

SHIRE OF LAKE GRACE

BUDGET

FOR THE YEAR ENDED 30 JUNE 2020

TABLE OF CONTENTS

Statement of Comprehensive Income by Nature or Type	2
Basis of Preparation	3
Statement of Comprehensive Income by Program	4
Statement of Cash Flows	6
Rate Setting Statement by Program	7
Rates and Service Charges	8
Net Current Assets	11
Reconciliation of Cash	14
Fixed Assets	15
Asset Depreciation	17
Borrowings	18
Cash Backed Reserves	20
Fees and Charges	22
Grant Revenue	22
Other Information	23
Major Land Transactions	24
Major Trading Undertaking	24
Interests in Joint Arrangements	24
Trust	25
Significant Accounting Policies - Other	26
Significant Accounting Policies - Change in Accounting Policies	27
Supplementary Information	
Schedule 2 - General Fund Summary	28
Schedule 3 - General Purpose Funding	29 to 33
Schedule 4 - Governance	34 to 40
Schedule 5 - Law, Order, Public Safety	41 to 46
Schedule 7 - Health	47 to 54
Schedule 8 - Education & Welfare	55 to 59
Schedule 9 - Housing	60 to 70
Schedule 10 - Community Amenities	71 to 83
Schedule 11 - Recreation & Culture	84 to 105
Schedule 12 - Transport	106 to 116
Schedule 13 - Economic Services	117 to 127
Schedule 14 - Other Property & Services	128 to 135
Statement of Estimated Capital Expenditure	136 to 137
Capital Works & New Assets - Source of Funding	138 to 141
Capital Projects	142 to 150
Fees & Charges	151 to 163

SHIRE'S VISION

A safe, inclusive and growing community embracing opportunity.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2020**

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	4,169,841	4,175,836	4,173,860
Operating grants, subsidies and contributions	9	1,746,166	3,268,143	1,725,309
Fees and charges	8	465,767	585,925	375,651
Interest earnings	10(a)	143,000	153,397	104,000
Other revenue	10(b)	214,502	3,868,525	5,007,715
		6,739,276	12,051,826	11,386,535
Expenses				
Employee costs		(2,556,224)	(1,943,516)	(2,026,123)
Materials and contracts		(3,403,805)	(5,908,456)	(8,475,963)
Utility charges		(318,243)	(296,584)	(262,819)
Depreciation on non-current assets	5	(3,404,673)	(3,404,672)	(2,965,457)
Interest expenses	10(d)	(66,287)	(71,630)	(76,734)
Insurance expenses		(170,699)	(172,395)	(164,453)
Other expenditure		(241,114)	(222,317)	(208,527)
		(10,161,045)	(12,019,570)	(14,180,076)
Subtotal		(3,421,769)	32,256	(2,793,541)
Non-operating grants, subsidies and contributions	9	1,286,068	1,606,350	1,692,815
Loss on asset disposals	4(b)	(90,459)	(23,710)	(23,313)
		1,195,807	1,586,457	1,669,502
Net result		(2,225,962)	1,618,713	(1,124,039)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(2,225,962)	1,618,713	(1,124,039)

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

FOR THE YEAR ENDED 30TH JUNE 2020

BASIS OF PREPARATION

The budget has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations. The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this budget. This is not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

Accounting policies which have been adopted in the preparation of this budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the budget 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.

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 13 to the budget.

2018/19 ACTUAL BALANCES

Balances shown in this budget as 2018/19 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

CHANGE IN ACCOUNTING POLICIES

On the 1 July 2019 the following new accounting policies are to be adopted and have impacted on the preparation of the budget:

- AASB 15 - Revenue from Contracts with Customers;
- AASB 16 - Leases; and
- AASB 1058 - Income of Not-for-Profit Entities.

Explanation of the changes arising from these standards is provided at Note 15.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE**REVENUES****RATES**

All rates levied under the *Local Government Act 1995*. Includes general, differential, specified area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Exclude administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

SERVICE CHARGES

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services.

Excludes rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

PROFIT ON ASSET DISPOSAL

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

REVENUES (CONTINUED)**OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS**

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

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. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

INTEREST EARNINGS

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, and rebates. Reimbursements and recoveries should be separated by note to ensure the correct calculation of ratios.

EXPENSES**EMPLOYEE COSTS**

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences safety expenses, medical examinations, fringe benefit tax, etc.

MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

INSURANCE

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

LOSS ON ASSET DISPOSAL

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

INTEREST EXPENSES

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

OTHER EXPENDITURE

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2020**
BY REPORTING PROGRAM

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		12,455	22,803	11,600
General purpose funding		5,523,234	6,023,065	4,465,934
Law, order, public safety		152,553	147,466	133,971
Health		9,670	9,952	4,910
Education and welfare		2,000	4,357	2,000
Housing		21,000	20,857	21,000
Community amenities		307,886	342,466	296,127
Recreation and culture		62,894	1,132,232	1,121,817
Transport		346,983	3,913,085	5,123,273
Economic services		206,601	310,638	119,903
Other property and services		94,000	124,905	86,000
		6,739,276	12,051,826	11,386,535
Expenses excluding finance costs	5,10(c)(e)(f)(f)			
Governance		(419,101)	(335,133)	(362,871)
General purpose funding		(161,986)	(156,556)	(184,261)
Law, order, public safety		(347,529)	(258,646)	(309,720)
Health		(373,484)	(285,868)	(337,270)
Education and welfare		(81,431)	(34,563)	(76,101)
Housing		(207,685)	(166,713)	(193,547)
Community amenities		(996,865)	(681,034)	(981,516)
Recreation and culture		(2,502,884)	(2,015,726)	(2,060,766)
Transport		(4,113,364)	(7,154,169)	(8,916,397)
Economic services		(796,352)	(632,755)	(594,162)
Other property and services		(94,077)	(226,777)	(86,731)
		(10,094,758)	(11,947,940)	(14,103,342)
Finance costs	6, 10(d)			
Governance		(17,039)	(18,107)	(18,910)
Health		(2,599)	(3,178)	(4,055)
Recreation and culture		(23,358)	(26,685)	(28,415)
Transport		(8,465)	(10,450)	(10,858)
Economic services		(13,522)	(11,536)	(12,479)
Other property and services		(1,304)	(1,584)	(2,017)
		(66,287)	(71,630)	(76,734)
Subtotal		(3,421,769)	32,256	(2,793,541)
Non-operating grants, subsidies and contributions	9	1,286,068	1,606,350	1,692,815
(Loss) on disposal of assets	4(b)	(90,459)	(23,710)	(23,313)
		1,195,807	1,586,457	1,669,502
Net result		(2,225,962)	1,618,713	(1,124,039)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(2,225,962)	1,618,713	(1,124,039)

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

FOR THE YEAR ENDED 30TH JUNE 2020

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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

OBJECTIVE**GOVERNANCE**

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

ACTIVITIES

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

GENERAL PURPOSE FUNDING

To Collect revenue to allow for the provision of services

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

To provide bushfire prevention services and animal control services.

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

HEALTH

To provide for an operational framework for good community health in conjunction with the Health Department of WA.

Health inspection services in relation to food outlets and their control, pest and noise control and waste disposal compliance and the provision of a Doctor, dental and medical surgeries.

EDUCATION AND WELFARE

To provide services for the elderly, children and youth.

Maintenance of playgroups and daycare centres. Provision of elderly and youth services.

HOUSING

To ensure that adequate housing is available to staff and the community.

Provision and maintenance of staff housing, aged persons units and community accomodation (Joint Venture and LOGCHOP) Units.

COMMUNITY AMENITIES

To provide services and infrastructure as required by the community.

Rubbish collection services, operation of refuse disposal sites and the Lake Grace sewerage scheme. Administration of the Local Planning Scheme, maintenance of cemeteries and public conveniences.

RECREATION AND CULTURE

To establish and effectively manage infrastructure and resources which will help with the social wellbeing.

The provision and maintenance of public halls, sports pavillions, recreation grounds, Lake Grace swimming pool, parks, gardens and playgrounds. The operation of public libraries in conjunction with the Department of Education and other cultural and heritage facilities.

TRANSPORT

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

Construction and maintenance of streets, roads, drainage, footpaths and aerodromes. Cleaning of streets, maintenance of street trees, street lighting and works depot. Provision of Department of Transport licensing services.

ECONOMIC SERVICES

To help promote the Shire and improve its economic wellbeing.

The regulation and provision of tourism, area promotion, building control, noxious weeds, saleyards and the provision of emergency water supplies.

OTHER PROPERTY AND SERVICES

To monitor and control Council's overheads operating accounts.

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2020**

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		4,169,841	4,162,586	4,173,860
Operating grants, subsidies and contributions		1,746,166	6,032,681	3,725,226
Fees and charges		465,767	585,925	375,651
Interest earnings		143,000	153,397	104,000
Goods and services tax		359,612	903,792	0
Other revenue		214,502	3,868,525	5,007,715
		7,098,888	15,706,906	13,386,452
Payments				
Employee costs		(2,556,224)	(1,986,915)	(2,026,123)
Materials and contracts		(3,415,638)	(7,202,118)	(8,875,963)
Utility charges		(318,243)	(296,584)	(262,819)
Interest expenses		(84,267)	(75,420)	(76,734)
Insurance expenses		(170,699)	(172,395)	(164,453)
Goods and services tax		(359,612)	(742,440)	0
Other expenditure		(241,114)	(222,317)	(208,527)
		(7,145,797)	(10,698,189)	(11,614,619)
Net cash provided by (used in) operating activities	3	(46,909)	5,008,717	1,771,833
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(2,614,295)	(378,571)	(651,432)
Payments for construction of infrastructure	4(a)	(3,732,727)	(2,513,663)	(3,489,510)
Non-operating grants, subsidies and contributions used for the development of assets	9	1,286,068	1,606,350	1,692,815
Proceeds from sale of plant & equipment	4(b)	110,000	111,488	75,000
Net cash provided by (used in) investing activities		(4,950,954)	(1,174,396)	(2,373,127)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(244,473)	(250,051)	(250,054)
Proceeds from self supporting loans	6(a)	0	33,029	33,029
Proceeds from new borrowings	6(b)	1,100,000	0	0
Net cash provided by (used in) financing activities		855,527	(217,022)	(217,025)
Net increase (decrease) in cash held		(4,142,336)	3,617,299	(818,319)
Cash at beginning of year		9,464,240	5,846,941	5,846,941
Cash and cash equivalents at the end of the year	3	5,321,904	9,464,240	5,028,622

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

**RATES SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2020**
BY REPORTING PROGRAM

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2 (b)(i)	3,853,143	3,480,320	3,468,453
		3,853,143	3,480,320	3,468,453
Revenue from operating activities (excluding rates)				
Governance		12,455	22,803	11,600
General purpose funding		1,487,067	3,051,512	1,495,063
Law, order, public safety		152,553	147,466	133,971
Health		9,670	9,952	4,910
Education and welfare		2,000	4,357	2,000
Housing		21,000	20,857	21,000
Community amenities		307,886	342,466	296,127
Recreation and culture		62,894	1,132,232	1,121,817
Transport		347,181	3,916,902	5,123,273
Economic services		206,601	310,638	119,903
Other property and services		94,000	124,905	86,000
		2,703,307	9,084,090	8,415,664
Expenditure from operating activities				
Governance		(446,523)	(376,950)	(404,226)
General purpose funding		(161,986)	(156,556)	(184,261)
Law, order, public safety		(347,529)	(258,646)	(309,720)
Health		(376,083)	(289,046)	(341,325)
Education and welfare		(81,431)	(34,563)	(76,101)
Housing		(207,685)	(166,803)	(193,547)
Community amenities		(996,865)	(681,034)	(981,516)
Recreation and culture		(2,526,242)	(2,042,411)	(2,089,181)
Transport		(4,201,905)	(7,164,619)	(8,928,123)
Economic services		(809,874)	(644,291)	(606,641)
Other property and services		(95,381)	(228,361)	(88,748)
		(10,251,504)	(12,043,280)	(14,203,389)
Non-cash amounts excluded from operating activities	2 (b)(ii)	3,494,934	3,424,565	2,988,770
Amount attributable to operating activities		(200,120)	3,945,695	669,498
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	1,286,068	1,606,350	1,692,815
Purchase property, plant and equipment	4(a)	(2,614,295)	(378,571)	(651,432)
Purchase and construction of infrastructure	4(a)	(3,732,727)	(2,513,663)	(3,489,510)
Proceeds from disposal of assets	4(b)	110,000	111,488	75,000
Amount attributable to investing activities		(4,950,954)	(1,174,396)	(2,373,127)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(244,473)	(250,051)	(250,054)
Proceeds from new borrowings	6(b)	1,100,000	0	0
Proceeds from self supporting loans	6(a)	0	33,029	33,029
Transfers to cash backed reserves (restricted assets)	7(a)	(375,000)	(1,707,234)	(1,053,000)
Transfers from cash backed reserves (restricted assets)	7(a)	654,930	34,547	3,524
Amount attributable to financing activities		1,135,457	(1,889,709)	(1,266,501)
Budgeted deficiency before general rates		(4,015,617)	881,590	(2,970,130)
Estimated amount to be raised from general rates	1	4,036,167	2,971,553	2,970,871
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	20,550	3,853,143	741

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2019/20 Budgeted rate revenue	2019/20 Budgeted interim rates	2019/20 Budgeted back rates	2019/20 Budgeted total revenue	2018/19 Actual total revenue	2018/19 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Gross rental valuations									
General Rate	0.132463	394	4,614,079	611,090	500	0	611,590	373,942	373,942
Unimproved valuations									
General Rate	0.010945	570	302,167,055	3,306,617	500	0	3,307,117	2,492,006	2,488,362
Sub-Totals		964	306,781,134	3,917,707	1,000	0	3,918,707	2,865,948	2,862,304
Minimum									
Minimum payment									
\$									
Gross rental valuations									
General Rate	490	34	35,777	16,660	0	0	16,660	18,920	18,920
Unimproved valuations									
General Rate	490	70	794,504	34,300	0	0	34,300	27,090	27,520
Sub-Totals		104	830,281	50,960	0	0	50,960	46,010	46,440
		1,068	307,611,415	3,968,667	1,000	0	3,969,667	2,911,958	2,908,744
Ex-Gratia Rates							66,500	59,595	62,127
Discounts/concessions (Refer note 1(e))							0	0	0
Total amount raised from general rates				3,968,667			4,036,167	2,971,553	2,970,871
Specified area rates (Refer note 1(c))							133,674	1,204,284	1,202,989
Total rates							4,169,841	4,175,837	4,173,860

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

The general rates detailed for the 2019/20 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

1. RATES AND SERVICE CHARGES (CONTINUED)

(b) Interest Charges and Instalments - Rates and Service Charges

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

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Single Full Payment	9/10/2019	0	0.0%	11.0%
Option two				
First Instalment	9/10/2019	0	0.0%	11.0%
Second Instalment	9/12/2019	11	5.5%	11.0%
Option three				
First Instalment	9/10/2019	0	0.0%	11.0%
Second Instalment	9/12/2019	11	5.5%	11.0%
Third Instalment	10/02/2020	11	5.5%	11.0%
Fourth Instalment	9/04/2020	11	5.5%	11.0%

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	5,500	4,994	6,000
Instalment plan interest earned	9,000	8,767	9,000
Unpaid rates and service charge interest earned	19,000	19,741	15,000
	<u>33,500</u>	<u>33,502</u>	<u>30,000</u>

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

1. RATES AND SERVICE CHARGES (CONTINUED)

(c) Specified Area Rate

	Basis of valuation	Rate in	Rateable value	2019/20 Budget specified area rate revenue	2019/20 Interim specified area rate revenue	2019/20 Back specified area rate revenue	2019/20 Total budget specified area rate revenue	2018/19 Actual revenue	2018/19 Budget revenue
		\$	\$	\$	\$	\$	\$	\$	\$
Specified area rate									
Lake Grace Sewerage				0			0		
Sewerage - GRV	GRV	0.043076	3,103,204	133,674	0	0	133,674	0	0
Residential Minimum	GRV	0.000000	0	0	0	0	0	102,930	102,930
Commercial Minimum	GRV	0.000000	0	0	0	0	0	27,497	27,497
Vacant Land Minimum	GRV	0.000000	0	0	0	0	0	515	515
1st Major Fixture	Fixtures	0.000000	0	0	0	0	0	7,361	7,361
Additional Fixtures	Fixtures	0.000000	0	0	0	0	0	4,763	4,763
Varley (GRV)				0	0	0	0	4,880	4,880
Varley (UV)				0	0	0	0	67,080	67,080
Lake King (GRV)				0	0	0	0	6,815	6,815
Lake King (UV)				0	0	0	0	110,614	110,614
Newdegate (GRV)				0	0	0	0	44,483	44,483
Newdegate (UV)				0	0	0	0	254,915	253,620
Lake Grace (GRV)				0	0	0	0	178,246	178,246
Lake Grace (UV)				0	0	0	0	394,185	394,185
			3,103,204	133,674	0	0	133,674	1,204,284	1,202,989

	Purpose of the rate	Area or properties rate is to be imposed on	Budgeted rate applied to costs	Budgeted rate set aside to reserve	Reserve Amount to be applied to costs
Specified area rate			\$	\$	\$
Lake Grace Sewerage	Applied in full to operate and maintain the sewerage scheme	Lake Grace Townsite	133,674	0	133,674
			133,674	0	133,674

(d) Service Charges

The Shire did not raise service charges for the year ended 30th June 2020.

(e) Waivers or concessions

The Shire does not anticipate any waivers or concessions for the year ended 30th June 2020.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

2 (a). NET CURRENT ASSETS

		2019/20	2019/20	2018/19	2018/19
	Note	Budget	Budget	Estimated	Budget
		30 June 2020	01 July 2019	Actual	30 June 2019
		\$	\$	\$	\$
Composition of estimated net current assets					
Current assets					
Cash - unrestricted	3	(50,000)	3,812,406	3,812,406	0
Cash - restricted reserves	3	5,321,831	5,601,761	5,601,761	5,028,623
Cash - restricted unspent borrowings	6 (b)	50,073	50,073	50,073	0
Receivables		402,802	402,802	402,802	1,341,176
Inventories		32,106	32,106	32,106	9,896
		5,756,812	9,899,148	9,899,148	6,379,695
Less: current liabilities					
Trade and other payables		(414,431)	(444,244)	(444,244)	(1,350,331)
Long term borrowings		(1,100,000)	(244,473)	(244,473)	(244,471)
Provisions		(329,272)	(329,272)	(329,272)	(325,465)
		(1,843,703)	(1,017,989)	(1,017,989)	(1,920,267)
Net current assets		3,913,109	8,881,159	8,881,159	4,459,428

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

2 (b). NET CURRENT ASSETS (CONTINUED)

EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

Operating activities excluded from budgeted deficiency

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the *Local Government Act 1995* the following amounts have been excluded as provided by *Local Government (Financial Management) Regulation 32* which will not fund the budgeted expenditure.

	Note	2019/20 Budget 30 June 2020	2019/20 Budget 01 July 2019	2018/19 Estimated Actual 30 June 2019	2018/19 Budget 30 June 2019
		\$	\$	\$	\$
(i) Current assets and liabilities excluded from budgeted deficiency					
Net current assets	2	3,913,109	8,881,159	8,881,159	4,459,428
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.					
Adjustments to net current assets					
Less: Cash - restricted reserves	3	(5,321,831)	(5,601,761)	(5,601,761)	(5,028,623)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings		1,100,000	244,473	244,473	244,471
- Employee benefit provisions		329,272	329,272	329,272	325,465
Adjusted net current assets - surplus/(deficit)		20,550	3,853,143	3,853,143	741
(ii) Operating activities excluded from budgeted deficiency					
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.					
Adjustments to operating activities					
Less: Profit on asset disposals	4(b)	(198)	(3,817)	(3,817)	0
Add: Loss on disposal of assets	4(b)	90,459	23,710	23,710	23,313
Add: Depreciation on assets	5	3,404,673	3,404,672	3,404,672	2,965,457
Non cash amounts excluded from operating activities		3,494,934	3,424,565	3,424,565	2,988,770

(iii) Reason for adjustment to Adjusted net current assets - surplus/(deficit) on 1 July 2019

The Shire has elected to retrospectively apply the cumulative effect of applying AASB 1058 Income of Not-for-Profit Entities at the date of initial application of the standard, being 1 July 2019. The impact of applying the standard was to recognise unspent grants and contributions for construction of recognisable non-financial assets controlled by the Shire as a liability. The opening budgeted surplus/deficit on 1 July 2019 has been amended accordingly from the estimated actual closing surplus/deficit.

Refer to note 15 for further explanation of the impact of the changes in accounting policies

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

2 (c). NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

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

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire of Lake Grace 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.

CONTRACT ASSETS

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

PROVISIONS

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

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

INVENTORIES

General

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

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

Superannuation

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

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

TRADE AND OTHER RECEIVABLES

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

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

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

CONTRACT LIABILITIES

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. Grants to acquire or construct recognisable non-financial assets to be controlled by the Shire are recognised as a liability until such time as the Shire satisfies its obligations under the agreement.

EMPLOYEE BENEFITS

Short-term employee benefits

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

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

LAND HELD FOR RESALE

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

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

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

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

3. RECONCILIATION OF CASH

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

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Cash - unrestricted	(50,000)	3,812,406	0
Cash - restricted	5,371,904	5,651,834	5,028,623
	5,321,904	9,464,240	5,028,623
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Community Water Supply Reserve	12,049	11,895	11,811
Emergency Services Reserve	27,307	26,958	26,767
Essential Medical Services Reserve	747,416	737,875	763,122
History Book Reserve	10,496	5,426	5,387
Housing Reserve	410,274	829,548	825,519
Lake Grace Sewerage Reserve	1,136,118	1,121,616	995,738
Lake Grace Sport & Rec SARS Reserve	0	124,579	0
Lake Grace TV Reserve	32,976	35,193	35,493
Lake King Sport & Rec SARS Reserve	0	32,721	0
Land Development Reserve	123,549	121,972	121,106
Leave Reserve	224,314	221,451	220,112
Newdegate Ground Keeping Reserve	15,763	15,562	15,476
Newdegate Hall Reserve	125,936	124,328	123,446
Newdegate Sports Dam Reserve	0	26,564	26,376
Newdegate Stadium Floor Reserve	24,278	23,968	23,797
Newdegate 100 Yr Centenary Reserve	32,362	36,885	36,646
Newdegate TV Reserve	0	2,334	2,758
Office Furniture and Equipment Reserve	13,387	13,216	13,122
Plant Replacement Reserve	1,340,700	1,323,586	1,264,603
Recreation Reserve	219,042	18,799	18,749
Swimming Pool Reserve	228,113	175,838	55,442
Varley Sport & Rec SARS Reserve	0	30,688	0
Varley Sullage Reserve	1,675	1,654	1,643
Works and Services Reserve	596,076	539,105	391,437
Other restricted cash	50,073	50,073	50,073
	5,371,904	5,651,834	5,028,623
Reconciliation of net cash provided by operating activities to net result			
Net result	(2,225,962)	1,618,713	(1,124,039)
Depreciation	3,404,673	3,404,672	2,965,457
(Profit)/loss on sale of asset	90,261	19,893	23,313
(Increase)/decrease in receivables	0	2,966,042	1,999,917
(Increase)/decrease in contract assets	0	0	0
(Increase)/decrease in inventories	0	(22,210)	0
Increase/(decrease) in payables	(29,813)	(1,359,489)	(400,000)
Increase/(decrease) in contract liabilities	0	0	0
Increase/(decrease) in employee provisions	0	(12,554)	0
Change in accounting policies transferred to retained surplus (refer to Note 15)	0	0	0
Grants/contributions for the development of assets	(1,286,068)	(1,606,350)	(1,692,815)
Net cash from operating activities	(46,909)	5,008,717	1,771,833

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 2 - Net Current Assets.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

4. FIXED ASSETS

(a) Acquisition of Assets

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

Reporting program

Asset class	Reporting program							2019/20	2018/19	2018/19
	Governance	Health	Housing	Community amenities	Recreation and culture	Transport	Economic services	Budget total	Actual total	Budget total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>										
Land - freehold land	0	0	0	0	0	0	630,000	630,000	0	0
Buildings - non-specialised	0	30,000	1,078,844	0	0	0	0	1,108,844	157,070	114,653
Buildings - specialised	0	0	38,739	0	192,170	15,300	12,223	258,432	26,171	192,779
Furniture and equipment	117,000	0	0	0	8,019	0	0	125,019	3,291	17,000
Plant and equipment	62,000	0	0	0	0	430,000	0	492,000	192,039	327,000
	179,000	30,000	1,117,583	0	200,189	445,300	642,223	2,614,295	378,571	651,432
<i>Infrastructure</i>										
Infrastructure - Roads	0	0	0	0	0	2,854,656	0	2,854,656	2,458,709	2,924,130
Infrastructure - Parks, Gardens and	0	0	0	0	520,100	0	0	520,100	54,954	400,380
Infrastructure - Urban	0	0	0	34,803	0	323,168	0	357,971	0	165,000
	0	0	0	34,803	520,100	3,177,824	0	3,732,727	2,513,663	3,489,510
Total acquisitions	179,000	30,000	1,117,583	34,803	720,289	3,623,124	642,223	6,347,022	2,892,234	4,140,942

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

The following assets are budgeted to be disposed of during the year.

	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss	2018/19 Actual Net Book Value	2018/19 Actual Sale Proceeds	2018/19 Actual Profit	2018/19 Actual Loss	2018/19 Budget Net Book Value	2018/19 Budget Sale Proceeds	2018/19 Budget Profit	2018/19 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Governance	55,383	45,000	0	(10,383)	83,710	60,000	0	(23,710)	87,445	65,000	0	(22,445)
Transport	144,878	65,000	198	(80,076)	47,671	51,488	3,817	0	10,868	10,000	0	(868)
	200,261	110,000	198	(90,459)	131,381	111,488	3,817	(23,710)	98,313	75,000	0	(23,313)
By Class												
<i>Property, Plant and Equipment</i>												
Plant and equipment	200,261	110,000	198	(90,459)	131,381	111,488	3,817	(23,710)	98,313	75,000	0	(23,313)
	200,261	110,000	198	(90,459)	131,381	111,488	3,817	(23,710)	98,313	75,000	0	(23,313)

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

5. ASSET DEPRECIATION

By Program

Governance	49,170	49,170	49,200
Law, order, public safety	33,502	33,502	33,286
Health	43,740	43,740	42,920
Education and welfare	9,796	9,796	13,140
Housing	138,587	138,586	133,643
Community amenities	84,143	84,143	83,078
Recreation and culture	923,495	923,495	592,026
Transport	1,826,891	1,826,891	1,802,157
Economic services	127,289	127,289	51,588
Other property and services	168,060	168,060	164,419
	3,404,673	3,404,672	2,965,457

By Class

Buildings - non-specialised	41,237	41,237	43,905
Buildings - specialised	535,516	535,516	525,725
Furniture and equipment	21,065	21,065	19,255
Plant and equipment	241,695	241,695	240,127
Infrastructure - Roads	1,550,894	1,550,893	1,605,845
Infrastructure - Parks, Gardens and Recreation Facilities	767,440	767,440	386,415
Infrastructure - Sewerage	42,249	42,249	42,940
Infrastructure - Urban	204,577	204,577	101,245
	3,404,673	3,404,672	2,965,457

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

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

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

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

Buildings - non-specialised	30 to 50 Years
Buildings - specialised	30 to 50 Years
Furniture and equipment	4 to 10 Years
Plant and equipment	5 to 15 Years
Infrastructure - Roads	0 to 50 Years
Infrastructure - Parks, Gardens	0 to 75 Years
Infrastructure - Sewerage	0 to 100 Years
Infrastructure - Urban	0 to 40 Years

DEPRECIATION (CONTINUED)

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

RECOGNITION OF ASSETS

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.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Budget Principal 1 July 2019	2019/20 Budget New loans	2019/20 Budget Principal repayments	2019/20 Budget Interest repayments	Budget Principal outstanding 30 June 2020	Actual Principal 1 July 2018	2018/19 Actual New loans	2018/19 Actual Principal repayments	2018/19 Actual Interest repayments	Actual Principal outstanding 30 June 2019	Budget Principal 1 July 2018	2018/19 Budget New loans	2018/19 Budget Principal repayments	2018/19 Budget Interest repayments	Budget Principal outstanding 30 June 2019	Self Supporting? Y/N
		\$	\$	\$	\$			\$	\$	\$			\$	\$	\$	
Governance																
L175 - CEO's Residence	0	0	0	0	0	12,874	0	12,874	339	0	12,874	0	12,874	767	0	N
L181 - Office Redevelop	267,415	0	15,978	17,039	251,437	282,508	0	15,093	17,768	267,415	282,508	0	15,093	18,143	267,415	N
Health																
L190 - NGT Medical Cer	41,424	0	41,424	2,599	0	67,188	0	25,764	3,178	41,424	67,188	0	25,764	4,055	41,424	N
Housing																
Loan - Housing	0	500,000	0	0	500,000	0	0	0	0	0	0	0	0	0	0	
Recreation and culture																
L173 - Lake Grace Pool	59,795	0	13,705	3,550	46,090	72,746	0	12,951	4,213	59,795	72,746	0	12,951	4,583	59,795	N
L182 - LG Sport Precinct	153,727	0	15,294	10,536	138,433	168,097	0	14,370	11,288	153,727	168,097	0	14,370	11,671	153,727	N
L192 - LG Bowling Club	16,113	0	16,113	1,095	0	26,073	0	9,960	1,330	16,113	26,073	0	9,960	1,694	16,113	N
L193 - NGT Bowling Clu	16,490	0	5,240	829	11,250	21,488	0	4,998	1,014	16,490	21,488	0	4,998	1,145	16,490	N
L198 - LG Precinct	111,032	0	20,283	5,490	90,749	130,436	0	19,404	6,466	111,032	130,436	0	19,407	6,652	111,029	N
L202 - LK Winter Sports	27,920	0	9,096	763	18,824	36,811	0	8,891	1,044	27,920	36,811	0	8,891	976	27,920	N
Transport																
L196 - Roadworks & Pla	198,350	0	46,816	8,465	151,534	243,432	0	45,082	10,450	198,350	243,432	0	45,082	10,858	198,350	N
Economic services																
L189 - LG Residential L	141,035	0	13,403	13,309	127,632	149,328	0	8,293	9,647	141,035	149,328	0	8,293	9,946	141,035	N
L199 - Standpipe Contr	0	0	0	0	0	27,479	0	27,479	943	0	27,479	0	27,479	1,190	0	N
Loan - Industrial Land	0	600,000	0	0	600,000	0	0	0	0	0	0	0	0	0	0	
Other property and services																
L191 - Staff Housing	19,190	0	19,190	1,304	0	31,053	0	11,863	1,584	19,190	31,053	0	11,863	2,017	19,190	N
	1,052,491	1,100,000	216,542	64,979	1,935,949	1,269,513	0	217,022	69,264	1,052,491	1,269,513	0	217,025	73,697	1,052,488	
Self Supporting Loans																
Recreation and culture																
L188 - LG Sportsman's (16,113	0	16,113	1,095	0	26,073	0	9,960	1,330	16,113	26,073	0	9,960	1,694	16,113	
Economic services																
L201 - LG Development	11,818	0	11,818	213	0	34,887	0	23,069	947	11,818	34,887	0	23,069	1,343	11,818	
	27,931	0	27,931	1,308	0	60,960	0	33,029	2,277	27,931	60,960	0	33,029	3,037	27,931	
	1,080,422	1,100,000	244,473	66,287	1,935,949	1,330,473	0	250,051	71,541	1,080,422	1,330,473	0	250,054	76,734	1,080,419	

All borrowing repayments, other than self supporting loans, will be financed by general purpose revenue.
The self supporting loan(s) repayment will be fully reimbursed.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2019/20

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
				%	\$	\$	\$	\$
Land Purchase	WATC	Debenture	10	1.7%	600,000	58,000	600,000	0
Staff Housing	WATC	Debenture	10	1.7%	500,000	48,000	500,000	0
					1,100,000	106,000	1,100,000	0

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2019 nor is it expected to have unspent borrowing funds as at 30th June 2020.

(d) Credit Facilities

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Undrawn borrowing facilities credit standby arrangements			
Bank overdraft limit	100,000	100,000	100,000
Bank overdraft at balance date	0	0	0
Bank direct debit facility limit	60,000	0	0
Bank direct debit facility at balance date	0	0	0
Credit card limit	10,000	10,000	10,000
Total amount of credit unused	170,000	110,000	110,000
Loan facilities			
Loan facilities in use at balance date	1,935,949	1,080,422	1,080,419

Overdraft details	Purpose overdraft was established	Year overdraft established	Amount b/fwd 1 July 2019	2019/20 Budgeted Increase/ (Decrease)	Amount as at 30th June 2020
			\$	\$	\$
Westpac Banking Corp	Cashflow	Unknown	100,000	100,000	0
Bankwest	Cashflow	2019	0	(100,000)	100,000
Bankwest	Direct Debit Facility	2019	0	(60,000)	60,000
			100,000	(60,000)	160,000

SIGNIFICANT ACCOUNTING POLICIES

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.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance	2018/19 Actual Opening Balance	2018/19 Actual Transfer to	2018/19 Actual Transfer (from)	2018/19 Actual Closing Balance	2018/19 Budget Opening Balance	2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Community Water Supply Reserve	11,895	154	0	12,049	11,677	218	0	11,895	11,677	134	0	11,811
Emergency Services Reserve	26,958	349	0	27,307	26,464	494	0	26,958	26,464	303	0	26,767
Essential Medical Services Reserve	737,875	9,541	0	747,416	606,179	161,696	(30,000)	737,875	606,179	156,943	0	763,122
History Book Reserve	5,426	5,070	0	10,496	5,326	100	0	5,426	5,326	61	0	5,387
Housing Reserve	829,548	10,726	(430,000)	410,274	420,701	408,847	0	829,548	420,701	404,818	0	825,519
Lake Grace Sewerage Reserve	1,121,616	14,502	0	1,136,118	984,463	137,153	0	1,121,616	984,463	11,275	0	995,738
Lake Grace Sport & Rec SARS Reserve	124,579	0	(124,579)	0	0	124,579	0	124,579	0	0	0	0
Lake Grace TV Reserve	35,193	455	(2,672)	32,976	36,799	688	(2,294)	35,193	36,799	421	(1,727)	35,493
Lake King Sport & Rec SARS Reserve	32,721	0	(32,721)	0	0	32,721	0	32,721	0	0	0	0
Land Development Reserve	121,972	1,577	0	123,549	119,735	2,237	0	121,972	119,735	1,371	0	121,106
Leave Reserve	221,451	2,863	0	224,314	168,186	53,265	0	221,451	168,186	51,926	0	220,112
Newdegate Ground Keeping Reserve	15,562	201	0	15,763	10,356	5,206	0	15,562	10,357	5,119	0	15,476
Newdegate Hall Reserve	124,328	1,608	0	125,936	122,048	2,280	0	124,328	122,048	1,398	0	123,446
Newdegate Sports Dam Reserve	26,564	343	(26,907)	0	26,077	487	0	26,564	26,077	299	0	26,376
Newdegate Stadium Floor Reserve	23,968	310	0	24,278	23,528	440	0	23,968	23,528	269	0	23,797
Newdegate 100 Yr Centenary Reserve	36,885	477	(5,000)	32,362	31,288	5,597	0	36,885	31,288	5,358	0	36,646
Newdegate TV Reserve	2,334	29	(2,363)	0	4,503	84	(2,253)	2,334	4,503	52	(1,797)	2,758
Office Furniture and Equipment Reserve	13,216	171	0	13,387	12,974	242	0	13,216	12,973	149	0	13,122
Plant Replacement Reserve	1,323,586	17,114	0	1,340,700	924,020	399,566	0	1,323,586	924,020	340,583	0	1,264,603
Recreation Reserve	18,799	200,243	0	219,042	741	18,058	0	18,799	741	18,008	0	18,749
Swimming Pool Reserve	175,838	52,275	0	228,113	54,814	121,024	0	175,838	54,814	628	0	55,442
Varley Sport & Rec SARS Reserve	30,688	0	(30,688)	0	0	30,688	0	30,688	0	0	0	0
Varley Sullage Reserve	1,654	21	0	1,675	1,624	30	0	1,654	1,624	19	0	1,643
Works and Services Reserve	539,105	56,971	0	596,076	337,571	201,534	0	539,105	337,571	53,866	0	391,437
	5,601,761	375,000	(654,930)	5,321,831	3,929,074	1,707,234	(34,547)	5,601,761	3,929,074	1,053,000	(3,524)	4,978,550

(b) Cash Backed Reserves - Purposes

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

Reserve name	Anticipated date of use	Purpose of the reserve
Community Water Supply Reserve	Ongoing	to fund future commitments with the construction and maintenance of community water supplies
Emergency Services Reserve	Ongoing	to fund volunteer bush fire brigades and other emergency services
Essential Medical Services Reserve	Ongoing	to fund the provision of essential medical services
History Book Reserve	Ongoing	to fund expenditure associated with producing local history books
Housing Reserve	Ongoing	to fund the acquisition, construction, renovation or maintenance of shire staff housing
Lake Grace Sewerage Reserve	Ongoing	to fund maintenance, addition and improvements to the Lake Grace sewerage system
Lake Grace Sport & Rec SARS Rese	30/06/2020	to fund Recreation and Culture Expenses associated with Lake Grace SARS
Lake Grace TV Reserve	Ongoing	to fund maintenance and upgrades of television and radio services in the Lake Grace townsite
Lake King Sport & Rec SARS Reser	30/06/2020	to fund Recreation and Culture Expenses associated with Lake King SARS
Land Development Reserve	Ongoing	to fund the development of new residential, commercial and industrial land
Leave Reserve	Ongoing	to fund employee leave liability entitlements
Newdegate Ground Keeping Reservi	Ongoing	to fund expenses relating to the preparation of grounds and acquisition or replacement of related plant and equipment
Newdegate Hall Reserve	Ongoing	to fund maintenance, renovation, extension or improvements of the Newdegate Town Hall
Newdegate Sports Dam Reserve	30/06/2020	to fund upgrade works for the Newdegate sports dam
Newdegate Stadium Floor Reserve	Ongoing	to fund upgrade works for the Newdegate Stadium floor
Newdegate 100 Yr Centenary Reser	Ongoing	to fund the 100 year centenary of the Newdegate town site
Newdegate TV Reserve	30/06/2020	to fund maintenance and upgrades of television and radio services in the Newdegate townsite
Office Furniture and Equipment Reser	Ongoing	to fund replacement of furniture, office, electrical and computer equipment at the Lake Grace administration centre
Plant Replacement Reserve	Ongoing	to fund the acquisition or replacement of plant and equipment in accordance with the plant replacement program
Recreation Reserve	Ongoing	to fund the development of sport and recreation facilities
Swimming Pool Reserve	Ongoing	to fund maintenance and improvement of the Lake Grace swimming pool and associated infrastructure
Varley Sport & Rec SARS Reserve	30/06/2020	to fund Recreation and Culture Expenses associated with Varley SARS
Varley Sullage Reserve	Ongoing	to fund expenses associated with the operations of the Varley sullage scheme
Works and Services Reserve	Ongoing	to fund expenditure associated with road and street works, including drainage and rehabilitation works.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

8. FEES & CHARGES REVENUE

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Governance	1,055	915	700
General purpose funding	12,500	6,622	13,000
Law, order, public safety	4,700	3,735	6,200
Health	9,320	8,702	4,810
Housing	21,000	10,514	21,000
Community amenities	172,212	189,132	153,061
Recreation and culture	55,500	45,193	47,500
Economic services	128,980	259,684	76,880
Other property and services	60,500	61,428	52,500
	465,767	585,925	375,651

9. GRANT REVENUE

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

By Program:

Operating grants, subsidies and contributions

General purpose funding	1,331,062	2,891,496	1,376,558
Law, order, public safety	51,121	46,892	30,746
Education and welfare	2,000	4,357	2,000
Recreation and culture	4,500	11,001	11,500
Transport	321,483	301,723	297,773
Economic services	36,000	7,040	6,732
	1,746,166	3,262,509	1,725,309

Non-operating grants, subsidies and contributions

Recreation and culture	117,815	1,350	87,815
Transport	1,168,253	1,605,000	1,605,000
	1,286,068	1,606,350	1,692,815

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

11. MAJOR LAND TRANSACTIONS & TRADING UNDERTAKINGS

It is not anticipated the Shire will be party to any Major Land Transactions or Trading Undertakings during 2019/20.

12. INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated the Shire will be party to any joint venture arrangements during 2019/20.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

13. TRUST FUNDS

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

Detail	Balance 1 July 2019	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2020
	\$	\$	\$	\$
Housing Bonds	5,742	0	(5,742)	0
Hall Deposits	4,925	0	(4,925)	0
Cat Traps	50	0	(50)	0
Miscellaneous Deposits	1,327	1,000	(1,327)	1,000
Standpipe Bonds	7,829	100	(300)	7,629
Newdegate Key Bond	230	0	(230)	0
Key Bonds	125	0	(125)	0
Nomination Deposits	0	400	(400)	0
	20,228	1,500	(13,099)	8,629

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

**14. SIGNIFICANT ACCOUNTING POLICIES - OTHER
INFORMATION**

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.

CRITICAL ACCOUNTING ESTIMATES

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

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

ROUNDING OFF FIGURES

All figures shown in this statement are rounded to the nearest dollar.

COMPARATIVE FIGURES

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

BUDGET COMPARATIVE FIGURES

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

REVENUE RECOGNITION

Accounting Policies for the recognition of income and revenue from contracts with customers is described in Note 15.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020****15. SIGNIFICANT ACCOUNTING POLICIES - CHANGE
IN ACCOUNTING POLICIES**

This note explains the impact of the adoption of AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income for Not-for-Profit Entities.

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Shire of Lake Grace adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire of Lake Grace has adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary no adjustments were made.

LEASES

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

INCOME FOR NOT-FOR-PROFIT ENTITIES

The Shire of Lake Grace has adopted AASB 1058 from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire of Lake Grace has 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 shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 no changes occurred to the budget.

Assets that were acquired for consideration that was significantly less than fair value principally to enable the Shire of Lake Grace 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.

Volunteer Services in relation to Volunteer Fire Services have not been recognised in budgeted revenue and budgeted expenditure as the fair value of the services cannot be reliably estimated and the services would not have been purchased if they had not been donated.