

**SHIRE OF LAVERTON**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

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**COMMUNITY VISION**

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life.

Principal place of business:  
9 MacPherson Place  
PO Box 42  
Laverton WA 6440

**SHIRE OF LAVERTON  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Laverton for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Laverton at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the \_\_\_\_\_ day of \_\_\_\_\_ 2019

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Chief Executive Officer

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Name of Chief Executive Officer

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

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
Rates	21(a)	4,648,007	4,266,180	3,917,366
Operating grants, subsidies and contributions	2(a)	6,431,616	2,361,041	2,950,883
Fees and charges	2(a)	573,456	420,700	1,337,835
Interest earnings	2(a)	168,542	175,000	203,627
Other revenue	2(a)	496,739	331,000	1,683,956
		12,318,360	7,553,921	10,093,667
<b>Expenses</b>				
Employee costs		(3,628,460)	(3,961,536)	(3,299,198)
Materials and contracts		(6,494,122)	(12,777,626)	(2,694,494)
Utility charges		(280,611)	(256,550)	(323,137)
Depreciation on non-current assets	9(b)	(2,512,865)	(2,143,100)	(2,136,109)
Interest expenses	2(b)	(54,034)	(88,000)	(35,394)
Insurance expenses		(118,195)	(153,009)	(174,870)
Other expenditure		(123,712)	294,911	(2,047,088)
		(13,211,999)	(19,084,910)	(10,710,290)
		(893,639)	(11,530,989)	(616,623)
Non-operating grants, subsidies and contributions	2(a)	9,036,541	57,171,623	12,333,032
Profit on asset disposals	9(a)	22,673	1,910	32,660
(Loss) on asset disposals	9(a)	(1,610,255)	(173,481)	(1,433,738)
(Loss) on revaluation of land and buildings	7(a)	0	0	(1,833,205)
(Loss) on revaluation of furniture and equipment	7(a)	0	0	(130,069)
(Loss) on revaluation of Golf course	7(a)	0	0	(40,000)
(Loss) on revaluation of Tools	7(a)	0	0	(975)
(Loss) on revaluation of Race course	7(a)	0	0	(14,000)
(Loss) on revaluation of Playground	7(a)	0	0	(2,280)
		7,448,959	57,000,052	8,911,425
<b>Net result for the period</b>		<b>6,555,320</b>	<b>45,469,063</b>	<b>8,294,802</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	10	0	0	69,068,903
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>69,068,903</b>
<b>Total comprehensive income for the period</b>		<b>6,555,320</b>	<b>45,469,063</b>	<b>77,363,705</b>

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

**SHIRE OF LAVERTON**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		170	0	2,027
General purpose funding		7,160,444	5,594,136	6,397,875
Law, order, public safety		9,468	15,880	48,479
Health		104,574	107,800	105,641
Education and welfare		267,098	298,150	161,973
Housing		142,338	150,000	42,853
Community amenities		136,431	135,000	157,649
Recreation and culture		67,960	117,600	159,080
Transport		3,805,429	661,305	2,359,780
Economic services		387,324	355,050	487,304
Other property and services		237,124	119,000	171,006
		12,318,360	7,553,921	10,093,667
<b>Expenses</b>				
	2(b)			
Governance		(477,165)	(565,365)	(939,638)
General purpose funding		(402,875)	(516,595)	(523,067)
Law, order, public safety		(272,798)	(168,340)	(182,035)
Health		(293,038)	(306,973)	(335,062)
Education and welfare		(578,767)	(708,413)	(244,173)
Housing		(92,157)	(150,105)	(42,559)
Community amenities		(555,192)	(492,446)	(379,837)
Recreation and culture		(924,748)	(988,500)	(2,253,056)
Transport		(8,394,175)	(13,497,358)	(4,716,161)
Economic services		(1,227,864)	(1,422,548)	(1,290,732)
Other property and services		60,814	(180,267)	231,424
		(13,157,965)	(18,996,910)	(10,674,896)
<b>Finance Costs</b>				
	2(b)			
General purpose funding		(1,423)	0	0
Housing		(23,486)	(42,000)	(14,449)
Recreation and culture		(11,623)	(30,000)	0
Economic services		(17,502)	(16,000)	(17,492)
Other property and services		0	0	(3,453)
		(54,034)	(88,000)	(35,394)
		(893,639)	(11,530,989)	(616,623)
Non-operating grants, subsidies and contributions	2(a)	9,036,541	57,171,623	12,333,032
Profit on disposal of assets	9(a)	22,673	1,910	32,660
(Loss) on disposal of assets	9(a)	(1,610,255)	(173,481)	(1,433,738)
(Loss) on revaluation of land and buildings	7(a)	0	0	(1,833,205)
(Loss) on revaluation of furniture and equipment	7(a)	0	0	(130,069)
(Loss) on revaluation of Golf course	7(a)	0	0	(40,000)
(Loss) on revaluation of Tools	7(a)	0	0	(975)
(Loss) on revaluation of Race course	7(a)	0	0	(14,000)
(Loss) on revaluation of Playground	7(a)	0	0	(2,280)
		7,448,959	57,000,052	8,911,425
<b>Net result for the period</b>		<b>6,555,320</b>	<b>45,469,063</b>	<b>8,294,802</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	10	0	0	69,068,903
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>69,068,903</b>
<b>Total comprehensive income for the period</b>		<b>6,555,320</b>	<b>45,469,063</b>	<b>77,363,705</b>

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

SHIRE OF LAVERTON  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2019

	NOTE	2019 \$	2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	3,936,574	8,117,573
Trade receivables	5	1,384,029	2,408,280
Inventories	6	139,287	175,760
<b>TOTAL CURRENT ASSETS</b>		<b>5,459,890</b>	<b>10,701,613</b>
<b>NON-CURRENT ASSETS</b>			
Trade receivables	5	3,687	1,574
Property, plant and equipment	7	14,937,892	11,774,469
Infrastructure	8	133,339,041	124,062,595
<b>TOTAL NON-CURRENT ASSETS</b>		<b>148,280,620</b>	<b>135,838,638</b>
<b>TOTAL ASSETS</b>		<b>153,740,510</b>	<b>146,540,251</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	849,002	903,360
Borrowings	12(b)	217,277	140,087
Employee related provisions	13	420,699	295,410
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,486,978</b>	<b>1,338,857</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	12(b)	1,156,302	608,108
Employee related provisions	13	39,607	90,983
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,195,909</b>	<b>699,091</b>
<b>TOTAL LIABILITIES</b>		<b>2,682,887</b>	<b>2,037,948</b>
<b>NET ASSETS</b>		<b>151,057,623</b>	<b>144,502,303</b>
<b>EQUITY</b>			
Retained surplus		75,616,922	68,557,638
Reserves - cash backed	4	2,262,372	2,766,336
Revaluation surplus	10	73,178,329	73,178,329
<b>TOTAL EQUITY</b>		<b>151,057,623</b>	<b>144,502,303</b>

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

SHIRE OF LAVERTON  
 STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance as at 1 July 2017</b>		<b>59,663,171</b>	<b>3,366,001</b>	<b>4,109,426</b>	<b>67,138,598</b>
<b>Restated total equity at the beginning of the financial year</b>		<b>59,663,171</b>	<b>3,366,001</b>	<b>4,109,426</b>	<b>67,138,598</b>
Comprehensive income					
Net result for the period		8,294,802	0	0	8,294,802
Other comprehensive income	10	0	0	69,068,903	69,068,903
Total comprehensive income		8,294,802	0	69,068,903	77,363,705
Transfers from/(to) reserves		599,665	(599,665)	0	0
<b>Balance as at 30 June 2018</b>		<b>68,557,638</b>	<b>2,766,336</b>	<b>73,178,329</b>	<b>144,502,303</b>
Comprehensive income					
Net result for the period		6,555,320	0	0	6,555,320
Total comprehensive income		6,555,320	0	0	6,555,320
Transfers from/(to) reserves		503,964	(503,964)	0	0
<b>Balance as at 30 June 2019</b>		<b>75,616,922</b>	<b>2,262,372</b>	<b>73,178,329</b>	<b>151,057,623</b>

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

SHIRE OF LAVERTON  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		4,298,555	4,108,430	4,127,777
Operating grants, subsidies and contributions		7,981,877	2,203,291	3,005,814
Fees and charges		573,456	420,700	1,337,835
Interest received		168,542	175,000	203,627
Goods and services tax received		2,203,828	0	536,228
Other revenue		496,739	488,750	1,683,956
		15,722,997	7,396,171	10,895,237
<b>Payments</b>				
Employee costs		(3,617,266)	(3,961,536)	(3,510,608)
Materials and contracts		(6,530,624)	(11,721,935)	(4,564,276)
Utility charges		(280,611)	(256,550)	(323,137)
Interest expenses		(54,034)	(88,000)	(37,028)
Insurance paid		(118,195)	(153,009)	(174,870)
Goods and services tax paid		(2,301,163)	0	(461,405)
Other expenditure		(123,712)	(760,780)	(2,047,088)
		(13,025,605)	(16,941,810)	(11,118,412)
<b>Net cash provided by (used in) operating activities</b>	14	2,697,392	(9,545,639)	(223,175)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(4,452,129)	(5,242,313)	(2,008,915)
Payments for construction of infrastructure		(12,279,687)	(46,989,604)	(14,861,238)
Payments for investment property		0	(30,000)	0
Non-operating grants, subsidies and contributions		9,036,541	57,171,623	12,333,032
Proceeds from sale of property, plant & equipment		191,500	164,000	195,818
Transfer of work in progress		0	0	165,233
<b>Net cash provided by (used in) investing activities</b>		(7,503,775)	5,073,706	(4,176,070)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings		(174,616)	(200,000)	(133,839)
Proceeds from new borrowings		800,000	800,000	0
<b>Net cash provided by (used in) financing activities</b>		625,384	600,000	(133,839)
<b>Net increase (decrease) in cash held</b>		(4,180,999)	(3,871,933)	(4,533,084)
Cash at beginning of year		8,117,573	8,117,697	12,650,657
<b>Cash and cash equivalents at the end of the year</b>	14	3,936,574	4,245,764	8,117,573

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

**SHIRE OF LAVERTON**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	22 (b)	6,942,537	3,384,183	9,634,626
		6,942,537	3,384,183	9,634,626
<b>Revenue from operating activities (excluding rates)</b>				
Governance		170	0	2,027
General purpose funding		2,512,437	1,485,706	2,560,509
Law, order, public safety		9,468	15,880	48,479
Health		104,574	107,800	105,641
Education and welfare		267,098	298,150	161,973
Housing		142,338	150,000	42,853
Community amenities		136,431	135,000	157,649
Recreation and culture		67,960	117,600	159,080
Transport		3,810,621	663,215	2,359,780
Economic services		387,324	355,050	491,622
Other property and services		254,605	119,000	199,348
		7,693,026	3,447,401	6,288,961
<b>Expenditure from operating activities</b>				
Governance		(478,045)	(565,365)	(940,887)
General purpose funding		(404,298)	(516,595)	(523,067)
Law, order, public safety		(272,798)	(168,340)	(186,594)
Health		(293,038)	(306,973)	(335,062)
Education and welfare		(582,089)	(708,413)	(268,685)
Housing		(115,643)	(192,105)	(57,008)
Community amenities		(559,349)	(492,446)	(409,991)
Recreation and culture		(2,457,130)	(1,024,643)	(4,279,086)
Transport		(8,454,257)	(13,650,065)	(5,467,804)
Economic services		(1,247,433)	(1,438,548)	(1,728,013)
Other property and services		41,826	(194,898)	31,640
		(14,822,254)	(19,258,391)	(14,164,557)
Non-cash amounts excluded from operating activities	22(a)	4,026,965	2,314,671	4,976,385
<b>Amount attributable to operating activities</b>		3,840,274	(10,112,136)	6,735,415
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		9,036,541	57,171,623	12,333,032
Proceeds from disposal of assets	9(a)	191,500	164,000	195,818
Purchase of property, plant and equipment	7(a)	(4,452,129)	(5,242,313)	(2,008,915)
Purchase and construction of infrastructure	8(a)	(12,279,687)	(46,989,604)	(14,861,238)
Transfer of work in progress		0	0	165,233
Purchase of investment property		0	(30,000)	0
<b>Amount attributable to investing activities</b>		(7,503,775)	5,073,706	(4,176,070)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	12(b)	(174,616)	(200,000)	(133,839)
Proceeds from borrowings	12(c)	800,000	800,000	0
Transfers to reserves (restricted assets)	4	(392,797)	(500,000)	(86,770)
Transfers from reserves (restricted assets)	4	896,761	830,000	686,435
<b>Amount attributable to financing activities</b>		1,129,348	930,000	465,826
<b>Surplus/(deficit) before imposition of general rates</b>	19(a)	(2,534,153)	(4,108,430)	3,025,171
<b>Total amount raised from general rates</b>	21	4,648,007	4,108,430	3,917,366
<b>Surplus/(deficit) after imposition of general rates</b>	22(b)	<b>2,113,854</b>	<b>0</b>	<b>6,942,537</b>

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



## 1. BASIS OF PREPARATION

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

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

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

### CRITICAL ACCOUNTING ESTIMATES

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

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

### THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 24 to these financial statements.

## 2. REVENUE AND EXPENSES

### (a) Revenue

#### Grant Revenue

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

	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Operating grants, subsidies and contributions</b>			
General purpose funding	2,339,078	1,151,656	2,261,192
Law, order, public safety	6,380	4,380	42,651
Health	100,283	107,500	102,471
Education and welfare	264,745	298,150	160,727
Housing	108,730	120,000	0
Community amenities	0	0	75,000
Recreation and culture	61,338	115,000	32,000
Transport	3,227,365	331,305	102,176
Economic services	150,463	138,050	174,666
Other property and services	173,234	95,000	0
	<b>6,431,616</b>	<b>2,361,041</b>	<b>2,950,883</b>
<b>Non-operating grants, subsidies and contributions</b>			
General purpose funding	0	0	80,000
Law, order, public safety	0	0	69,382
Recreation and culture	1,315,762	4,528,272	50,000
Transport	7,720,779	52,566,351	11,800,797
Economic services	0	77,000	332,853
	<b>9,036,541</b>	<b>57,171,623</b>	<b>12,333,032</b>
<b>Total grants, subsidies and contributions</b>	<b>15,468,157</b>	<b>59,532,664</b>	<b>15,283,915</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Grants, donations and other contributions

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

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

##### Grants, donations and other contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 20.

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

## 2. REVENUE AND EXPENSES

(a) Revenue (Continued)	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
<b>Other revenue</b>			
Reimbursements and recoveries	203,706	0	1,325,475
Other	293,033	331,000	358,481
	496,739	331,000	1,683,956
<b>Fees and Charges</b>			
Governance	0	0	195
General purpose funding	4,561	1,300	15,691
Law, order, public safety	3,088	11,500	5,783
Health	590	300	2,120
Housing	29,214	30,000	28,149
Community amenities	136,431	135,000	144,598
Recreation and culture	2,609	2,600	51,005
Transport	179,475	170,000	821,237
Economic services	165,271	55,000	250,921
Other property and services	52,217	15,000	18,136
	573,456	420,700	1,337,835
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
<b>Interest earnings</b>			
Reserve accounts interest	71,036	80,000	93,759
Rates instalment and penalty interest (refer Note 20(c))	53,773	25,000	33,098
Other interest earnings	43,733	70,000	76,770
	168,542	175,000	203,627

### SIGNIFICANT ACCOUNTING POLICIES

#### Interest earnings

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

#### Interest earnings (Continued)

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

**2. REVENUE AND EXPENSES**

**(b) Expenses**

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report	38,000	55,500	23,862
- Other services	3,125	0	4,150
- Disbursements	717	0	2,602
	41,842	55,500	30,614
<b>Interest expenses (finance costs)</b>			
Borrowings (refer Note 12(b))	52,611	88,000	31,941
Interest charges on late tax lodgement	0	0	3,453
Interest on overdraft	1,423	0	0
	54,034	88,000	35,394
<b>Rental charges</b>			
- Operating leases	0	0	22,800
	0	0	22,800

### 3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		3,936,574	8,117,573
		3,936,574	8,117,573
<b>Comprises:</b>			
- Unrestricted cash and cash equivalents		(926,270)	1,906,141
- Restricted cash and cash equivalents		4,862,844	6,211,432
		3,936,574	8,117,573
The following restrictions have been imposed by regulations or other externally imposed requirements:			
<b>Reserve accounts</b>			
Employment entitlement reserve	4	186,036	181,379
Laverton airport reserve	4	34,077	33,223
Plant replacement reserve	4	95,402	93,014
Road reserve	4	464,720	358,375
Aquatic facilities reserve	4	108,491	227,645
Council building reserve	4	410,255	838,718
Great Beyond reserve	4	81,097	79,066
Community bus reserve	4	57,085	55,656
Townsite revitalisation reserve	4	36,266	130,069
Community loan & grant reserve	4	21,168	20,638
Economic development reserve	4	298,479	291,006
Coach house renovation reserve	4	247,009	240,825
Gcr/Skull Creek floodway reserve	4	222,287	216,722
		2,262,372	2,766,336
<b>Other restricted cash and cash equivalents</b>			
Unspent grants/contributions	20	2,374,169	3,445,096
Bonds and deposits - from Trust	23	226,303	0
<b>Total restricted cash and cash equivalents</b>		4,862,844	6,211,432

#### 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

##### Cash and cash equivalents (Continued)

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

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4. RESERVES - CASH BACKED

	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance	2019 Budget Opening Balance	2019 Budget Transfer to	2019 Budget Transfer (from)	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Employment entitlement reserve	181,379	4,658	0	186,037	181,379	0	0	181,379	234,665	5,438	(58,724)	181,379
(b) Laverton airport reserve	33,223	853	0	34,076	33,223	100,000	0	133,223	160,076	3,147	(130,000)	33,223
(c) Plant replacement reserve	93,014	2,388	0	95,402	93,014	200,000	0	293,014	189,555	3,459	(100,000)	93,014
(d) Road reserve	358,375	11,635	0	370,010	453,086	0	0	453,086	447,414	10,961	(100,000)	358,375
(e) Aquatic facilities reserve	227,645	5,846	(125,000)	108,491	227,645	0	(125,000)	102,645	222,149	5,496	0	227,645
(f) Council building reserve	838,718	21,537	(450,000)	410,255	838,718	200,000	(560,000)	478,718	843,999	20,719	(26,000)	838,718
(g) Great Beyond reserve	79,066	2,030	0	81,096	79,066	0	(30,000)	49,066	106,616	2,450	(30,000)	79,066
(h) Community bus reserve	55,656	1,429	0	57,085	55,656	0	0	55,656	44,554	11,102	0	55,656
(i) Townsite revitalisation reserve	130,069	908	0	130,977	35,358	0	0	35,358	241,218	3,562	(114,711)	130,069
(j) Community loan & grant reserve	20,638	530	0	21,168	20,639	0	0	20,639	20,139	499	0	20,638
(k) Economic development reserve	291,006	7,472	0	298,479	291,006	0	(30,000)	261,006	382,767	8,239	(100,000)	291,006
(l) Coach house renovation reserve	240,825	6,184	0	247,009	240,824	0	(85,000)	155,824	235,011	5,814	0	240,825
(m) Gcr/Skull Creek floodway reserve	216,722	5,566	0	222,287	216,722	0	0	216,722	237,838	5,884	(27,000)	216,722
(n) Lake Wells road reserve (Australian Potash)	0	321,761	(321,761)	0	0	0	0	0	0	0	0	0
	2,766,336	392,797	(896,761)	2,262,372	2,766,336	500,000	(830,000)	2,436,336	3,366,001	86,770	(686,435)	2,766,336

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Employment entitlement reserve	Ongoing	To be used to fund annual, RDO and long service leave requirements
(e) Laverton airport reserve	Ongoing	To be used for the upkeep and major upgrade works to the Laverton Airport
(f) Plant replacement reserve	Ongoing	To be used for the purpose of major plant
(g) Road reserve	Ongoing	To be used for the upkeep and major improvements/re-sealing programmes within the Shire of Laverton
(h) Aquatic facilities reserve	Ongoing	To be used for the renovation and upgrading works to the swimming pool
(i) Council building reserve	Ongoing	To be used to maintain and construct buildings owned by the local government
(j) Great Beyond reserve	Ongoing	To be used to plan, develop, expend or construct facilities for an improved tourism information centre
(k) Community bus reserve	Ongoing	To be used for the maintenance and replacement of the community bus
(l) Townsite revitalisation reserve	Ongoing	To be used to hold funds pertaining to the Laverton Town Site Revitalisation and Enhancement project
(m) Community loan & grant reserve	Ongoing	To be used to hold monies that may be made available to community groups as a low interest loan to assist community groups
(n) Economic development reserve	Ongoing	To be used to purchase town site land
(o) Coach house renovation reserve	Ongoing	To be used to fund Coach House renovations
(p) Gcr/Skull Creek floodway reserve	Ongoing	To be used to fund floodway construction

## 5. TRADE RECEIVABLES

### Current

Rates receivable	609,083
Sundry receivables	699,334
GST receivable	178,671
Accrued income	19,081
Expected credit losses	(122,140)

### Non-current

Pensioner's rates and ESL deferred	3,687
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	2019	2018
	\$	\$
	609,083	261,744
	699,334	2,464,293
	178,671	0
	19,081	19,081
	(122,140)	(336,838)
	<b>1,384,029</b>	<b>2,408,280</b>
	3,687	1,574
	<b>3,687</b>	<b>1,574</b>

## 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 23.

### Previous accounting policy: Impairment of trade receivables

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

### Classification and subsequent measurement

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

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

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

## 6. INVENTORIES

### Current

Fuel and materials

The following movements in inventories occurred during the year:

### Carrying amount at 1 July

Utilisation of inventory

Additions to inventory

### Carrying amount at 30 June

	2019	2018
	\$	\$
Fuel and materials	139,287	175,760
	139,287	175,760
Carrying amount at 1 July	175,760	116,641
Utilisation of inventory	(36,473)	0
Additions to inventory	0	59,119
Carrying amount at 30 June	139,287	175,760

## 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.



## 7. PROPERTY, PLANT AND EQUIPMENT

### (a) Movements in Carrying Amounts

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

	Land - freehold land	Buildings	Total land and buildings	Furniture and equipment	Plant and equipment	WIP	Golf course	Tools	Race course	Playground	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	1,079,316	8,268,758	9,348,074	347,198	3,227,923	172,609	52,000	975	28,000	28,110	13,204,889
Additions	2,096	1,207,014	1,209,110	121,191	664,096	14,518	0	0	0	0	2,008,915
(Disposals)	0	(1,233,825)	(1,233,825)	(155,878)	(205,943)	0	0	0	0	(1,250)	(1,596,896)
Revaluation increments / (decrements) transferred to revaluation surplus	49,571	385,184	434,755	0	703,549	0	0	0	0	0	1,138,304
Revaluation (loss) / reversals transferred to profit or loss	0	(1,833,205)	(1,833,205)	(130,069)	0	0	(40,000)	(975)	(14,000)	(2,280)	(2,020,529)
Depreciation (expense)	0	(347,434)	(347,434)	(12,835)	(431,933)	0	0	0	0	(2,780)	(794,982)
Transfers	(58,087)	64,862	6,775	0	0	(172,007)	0	0	0	0	(165,232)
<b>Carrying amount at 30 June 2018</b>	1,072,896	6,511,354	7,584,250	169,607	3,957,692	15,120	12,000	0	14,000	21,800	11,774,469
<b>Comprises:</b>											
Gross carrying amount at 30 June 2018	1,072,896	6,858,789	7,931,685	182,442	4,363,096	15,120	12,000	0	14,000	21,800	12,540,143
Accumulated depreciation at 30 June 2018	0	(347,435)	(347,435)	(12,835)	(405,404)	0	0	0	0	0	(765,674)
<b>Carrying amount at 30 June 2018</b>	1,072,896	6,511,354	7,584,250	169,607	3,957,692	15,120	12,000	0	14,000	21,800	11,774,469
Additions	0	1,514,145	1,514,145	140,715	2,790,978	6,291	0	0	0	0	4,452,129
(Disposals)	0	(123,027)	(123,027)	(16,429)	(242,976)	0	0	0	0	0	(382,432)
Depreciation (expense)	0	(368,274)	(368,274)	(31,858)	(458,342)	0	0	0	0	0	(858,474)
Transfers	0	0	0	0	15,120	(15,120)	(12,000)	0	(14,000)	(21,800)	(47,800)
<b>Carrying amount at 30 June 2019</b>	1,072,896	7,534,198	8,607,094	262,035	6,062,472	6,291	0	0	0	0	14,937,892
<b>Comprises:</b>											
Gross carrying amount at 30 June 2019	1,072,896	8,232,934	9,305,830	302,577	6,872,978	6,291	0	0	0	0	16,487,676
Accumulated depreciation at 30 June 2019	0	(698,736)	(698,736)	(40,542)	(810,506)	0	0	0	0	0	(1,549,784)
<b>Carrying amount at 30 June 2019</b>	1,072,896	7,534,198	8,607,094	262,035	6,062,472	6,291	0	0	0	0	14,937,892

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

### (b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent registered valuers	June 2018	Price per hectare/market borrowing rate
Buildings	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent registered valuers	June 2018	Price per square metre/market borrowing rate
<b>Furniture and equipment</b>	3	Cash approach using depreciated replacement cost	Management valuation	June 2018	Residual values and remaining useful life assessments inputs
<b>Plant and equipment</b>	3	Cash approach using depreciated replacement cost	Management valuation	June 2016	Residual values and remaining useful life assessments inputs
<b>Golf course</b>	3	Cash approach using depreciated replacement cost	Independent registered valuers	June 2018	Residual values and remaining useful life assessments inputs
<b>Race course</b>	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent registered valuers	June 2016	Price per hectare/market borrowing rate
<b>Playground</b>	3	Cash approach using depreciated replacement cost	Management valuation	June 2018	Residual values and remaining useful life assessments inputs

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

## 8. INFRASTRUCTURE

### (a) Movements in Carrying Amounts

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

	Infrastructure - roads	Other infrastructure	Total Infrastructure
	\$	\$	\$
<b>Balance at 1 July 2017</b>	37,249,284	5,197,370	42,446,654
Additions	10,881,739	3,979,499	14,861,238
Revaluation increments / (decrements) transferred to revaluation surplus	67,650,821	279,777	67,930,598
Depreciation (expense)	(1,105,156)	(235,971)	(1,341,127)
Transfers	1,379,136	(1,213,904)	165,232
<b>Carrying amount at 30 June 2018</b>	116,055,824	8,006,771	124,062,595
<b>Comprises:</b>			
Gross carrying amount at 30 June 2018	137,924,644	8,006,771	145,931,415
Accumulated depreciation at 30 June 2018	(21,868,820)	0	(21,868,820)
<b>Carrying amount at 30 June 2018</b>	116,055,824	8,006,771	124,062,595
Additions	8,246,444	4,033,243	12,279,687
(Disposals)	0	(1,396,650)	(1,396,650)
Depreciation (expense)	(1,394,448)	(259,943)	(1,654,391)
Transfers	0	47,800	47,800
<b>Carrying amount at 30 June 2019</b>	122,907,820	10,431,221	133,339,041
<b>Comprises:</b>			
Gross carrying amount at 30 June 2019	146,171,088	10,691,164	156,862,252
Accumulated depreciation at 30 June 2019	(23,263,268)	(259,943)	(23,523,211)
<b>Carrying amount at 30 June 2019</b>	122,907,820	10,431,221	133,339,041

**8. INFRASTRUCTURE (Continued)**

**(b) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition residual values and remaining useful life assessments inputs
Footpaths	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition residual values and remaining useful life assessments inputs
Other infrastructure	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition residual values and remaining useful life assessments inputs
Airport	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition residual values and remaining useful life assessments inputs

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

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

## 9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

#### Initial recognition and measurement between mandatory revaluation dates

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

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

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

#### Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### Land under control

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

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

#### Land under roads

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

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

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

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

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

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

(a) Disposals of Assets

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings	123,027	0	0	(123,027)	0	0	0	0	1,233,825	0	0	(1,233,825)
Furniture and equipment	16,429	0	0	(16,429)	0	0	0	0	155,878	0	0	(155,878)
Plant and equipment	242,976	191,500	22,673	(74,149)	335,571	164,000	1,910	(173,481)	205,943	195,818	32,660	(42,785)
Playground	0	0	0	0	0	0	0	0	1,250	0	0	(1,250)
Other infrastructure	1,396,650	0	0	(1,396,650)	0	0	0	0	0	0	0	0
	1,779,082	191,500	22,673	(1,610,255)	335,571	164,000	1,910	(173,481)	1,596,896	195,818	32,660	(1,433,738)

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$
<b>Plant and Equipment</b>				
Recreation and culture	1,130	0	0	(1,130)
Transport	128,783	121,091	5,192	(12,884)
Other property and services	65,865	70,409	17,481	(12,937)
	195,778	191,500	22,673	(26,951)

The following assets were disposed of during the year.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
<b>Plant and Equipment</b>				
<b>Recreation and culture</b>				
Dry Chorine Dosing System	400	0	0	(400)
Maytronics Dolphin Pool cleaner	730	0	0	(730)
Recreation and culture Total	1,130	0	0	(1,130)
<b>Transport</b>				
Nissan Patrol 2014 #40120	18,589	8,182	0	(10,407)
Cat Prime Mover #40104	60,615	65,000	4,385	0
Roller Grid drawn #40048	39,477	37,000	0	(2,477)
Nissan Nivara 2014 #40119	10,102	10,909	807	0
Transport Total	128,783	121,091	5,192	(12,884)
<b>Other property and services</b>				
Toyota Prado 2016 #40061	24,746	42,227	17,481	0
Toyota Prado 2012 #40094	41,119	28,182	0	(12,937)
Other property and services Total	65,865	70,409	17,481	(12,937)
	195,778	191,500	22,673	(26,951)

## 9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(b) Depreciation	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Buildings	368,274	400,000	347,434
Furniture and equipment	31,858	30,000	12,835
Plant and equipment	458,342	313,100	431,933
Playground	0		2,780
Infrastructure - roads	1,394,448	900,000	1,105,156
Other infrastructure - parks & ovals	0	500,000	0
Other infrastructure	259,943	0	235,971
	2,512,865	2,143,100	2,136,109

### 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	40 years
Furniture and equipment	10 years
Plant and equipment	3 to 10 years
Roads and streets	35 years
Footpaths - slab	20 years
Airport	20 years
Parks and garden equipment	35 years
Information bay	35 years
Town centre facilities	35 years
Tools	10 years

#### Depreciation (Continued)

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

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

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10. REVALUATION SURPLUS

	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Buildings	4,412,223	0	0	0	4,412,223	3,977,468	434,755	0	434,755	4,412,223
Revaluation surplus - Plant and equipment	835,508	0	0	0	835,508	131,959	703,549	0	703,549	835,508
Revaluation surplus - Infrastructure - roads	67,650,821	0	0	0	67,650,821	0	67,650,821	0	67,650,821	67,650,821
Revaluation surplus - Other infrastructure	279,777	0	0	0	279,777	0	279,777	0	279,777	279,777
	73,178,329	0	0	0	73,178,329	4,109,427	69,068,902	0	69,068,902	73,178,329

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.



## 11. TRADE AND OTHER PAYABLES

### Current

Sundry creditors	
Accrued salaries and wages	
ATO liabilities	
Accrued interest on long term borrowings	
Other payables	
Bonds and deposits - from Trust	

2019	2018
\$	\$
625,984	710,189
94,254	98,152
59,078	36,563
11,008	8,772
13,310	49,684
45,368	0
849,002	903,360

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other payables

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

#### Trade and other payables (Continued)

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

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12. INFORMATION ON BORROWINGS

(a) Borrowings	2019	2018
	\$	\$
Current	217,277	140,087
Non-current	1,156,302	608,108
	1,373,579	748,195

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2019	30 June 2019	30 June 2019	30 June 2019	Budget	30 June 2019	30 June 2019	30 June 2019	30 June 2019	Actual	30 June 2018	30 June 2018	30 June 2018
				Principal	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Principal	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Principal	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				1 July 2018					1 July 2018					1 July 2017			
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Housing</b>																	
Executive Housing	79B	WATC	6.14%	90,187	0	28,264	5,196	61,923	90,187	0	30,000	6,000	60,187	116,793	26,606	4,391	90,187
Burt St Group Housing	81	WATC	4.72%	261,951	0	38,730	13,007	223,221	261,950	0	40,000	16,000	221,950	298,914	36,963	10,058	261,951
Staff Housing	82	WATC	3.04%	0	250,000	10,790	5,283	239,210	0	250,000	20,000	20,000	230,000	0	0	0	0
<b>Recreation and culture</b>																	
Laverton community hub project	83	WATC	3.04%	0	550,000	23,738	11,623	526,262	0	550,000	30,000	30,000	520,000	0	0	0	0
<b>Economic services</b>																	
Underground power	80	WATC	3.98%	396,057	0	73,094	17,502	322,963	396,057	0	80,000	16,000	316,057	466,327	70,270	17,492	396,057
				748,195	800,000	174,616	52,611	1,373,579	748,194	800,000	200,000	88,000	1,348,194	882,034	133,839	31,941	748,195
				748,195	800,000	174,616	52,611	1,373,579	748,194	800,000	200,000	88,000	1,348,194	882,034	133,839	31,941	748,195

\* WA Treasury Corporation

All other loan repayments were financed by general purpose revenue.

SHIRE OF LAVERTON  
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12. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2018/19

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2019 Actual	2019 Budget	2019 Actual	2019 Budget		
Staff House Loan 82	WATC	Debenture	10	3.28%	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	0	0
Laverton Community Hub Project	WATC	Debenture	10	3.28%	550,000	550,000	550,000	550,000	0	0
* WA Treasury Corporation					800,000	800,000	800,000	800,000	0	0

	2019	2018
<b>(d) Undrawn Borrowing Facilities</b>	\$	\$
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	500,000	0
Credit card limit	25,000	25,000
Credit card balance at balance date	(12,078)	(9,520)
<b>Total amount of credit unused</b>	<b>512,922</b>	<b>15,480</b>
<b>Loan facilities</b>		
Loan facilities - current	217,277	140,087
Loan facilities - non-current	1,156,302	608,108
<b>Total facilities in use at balance date</b>	<b>1,373,579</b>	<b>748,195</b>

**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 23.

### 13. EMPLOYEE RELATED PROVISIONS

#### Employee Related Provisions

#### Opening balance at 1 July 2018

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Current provisions	166,415	128,995	295,410
Non-current provisions		90,983	90,983
	166,415	219,978	386,393

Additional provision

Amounts used

**Balance at 30 June 2019**

#### Comprises

Current	165,949	254,750	420,699
Non-current		39,607	39,607
	165,949	294,357	460,306

#### 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

	2019	2018
	\$	\$
Less than 12 months after the reporting date	422,048	322,393
More than 12 months from reporting date	38,258	64,000
	460,306	386,393

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

#### SIGNIFICANT ACCOUNTING POLICIES

##### Employee benefits

##### Short-term employee benefits

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

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

##### Other long-term employee benefits

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

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

##### Other long-term employee benefits (Continued)

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

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

##### Provisions

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

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

## 14. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	3,936,574	4,245,764	8,117,573
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	6,555,320	45,469,063	8,294,802
Non-cash flows in Net result:			
Depreciation	2,512,865	2,143,100	2,136,109
(Profit)/loss on sale of asset	1,587,582	171,571	1,401,078
Reversal of loss on revaluation of fixed assets	0	0	2,020,529
Changes in assets and liabilities:			
(Increase)/decrease in receivables	1,022,138	(157,750)	340,165
(Increase)/decrease in other assets	0	0	(165,232)
(Increase)/decrease in inventories	36,473	0	(59,119)
Increase/(decrease) in payables	(54,358)	0	(1,714,266)
Increase/(decrease) in provisions	73,913	0	(144,209)
Non operating grants and contributions for the development of assets	(9,036,541)	(57,171,623)	(12,333,032)
Net cash from operating activities	2,697,392	(9,545,639)	(223,175)

## 15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	552,946	1,980
General purpose funding	900,885	(72,820)
Law, order, public safety	3,553	107,902
Health	328,652	571,254
Education and welfare	290,427	105,397
Housing	3,198,550	2,810,335
Community amenities	2,365,363	357,623
Recreation and culture	7,033,455	3,653,577
Transport	134,121,983	122,274,651
Economic services	1,996,188	5,402,239
Other property and services	1,056,449	3,210,538
Unallocated	1,892,059	8,117,575
	153,740,510	146,540,251

## 16. CONTINGENT LIABILITIES

The Shire is not aware of any reportable contingent liabilities as at 30 June 2019.

## 17. CAPITAL AND LEASING COMMITMENTS

### (a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year

	2019	2018
	\$	\$
	701,425	3,553,000
	46,248	64,880
	747,673	3,617,880
	747,673	3,617,880

The capital expenditure project outstanding at the end of the prior reporting period represents the contracts associated with the Community Hub Project, runwaylighting contract, contract to upgrade the playgroup and the old police station, and contracts to provide new staff housing.

### (b) Operating Lease Commitments

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

Payable:

- not later than one year
- later than one year but not later than five years

	2019	2018
	\$	\$
	15,283	0
	35,660	0
	50,943	0

### SIGNIFICANT ACCOUNTING POLICIES

#### Leases

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

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

#### Leases (Continued)

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

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

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



## 18. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	73,451	75,000	64,068
President's allowance	18,315	18,315	17,700
Deputy President's allowance	4,580	4,580	4,500
Travelling expenses	4,052	5,000	7,071
	<u>100,398</u>	<u>102,895</u>	<u>93,339</u>

### Key Management Personnel (KMP) Compensation Disclosure

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	528,635	723,545
Post-employment benefits	77,554	78,315
Other long-term benefits	12,625	2,810
Termination benefits	0	40,513
	<u>618,814</u>	<u>845,183</u>

#### *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 and annual leave 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).

## 18. RELATED PARTY TRANSACTIONS

### 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:	2019 Actual	2018 Actual
	\$	\$
<b>Amounts outstanding from related parties:</b>		
Trade and other receivables	0	527
<b>Amounts payable to related parties:</b>		
Trade and other payables	84,605	232,280

### Related Parties

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

##### *i. Key management personnel*

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

##### *ii. Other Related Parties*

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

##### *iii. Entities subject to significant influence by the Shire*

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

## 19. JOINT ARRANGEMENTS

### Share of joint operations

The Shire together with the Shire of Coolgardie, Dundas, Esperance, Laverton, Menzies, Ngaanyatjarraku, Ravensthorpe and Wiluna have a joint venture arrangement with regards to the provision of a Regional Records Service. The assets included in the joint operation recorded in the Shire's one tenth share are as follows:

#### Non-current assets

Land and buildings

Plant and equipment

Furniture and equipment

Light vehicles

Total assets

	2019	2018
	\$	\$
	69,500	69,500
	3,582	3,582
	7,204	7,204
	2,650	2,650
	82,936	82,936

### SIGNIFICANT ACCOUNTING POLICIES

#### Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

#### Interests in joint arrangements (Continued)

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

## 20. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance <sup>(1)</sup>	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing Balance <sup>(1)</sup>	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing Balance
	1/07/17	2017/18	2017/18	30/06/18	2018/19	2018/19	30/06/19
	\$	\$	\$	\$	\$	\$	\$
<b>Law, order, public safety</b>							
G.E.D.C solar lighting grant	40,000	0	(33,404)	6,596	0	(6,596)	0
<b>Housing</b>							
DPIRD Regional aged accommodation	0	0	0	0	100,000	(57,866)	42,134
<b>Recreation and culture</b>							
CPRC Swimming Pool Grant	32,000	0	(32,000)	0	0	0	0
DRD - Laverton Community Hub	5,359,280	146,569	(2,359,280)	3,146,569	28,355	(2,500,090)	674,834
<b>Transport</b>							
Roads to Recovery	56,816	0	(56,816)	0	0	0	0
Roads to Recovery	0	167,500	(43,069)	124,431	0	(124,431)	0
Roads to Recovery	0	167,500	0	167,500	0	(167,500)	0
RAUP Grant - Laverton Airfield	0	0	0	0	75,510	0	75,510
DPIRD Grant - Laverton Airfield	0	0	0	0	150,000	0	150,000
RADS Grant - Laverton Airfield	0	0	0	0	218,830	0	218,830
Goldfields GSM Mining - Mt Weld Rd	0	0	0	0	320,561	0	320,561
Anglogold Ashanti Aust - Mt Weld Rd	0	0	0	0	642,300	0	642,300
Gruyere Management - Mt Weld Rd	0	0	0	0	250,000	0	250,000
<b>Economic services</b>							
Tourism WA	33,453	0	(33,453)	0	0	0	0
<b>Total</b>	<b>5,521,549</b>	<b>481,569</b>	<b>(2,558,022)</b>	<b>3,445,096</b>	<b>1,785,556</b>	<b>(2,856,483)</b>	<b>2,374,169</b>

- Notes:**
- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

## 21. RATING INFORMATION

### (a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19 Actual Rateable Value \$	2018/19 Actual Rate Revenue \$	2018/19 Actual Interim Rates \$	2018/19 Actual Back Rates \$	2018/19 Actual Total Revenue \$	2018/19 Budget Rate Revenue \$	2018/19 Budget Total Revenue \$	2017/18 Actual Total Revenue \$
<b>Differential general rate / general rate</b>										
<b>Gross rental valuations</b>										
GRV Townsite	0.1116	178	2,447,628	273,157	(5,772)	0	267,385	273,155	273,155	291,769
GRV Mining	0.0862	12	1,084,435	1,084,439	0	0	1,084,439	1,084,435	1,084,435	1,063,052
<b>Unimproved valuations</b>										
UV Pastoral	0.0941	17	581,775	54,745	0	0	54,745	54,745	54,745	53,698
UV Mining	0.1592	734	16,169,962	2,589,286	547,455	(784)	3,135,957	2,574,258	2,574,258	2,549,714
Shared tenements	0.1592	28	948,462	150,995	1,288	38	152,321	150,995	150,995	
<b>Sub-Total</b>		969	21,232,262	4,152,622	542,971	(746)	4,694,847	4,137,588	4,137,588	3,958,233
<b>Minimum payment</b>	\$									
<b>Gross rental valuations</b>										
GRV Townsite	304	49	16,767	13,192	0	0	13,192	14,896	14,896	14,700
GRV Mining	304	1	20	304	0	0	304	304	304	294
<b>Unimproved valuations</b>										
UV Pastoral	304	3	3,000	912	0	0	912	912	912	0
UV Mining	304	349	336,320	104,272	0	0	104,272	106,096	106,096	98,196
Shared tenements	304	21	13,343	1,672	0	0	1,672	6,384	6,384	1,617
<b>Sub-Total</b>		423	369,450	120,352	0	0	120,352	128,592	128,592	114,807
		1,392	21,601,712	4,272,974	542,971	(746)	4,815,199	4,266,180	4,266,180	4,073,040
Discounts (refer Note 21(b))							(167,192)		(157,750)	(155,674)
<b>Total amount raised from general rate</b>							4,648,007		4,108,430	3,917,366

### SIGNIFICANT ACCOUNTING POLICIES

#### Rates

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

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21. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee	Discount	Discount	2019 Actual	2019 Budget	2018 Actual	Circumstances in which Discount is Granted
Discount Granted	%	\$	\$	\$	\$	
Discount	5.00%		167,192	157,750	155,674	All current rates and arrears are to be paid by the due date.
			167,192	157,750	155,674	

## 21. RATING INFORMATION (Continued)

### (c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates
		Admin Charge	Interest Rate	Interest Rate
		\$	%	%
	27/09/2018	0.00	0.00%	11.00%
	27/09/2018	0.00	0.00%	11.00%
	27/11/2018	5.00	5.50%	11.00%
	29/02/2019	5.00	5.50%	11.00%
	29/03/2019	5.00	5.50%	11.00%

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Interest on unpaid rates	38,735	15,000	23,249
Interest on instalment plan	15,038	10,000	9,849
Charges on instalment plan	4,170	750	945
	<b>57,943</b>	<b>25,750</b>	<b>34,043</b>

## 22. RATE SETTING STATEMENT INFORMATION

	2018/19 (30 June 2019 Carried Forward)	2018/19 Budget (30 June 2019 Carried Forward)	2018/19 (1 July 2018 Brought Forward)
Note	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>			
<p>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>.</p>			
<b>Adjustments to operating activities</b>			
Less: Profit on asset disposals	9(a) (22,673)	(1,910)	(32,660)
Movement in pensioner deferred rates (non-current)	(2,113)	0	0
Movement in employee benefit provisions (non-current)	(51,376)	0	(581,331)
Movement in other provisions (non-current)	(19,993)	0	0
Add: Loss on disposal of assets	9(a) 1,610,255	173,481	1,433,738
Add: Loss on revaluation of fixed assets	8(a) 0	0	2,020,529
Add: Depreciation on assets	9(b) 2,512,865	2,143,100	2,136,109
<b>Non cash amounts excluded from operating activities</b>	<b>4,026,965</b>	<b>2,314,671</b>	<b>4,976,385</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>			
<p>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.</p>			
<b>Adjustments to net current assets</b>			
Less: Reserves - restricted cash	4 (2,262,372)	(2,436,336)	(2,766,336)
Less: Non-current (deferred rates)	0	(31,574)	0
Less: Unspent grants	0	(2,580,455)	0
Add: Borrowings	12(a) 217,277	217,277	140,087
Add: Current liabilities not expected to be cleared	186,037	0	206,030
<b>Total adjustments to net current assets</b>	<b>(1,859,058)</b>	<b>(4,831,088)</b>	<b>(2,420,219)</b>
<b>Net current assets used in the Rate Setting Statement</b>			
Total current assets	5,459,890	5,987,668	10,701,613
Less: Total current liabilities	(1,486,978)	(1,156,580)	(1,338,857)
Less: Total adjustments to net current assets	(1,859,058)	(4,831,088)	(2,420,219)
<b>Net current assets used in the Rate Setting Statement</b>	<b>2,113,854</b>	<b>0</b>	<b>6,942,537</b>



## 23. 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
<b>Market risk - interest rate</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	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
	%	\$	\$	\$	\$
<b>2019</b>					
Cash and cash equivalents	0.2297%	3,936,574	2,262,372	1,672,602	1,600
<b>2018</b>					
Cash and cash equivalents	0.5125%	8,117,573	2,766,336	5,349,661	1,700

#### Sensitivity

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

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	16,726	51,176

\* Holding all other variables constant

#### Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 12(b).

**(b) Credit risk**

**Trade Receivables**

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2019</b>					
Rates receivable					
Expected credit loss	2.33%	0.00%	0.00%	75.51%	
Gross carrying amount	465,363	0	0	147,407	612,770
Loss allowance	10,830	0	0	111,310	122,140

Additional \$122,140 allowance for impairment was provided mainly for mining rates known not to be recoverable.

No expected credit loss was forecast on 1 July 2018 as it was deemed immaterial.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2019</b>					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	380,852	299,114	16,693	2,736	699,395
Loss allowance	0	0	0	0	0

No loss allowance in relation to Sundry receivables as at 30 June 2019 given that long outstanding debts are immaterial at year end.



## 23. 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 12(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
	\$	\$	\$	\$	\$
<b>2019</b>					
Payables	849,002	0	0	849,002	849,002
Borrowings	0	653,661	818,840	1,472,501	1,373,579
	849,002	653,661	818,840	2,321,503	2,222,581
<b>2018</b>					
Payables	906,704	0	0	906,704	903,360
Borrowings	172,153	795,019	50,642	1,017,814	748,195
	1,078,857	795,019	50,642	1,924,518	1,651,555

## 24. TRUST FUNDS

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

	1 July 2018	Amounts Received	Amounts Paid	Reclassified to Restricted cash *	30 June 2019
	\$	\$	\$		\$
Housing bonds	2,660	420	(3,080)	0	0
BCITF	2,385	13,756	(13,756)	(2,385)	0
Unclaimed monies	1,000	778	0	(1,778)	0
Youth advisory council	1,029	0	0	(1,029)	0
Clubs and discos	1,530	0	0	(1,530)	0
North East Goldfields	14,333	0	0	(14,333)	0
Sport & recreation grant funds	6,000	0	0	(6,000)	0
Donations received	9,044	0	0	(9,044)	0
Outback Highway development fund	176,364	4,571	0	(180,935)	0
Department of transport	0	76,528	(65,018)	(11,510)	0
Builders services levy	0	9,669	(12,110)	2,441	0
Keys, Hall and equipment bonds	0	600	(400)	(200)	0
	214,345	106,322	(94,364)	(226,303)	0

## 25. CHANGE IN ACCOUNTING POLICY

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

The impacts of the changes in the accounting policy on the prior year comparatives are not material.

## 26. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

### (a) Revenue from Contracts with Customers

The Shire will adopt AASB 15 *Revenue from Contracts with Customers* (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary adoption of AASB15 is expected to increase contract liabilities recognised in the balance sheet at the date of initial application (1 July 2019):

### (b) Leases

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

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

On adoption of AASB 16, the Shire will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate as on 1 July 2019.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

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

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

The Shire has assessed that, based on the number of operating leases held by the Shire, the impact is not expected to be material.

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

### (c) Income For Not-For-Profit Entities

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

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 the impact of which is being assessed.

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

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



## 27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

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

### AASB 9 Financial instruments

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

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and no adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139.

#### (a) Classification and measurement

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

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

## 27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- The Shire did not designate any financial assets as at fair value through profit and loss.

### (b) Impairment

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

An assessment was performed to measure expected credit losses taking into account past event, current conditions and forecasts of future economic conditions. Any adjustments from adoption were deemed immaterial and have not been recognised directly in accumulated surplus/deficit.

## 28. OTHER SIGNIFICANT ACCOUNTING POLICIES

### a) Goods and services tax (GST)

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

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

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

### b) Current and non-current classification

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

### c) Rounding off figures

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

### d) Comparative figures

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

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

### e) Budget comparative figures

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

### f) Superannuation

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

### g) Fair value of assets and liabilities

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

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

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

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

### h) Fair value hierarchy

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

#### Level 1

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

#### Level 2

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

#### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation techniques

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

#### Market approach

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

#### Income approach

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

#### Cost approach

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

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

### i) Impairment of assets

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

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

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

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

**29. ACTIVITIES/PROGRAMS**

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

<b>PROGRAM NAME AND OBJECTIVES</b>	<b>ACTIVITIES</b>
<p><b>GOVERNANCE</b>                      To provide a decision making process for the efficient allocation of scarce resources.</p>	<p>Includes the members of council and the administrative support available to the council for the provision of the 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><b>GENERAL PURPOSE FUNDING</b>                      To collect revenue to allow for the provision of services.</p>	<p>The reporting of the Shire's general rating income and the recognition of the Western Australian Grants Commission payment together with interest on investments and costs associated with the collection of funds.</p>
<p><b>LAW, ORDER, PUBLIC SAFETY</b>                      To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.</p>
<p><b>HEALTH</b>                      To provide an operational framework for environmental and community health.</p>	<p>Inspection of food outlets and their control, provision of meat inspection services, noise control and disposal compliance.</p>
<p><b>EDUCATION AND WELFARE</b>                      To provide services to disadvantaged persons, the elderly, children and youth.</p>	<p>Expenditure to assist in the education of the children and youth within the Shire.</p>
<p><b>HOUSING</b>                      To provide and maintain housing.</p>	<p>Income and expenditure associated with the provision of housing to staff and others.</p>
<p><b>COMMUNITY AMENITIES</b>                      To provide services required by the community.</p>	<p>Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.</p>
<p><b>RECREATION AND CULTURE</b>                      To establish and effectively manage infrastructure and resources which will help the social well being of the community.</p>	<p>The reporting of income and expenditure associated with the Town Hall, library and recreation area, oval and reserves operated by Council.</p>
<p><b>TRANSPORT</b>                      To provide safe, effective and efficient transport services to the community.</p>	<p>Construction and maintenance of roads, grids, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting and the maintenance of the Council's airstrips.</p>
<p><b>ECONOMIC SERVICES</b>                      To help promote the Shire and its economic well being.</p>	<p>The reporting of income and expenditure including the operation of Council's caravan park and administration of the Building Code of Australia.</p>
<p><b>OTHER PROPERTY AND SERVICES</b>                      To monitor and control Shire's overheads operating accounts.</p>	<p>Involves the expenditure and allocation of employee overheads and plant costs. Also included is the accounting for private works, salary and wages reconciliation and other incomes and expenditure not included elsewhere.</p>

### 30. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	0.46	3.88	2.22
Asset consumption ratio	0.86	0.86	0.58
Asset renewal funding ratio	0.26	0.27	0.44
Asset sustainability ratio	5.98	7.65	2.13
Debt service cover ratio	0.38	(11.26)	21.90
Operating surplus ratio	(0.44)	(0.59)	0.21
Own source revenue coverage ratio	0.38	0.56	0.61

The above ratios are calculated as follows:

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

### **31. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

The Shire did not have any events occurring after the end of the reporting period.