee Remuneration 2019/20

In the 2019/20 financial year the Shire of Goomalling had one (1) employees entitled to an annual cash salary of \$100,000 or more in the following bands:

Bands	# Employees
\$100,000 – 109,999	0
\$110,000 – 119,999	0
\$120,000 – 129,999	0
\$130,000 – 139,999	0
\$140,000 – 149,999	0
\$150,000 – 159,999	1
\$160,000 – 169,999	0
\$170,000 – 179,999	0
\$180,000 – 189,000	0

The Shire of Goomalling would be unable to function without the support and dedication of its administration and outside staff and I would like to acknowledge the following staff and identify their role in our operations:

Office Staff

Tahnee Bird	Community Development Officer
Joanna Bywaters	Property Management Officer
Trudi Manera	Finance Officer
Karen Mannaerts	Executive Assistant / Web Officer
Chloe Watson	Executive Assistant
Kristina Perrin	Customer Service Officer
Christine Schorer	Customer Service Officer / Creditors
Hayley Sewell	Admin Officer
Brock Hargreaves Tieland	Swimming Pool Manager
Monique Broekman	Gym Instructor
Elaine O'Hehir	Dental Receptionist
Keith & Kathy Allen	Caravan Park Caretakers

SHIRE OF GOOMALLING

CHIEF EXECUTIVE OFFICER'S REPORT 2020
ANNUAL GENERAL MEETING OF ELECTORS, MONDAY 17 MAY 2021



Outside Staff

Gardeners/Oval

Mal Chester P/T
Jeff Sinclair
Brett King P/T
Eric Coulthard

Works Crew

Russell Beck
Bryce Carr
Nathan Beck
Brad McConkey
Doug Maxwell
Jim Brooks
Greg Wood
Rod Taylor
Margaret Hepi (Waste Site)
Tom Raftis

Medical Centre

Dr Nina McLellan
Carol Craig (Practice Nurse)
Felicity Sewell (Practice Nurse)
Carlene Brookes (Practice Manager)
Mandy Bird
Lara Lord

Elected Members

Councillors for 2019/20

Shire President	Councillor	Barry Haywood
Deputy Shire President	Councillor	Roly Van Gelderen

District Goomalling

Councillor	Barry Haywood (2023)
Councillor	Casey Butt (2023)
Councillor	Roland Van Gelderen (2023)
Councillor	Rodney Sheen (2021)
Councillor	Julie Chester (2021)
Councillor	Brendan Wilkes (2023)
Councillor	Christine Barratt (2021)

** Years in brackets denotes the term expiry of the Councillor.*

Elections

Elections were held in October 2019 with Crs Barry Haywood & Roly Van Gelderen re-elected and Crs Casey Butt and Brendan Wilkes elected for their first terms. Our thanks on behalf of all members of the community go to Joe Bowen for his contribution to Council but particularly Keven Ryan who has served this community for more than 30 years in public office and through his many community roles over the years. His contribution can never be overstated and we sincerely thank Kevin for his efforts over many years.

All of our Councillors have completed their mandatory training.



Record Keeping

The Shire of Goomalling reviewed its Record Keeping Plan in 2017, as required by the State Records Act 2000. The plan and review were approved by the State Records Commission in 2018 and the next review of the plan is due in 2023. The Shire of Goomalling is committed to ensuring record keeping practices comply with legislation.

Freedom of Information

The Shire of Goomalling has a Freedom of Information Statement prepared in accordance with the Freedom of Information Act 1992. This Statement is reviewed annually and is available on our website or on request at the administration office. It outlines the Shire's functions, the kind of documents held and how the documents can be accessed.

One Freedom of Information request was received from Mr Adam Harris regarding infringements across all shire activities and additionally, work orders and photographs related to a firebreak infringement.

Disability Access and Inclusion Plan

Council continues to make progress on the Disability Access and Inclusion Plan (DAIP) which was adopted by Council on 16 October 2013. A series of outcomes were included in the DAIP for the delivery and monitoring of initiatives and strategies included in the plan.

A full review of Council's Disability Access Plan was undertaken with community consultation in 2018 and a revised plan was submitted for approval to the Disability Services Commission and approved.

The 2018-2023 Disability Access and Inclusion Plan is available for perusal on Council's website.