

ANNUAL REPORT

2020-2021



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The Growing Centre

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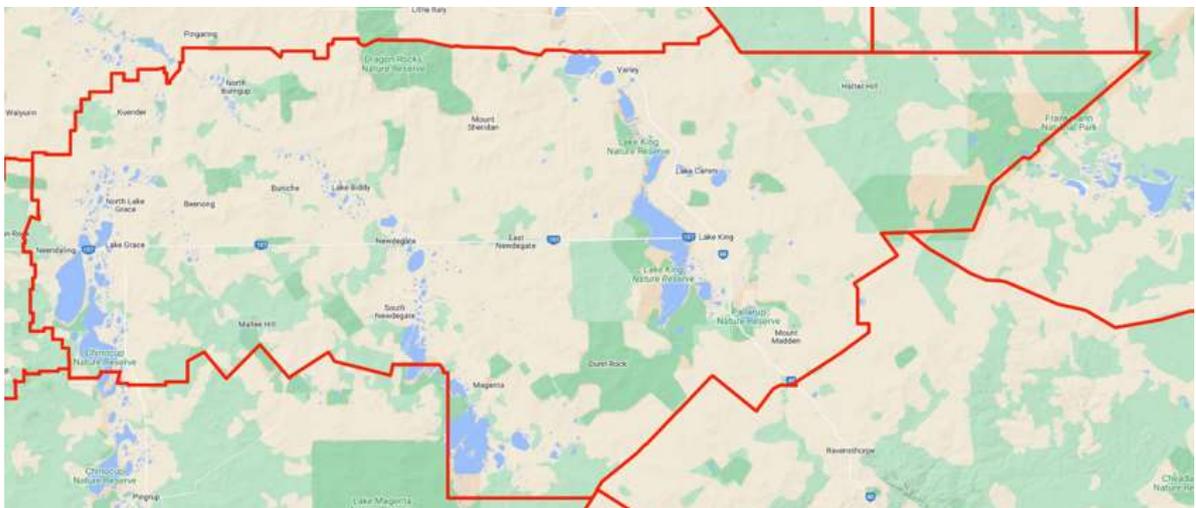
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Introduction – Shire of Lake Grace



Lake Grace Shire is situated in the South-East of Western Australia and is one of the largest agricultural Shires in the State. It incorporates the communities of Lake Grace, Newdegate, Lake King, Varley and part of Pingaring, and has 1,361 people inhabiting its 11,890 km².

Distance from Perth (in kms)	345
Area in square kms	11,890
Length of sealed roads (in kms)	228
Length of unsealed roads (in kms)	2,056
Population	1,268 (2016 Census)
Number of Electors	908
Number of Dwellings	745
Total Rates Levied	\$2,911,958
Total Revenue	\$13,806,511
Number of Employees	44 (as of 01 April 2022)



President's Report

It is with pleasure that I once again present to you the Shire of Lake Grace Annual Report 2020-2021.

This year followed along the lines of last year 2019/2020 in that it has been exceptionally difficult and challenging with COVID-19 pandemic creating ongoing issues in the supply chain of materials and the ability to attract trades people to complete various tasks across the Shire. Congratulations once again to our hardworking staff and Council in continuing to work to fulfil as many commitments as possible. With another dry summer behind us, and now the start of what appears to be a fairly wet winter all good for the farmers.

The issue of water has always been a challenge but with the working relationship between the Shire, Water Corporation and Department of Water and Environmental Regulation. The Shire has taken over some substantial refurbished dams; noting Lake Bidy Dam and Buniche Railway Dam. I might add that thanks to the Chief Executive Officer and staff, it is great to know that the government water agencies are “on board” once again.

Projects around the Shire of Lake Grace 2020/2021

- Cleaning of Lake Bidy Dam – thank you to Ashley McDonald and staff for assisting in this project
- Gravel re-sheeting on Morton Road, Bidy Camm Road and Mount Sheridan
- Upgrade of Varley Cemetery garden and sports pavilion
- Lake Grace Jumping Pillow
- Renovation of the Lake Grace Swimming Pool
- Completion of staff houses
- Improvements on the Lake King Recreation Ground
- Upgrade of the airport lighting
- Solar lighting on footpath along Waddell Street, Newdegate
- Renovations to the Newdegate Country Club is still ongoing
- Installation of solar panels for several Shire owned buildings

Events around the shire

- We conducted two (2) Citizenship Ceremonies in 2020 and five (5) ceremonies in 2021
- Movie nights all throughout the year around the shire of Lake Grace
- Various live shows around the shire such as Splash Test Dummies in Varley and Lake Grace Pavilion
- Yuck Circus in May was a success
- Various school holiday activities conducted
- Australia Day Celebrations including Australia Day Nominations

Several Grants received from the State and Federal governments:

- \$20,000 Covidsafe Events Grant
- \$150,000 Driver Reviver Grant Round 2
- \$1,000,000 Drought Communities Grant

As per last year's report, there is still a shortage of gravel supply for the maintenance of our road systems, due to restrictions and environmental regulations, but thanks to our Manager Infrastructure Services Mr Craig Elefsen, staff and the farmers who offered, assisted and indicated that gravel supply from their properties could be utilised by the Shire. Thank you for your contributions that has allowed the Shire to continue with the road maintenance programs.

In closing, I would like to thank all the Shire of Lake Grace staff both office and external employees for their dedication and ability to "get on with the job" during what has been a COVID-19 enhanced difficult year.

Finally, to my fellow Councillors, thank you for your dedication and input over the past years. The Shire of Lake Grace is certainly a great place to live, work and play.



**Cr Len Armstrong
President
Shire of Lake Grace**

Councillors and the Executive Team (01 July 2020 to 30 June 2021)



Back row left to right – Manager Infrastructure Services Craig Elefsen, Cr Shane Carruthers, Cr Helen Steicke, Cr Peter Stoffberg, Cr Debrah Clarke, Cr Allan Marshall, Cr Roz Lloyd, Manager Corporate Services Kevin Wilson and Cr Ben Hyde

Front row left to right – Deputy Chief Executive Officer Chris Paget, Shire Deputy President Cr Ross Chappell, Shire President Cr Len Armstrong, Chief Executive Officer Alan George

COUNCILLORS TERMS OF OFFICE AND CONTACT DETAILS

Expiring 2021	Email Address	Mobile No
Cr Peter Stoffberg	crstoffberg@lakegrace.wa.gov.au	
Cr Allan Marshall	crmarshall@lakegrace.wa.gov.au	
Cr Helen Steicke	crsteicke@lakegrace.wa.gov.au	

Note: Cr Helen Steicke resigned from her position in 05 February 2021.

Expiring 2023	Email Address	Mobile No
Cr Len Armstrong	crarmstrong@lakegrace.wa.gov.au	0429 843 785
Cr Debrah Clarke	crclarke@lakegrace.wa.gov.au	0428 654 041
Cr Roz Lloyd	crloyd@lakegrace.wa.gov.au	0428 711 534
Cr Shane Carruthers	rcarruthers@lakegrace.wa.gov.au	0408 396 432

Expiring 2025	Email Address	Mobile No.
Cr Ross Chappell	crchappell@lakegrace.wa.gov.au	0428 654 058
Cr Ben Hyde	crhyde@lakegrace.wa.gov.au	0428 752 042

COUNCILLORS REMUNERATION FOR 2020/2021

Cr Len Armstrong	\$41,509.68	Note: Councilors remuneration includes: <ul style="list-style-type: none"> • Meeting Fees • Presidential and Deputy Allowance • Travel • IT Allowance
Cr Debrah Clarke	\$6,000.00	
Cr Roz Lloyd	\$7,462.88	
Cr Ross Chappell	\$12,570.09	
Cr Shane Carruthers	\$4,750.01	
Cr Ben Hyde	\$6,889.94	
Cr Peter Stoffberg	\$6,000.00	
Cr Alan Marshall	\$6,395.14	
Cr Helen Steicke	\$5,085.96	

Notes: Cr Helen Steicke resigned from her position in 05 February 2021
 Cr Peter Stoffberg left the Council on 16 October 2021 (Council Election)
 Cr Allan Marshall left the Council on 16 October 2021 (Council Election)

From the Chief Executive Officer

The 2020/2021 financial year presented a further year of challenges for residents, staff and councillors alike. The ongoing COVID-19 pandemic saw the federal government provide funding in an endeavour to stimulate local communities and employment.

Our Shire received two allocations from the Local Roads and Community Infrastructure Program funding provided by the federal government being:

- Phase 1 \$860,569
- Phase 2 \$606,913

Many projects that were not on the radar in the short term were planned, costed out and given the approval to proceed only to be delayed largely due to tradesmen being in short supply and materials becoming harder and harder to obtain. These projects will proceed as supplies are received and tradesmen become available.

Major projects during the year included;

- The painting of the Lake Grace Swimming Pool and upgrade to the toddlers' pools
- Construction of three (3) new staff houses in Lake Grace
- Work on the Lake King Recreation Ground to improve the reticulation and pumps
- New footpath and solar lighting along Waddell Street, Newdegate
- Commencement of the works for the renovations to the Newdegate Country Club

The very dry conditions throughout the Shire continued for the first 9 months of the financial year which gave administration time to have some dams cleaned out and to arrange funding through the Department of Water and Environmental Regulation to carry out some further planning. It was very pleasing to see decent rainfall throughout the shire which filled many dams for the first time in several years.

The roads crew along with the shire contractors were kept busy as a result of the rain which gave them the opportunity to carry out some much-needed works on our 2,056 kms of gravel roads.

Despite the restrictions brought about by the COVID-19 pandemic, the vibe around the shire has remained upbeat. Many intra-state tourists were on the road and it has not been unusual to see the main streets full of caravans and trailers which of course brings money into the towns and keeps the wheels of commerce turning.

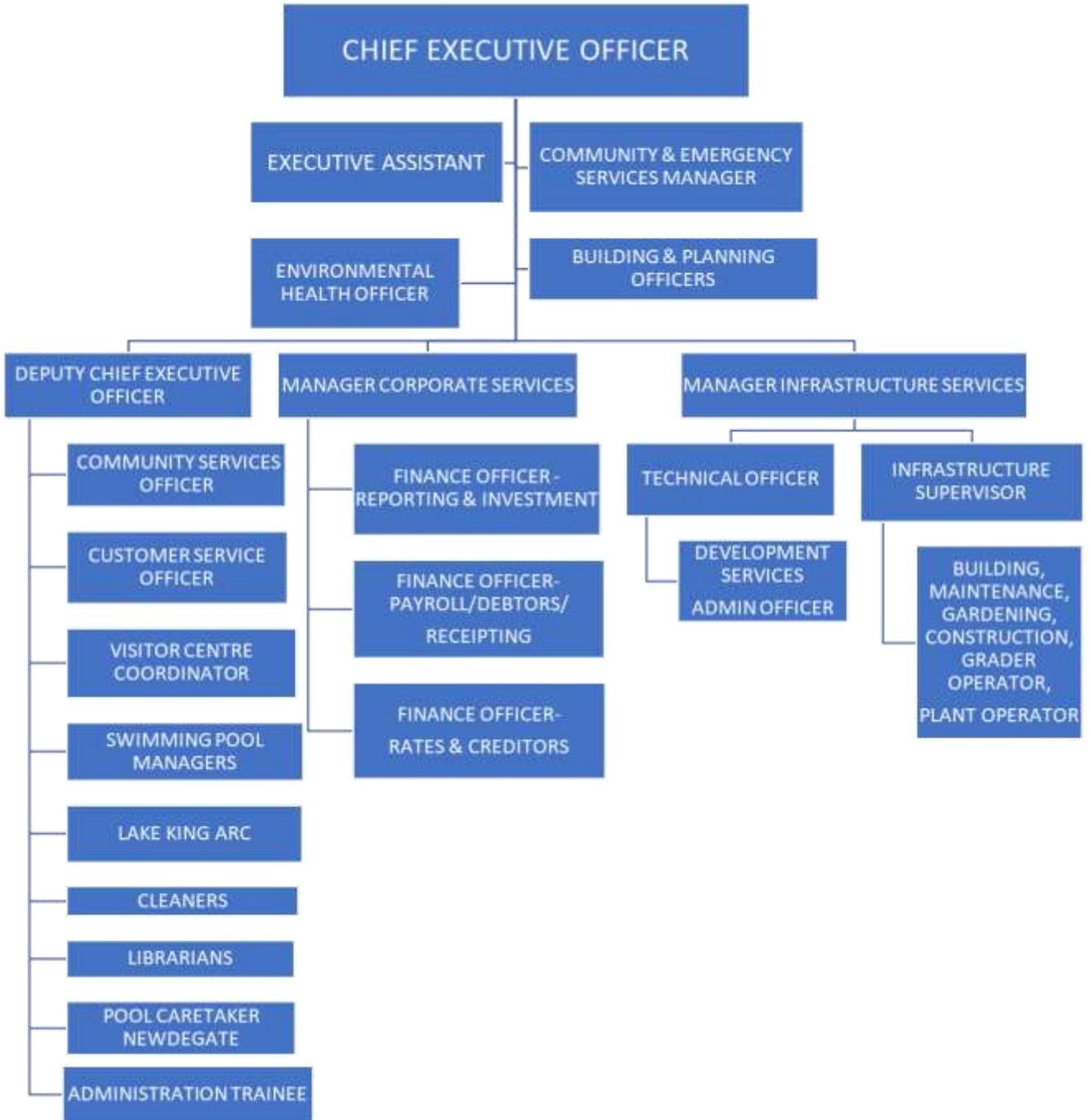
The administration staff as always have remained busy handling the ever-changing restrictions brought upon us by COVID-19 as well as carrying out their day to day duties. As always, there has been some movement in staff who chose to leave the employ of the Shire for various reasons including retirement and alternative job opportunities and we wish them all well for the future.

Finally, I would like to acknowledge the support of the Elected Members who continue to have the best interests of the Shire of Lake Grace in their vision and are keen to see the entire shire grow and develop.



Alan George
CHIEF EXECUTIVE OFFICER

SHIRE OF LAKE GRACE ORGANISATION CHART



Corporate Services

The Shire of Lake Grace Corporate Services team has undergone quite a few changes of roles and staff during a very busy 2020-2021 financial year, and especially considering the impacts and operational difficulties of the COVID-19 pandemic within our state and across Australia. The work of this section of our administration encompasses all creditors and debtors processing, customer service, payroll, rates (presently outsourced to IT Vision), integrated planning and reporting, financial reporting and investment management.

During the year, several staff members had the opportunity to attend training and development programs in Perth or other venues which included records management, Occupational Safety and Health, financial reporting and finance upskilling courses which is increasingly required to meet the compliance requirements of Local Government, as well as contributing positively to the professional development of our very valuable staff members.

The Annual Budget for 2020-2021 was adopted by Council on 29th July 2020 and provided, as normal, funds to meet the on-going operations of the Shire which includes administration and program operational costs, shire buildings, infrastructure and other facilities, parks and gardens, and maintaining and upgrading the Shire's extensive road network which totals approximately 2,500 kilometres. Following the adoption of the annual budget, the rates notices were issued for all applicable properties within the Shire during the first week of August. In accordance with the recommendations from the WA State Government as a result of the COVID-19 pandemic, Shire rates for GRV (Gross Rental Value) residential properties were maintained steady at the 2019-2020 rate in the dollar, with a very minor 2% increase factored in for UV (Unimproved Value) properties and the minimum UV rate increasing by \$10.

The Shire's operating revenue for the 2020-2021 year totalled \$10,002,927 comprising rates revenue of \$4,249,126, operating grants/subsidies/contributions (including the Commonwealth Financial Assistance Grant) of \$5,008,183, Shire fees and charges \$412,759, interest earnings \$70,566 and other revenue of \$262,293.

Operating expenditure for the financial year was \$9,074,706. This consisted of program areas Governance \$313,728; General Purpose Funding \$157,506; Law, Order and Public Safety \$332,009; Health \$329,504; Education and Welfare \$53,175; Housing \$165,561; Community Amenities \$944,430; Recreation and Culture \$2,361,590; Transport \$3,660,174; Economic Services \$706,305; and Other Property & Services \$50,724.

The Shire of Lake Grace acknowledges the importance of and sincerely appreciates both the Commonwealth and WA State Governments' ongoing funding programs that support the delivery of council operations, services and infrastructure maintenance and development.

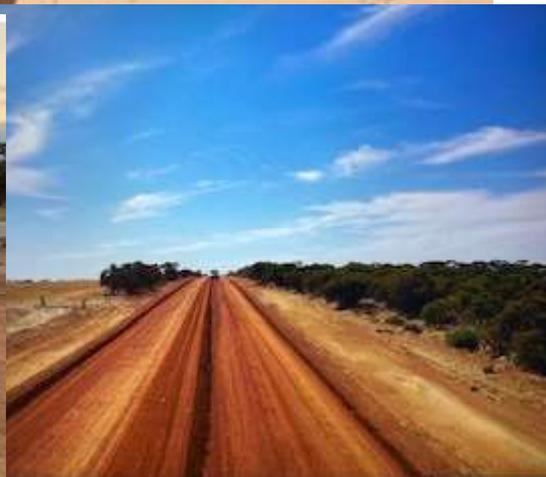


In accordance with section 7.9(1) of the Local Government Act 1995 the WA Office of the Auditor General is required to issue an opinion on the financial statements of the shire for the year ended 30th June 2021. The OAG contracted auditing firm AMD which conducted a detailed examination with a much wider audit brief than in previous years, including not only finance matters but also of the Shire's business processes. The interim audit was carried out at the Shire office on 4th and 5th October 2021, with the final audit process completed by our staff and AMD in early December. A significant delay in receiving the final audit opinion and report was then experienced with and acknowledged by the OAG, primarily due to their shortage of staff and the impacts of COVID-19 restrictions within our state.

The 2020-2021 audit was officially signed off by OAG and received on 18th March 2022 with a clear audit opinion, which is testament to the Shire's very sound management practices and the ongoing efforts of our Council and staff.



Chris Paget
DEPUTY CHIEF EXECUTIVE OFFICER



STATUTORY REPORTS

Complaints Register – Official Conduct

These regulations require the reporting of various offences by elected members, as prescribed by the Regulations. Elected members must comply with their obligations under the *Local Government Act 1995* and subsidiary legislation. Complaints about elected member conduct are to be made to the Complaints Officer, who in accordance with section 5.120 of the *Local Government Act 1995*, must be a designated senior employee. The Complaints Officer for the Shire of Lake Grace is the Chief Executive Officer.

The Shire maintains a register of complaints which records all complaints that result in an action under the *Local Government Act 1995* s5.121 (6)(b) or (c). The register of complaints is to include for each recorded complaint:

- Name of council member about whom the complaint is made;
- Name of the person who makes the complaint;
- A description of the minor breach that the Standards Panel finds has occurred; and
- Details of the action taken.

Section 5.121 of the *Local Government Act 1995* requires the Annual Report to contain details of the entries made in the Complaints Register regarding complaints made about elected members. There were no formal complaints lodged against any elected members in the 2020-2021 year.

No amount of money was paid to the Local Government Standards Panel for hearing a complaint regarding a council member and no amount of money was ordered by the Standards Panel to be reimbursed to the local government by a council member.

Complaints to the Ombudsman WA

During the 2020-2021 financial year no complaints regarding actions or operations of the Shire Lake Grace were made to the Ombudsman of Western Australia.

Disability Access and Inclusion Plan

The Disability Services Act 1993 requires all local governments to develop and implement a Disability Access and Inclusion Plan (DAIP) which aims not only to address the desired outcomes of the Disability Services Commission (DSC); but must be reviewed annually and reported to the Disability Services Commission by 31 July each year.

The Shire of Lake Grace is pleased to report that compliance with the seven (7) Outcomes stipulated by DSC to be reviewed and following are the results:

DAIP Outcome 1: People with disability have the same opportunities as other people to access the services of, and any events organised by, a public authority. Ensuring all people can access your organisations public events and general services is fundamental to good customer service.

- Since the adoption of the DAIP, the Shire has implemented many initiatives and made significant progress towards ensuring the community is accessible and inclusive for people of all ages and abilities. We continue with this commitment.

DAIP Outcome 2: People with disability have the same opportunities as other people to access the buildings and other facilities of a public authority. This outcome area is about how your organisation has ensured and safeguarded accessibility in the planning, design, and improvement of built infrastructure.

- Installed soft fall at Newdegate adult gym.
- Installed new disability toilets in the public toilets at Lake King and Varley. The Lake Grace pool refurbishment included a safe access into the smaller pool and now have railings at the entry steps.
- Resurfaced path from Mitchell St to Newdegate Sporting Facility. Created a new path around the back behind the hockey field to the playground.

DAIP Outcome 3: People with disability receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it. Good practice in this area involves considering your target audience: language and terminology; format; location and sensory access for physical signage; technology and customer service delivery.

- A new, more user-friendly website was developed
- The Shire of Lake Grace continually reviews our Facebook and social media posts to ensure compliance with the best practice guidelines. Publications and forms are available and the website has an “**A+**” function to enable to increase the size of pages.

DAIP Outcome 4: People with disability receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority.

This outcome area involves the safeguards and initiatives which ensure that your services and processes are consistent, inclusive or readily adjust to people’s needs.

- With the use of YouTube from the Disability Services website, the material “*You Can Make A Difference*” is shown to staff for training purposes.
- The following are available in hard copy at the Shire Administration Office and on the Shire of Lake Grace website under the Disability Access and Inclusion area:
 - Shire of Lake Grace Disability Access and Inclusion Plan 2019-2024
 - Link to the Disability Services WA website
 - Link to the People with Disabilities WA website
 - Link to the Developmental Disability WA (DDWA) website

DAIP Outcome 5: People with disability have the same opportunities as other people to make complaints to a public authority. Equitable complaints mechanisms can effectively receive and address complaints from all members of the community and play a fundamental role in making sure that services meet the needs of intended consumers.

- Continues training of staff to provide skills, knowledge and experience in dealing with people with disability
- Suitable access to the Shire of Lake Grace administration building and other buildings owned, operated and maintained by the Shire

DAIP Outcome 6: People with disability have the same opportunities as other people to participate in any public consultation by a public authority. Good consultation and engagement strategies consider the ways in which all people are encouraged and supported to engage or participate with information, strategies or decision-making processes of an organisation. This in turn can provide public authorities with more inclusive outcomes and potentially awareness of different perspectives.

- Any information regarding any developments within the shire as well as financial or even tendering processes and those that will directly/indirectly affect the community are promoted and disseminated either by public consultation and advertising such information
- Community events, forums, meetings etc are widely advertised via Facebook, website, community newspaper and public posts through library bulletin boards.

DAIP Outcome 7: People with disability have the same opportunities as other people to obtain and maintain employment with a public authority. This outcome is focused on your organisation's activity in directly employing people with disability; including considering the environment, culture and processes which support the maintenance of employment.

- The Shire of Lake Grace has employment opportunities which are advertised on different mediums including Facebook, employment section of the website, local newspaper, community news as well as library boards. Our advertisements always encourage applicants from all backgrounds to apply because the Shire is an equal opportunity employer.
- We assess each employment application based on its own merits and provide adequate information to all applicants by way of disseminating position descriptions and job overviews.

Freedom of Information

In accordance with Section 96 and 97 of the *Freedom of Information Act 1992*, the Shire is required to publish an Information Statement which details the process of applying for information under the Act as well as information that the Shire provides outside the Act. This Information Statement is available on the Shire of Lake Grace website.

The *Freedom of Information Act 1992* and associated regulations can be found on the State Law Publisher website at www.slp.wa.gov.au where a full copy of all State legislation is available. Further information about Freedom of Information can also be found on the Freedom of Information Commissioner's website <http://foi.wa.gov.au/>

During the 2020-2021 financial year there was one Freedom of Information application received and processed by the Shire.

National Competition Policy Statement

The Federal and State governments have a Competition Principles Agreement in place, which is binding on local government. The Agreement requires the Shire to carry out a number of procedures and include a report on the matter in each year's Annual Report. The three areas that affect local government are:

1. *Competitive neutrality* - to remove benefits (and costs) which accrue to government business as a result of their public ownership.

Local Governments are required to apply the principle of competitive neutrality to all business activities generating user-pays income. The principle of competitive neutrality is that Government businesses should not enjoy a competitive advantage, or disadvantage, simply as a result of their public sector ownership. Annual Reports must show that a public benefit test has been conducted for all significant business activities (over \$200,000) to determine if competitive neutrality is in the public interest.

Within these criteria the Shire had no disclosures for the reporting period with respect to competitive neutrality:

- The Shire does not operate a business enterprise that has been classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or Public Financial Enterprise;
- During the reporting period the Shire did not receive any complaints or did not become aware of any allegations of non-compliance with the competitive neutrality principles made by a private entity against the Shire; and
- The Shire continues to monitor Council policies and local laws for anti-competitive practices.

2. *Structural reform* - local government is required to reform the structure of publicly owned monopoly businesses where it is proposed to introduce competition.

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 2020-2021 and hence there were no obligations for the Council with respect to structural reform under the NCP.

3. *Legislation review* - to review any applicable legislation that may restrict competition. The full requirements of the package are contained in a statement issued by the Department of Local Government, Sport and Cultural Industries.

The Shire holds a portfolio of local laws (previously known as by-laws) which may or may not conflict with the Competition Principles Agreement. Section 3.16 of the *Local Government Act 1995* requires that all of the local laws of a Local Government must be reviewed within an eight-year period after their commencement to determine if they should remain unchanged or be repealed or amended. The Shire's Local Laws are scheduled for review in 2023.

The Annual Report is to include a statement of which Local Laws that have been reviewed, the conclusions of those reviews, and a forward strategy for all Local Laws still to be reviewed. Local governments are required to review local laws to ensure they do not restrict competition unless:

- The benefits of the restriction to the community as a whole outweigh the costs; and
- The objectives of the legislation can only be achieved by restricting competition.

Where necessary clause 7 legislation review principles have been complied with and the Shire of Lake Grace remains committed to reviewing its existing local laws, as well as proposed local laws.

No new Local Laws were created in 2020-2021.

Primary and Annual Returns

In accordance with Section 5.75 and 5.76 of the *Local Government Act 1995* all relevant persons lodged an Annual Return by the August 31st due date and a primary return within 3 months of their start date. In 2020-2021, there was once again 100% compliance in this area.

Procurement of Goods and Services

Procurement for the Shire of Lake Grace is conducted in compliance with the requirements of the *Local Government Act 1995*, the *Local Government (Functions and General) Regulations 1996* and in accordance with the Shire's Purchasing Policy and Code of Conduct.

Public Interest Disclosure

The *Public Interest Disclosure Act 2003* facilitates the disclosure of public interest information, and provides for the protection of those making such disclosure and those who are subject of the disclosures. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken. Council has complied with all obligations under the Act including:

- a. Appointing the Chief Executive Officer and Deputy Chief Executive Officer as the PID Officers for the organisation and publishing an internal procedure relating to the Shire's obligations.

- b. Providing protection from detrimental action or the threat of detrimental action for any employee of the Shire who makes an appropriate disclosure of public interest information.

There were no Public Interest Disclosures made to the Chief Executive Officer or Deputy CEO in the 2020-2021 year.

Record Keeping Plan (State Records Act 2000)

The Shire of Lake Grace is required to maintain and dispose all records as prescribed in the State Records Act 2000.

In 14 August 2020, the Shire of Lake Grace received from the State Records Commission an approval for the continuation of the review of the Record Keeping Plan up to 7 August 2025. The Disaster Recovery Plan is currently under review and once completed, will be submitted to the State Records Commission during 2021.

In accordance with Principle 6 – Compliance, all employees, contractors, and elected members of the Shire of Lake Grace must ensure awareness and compliance with their responsibilities of the record keeping plan. The following are minimum compliance requirements of the record keeping plan:

- In order to measure the efficiency and effectiveness of the Shire of Lake Grace record keeping system, it must be evaluated at least once every five years e.g. 2025
- The Shire of Lake Grace must conduct a record keeping training program to all staff, elected members and contractors about their roles and responsibilities of keeping records according to the record keeping plan
- In keeping with the training program, the Shire of Lake Grace must regularly review its efficiency and effectiveness within the record keeping process
- The Shire of Lake Grace must inform all employees, contractors and elected members their roles and responsibilities regarding the compliance with the record keeping plan

The Shire of Lake Grace has complied with the four items mentioned above and with approval from the State Records Commission, the new Record Keeping Plan will be submitted on 7 August 2025.



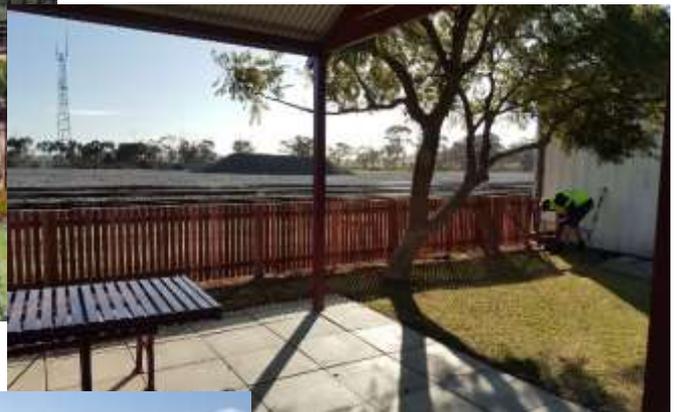
Remuneration of Employees

Local Government (Administration) Regulation 19B(2)(a & b) requires a local government to report details of the number of employees entitled to an annual salary of \$130,000 or more in bands of \$10,000 for each band over \$130,000. For 2020-2021 these are disclosed as follows:

Salary Range	2021	2020
\$130,000 - \$140,000	-	-
\$140,001 - \$150,000	-	-
\$160,001 - \$170,000	1	1
\$170,001 - \$180,000	-	-

Remuneration Provided to the CEO

Local Government (Administration) Regulation 19B(2)(e) requires the local government to report on the value of the total remuneration package provided to the Chief Executive Officer; during 2020-2021 this amounted to \$209,876.



STATISTICAL INFORMATION

In accordance with the Local Government (Administration) Regulations 1996 Section 19B – Information to be included in the Annual Report (Act s.5.53(2)(g) and (i), the Shire of Lake Grace has the following information:

Number of Council and Committee meetings attended by each council member during the financial year 1 July 2020 to 30 June 2021:

Councillors	COUNCIL	AUC	LEMC	BFAC	LGLRCRCMC	NLRCRMC
Armstrong, Len	13	1	3			
Chappell, Ross	12		2	3		
Carruthers, Shane	9					
Clarke, Debrah	12				3	
Hyde, Benjamin	9			1		
Lloyd, Rosalind	13					1
Marshall, Allan	13	2				
Steicke, Helen	7	1				1
Stoffberg, Peter	12	2				

AUC – Audit Committee

LEMC – Local Emergency Management Committee

BFAC – Bush Fire Advisory Committee

LGLRCRCMC – Lake Grace Library Resource and Community Resource Centre Management Committee

NLRCRMC – Newdegate Library Resource and Community Resource Management Committee

- There were two (2) Special Council Meetings during the period 2020/2021
- There were 12 Ordinary Council Meetings during the period 202/2021
- Cr Shane Carruthers and Cr Ben Hyde commenced as Councillors from September 2020
- Cr Helen Steicke resigned as Councillor on 05 February 2021.
- There were seven (7) Citizenship Ceremonies conducted during the period 2020/2021.

Elected Member Demographics include:

- Gender 2 Females and 7 Males
- Linguistic background 9 English
- Country of Birth 9 Australia
- Aboriginal / Torres Strait Islander 0
- Ages –
 - Between 18 and 24 years 0
 - Between 25 and 34 years 0
 - Between 35 and 44 years 1
 - Between 45 and 54 years 2
 - Between 55 and 64 years 2
 - Over 64 years 4



Infrastructure Services

The 2020/21 Financial Year was a busy year for the infrastructure team. Capital roadworks were done by either the Shire's road crew or contracted out to local earthmoving companies, with the exception of sealing work which can only be done by dedicated sealing crews from outside the shire.

Maintenance grading has a similar set up, with the Lake Grace road crew handling the maintenance grading in the areas in and around the Lake Grace area and contract maintenance graders handling the areas around Newdegate, Lake King and Varley. The combined length of graded roads in 2020/21 is 2,957 kilometres.

Roadworks Carried Out

- Widening and re-sheeting of Bidy Camm Road, SLK 43.50 – 45.50 & 47.80 – 48.50
- Resealing of Newdegate Pingrup Road, 3 sections between SLK 21.69 – 34.06
- Widening and re-sheeting of Rodger Road, SLK 5.63 – 8.51
- Re-sheeting of Morton Road, SLK 2.90 – 4.72
- Resealing and drainage work on North Lake Grace-Karlgarin Road, SLK 15.65 – 19.69
- Widening and reshaping of Old Ravensthorpe Road, SKL 0.50 – 6.10 & 10.50 – 14.40
- Widening and re-sheeting of North Burngup Road, SLK 4.00 – 8.23
- New floodway constructed on Bidy Camm Road, SLK 58.94 – 63.30

We have also taken the opportunity to revitalize our aging fleet. The plant replacement program had not been kept up for the past few years, so having new machinery and vehicles with more accurate sensors, additional functionality and being less prone to breaking down will greatly help in productivity and work quality.

New Plant Acquired

- One (1) 2020 Caterpillar 140 Motor Grader
- One (1) 2020 Multipac 114H-2 Steel Drum Roller
- Two (2) 8x5 Dual Axle Box Trailers
- One (1) 2018 John Deere T3 CAB Tractor
- 2One (1) 020 Ford Ranger Single Cab Chassis
- One (1) 2021 Isuzu FVR 9 Ton Tip Truck
- One (1) 2020 Isuzu Fire Truck (for Newdegate Bush Fire Brigade)
- One (1) 2020 Toyota Landcruiser
- Two (2) 2020 Ford Everest Trend
- One (1) 2021 Toyota Prado

On top of our regular maintenance tasks upkeeping the roads and public buildings, this year also saw the awarding of a few high-value grants. The Local Roads and Community Infrastructure (LRCI) grant and the Drought Communities Program grant from the Commonwealth was introduced to local governments in this financial year, and the Shire of Lake Grace had to submit proposals for projects to be undertaken.

As a condition for the usage of these grant moneys, the projects proposed must not have been previously planned to be done in that year, which meant the Shire of Lake Grace had to start planning for each project from scratch. This includes scoping the project accurately, gathering quotes, developing schedules and risk management plans and tracking progress for reporting back to the Commonwealth every quarter. Each grant also had additional restrictions, such as workforce hours being non-eligible for grant claims, which further complicated the process.

All up, the Shire has been managing 31 discrete projects under these two grants in addition to all the other projects originally planned to be done for the 2020-2021 financial year. Our workforce was certainly stretched thin for the entire year!

Completed Projects for 2020/21

- Rejuvenated gardens and replaced reticulation in the Stubbs Street median strip in Lake Grace
- Installed new concrete footpath around the Blackbutt Park, Lake Grace
- Installed new concrete footpath across the length of Griffin Street, Lake Grace
- Installed new AS-compliant rail crossing parallel to Mather Street, Lake Grace
- Constructed a new truck washdown bay accessible from Dewar Street, Lake Grace
- Installed new bitumen footpath and solar-powered streetlights along the length of Waddell Street, Newdegate
- Installed 2 new 250 kL Zincalume water tanks to the Lake King airstrip
- Installed a new 250 kL Zincalume water tank behind the Newdegate and Lake Grace sports pavilions each
- Installed a new 110 kL Zincalume water tank next to the Lake King and Newdegate Fire Sheds
- Upgraded the Lake Grace airstrip's lighting system to meet CASA Standards
- Resurfaced the Lake Grace Swimming Pool
- Refurbished the toddler's pools at the Lake Grace Swimming Pool
- Resurfaced the Lake Grace Basketball Courts
- Installed new carpets to the Lake King Golf Club
- Installed new jumping pillow next to the Old Lake Grace Changing Rooms
- Installed new submersible solar pump to the Lake Grace CBH dam
- Cleaned out and expanded the Lake Bidy Dam and its catchments, and installed a solar submersible pump and a 250 kL Zincalume water tank
- Constructed two new 3x2 units on 33 Absolon Street, Lake Grace and executive-style 4x2 house on 1 Quondong Court



- Fitted flyscreens to the 3 Independent Living Units (ILU) on 49 Bennett Street, Lake Grace and the 3 ILUs on 5 Bennett Street, Lake Grace

A lot of the planning and set up of projects has been complete, so the next financial year should be relatively less hectic. At this point we are waiting on contractors to finish up their work for other shires so they can come down and finish off our projects. But the outlook on " *things getting done* " is looking good heading into the next financial year.



Craig Elefsen
MANAGER INFRASTRUCTURE SERVICES



Environmental Health Services

Roe Regional Environmental Health Services' Environmental Health Officer, Brendon Gerrard was employed from 28 October 2019, and has undertaken Environmental Health work in accordance with Operational Guidelines during the period 2020/2021. The work has generally been based on a 3 day, or 23 hours per fortnight schedule.

WASTE MANAGEMENT

- Lake Grace Landfill - submission of Annual Environmental Report, Annual Audit Compliance Report, and the Annual Return under regulation 18C of the Waste Avoidance and Resource Recovery Regulations 2008 to the Department of Water and Environmental Regulation.
- In liaison with the Manager Infrastructure Services, the Environmental Health Officer inspected the waste facility sites in Lake Grace, Newdegate, Lake King and Varley to ensure compliance with environmental licenses.



WASTE WATER

- Conducted assessments and approval of onsite effluent disposal systems, awaiting final installation of chlorination plant.
- Report to Council on Department of Health Wastewater Regulations Review.



SWIMMING POOLS – WATER QUALITY

From October 2020 to March 2021, samples were taken from the Lake Grace and Newdegate swimming pools as per the Code of Practice for Aquatic Facilities and the Health (Aquatic Facilities) Regulations 2007.



SWIMMING POOLS – FENCING

Submission of annual report to Department of Mining and Industry Regulation.

FOOD

- A total of 32 inspections of registered food businesses in Lake Grace, Newdegate, Lake King and Varley were undertaken.

- Two (2) Mobile Food Van registrations and associated Street Trading permits were issued
- One (1) Egg Farm Registration was granted
- Maintained Food Business Register
- Memorandum of Understanding with Department of Health for central register of Mobile Food Vans was finalised
- Compilation of the Food Act 2008 and the Public Health Act 2016 reports required annually by the Department of Health Food



ACCOMMODATION

- The Lake Grace Caravan Park, Myriadena Caravan Park and the Lake King Caravan Park were inspected for compliance with the Caravan Parks and Camping Grounds Regulations
- 10 lodging houses were inspected throughout the shire of Lake Grace including the CBH accommodation facilities at various locations, and the Spencer Shearing accommodation facilities

PUBLIC BUILDINGS

- Conducted 20 inspections of public buildings located in Lake Grace, Newdegate, Lake King and Varley
- Event Application processed for the Newdegate Machinery Field Days Event.

MISCELLANEOUS

- Assisting with advice to the community in regards to COVID-19, assessing COVID-19 Safety Plans, COVID-19 Event Plans, COVID-19 Contact Tracing requirements
- Advice or comments given to residents of the shire of Lake Grace in relation to Environmental Health issues
- Dealt with complaints from the public ranging from food to people living in caravans and buses on private property
- Progress with future Shire of Lake Grace Public Health Plan



COVID-19



**Brendon Gerrard
ENVIRONMENTAL HEALTH OFFICER**

Planning & Building Services

The Shire of Lake Grace has contracted the Shire of Narrogin to undertake its Building Services and Exurban Rural and Regional Planning to undertake its Town Planning Services.

The role of Planning and Building is to ensure that development occurs in accordance with the following:

- Planning and Development Act 2005 and all associated Regulations;
- Shire of Lake Grace Local Planning Scheme No.4 and all associated local planning policies;
- Building Act 2011; and
- National Construction Code.

Activities undertaken to deal with all town planning related matters include:

- Zoning, land use permissibility, development standard and other general planning related enquiries;
- Assessment and processing of development applications;
- Strategic planning;
- Planning for future subdivision development to help satisfy future anticipated market demand;
- Preparation of reports to Council and the Shire's CEO;
- Compliance with and enforcement of the Planning and Development Act 2005, all associated regulations and the Shire of Lake Grace Local Planning Scheme No.4;
- Responding to requests for comment from State government agencies regarding various applications under State controlled legislation and regulation including subdivision applications, mining tenement applications, clearing permit applications and Crown land dealings and disposal; and
- Property settlement enquiries.

Activities undertaken by Building include:

- Building enquiries, processing building applications,
- Issuing permits and certificates,
- Conducting building compliance checks and private swimming pool inspections; and
- Enforcement of the Building Act 2011.

The current Building Surveyor is Mr Gary Bruhn and the current Planning Officer is Mr Joe Douglas.



The following statistical data is from 1 July 2020 to 30 June 2021:

DEVELOPMENTS		AMOUNT
No of applications	9	
Total Project Value		\$2,032,000.00
Shire Fees		\$735.00

BUILDINGS		AMOUNT
No. of Building Permits Issued	14	
No of Occupancy Permits Issued	0	
No of Demolition Permits Issued		
Total Building Works Value		\$3,166,950.81
Shire Fees		\$6,615.15
Building Services Levy		\$4,573.43
Construction Training Fund Levy		\$4,237.30



Joe Douglas
Planning Officer

Gary Bruhn
Building Surveyor



Strategic Community Plan 2017 – 2027

Integrated Planning and Reporting Framework

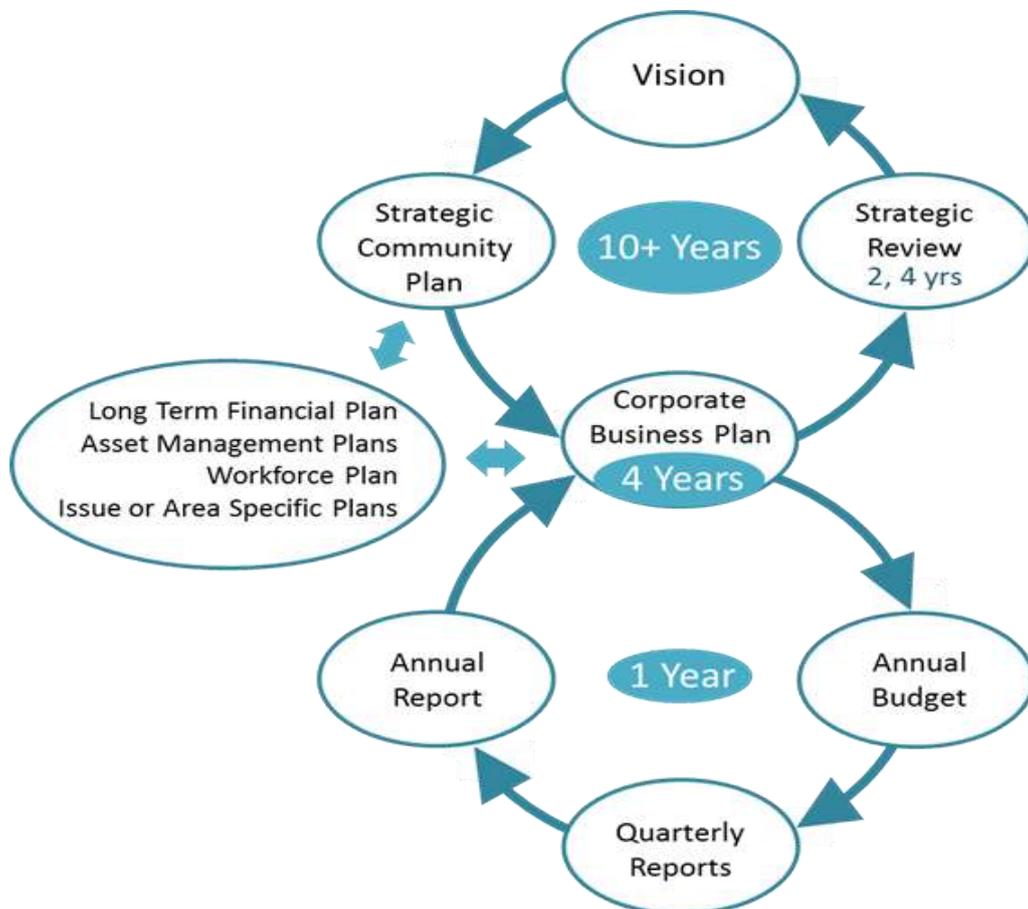
All local governments are required to prepare a Plan for the Future for their district under Section 5.56(1) of the Local government Act 199. The Plan for the Future comprises the following two key strategic documents being:

- 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.



Measuring Outcomes

1. 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 1.2 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

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



2. 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

3. 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



4. 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

4.2.1 Maintain accountability and financial responsibility through effective

Outcome 4.2 An efficient and effective organisation planning.

- 4.2.2 Comply with statutory and legislative requirements
- 4.2.3 Provide a positive and safe workplace



SHIRE OF LAKE GRACE
FINANCIAL REPORT
ENDING
30 JUNE 2021



SHIRE OF LAKE GRACE
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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COMMUNITY VISION

A safe, inclusive and growing community embracing opportunity.

Principal place of business:
1 Bishop Street
Lake Grace WA 6353

**SHIRE OF LAKE GRACE
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

*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 2021 is based on proper accounts and records to present fairly the financial position of the Shire of Lake Grace at 30 June 2021 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 8th day of MARCH 2022



Chief Executive Officer

ALAN GEORGE

Name of Chief Executive Officer



SHIRE OF LAKE GRACE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	24(a)	4,249,126	4,252,757	4,166,075
Operating grants, subsidies and contributions	2(a)	5,008,183	3,063,094	3,263,453
Fees and charges	2(a)	412,759	411,340	440,647
Interest earnings	2(a)	70,566	120,000	104,379
Other revenue	2(a)	262,293	225,257	226,595
		10,002,927	8,072,448	8,201,149
Expenses				
Employee costs		(2,383,398)	(2,350,632)	(2,107,470)
Materials and contracts		(2,594,470)	(4,022,228)	(2,581,326)
Utility charges		(339,772)	(276,250)	(340,687)
Depreciation on non-current assets	11(b)	(3,407,080)	(3,388,657)	(3,356,075)
Interest expenses	2(b)	(62,910)	(58,810)	(60,553)
Insurance expenses		(176,746)	(172,119)	(166,153)
Other expenditure		(173,240)	(275,212)	(223,802)
		(9,137,616)	(10,543,908)	(8,836,066)
		865,311	(2,471,460)	(634,917)
Non-operating grants, subsidies and contributions	2(a)	497,910	2,360,000	834,548
Profit on asset disposals	11(a)	35,039	10,166	0
(Loss) on asset disposals	11(a)	(212,038)	(42,100)	(69,084)
		320,911	2,328,066	765,464
Net result for the period		1,186,222	(143,394)	130,547
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	(933,194)	0	0
Total other comprehensive income for the period		(933,194)	0	0
Total comprehensive income for the period		253,028	(143,394)	130,547

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



SHIRE OF LAKE GRACE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
	2(a)			
Governance		27,813	27,550	32,245
General purpose funding		7,156,486	5,582,336	6,992,343
Law, order, public safety		139,151	157,772	179,963
Health		5,063	9,960	6,832
Education and welfare		455	2,000	1,995
Housing		18,250	23,000	19,914
Community amenities		273,783	299,618	324,141
Recreation and culture		44,287	36,100	32,331
Transport		1,268,081	1,685,462	343,790
Economic services		392,900	155,150	174,196
Other property and services		676,658	93,500	93,399
		10,002,927	8,072,448	8,201,149
Expenses				
	2(b)			
Governance		(313,728)	(405,533)	(338,025)
General purpose funding		(157,506)	(179,368)	(159,188)
Law, order, public safety		(332,009)	(359,849)	(320,232)
Health		(329,504)	(370,869)	(313,937)
Education and welfare		(53,175)	(79,162)	(39,390)
Housing		(165,561)	(206,223)	(181,175)
Community amenities		(944,430)	(1,077,786)	(987,317)
Recreation and culture		(2,361,590)	(2,680,458)	(2,136,668)
Transport		(3,660,174)	(4,303,922)	(3,659,900)
Economic services		(706,305)	(730,155)	(602,630)
Other property and services		(50,724)	(91,773)	(37,051)
		(9,074,706)	(10,485,098)	(8,775,513)
Finance Costs				
	2(b)			
Governance		(19,199)	(14,548)	(16,779)
Health		(103)	0	(1,511)
Housing		0	(6,227)	0
Recreation and culture		(17,101)	(15,939)	(21,872)
Transport		(6,360)	(5,562)	(8,442)
Economic services		(20,098)	(16,534)	(11,197)
Other property and services		(49)	0	(752)
		(62,910)	(58,810)	(60,553)
		865,311	(2,471,460)	(634,917)
Non-operating grants, subsidies and contributions	2(a)	497,910	2,360,000	834,548
Profit on disposal of assets	11(a)	35,039	10,166	0
(Loss) on disposal of assets	11(a)	(212,038)	(42,100)	(69,084)
		320,911	2,328,066	765,464
Net result for the period		1,186,222	(143,394)	130,547
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	(933,194)	0	0
Total other comprehensive income for the period		(933,194)	0	0
Total comprehensive income for the period		253,028	(143,394)	130,547

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

SHIRE OF LAKE GRACE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	NOTE	2021	2020
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	12,383,592	10,696,934
Trade and other receivables	6	251,749	205,674
Inventories	7	15,745	6,534
Other assets	8	65,984	2,000
TOTAL CURRENT ASSETS		12,717,070	10,911,142
NON-CURRENT ASSETS			
Trade and other receivables	6	6,268	6,268
Other financial assets	5(a)	92,259	77,334
Inventories	7	710,663	679,162
Property, plant and equipment	9	42,708,454	42,155,698
Infrastructure	10	156,800,801	156,760,603
TOTAL NON-CURRENT ASSETS		200,318,445	199,679,065
TOTAL ASSETS		213,035,515	210,590,207
CURRENT LIABILITIES			
Trade and other payables	13	564,665	300,946
Other liabilities	14	1,968,507	447,955
Borrowings	15(a)	229,865	197,956
Employee related provisions	16	338,653	230,175
TOTAL CURRENT LIABILITIES		3,101,690	1,177,032
NON-CURRENT LIABILITIES			
Borrowings	15(a)	1,484,169	1,237,991
Employee related provisions	16	64,568	43,124
TOTAL NON-CURRENT LIABILITIES		1,548,737	1,281,115
TOTAL LIABILITIES		4,650,427	2,458,147
NET ASSETS		208,385,088	208,132,060
EQUITY			
Retained surplus		152,646,343	150,199,048
Reserves - cash backed	4	4,443,827	5,704,901
Revaluation surplus	12	51,294,918	52,228,111
TOTAL EQUITY		208,385,088	208,132,060

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



**SHIRE OF LAKE GRACE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2019		150,171,641	5,601,761	52,228,111	208,001,513
Comprehensive income					
Net result for the period		130,547	0	0	130,547
Total comprehensive income		130,547	0	0	130,547
Transfers from reserves	4	245,063	(245,063)	0	0
Transfers to reserves	4	(348,203)	348,203	0	0
Balance as at 30 June 2020		150,199,048	5,704,901	52,228,111	208,132,060
Balance at 1 July 2020		150,199,048	5,704,901	52,228,111	208,132,060
Comprehensive income					
Net result for the period		1,186,222	0	0	1,186,222
Other comprehensive income	12	0	0	(933,194)	(933,194)
Total comprehensive income		1,186,222	0	(933,194)	253,028
Transfers from reserves	4	1,286,922	(1,286,922)	0	0
Transfers to reserves	4	(25,848)	25,848	0	0
Balance as at 30 June 2021		152,646,343	4,443,827	51,294,918	208,385,088

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 2021

NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	4,266,190	4,252,757	4,207,052
Operating grants, subsidies and contributions	6,475,706	2,615,139	3,224,568
Fees and charges	412,558	411,340	440,647
Interest received	70,566	120,000	104,379
Goods and services tax received	0	0	657,147
Other revenue	262,293	225,257	226,595
	11,487,313	7,624,493	8,860,388
Payments			
Employee costs	(2,241,052)	(2,350,632)	(2,175,857)
Materials and contracts	(2,457,780)	(4,022,228)	(3,084,353)
Utility charges	(339,772)	(276,250)	(340,687)
Interest expenses	(62,910)	(58,810)	(60,553)
Insurance paid	(176,746)	(172,119)	(166,153)
Goods and services tax paid	0	0	(99,307)
Other expenditure	(177,402)	(275,212)	(223,802)
	(5,455,662)	(7,155,251)	(6,150,712)
Net cash provided by (used in) operating activities	17 6,031,651	469,242	2,709,676
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for financial assets at amortised cost	(14,925)	0	0
Payments for purchase of property, plant & equipment	9(a) (2,895,065)	(3,813,853)	(634,010)
Payments for construction of infrastructure	10(a) (2,581,950)	(5,653,975)	(2,218,703)
Non-operating grants, subsidies and contributions	2(a) 497,910	2,360,000	834,548
Proceeds from financial assets at amortised cost - self supporting loans	0	0	27,930
Proceeds from sale of property, plant & equipment	11(a) 370,950	294,000	137,500
Net cash provided by (used in) investment activities	(4,623,080)	(6,813,828)	(1,852,735)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	15(b) (221,913)	(245,144)	(244,474)
Proceeds from new borrowings	15(b) 500,000	500,000	600,000
Net cash provided by (used in) financing activities	278,087	254,856	355,526
Net increase (decrease) in cash held	1,686,658	(6,089,730)	1,212,467
Cash at beginning of year	10,696,934	10,637,401	9,484,467
Cash and cash equivalents at the end of the year	17 12,383,592	4,547,671	10,696,934

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 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	24 (c)	4,407,268	4,551,348	3,747,619
		4,407,268	4,551,348	3,747,619
Revenue from operating activities (excluding rates)				
Governance		32,030	37,550	32,245
General purpose funding		3,100,278	1,465,888	3,028,076
Law, order, public safety		139,151	157,772	179,963
Health		5,063	9,960	6,832
Education and welfare		455	2,000	1,995
Housing		18,250	23,000	19,914
Community amenities		273,783	299,618	324,141
Recreation and culture		44,287	36,100	32,331
Transport		1,298,903	1,685,628	343,790
Economic services		392,900	155,150	174,196
Other property and services		676,658	93,500	93,399
		5,981,758	3,966,166	4,236,882
Expenditure from operating activities				
Governance		(352,440)	(420,081)	(371,011)
General purpose funding		(157,506)	(179,368)	(159,188)
Law, order, public safety		(397,852)	(359,849)	(362,613)
Health		(329,607)	(370,869)	(315,448)
Education and welfare		(53,175)	(79,162)	(39,390)
Housing		(165,561)	(212,450)	(181,175)
Community amenities		(955,585)	(1,077,786)	(987,317)
Recreation and culture		(2,382,316)	(2,696,397)	(2,158,540)
Transport		(3,749,271)	(4,351,575)	(3,678,838)
Economic services		(731,520)	(746,689)	(613,827)
Other property and services		(74,821)	(91,773)	(37,803)
		(9,349,654)	(10,585,999)	(8,905,150)
Non-cash amounts excluded from operating activities	24(a)	3,060,671	3,422,269	2,963,998
Amount attributable to operating activities		4,100,043	1,353,784	2,043,349
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	497,910	2,360,000	834,548
Proceeds from disposal of assets	11(a)	370,950	294,000	137,500
Proceeds from financial assets at amortised cost - self supporting loans		0	0	27,930
Payments for financial assets at amortised cost		(14,925)	0	0
Purchase of property, plant and equipment	9(a)	(2,895,065)	(3,813,853)	(634,010)
Purchase and construction of infrastructure	10(a)	(2,581,950)	(5,653,975)	(2,218,703)
		(4,623,080)	(6,813,828)	(1,852,735)
Non-cash amounts excluded from investing activities	24(b)	516,655	0	0
Amount attributable to investing activities		(4,106,425)	(6,813,828)	(1,852,735)
FINANCING ACTIVITIES				
Repayment of borrowings	15(b)	(221,913)	(245,144)	(244,474)
Proceeds from borrowings	15(c)	500,000	500,000	600,000
Transfers to reserves (restricted assets)	4	(25,848)	(40,118)	(348,203)
Transfers from reserves (restricted assets)	4	1,286,922	1,132,672	245,063
Amount attributable to financing activities		1,539,161	1,347,410	252,386
Surplus/(deficit) before imposition of general rates		1,532,779	(4,112,634)	443,000
Total amount raised from general rates	24(a)	4,056,208	4,116,439	3,964,267
Surplus/(deficit) after imposition of general rates	24(c)	5,588,987	3,805	4,407,267

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

SHIRE OF LAKE GRACE
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FOR THE YEAR ENDED 30 JUNE 2021

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SHIRE OF LAKE GRACE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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 Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost

rather than at fair value. The exception is vested improvements on

concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

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 financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the at fair value of selected non-current assets, financial assets and liabilities.

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 29 to these financial statements.

INITIAL APPLICATION OF 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.

These were:

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

The adoption of these standards had no material impact on the financial report.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

The following new accounting standards will have application

to local government in future years:

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

It is not expected these standards will have an impact on the financial report.

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.

SHIRE OF LAKE GRACE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

SHIRE OF LAKE GRACE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions			
Governance	3,168	20,000	0
General purpose funding	2,945,221	1,327,783	2,838,113
Law, order, public safety	53,465	58,840	51,368
Education and welfare	455	2,000	1,995
Recreation and culture	14,700	5,500	6,813
Transport	1,243,987	1,648,971	321,489
Economic services	230,513	0	35,909
Other property and services	516,674	0	7,766
	5,008,183	3,063,094	3,263,453
Non-operating grants, subsidies and contributions			
Law, order, public safety	15,135	0	0
Health	0	50,000	0
Community amenities	16,817	70,000	0
Recreation and culture	371,434	2,190,000	246,528
Transport	94,524	0	588,020
Economic services	0	50,000	0
	497,910	2,360,000	834,548
Total grants, subsidies and contributions	5,506,093	5,423,094	4,098,001
Fees and charges			
Governance	9,473	1,150	357
General purpose funding	16,611	12,600	17,325
Law, order, public safety	3,372	2,200	4,221
Health	5,063	9,610	6,832
Education and welfare	111,584	0	0
Housing	18,250	21,000	18,143
Community amenities	148,695	162,300	190,477
Recreation and culture	29,360	28,000	23,250
Economic services	0	113,980	119,804
Other property and services	70,351	60,500	60,238
	412,759	411,340	440,647

There were no changes to the amounts of fees or charges detailed in the original budget.

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

SHIRE OF LAKE GRACE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions	4,491,509	3,063,094	398,765
Fees and charges	390,070	(23,760)	422,666
Other revenue	101,557	225,257	0
Non-operating grants, subsidies and contributions	497,910	2,360,000	834,548
	5,481,046	5,624,591	1,655,979

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

Revenue from contracts with customers included as a contract liability at the start of the period	447,955	447,955	0
Revenue from contracts with customers recognised during the year	4,535,181	201,497	821,431
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	497,910	2,360,000	834,548
	5,481,046	3,009,452	1,655,979

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

Trade and other receivables from contracts with customers	200,301	-	152,193
Contract liabilities from contracts with customers	(1,954,792)	-	(447,955)

Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'. Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met. Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less. Consideration from contracts with customers is included in the transaction price. Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

SHIRE OF LAKE GRACE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

General rates
 Specified area rates
 Statutory permits and licences

Other revenue

Reimbursements and recoveries
 Other

Interest earnings

Financial assets at amortised cost - self supporting loans
 Interest on reserve funds
 Rates instalment and penalty interest (refer Note 24(c))
 Other interest earnings

	2021 Actual \$	2021 Budget \$	2020 Actual \$
	4,056,208	4,048,609	3,964,267
	125,088	136,318	133,674
	22,689	23,760	17,039
	4,203,985	4,208,687	4,114,980
	160,736	151,432	186,526
	101,557	68,825	40,069
	262,293	220,257	226,595
	41	0	786
	39,717	40,000	43,203
	13,911	20,000	23,967
	16,897	60,000	36,423
	70,566	120,000	104,379

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.

SHIRE OF LAKE GRACE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services

Interest expenses (finance costs)

- Borrowings

Other expenditure

- Impairment loss on trade and other receivables
- Sundry expenses

Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
	31,800	35,000	31,200
	3,160	22,500	17,330
	<u>34,960</u>	<u>57,500</u>	<u>48,530</u>
15(b)	62,910	58,810	60,553
	<u>62,910</u>	<u>58,810</u>	<u>60,553</u>
	0	0	4,921
	173,240	275,212	218,881
	<u>173,240</u>	<u>275,212</u>	<u>223,802</u>

SHIRE OF LAKE GRACE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

3. CASH AND CASH EQUIVALENTS

NOTE	2021	2020
	\$	\$
Cash at bank and on hand	6,883,592	10,696,934
Term deposits	5,500,000	0
Total cash and cash equivalents	12,383,592	10,696,934
Restrictions		
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:		
- Cash and cash equivalents	6,459,064	6,212,390
	6,459,064	6,212,390

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

Reserves - cash backed	4	4,443,827	5,704,901
Contract liabilities from contracts with customers	14	1,954,792	447,955
L'Chop housing		44,669	44,669
Rural Town salinity program		5,403	5,404
Bonds and deposits held		10,373	9,461
Total restricted assets		6,459,064	6,212,390

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted assets

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

**SHIRE OF LAKE GRACE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

4. RESERVES - CASH BACKED

	2021 Actual		2021 Actual		2021 Budget		2021 Budget		2021 Budget		2020 Actual		2020 Actual		2020 Actual		
	Opening Balance	Transfer to	Actual	Transfer (from)	Opening Balance	Transfer to	Closing Balance	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Actual	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Long service leave Reserve	223,163	1,051	0	0	223,163	1,678	0	224,841	0	224,841	1,712	0	0	223,163	0	0	223,163
(b) Plant Reserve	1,333,805	5,742	(596,250)	0	1,333,806	10,026	(550,000)	793,832	0	793,832	10,220	0	0	1,333,805	0	0	1,333,805
(c) Office Furniture & Equipment Reserve	13,318	63	0	0	13,318	100	0	13,418	0	13,418	102	0	0	13,318	0	0	13,318
(d) Housing Reserve	835,960	3,530	(450,000)	0	835,960	3,068	(450,000)	389,028	0	389,028	6,412	0	0	835,960	0	0	835,960
(e) Swimming Pool Reserve	227,197	1,025	(50,000)	0	227,197	1,706	(50,000)	178,903	0	178,903	51,359	0	0	227,197	0	0	227,197
(f) Recreation Reserve	218,945	1,031	0	0	218,945	1,638	(80,000)	140,583	0	140,583	200,145	0	0	218,945	0	0	218,945
(g) Works & Services Reserve	593,272	2,793	0	0	593,272	4,458	0	597,730	0	597,730	54,167	0	0	593,272	0	0	593,272
(h) Lake Grace Sewerage Reserve	1,100,285	5,180	0	0	1,100,286	8,496	0	1,108,782	0	1,108,782	8,670	0	0	1,100,285	(30,000)	0	1,100,285
(i) Lake Grace TV Service Reserve	32,793	152	(2,672)	0	32,794	247	(2,672)	30,369	0	30,369	272	0	0	32,793	(2,671)	0	32,793
(j) Lake Grace Sport & Rec SAR	0	0	0	0	0	0	0	0	0	0	904	0	0	0	(125,483)	0	0
(k) Newdegate Hall Reserve	125,289	590	0	0	125,290	942	0	126,232	0	126,232	960	0	0	125,289	0	0	125,289
(l) Newdegate Stadium Floor Reserve	24,153	114	0	0	24,154	182	0	24,336	0	24,336	185	0	0	24,153	0	0	24,153
(m) Newdegate Centenary Reserve	32,170	151	0	0	32,170	242	0	32,412	0	32,412	285	0	0	32,170	(5,000)	0	32,170
(n) Newdegate TV Reserve	0	0	0	0	0	0	0	0	0	0	29	0	0	0	(2,363)	0	0
(o) Newdegate Sports Dam Reserve	26,770	126	0	0	26,770	201	0	26,971	0	26,971	205	0	0	26,770	0	0	26,770
(p) Ngt Ground Keeping SAR Reserve	0	0	0	0	0	118	0	118	0	118	113	0	0	0	(15,676)	0	0
(q) Community Water Supplies Reserve	11,987	56	0	0	11,988	90	0	12,078	0	12,078	92	0	0	11,987	0	0	11,987
(r) Essential Medical Services Reserve	743,578	3,480	(188,000)	0	743,579	5,589	0	749,168	0	749,168	5,704	0	0	743,578	0	0	743,578
(s) Emergency Services Reserves	27,167	128	0	0	27,166	204	0	27,370	0	27,370	209	0	0	27,167	0	0	27,167
(t) History Book Reserve	10,467	49	0	0	10,468	78	0	10,546	0	10,546	5,042	0	0	10,467	0	0	10,467
(u) Varley Sullage Scheme Reserve	1,667	8	0	0	1,663	13	0	1,676	0	1,676	13	0	0	1,667	0	0	1,667
(v) Varley Sport & Rec SAR	0	0	0	0	0	0	0	0	0	0	223	0	0	0	(30,911)	0	0
(w) Land Development Reserve	122,915	579	0	0	122,915	924	0	123,839	0	123,839	942	0	0	122,915	0	0	122,915
(x) Lake King Sport & Rec SAR	0	0	0	0	0	0	0	0	0	0	238	0	0	0	(32,959)	0	0
	5,704,901	25,848	(1,286,922)	0	5,704,904	40,000	(1,132,672)	4,612,232	0	4,612,232	348,203	0	0	5,704,901	(245,063)	0	5,704,901

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

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

Anticipated date of use	Name of Reserve	Purpose of the reserve
ongoing	(a) Long service leave Reserve	to fund employee leave liability entitlements
ongoing	(b) Plant Reserve	to fund acquisition or replacement of plant and equipment in accordance with the plant replacement program.
ongoing	(c) Office Furniture & Equipment Reserve	to fund replacement of furniture, office, electrical and computer equipment at the Lake Grace administration centre.
ongoing	(d) Housing Reserve	to fund the acquisition, construction, renovation or maintenance of shire staff housing.
ongoing	(e) Swimming Pool Reserve	to fund maintenance and improvement of the Lake Grace swimming pool and associated infrastructure.
ongoing	(f) Recreation Reserve	to fund the development of sport and recreation facilities.
ongoing	(g) Works & Services Reserve	to fund expenditure associated with road and street works, including drainage and rehabilitation works.
ongoing	(h) Lake Grace Sewerage Reserve	to fund maintenance, addition and improvements to the Lake Grace sewerage system.
ongoing	(i) Lake Grace TV Service Reserve	to fund maintenance and upgrades of television and radio services in the Lake Grace town site.
30/06/2020	(j) Lake Grace Sport & Rec SAR	to fund Recreation and Culture Expenses associated with Lake Grace SARS

**SHIRE OF LAKE GRACE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

(k) Newdegate Hall 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	30/06/2020	to fund maintenance and upgrades of television and radio services in the Newdegate town site.
(o) Newdegate Sports Dam Reserve	30/06/2021	to fund upgrade works for the Newdegate sports dam.
(p) Ngt Ground Keeping SAR Reserve	30/06/2020	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 Reserves	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	30/06/2020	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	30/06/2020	to fund Recreation and Culture Expenses associated with Lake King SARS

5. OTHER FINANCIAL ASSETS

(a) Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

Units in Local Government House Trust

	2021	2020
	\$	\$
	92,259	77,334
	92,259	77,334
	92,259	77,334
	92,259	77,334

SIGNIFICANT ACCOUNTING POLICIES

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 26.

SHIRE OF LAKE GRACE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
Allowance for impairment of receivables	
ESL Control	

Non-current

Pensioner's rates and ESL deferred	
SEC Extensions	

2021	2020
\$	\$
49,489	56,644
200,301	152,193
0	(4,921)
1,959	1,758
251,749	205,674
3,030	3,030
3,238	3,238
6,268	6,268

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 26.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

7. INVENTORIES

Current

Fuel and materials

Non-current

Land held for resale - cost

Cost of acquisition

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year

Additions to inventory

Balance at end of year

	2021	2020
	\$	\$
	15,745	6,534
	15,745	6,534
	710,663	679,162
	710,663	679,162
	685,696	304,585
	(100,907)	(75,589)
	141,619	456,700
	726,408	685,696

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.

8. OTHER ASSETS

Other assets - current

Accrued income

	2021	2020
	\$	\$
	65,984	2,000
	65,984	2,000

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 2021

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land \$	Buildings - non- specialised \$	Buildings - specialised \$	Total land and buildings \$	Furniture and equipment \$	Plant and equipment \$	Capital Works in Progress	Total property, plant and equipment \$
Balance at 1 July 2019	2,037,711	2,577,847	35,427,432	40,042,990	77,690	2,451,750	0	42,572,430
Additions		30,773	35,036	65,809	96,577	471,624	0	634,010
(Disposals)	0	0	0	0	0	(206,584)	0	(206,584)
Depreciation (expense)		(43,483)	(536,216)	(579,699)	(22,469)	(241,990)	0	(844,158)
Balance at 30 June 2020	2,037,711	2,565,137	34,926,252	39,529,100	151,798	2,474,800	0	42,155,698
Comprises:								
Gross balance amount at 30 June 2020	2,037,711	2,688,570	36,522,010	41,248,291	219,140	3,336,714	0	44,804,145
Accumulated depreciation at 30 June 2020	0	(123,433)	(1,595,758)	(1,719,191)	(67,342)	(861,914)	0	(2,648,447)
Balance at 30 June 2020	2,037,711	2,565,137	34,926,252	39,529,100	151,798	2,474,800	0	42,155,698
Additions	0	1,084,652	74,396	1,159,048	54,096	1,487,517	194,404	2,895,065
(Disposals)	(40,000)	0	0	(40,000)	(18,918)	(464,374)	0	(523,292)
Revaluation increments / (decrements) transferred to revaluation surplus	10,289	153	(939,474)	(929,032)	0	0	0	(929,032)
Depreciation (expense)	0	(47,381)	(538,628)	(586,009)	(21,335)	(282,641)	0	(889,985)
Balance at 30 June 2021	2,008,000	3,602,561	33,522,546	39,133,107	165,641	3,215,302	194,404	42,708,454
Comprises:								
Gross balance amount at 30 June 2021	2,008,000	3,678,613	34,579,676	40,266,289	211,648	3,794,575	194,404	44,466,916
Accumulated depreciation at 30 June 2021	0	(76,052)	(1,057,130)	(1,133,182)	(46,007)	(579,273)	0	(1,758,462)
Balance at 30 June 2021	2,008,000	3,602,561	33,522,546	39,133,107	165,641	3,215,302	194,404	42,708,454

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings						
Land		2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2021	Price per hectare
Buildings - non-specialised		2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2021	Price per square metre, design & construction, average cost of construction, dates of acquisition
Buildings - specialised		3	Improvements to land valued using depreciated replacement cost	Independent registered valuers	June 2021	Improvements to land using construction costs and current condition residual values and remaining useful life assessments inputs
(ii) Cost						
Furniture and equipment						
			Deemed Cost	Deemed Cost		Purchase cost
Plant and equipment						
			Deemed Cost	Deemed Cost		Purchase cost

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

SHIRE OF LAKE GRACE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

10. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Infrastructure - parks, gardens & recreational	Other infrastructure - sewerage	Other infrastructure - urban	Capital Works in Progress	Total Infrastructure
	\$	\$	\$	\$		\$
Balance at 1 July 2019	141,732,061	7,210,144	2,590,709	5,520,903	0	157,053,817
Additions	1,281,465	582,790	0	354,448	0	2,218,703
Depreciation (expense)	(1,538,592)	(755,794)	(53,191)	(164,340)	0	(2,511,917)
Balance at 30 June 2020	141,474,934	7,037,140	2,537,518	5,711,011	0	156,760,603
Comprises:						
Gross balance at 30 June 2020	144,564,419	8,549,426	2,632,958	6,059,420	0	161,806,223
Accumulated depreciation at 30 June 2020	(3,089,485)	(1,512,286)	(95,440)	(348,409)	0	(5,045,620)
Balance at 30 June 2020	141,474,934	7,037,140	2,537,518	5,711,011	0	156,760,603
Additions	1,453,647	270,653	15,917	782,401	59,332	2,581,950
(Disposals)	0	(12,040)	0	(12,617)	0	(24,657)
Depreciation (expense)	(1,560,844)	(718,090)	(58,911)	(179,250)	0	(2,517,095)
Balance at 30 June 2021	141,367,737	6,577,663	2,494,524	6,301,545	59,332	156,800,801
Comprises:						
Gross balance at 30 June 2021	146,018,066	8,808,039	2,648,875	6,829,204	59,332	164,363,516
Accumulated depreciation at 30 June 2021	(4,650,329)	(2,230,376)	(154,351)	(527,659)	0	(7,562,715)
Balance at 30 June 2021	141,367,737	6,577,663	2,494,524	6,301,545	59,332	156,800,801

SHIRE OF LAKE GRACE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

10. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	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
	Other infrastructure - parks, gardens &	3	Cost approach using depreciated replacement costs	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
	Other infrastructure - sewerage	3	Cost approach using depreciated replacement costs	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
	Other infrastructure - 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

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

Revaluation

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Revaluation (Continued)

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

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

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

SHIRE OF LAKE GRACE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

11. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	40,000	34,883	0	(5,117)	0	0	0	0	0	0
Furniture and equipment	18,918	0	0	(18,918)	0	0	0	0	0	0
Plant and equipment	464,374	336,067	35,039	(163,346)	325,934	294,000	(31,934)	206,584	137,500	(69,084)
Other infrastructure - parks, garde	12,040	0	0	(12,040)	0	0	0	0	0	0
Other infrastructure - urban infrast	12,617	0	0	(12,617)	0	0	0	0	0	0
	547,949	370,950	35,039	(212,038)	325,934	294,000	(31,934)	206,584	137,500	(69,084)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Governance				
Ford Escape LG139 (A147)	26,629	21,818	0	(4,811)
Toyota Prado -LG 001 (A148)	57,601	61,818	4,217	0
Assets under \$5,000	13,521	0	0	(13,521)
Ford Ranger LG002	44,828	38,636	0	(6,192)
Law, order, public safety				
NGT Fire Truck	65,843	0	0	(65,843)
Community amenities				
Assets under \$5000	11,155	0	0	(11,155)
Recreation and culture				
Assets under \$5000	3,625	0	0	(3,625)
Transport				
PGRA Grader LG 393 (A1370)	165,633	103,750	0	(61,883)
Steel Drum Roller LG 2636	24,197	32,242	8,045	0
2015 Ford Ranger A1406	15,044	11,818	0	(3,226)
20036 Isuzu 9t Tip Truck LG1796	27,502	43,407	15,905	0
John Deere Tractor LG045	15,706	22,577	6,871	0
LG Aerodrome Runway Lights	12,617	0	0	(12,617)
Economic services				
Vacant land - 3 Quondong Ct [Lot	40,000	34,883	0	(5,117)
Other property and services				
Assets under \$5000	24,048	0	0	(24,048)
	547,949	370,950	35,039	(212,038)
	547,949	370,950	35,039	(212,038)

SHIRE OF LAKE GRACE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

11. FIXED ASSETS

(b) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	47,381	42,620	43,483
Buildings - specialised	538,628	537,990	536,216
Furniture and equipment	21,335	21,457	22,469
Plant and equipment	282,641	266,982	241,990
Infrastructure - roads	1,560,844	1,536,370	1,538,592
Other infrastructure - parks, gardens & recreationa	718,090	765,334	755,794
Other infrastructure - sewerage	58,911	53,193	53,191
Other infrastructure - urban infrastructure	179,250	164,711	164,340
	3,407,080	3,388,657	3,356,075

Revision of useful lives of plant and equipment

Useful lives of plant and equipment undertaken by maangement during may 2021, adjustments made in asset register.

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 seal	50 years
- 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 on revaluation

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:
 (a) 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
 (b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

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

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

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

SHIRE OF LAKE GRACE
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12. REVALUATION SURPLUS

	2021 Opening Balance	2021 Transfers	2021 Revaluation Increment	2021 Revaluation (Decrement)	2021 Total Movement on Revaluation	2021 Closing Balance	2020 Opening Balance	2020 Change in Accounting Policy	2020 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and buildings	27,130,477	0	10,445	(943,637)	(933,191)	26,197,285	27,682,477	(552,000)	27,130,477
Revaluation surplus - Plant and equipment	1,277,979	0	0	0	0	1,277,979	1,277,979	0	1,277,979
Revaluation surplus - Infrastructure - roads	13,125,444	0	0	0	0	13,125,444	13,125,444	0	13,125,444
Revaluation surplus - Other infrastructure - parks, gardens & recreational facilities	3,117,417	184,294	0	0	0	3,301,711	3,117,417	0	3,117,417
Revaluation surplus - Other infrastructure - sewerage	2,654,025	0	0	0	0	2,654,025	2,654,025	0	2,654,025
Revaluation surplus - Other infrastructure - urban infrastructure	4,922,772	(184,294)	0	0	0	4,738,478	4,922,772	0	4,922,772
	52,228,113	0	10,445	(943,637)	(933,191)	51,294,922	52,780,113	(552,000)	52,228,113

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

SHIRE OF LAKE GRACE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Prepaid rates	
Accrued salaries and wages	
Bonds and deposits held	
Accrued expenditure	
Accrued interest on long term borrowings	

2021	2020
\$	\$
475,573	89,926
24,391	14,482
38,130	25,706
15,804	15,413
0	143,886
10,767	11,533
564,665	300,946

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition

Prepaid rates

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

14. OTHER LIABILITIES

Current

Contract liabilities
 Income Received in Advance

2021	2020
\$	\$
1,954,792	447,955
13,715	0
1,968,507	447,955

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

\$	\$
1,968,507	447,955
1,968,507	447,955

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

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

Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity

Grant liabilities represent the the Shire's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

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

Service concession liabilities

Service concession liabilities relate to the grant of right to an operator in respect of an asset controlled by the Shire. They represent the unearned revenue related to the grant of right, and is recognised as revenue according to the economic substance of the service concession arrangement.

SHIRE OF LAKE GRACE
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FOR THE YEAR ENDED 30 JUNE 2021

15. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2020/21

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2021 Actual	2021 Budget	2021 Actual	2021 Budget		
CEO & Staff Housing	WATC		10	0.89%	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 4,162	\$ 0
* WA Treasury Corporation					500,000	500,000	500,000	500,000	4,162	0

(d) Undrawn Borrowing Facilities

	2021	2020
Credit Standby Arrangements	\$	\$
Bank overdraft limit	100,000	100,000
Bank overdraft at balance date	0	0
Credit card limit	10,000	10,000
Credit card balance at balance date	690	1
Total amount of credit unused	110,690	110,001

Loan facilities

Loan facilities - current	229,865	197,956
Loan facilities - non-current	1,484,169	1,237,991
Total facilities in use at balance date	1,714,034	1,435,947

Unused loan facilities at balance date

NIL **NIL**

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 26.

16. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2020

Current provisions
Non-current provisions

Additional provision
Amounts used
Balance at 30 June 2021

Comprises

Current
Non-current

Amounts are expected to be settled on the following basis:

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

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2020			
Current provisions	141,913	88,262	230,175
Non-current provisions	0	43,124	43,124
	141,913	131,386	273,299
Additional provision	205,151	53,065	258,216
Amounts used	(125,886)	(2,408)	(128,294)
Balance at 30 June 2021	221,178	182,043	403,221
Comprises			
Current	221,178	117,475	338,653
Non-current	0	64,568	64,568
	221,178	182,043	403,221

	2021	2020
	\$	\$
Less than 12 months after the reporting date	338,653	230,173
More than 12 months from reporting date	41,354	43,124
Expected reimbursements from other WA local governments	23,214	13,991
	403,221	287,288

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

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

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

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.

17. 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:

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	12,383,592	4,547,671	10,696,934
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	1,186,222	(143,394)	130,547
Non-cash flows in Net result:			
Depreciation on non-current assets	3,407,080	3,388,657	3,356,075
(Profit)/loss on sale of asset	172,837	31,934	69,084
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(46,075)	0	111,725
(Increase)/decrease in other assets	(63,984)	0	69,703
(Increase)/decrease in inventories	(40,712)	0	(381,111)
Increase/(decrease) in payables	263,719	0	(177,755)
Increase/(decrease) in employee provisions	129,922	0	(81,999)
Increase/(decrease) in other liabilities	1,520,552	(447,955)	447,955
Non-operating grants, subsidies and contributions	(497,910)	(2,360,000)	(834,548)
Net cash from operating activities	6,031,651	469,242	2,709,676

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	3,530,079	2,978,231
General purpose funding	6,268	63,977
Law, order, public safety	1,278,637	896,400
Health	3,016,191	3,176,929
Education and welfare	633,592	625,101
Housing	10,032,591	10,215,833
Community amenities	4,516,293	4,547,237
Recreation and culture	24,674,908	26,491,341
Transport	140,945,984	140,694,046
Economic services	3,505,716	2,544,411
Other property and services	2,316,384	2,516,614
Unallocated	18,578,872	15,840,087
	<u>213,035,515</u>	<u>210,590,207</u>

19. CONTINGENT LIABILITIES

There are no contingent liabilities that require adjustments or disclosure to the financial report.

20. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

	2021	2020
	\$	\$
- capital expenditure projects	1,249,084	0
- plant & equipment purchases	0	0
	1,249,084	0

Payable:

- not later than one year	1,249,084	0
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The capital expenditure project outstanding at the end of the current reporting period represents several projects moved to 21/22 FY

21. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Elected member Cr Armstrong			
President's annual allowance	20,063	20,063	2,319
Meeting attendance fees	8,000	8,000	3,269
Annual allowance for ICT expenses	2,000	2,000	1,398
Travel and accommodation expenses	11,447	6,000	2,435
	41,510	36,063	9,421
Elected member Cr Chappell			
Deputy President's annual allowance	5,016	2,016	580
Meeting attendance fees	4,000	4,000	4,000
Annual allowance for ICT expenses	2,000	2,000	2,000
Travel and accommodation expenses	1,554	2,000	860
	12,570	10,016	7,440
Elected member Cr Stoffberg			
Meeting attendance fees	4,000	4,000	4,000
Deputy Presidents Allowance	0	3,000	2,939
Annual allowance for ICT expenses	2,000	2,000	2,000
Travel and accommodation expenses	0	2,000	531
	6,000	11,000	9,470
Elected member Cr Marshall			
Meeting attendance fees	4,000	4,000	4,000
ICT expenses	491	0	491
Annual allowance for ICT expenses	1,509	2,000	1,509
Travel and accommodation expenses	828	2,000	630
	6,828	8,000	6,630
Elected member Cr Lloyd			
Meeting attendance fees	4,000	4,000	4,000
Annual allowance for ICT expenses	2,000	2,000	2,000
Travel and accommodation expenses	1,463	2,000	1,588
	7,463	8,000	7,588
Elected member Cr Carruthers			
Meeting attendance fees	3,167	3,200	0
Annual allowance for ICT expenses	1,583	1,600	0
Travel and accommodation expenses	0	2,000	0
	4,750	6,800	0
Elected member Cr Hyde			
Meeting attendance fees	3,167	3,200	0
Annual allowance for ICT expenses	1,583	1,600	0
Travel and accommodation expenses	2,140	2,000	0
	6,890	6,800	0
Elected member Cr Clarke			
Meeting attendance fees	4,000	4,000	4,000
Annual allowance for ICT expenses	2,000	2,000	2,000
Travel and accommodation expenses	0	0	92
	6,000	6,000	6,092
Elected member Cr Steicke			
Meeting attendance fees	2,333	2,800	2,796
Annual allowance for ICT expenses	1,167	1,400	1,398
Travel and accommodation expenses	1,586	2,000	394
	5,086	6,200	4,587

21. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Elected member Cr Stanton			
Meeting attendance fees	0	2,800	3,548
Annual allowance for ICT expenses	0	1,400	1,774
	0	4,200	5,322
Elected member Cr De Landgraaf			
Meeting attendance fees	0	0	7,097
Presidents Annual Allowance	0	0	17,798
ICT expenses	0	0	436
Annual allowance for ICT expenses	0	0	1,387
Travel and accommodation expenses	0	0	6,407
	0	0	33,125
Elected member Cr Hunt			
Meeting attendance fees	0	0	1,204
Deputy President's annual allowance	0	0	1,510
Other expenses	0	0	142
Annual allowance for ICT expenses	0	0	602
Travel and accommodation expenses	0	0	942
	0	0	4,401
Elected member Cr Spurr			
Meeting attendance fees	0	0	667
Annual allowance for ICT expenses	0	0	333
Travel and accommodation expenses	0	0	243
	0	0	1,243
	97,096	103,079	95,319
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	20,063	20,063	20,117
Deputy President's allowance	5,016	5,016	5,029
Meeting attendance fees	36,667	40,000	38,581
Other expenses	0	0	142
ICT expenses	491	0	927
Annual allowance for ICT expenses	15,842	18,000	16,402
Travel and accommodation expenses	19,017	20,000	14,121
	97,096	103,079	95,319

SHIRE OF LAKE GRACE
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22. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

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

	2021	2020
	Actual	Actual
	\$	\$
Short-term employee benefits	533,514	386,016
Post-employment benefits	57,374	47,144
Other long-term benefits	20,199	13,687
Termination benefits	0	107,770
	611,087	554,617

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).

**SHIRE OF LAKE GRACE
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22. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

The following transactions occurred with related parties:

	2021 Actual	2020 Actual
	\$	\$
Short term employee benefits -other related parties	104,859	61,029
Amounts payable to related parties:		
Trade and other payables	67,968	3,722

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

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

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.

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.

23. MAJOR LAND TRANSACTIONS

(a) Details

Sale of 3 Quondong Ct [Lot 218 on plan 75988] Lake Grace 6353 Lnd - vacant land (Asset 5013)

(b) Current year transactions

Other revenue

- Sale proceeds

Other expenditure

- Cost of goods sold

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
	34,883	0	0
	(40,000)	0	0
	(5,117)	0	0

The above operating revenue for the proceeds of land held for resale is reflected in other revenue and operating expenditure for the cost of the disposed land held for resale is reflected in other expenditure.

SHIRE OF LAKE GRACE
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24. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2020/21 Actual		2020/21 Actual Interim		2020/21 Actual Back Rates		2020/21 Budget Interim		2020/21 Budget Back Rate		2020/21 Budget Total		2019/20 Actual Total		
			Rateable Value \$	Revenue \$	Rate \$	Revenue \$	Rate \$	Revenue \$	Rate \$	Revenue \$	Rate \$	Revenue \$	Rate \$	Revenue \$	Rate \$	Revenue \$	Rate \$
Differential general rate / general rate																	
Gross rental valuations																	
Gross rental valuations	0.132463	394	4,613,455	611,112	19,029				500					616,404			607,707
Unimproved valuations																	
Unimproved valuations	0.011164	554	301,830,762	3,369,639	5,288				500					3,380,055			3,305,600
Sub-Total		948	306,444,217	3,980,751	24,317	0			1,000	0				3,996,459			3,913,307
Minimum payment																	
Gross rental valuations																	
Gross rental valuations	490	36	36,177	17,640	0				0					17,150			16,660
Unimproved valuations																	
Unimproved valuations	500	67	888,289	33,500	0				0					35,000			34,300
Sub-Total		103	924,466	51,140	0	0			0	0				52,150			50,960
Total amount raised from general rate		1,051	307,368,683	4,031,891	24,317	0			1,000	0				4,048,609			3,964,267
Specified Area Rate (Note 22(b))														4,048,609			3,964,267
Ex-gratia rates														136,318			133,674
Totals														67,830			68,134
														4,252,757			4,166,075

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

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

24. 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	07/09/2020	0.00	0.00%	8.00%
Option Two				
First instalment	07/09/2020	11.00	0.00%	8.00%
Second instalment	09/11/2020	11.00	3.00%	8.00%
Option Three				
First instalment	07/09/2020	11.00	3.00%	8.00%
Second instalment	09/11/2020	11.00	3.00%	8.00%
Third instalment	08/01/2021	11.00	3.00%	8.00%
Fourth instalment	08/03/2021	11.00	3.00%	8.00%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	7,451	12,000	13,511
Interest on instalment plan	6,460	8,000	10,456
Charges on instalment plan	8,454	5,500	5,643
	22,365	25,500	29,610

SHIRE OF LAKE GRACE
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25. RATE SETTING STATEMENT INFORMATION

		2020/21 Budget	2019/20	
	2020/21 (30 June 2021 Carried Forward)	(30 June 2021 Carried Forward)	(30 June 2020 Carried Forward)	
Note	\$	\$	\$	
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
	Less: Profit on asset disposals	11(a) (35,039)	(10,166)	0
	Less: Non-cash grants and contributions for assets	(516,655)	0	0
	Less: Movement in liabilities associated with restricted cash	18,229	1,678	(99,097)
	Movement in employee benefit provisions (non-current)	21,444	0	17,098
	Movement of inventory (non-current)	(46,426)	0	(379,162)
	Add: Loss on disposal of assets	11(a) 212,038	42,100	69,084
	Add: Depreciation on non-current assets	11(b) 3,407,080	3,388,657	3,356,075
	Non cash amounts excluded from operating activities	3,060,671	3,422,269	2,963,998
(b) Non-cash amounts excluded from investing activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to investing activities				
	Movement in non-current capital expenditure provisions	516,655	0	0
	Non cash amounts excluded from investing activities	516,655	0	0
(c) 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 - cash backed	4 (4,443,827)	(4,612,232)	(5,704,901)
	Less: Municipal - restricted cash	(50,072)	0	(50,073)
	Less: Current assets not expected to be received at end of year			
	- Trust - Restricted Cash	(10,373)	0	0
	Add: Current liabilities not expected to be cleared at end of year			
	- Current portion of borrowings	15(a) 229,865	452,812	197,956
	- Employee benefit provisions	248,014	224,841	230,175
	Total adjustments to net current assets	(4,026,393)	(3,934,579)	(5,326,843)
Net current assets used in the Rate Setting Statement				
	Total current assets	12,717,070	4,747,397	10,911,142
	Less: Total current liabilities	(3,101,690)	(808,895)	(1,177,032)
	Less: Total adjustments to net current assets	(4,026,393)	(3,934,579)	(5,326,843)
	Net current assets used in the Rate Setting Statement	5,588,987	3,923	4,407,268

26. 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	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 \$
2021					
Cash and cash equivalents	0.4417%	12,383,592	5,500,000	6,873,219	10,373
2020					
Cash and cash equivalents	0.51%	10,696,934	0	10,687,073	9,861

Sensitivity

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

Impact of a 1% movement in interest rates on profit and loss and equity*

* Holding all other variables constant

	2021	2020
	\$	\$
	123,836	106,969

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 15(b).

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26. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. Whilst the Shire was historically able to charge interest on overdue rates and annual charges at higher than market rates, which further encourage 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 2020 or 1 July 2021 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.

The loss allowance as at 30 June 2021 for rates receivable was determined as follows:

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	417	28,784	12,955	7,333	49,489
Loss allowance	0	0	0	0	0
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0%
Gross carrying amount	826	35,910	6,204	4,008	46,948
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	201,244	1,016	0	0	202,260
Loss allowance	0	0	0	0	0
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0%
Gross carrying amount	149,312	1,324	544	42	151,222
Loss allowance	0	0	0	0	0

26. 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 15(d).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<u>2021</u>					
Payables	540,525	0	0	540,525	564,665
Borrowings	229,865	808,297	675,872	1,714,034	1,714,034
Contract liabilities	2,063,031	0	0	2,063,031	1,968,507
	<u>2,833,421</u>	<u>808,297</u>	<u>675,872</u>	<u>4,317,590</u>	<u>4,247,206</u>
<u>2020</u>					
Payables	142,578	0	0	142,578	300,946
Borrowings	258,161	922,721	509,058	1,689,940	1,435,947
Contract liabilities	447,955	0	0	447,955	447,955
	<u>848,694</u>	<u>922,721</u>	<u>509,058</u>	<u>2,280,473</u>	<u>2,184,848</u>

27. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no events occurring after the end of the reporting period that require adjustments or disclosure to the financial report.

28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 1059 Service Concession Arrangements: Grantors

Service concessions assets are those assets where a third-party operator constructs assets for the Shire, upgrades existing assets of the Shire or uses existing assets of the Shire to operate and maintain the assets to provide a public service, for a specified period of time. Where, in these circumstances, the third-party operator provides a public service on behalf of the Shire and is deemed to manage at least some of the services under its own discretion, the assets are classified as service concession assets. Newly constructed or upgraded assets are measured at current replacement cost in accordance with the cost approach to fair value in AASB 13 *Fair Value Measurement*. In the case of existing assets, these are reclassified and treated in the same manner with any difference at the date of reclassification between the carrying amount of the assets and their fair value (current replacement cost) being treated as if it is a revaluation of the asset.

Subsequent to initial recognition or reclassification, service concession assets are accounted for by depreciating or amortising in accordance with AASB 116 *Property, Plant and Equipment* or AASB 138 *Intangible Assets*. Where appropriate, any impairment is recognized in accordance with AASB 136 *Impairment of Assets*. At the end of the term of any service concession arrangement, the Shire will reclassify the service concession asset based on its nature or function, and account for it in accordance with accounting standards and policies applicable to the relevant asset classification.

Where the Shire recognises a service concession asset in relation to a newly constructed or upgraded asset, it also recognises a liability. This liability is initially measured at the same amount as the service concession asset, adjusted by the amount of any other consideration provided by the Shire to the third-party operator or from the third-party operator to the Shire. The Shire does not recognise a liability in the circumstances where an existing asset of the Shire is reclassified as a service concession asset except in circumstances where additional consideration is provided by the third-party operator.

Subsequent to initial recognition, the Shire accounts for the liability as an unearned portion of the revenue arising from the exchange of assets with the third-party operator and reduces the liability in accordance to the economic substance of the service concession arrangement.

The Shire adopted AASB 1059 *Service Concession Arrangements: Grantors* on 1 July 2020 and confirms that the Shire does not have any existing or new arrangements that fall within the scope of this standard.

29. TRUST FUNDS

Funds held in trust at balance date which are included in the financial statements are as follows:

	1 July 2020	Amounts Received	Amounts Paid	30 June 2021
	\$	\$	\$	\$
Standpipe bonds	9,461	1,071	(159)	10,373
Nomination Deposits	0	480	(480)	0
	9,461	1,551	(639)	10,373

SHIRE OF LAKE GRACE

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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 regulatory 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.

SHIRE OF LAKE GRACE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

31. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE</p> <p>To provide a decision making process for the efficient allocation of scarce resources.</p>	<p>Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.</p>
<p>GENERAL PURPOSE FUNDING</p> <p>To collect revenue to allow for the provision of services.</p>	<p>Rates, general purpose government grants and interest revenue.</p>
<p>LAW, ORDER, PUBLIC SAFETY</p> <p>To provide bushfire prevention services and animal control services.</p>	<p>Supervision, enforcement of various local laws, fire prevention, emergency services, animal control and other aspects of public safety.</p>
<p>HEALTH</p> <p>To provide for an operational framework for good community health in conjunction with the Health Department of WA.</p> <p>To provide services for families and children.</p>	<p>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.</p>
<p>EDUCATION AND WELFARE</p> <p>To provide services for the elderly, children and youth.</p>	<p>Maintenance of playgroups and daycare centres. Provision of elderly and youth services.</p>
<p>HOUSING</p> <p>To ensure that adequate housing is available to staff and the community.</p>	<p>Provision and maintenance of staff housing, aged persons units and community accommodation (Joint Venture and LOGCHOP) units.</p>
<p>COMMUNITY AMENITIES</p> <p>To provide services and infrastructure as required by the community.</p>	<p>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.</p>
<p>RECREATION AND CULTURE</p> <p>To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.</p>	<p>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.</p>
<p>TRANSPORT</p> <p>To provide safe, effective and efficient transport infrastructure to the community.</p>	<p>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.</p>
<p>ECONOMIC SERVICES</p> <p>To help promote the Shire and improve its economic wellbeing.</p>	<p>The regulation and provision of tourism, area promotion, building control, noxious weeds, saleyards and the provision of emergency water supplies.</p>
<p>OTHER PROPERTY AND SERVICES</p> <p>To monitor and control council's overheads operating accounts.</p>	<p>Private works operation, plant repair and operating costs, engineering operation costs.</p>

32. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	6.86	9.46	5.13
Asset consumption ratio	0.96	0.96	0.98
Asset renewal funding ratio	0.96	0.33	0.45
Asset sustainability ratio	1.09	0.80	0.74
Debt service cover ratio	14.60	8.89	10.88
Operating surplus ratio	0.14	(0.14)	0.01
Own source revenue coverage ratio	0.54	0.55	0.73

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 2021 Shire of Lake Grace

To the Councillors of the Shire of Lake Grace

Report on the audit of the annual financial report

Opinion

I have audited the financial report of the Shire of Lake Grace (Shire) which comprises:

- the Statement of Financial Position at 30 June 2021, 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
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

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

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 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 section below. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the 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.

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 financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the 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

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

Report on other legal and regulatory requirements

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

- (i) All required information and explanations were obtained by me.
- (ii) All audit procedures were satisfactorily completed.
- (iii) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

Other information

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

My opinion does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Lake Grace for the year ended 30 June 2021 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 financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the 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 financial report to confirm the information contained in this website version of the financial report.



Efthalia Samaras
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
18 March 2022