

Shire of Lake Grace

2018/19

ANNUAL REPORT



The Growing Centre





*

DISCLAIMER*

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Shire of Lake Grace 2018

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President's Report



Jeanette De Landgraft
President

Welcome to the Shire of Lake Grace Annual Report 2018/19.

Every year the Shire of Lake Grace works hard to deliver the projects and services that fulfil our community's wishes, according to our Strategic Community Plan. Doing so is always a challenge given our size and isolation as a Shire, our extensive road networks and four towns we support, with the limited ratepayer base and finances at our disposal. However, our hardworking staff and Council continue to work toward fulfilling these wishes to the highest standards with the resources available to them.

While 2018/19 was another productive year for the Shire of Lake Grace, it represented the fifth driest summer on record since 2004/2005 and, as a consequence, the issue of water became a very high priority. With farmers struggling to cart water for stock, threats to our scheme water supply and Water Corporation closing local standpipes, the summer and autumn months were a stressful time for our farmers and local community.

Despite this, we were able to overcome the challenges this caused and I would like to extend my thanks to our Chief Executive Officer who worked tirelessly as the liaison between our community and Water Corporation. I would also like to thank our farmers and community members who gave their time to provide feedback on areas of concern and suggestions for solutions - it was a huge help and greatly appreciated.

Local Government Review

Earlier this year Shire Councillors participated in and contributed towards the *Local Government Act 1995* Review – Phase 2, which focuses on delivering for community, based on the themes of 'Agile, Smart and Inclusive'.

This review of the *Local Government Act 1995* is the first significant reform of local government conducted in more than two decades and its objective for Western Australia is to have a new, modern Act that empowers local governments to better deliver for their communities. The submissions to the second stage closed on 31 March 2019 with more than 3,000 responses received which are now being reviewed.

Major Projects

In 2018/19 we delivered a number of capital works projects as follows:

Newdegate Recreation Centre - acoustic and air conditioning works, which were completed with support from the Newdegate Cropping Group, who contributed approximately \$80,000 towards the project.

Newdegate Active Precinct and Skate Park – this project was driven by the Newdegate Active Precinct Committee with funding from the Newdegate Cropping Group, Lotterywest, the Newdegate Field Day Committee, Wheatbelt Development Commission, CBH Group, Newdegate Active Precinct Committee and Shire of Lake Grace. In addition, the Shire assisted FORM with funding to engage the services of a renowned Australian Street Artist 'Beast Man' (Brad Eastman) to paint the skate park fence.

Varley and Districts Museum Refurbishment Project - this project was managed by the Varley and Districts Progress Association and was funded by a Building Better Regions Fund Grant. The Progress Association, Shire of Lake Grace staff and our fantastic community must be congratulated for bringing back to life this important historical asset for Varley and for future visitors.

100 Year Commemorative Plaques - this year we were successful in our application for a 'Saluting Their Service' Community Commemorative Grant from the Department of Veteran Affairs, which was used to purchase four 100 Year Commemorative Plaques and were installed at our war memorials in Lake Grace, Newdegate, Lake King and Varley. These plaques are a special tribute to all of our servicemen and women involved in wars, conflict and peace operations.



WANDRRA Flood Works Completed

In June 2019, the Western Australia Natural Disaster and Relief and Recovery Arrangements (WANDRRA) contractors completed the flood damage works from the event that occurred in February 2017.

Events

The Lake Grace Regional Arts Space has hosted a number of beautiful, creative and brilliant art exhibitions from a variety of talented artists this year including:

- The Alternative Archive – 'The Only Hospital for Miles'
- Judith Stewart's 'Testament'
- Leanne Young's 'My Seagull and Me'

We are incredibly fortunate to have the Artists Group, who showcase and support the talented artists within our community and for visitors to enjoy.

The annual Newdegate Machinery Field Days Event was held on 5-6 September 2018 and the Shire continues to be a very proud major sponsor. Congratulations to the Newdegate Field Days Committee and to all of the volunteers for the hard work and effort that goes into making this such an enjoyable and successful event every year. Thank you also to the Shire staff and contractors who were involved in town site maintenance and the preparation of our facilities, which ensured that Newdegate was well presented to all our visitors.

The Shire has also been involved with a number of other exciting community activities in our region throughout the year. Last November and March, the Shire hosted a number of 'Come Fly a Kite' days in Lake Grace and Newdegate, in partnership with Kite Kinetics, and with funding provided by the Department of Communities' Youth Engagement Grants Program. These family-friendly events got the community together for some great fun and I would like to thank everyone involved in organising them.

Also in November, we hosted the annual 'Shire of Lake Grace Seniors Day' at the Walkers Hill Vineyard. This event was part of 'Seniors Week', which is celebration across WA via events and activities to acknowledge seniors and to show our appreciation of their valued contribution to the community.

In May, we participated in the '2019 Yellow Ribbon National Road Safety Week' initiative during which we hosted the 'Remember the 1200@1200' morning tea event, at the Lake Grace Visitors Centre. This initiative provided us with an opportunity to raise awareness of the impact of road trauma and road safety, as well as to show our appreciation to our first responders.

Staff Changes

There were a number of senior management changes that took place during the 2018/2019 period.

John Dyer, Manager Infrastructure Services, departed our employment in March 2019 and we welcomed Vanessa Crispe into this position in March 2019.

Belinda Knight joined the Shire as Deputy Chief Executive Officer in January 2019 and resigned from the position in May 2019.

In April 2019 we welcomed Meredith Taylor into the newly created position of Marketing & Engagement Coordinator.

Finally I would like to close by sincerely thanking our CEO Denise Gobbart and fellow Shire Councillors and staff for their hard work and dedication over the past twelve months. It has been a challenging year and their efforts are deeply appreciated.

Jeanette De Landgraft
SHIRE PRESIDENT

Aerial view of completed Newdegate Skate Park

Councillors & CEO



Back: Cr Murray Stanton, Vice President Steve Hunt, Cr Allan Marshall, Cr Peter Stoffberg, Cr Ross Chappell, CEO Denise Gobbart

Front: Cr Mikaela Spurr, President Jeanette De Landgraft, Cr Roz Lloyd, Cr Debrah Clarke.

Councillor Terms of Office

Expiring October 2019

Cr Debrah Clarke
Cr Steve Hunt
Cr Roz Lloyd
Cr Allan Marshall

Expiring October 2021

Cr Ross Chappell
Cr Jeanette De Landgraft
Cr Mikaela Spurr
Cr Murray Stanton
Cr Peter Stoffberg



Chief Executive Officer Report

The 2018/19 year proved to be a very busy year with significant staffing changes taking place as a result of Managers Infrastructure Services, John Dyer leaving in March, and Deputy Chief Executive Officer Belinda Knight's resignation in May.

I thank John for his 18 months service with Shire, he brought a wealth of experience and developed the road team members, ensuring outcomes were achieved. These changes gave opportunity to our current Manager Infrastructure Services, Vanessa Crispe to join the leadership team.

Vanessa joined us from the Shire of Murchison, bringing with her over 25 years' experience, encompassing a broad skill set including: Governance Support, Contract Management, Project Management and Financial Management. Vanessa has worked in local and state government, mining and the business sector.

It is with sadness that I farewelled our Deputy Chief Executive Officer Belinda Knight to take up her new position as CEO at Shire of Wandering. Belinda joined the Shire in January and within her short time introduced many positive changes to our systems and processes. I would like to thank Belinda on behalf of the Shire Councillors and Staff for all of the contributions that she made during her time with us, it was short, but was definitely sweet!

Meredith Taylor, joined the Shire in a newly created position of Marketing and Engagement Coordinator, in April 2019. Meredith joins us from the Shire of Gingin and will play a lead role in our rebranding project.

During the year we farewelled a number of staff, the Shire recognises the contributions they had made during their years of service and I wish them and their families well on behalf of the Shire and the community.

The year has been particularly challenging given the extended period of low rainfall. A Water Deficiency Declaration was made by the Minister of Water for the Mallee Hill region, this included seven (7) farming entities. The carting of emergency water for stock commenced into the area during May.

Considerable work has been undertaken by the Department of Water and Environmental Regulation (DWER) on our emergency farmland water resources. Dams have been de-silted, catchments cleared and in some instances tanks and pumps installed to provide better access. Water Corporation has installed tanks at a number of our standpipes to increase supply levels during the dry season.

2018/19 Highlights

Highlights of the year include:

- Completion of the WANDRRA AGRN: 743 February flood event road repairs. A total of \$9,470,416 was spent on reinstating our road network, of which \$215,156 was funded from our own resources.
- The bitumen seal on Magenta Road was extended to the Ardler Road intersection, this was the last planned expansion of our sealed road network.



- Considerable re-sealing works were undertaken on Newdegate North Road, Lake Biddy Road and Newdegate-Pingrup Road, these works were able to be undertaken with Roads to Recovery funding, provided by the Commonwealth Government.
- De-silting of the Lake Grace recreation dam catchment.
- Refurbishment of the Varley Museum, a great credit to a small dedicated group of volunteers within the Varley community.
- In June 2019, the Newdegate Skate Park Project was crowned the winner of the WA Parks & Leisure 2019 Regional Awards of Excellence, Play Space Award <\$0.5million.
- We held a number of community events throughout the year, including Shows on the Go presentation 'A Boy Named Cash', the Lake Grace and Newdegate 'Come Fly a Kite' days, Seniors Day and Yellow Ribbon National Road Safety Week 'Remember the 1200@1200' morning tea. I would like to thank our staff and community volunteers involved in the organization of these events throughout the year.

We need to continue work in relation to Asset Sustainability; the ratio for asset sustainability is used to identify any potential decline or improvement in asset conditions. Our ratio had been trending downwards over the past few years; this may have been a reflection of new project expenditure increasing and renewal works not being done during this time. The 2018/19 year saw a reversal of this trend.

We will strive for continual improvement in all areas of operations, to meet the service level expectations of the community.

I thank our Councillors for their leadership and commitment to the Shire of Lake Grace and their ongoing efforts on behalf of the residents.

On behalf of the Shire of Lake Grace, I thank our staff for their ongoing commitment and dedication to delivering outcomes to our community.

Although the year has been another challenging year, I am proud of what our team has achieved, and look forward to an exciting year ahead.

Denise Gobbart
Chief Executive Officer

Corporate and Community Services

Deputy Chief Executive Officer

I commenced with the Shire of Lake Grace half way through the financial year, in January 2019, and immediately found myself in the Acting CEO role when the CEO, Denise Gobbart, took some well overdue leave. During this time the issue of water shortage became only too evident, and the Shire found itself between the community, the Water Corporation and Department of Water. I even became a television star for a short time on this matter. Every effort was made to secure water for farm use, but there were times when all access to Shire standpipes was cut off.

During my short time, I was able to implement a digital records system for financial reporting, approvals and compliance, and this was well received by staff and Council. A lot of this type of work goes unnoticed by the community, but goes a long way to ensuring the Shire can maintain its impeccable record for financial management and compliance. Staff were magnificent during this time of change and embraced the new process with gusto.

The main project for my area was to bring to fruition the redevelopment of the Lake King Playground area, and a lot of work had been done prior to my leaving at the end of May 2019. This is a super exciting project, and one that I am sure the Lake King community are going to cherish for many years to come.

Even though I was only at Lake Grace for a short time, it was an honour to work with the CEO, Denise Gobbart, and all the staff, Councillors and community. I hope that in my short time there my influence on the internal operations of the Shire was a positive one.

Belinda Knight

Deputy Chief Executive Officer





Infrastructure Services

The 2018/19 financial year has seen the completion of bitumen reconstruction and resealing programme, which included the following:

- North Lake Grace—Karlgin Road SLK 9.60 to 11.6 with some reconstruction, some widening and then a complete reseal of the section;
- Lake Biddy Road with some reconstruction and new culvert works, followed by a 10kilometre reseal, finishing at the Biddy Camm Rail Crossing;
- Newdegate Pingrup Road—reconstruction near the golf club where the road was damaged. Reconstruction of the 1.5kilometer section just past the golf club. This included new box culverts and filling in of large drains through this wash area. 'Drains should not be constructed through wash areas.'

These sections have been bituminised;

- New culvert construction on Parsons Road;
- Reconstruction and bitumen seal of the Magenta Road floodway at approx. SLK4.0;
- Reconstruction and bitumen seal of the 3kilometre section of Magenta Road finishing at the intersection of Ardler Road; and
- Patch and reseal of Newdegate North Road from Biddy Camm Road for 12kilometres to the end of the existing bitumen.

Other works, by the Construction Crew included: some gravel re-sheeting, back slope pruning and clearing along some sections of the Shire road network.

Maintenance grading work continued throughout the year in order to maintain gravel roads, some of which are heavily trafficked at times. School bus routes were given priority grading as required.

During the year, major repairs have been carried out on some of the construction plant in order for all items of plant to be serviceable.

The Shire Gardeners have maintained various parks and gardens at Lake Grace, Lake King and Varley during the year, with cemetery grounds in these towns also having been maintained. Newdegate parks and gardens have been maintained by the local Contractor. The ovals at Newdegate and Lake King have been verti-mowed and sanded.

Lake King playground at the back of the Tavern had a new tank and reticulation system installed, providing a better efficient watering system for the grounds.

The Shire's Building Maintenance Team have maintained and in some cases upgraded building infrastructure. In order to cover the volumes of various building works, local contractors have also been utilised.

The Newdegate Recreation Centre floor underwent an extensive eradication of white ants both internally and around the exterior of the building. A number of parquet flooring fingers were replaced as a result of the white ant damage

10B Gumtree Drive Shire House received a complete refurbishment including the replacement of the kitchen and bathroom, painting, plumbing and a new back patio.

14 Blackbutt Way Shire House was completely painted inside, new carpets and vinyl floor coverings were laid, bathrooms retiled and a new reticulation system installed.

Rubbish Disposal Sites

- At the Varley site the existing trenches have been covered and a new trench has been excavated
- At the Lake King site the part filled trench has been compacted with the existing rubbish fill pushed to the back of the trench
- At the Newdegate site, existing trenches have been covered, a new trench has been excavated with the site having a major general clean up and reorganisation
- At the Lake Grace site, we have created a new cell system so that the rubbish can be buried at a 3 meter depth. The asbestos site has also been cleaned up, with a new large pit excavated for asbestos burial to be properly controlled

John Dyer & Vanessa Crispe

MANAGER INFRASTRUCTURE SERVICES





Will Pearce
Environmental Health
Officer

Health Services

RoeHEALTH Environmental Health Services, Environmental Health Officer Will Pearce, has undertaken Environmental Health work in accordance with the RoeHEALTH Operational Guidelines during the 2019/19 period. The work has generally been based on a 3 day, or 23 hours per fortnight schedule.

WASTE

- Lake Grace Landfill inspections and submission of Annual Environmental Report to Department of Water and Environmental Regulation (DWER)
- Liaison with DWER regarding Lake Grace Landfill and compliance issues and amended licenses
- Newdegate Landfill inspections and submission of Annual Environmental Report to DWER
- Newdegate Landfill groundwater bore sampling

WATER

- Ensure Lake Grace and Newdegate Public Pools have water samples as per the Code of Practice for Aquatic Facilities and the Health (Aquatic Facilities) Regulations 2007
- Sampling of waste water treatment ponds at Lake Grace Waste Water Treatment Plant
- Assessments and approval of onsite effluent disposal systems
- Correspondence with Economic Regulation Authority Western Australian (ERA) regarding sewerage scheme compliance, and assisting the Technical Officer in the role of sewerage infrastructure compliance.

FOOD

- Food premises inspections in Lake Grace, Newdegate, Lake King and Varley
- Newdegate Field Days food stall inspections
- Maintained Food Business Register
- Compilation of a Food Act 2008 report required annually by the Department of Health Food Unit.

SAFETY

- Caravan Park inspections at Newdegate and Lake King Caravan Parks
- Lodging House inspections at Lake King and Newdegate
- Liaison with Committee for Newdegate Field Days

MISCELLANEOUS

- Advice or comments given to residents of the Shire of Lake Grace in relation to Environmental Health issues
- Dealt with complaints from the public
- Trading in thoroughfare applications
- Assistance with health annual fees and charges schedule development

Will Pearce

ENVIRONMENTAL HEALTH OFFICER



Building Services

The role of the Building Department is to oversee all building and demolition work proposed for the whole district. This includes but is not limited to:

- Processing applications, ensuring the plans comply with the National Construction Code, applicable Building Standards and relevant regulations;
- Issue Permits and Certificates;
- Conducting inspections, checking that the new development complies with the appropriate standards
- Checking private swimming pool safety barriers; and
- Enforcement of the Building Act 2011

The role of the Building Department is also to provide building advice to the rate paying public and assist them to comply with the Building Act 2011

The Shire of Lake Grace has an agreement with the Shire of Narrogin for the provision of a Building

Surveyor service using Mrs Elena Bull to carry out the above and visit the shire district once a fortnight.

SHIRE OF LAKE GRACE	TOTALS	FEES THE SHIRE KEEPS	GST
Developments	\$ 632,469.00		
Building Permits	\$ 1,653.52	\$1,653.52	
Building Commission	\$ 1,176.48	\$ 63.70	\$6.30
BCITF	\$ 620.00	\$ 22.50	\$2.25
Total Fees	\$ 3,450.00	\$1,739.72	\$8.55

The Shire received commission of \$235.75 for collecting funds on behalf of the Building Commission and Construction Training Fund.*

Prior to commencing any building or demolition work within the Shire of Lake Grace, residents are reminded that various approvals and certifications are required. For information on what is required to comply with regulations, please contact the Shire office.

Elena Bull
BUILDING SURVEYOR



STRATEGIC COMMUNITY PLAN 2017 - 2027

Integrated Planning and Reporting Framework

All local governments are required to prepare a Plan for the Future for their district under *Section 5.56(1) of the Local Government Act 1995*. The Plan for the Future comprises the following two key strategic documents being:

Strategic Community Plan – Council's principal 10 year strategy and planning tool. It is the principal guiding document for the remainder of the Shire's strategic planning as community engagement is central to the Plan

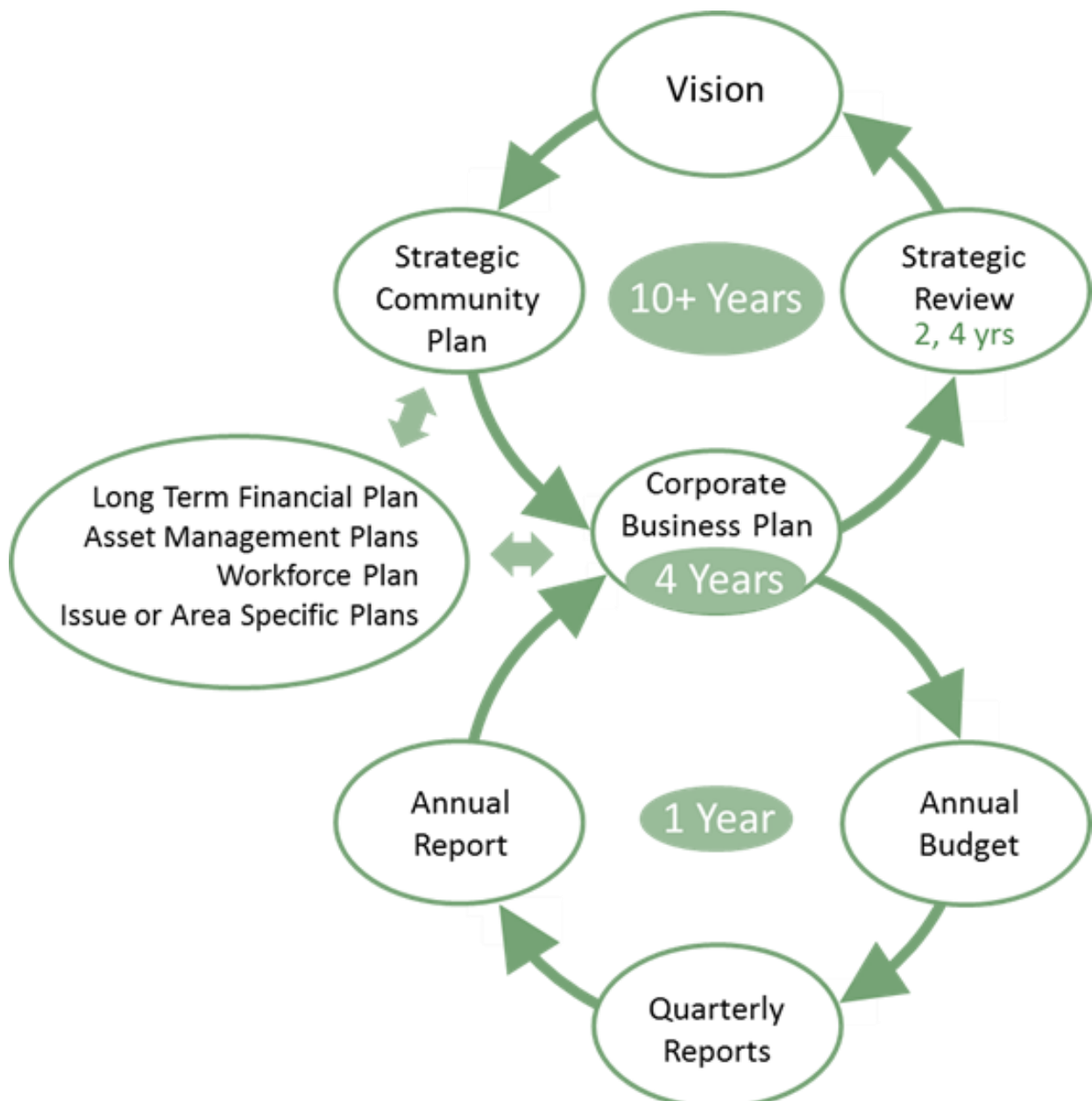
Corporate Business Plan – Council's 4 year planning document. The core components of this Plan include a four year delivery program, aligned to the Strategic Community Plan and accompanied by four year financial projections.

Our Vision:

“A safe, inclusive and growing community embracing opportunity”

Importantly, the Strategic Community Plan and Corporate Business Plan are informed by several other key strategy documents and processes, shown in the following diagram.

Diagram: The Strategic Planning Framework



Measuring Outcomes

Economic Objective

A prosperous agricultural based economy, supporting diversification of industry

The following outcomes and strategies have been identified to achieve this objective.

Outcome 1.1 An innovative, productive agriculture industry

- 1.1.1 Enhance and maintain transport network
- 1.1.2 Improve flood mitigation for transport Infrastructure
- 1.1.3 Support and promote the agricultural productivity of the district
- 1.1.4 Maintain and provide water infrastructure and lobby to support drought-proofing and water harvesting initiatives
- 1.1.5 Liaise with key stakeholders for the improvement of the agricultural industry



Outcome 1.3 An attractive destination for visitors

- 1.3.1 Promote and develop tourism as part of a regional approach
- 1.3.2 Maintain and enhance local iconic attractions and infrastructure
- 1.3.3 Continue to provide and maintain visitor support services



Outcome 1.2 A diverse and prosperous economy

- 1.2.1 Advocate for improved communications and support infrastructure
- 1.2.2 Support local business and promote further investment in the district



Social Objective

A valued, healthy and inclusive community and life-style

The following outcomes and strategies have been identified to achieve this objective.

Outcome 2.1 An engaged, supportive and inclusive community

- 2.1.1 Community services and infrastructure meeting the needs of the district
- 2.1.2 Maintain and support the growth of education, childcare, youth and aged services
- 2.1.3 Actively promote and support community events and activities within the district



Outcome 2.2 A healthy and safe community

- 2.2.1 Maintain and enhance sport and recreation facilities
- 2.2.2 Provide and advocate for medical and health services
- 2.2.3 Support provision of emergency services and encourage community volunteers



Seniors Day November 2018

Environment Objective

Protect and enhance our natural and built environment

The following outcomes and strategies have been identified to achieve this objective.

Outcome 3.1 A well maintained attractive built environment servicing the needs of the community

- 3.1.1** Maintain, rationalise, improve or renew buildings and community infrastructure
- 3.1.2** Maintain the integrity of heritage buildings and places

Outcome 3.2 A natural environment for the benefit and enjoyment of current and future generations

- 3.2.1** Manage and preserve the natural environment
- 3.2.2** Support pest and weed control within the district
- 3.2.3** Provide an effective waste management service



Leadership Objective

Strong governance and leadership, demonstrating fair and equitable community values

Outcome 4.1 A strategically focused, unified Council functioning efficiently

- 4.1.1 Provide informed leadership on behalf of the community
- 4.1.2 Promote and advocate for the community and district
- 4.1.3 Provide strategic leadership and governance



Outcome 4.2 An efficient and effective organisation

- 4.2.1 Maintain accountability and financial responsibility through effective planning.
- 4.2.2 Comply with statutory and legislative requirements
- 4.2.3 Provide a positive and safe workplace



Statutory Reports

National Competition Policy

Competitive Neutrality

The National Competition Policy (NCP) was introduced by the Commonwealth Government in 1995 to promote competition for the benefit of business, consumers and the economy by removing what was considered to be unnecessary protection of monopolies of markets where competition can be enhanced.

It effects local governments as factors such as exemption from company and income tax or possible local regulations and law may give local government a potential advantage over private contractors.

The Shire of Lake Grace has not acquired any new entities in the 2018/19 financial year that require competitive neutrality testing.

Structural Reform

Before local governments privatise a monopoly business activity or introduce competition into a sector dominated by a monopoly or near monopoly, the regulatory and commercial activities must be separated and a review undertaken.

Where applicable, all local governments in Australia must report their adherence to the structural reform principles. At present, this requirement has a very limited impact on local government in Western Australia, and most will not need to provide this information.

The Shire of Lake Grace did not privatise any activities in 2018/19 and hence there were no obligations for the Council with respect to structural reform under the NCP.

Legislation Review

All local authorities are required to assess which of their Local Laws might impact on competition and to conduct a review of each to determine how any restrictive practices might be overcome.

A statement indicating that the Clause 7 legislation review principles have been complied with. (The Clause 7 statement is the agreement reached between the Western Australian Local Government Association and the State Government on application of NCP.)

In 2000, Council reviewed the Local Laws and a further review was undertaken in 2015.

Review of the operating procedures and Local Laws for the Shire of Lake Grace confirm legislative requirements have been complied with, as required.



Shire of Lake Grace
Disability Access and Inclusion Plan
(DAIP)
2019-2024



Disability Access and Inclusion Plan

Under the Disability Services Act 1993, all Western Australian Local Governments are required to develop and implement a Disability Access and Inclusion Plan (DAIP), addressing seven desired outcomes, to be reviewed on an annual basis and reported on to the Disability Services Commission (DSC) by 31 July each year.

The *Disability Services Act* requires that not more than five years may elapse between the date of lodging plan and the review being presented to DSC.

The review of the DAIP was undertaken by staff after a Community Consultation period and was adopted by Council in June 2019. The Plan was then forwarded to the Disability Services Commission for compliance approval.

Council's DAIP 2019-2024 aims to make a positive difference in the lives of people with disability, their families and carers by identifying access barriers and outlining strategies to address those barriers.

The DAIP 2019-2024 describes Council's current functions, provides details of existing Council facilities and identifies future requirements for the provision of adequate services for people with disability.

During 2018/19 some areas identified and provisions made to provide adequate services are;

- Administration implemented a stylus for trouble-free use of the touch screen EFTPOS machine. This simple tool made paying for transactions straightforward for clients to select their accounts and PIN details.
- Various community events held by the shire involving Seniors outings, Youth and School children activities and family fun day include consideration with all activities planned and accessible by participants.
- To reduce the number of vehicles parked on footpaths the Shire communicated to the community through local newsletters to improve safe access for wheelchair users, people with disability and children.
- Ongoing training of staff and providing staff with skills to assist people with disabilities to make complaints to a public authority through the Disability Services Commission You Tube training resources, 'You Can Make A Difference' available on website.
- Improved signage for toilets in braille for both Male and Female signs installed at Newdegate Swimming Pool facility
- Enhancement to Lake Grace Visitor Centre facility with installation of ramp and hand rail to allow ease of access to building.
- CWA Hall has now improved access to the exterior toilet with the installation of a new ramp with rails
- Enhancement to recreation facility after asphalt sealing to provide easier access including a playground installation.
- To promote and inform those who have vision difficulties the Shire has a powerpoint screen playing in foyer of coming events and with pictures and an audible recording of outcomes the shire has achieved.

Recordkeeping Plan

The *State Records Act 2000* requires the Shire to maintain and dispose of all records in the prescribed manner.

Principle 6 Compliance: Government Organisations ensure their employees comply with the record keeping plan.

Rationale:

An organisation and its employees must comply with the organisation's record keeping plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.

Minimum Compliance Requirements:

The record keeping plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the organisation's record keeping system is evaluated not less than one every five years;
2. The organisation conducts a record keeping training program;
3. The efficiency and effectiveness of the record keeping training program is reviewed from time to time; and
4. The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's record keeping plan.

The Shire of Lake Grace has complied with items one to four.

The State Records Commission approved our current Record Keeping Plan 2015 on 7 August 2015. The next review must be submitted to the State Records Office by 7 August 2020.

Register of Minor Complaints

Section 5.121 of the *Local Government Act 1995 (Register of Certain Complaints of Minor Breaches)* requires the Complaints Officer for each local government to maintain a Register of Complaints which records all complaints that result in action under Section 5.110(6) (b) or (c) of the *Act (Conduct of Certain Officials)*.

Section 5.53 (2) (hb) of the *Local Government Act 1995 (Annual Reports)* requires disclosure in the Annual Report of details of entries made under Section 5.121 during the financial year in the Register of Complaints, including:

- The number of Complaints recorded in the register of complaints;
- How the recorded complaint was dealt with; and
- Any other details that the Regulations may require.

In accordance with these requirements, it is advised that no complaints or minor breaches under the *Local Government Act 1995* were received during 2018/19.

Report of Employees Remuneration

Administration Regulation 19B requires a local government to report details of the number of employees entitled to an annual salary of \$100,000 or more in bands of \$10,000 for each band over \$100,000. These are disclosed as follows:

Salary Range	2019	2018
\$100,000 - \$110,000	2	1
\$110,001 - \$120,000		
\$120,001 - \$130,000		
\$130,001 - \$140,000		1
\$140,001 - \$150,000	1	

Commonwealth Funding

Financial Assistance grants are a vital part of the revenue base of all councils in essential community infrastructure and services ranging from local roads and parks to swimming pools and libraries.

The Shire of Lake Grace acknowledges the importance of the Commonwealth's funding through the Financial Assistance Grants programme for the continued delivery of council services and infrastructure.

The Shire of Lake Grace received \$2,644,781 in 2018/2019 Commonwealth Financial Assistance Grants of which \$1,272,223 was prepaid in 2017/18.

The Shire of Lake Grace received \$1,250,000 in Roads to Recovery funding from the Commonwealth.

The Shire of Lake Grace ensures that this Commonwealth funding, and other funding provided by the Commonwealth Government under relevant grant programmes, is appropriately identified as Commonwealth grant funding in Council's publications, including annual reports.



Shire of Lake Grace

Section Two

Financial Report Year Ending

30 June 2019

SHIRE OF LAKE GRACE
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

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COMMUNITY VISION

A safe, inclusive and growing community embracing opportunity.

Principal place of business:
1 Bishop Street
Lake Grace WA6353



**SHIRE OF LAKE GRACE
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Lake Grace for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Lake Grace at 30 June 2019 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 Twenty-eighth day of November 2019



Denise Gobbart
Chief Executive Officer



SHIRE OF LAKE GRACE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Restated \$
Revenue				
Rates	22(a)	4,175,836	4,173,860	4,113,864
Operating grants, subsidies and contributions	2(a)	3,268,143	1,725,309	2,686,422
Fees and charges	2(a)	585,925	375,651	351,373
Interest earnings	2(a)	155,673	107,037	126,460
Other revenue	2(a)	3,866,250	5,004,678	5,709,305
		12,051,827	11,386,535	12,987,424
Expenses				
Employee costs		(2,146,748)	(2,026,123)	(2,056,481)
Materials and contracts		(5,694,520)	(8,475,963)	(6,955,330)
Utility charges		(296,584)	(262,819)	(245,993)
Depreciation on non-current assets	11(b)	(3,369,006)	(2,965,457)	(2,961,231)
Interest expenses	2(b)	(71,657)	(77,734)	(86,378)
Insurance expenses		(172,395)	(164,453)	(161,122)
Other expenditure		(222,290)	(207,527)	(182,976)
		(11,973,200)	(14,180,076)	(12,649,511)
		78,627	(2,793,541)	337,913
Non-operating grants, subsidies and contributions	2(a)	1,606,350	1,692,815	3,037,344
Profit on asset disposals	11(a)	3,817	0	17,933
(Loss) on asset disposals	11(a)	(23,710)	(23,313)	(251,860)
		1,586,457	1,669,502	2,803,417
Net result for the period		1,665,084	(1,124,039)	3,141,330
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	17,154,232
Total other comprehensive income for the period		0	0	17,154,232
Total comprehensive income for the period		1,665,084	(1,124,039)	20,295,562

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

* See note 26 and 28 for detail regarding the restatement resulting from the change in accounting policy and correction of the prior period error.



SHIRE OF LAKE GRACE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Restated \$
Revenue				
	2(a)			
Governance		22,803	11,600	33,536
General purpose funding		6,023,066	4,465,934	5,438,272
Law, order, public safety		147,466	133,971	63,583
Health		9,952	4,910	36,791
Education and welfare		4,357	2,000	0
Housing		20,857	21,000	21,022
Community amenities		342,466	296,127	291,482
Recreation and culture		1,132,232	1,121,817	1,140,529
Transport		3,913,085	5,123,273	5,704,022
Economic services		310,638	119,903	117,990
Other property and services		124,905	86,000	140,197
		12,051,827	11,386,535	12,987,424
Expenses				
	2(b)			
Governance		(335,363)	(362,871)	(272,726)
General purpose funding		(156,529)	(183,261)	(155,301)
Law, order, public safety		(258,710)	(309,720)	(262,072)
Health		(285,175)	(337,270)	(250,442)
Education and welfare		(34,676)	(76,101)	(33,835)
Housing		(170,789)	(193,547)	(160,621)
Community amenities		(695,741)	(981,516)	(676,510)
Recreation and culture		(2,039,281)	(2,060,766)	(1,572,528)
Transport		(7,166,737)	(8,916,397)	(8,613,585)
Economic services		(635,814)	(594,162)	(432,175)
Other property and services		(122,728)	(86,731)	(133,338)
		(11,901,543)	(14,102,342)	(12,563,133)
Finance Costs				
	2(b)			
Governance		(18,107)	(18,910)	(19,907)
General purpose funding		(27)	(1,000)	0
Health		(3,178)	(4,055)	(4,755)
Housing		(90)	0	(1,755)
Recreation and culture		(26,685)	(28,415)	(31,100)
Transport		(10,450)	(10,858)	(12,384)
Economic services		(11,536)	(12,479)	(14,110)
Other property and services		(1,584)	(2,017)	(2,367)
		(71,657)	(77,734)	(86,378)
		78,627	(2,793,541)	337,913
Non-operating grants, subsidies and contributions	2(a)	1,606,350	1,692,815	3,037,344
Profit on disposal of assets	11(a)	3,817	0	17,933
(Loss) on disposal of assets	11(a)	(23,710)	(23,313)	(251,860)
		1,586,457	1,669,502	2,803,417
Net result for the period		1,665,084	(1,124,039)	3,141,330
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	17,154,232
Total other comprehensive income for the period		0	0	17,154,232
Total comprehensive income for the period		1,665,084	(1,124,039)	20,295,562

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

* See note 26 and 28 for detail regarding the restatement resulting from the change in accounting policy and correction of the prior period error.



SHIRE OF LAKE GRACE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	NOTE	2019 \$	2018 Restated *	1 July 2017 Restated *
			\$	\$
CURRENT ASSETS				
Cash and cash equivalents	3	9,484,467	5,846,942	5,902,440
Trade receivables	5	303,169	2,490,677	469,177
Other financial assets at amortised cost	8	27,930	33,029	32,000
Inventories	6	4,585	9,896	13,627
Other current assets	7	71,703	1,637,328	0
TOTAL CURRENT ASSETS		9,891,854	10,017,872	6,417,244
NON-CURRENT ASSETS				
Trade receivables	5	6,268	6,089	28,301
Other financial assets at amortised cost	8(b)	0	27,930	33,029
Financial assets at fair value through profit and loss	8(b)	77,334	77,334	77,334
Inventories	6	300,000	300,000	300,000
Property, plant and equipment	9	43,124,430	43,709,130	43,926,563
Infrastructure	10	157,053,817	156,980,778	138,597,041
TOTAL NON-CURRENT ASSETS		200,561,849	201,101,261	182,962,268
TOTAL ASSETS		210,453,703	211,119,133	189,379,512
CURRENT LIABILITIES				
Trade and other payables	13	464,471	2,525,375	788,278
Borrowings	14(b)	244,473	250,052	267,560
Employee related provisions	15	329,272	332,469	399,932
TOTAL CURRENT LIABILITIES		1,038,216	3,107,896	1,455,770
NON-CURRENT LIABILITIES				
Borrowings	14(b)	835,948	1,080,421	1,298,032
Employee related provisions	15	26,026	42,387	32,843
TOTAL NON-CURRENT LIABILITIES		861,974	1,122,808	1,330,875
TOTAL LIABILITIES		1,900,190	4,230,704	2,786,645
NET ASSETS		208,553,513	206,888,429	186,592,867
EQUITY				
Retained surplus		150,171,641	150,179,244	148,262,993
Reserves - cash backed	4	5,601,761	3,929,074	2,703,995
Revaluation surplus	12	52,780,111	52,780,111	35,625,879
TOTAL EQUITY		208,553,513	206,888,429	186,592,867

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

* See note 26 and 28 for detail regarding the restatement resulting from the change in accounting policy and correction of the prior period error.



SHIRE OF LAKE GRACE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2017		148,280,576	2,703,995	35,625,879	186,610,450
Correction of error	29	77,334	0	0	77,334
Change in accounting Policy	27	(94,917)	0	0	(94,917)
Restated total equity at the beginning of the financial year		148,262,993	2,703,995	35,625,879	186,592,867
Comprehensive income					
Net result for the period		3,141,330	0	0	3,141,330
Other comprehensive income	12	0	0	17,154,232	17,154,232
Total comprehensive income		3,141,330	0	17,154,232	20,295,562
Transfers from/(to) reserves		(1,225,079)	1,225,079	0	0
Balance as at 30 June 2018		150,179,244	3,929,074	52,780,111	206,888,429
Comprehensive income					
Net result for the period		1,665,084	0	0	1,665,084
Total comprehensive income		1,665,084	0	0	1,665,084
Transfers from/(to) reserves		(1,672,687)	1,672,687	0	0
Balance as at 30 June 2019		150,171,641	5,601,761	52,780,111	208,553,513

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



SHIRE OF LAKE GRACE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		4,162,586	4,173,860	4,100,644
Operating grants, subsidies and contributions		5,253,968	3,725,226	2,193,835
Fees and charges		585,925	375,651	351,373
Interest received		155,673	104,000	122,649
Goods and services tax received		1,253,758	0	859,204
Other revenue		3,866,250	5,007,715	2,713,116
		15,278,160	13,386,452	10,340,821
Payments				
Employee costs		(2,196,939)	(2,026,123)	(2,119,629)
Materials and contracts		(6,170,292)	(8,875,963)	(5,216,366)
Utility charges		(296,584)	(262,819)	(245,993)
Interest expenses		(75,447)	(76,734)	(79,285)
Insurance paid		(172,395)	(164,453)	(161,122)
Goods and services tax paid		(1,039,004)	0	(1,013,039)
Other expenditure		(202,063)	(208,527)	(182,976)
		(10,152,724)	(11,614,619)	(9,018,410)
Net cash provided by (used in) operating activities	16	5,125,436	1,771,833	1,322,411
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(381,984)	(651,432)	(1,001,004)
Payments for construction of infrastructure		(2,606,742)	(3,489,510)	(3,365,941)
Non-operating grants, subsidies and contributions		1,606,350	1,692,815	3,037,344
Proceeds from self supporting loans		33,029	33,029	27,096
Proceeds from sale of property, plant & equipment		111,488	75,000	159,715
Net cash provided by (used in) investment activities		(1,237,859)	(2,340,098)	(1,142,790)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings		(250,052)	(250,054)	(235,119)
Net cash provided by (used in) financing activities		(250,052)	(250,054)	(235,119)
Net increase (decrease) in cash held		3,637,525	(818,319)	(55,498)
Cash at beginning of year		5,846,942	5,846,941	5,902,440
Cash and cash equivalents at the end of the year	16	9,484,467	5,028,622	5,846,942

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



SHIRE OF LAKE GRACE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)		3,480,321	3,468,453	2,842,899
		3,480,321	3,468,453	2,842,899
Revenue from operating activities (excluding rates)				
Governance		22,803	11,600	33,536
General purpose funding		3,111,108	1,557,190	2,600,548
Law, order, public safety		147,466	133,971	63,583
Health		9,952	4,910	36,791
Education and welfare		4,357	2,000	0
Housing		20,857	21,000	21,022
Community amenities		342,466	296,127	291,482
Recreation and culture		1,132,232	1,121,817	1,140,529
Transport		3,916,902	5,123,273	5,721,955
Economic services		310,638	119,903	117,990
Other property and services		124,905	86,000	140,197
		9,143,686	8,477,791	10,167,633
Expenditure from operating activities				
Governance		(377,180)	(404,226)	(385,170)
General purpose funding		(156,556)	(184,261)	(155,301)
Law, order, public safety		(258,710)	(309,720)	(262,072)
Health		(288,353)	(341,325)	(264,007)
Education and welfare		(34,676)	(76,101)	(33,835)
Housing		(170,879)	(193,547)	(162,376)
Community amenities		(695,741)	(981,516)	(676,510)
Recreation and culture		(2,065,966)	(2,089,181)	(1,665,288)
Transport		(7,177,187)	(8,928,123)	(8,714,822)
Economic services		(647,350)	(606,641)	(446,285)
Other property and services		(124,312)	(88,748)	(135,705)
		(11,996,910)	(14,203,389)	(12,901,371)
Non-cash amounts excluded from operating activities	23(a)	3,369,162	2,988,770	3,136,424
Amount attributable to operating activities		3,996,259	731,625	3,245,585
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,606,350	1,692,815	3,037,344
Proceeds from disposal of assets	11(a)	111,488	75,000	159,715
Proceeds from self supporting loans	14(b)	33,029	33,029	27,096
Purchase of property, plant and equipment	9(a)	(381,984)	(651,432)	(1,001,004)
Purchase and construction of infrastructure	10(a)	(2,606,742)	(3,489,510)	(3,365,941)
Amount attributable to investing activities		(1,237,859)	(2,340,098)	(1,142,790)
FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(250,052)	(250,054)	(235,119)
Transfers to reserves (restricted assets)	4	(1,707,234)	(1,053,000)	(1,225,079)
Transfers from reserves (restricted assets)	4	34,547	3,524	0
Amount attributable to financing activities		(1,922,739)	(1,299,530)	(1,460,198)
Surplus/(deficit) before imposition of general rates		835,661	(2,908,003)	642,597
Total amount raised from general rates	22	2,911,958	2,908,744	2,837,724
Surplus/(deficit) after imposition of general rates	23(b)	3,747,619	741	3,480,321

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



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.

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 financial report. 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 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.

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 25 to these financial statements.

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Operating grants, subsidies and contributions			
General purpose funding	2,891,496	1,376,558	2,411,530
Law, order, public safety	46,892	30,746	57,074
Health	0	0	1,000
Education and welfare	4,357	2,000	0
Recreation and culture	11,001	11,500	7,001
Transport	301,723	297,773	178,520
Economic services	7,040	6,732	3,800
Other property and services	5,634	0	27,497
	3,268,143	1,725,309	2,686,422
Non-operating grants, subsidies and contributions			
Housing	0	0	380,991
Recreation and culture	1,350	87,815	691,074
Transport	1,605,000	1,605,000	1,965,279
	1,606,350	1,692,815	3,037,344
Total grants, subsidies and contributions	4,874,493	3,418,124	5,723,766

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

Grants, donations and other contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 21.

That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Significant revenue

MRWA WANDRRA AGRN 743 Flood damage reimbursement

Other revenue

Reimbursements and recoveries

Other

Fees and Charges

Governance

General purpose funding

Law, order, public safety

Health

Housing

Community amenities

Recreation and culture

Economic services

Other property and services

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
MRWA WANDRRA AGRN 743 Flood damage reimbursement	3,579,267	4,800,000	5,500,371
Other revenue			
Reimbursements and recoveries	3,794,418	5,706,665	5,623,501
Other	71,832	61,745	85,804
	3,866,250	5,768,410	5,709,305
Fees and Charges			
Governance	915	700	908
General purpose funding	6,622	13,000	7,311
Law, order, public safety	3,735	6,200	5,641
Health	8,702	4,810	7,975
Housing	10,514	21,000	0
Community amenities	189,132	153,061	151,752
Recreation and culture	45,193	47,500	46,113
Economic services	259,684	76,880	65,943
Other property and services	61,428	52,500	65,730
	585,925	375,651	351,373
Interest earnings			
Loans receivable - clubs/institutions	2,277	3,037	3,811
Reserve accounts interest	70,382	45,000	50,374
Rates instalment and penalty interest (refer Note 22(c))	28,507	24,000	23,179
Other interest earnings	54,507	35,000	49,096
	155,673	107,037	126,460

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

Interest earnings

Loans receivable - clubs/institutions

Reserve accounts interest

Rates instalment and penalty interest (refer Note 22(c))

Other interest earnings

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Significant expense

MRWA WANDRRA AGRN 743 Flood damage

Auditors remuneration

- Audit of the Annual Financial Report
- Other services
- Assistance with the finalisation of the annual financial report

Interest expenses (finance costs)

Borrowings (refer Note 14(b))
Interest on overdraft

Rental charges

- Operating leases

	2019 Actual \$	2019 Budget \$	2018 Actual \$
MRWA WANDRRA AGRN 743 Flood damage	3,574,694	4,800,000	5,594,025
Auditors remuneration			
- Audit of the Annual Financial Report	31,200	30,000	22,178
- Other services	24,425	17,000	23,423
- Assistance with the finalisation of the annual financial report	14,212	0	1,900
	69,837	47,000	47,501
Interest expenses (finance costs)			
Borrowings (refer Note 14(b))	71,630	76,734	86,378
Interest on overdraft	27	0	0
	71,657	76,734	86,378
Rental charges			
- Operating leases	30,000	30,000	30,000
	30,000	30,000	30,000

3. CASH AND CASH EQUIVALENTS

	NOTE	2019	2018
		\$	\$
Cash at bank and on hand		9,484,467	5,846,942
		9,484,467	5,846,942
Comprises:			
- Unrestricted cash and cash equivalents		3,797,154	1,867,287
- Restricted cash and cash equivalents		5,687,313	3,979,655
		9,484,467	5,846,942
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Long service Leave Reserve	4	221,451	168,186
Plant Reserve	4	1,323,586	924,020
Office Furniture & Equipment Reserve	4	13,215	12,973
Housing Reserve	4	829,548	420,701
Swimming Pool Reserve	4	175,838	54,814
Recreation Reserve	4	18,799	741
Works & Services Reserve	4	539,105	337,571
Lake Grace Sewerage Reserve	4	1,121,616	984,463
Lake Grace TV Service Reserve	4	35,193	36,799
Lake Grace Sport & Rec Sar	4	124,579	0
Newdegate Reserve	4	124,328	122,048
Newdegate Stadium Floor Reserve	4	23,968	23,528
Newdegate Centenary Reserve	4	36,885	31,288
Newdegate TV Reserve	4	2,334	4,503
Newdegate Sports Dam Reserve	4	26,564	26,077
Ngt Ground Keeping Sar Reserve	4	15,563	10,357
Community Water Supplies Reserve	4	11,895	11,677
Essential Medical Services Reserve	4	737,875	606,179
Emergency Services Reserves	4	26,958	26,464
History Book Reserve	4	5,426	5,326
Varley Sullage Scheme Reserve	4	1,654	1,624
Varley Sport & Rec Sar	4	30,688	0
Land Development Reserve	4	121,972	119,735
Lake King Sport & Rec Sar	4	32,721	0
		5,601,761	3,929,074
Other restricted cash and cash equivalents			
Unspent grants/contributions	21	15,252	508
L'Chop housing		44,669	44,669
Rural town salinity program		5,404	5,404
Bonds and deposits held	25	20,227	0
Total restricted cash and cash equivalents		5,687,313	3,979,655

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

Cash and cash equivalents (Continued)

and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

SHIRE OF LAKE GRACE
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4. RESERVES - CASH BACKED

	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Budget Closing Balance	2019 Budget Transfer (from)	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance
(a) Long service Leave Reserve	\$ 168,186	\$ 53,265	\$ -	\$ 221,451	\$ -	\$ 221,451	\$ 168,186	\$ -	\$ -	\$ 168,186
(b) Plant Reserve	924,020	399,566	0	1,323,586	0	1,323,586	924,020	0	0	924,020
(c) Office Furniture & Equipment Reserve	12,973	242	0	13,215	0	13,215	12,973	0	0	12,973
(d) Housing Reserve	420,701	408,847	0	829,548	0	829,548	420,701	0	0	420,701
(e) Swimming Pool Reserve	54,814	121,024	0	175,838	0	175,838	54,814	0	0	54,814
(f) Recreation Reserve	741	18,058	0	18,799	0	18,799	741	0	0	741
(g) Works & Services Reserve	337,571	201,534	0	539,105	0	539,105	337,571	0	0	337,571
(h) Lake Grace Sewerage Reserve	984,463	137,153	0	1,121,616	0	1,121,616	984,463	0	0	984,463
(i) Lake Grace TV Service Reserve	36,799	688	(2,294)	35,193	(1,727)	35,493	36,799	713	0	36,799
(j) Lake Grace Sport & Rec Sar	0	124,579	0	124,579	0	0	0	0	0	0
(k) Newdegate Reserve	122,048	2,280	0	124,328	0	123,446	122,048	2,368	0	122,048
(l) Newdegate Stadium Floor Reserve	23,528	440	0	23,968	0	23,797	23,528	5,359	0	23,528
(m) Newdegate Centenary Reserve	31,288	5,597	0	36,885	0	36,646	31,288	5,509	0	31,288
(n) Newdegate TV Reserve	4,503	84	(2,253)	2,334	(1,797)	2,758	4,503	88	0	4,503
(o) Newdegate Sports Dam Reserve	26,077	487	0	26,564	0	26,376	26,077	5,409	0	26,077
(p) Ngt Ground Keeping Sar Reserve	10,357	5,206	0	15,563	0	15,476	10,357	5,104	0	10,357
(q) Community Water Supplies Reserve	11,677	218	0	11,895	0	11,811	11,677	226	0	11,677
(r) Essential Medical Services Reserve	606,179	161,696	(30,000)	737,875	0	763,122	606,179	311,822	0	606,179
(s) Emergency Services Reserves	26,464	494	0	26,958	0	26,767	26,464	513	0	26,464
(t) History Book Reserve	5,326	100	0	5,426	0	5,387	5,326	103	0	5,326
(u) Varley Sullage Scheme Reserve	1,624	30	0	1,654	0	1,643	1,624	32	0	1,624
(v) Varley Sport & Rec Sar	0	30,688	0	30,688	0	0	0	0	0	0
(w) Land Development Reserve	119,735	2,237	0	121,972	0	121,106	119,735	2,322	0	119,735
(x) Lake King Sport & Rec Sar	0	32,721	0	32,721	0	0	0	0	0	0
	3,929,074	1,707,234	(34,547)	5,601,761	(3,524)	4,978,550	2,703,995	1,225,079	0	3,929,074

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

SHIRE OF LAKE GRACE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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4. RESERVES - CASH BACKED (Continued)

In accordance with Council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Long service Leave Reserve	ongoing	to fund employee leave liability entitlements
(b) Plant Reserve	ongoing	to fund acquisition or replacement of plant and equipment in accordance with the plant replacement program.
(c) Office Furniture & Equipment Reserve	ongoing	to fund replacement of furniture, office, electrical and computer equipment at the Lake Grace administration centre.
(d) Housing Reserve	ongoing	to fund the acquisition, construction, renovation or maintenance of shire staff housing.
(e) Swimming Pool Reserve	ongoing	to fund maintenance and improvement of the Lake Grace swimming pool and associated infrastructure.
(f) Recreation Reserve	ongoing	to fund the development of sport and recreation facilities.
(g) Works & Services Reserve	ongoing	to fund expenditure associated with road and street works, including drainage and rehabilitation works.
(h) Lake Grace Sewerage Reserve	ongoing	to fund maintenance, addition and improvements to the Lake Grace sewerage system.
(i) Lake Grace TV Service Reserve	ongoing	to fund maintenance and upgrades of television and radio services in the Lake Grace town site.
(j) Lake Grace Sport & Rec Sar	ongoing	to fund Recreation and Culture Expenses associated with Lake Grace SARS
(k) Newdegate Reserve	ongoing	to fund maintenance, renovation, extension or improvements of the Newdegate Town Hall.
(l) Newdegate Stadium Floor Reserve	ongoing	to fund upgrade works for the Newdegate stadium floor.
(m) Newdegate Centenary Reserve	ongoing	to fund the 100 year centenary of the Newdegate town site.
(n) Newdegate TV Reserve	ongoing	to fund maintenance and upgrades of television and radio services in the Newdegate town site.
(o) Newdegate Sports Dam Reserve	ongoing	to fund upgrade works for the Newdegate sports dam.
(p) Ngt Ground Keeping Sar Reserve	ongoing	to fund expenses relating to the preparation of grounds and acquisition or replacement of related plant and equipment.
(q) Community Water Supplies Reserve	ongoing	to fund future commitments with the construction and maintenance of community water supplies.
(r) Essential Medical Services Reserve	ongoing	to fund the provision of essential medical services and associated legal expenses.
(s) Emergency Services Reserves	ongoing	to fund volunteer bush fire brigades and other emergency services.
(t) History Book Reserve	ongoing	to fund expenditure associated with producing local history books.
(u) Varley Sullage Scheme Reserve	ongoing	to fund expenses associated with the operations of the Varley Sullage Scheme.
(v) Varley Sport & Rec Sar	ongoing	to fund Recreation and Culture Expenses associated with Varley SARS
(w) Land Development Reserve	ongoing	to fund the development of new residential, commercial and industrial land.
(x) Lake King Sport & Rec Sar	ongoing	to fund Recreation and Culture Expenses associated with Lake King SARS

5. TRADE RECEIVABLES

Current

Rates receivable
Sundry receivables
GST receivable
Provision for Doubtful Debts
ESL Control

Non-current

Pensioner's rates deferred
SEC Extensions

2019	2018
\$	\$
83,139	70,068
221,693	2,232,441
0	214,754
(5,454)	(29,348)
3,791	2,762
303,169	2,490,677
3,030	2,851
3,238	3,238
6,268	6,089

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 24.

Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

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.

6. INVENTORIES

Current

Fuel and materials

Non-current

Land held for resale - cost

Cost of acquisition

The following movements in inventories occurred during the year:

Carrying amount at 1 July

Inventories expensed during the year

Additions to inventory

Carrying amount at 30 June

	2019	2018
	\$	\$
	4,585	9,896
	4,585	9,896
	300,000	300,000
	300,000	300,000
	309,896	313,627
	(132,400)	(115,749)
	127,089	112,018
	304,585	309,896

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.

7. OTHER ASSETS AND ASSETS CLASSIFIED AS HELD FOR SALE

Other current assets

Accrued income

	2019	2018
	\$	\$
	71,703	1,637,328
	71,703	1,637,328

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

SHIRE OF LAKE GRACE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

8. OTHER FINANCIAL ASSETS

(a) Current assets

Other financial assets at amortised cost

2019	2018
\$	\$
27,930	33,029
27,930	33,029

Other financial assets at amortised cost

- Financial assets at amortised cost - self supporting loans

27,930	33,029
27,930	33,029

(b) Non-current assets

Other financial assets at amortised cost

Financial assets at fair value through profit and loss

0	27,930
77,334	77,334
77,334	105,264

Other financial assets at amortised cost

- Financial assets at amortised cost - self supporting loans

0	27,930
0	27,930

Financial assets at fair value through profit and loss

Units in Local Government House Trust

77,334	77,334
77,334	77,334

Changes in the fair value of Units in Local Government House recognised as non-current financial assets at fair value through profit and loss have not been recognised nor considered as they are unlikely to be material and unable to be reliably determined at the time of preparation of these Statements

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 24.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Previous accounting policy: available for sale financial assets

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

Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 26 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

9. 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 the control of Council	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	2,023,400	552,000	2,575,400	2,585,000	35,671,203	38,256,203	40,831,603	94,105	3,000,855	43,926,563
Additions	14,311	0	14,311	114,393	740,014	854,407	868,718	22,465	109,821	1,001,004
(Disposals)	0	0	0	(85,673)	(61,660)	(147,333)	(147,333)	(6,864)	(239,445)	(393,642)
Depreciation (expense)	0	0	0	(43,903)	(524,859)	(568,762)	(568,762)	(16,748)	(239,285)	(824,795)
Carrying amount at 30 June 2018	2,037,711	552,000	2,589,711	2,597,693	35,824,698	38,394,515	40,984,226	92,958	2,631,946	43,709,130
Comprises:										
Gross carrying amount at 30 June 2018	2,037,711	552,000	2,589,711	2,609,393	36,348,724	38,958,117	41,547,828	119,273	3,073,114	44,740,215
Accumulated depreciation at 30 June 2018	0	0	0	(39,576)	(524,026)	(563,602)	(563,602)	(26,315)	(441,168)	(1,031,085)
Carrying amount at 30 June 2018	2,037,711	552,000	2,589,711	2,569,817	35,824,698	38,394,515	40,984,226	92,958	2,631,946	43,709,130
Additions	0	0	0	69,113	117,541	186,654	186,654	3,290	192,040	381,984
(Disposals)	0	0	0	0	0	0	0	0	(131,381)	(131,381)
Depreciation (expense)	0	0	0	(41,237)	(534,653)	(575,890)	(575,890)	(18,558)	(240,855)	(835,303)
Carrying amount at 30 June 2019	2,037,711	552,000	2,589,711	2,597,693	35,407,586	38,005,279	40,594,990	77,690	2,451,750	43,124,430
Comprises:										
Gross carrying amount at 30 June 2019	2,037,711	552,000	2,589,711	2,678,507	36,466,265	39,144,772	41,734,483	122,563	3,112,789	44,969,835
Accumulated depreciation at 30 June 2019	0	0	0	(80,814)	(1,058,679)	(1,139,493)	(1,139,493)	(44,873)	(661,039)	(1,845,405)
Carrying amount at 30 June 2019	2,037,711	552,000	2,589,711	2,597,693	35,407,586	38,005,279	40,594,990	77,690	2,451,750	43,124,430

9. 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 properties	Independent registered valuers	June 2017	Price per hectare
Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Improvements to land using construction costs and current condition residual values and remaining useful life assessments inputs
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per square metre
Buildings - specialised	3	Improvements to land valued using depreciated replacement cost	Independent registered valuers	June 2017	Improvements to land using construction costs and current condition residual values and remaining useful life assessments inputs
Furniture and equipment	3	Cost approach using depreciated replacement costs	Management valuation	June 2016	Purchase costs and current condition. Residual value and remaining useful life assessments inputs
Plant and equipment	3	Cost approach using depreciated replacement costs	Management valuation	June 2016	Purchase costs and current condition. Residual value and remaining useful life assessments 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.

10. 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	Parks, Gardens, Recreation Facilities	Sewerage	Urban Infrastructure	Total Infrastructure
	\$	\$	\$	\$	\$
Balance at 1 July 2017	126,524,641	5,409,664	2,815,283	3,847,453	138,597,041
Additions	2,933,789	432,152	0	0	3,365,941
(Disposals)	0	0	0	0	0
Revaluation increments / (decrements) transferred to revaluation surplus	12,869,328	3,117,415	(139,387)	1,306,876	17,154,232
Depreciation (expense)	(1,605,842)	(386,411)	(42,938)	(101,245)	(2,136,436)
Transfers	0	(651,888)	0	651,888	0
Carrying amount at 30 June 2018	140,721,916	7,920,932	2,632,958	5,704,972	156,980,778
Comprises:					
Gross carrying amount at 30 June 2018	140,721,916	7,920,932	2,632,958	5,704,972	156,980,778
Carrying amount at 30 June 2018	140,721,916	7,920,932	2,632,958	5,704,972	156,980,778
Additions	2,561,038	45,704	0	0	2,606,742
Depreciation (expense)	(1,550,893)	(756,492)	(42,249)	(184,069)	(2,533,703)
Carrying amount at 30 June 2019	141,732,061	7,210,144	2,590,709	5,520,903	157,053,817
Comprises:					
Gross carrying amount at 30 June 2019	143,282,954	7,966,636	2,632,958	5,704,972	159,587,520
Accumulated depreciation at 30 June 2019	(1,550,893)	(756,492)	(42,249)	(184,069)	(2,533,703)
Carrying amount at 30 June 2019	141,732,061	7,210,144	2,590,709	5,520,903	157,053,817

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10. 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 depreciated replacement costs	Management valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Parks, Gardens, Recreation Facilities	3	Cost approach using depreciated replacement costs	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Sewerage	3	Cost approach using depreciated replacement costs	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Urban Infrastructure	3	Cost approach using depreciated replacement costs	Management/ Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments

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.

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

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

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

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

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, 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 fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. 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 property, plant and equipment 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

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

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

Land under roads

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

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

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

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

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

SHIRE OF LAKE GRACE
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11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - non-specialised	0	0	0	0	0	0	0	0	85,673	0	0	(85,673)
Buildings - specialised	0	0	0	0	0	0	0	0	61,660	0	0	(61,660)
Furniture and equipment	0	0	0	0	0	0	0	0	6,864	0	0	(6,864)
Plant and equipment	131,381	111,488	3,817	(23,710)	98,313	75,000	0	(23,313)	239,445	159,715	17,933	(97,663)
Parks, Gardens, Recreation Facilities	0	0	0	0	0	0	0	0	0	0	0	0
Urban Infrastructure	0	0	0	0	0	0	0	0	0	0	0	0
	131,381	111,488	3,817	(23,710)	98,313	75,000	0	(23,313)	393,642	159,715	17,933	(251,860)

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Governance	83,710	60,000	0	(23,710)
Transport	47,671	51,488	3,817	0
	131,381	111,488	3,817	(23,710)

The following assets were disposed of during the year.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Governance				
2015 Ford Territory ZS TS	30,889	14,545	0	(16,344)
2017 Toyota Prado GXL	52,821	45,455	0	(7,366)
Governance Total	83,710	60,000	0	(23,710)
Transport				
2017 Toyota Prado GXL	47,671	51,488	3,817	0
Transport Total	47,671	51,488	3,817	0
	131,381	111,488	3,817	(23,710)

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(b) Depreciation

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings - non-specialised	41,237	43,905	43,903
Buildings - specialised	534,653	525,725	524,859
Furniture and equipment	18,558	19,255	16,748
Plant and equipment	240,855	240,127	239,285
Infrastructure - roads	1,550,893	1,605,845	1,605,842
Parks, Gardens, Recreation Facilities	756,492	386,415	386,411
Sewerage	42,249	42,940	42,938
Urban Infrastructure	184,069	101,245	101,245
	3,369,006	2,965,457	2,961,231

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 15 years
Sealed roads and streets formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
Parks, Gardens and Recreation facilities	4-50 years
Urban Infrastructure	5 -50 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

Depreciation (Continued)

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.

SHIRE OF LAKE GRACE
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12. REVALUATION SURPLUS

	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	2019 Total Movement on Revaluation	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	2018 Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	27,682,477	0	0	0	27,682,477	27,682,477	0	0	0	27,682,477
Revaluation surplus - Plant and equipment	1,277,979	0	0	0	1,277,979	1,277,979	0	0	0	1,277,979
Revaluation surplus - Infrastructure - roads	13,125,444	0	0	0	13,125,444	256,116	12,869,328	0	12,869,328	13,125,444
Revaluation surplus - Parks, Gardens, Recreation Facilities	3,117,415	0	0	0	3,117,415	0	3,117,415	0	3,117,415	3,117,415
Revaluation surplus - Sewerage	2,654,025	0	0	0	2,654,025	2,793,412	0	(139,387)	(139,387)	2,654,025
Revaluation surplus - Urban Infrastructure	4,922,771	0	0	0	4,922,771	3,615,895	1,306,876	0	1,306,876	4,922,771
	52,780,111	0	0	0	52,780,111	35,625,879	17,293,619	(139,387)	17,154,232	52,780,111

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.

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Deposits and bonds held (refer to Note 25)	
Accrued salaries and wages	
ATO liabilities	
ESL Levied	
Accrued interest on long term borrowings	
Accrued expenditure	

2019	2018
\$	\$
405,589	1,679,488
20,227	0
12,094	11,882
0	30,845
8,581	6,345
17,980	21,770
0	775,045
464,471	2,525,375

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

Trade and other payables (Continued)

of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

SHIRE OF LAKE GRACE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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14. INFORMATION ON BORROWINGS

	2019	2018
(a) Borrowings	\$	\$
Current	244,473	250,052
Non-current	835,948	1,080,421
	<u>1,080,421</u>	<u>1,330,473</u>

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019			30 June 2019			30 June 2019			30 June 2019			30 June 2018			30 June 2018		
				Actual Principal	Actual Interest	Actual repayments	Budget Principal	Budget Interest	Budget repayments	Actual Principal	Actual Interest	Actual repayments	Budget Principal	Budget Interest	Budget repayments	1 July 2018	Principal	Interest	1 July 2017	Principal	Interest
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Governance																					
L175 - CEO's Residence	175	WATC	6.25%	12,874	12,874	0	12,874	12,874	767	0	0	24,979	12,105	12,874	1,201	12,874					
L181 - Office Redevelopment	181	WATC	5.78%	282,507	15,093	17,768	282,508	15,093	18,143	267,415	0	296,764	14,257	282,507	18,706	282,507					
Health																					
L190 - NGT Medical Centre	190	WATC	5.62%	67,189	25,764	3,178	67,188	25,764	4,055	41,424	0	79,545	12,356	67,189	4,755	67,189					
Housing																					
L184 - Country Housing Authority	184	WATC	7.51%	0	0	45	0	0	0	0	0	13,627	13,627	0	877	0					
L185 - Country Housing Authority	185	WATC	7.51%	0	0	44	0	0	0	0	0	13,627	13,627	0	877	0					
Recreation and culture																					
L173 - Lake Grace Pool	173	WATC	5.64%	72,746	12,951	4,213	72,746	12,951	4,583	59,795	0	84,984	12,238	72,746	5,011	72,746					
L182 - Lake Grace Sports Precinct	182	WATC	6.33%	168,097	14,370	11,288	168,097	14,370	11,671	153,727	0	181,599	13,502	168,097	12,255	168,097					
L192 - Lake Grace Bowling Club	192	WATC	6.12%	26,073	9,960	1,330	26,073	9,960	1,694	16,113	0	30,832	4,759	26,073	1,988	26,073					
L193 - Newdegate Bowling Club	193	WATC	4.77%	21,490	4,999	1,014	21,488	4,998	1,145	16,490	0	26,258	4,768	21,490	1,278	21,490					
L198 - Lake Grace Precinct	198	WATC	4.48%	130,436	19,404	6,466	130,436	19,407	6,652	111,029	0	148,999	18,563	130,436	7,421	130,436					
L202 - Lake Grace Court Resurface	202	WATC	2.29%	36,811	8,891	1,044	36,811	8,891	976	27,920	0	45,502	8,691	36,811	1,160	36,811					
Transport																					
L196 - Roadworks & Plant	196	WATC	3.81%	243,431	45,082	10,450	243,432	45,082	10,858	198,350	0	286,844	43,413	243,431	12,384	243,431					
Economic services																					
L189 - LG Residential Land	189	WATC	6.04%	149,328	8,293	9,647	149,328	8,293	9,946	141,035	0	153,293	3,965	149,328	10,188	149,328					
L199 - Standpipe Controllers	199	WATC	3.72%	27,479	27,479	943	27,479	27,479	1,190	0	0	53,964	26,485	27,479	2,099	27,479					
Other property and services																					
L191 - Staff Housing	191	WATC	6.12%	31,053	11,863	1,584	31,053	11,863	2,017	19,190	0	36,721	5,688	31,053	2,367	31,053					
				1,269,514	217,023	69,353	1,269,513	217,025	73,697	1,052,488		1,477,538	208,024	1,269,514	82,567	1,269,514					
Self Supporting Loans																					
Recreation and culture																					
L188 - Lake Grace Sportman's Club	188	WATC	6.12%	26,073	9,960	1,330	26,073	9,960	1,694	16,113	0	30,833	4,760	26,073	1,988	26,073					
Economic services																					
L201 - Lake Grace Develop. Assoc.	201	WATC	3.26%	34,886	23,069	947	34,887	23,069	1,343	11,818	0	57,221	22,335	34,886	1,823	34,886					
				60,959	33,029	2,277	60,960	33,029	3,037	27,931		88,054	27,095	60,959	3,811	60,959					
				1,330,473	250,052	71,630	1,330,473	250,054	76,734	1,080,419		1,565,592	235,119	1,330,473	86,378	1,330,473					

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 8 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

SHIRE OF LAKE GRACE
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14. INFORMATION ON BORROWINGS (Continued)

	2019	2018
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	100,000	100,000
Credit card limit	10,000	10,000
Total amount of credit unused	110,000	110,000
Loan facilities		
Loan facilities - current	244,473	250,052
Loan facilities - non-current	835,948	1,080,421
Total facilities in use at balance date	1,080,421	1,330,473

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 24.

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2018			
Current provisions	178,051	154,418	332,469
Non-current provisions	0	42,387	42,387
	178,051	196,805	374,856
Additional provision	121,981	4,183	126,164
Amounts used	(145,722)	0	(145,722)
Balance at 30 June 2019	154,310	200,988	355,298
Comprises			
Current	154,310	174,962	329,272
Non-current		26,026	26,026
	154,310	200,988	355,298
	2019	2018	
	\$	\$	
Amounts are expected to be settled on the following basis:			
Less than 12 months after the reporting date	329,272	332,469	
More than 12 months from reporting date	26,026	42,387	
	355,298	374,856	

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.

16. 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:

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Cash and cash equivalents	9,484,467	5,028,622	5,846,942
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	1,665,084	(1,124,039)	3,141,330
Non-cash flows in Net result:			
Depreciation	3,369,006	2,965,457	2,961,231
(Profit)/loss on sale of asset	19,893	23,313	233,927
Changes in assets and liabilities:			
(Increase)/decrease in receivables	2,187,329	1,999,917	(3,659,642)
(Increase)/decrease in other assets	1,565,625	0	0
(Increase)/decrease in inventories	5,311	0	3,731
Increase/(decrease) in payables	(2,060,904)	(400,000)	1,737,097
Increase/(decrease) in provisions	(19,558)	0	(57,919)
Grants contributions for the development of assets	(1,606,350)	(1,692,815)	(3,037,344)
Net cash from operating activities	5,125,436	1,771,833	1,322,411

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	2,683,111	2,634,774
General purpose funding	1,598,891	65,540
Law, order, public safety	1,006,901	983,142
Health	3,216,498	3,130,933
Education and welfare	634,888	646,305
Housing	10,301,976	10,032,150
Community amenities	5,319,519	4,616,194
Recreation and culture	27,450,747	27,540,100
Transport	139,974,786	152,458,706
Economic services	2,093,100	2,577,496
Other property and services	2,751,827	2,673,274
Unallocated	13,421,459	3,760,519
	210,453,703	211,119,133

18. CONTINGENT LIABILITIES

The Shire does not have any contingent liabilities as at 30 June 2019.

19. LEASING COMMITMENTS

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year

2019	2018
\$	\$
0	30,000
0	30,000

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Leases (Continued)

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

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

20. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	40,000	40,000	40,000
President's allowance	19,864	19,864	19,864
Deputy President's allowance	4,966	4,966	4,966
Travelling expenses	14,787	20,000	16,132
Telecommunications allowance	17,241	18,000	18,000
	96,858	102,830	98,962

Key Management Personnel (KMP) Compensation Disclosure

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	375,597	376,739
Post-employment benefits	45,722	38,990
Other long-term benefits	11,226	20,209
Termination benefits	12,155	41,856
	444,700	477,794

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.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

20. 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.

	2019 Actual	2018 Actual
	\$	\$
The following transactions occurred with related parties:		
Purchase of goods and services	22,588	23,674
Short term employee benefits -other related parties	89,652	84,732
Amounts payable to related parties:		
Trade and other payables	22,588	23,674

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

The short-term employee benefits expenses incurred are associated with persons related to a 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.

21. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/17	Received ⁽²⁾ 2017/18	Expended ⁽³⁾ 2017/18	Closing Balance ⁽¹⁾ 30/06/18	Received ⁽²⁾ 2018/19	Expended ⁽³⁾ 2018/19	Closing Balance 30/06/19
	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety							
DFES LG Scheme	20,495	11,083	(31,070)	508	44,375	(29,631)	15,252
AWARE Program	0	0	0	0	4,000	(4,000)	0
Health							
WA Seniors Community Grant	0	1,000	(1,000)	0	975	(975)	0
Department of Communities - Youth	0	0	0	0	3,382	(3,382)	0
Recreation and culture							
DSR - Kidsport	695	0	(695)	0	0	0	0
Newdegate Skate Park	0	0	0	0	1,350	(1,350)	0
Transport							
Roads to Recovery	15,124	1,490,422	(1,505,546)	0	1,250,000	(1,250,000)	0
MRWA - Regional Road Group	0	405,826	(405,826)	0	355,000	(355,000)	0
MRWA - Direct Grant	0	170,765	(170,765)	0	293,912	(293,912)	0
Economic services							
Commemorations Grants	0	0	0	0	2,337	(2,337)	0
Total	36,314	2,079,096	(2,114,902)	508	1,955,331	(1,940,587)	15,252

Notes:

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

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

SHIRE OF LAKE GRACE

22. RATING INFORMATION

(a) Rates

RATE TYPE												
Differential general rate / general rate												
Rate in \$	Number of Properties	Actual Rateable Value	Actual Rate Revenue	Interim Rates		Actual Back Rates	Actual Total Revenue	Budget Interim Rates		Budget Back Rate	Budget Total Revenue	Actual Total Revenue
				\$	\$			\$	\$			
Gross rental valuations												
0.081877	383	4,567,116	373,942	0	0	0	373,942	0	0	0	373,942	363,406
Unimproved valuations												
0.008268	588	300,982,980	2,488,362	3,644	0	0	2,492,006	0	0	0	2,488,362	2,431,478
Minimum \$	951	305,530,096	2,862,304	3,644	0	0	2,865,948	0	0	0	2,862,304	2,794,884
Gross rental valuations												
430	44	80,220	18,920	0	0	0	18,920	0	0	0	18,920	18,900
Unimproved valuations												
430	63	942,472	27,090	0	0	0	27,090	0	0	0	27,520	25,940
Sub-Total	107	1,022,692	46,010	0	0	0	46,010	0	0	0	46,440	42,840
Total amount raised from general rate												
	1,058	306,552,788	2,908,314	3,644	0	0	2,911,958	0	0	0	2,908,744	2,837,724
Specified Area Rate (refer Note 22(b))												
							2,911,958				2,908,744	2,837,724
Ex-gratia rates												
							1,204,283				1,202,989	1,217,085
Totals												
							59,595				62,127	59,055
							4,175,836				4,173,860	4,113,864

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

SHIRE OF LAKE GRACE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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22. RATING INFORMATION (Continued)

(b) Specified Area Rate											
Specified Area Rate	Basis of Valuation	Rate in \$	2018/19 Rateable Value	2018/19 Rate	2018/19 Revenue	2018/19 Interim Rate	2018/19 Back Rate	2018/19 Total Specified Area Rate	2018/19 Budget Rate	2018/19 Budget Revenue	2017/18 Total Actual Revenue
Lake Grace Sewerage											
Residential Minimum	GRV	0.042	2,437,362	102,930	0	0	0	102,930	102,930	0	100,587
Commercial Minimum	GRV	0.042	651,122	27,497	0	0	0	27,497	27,497	0	26,811
Vacant Land Minimum	GRV	0.042	12,200	515	0	0	0	515	515	0	503
1st Major Fixture	Fixtures	237.450	0	7,361	0	0	0	7,361	7,361	0	7,181
Additional Fixtures	Fixtures	105.840	0	4,763	0	0	0	4,763	4,763	0	4,647
Sport & Recreation											
Varley	GRV	0.032	153,203	4,880	0	0	0	4,880	4,880	0	5,256
Varley	UV	0.002	41,027,500	67,080	0	0	0	67,080	67,080	0	72,406
Lake King	GRV	0.023	290,730	6,815	0	0	0	6,815	6,815	0	7,505
Lake King	UV	0.002	63,717,800	110,614	0	0	0	110,614	110,614	0	121,798
Newdegate	GRV	0.050	887,143	44,483	0	0	0	44,483	44,483	0	44,483
Newdegate	UV	0.002	107,877,500	254,914	0	0	0	254,914	253,620	0	253,591
Lake Grace	GRV	0.053	3,374,329	178,246	0	0	0	178,246	178,246	0	178,162
Lake Grace	UV	0.004	88,600,700	394,185	0	0	0	394,185	394,185	0	394,155
				1,204,283		0	0	1,204,283	1,202,989	0	1,217,085
Area/properties											
Specified Area Rate	Purpose of the rate	Area/properties	Rate Imposed	2018/19 Actual Rate	2018/19 Actual Rate	2018/19 Actual Rate	2018/19 Actual Rate	2018/19 Actual Rate	2018/19 Budget Rate	2018/19 Budget Revenue	2017/18 Total Actual Revenue
				Applied to Costs	Set Aside to Reserve	Applied to Costs	Set Aside to Reserve	Applied to Costs	Applied to Costs	Applied to Costs	
Lake Grace Sewerage											
Applied in full to operate and maintain the sewerage system.		Lake Grace Townsite		24,306	118,760	0	143,066	0	0	0	
Sport & Recreation											
Varley		Varley District		46,974	30,688	0	71,960	0	0	0	
Lake King	Applied in full for expenses relating to Halls, Swimming Pools, Other Recreation	Lake King District		96,582	32,721	0	117,429	0	0	0	
Newdegate	Newdegate District			298,074	0	0	298,103	0	0	0	
Lake Grace	Lake Grace District			447,738	124,579	0	572,431	0	0	0	
				913,674	306,748	0	1,202,989	0	0	0	

22. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	18 Oct 2018	0.00	0.00%	11.00%
Option Two				
First instalment	18 Oct 2018	0.00	5.50%	11.00%
Second instalment	18 Dec 2018	11.00	5.50%	11.00%
Option Three				
First instalment	18/10/218	0.00	5.50%	11.00%
Second instalment	18 Dec 2018	11.00	5.50%	11.00%
Third instalment	18 Feb 2019	11.00	5.50%	11.00%
Fiurth instalment	18 Apr 2019	11.00	5.50%	11.00%

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Interest on unpaid rates	19,741	15,000	14,232
Interest on instalment plan	8,766	9,000	8,947
Charges on instalment plan	4,994	6,000	5,423
	<u>33,501</u>	<u>30,000</u>	<u>28,602</u>

23. RATE SETTING STATEMENT INFORMATION

		2018/19 Budget	2018/19
	2018/19 (30 June 2019 Carried Forward)	(30 June 2019 Carried Forward)	(1 July 2018 Brought 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	11(a)	(3,817)	0
Movement in pensioner deferred rates (non-current)		(179)	0
Movement in employee benefit provisions		(19,558)	0
Add: Loss on disposal of assets	11(a)	23,710	23,313
Add: Depreciation on assets	11(b)	3,369,006	2,965,457
Non cash amounts excluded from operating activities		3,369,162	2,988,770
(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			
Less: Reserves - restricted cash	3	(5,601,761)	(4,978,550)
Less: Municipal - restricted cash		(50,073)	(50,072)
Less: - Financial assets at amortised cost - self supporting loans	8(a)	(27,930)	0
Add: Borrowings	14(a)	244,473	244,473
Add: Provision for annual and long service leave		329,272	325,465
Total adjustments to net current assets		(5,106,019)	(4,458,684)
Net current assets used in the Rate Setting Statement			
Total current assets		9,891,854	6,379,694
Less: Total current liabilities		(1,038,216)	(1,920,269)
Less: Total adjustments to net current assets		(5,106,019)	(4,458,684)
Net current assets used in the Rate Setting Statement		3,747,619	741

SHIRE OF LAKE GRACE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

24. 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	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 the 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
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	1.24%	9,484,467	0	9,484,067	400
2018					
Cash and cash equivalents	1.47%	5,846,942	1,198,068	4,648,474	400

Sensitivity

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

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	94,642	58,469

* 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 14(b).

SHIRE OF LAKE GRACE
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24. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade 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 2018 or 1 July 2019 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 accordingly 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 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 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 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	1,574	37,478	21,087	29,820	89,959
Loss allowance	0	0	0	0	0
01 July 2018					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	34,619	19,447	11,602	10,014	75,682
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables. No expected credit loss was forecast on 1 July 2019 and 1 July 2019 for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	210,077	264	6,718	4,138	221,197
Loss allowance	0	0	0	0	0
01 July 2018					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	2,144,318	58,483	143	29,496	2,232,440
Loss allowance	0	0	0	0	0

24. 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 14(c).

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
	\$	\$	\$	\$	\$
2019					
Payables	464,471	0	0	464,471	464,471
Borrowings	303,653	709,886	236,816	1,250,355	1,080,421
	768,124	709,886	236,816	1,714,826	1,544,892
2018					
Payables	2,525,375	0	0	2,525,375	2,525,375
Borrowings	315,996	795,967	473,600	1,585,563	1,330,473
	2,841,371	795,967	473,600	4,110,938	3,855,848

25. 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 detailed below. In previous years, bonds and deposits were held as trust monies. They are now included in Restricted Cash at Note 3 and shown as a current liability in Note 13.

	1 July 2018	Amounts Received	Amounts Paid	Reclassified to Restricted Cash	30 June 2019
	\$	\$	\$		\$
Hall Deposits	5,000	10,315	(10,390)	(4,925)	0
Miscellaneous Deposits	1,993	0	(667)	(1,326)	0
Housing Bonds	4,742	4,020	(3,020)	(5,742)	0
Standpipe Bonds	6,300	1,631	(102)	(7,829)	0
Cat Traps	0	50	0	(50)	0
BCITF	0	656	(656)	0	0
Builders Registration Board	0	1,106	(1,106)	0	0
Key Bonds	75	50	0	(125)	0
NGT Swimming Pool Key Bond	160	70	0	(230)	0
Number Plates	0	1,000	(1,000)	0	0
	18,270	18,898	(16,941)	(20,227)	0

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.

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and no adjustments to the amounts recognised in the financial statements.

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- The Shire has no designated financial assets at fair value through profit and loss.

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L.

27. CHANGE IN ACCOUNTING POLICY

Paragraph 17A (5) of *Local Government (Financial Management) Regulations 1996* came into operation on the 1 July 2018. The regulation stated an asset is to be excluded from the assets of a local government if the fair value of the asset at the date of acquisition by the local government is under \$5,000.

The Shire of Lake Grace has retrospectively applied the change in its accounting policy to comply with the regulation and excluded assets with a fair value of under \$5,000 at the time of acquisition from the assets of the Shire.

During the year assets with a fair value at the date of acquisition of under \$5,000 and purchased prior to 30 June 2018 have been excluded from the assets of the Shire and the 2018 comparatives amended accordingly.

The impacts of the changes in the accounting policy on the prior year comparatives are disclosed below.

Statement of Financial Position (Extract)	30 June 2018 \$	Increase/ (Decrease) \$	30 June 2018 (Restated) \$	30 June 2017 \$	Increase/ (Decrease) \$	01 July 2017 (Restated) \$
Property, plant and equipment	43,778,545	(69,415)	43,709,130	44,000,188	(73,625)	43,926,563
Infrastructure	157,178,968	(198,190)	156,980,778	138,618,333	(21,292)	138,597,041
NET ASSETS	207,156,034	(267,605)	206,888,429	186,687,784	(94,917)	186,592,867
Retained earnings	150,269,951	(90,707)	150,179,244	148,357,910	(94,917)	148,262,993
Revaluation surplus	52,957,009	(176,898)	52,780,111	35,625,879	0	35,625,879
TOTAL EQUITY	207,156,034	(267,605)	206,888,429	186,687,784	(94,917)	186,592,867

Statement of Comprehensive Income (Extract)	2018 \$	Increase/ (Decrease) \$	2018 (Restated) \$
<i>By Nature or Type</i>			
Depreciation expense	(2,965,441)	4,210	(2,961,231)
<i>By program</i>			
Expenses			
Governance	(273,379)	653	(272,726)
General purpose funding	(155,301)	0	(155,301)
Law, order, public safety	(262,072)	0	(262,072)
Health	(251,954)	1,512	(250,442)
Education and welfare	(33,835)	0	(33,835)
Housing	(160,621)	0	(160,621)
Community amenities	(676,510)	0	(676,510)
Recreation and culture	(1,573,603)	1,075	(1,572,528)
Transport	(8,613,585)	0	(8,613,585)
Economic services	(432,448)	273	(432,175)
Other property and services	(134,035)	697	(133,338)
Net result for the period	3,137,120	4,210	3,141,330
Changes in asset revaluation surplus	17,331,130	(176,898)	17,154,232
Total comprehensive income for the period	20,468,250	(172,688)	20,295,562

28. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, 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*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

The City will adopt 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 will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019.

(b) 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 AASB 16 recognised on 1 July 2019. In applying the AASB 16 under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the Shire will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019.

On adoption of AASB 16, the Shire will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount and discounted using the lessee's incremental borrowing rate. At the 30 June 2019 the Shire had no leases required to be recognised.

28. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (Continued)

(c) Income For Not-For-Profit Entities

The City will adopt 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 will adopt 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.

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 give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be 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 occurs the financial liability will be extinguished and the Shire will recognise 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.

Volunteer Services in relation to Volunteer Fire Services will not be recognised in revenue and expenditure as the fair value of the services cannot be reliably estimated.

29. CORRECTION OF ERROR

During the year it was noted the Shire had not previously recognised the units it holds in Local Government House Unit Trust. The Shire has corrected this error by recognising the units held at 1 July 2017 and restated the prior year balances accordingly.

The units held at the 1 July 2017 had a fair value of \$77,334 which have been recognised as financial assets at fair value through profit and loss.

The impacts of the changes in the accounting policy on the prior year comparatives are disclosed below.

Statement of Financial Position (Extract)	30 June 2018 \$	Increase/ (Decrease) \$	30 June 2018 (Restated) \$	30 June 2017 \$	Increase/ (Decrease) \$	01 July 2017 (Restated) \$
Financial assets at fair value through profit and loss	0	77,334	77,334	0	77,334	77,334
NET ASSETS	207,078,700	77,334	207,156,034	186,610,450	77,334	186,687,784
Retained surplus	150,192,617	77,334	150,269,951	148,280,576	77,334	148,357,910
TOTAL EQUITY	207,078,700	77,334	207,156,034	186,610,450	77,334	186,687,784

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30. 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 regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

31. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES 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 council 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.
To provide services for families and children.

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. Assistance with playgroups and daycare centres.

HOUSING

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

Provision and maintenance of staff housing, aged persons units and community accommodation (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 the social wellbeing of the community.

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 Education Department 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.

32. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	5.15	2.04	2.81
Asset consumption ratio	0.98	0.85	0.88
Asset renewal funding ratio	0.46	1.03	1.95
Asset sustainability ratio	0.83	0.66	0.76
Debt service cover ratio	10.88	9.80	11.33
Operating surplus ratio	0.01	0.01	0.18
Own source revenue coverage ratio	0.73	0.79	0.61

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 Lake Grace

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Lake Grace which comprises the Statement of Financial Position as at 30 June 2019, 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, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Lake Grace:

- (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 2019 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 Opinion

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 Note 1 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's annual financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

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 an 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.

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

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

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

Report on Other Legal and Regulatory Requirements

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

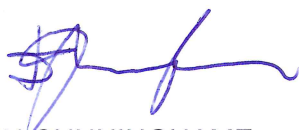
- (i) The following material matter indicating non-compliance with Part 6 of the Local Government Act 1995, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law was identified during the course of my audit:
 - a. Accounting journal entries were posted with no evidence of independent review and approval by another person. Accounting journals can represent significant adjustments to previously approved accounting transactions, and should therefore be independently reviewed and approved, with evidence of this review being retained.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial report of the Shire for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2017 and 2018 in Note 31 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

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 Lake Grace for the year ended 30 June 2019 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.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
30 November 2019