



ATTACHMENTS

Special Council Meeting – 14 March 2022

- 6.1.1(1) Annual Financial Statements 2020/21
- 6.1.1(2) Audit Opinion 2020/21
- 6.1.1(3) Report on Significant Finding 2020/21 Audit
- 6.1.2(1) 2020-2021 Annual Report

SHIRE OF DONNYBROOK BALINGUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Index of Notes to the Financial Report	9
Independent Auditor's Report	61

COMMUNITY VISION

A proud community enjoying our rural lifestyle, cultural heritage and natural environment.

Principal place of business:

Corner Collins and Bentley Streets, Donnybrook WA 6239

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Donnybrook Balingup for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the Shire of Donnybrook Balingup at 30 June 2021 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the

Seventeenth day of

February 2022



Chief Executive Officer

Benjamin (Ben) Rose

Name of Chief Executive Officer

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	28(a)	5,097,943	5,074,942	5,072,527
Operating grants, subsidies and contributions	2(a)	3,643,313	2,759,368	2,910,866
Fees and charges	2(a)	2,169,363	2,006,109	1,948,785
Interest earnings	2(a)	108,388	150,825	195,260
Other revenue	2(a)	429	400	254,316
		11,019,436	9,991,644	10,381,754
Expenses				
Employee costs		(4,965,382)	(4,960,875)	(4,745,238)
Materials and contracts		(3,365,310)	(3,861,107)	(2,671,893)
Utility charges		(348,041)	(370,891)	(365,792)
Depreciation on non-current assets	10(b)	(5,484,216)	(5,317,079)	(5,349,517)
Amortisation	12(a)	(28,552)	0	(28,552)
Interest expenses	2(b)	(27,504)	(15,825)	(11,956)
Insurance expenses		(345,052)	(424,311)	(299,690)
Other expenditure		(371,542)	(213,475)	(1,262,118)
		(14,935,599)	(15,163,563)	(14,734,756)
		(3,916,163)	(5,171,919)	(4,353,002)
Non-operating grants, subsidies and contributions	2(a)	5,130,139	8,994,403	1,970,862
Profit on asset disposals	10(a)	56,408	9,869	138,651
(Loss) on asset disposals	10(a)	(9,262)	(32,470)	(38,750)
		5,177,285	8,971,802	2,070,763
Discontinued Operations				
Profit / (Loss) on discontinued operations	31	(644,695)	(530,424)	(572,656)
Net result for the period				
		616,427	3,269,459	(2,854,895)
Other comprehensive income				
		0	0	0
Total other comprehensive income for the period				
		0	0	0
Total comprehensive income for the period				
		616,427	3,269,459	(2,854,895)

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

The Shire discontinued operational management of Tuia Lodge aged care home during the reporting year. Analysis of the financial impact of discontinued operations are stated in Note 31.

SHIRE OF DONNYBROOK BALINGUP
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Governance	2(a)	102,449	64,084	34,707
General purpose funding		7,317,161	6,238,176	7,354,196
Law, order, public safety		577,821	577,580	527,269
Health		167,269	173,013	159,659
Education and welfare		835,117	753,157	321,382
Community amenities		1,217,506	1,134,936	1,147,926
Recreation and culture		202,353	261,529	506,459
Transport		169,206	198,310	10,009
Economic services		226,802	480,781	166,123
Other property and services		203,752	110,078	154,024
		11,019,436	9,991,644	10,381,754
Expenses				
Governance	2(b)	(996,476)	(1,049,323)	(1,201,313)
General purpose funding		(181,125)	(202,110)	(216,836)
Law, order, public safety		(1,257,980)	(1,372,958)	(1,321,325)
Health		(246,284)	(260,039)	(229,768)
Education and welfare		(1,277,005)	(1,195,384)	(677,713)
Community amenities		(1,565,539)	(1,709,555)	(2,315,491)
Recreation and culture		(3,648,610)	(3,576,815)	(3,025,622)
Transport		(4,971,136)	(4,818,754)	(4,913,749)
Economic services		(557,118)	(844,600)	(652,437)
Other property and services		(206,822)	(118,200)	(168,546)
		(14,908,095)	(15,147,738)	(14,722,800)
Finance Costs				
Governance	2(b)	(2,101)	(2,876)	(554)
Law, order, public safety		(191)	(111)	(537)
Health		(3,603)	(3,668)	(4,260)
Education and welfare		(4,412)	(4,491)	(855)
Community amenities		(12,928)	0	0
Recreation and culture		(1,998)	(2,012)	(2,595)
Economic services		(2,271)	(2,667)	(3,155)
		(27,504)	(15,825)	(11,956)
		(3,916,163)	(5,171,919)	(4,353,002)
Non-operating grants, subsidies and contributions	2(a)	5,130,139	8,994,403	1,970,862
Profit on disposal of assets	10(a)	56,408	9,869	138,651
(Loss) on disposal of assets	10(a)	(9,262)	(32,470)	(38,750)
		5,177,285	8,971,802	2,070,763
Discontinued Operations				
Profit / (Loss) on discontinued operations	31	(644,695)	(530,424)	(572,656)
Net result for the period		616,427	3,269,459	(2,854,895)
Other comprehensive income		0	0	0
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		616,427	3,269,459	(2,854,895)

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

The Shire discontinued operational management of Tuia Lodge aged care home during the reporting year. Analysis of the financial impact of discontinued operations are stated in Note 31.

SHIRE OF DONNYBROOK BALINGUP
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	3	11,131,480	16,567,035
Trade and other receivables	6	983,090	625,149
Other financial assets	5(a)	9,397	9,144
Inventories	7	46,187	170,390
Contract assets	2(a)	138,938	413,642
TOTAL CURRENT ASSETS		12,309,092	17,785,360
NON-CURRENT ASSETS			
Trade and other receivables	6	964,445	951,695
Other financial assets	5(b)	136,943	141,859
Property, plant and equipment	8	35,864,629	35,722,172
Infrastructure	9	129,537,623	128,504,495
Intangible assets	12	73,409	85,656
Right-of-use assets	11(a)	65,509	89,901
TOTAL NON-CURRENT ASSETS		166,642,558	165,495,778
TOTAL ASSETS		178,951,650	183,281,138
CURRENT LIABILITIES			
Trade and other payables	14	2,335,885	6,353,102
Other liabilities	15	2,387,785	2,994,190
Lease liabilities	16(a)	29,043	50,600
Borrowings	17(a)	63,578	61,289
Other Financial Liabilities	17(c)	215,436	308,000
Employee related provisions	18	802,924	951,992
TOTAL CURRENT LIABILITIES		5,834,651	10,719,173
NON-CURRENT LIABILITIES			
Lease liabilities	16(a)	38,094	39,852
Borrowings	17(a)	338,988	589,794
Other Financial Liabilities	17(c)	3,852,000	3,657,000
Employee related provisions	18	94,983	128,045
Other provisions	19	771,593	742,360
TOTAL NON-CURRENT LIABILITIES		5,095,658	5,157,051
TOTAL LIABILITIES		10,930,309	15,876,224
NET ASSETS		168,021,341	167,404,914
EQUITY			
Retained surplus		31,803,179	29,961,747
Reserves - cash backed	4	5,426,258	6,651,263
Revaluation surplus	13	130,791,904	130,791,904
TOTAL EQUITY		168,021,341	167,404,914

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

**SHIRE OF DONNYBROOK BALINGUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2019		30,426,462	9,041,443	130,791,904	170,259,809
Comprehensive income					
Net result for the period		(2,854,895)	0	0	(2,854,895)
Other comprehensive income	13	0	0	0	0
Total comprehensive income		(2,854,895)	0	0	(2,854,895)
Transfers from reserves	4	3,628,723	(3,628,723)	0	0
Transfers to reserves	4	(1,238,543)	1,238,543	0	0
Balance as at 30 June 2020		29,961,747	6,651,263	130,791,904	167,404,914
Comprehensive income					
Net result for the period		616,427	0	0	616,427
Other comprehensive income	13	0	0	0	0
Total comprehensive income		616,427	0	0	616,427
Transfers from reserves	4	1,948,603	(1,948,603)	0	0
Transfers to reserves	4	(723,598)	723,598	0	0
Balance as at 30 June 2021		31,803,179	5,426,258	130,791,904	168,021,341

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

SHIRE OF DONNYBROOK BALINGUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		5,157,010	5,054,942	5,135,727
Operating grants, subsidies and contributions		5,371,146	2,302,746	4,671,700
Fees and charges		3,080,648	2,989,474	3,325,999
Interest received		128,264	216,825	260,561
Goods and services tax received		1,052,701	1,184,950	1,194,024
Other revenue		14,447	1,650	255,364
		14,804,216	11,750,587	14,843,375
Payments				
Employee costs		(8,157,018)	(7,766,645)	(7,227,382)
Materials and contracts		(3,701,458)	(4,922,028)	(3,866,081)
Utility charges		(421,117)	(457,272)	(449,236)
Interest expenses		(14,710)	(17,133)	(11,635)
Insurance paid		(377,019)	(456,518)	(323,686)
Goods and services tax paid		(1,167,790)	(1,184,953)	(1,178,201)
Other expenditure		(300,500)	(227,251)	(634,334)
		(14,139,612)	(15,031,800)	(13,690,555)
Net cash provided by (used in) operating activities	20	664,604	(3,281,213)	1,152,820
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(2,402,689)	(3,353,320)	(1,967,034)
Payments for construction of infrastructure	9(a)	(4,672,099)	(7,727,503)	(1,995,431)
Non-operating grants, subsidies and contributions	2(a)	5,130,139	9,293,045	3,616,062
Proceeds from financial assets at amortised cost - self supporting loans		4,663	9,144	8,899
Proceeds from sale of property, plant & equipment	10(a)	122,091	168,209	399,428
Proceeds from sale of land held for resale	10(a)	81,818	0	190,909
Net cash provided by (used in) investment activities		(1,736,077)	(1,610,425)	252,833
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(61,288)	(61,290)	(32,452)
Payments for principal portion of lease liabilities	16(b)	(55,333)	(53,871)	(58,718)
Net proceeds from other financial liabilities		102,436	275,000	0
Proceeds from new borrowings	17(b)	0	0	291,000
Loan advance - commercial entity		(120,000)	0	0
Net transfers of bonds and deposits (*)		(4,229,897)	0	0
Net cash provided by (used in) financing activities		(4,364,082)	159,839	199,830
Net increase (decrease) in cash held		(5,435,555)	(4,731,799)	1,605,483
Cash at beginning of year		16,567,035	16,622,802	14,961,552
Cash and cash equivalents at the end of the year	20	11,131,480	11,891,003	16,567,035

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

(*) this net includes cash transfer in and transfers out

SHIRE OF DONNYBROOK BALINGUP
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	29 (b)	1,018,550	1,037,126	(1,066,973)
		1,018,550	1,037,126	(1,066,973)
Revenue from operating activities (excluding rates)				
Governance		108,080	64,084	34,952
General purpose funding		2,219,218	1,163,234	2,281,669
Law, order, public safety		577,821	577,580	527,269
Health		167,269	173,013	159,659
Education and welfare		4,196,489	4,047,772	3,576,001
Community amenities		1,229,145	1,140,547	1,147,926
Recreation and culture		202,353	261,529	506,459
Transport		171,994	201,946	19,213
Economic services		226,802	480,781	295,325
Other property and services		240,102	110,702	154,024
		9,339,273	8,221,188	8,702,497
Expenditure from operating activities				
Governance		(998,577)	(1,052,199)	(1,201,867)
General purpose funding		(181,125)	(202,110)	(216,836)
Law, order, public safety		(1,258,171)	(1,373,069)	(1,321,862)
Health		(249,887)	(263,707)	(234,028)
Education and welfare		(5,287,483)	(5,024,914)	(4,505,843)
Community amenities		(1,578,467)	(1,709,555)	(2,315,491)
Recreation and culture		(3,650,608)	(3,578,827)	(3,028,217)
Transport		(4,980,399)	(4,843,710)	(4,952,499)
Economic services		(559,389)	(854,781)	(655,592)
Other property and services		(206,822)	(118,200)	(168,546)
		(18,950,928)	(19,021,072)	(18,600,781)
Non-cash amounts excluded from operating activities	29(a)	5,487,262	5,516,835	5,595,435
Amount attributable to operating activities		(3,105,843)	(4,245,923)	(5,369,822)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	5,130,139	8,994,403	1,970,862
Proceeds from disposal of assets	10(a)	203,909	168,209	590,337
Proceeds from financial assets at amortised cost - self supporting loans		4,663	9,143	8,899
Purchase of property, plant and equipment	8(a)	(2,402,689)	(3,353,320)	(1,848,832)
Purchase and construction of infrastructure	9(a)	(4,672,099)	(7,727,506)	(1,995,431)
Amount attributable to investing activities		(1,736,077)	(1,909,071)	(1,274,165)
FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(61,288)	(61,290)	(32,452)
Proceeds from borrowings	17(b)	0	0	291,000
Payments for principal portion of lease liabilities	16(b)	(55,333)	(53,871)	(58,718)
Net proceeds from other financial liabilities		102,436	275,000	0
Loan - advance to commercial entity		(120,000)	0	0
Transfers to reserves (restricted assets)	4	(723,598)	(212,000)	(1,238,543)
Transfers from reserves (restricted assets)	4	1,948,603	1,132,213	3,628,723
Amount attributable to financing activities		1,090,820	1,080,052	2,590,010
Surplus/(deficit) before imposition of general rates		(3,751,100)	(5,074,942)	(4,053,977)
Total amount raised from general rates	28(a)	5,097,943	5,074,942	5,072,527
Surplus/(deficit) after imposition of general rates	29(b)	1,346,843	0	1,018,550

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

SHIRE OF DONNYBROOK BALINGUP
INDEX OF NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

Note 1	Basis of Preparation	10
Note 2	Revenue and Expenses	11
Note 3	Cash and Cash Equivalents	16
Note 4	Reserves - Cash backed	17
Note 5	Other Financial Assets	18
Note 6	Trade and Other Receivables	19
Note 7	Inventories	20
Note 8	Property, Plant and Equipment	21
Note 9	Infrastructure	23
Note 10	Fixed Assets	25
Note 11	Leases	28
Note 12	Intangible Assets	29
Note 13	Revaluation Surplus	30
Note 14	Trade and Other Payables	31
Note 15	Other Liabilities	32
Note 16	Lease Liabilities	33
Note 17	Information on Borrowings	34
Note 18	Employee Provisions	36
Note 19	Other Provisions	37
Note 20	Notes to the Statement of Cash Flows	38
Note 21	Total Assets Classified by Function and Activity	39
Note 22	Contingent Liabilities	40
Note 23	Commitments	41
Note 24	Elected Members Remuneration	42
Note 25	Related Party Transactions	44
Note 26	Investment in Associates	46
Note 27	Major Land Transactions	47
Note 28	Rating Information	48
Note 29	Rate Setting Statement Information	51
Note 30	Financial Risk Management	52
Note 31	Discontinued Operations	56
Note 32	Trust Funds	57
Note 33	Other Significant Accounting Policies	58
Note 34	Activities/Programs	59
Note 35	Financial Ratios	60

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

1. BASIS OF PREPARATION

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

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

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 32 to these financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

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

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

The following new accounting standards will have application to local government in future years:

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates - general rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees and charges - licenses, registrations, approvals	Buildings, planning, development and animal management, having the same nature as a license regardless of naming	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment of the license, registration or approval
Fees and charges - pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Fees and charges - other inspections	Regulatory food, health and safety	Single point in time	Full payment prior to inspection		Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Fees and charges - waste management collections	Kerbise collection services	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Fees and charges - property hire and entry	Use of halls and facilities	Single point in time	In full in advance, or on normal credit trading terms. Dependant upon fee	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction	On entry or at conclusion of hire
Fees and charges - memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction	Output method over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees and reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Fees and charges - sale of stock	Kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction	Output method based on goods
Fees and charges - fines	Fines issued for breaches of local laws	Single point in time	Payment in full within defined time	None	Adopted by council through local law	When taxable event occurs	Not applicable	When fine notice is issued
Other revenue - commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Other revenue - reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is lodged	Not applicable	When claim is agreed

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

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions			
Governance	101,844	63,062	3,528
General purpose funding	2,043,459	962,209	2,029,873
Law, order, public safety	521,370	529,180	465,190
Health	20,765	23,140	12,252
Education and welfare	553,511	506,758	49,184
Community amenities	7,039	1,100	490
Recreation and culture	12,478	36,043	335,725
Transport	167,919	197,810	5,478
Economic services	11,184	329,466	1,895
Other property and services	203,744	110,600	7,251
	3,643,313	2,759,368	2,910,866
Non-operating grants, subsidies and contributions			
Law, order, public safety	45,750	62,241	527,027
Education and welfare	16,851	0	22,132
Community amenities	183,180	170,000	3,588
Recreation and culture	2,709,376	4,030,671	52,478
Transport	2,016,922	4,611,491	1,365,637
Economic services	158,060	120,000	0
	5,130,139	8,994,403	1,970,862
	8,773,452	11,753,771	4,881,728
Fees and charges			
Governance	607	400	99
General purpose funding	66,941	49,800	51,478
Law, order, public safety	56,451	48,400	48,389
Health	146,504	149,873	147,407
Education and welfare	281,607	246,399	258,838
Community amenities	1,210,467	1,133,836	1,145,468
Recreation and culture	189,874	225,486	167,856
Transport	1,287	500	1,338
Economic services	215,618	151,315	127,912
Other property and services	7	100	0
	2,169,363	2,006,109	1,948,785

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

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions	1,343,393	1,564,047	572,619
Fees and charges	2,555,405	2,466,774	2,643,673
Other revenue	14,448	1,650	1,621
Non-operating grants, subsidies and contributions	5,130,139	8,994,403	1,970,862
	9,043,385	13,026,874	5,188,775

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

Revenue recognised in the current period from performance obligations satisfied in previous periods	413,642	0	0
Revenue from contracts with customers recognised during the year	3,913,246	4,088,895	3,217,913
Revenue from transfers intended for acquiring or constructing recognisable non financial assets held as a liability at the start of the period	2,994,190	0	149,160
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	1,712,303	8,921,947	1,809,702
Other revenue from performance obligations satisfied during the year	10,004	16,032	12,000
	9,043,385	13,026,874	5,188,775

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

Trade and other receivables from contracts with customers	416,122	0	86,923
Contract assets	138,938	0	413,642
Contract liabilities from contracts with customers	(1,758)	0	0
Financial assets held from transfers for recognisable financial assets	2,386,027	0	2,994,190
Grant liabilities from transfers for recognisable non financial assets	(2,386,027)	0	(2,994,190)

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2021. Assets associated with contracts with customers were not subject to an impairment charge.

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

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

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

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

General rates
 Statutory permits and licences
 Fines
 Waste Management Levy

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	5,097,943	5,074,942	5,072,527
Statutory permits and licences	199,133	185,600	121,783
Fines	12,016	5,100	3,246
Waste Management Levy	501,322	497,000	492,822
	<u>5,810,414</u>	<u>5,762,642</u>	<u>5,690,378</u>
Assets and services acquired below fair value			
Contributed assets	0	0	303,098
	<u>0</u>	<u>0</u>	<u>303,098</u>
Other revenue			
Reimbursements and recoveries	0	0	217,550
Other	429	400	36,766
	<u>429</u>	<u>400</u>	<u>254,316</u>
Interest earnings			
Interest on reserve funds	28,180	63,325	87,618
Rates instalment and penalty interest (refer Note 28(c))	59,537	54,000	74,240
Other interest earnings	20,671	33,500	33,402
	<u>108,388</u>	<u>150,825</u>	<u>195,260</u>

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

	Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
Auditors remuneration				
Audit of the Annual Financial Report		26,400	27,600	31,000
Other services		5,560	16,500	7,095
		31,960	44,100	38,095
Interest expenses (finance costs)				
Borrowing *	17(b)	11,935	12,521	10,164
Change in provision - unwinding of discount	19	12,928	0	0
Lease liabilities	16(b)	2,775	3,430	1,850
		27,638	15,951	12,014

* Includes interest relating to the discontinued operational management of Tuia Lodge aged care home (refer Note 31). \$134 of interest expense relates to the discontinued operation, \$27,504 relates to normal operations.

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

3. CASH AND CASH EQUIVALENTS

	<u>NOTE</u>	<u>2021</u>	<u>2020</u>
		\$	\$
Cash at bank and on hand		11,131,480	16,567,035
Total cash and cash equivalents		<u>11,131,480</u>	<u>16,567,035</u>

Restrictions

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

- Cash and cash equivalents		9,054,280	15,115,587
		<u>9,054,280</u>	<u>15,115,587</u>

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

Reserves - cash backed	4	5,426,258	6,651,263
Contract liabilities from contracts with customers	15	1,758	0
Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity	15	2,386,027	2,994,190
Bonds and Deposits	14	1,240,237	5,470,134
Total restricted assets		<u>9,054,280</u>	<u>15,115,587</u>

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

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

4. RESERVES - CASH BACKED	2021	2021	2021	2021	2021	2021	2021	2021	2021	2020	2020	2020	2020	2020
	Actual	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual	Actual
	Opening	Intra	Transfer to	Transfer (from)	Closing	Opening	Transfer to	Transfer (from)	Closing	Opening	Intra	Transfer to	Transfer (from)	Closing
	Balance	Allocations			Balance	Balance			Balance	Balance	Allocation			Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Employee Entitlements Reserve	192,881	0	808	(193,689)	0	192,881	0	(7,500)	185,381	218,912	(8,000)	13,043	(31,074)	192,881
(b) Waste Management Reserve	1,535,974	0	0	(59,567)	1,476,407	1,535,974	0	(125,000)	1,410,974	1,469,228	0	66,746	0	1,535,974
(c) Bushfire Control & Management Reserve	2,282	0	0	0	2,282	2,282	0	0	2,282	2,282	0	0	0	2,282
(d) Aged Housing Reserve	1,187,133	0	229,185	(206,135)	1,210,183	1,187,133	0	(42,180)	1,144,953	1,155,955	0	57,187	(26,009)	1,187,133
(e) Covid 19 Reserve	102,532	0	0	(7,474)	95,058	102,532	0	0	102,532	0	185,000	0	(82,468)	102,532
(f) Arbutnott Memorial Scholarship Reserve	3,585	0	0	(300)	3,285	3,585	0	(300)	3,285	3,885	0	0	(300)	3,585
(g) Strategic Planning Studies Reserve	40,051	0	0	0	40,051	40,051	0	0	40,051	40,051	0	0	0	40,051
(h) Land Development Reserve Fund	450,271	(100,000)	0	0	350,271	450,271	0	0	450,271	250,000	0	200,271	0	450,271
(i) Vehicle Reserve	402,000	(121,645)	212,000	(100,560)	391,795	402,000	212,000	(237,310)	376,690	511,275	0	320,000	(429,275)	402,000
(j) Roadworks Reserve	435,434	0	0	0	435,434	435,434	0	0	435,434	435,434	0	0	0	435,434
(k) Revaluation Reserve	10,700	0	0	0	10,700	10,700	0	0	10,700	950	(30,250)	40,000	0	10,700
(l) Central Business District Reserve	3,054	0	0	0	3,054	3,054	0	0	3,054	3,054	0	0	0	3,054
(m) Buildings Reserve	758,523	191,676	0	(454,203)	495,996	758,523	0	(511,307)	247,216	853,366	(81,148)	270,000	(283,695)	758,523
(n) Apple Funpark Reserve	99,521	(99,521)	0	0	0	99,521	0	0	99,521	99,521	0	0	0	99,521
(o) Information Technology Reserve	107,522	(14,000)	0	0	93,522	107,523	0	(8,000)	99,523	119,522	(12,000)	0	0	107,522
(p) Unspent Grants Reserve	0	0	0	0	0	0	0	0	0	1,837,875	0	0	(1,837,875)	0
(q) Contribution To Works Reserve	0	0	0	0	0	0	0	0	0	328,641	(19,516)	0	(309,125)	0
(r) Park and Reserves Reserve	153,744	0	1,000	(25,000)	129,744	153,744	0	0	153,744	75,276	(49,527)	150,000	(22,005)	153,744
(s) Carried Forward Project Reserve	1,166,056	143,490	280,605	(901,675)	688,476	1,139,556	0	(200,616)	938,940	1,636,216	15,441	121,296	(606,897)	1,166,056
	6,651,263	0	723,598	(1,948,603)	5,426,258	6,624,764	212,000	(1,132,213)	5,704,551	9,041,443	0	1,238,543	(3,628,723)	6,651,263

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Employee Entitlements Reserve	Ongoing	Established to provide for the payment of annual leave, long service leave, personal leave, and grandfathered gratuity scheme entitlements.
(b) Waste Management Reserve	Ongoing	To receive funds collected from the Shire's Waste Management levy for the purpose of providing waste management facilities.
(c) Bushfire Control & Management Reserve	Ongoing	To receive funds collected from the Shire's Fire Protection Levy for the purpose of providing fire fighting equipment to meet the needs of the district.
(d) Aged Housing Reserve	Ongoing	Established to manage funds from aged housing schemes for the upgrade of Council managed aged housing facilities.
(e) Covid 19 Reserve	Ongoing	To fund initiatives and activities associated with the Shire's response and recovery from the COVID-19 pandemic.
(f) Arbutnott Memorial Scholarship Reserve	Ongoing	To fund the payment of the Arbutnott Scholarship.
(g) Strategic Planning Studies Reserve	Ongoing	Established to accumulate funds for engaging strategic studies / reports.
(h) Land Development Reserve Fund	Ongoing	To fund the purchase of land for future community purposes.
(i) Vehicle Reserve	Ongoing	To accumulate funds for the acquisition and replacement of Council's vehicle fleet.
(j) Roadworks Reserve	Ongoing	Established to accumulate funds for the construction, renewal and major maintenance of road infrastructure.
(k) Revaluation Reserve	Ongoing	Established to accumulate funds for asset revaluations and rates gross rental valuation - General revaluation.
(l) Central Business District Reserve	Ongoing	To fund future Central Business District projects.
(m) Buildings Reserve	Ongoing	To accumulate funds for the construction, renewal and major maintenance of Council buildings.
(n) Apple Funpark Reserve	Ongoing	To receive donations and to provide for the future capital upgrade and maintenance of equipment and facilities at the Apple Funpark in Collins Street, Donnybrook.
(o) Information Technology Reserve	Ongoing	To accumulate funds for the acquisition and replacement of Information Technology equipment and software.
(p) Unspent Grants Reserve	Ongoing	To hold unexpended grants to be utilised in future financial periods.
(q) Contribution To Works Reserve	N/A	Fund Closed - Res 87/20, 24 June 2020
(r) Park and Reserves Reserve	Ongoing	Established to accumulate funds for the construction, renewal and major maintenance of parks & reserves infrastructure.
(s) Carried Forward Project Reserve	Ongoing	Established to accumulate funds from projects carried into future financial years.

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

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Self supporting loans

(b) Non-current assets

Financial assets at amortised cost

Financial assets at fair value through profit and loss

Financial assets at amortised cost

Self supporting loans

Financial assets at fair value through profit and loss

Units in Local Government House Trust

Shares in Bendigo Bank

	2021	2020
	\$	\$
	9,397	9,144
	9,397	9,144
	9,397	9,144
	9,397	9,144
	50,076	54,992
	86,867	86,867
	136,943	141,859
	50,076	54,992
	50,076	54,992
	61,867	61,867
	25,000	25,000
	86,867	86,867

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 17(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 30.

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

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable
Trade and other receivables
GST receivable
Accrued Income
Prepayments

Non-current

Pensioner's rates and ESL deferred
Accrued income
Other receivables

2021	2020
\$	\$
409,161	427,937
416,122	86,923
152,450	37,361
3,274	55,881
2,083	17,047
983,090	625,149
122,040	137,092
722,405	814,603
120,000	0
964,445	951,695

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 30.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

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

7. INVENTORIES

Current

Fuel and materials
 Land held for re-sale
 Gravel
 Work in progress (gravel)
 Kiosk supplies

	2021	2020
	\$	\$
	8,613	8,574
	0	45,468
	35,016	114,478
	200	200
	2,358	1,670
	46,187	170,390
	170,390	191,921
	(238,549)	(163,869)
	(45,468)	(118,202)
	159,814	260,540
	46,187	170,390

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year
 Disposal of land held for resale
 Additions to inventory

Balance at end of year

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

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

Land held for resale (Continued)

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

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

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

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - non-specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Work in Progress - Movement	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	4,297,400	26,118,143	30,415,543	57,475	5,234,350	99,954	35,807,322
Additions	0	377,282	377,282	0	682,534	789,016	1,848,832
Work in Progress Movement	0	2,967	2,967	0	0	(2,967)	0
(Disposals)	(110,000)	0	(110,000)	0	(262,234)	0	(372,234)
Depreciation (expense)	0	(1,150,623)	(1,150,623)	(9,897)	(704,326)	0	(1,864,846)
Additions - Donated Assets	0	0	0	303,098	0	0	303,098
Balance at 30 June 2020	4,187,400	25,347,769	29,535,169	350,676	4,950,324	886,003	35,722,172
Comprises:							
Gross balance amount at 30 June 2020	4,187,400	28,730,412	32,917,812	636,864	7,380,854	886,003	41,821,533
Accumulated depreciation at 30 June 2020	0	(3,382,643)	(3,382,643)	(286,188)	(2,430,530)	0	(6,099,361)
Balance at 30 June 2020	4,187,400	25,347,769	29,535,169	350,676	4,950,324	886,003	35,722,172
Additions	0	2,114,744	2,114,744	81,078	203,867	3,000	2,402,689
Work in Progress Movement	0	788,758	788,758	0	0	(788,758)	0
(Disposals)	0	0	0	(48,053)	(139,295)	0	(187,348)
Depreciation (expense)	0	(1,170,782)	(1,170,782)	(112,303)	(692,554)	0	(1,975,639)
Assets Written Off	0	0	0	0	0	(97,245)	(97,245)
Balance at 30 June 2021	4,187,400	27,080,489	31,267,889	271,398	4,322,342	3,000	35,864,629
Comprises:							
Gross balance amount at 30 June 2021	4,187,400	31,633,914	35,821,314	627,391	7,336,957	3,000	43,788,662
Accumulated depreciation at 30 June 2021	0	(4,553,425)	(4,553,425)	(355,993)	(3,014,615)	0	(7,924,033)
Balance at 30 June 2021	4,187,400	27,080,489	31,267,889	271,398	4,322,342	3,000	35,864,629

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties/ income approach using discounted cashflow methodology	Independent Valuer	June 2017	Price per hectare, market borrowing rate, sales evidence
Buildings - non-specialised	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2017	Construction costs (Level 2) and current condition (Level 3), residual values and remaining useful life assessments (Level 3)
(ii) Cost					
Furniture and equipment		Cost	Cost		Purchase cost
Plant and equipment		Cost	Cost		Purchase cost

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

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

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - Roads	Infrastructure - Other	Infrastructure - Drainage	Infrastructure - Footpaths	Infrastructure - Bridges	Infrastructure - Work in Progress Movement	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	79,394,918	6,234,633	18,716,213	2,588,984	23,152,630	27,274	130,114,652
Additions	1,670,267	84,414	0	190,152	23,980	26,618	1,995,431
(Disposals)	0	0	0	0	0	0	0
Depreciation (expense)	(1,981,114)	(394,957)	(316,196)	(55,623)	(857,698)	0	(3,605,588)
Balance at 30 June 2020	79,084,071	5,924,090	18,400,017	2,723,513	22,318,912	53,892	128,504,495
Comprises:							
Gross balance at 30 June 2020	108,044,501	11,523,140	26,349,624	4,119,400	53,472,826	53,892	203,563,383
Accumulated depreciation at 30 June 2020	(28,960,430)	(5,599,050)	(7,949,607)	(1,395,887)	(31,153,914)	0	(75,058,888)
Balance at 30 June 2020	79,084,071	5,924,090	18,400,017	2,723,513	22,318,912	53,892	128,504,495
Additions	1,853,291	593,943	0	269,833	1,113,956	841,076	4,672,099
Work in Progress - Movement	0	45,404	0	0	0	(45,404)	0
Depreciation (expense)	(2,009,629)	(397,145)	(316,195)	(58,083)	(857,919)	0	(3,638,971)
Balance at 30 June 2021	78,927,733	6,166,292	18,083,822	2,935,263	22,574,949	849,564	129,537,623
Comprises:							
Gross balance at 30 June 2021	109,897,792	12,162,487	26,349,624	4,389,233	54,586,782	849,564	208,235,482
Accumulated depreciation at 30 June 2021	(30,970,059)	(5,996,195)	(8,265,802)	(1,453,970)	(32,011,833)	0	(78,697,859)
Balance at 30 June 2021	78,927,733	6,166,292	18,083,822	2,935,263	22,574,949	849,564	129,537,623

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

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs (Level 2) and current age (Level 3). Residual values and remaining useful life assessments (Level 3).
Infrastructure - Other	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs (Level 2) and current age (Level 3). Residual values and remaining useful life assessments (Level 3).
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs (Level 2) and current age (Level 3). Residual values and remaining useful life assessments (Level 3).
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs (Level 2) and current age (Level 3). Residual values and remaining useful life assessments (Level 3).
Infrastructure - Bridges	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs (Level 2) and current age (Level 3). Residual values and remaining useful life assessments (Level 3).

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

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

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

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY Revaluation (Continued)

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

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

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

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

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

10. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Land - freehold land	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	110,000	163,637	53,637	0
Furniture and equipment	48,053	0	0	(48,053)	0	0	0	0	0	245	245	0
Plant and equipment	139,295	122,091	20,058		190,810	168,209	9,869	(32,470)	262,234	235,546	12,062	(38,750)
Land Held for Resale	45,468	81,818	36,350	0	0	0	0	0	118,202	190,909	72,707	0
	232,816	203,909	56,408	(48,053)	190,810	168,209	9,869	(32,470)	490,436	590,337	138,651	(38,750)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2020 Actual Loss
Plant and Equipment				
Governance				
Isuzu MUX - DB15	31,642	37,274	5,632	0
Education and welfare				
Hyundai Tuson Wagon - DB378	12,000	0	0	(12,000)
Hyundai Tuson Wagon - DB1145	10,000	0	0	(10,000)
Cummins Generator	6,000	0	0	(6,000)
Community amenities				
Toyota Fortuner - DB463	31,088	42,727	11,639	0
Transport				
Kubota Mower - DB898	7,088	8,000	912	0
Kubota Mower - DB606	15,299	9,000	0	(6,299)
Ford Ranger - DB102	14,328	11,365	0	(2,963)
Mitsubishi Triton - DB117	11,850	13,725	1,875	0
	139,295	122,091	20,058	(37,262)
Land Held for Resale				
Other Property and Services				
Lot 3 Mead Street	45,468	81,818	36,350	0
	45,468	81,818	36,350	0
Furniture & Equipment				
Education and welfare				
Hovertech Aair Patient Lift	2,400	0	0	(2,400)
Hi/Lo Electric Bed	8,400	0	0	(8,400)
12 Beds & Mattresses	9,600	0	0	(9,600)
4 x PC's & 2 x Notebooks	1,029	0	0	(1,029)
Air Mattresses	6,623	0	0	(6,623)
Maxi Scales & Slings	10,421	0	0	(10,421)
Veco Gas Dryer	9,580	0	0	(9,580)
	48,053	0	0	(48,053)
	232,816	203,909	56,408	(85,315)

* Includes disposals relating to the discontinued operational management of Tuia Lodge aged care home (refer Note 31). \$76,053 of disposals relates to the discontinued operation, \$9,262 relates to normal operations.

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

10. FIXED ASSETS

(b) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	1,170,782	1,150,912	1,150,623
Furniture and equipment	112,303	9,910	9,897
Plant and equipment	692,554	726,413	704,326
Right of Use Assets	56,410	0	59,270
Infrastructure - Roads	2,009,629	1,981,024	1,981,114
Infrastructure - Other	397,145	395,181	394,957
Infrastructure - Drainage	316,195	316,589	316,196
Infrastructure - Footpaths	58,083	55,472	55,623
Infrastructure - Bridges	857,919	858,733	857,698
	5,671,020	5,494,234	5,529,704

* Includes depreciation relating to the discontinued operational management of Tuia Lodge aged care home (refer Note 31). \$186,804 of depreciation relates to the discontinued operation, \$5,484,216 relates to normal operations.

Revision of useful lives of plant and equipment

During the year the estimated total useful lives of certain items of plant and equipment used in the maintenance of road infrastructure were revised. The net effect of the change is nil.

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	5 to 100 years
Office Furniture and Equipment	4 to 15 years
Computer Equipment	4 to 15 years
Plant and equipment	5 to 15 years
Infrastructure	
Bridges	27 to 77 years
Road clearing and earthworks	not depreciated
Road Pavement	40 to 45 years
Road Seal	15 years
Car Parks	40 years
Cycleways	40 years
Footpaths - Concrete	25 to 71 years
Footpaths - Slabs	25 to 71 years
Storm Water Drainage	83 years
Other	4 to 80 years

Depreciation on revaluation

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

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

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

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

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

11. LEASES

(a) Right-of-Use Assets

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

	Right-of-use assets - plant and equipment	Right-of-use assets Total
	\$	
Balance at 1 July 2019	114,804	114,804
Additions	34,367	34,367
Depreciation (expense)	(59,270)	(59,270)
Balance at 30 June 2020	89,901	89,901
Additions	32,018	32,018
Depreciation (expense)	(56,410)	(56,410)
Balance at 30 June 2021	65,509	65,509

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

	2021 Actual	2020 Actual
	\$	\$
Depreciation expense on lease liabilities	56,410	59,270
Interest expense on lease liabilities	2,775	1,850
Total amount recognised in the statement of comprehensive income	59,185	61,120
Total cash outflow from leases	(58,108)	(60,569)

The Shire of Donnybrook Balingup has seven leases relating to plant and equipment. The lease term for these leases vary up to 5 years. The measurement of lease liabilities does not include any future cash outflows associated with leases not yet commenced to which the Shire is committed.

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - valuation

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

Refer to Note 10 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

12. INTANGIBLE ASSETS

(a) Rehabilitation Assets

Non-current

Waste Cell Airspace
 Less: accumulated amortisation

	2021 Actual	2020 Actual
	\$	\$
Waste Cell Airspace	758,665	742,360
Less: accumulated amortisation	(685,256)	(656,704)
	73,409	85,656

Movements in carrying amounts of waste landfill assets during the financial year are shown as follows:

Carrying amount at beginning of period	85,656	0
Recognition of Waste Cell Airspace	16,305	742,360
Revaluation	0	(628,152)
Amortisation expense	(28,552)	(28,552)
Carrying amount at end of period	73,409	85,656
TOTAL INTANGIBLE ASSETS	73,409	85,656

The Shire operates the Donnybrook Waste Management Facility (DWMF) as the central waste processing and disposal facility for the Shire.

Landfills within Western Australia are required to have a plan for capping, closing and rehabilitating waste facilities at the end of its life.

An airspace asset is an intangible asset that is measured based on the net present value of the future cash flows required to meet the rehabilitation requirement details in the landfill licensing agreement.

A Landfill Closure Management Plan (LCMP) was prepared for the existing facility in 2013 in line with guidance standards. The LCMP specifies the final cap design, slopes, methods of managing storm water, post closure monitoring requirements including groundwater, surface water and landfill gas monitoring.

The LCMP has been approved by the Department of Water and Environmental Regulation.

Estimated costings for capping and monitoring the facility was undertaken in 2017 by ASK Waste Management Consultancy Services (Economic Review - Waste Facility Future Operations, March 2017).

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

13. REVALUATION SURPLUS

	2021 Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance	2020 Opening Balance	2020 Change in Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - Freehold land	2,629,439	0	0	0	2,629,439	3,010,439	(381,000)	0	0	(381,000)	2,629,439
Revaluation surplus - Buildings	13,377,810	0	0	0	13,377,810	13,377,810	0	0	0	0	13,377,810
Revaluation surplus - Furniture and Equipment	0	0	0	0	0	20,001	(20,001)	0	0	(20,001)	0
Revaluation surplus - Plant and Equipment	0	0	0	0	0	1,386,293	(1,386,293)	0	0	(1,386,293)	0
Revaluation surplus - Infrastructure - Roads	70,312,456	0	0	0	70,312,456	70,312,456	0	0	0	0	70,312,456
Revaluation surplus - Infrastructure - Other	7,452,600	0	0	0	7,452,600	7,452,600	0	0	0	0	7,452,600
Revaluation surplus - Infrastructure - Drainage	17,987,255	0	0	0	17,987,255	17,987,255	0	0	0	0	17,987,255
Revaluation surplus - Infrastructure - Footpaths	1,623,969	0	0	0	1,623,969	1,623,969	0	0	0	0	1,623,969
Revaluation surplus - Infrastructure - Bridges	17,408,375	0	0	0	17,408,375	17,408,375	0	0	0	0	17,408,375
	130,791,904	0	0	0	130,791,904	132,579,198	(1,787,294)	0	0	(1,787,294)	130,791,904

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 Aud 40.1.

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

14. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued salaries and wages
 ATO liabilities
 Bonds and deposits
 Accrued expenses
 Other payables

	2021	2020
	\$	\$
	515,429	328,724
	165,268	140,029
	0	220,175
	187,592	105,297
	1,240,237	5,470,134
	227,359	88,643
	0	100
	2,335,885	6,353,102

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Prepaid rates

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

Bonds and deposits

During the reporting period, Council transitioned operational management of the Tuia Lodge frail aged care facility to a private aged care provider. The decrease in bonds and deposits predominately relates to the transfer of Refundable Accommodation Deposits (RAD) to the new operator. Council retained RAD deposits in cases where the process of refunds had commenced prior to the transfer of operations. Council will manage the refund process for these remaining RAD deposits.

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

15. OTHER LIABILITIES

Current

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

2021	2020
\$	\$
1,758	0
2,386,027	2,994,190
<u>2,387,785</u>	<u>2,994,190</u>

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

Contract liabilities	Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
\$	\$
1,758	2,386,027
<u>1,758</u>	<u>2,386,027</u>

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

Less than 1 year

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

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

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

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

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

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

16. LEASE LIABILITIES

	2021	2020
(a) Lease Liabilities		
Current	\$ 20,043	\$ 50,600
Non-current	38,094	39,852
	67,137	90,452

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Term	30 June 2021		30 June 2021		30 June 2021		30 June 2021		30 June 2021		30 June 2020		30 June 2020	
				Actual Lease Principal	New Leases	Budget Lease Principal	New Leases	Actual Lease Principal	Repayments	Budget Lease Principal	Repayments	Actual Lease Principal	Repayments	Budget Lease Principal	Repayments	Actual Lease Principal	Repayments
Government																	
IT Equipment - Laptops	009-0147653-0X Dell Financial		48 months	26,533	0	(6,505)	0	19,928	(456)	0	0	0	0	27,077	(544)	0	45
Printer/Copier - Works	EN0159975	Alleasing Pty Ltd	33 months	2,132	0	(1,208)	0	924	(34)	3,314	0	0	0	0	(1,822)	2,132	60
IT Equipment - Desktops	EN0159771	Alleasing Pty Ltd	6 months	0	0	0	0	0	(184)	3,556	0	0	0	0	(3,895)	0	21
Printer/Copier - Xerox	66380732	Capital Finance	3 months	0	0	0	0	0	0	812	0	0	0	0	(812)	0	0
IT Equipment - Desktops	EN0162242	MAIA Financial	30 months	11,381	0	(5,632)	0	5,749	0	16,897	0	0	0	0	(5,516)	11,381	283
IT Equipment - Scanner	EN0160947	MAIA Financial	30 months	2,064	0	(1,368)	0	686	(30)	3,404	0	0	0	0	(1,340)	2,064	58
IT Equipment - Scanners	EN0159185	Alleasing Pty Ltd	9 months	0	0	0	0	0	0	6,381	0	0	0	0	(6,381)	0	56
IT Equipment - Laptops	EN0159930	Alleasing Pty Ltd	9 months	0	0	0	0	0	0	1,319	0	0	0	0	(1,319)	0	11
IT Equipment - Stacking Switches	214-0939437-0X Die Lage Landen		60 months	0	32,069	(5,272)	0	26,797	(1,430)	0	0	0	0	0	0	0	0
Printer/Copier - Main Office	Budgeted lease	No contract at reporting date		0	0	(1,995)	0	7,980	(549)	0	0	0	0	0	0	0	0
Printer/Copier - Dev. Services	Budgeted lease	No contract at reporting date		0	0	(707)	0	2,826	(193)	0	0	0	0	0	0	0	0
Law, order, public safety																	
CESM Vehicle	9188385	SG Fleet	25 months	16,848	0	(12,669)	0	4,179	(111)	33,350	0	0	0	0	(16,502)	16,848	538
Education and welfare																	
IT Equipment - Laptops	009-0147653-0X Dell Financial		48 months	7,144	0	(1,778)	0	5,366	(123)	0	7,290	0	0	0	(146)	7,144	12
Printer/Copier - Aeos	EN0162061	MAIA Financial	15 months	741	0	(741)	0	(1)	(3)	3,670	0	0	0	0	(2,929)	741	46
Recreation and culture																	
Gym Equipment - Cardio	EN0162250	MAIA Financial	30 months	14,929	0	(9,901)	0	5,028	(217)	24,627	0	0	0	0	(9,698)	14,929	421
Gym Equipment - Spin Bikes	EN0162200	MAIA Financial	30 months	6,289	0	(4,171)	0	2,118	(91)	10,374	0	0	0	0	(4,085)	6,289	177
Gym Equipment - Bikes	EN0159802	Alleasing Pty Ltd	18 months	1,142	0	(1,142)	0	569	(2)	3,391	0	0	0	0	(2,249)	1,142	49
IT Equipment - Desktops	EN0160946	Alleasing Pty Ltd	18 months	1,249	0	(1,249)	0	(1)	(7)	3,708	0	0	0	0	(2,459)	1,249	54
				90,452	32,018	(55,333)	45,577	82,158	(3,430)	114,803	34,367	0	0	0	(58,718)	90,452	1,850

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

17. INFORMATION ON BORROWINGS

	2021	2020
	\$	\$
Current	63,578	61,289
Non-current	338,988	589,794
	402,566	651,083

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Budget	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Actual	30 June 2020	30 June 2020	30 June 2020	30 June 2020
				Principal	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Principal	Actual	Actual	Actual	Actual	Principal	Actual
				1 July 2020	Debt waiver	Principal repayments	Interest repayments	Principal outstanding	1 July 2020	New Loans	Principal repayments	Interest repayments	Principal outstanding	1 July 2019	New Loans	Principal repayments	Interest repayments	Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Health																		
Dental Surgery Extension	74	WATC	5.83%	65,802	0	(11,692)	(3,603)	54,110	65,802	0	(11,693)	(3,668)	54,109	76,842	0	(11,040)	(4,260)	65,802
Education and welfare																		
Tuia Lodge RAD's Borrowings	N/A	Tuia Lodge RAD's	N/A	187,229	(187,229)	0	0	0	187,229	0	0	0	187,229	187,229	0	0	0	187,229
Tuia Lodge Fire Suppression	93	WATC	1.58%	291,000	0	(27,083)	(4,412)	263,917	291,000	0	(27,083)	(4,491)	263,917	0	291,000	0	(854)	291,000
Economic services																		
Collins St Storage Units	80	WATC	6.73%	42,916	0	(13,369)	(2,271)	29,547	42,916	0	(13,370)	(2,667)	29,546	55,429	0	(12,513)	(3,155)	42,916
				586,947	(187,229)	(52,144)	(10,286)	347,574	586,947	0	(52,146)	(10,826)	534,801	319,500	291,000	(23,553)	(8,269)	586,947
Self Supporting Loans																		
Recreation and culture																		
Donnybrook Country Club	90	WATC	2.74%	64,136	0	(9,144)	(1,649)	54,992	64,136	0	(9,144)	(1,695)	54,992	73,035	0	(8,899)	(1,895)	64,136
				64,136	0	(9,144)	(1,649)	54,992	64,136	0	(9,144)	(1,695)	54,992	73,035	0	(8,899)	(1,895)	64,136
				651,083	(187,229)	(61,288)	(11,935)	402,566	651,083	0	(61,290)	(12,521)	589,793	392,535	291,000	(32,452)	(10,164)	651,083

* WA Treasury Corporation

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

(c) Other Financial Liabilities

	2021	2020
	\$	\$
Carrying amount at beginning of period	3,965,000	4,022,000
Liability Increase	195,000	0
Liability Decrease	(92,564)	(57,000)
Carrying amount at end of period	4,067,436	3,965,000

	2021	2020
	\$	\$
Current	215,436	308,000
Non-current	3,852,000	3,657,000
	4,067,436	3,965,000

Preston Village Lease Liability

Preston Village Lease Liability represents monies paid by the ingoing leasees of the Preston Retirement Village, Sharp Street Donnybrook under a life tenancy lease arrangement.

The proceeds received from the life tenancies are initially classified as a non-current liability as the Shire is only required to repay these funds to a vacating leasee, or their estate, in the event that the Shire is unable to attract a subsequent leasee within the 3-year time period, as specified in the lease agreement.

The lease liability in respect to each unit leased will remain unchanged unless the Shire is required to refund any lease amount in which case the lease liability will be reduced when refunded.

Where a leasee has vacated a property prior to balance date, the loan liability to the leasee has been classified as non-current as the Shire will not be required to repay the leasee until the property is re-leased. In the event that the property will be re-leased within the next 12 months, the existing liability will be replaced with a new non current liability with no net impact on the Shire's Statement of Financial Position.

In the event that Council elects not to market a vacated unit, or the unit will have been vacant for a period of three years at a date falling within the next 12 months, any loan liability on the property will be classified as current.

The respective cost of land and buildings to which the leases relate are recorded at fair value within the Shire's property, plant and equipment (Note 8a).

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

17. INFORMATION ON BORROWINGS (Continued)

(d) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance 1 July 2020	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2021
		\$	\$	\$	\$
Tuia Lodge Fire Suppression System	2019/20	41,680	0	(41,680)	0
		41,680	0	(41,680)	0

(e) Undrawn Borrowing Facilities

	2021	2020
	\$	\$
Credit Standby Arrangements		
Bank overdraft limit - Municipal Fund	100,000	100,000
Bank overdraft limit - Dept Transport Licensing	10,000	10,000
Bank overdraft at balance date	0	0
Credit card limit	9,000	9,000
Credit card balance at balance date	(1,610)	(1,653)
Total amount of credit unused	117,390	117,347
Loan facilities		
Loan facilities - current	63,578	61,289
Loan facilities - non-current	338,988	589,794
Lease liabilities - current	29,043	50,600
Lease liabilities - non-current	38,094	39,852
Total facilities in use at balance date	469,703	741,535
Unused loan facilities at balance date	0	41,680

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 30.

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

18. EMPLOYEE RELATED PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2020			
Current provisions	513,894	438,098	951,992
Non-current provisions	0	128,045	128,045
	513,894	566,143	1,080,037
Additional provision	166,497	10,267	176,764
Amounts used	(299,531)	(59,363)	(358,894)
Balance at 30 June 2021	380,860	517,047	897,907
Comprises			
Current	380,860	422,064	802,924
Non-current	0	94,983	94,983
	380,860	517,047	897,907

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

	2021 \$	2020 \$
Less than 12 months after the reporting date	394,595	622,170
More than 12 months from reporting date	503,312	457,867
	897,907	1,080,037

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

19. OTHER PROVISIONS

	Provision for Waste Cell Rehabilitation	Total
	\$	\$
Opening balance at 1 July 2020		
Non-current provisions	742,360	742,360
	742,360	742,360
Additional provision	16,305	16,305
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	12,928	12,928
Balance at 30 June 2021	771,593	771,593
Comprises		
Non-current	771,593	771,593
	771,593	771,593

Provision for Waste Cell Rehabilitation

The Shire operates the Donnybrook Waste Management Facility (DWMF) as the central waste processing and disposal facility for the Shire.

Landfills within Western Australia are required to have a plan for capping, closing and rehabilitating waste facilities at the end of its life.

A Landfill Closure Management Plan (LCMP) was prepared for the existing facility in 2013 in line with guidance standards. The LCMP specifies the final cap design, slopes, methods of managing storm water, post closure monitoring requirements including groundwater, surface water and landfill gas monitoring.

The LCMP has been approved by the Department of Water and Environmental Regulation.

Estimated costings for the capping and monitoring the facility was undertaken in 2017 by ASK Waste Management Consultancy Services (Economic Review - Waste Facility Future Operations, March 2017).

20. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	11,131,480	11,891,003	16,567,035
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	616,427	3,269,459	(2,854,895)
Non-cash flows in Net result:			
Depreciation on non-current assets	5,671,020	5,494,234	5,529,704
Amortisation on Intangible Assets	28,552	0	28,552
Donated Assets	0	0	(303,098)
(Profit)/loss on sale of asset *	(8,356)	22,601	(99,901)
Asset write-off	97,245	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(250,691)	(150,000)	348,557
(Increase)/decrease in inventories	78,735	0	21,531
(Increase)/decrease in contract assets	274,704	263,642	(400,673)
(Increase)/decrease in contract liabilities	(606,405)	(2,535,622)	1,902,252
Increase/(decrease) in payables	212,680	(352,482)	(217,359)
Increase/(decrease) in employee provisions	(182,130)	0	186,061
Increase/(decrease) in other provisions	12,928	0	628,152
Increase/(decrease) in other financial liabilities	(187,229)	0	0
Non-operating grants, subsidies and contributions	(5,130,139)	(9,293,045)	(3,616,063)
Net cash from operating activities	627,342	(3,281,213)	1,152,820

* Includes disposals relating to the discontinued operational management of Tuia Lodge aged care home (refer Note 31). \$(76,053) of disposals relates to the discontinued operation, \$47,146 relates to normal operations.

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

21. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	12,985,289	18,353,640
General purpose funding	780,460	672,983
Law, order, public safety	3,800,609	4,128,678
Health	1,261,688	1,304,373
Education and welfare	11,486,694	11,305,108
Housing	138,000	643,000
Community amenities	815,110	715,023
Recreation and culture	20,468,978	18,354,165
Transport	123,453,794	123,539,652
Economic services	1,499,969	1,412,630
Other property and services	2,261,059	2,851,886
	178,951,650	183,281,138

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

22. CONTINGENT LIABILITIES

The Shire of Donnybrook Balingup has identified the following sites, in relation to land owned, vested or leased, that is known to be, or suspected of being contaminated. As at the date of this report the value and timing of remediation has not been ascertained.

Location	Land Use	Nature of Potential Contamination
A197 - Lot 13 Bentley Street, Donnybrook	Former Shire Depot	Hydorcarbon
A3418 - Res 30530 Boyup Brook Road, Lowden	Former Landfill Site	Petrescible Waste
A3420 - Res 30773 Boyup Brook Road, Mumballup	Former Landfill Site	Petrescible Waste
A3611 - F21 Valentines Road, Newlands	Former Waste Facility	Buried Waste
A4014 - Lot 597, Plan 38225, Donnybrook	Historic Station Loading Yard	Heavy Metals
A3605 - Lot 2928 F27 Gavins Road, Donnybrook	Landfill Site	Landfill Waste Material
A3444 - Lot 506, 39 Sandhills Road, Beelerup	Depot	Herbicides Mixed onsite

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

23. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

	2021	2020
	\$	\$
	1,198,566	0
	106,902	0
	1,305,468	0
Payable:		
- not later than one year	1,305,468	0

The capital expenditure projects outstanding at the end of the current reporting period represent the construction of the Apple Funpark redevelopment, VC Mitchell park redevelopment, Donnybrook Waste Management Facility and the purchase of a Tip Truck, Parks & Gardens Ute and vehicle for Building Surveyor.

24. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cr Brian Piesse			
President's annual allowance	10,008	10,008	10,008
Meeting attendance fees	12,102	12,102	12,102
Other expenses	0	100	0
Telecommunications allowance	2,750	3,278	2,750
Travel expenses	943	983	1,204
	25,803	26,471	26,064
Cr Jackie Massey			
Deputy President's annual allowance	2,502	2,502	2,502
Meeting attendance fees	9,858	9,858	6,697
Other expenses	20	100	51
Telecommunications allowance	1,100	1,628	747
Travel expenses	1,992	983	2,798
	15,472	15,071	12,795
Cr Shane Atherton			
Meeting attendance fees	9,858	9,858	9,858
Other expenses	28	100	0
Telecommunications allowance	1,100	1,628	1,100
Travel expenses	0	983	0
	10,986	12,569	10,958
Cr Anita Lindemann			
Meeting attendance fees	9,858	9,858	9,858
Other expenses	0	100	0
Telecommunications allowance	1,100	1,628	1,100
Travel expenses	0	983	441
	10,958	12,569	11,399
Cr Anne Mitchell			
Meeting attendance fees	9,858	9,858	9,858
Other expenses	0	100	0
Telecommunications allowance	1,100	1,628	1,100
Travel expenses	0	983	0
	10,958	12,569	10,958
Cr Chaz Newman			
Meeting attendance fees	9,858	9,858	6,697
Other expenses	28	100	177
Telecommunications allowance	1,100	1,628	747
Travel expenses	203	983	0
	11,189	12,569	7,621
Cr Chris Smith			
Meeting attendance fees	9,858	9,858	6,697
Other expenses	28	100	63
Telecommunications allowance	1,100	1,628	747
Travel expenses	0	983	0
	10,986	12,569	7,507

24. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cr Leanne Wringe			
Meeting attendance fees	9,858	9,858	9,858
Other expenses	0	100	0
Telecommunications allowance	1,100	1,628	1,100
Travel expenses	0	983	0
	10,958	12,569	10,958
Cr Shane Sercombe			
Meeting attendance fees	5,668	9,858	6,697
Other expenses	0	100	0
Telecommunications allowance	633	1,628	747
Travel expenses	0	983	229
	6,301	12,569	7,673
Cr Michael King			
Meeting attendance fees	0	0	2,441
Telecommunications allowance	0	0	321
Travel expenses	0	0	1,169
	0	0	3,931
Cr Fred Mills			
Meeting attendance fees	0	0	3,161
Telecommunications allowance	0	0	353
Travel expenses	0	0	683
	0	0	4,197
Cr Dawn Tan			
Meeting attendance fees	0	0	3,161
Telecommunications allowance	0	0	353
Travel expenses	0	0	71
	0	0	3,585
Cr Ryan Van der Heide			
Meeting attendance fees	0	0	3,161
Telecommunications allowance	0	0	353
	0	0	3,514
	113,611	129,525	253,988
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	10,008	10,008	10,008
Deputy President's allowance	2,502	2,502	2,502
Meeting attendance fees	86,776	90,966	223,074
Other expenses	104	900	0
Telecommunications allowance	11,083	16,302	11,808
Travel expenses	3,138	8,847	6,596
	113,611	129,525	253,988

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

25. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2021 Actual	2020 Actual
	\$	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:		
Short-term employee benefits	508,422	450,291
Post-employment benefits	49,993	49,003
Other long-term benefits	54,558	50,837
Termination benefits	0	29,351
	612,973	579,482

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

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

25. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

The following transactions occurred with related parties:

	2021 Actual	2020 Actual
Purchase of goods and services	\$ 41,120	\$ 78,495

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

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

iii. Entities subject to significant influence by the Shire

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

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

26. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

(a) Share of joint operations

Arrangements with Homeswest relate to four sets of Well Aged housing complexes located on South Western Highway, Donnybrook. The Shire is required to recognise any trading surplus from the operation of these units as Restricted Assets, and is further required to maintain a Contingency Reserve for future major maintenance.

Minninup Cottages, Units 5-8 (lot 486) built in 1982/83
 Council Equity - 34.48%
 Homeswest Equity - 65.52%

Minninup Cottages, Units 9-12 (lot 479) built in 1992/93
 Council Equity - 15.2%
 Homeswest Equity - 84.8%

Langley Villas, Units 1-6 (lot 100) built in 1994/95
 Council Equity - 20.8%
 Homeswest Equity - 79.2%

Langley Villas, Units 7-9 (lot 100) built in 2001/02
 Council Equity - 35.98%
 Homeswest Equity - 64.02%

Non current assets	823,433	820,719
Total assets	823,433	820,719

The income and expenses associated with this joint operation are:

Statement of Comprehensive Income		
Operating revenue	171,461	162,095
Other expenditure	(157,356)	(114,529)
Net Result for the Period	14,105	47,566

Other Comprehensive Income

Items that will not be reclassified subsequently to profit or loss
 Changes in Asset Revaluation Surplus

Total Other Comprehensive Income for the Period	0	0
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Total Comprehensive Income for the Period

14,105	47,566
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The Shire has a 50% Equity interest in the Donnybrook Community Library situated on Education Department Land (Reserve 24032 Bentley Street, Donnybrook). Operational and maintenance costs are apportioned between the Shire and the Education Department based on estimated usage patterns.

Assets	694,871	802,882
Total assets	694,871	802,882

Current liabilities	0	1,249
Total liabilities	0	1,249

Statement of Comprehensive income

Other revenue	316	349
Donated Assets	0	303,098
Other expenditure	(395,513)	(334,555)
Net result for the period	(395,197)	(31,108)

Total comprehensive income for the period

(395,197)	(31,108)
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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.

27. MAJOR LAND TRANSACTIONS

There are no major land transactions identified for 2020/2021 financial year.

28. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Back Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Back Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$
Differential general rate / general rate											
Gross rental valuations											
General Rate	8.1733	1,028	20,184,849	1,649,769	30,085	1,679,854	1,649,768	2,250	0	1,652,018	1,636,108
Unimproved valuations											
General Rate	0.5377	828	333,619,044	1,793,869	0	1,793,869	1,793,870	2,250	0	1,796,120	1,793,556
Sub-Total		1,856	353,803,893	3,443,638	30,085	3,473,723	3,443,638	4,500	0	3,448,138	3,429,664
Minimum payment											
Gross rental valuations											
General Rate	1,104	950	8,810,362	1,048,800	0	1,048,800	1,048,800	0	0	1,048,800	1,065,360
Unimproved valuations											
General Rate	1,104	526	71,373,036	580,704	0	580,704	580,704	0	0	580,704	584,016
Sub-Total		1,476	80,183,398	1,629,504	0	1,629,504	1,629,504	0	0	1,629,504	1,649,376
		3,332	433,987,291	5,073,142	30,085	5,103,227	5,073,142	4,500	0	5,077,642	5,079,040
Discounts/concessions (Note 28(b))						(2,550)				(2,700)	0
Total amount raised from general rate						5,100,677				5,074,942	5,079,040
Less rates written Off						(2,734)				0	(6,513)
Totals						5,097,943				5,074,942	5,072,527

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

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

28. RATING INFORMATION (Continued)

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

Waivers or Concessions

Rate or Fee and
 Charge to which
 the Waiver or
 Concession is Granted

Type

Discount

%

Discount

\$

2021
 Actual
 \$

2021
 Budget
 \$

2020
 Actual
 \$

General Rates	Concession	Various		(2,550)	(2,700)	0
				(2,550)	(2,700)	0
Total discounts/concessions (Note 28(a))				(2,550)	(2,700)	0

Rate or Fee and
 Charge to which
 the Waiver or
 Concession is Granted

Circumstances in which
 the Waiver or Concession is
 Granted and to whom it was
 available

Objects and reasons of the Waiver
 or Concession

General Rates	A concession on general rates for selected properties where the property crosses a boundary with a neighbouring local government.	To recognise the impact of rates charged by two local governments for same property
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28. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	15/10/2020	Nil	Nil	8.00%
Option Two				
First instalment	15/10/2020	11.00	5.50%	8.00%
Second instalment	12/02/2021	11.00	5.50%	8.00%
Option Three				
First instalment	15/10/2020	11.00	5.50%	
Second instalment	14/12/2020	11.00	5.50%	8.00%
Third instalment	12/02/2021	11.00	5.50%	8.00%
Fourth instalment	13/04/2021	11.00	5.50%	8.00%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	42,312	37,500	53,368
Interest on instalment plan	17,225	16,500	20,872
Charges on instalment plan	24,866	29,100	22,515
Charges on special arrangement plan	0	0	8,275
	84,403	83,100	105,030

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

29. RATE SETTING STATEMENT INFORMATION

		2020/21 Budget	2019/20
	2020/21 (30 June 2021 Carried Forward)	(30 June 2021 Carried Forward)	(30 June 2020 Carried Forward)
Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	10(a) (56,408)	(9,869)	(138,651)
Less: Non-cash grants and contributions for assets	2(a) 0	0	(303,098)
Less: Current Asset - Land Held for Resale proceeds	10(a) (45,468)	0	(118,202)
Less: Movement in liabilities associated with restricted cash	(192,881)	0	(26,031)
Less: Change in Provision - unwinding of discount	19 12,928	0	0
Less: Debt waiver - Tuia Lodge	18(b) (187,229)	0	0
Movement in pensioner deferred rates (non-current)	6 15,052	0	24,520
Movement in employee benefit provisions (non-current)	18 (33,062)	0	(11,690)
Movement Accrued Income (non-current)	92,198	0	(56,570)
Add: Loss on disposal of assets	10(a) 85,315	32,470	38,750
Add: Intangible asset revaluation to P&L	12(a) 0	0	628,151
Add: Asset write off	97,245	0	0
Add: Depreciation on non-current assets	10(b) 5,671,020	5,494,234	5,529,704
Add: Amortisation on non-current assets	12(a) 28,552	0	28,552
Non cash amounts excluded from operating activities	5,487,262	5,516,835	5,595,435
(b) Surplus/(deficit) after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserves - cash backed	4 (5,426,258)	(5,704,551)	(6,651,263)
Less: Financial assets at amortised cost - self supporting loans	5(a) (9,397)	0	(9,144)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	17(a) 63,578	0	61,289
- Current portion of lease liabilities	16(a) 29,043	0	50,600
- Current portion of other financial liabilities	17(c) 215,436	0	308,000
- Employee benefit provisions (cash backed)	0	192,881	192,881
Total adjustments to net current assets	(5,127,598)	(5,511,670)	(6,047,637)
Net current assets used in the Rate Setting Statement			
Total current assets	12,309,092	12,951,964	17,785,360
Less: Total current liabilities	(5,834,651)	(7,440,294)	(10,719,173)
Less: Total adjustments to net current assets	(5,127,598)	(5,511,670)	(6,047,637)
Net current assets used in the Rate Setting Statement	1,346,843	0	1,018,550

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

30. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing
2021					
Cash and cash equivalents	0.11%	11,131,480	1,000,381	10,128,939	2,160
2020					
Cash and cash equivalents	0.26%	16,567,035	12,449,868	4,115,007	2,160

Sensitivity

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

	2021 \$	2020 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	101,289	41,150

* 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 17(b).

30. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	99,605	100,749	53,986	154,821	409,161
Loss allowance	0	0	0	0	0
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	148,860	97,964	53,955	127,158	427,937
Loss allowance	0	0	0	0	0

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	398,621	16,211	1,100	190	416,122
Loss allowance	0	0	0	0	0
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	51,242	14,062	3,606	18,013	86,923
Loss allowance	0	0	0	0	0

30. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Contract Assets

The Shire's contract assets represent work completed, which have not been invoiced at year end. This is due to the Shire not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Shire applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Shire has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

30. 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 17(e).

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 \$	after 5 years \$	Total contractual cash flows \$	Carrying values \$
2021					
Payables	2,335,885	0	0	2,335,885	2,335,885
Borrowings	73,811	263,170	174,128	511,109	402,566
Other Financial Liabilities	215,436	0	3,852,000	4,067,436	4,067,436
Contract liabilities	1,923,219	269,443	195,123	2,387,785	2,387,785
Lease liabilities	29,043	38,094	0	67,137	67,137
	4,577,394	570,707	4,221,251	9,369,352	9,260,809
2020					
Payables	6,353,102	0	0	6,353,102	6,353,102
Borrowings	73,811	338,062	286,465	698,338	651,083
Other Financial Liabilities	308,000	0	3,657,000	3,965,000	3,965,000
Contract liabilities	60,422	2,728,641	205,127	2,994,190	2,994,190
Lease liabilities	50,600	39,852	0	90,452	90,452
	6,845,935	3,106,555	4,148,592	14,101,082	14,053,827

31. DISCONTINUED OPERATIONS

The Shire discontinued operational management of Tuia Lodge aged care home during the reporting year. Analysis of the financial impact of discontinued operations is as follows.

Changes to Statement of Comprehensive Income by Nature or Type

	2021	2020
Revenue		
Operating grants, subsidies and contributions	2,228,964	2,038,747
Fees and charges	911,285	1,150,200
Interest earnings	19,876	64,404
Other revenue	201,247	1,268
	<u>3,361,372</u>	<u>3,254,619</u>
Expenses		
Employee costs	(2,871,626)	(2,690,889)
Materials and contracts	(740,204)	(844,298)
Utility charges	(73,076)	(83,444)
Depreciation on non-current assets	(186,804)	(180,187)
Interest expense	(134)	(58)
Insurance expenses	(31,967)	(23,996)
Other expenses	(26,203)	(4,403)
Loss on Asset Disposal	(76,053)	0
	<u>(4,006,067)</u>	<u>(3,827,275)</u>
Profit / (Loss) from discontinued operations	<u>(644,695)</u>	<u>(572,656)</u>

Revenue and expenses from the operations were previously reported under Education and Welfare Program

Changes to Statement of Comprehensive Income by Program

	2021	2020
Revenue		
Education and Welfare	3,361,372	3,254,619
	<u>3,361,372</u>	<u>3,254,619</u>
Expenses		
Education and Welfare	(4,006,067)	(3,827,275)
	<u>(4,006,067)</u>	<u>(3,827,275)</u>
Profit / (Loss) from discontinued operations	<u>(644,695)</u>	<u>(572,656)</u>
Cashflows from discontinued operations		
Net cashflow from discontinued operations	<u>(381,838)</u>	<u>(392,469)</u>

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

32. 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 2020	Amounts Received	Amounts Paid	30 June 2021
	\$	\$	\$	\$
Cash in Lieu of Public Open Space	184,652	81,086	0	265,738
	184,652	81,086	0	265,738

SHIRE OF DONNYBROOK BALINGUP

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

33. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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

34. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.	
GOVERNANCE To provide a decision-making process for the efficient allocation of scarce resources.	Includes the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific local government services.
GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.	Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of
HOUSING To provide and maintain elderly residents housing.	Provision and maintenance of staff and elderly residents housing.
COMMUNITY AMENITIES To provide services required by the community.	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.
RECREATION AND CULTURE To establish and effectively manage infrastructure and resources which will help the social wellbeing	Maintenance of public halls, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens, and and maintenance of street trees, street lighting etc.
ECONOMIC SERVICES To help promote the local government and its economic wellbeing.	Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control, and standpipes. Building Control.
OTHER PROPERTY AND SERVICES To monitor and control operating accounts.	Private works operations, plant repair and costs.

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

35. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	1.48	1.41	1.00
Asset consumption ratio	0.65	0.66	0.68
Asset renewal funding ratio (Note 1)	N/A	N/A	N/A
Asset sustainability ratio	0.95	0.51	0.63
Debt service cover ratio	16.57	17.47	38.04
Operating surplus ratio	(0.54)	(0.55)	(0.47)
Own source revenue coverage ratio	0.44	0.47	0.47

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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

Note 1: The ARFR ratio requires a breakdown of renewal, versus new, versus upgrade of capital expenditure. The adopted Shire of Donnybrook Balingup Long Term Financial Plan 2020 - 2040 does not include this breakdown, therefore the ratio is unable to be calculated.



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 Shire of Donnybrook-Balingup

To the Councillors of the Shire of Donnybrook-Balingup

Report on the audit of the annual financial report

Opinion

I have audited the financial report of the Shire of Donnybrook-Balingup (Shire) which comprises:

- the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

In my opinion the financial report of the Shire of Donnybrook-Balingup:

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

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

Responsibilities of the Chief Executive Officer and Council for the financial report

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

In preparing the financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

Auditor's responsibility for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

Report on other legal and regulatory requirements

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

- (i) In my opinion, the following material matters indicates a significant adverse trend in the financial position of the Shire:
 - a) The Operating Surplus Ratio as reported in Note 35 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries standard for the past 3 financial years.
- (ii) The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
 - a) Accounting journal adjustments were processed with no evidence of independent review and approval. Accounting journals can represent significant adjustments to previously approved accounting transactions, and therefore should be appropriately reviewed and approved.
 - b) The Shire has not reported the Asset Renewal Funding Ratio for 2021, 2020 and 2019 in the annual financial report as required by Section 50(1) of the Local Government (Financial Management) Regulations 1996, as the long-term financial plan adopted by the Shire does not include the required information to calculate the ratio.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

Other information

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

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Donnybrook-Balingup for the year ended 30 June 2021 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
23 February 2022



— Shire of —
Donnybrook Balingup

**REPORT ON SIGNIFICANT
FINDINGS IN THE 2020-21 AUDIT
REPORT**

February 2021

BACKGROUND

Under the Local Government Act 1995, the Shire of Donnybrook Balingup is required to prepare an Annual Financial Report each financial year and that report is to be the subject of an independent audit.

The Shire's 2019-20 audit was conducted by the Office of the Auditor General and their report, received on 21 February 2021 is attached.

Section 7.12A(4) of the *Local Government Act 1995* requires a local government to:

“(a) prepare a report addressing any matters identified as significant by the auditor in the audit report, stating what action the local government has taken or intends to take with respect to each of those matters; and

(b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.”

Section 7.12A(5) further requires:

“Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.”

For the year ending 30 June 2021, the Auditor General identified a significant adverse trend in relation to the financial position of the Shire in relation to one statutory ratio present in the Financial Report that did not meet the minimum standard as set by the Department of Local Government, Sport and Cultural Industries (the Department).

Excerpt Audit Opinion:

“(i) In my opinion, the following material matters indicates a significant adverse trend in the financial position of the Shire:

- a) *The Operating Surplus Ratio as reported in Note 35 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries standard for the past 3 financial years.”*

The Operating Surplus Statutory Ratio has been under the Department's recommended levels for at least three years.

Operating surplus ratio

$$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$$

own source operating revenue means revenue from rates and service charges, fees and user charges, reimbursements and recoveries, interest income and profit on disposal of assets.

The Operating Surplus Ratio measures the extent to which revenues raised cover operational expenses (including depreciation). The Department considers the ratio standard is met if the ratio is above 0.00. To achieve a positive level in the ratio

requires operating revenue (excluding capital grants and contribution) to be greater than operating expenditure (including depreciation).

It is typical of a local government similar to the Shire of Donnybrook Balingup to have an operating surplus ratio that does not meet the minimum requirements. This result reflects a reliance on sources of funding other than Council's own source funds such as rates.

A number of additional major items also directly influence the results of the Operating Surplus Ratio, such as:

1. The timing of operating grant funds being received in one financial year and expenditure being incurred in another e.g. pre-payment of the Federal Government Financial Assistance Grants.
2. The exclusion from the ratio of recurrent capital grants (such as specific purpose road grants) as a revenue.
3. The funding of operating projects from reserve funds. All operating expenditure must be included in the ratio calculations, however the funds from cash reserve are excluded, resulting in an apparent lower ability to fund operating expenditure.

In order to improve its Operating Surplus Ratio, the Council has limited options available to it. One measure could be to increasing rates substantially, however, this must be balanced with the community's capacity and willingness to pay.

An alternative is to review the Shire's major operating costs, including employment costs, materials and contracts, however, to achieve the required cost savings would have a dramatic adverse impact the level of service which the Shire is able to deliver to the community.

The Audit report also raised two compliance matters as follows:

Excerpt Audit Opinion:

“(ii) The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:

- a) Accounting journal adjustments were processed with no evidence of independent review and approval. Accounting journals can represent significant adjustments to previously approved accounting transactions, and therefore should be appropriately reviewed and approved.*
- b) The Shire has not reported the Asset Renewal Funding Ratio for 2021, 2020 and 2019 in the annual financial report as required by Section 50(1) of the Local Government (Financial Management) Regulations 1996, as the long-term financial plan adopted by the Shire does not include the required information to calculate the ratio.”*

Accounting Journal Adjustments

Management acknowledges this finding and notes that the above recommendation is in operational practice.

Asset sustainability ratio

$$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation}}$$

capital renewal and replacement expenditure means expenditure to renew or replace existing assets;

The asset sustainability ratio measures the extent to which assets managed by the Shire are being renewed and replaced over time. The Department considers the ratio standard is met if the ratio is above 0.90, meaning that spending on renewal in any one year is 90% of the level of depreciation in that year.

ACTION TO BE TAKEN

Action to be taken on the Operating Surplus Ratio in the future

The Shire's Operating Surplus Ratio is being adversely impacted by non-cash depreciation charges. A preliminary review of Depreciation Rates has been undertaken and points to a potential over calculation of depreciation as does the fact that Road Infrastructure Assets are not disaggregated therefore residual values cannot be put in place where appropriate.

Officers note that the Department of Local Government, Sport and Cultural Industries (DLGSC), under direction from the Minister, has recently released its draft Model Financial Statements as part of the broader Local Government Reform currently being undertaken.

The following is contained in the current draft which if progressed would remove the current Ratio calculations:

- *“Prescribed financial ratios have been removed. Consequently, it should be assumed that financial data required to report useful financial ratios will be prescribed in the model accounts.”*

The methodologies of calculating the operating surplus ratio are generally recognized, within the Local Government sector, as being inappropriate to be used to determine a significant adverse trend.

Pending the final outcome of the Local Government Reform Officers will undertake a full review of Depreciation calculation and methodology.

Action to be taken Accounting Journal Adjustments.

Management acknowledges this finding and notes that the above recommendation is in operational practice.

The Director of Corporate and Community has personally reviewed the 1148 general journals processed in the 2020/21 Financial Year and has found a total of 6 that had no evidence of review by a senior staff member. This equates to a failure rate in the process of 0.52% with compliance standing at 99.48%. The 6 journals were also checked for legitimacy and supporting

documentation with no adverse findings.

Staff appreciate the importance and significance of the process and will continue to strive for 100% compliance.

Action to be taken on the Asset Renewal Funding Ratio in the future.

The Shire adopted its Long Term Financial Plan (LTFP) 2020-2040 on 22 December 2020 however this plan was not considered by the OAG as it does not does not categorise Capital expenditure into type; that being New, Upgrade or Renewal, for this ratio to be calculated the Renewal component needs to be itemised in the LTFP.

All the necessary asset management planning is complete to a sufficient level to inform the development of the calculation of the asset renewal funding ratio, this however needs to be imbedded into the LTFP.

Officers note that the Department of Local Government, Sport and Cultural Industries (DLGSC), under direction from the Minister, has recently released its draft Model Financial Statements as part of the broader Local Government Reform currently being undertaken.

The following is contained in the current draft which if progressed would remove the current Ratio calculations:

- *“Prescribed financial ratios have been removed. Consequently, it should be assumed that financial data required to report useful financial ratios will be prescribed in the model accounts.*
- *Asset ratios requiring audit attestation have been removed from audit scope. This will require amendment to regulation 10 (3) (e) and 4A of the Local Government (Audit) Regulations 1996.”*

Pending the final outcome of the Local Government Reform Officers will work to ensure that the appropriate data is compiled in the LTFP which is currently under review to allow for this ratio to be calculated if required.



Shire of
Donnybrook Balingup

ANNUAL REPORT 2020 - 2021

SHIRE OF DONNYBROOK BALINGUP



VISION STATEMENT

“A proud community enjoying our rural lifestyle, cultural heritage, and natural environment.”



ECONOMIC

A strong, diverse, and resilient economy



ENVIRONMENT

Respect for our heritage, natural and built environment



SOCIAL

A healthy, safe, and inclusive community



LEADERSHIP

Effective leadership and civic responsibility



IN THIS REPORT

Our Shire	4
Message from the Shire President and Chief Executive Officer	7
Our Council and Executive Staff	8
Plan for the Future	10
Statutory Report	11
Economic	13
Environment	15
Social	18
Leadership	24
Financial Report and Audit Report	26
Auditors Statement	
Audited Financial Report	

Our Shire

Surrounded by stunning forests, winding rivers, rolling hills, vineyards and lush orchards, Donnybrook Balingup is a great place for residents and visitors alike.

The Shire of Donnybrook Balingup is 213 kilometres south-west of Perth and covers an area of 1,541 square kilometres. It is noted for its rolling hills, old-growth forests, lush orchards, vineyards and Donnybrook Stone which is used throughout the State.

The traditional owners, the Noongar people of the South West inhabited this county for some 40,000 years before European occupation. The area was known as 'Kaniyang' and 'Wardandi'.

Europeans began to settle in the area in the mid-1800s and an economy based on gold mining, agriculture (including fruit), timber and stone steadily developed. After World War II the population of Donnybrook grew to 2,500 and Balingup to 1,340.

The apple industry blossomed in the late 1960s when over two million cartons of apples - primarily Granny Smiths - were exported to the UK and Europe. The development of new varieties (Pink Lady and Sundowner) strengthened the industry, which diversified to include pear, stone fruit, potatoes, nut production, sheep (meat and wool) and cattle (meat and dairy). Wine and tourism became important new industries and with the subdivision of large properties, hobby farming increased.

Donnybrook Balingup remains an important agricultural area, especially for fruit, vegetables and vineyards.

The picturesque scenery and proximity to Bunbury, the beaches of Geographe Bay, the Margaret River wine region and the tall timbers of Pemberton make it a popular destination for tourists.

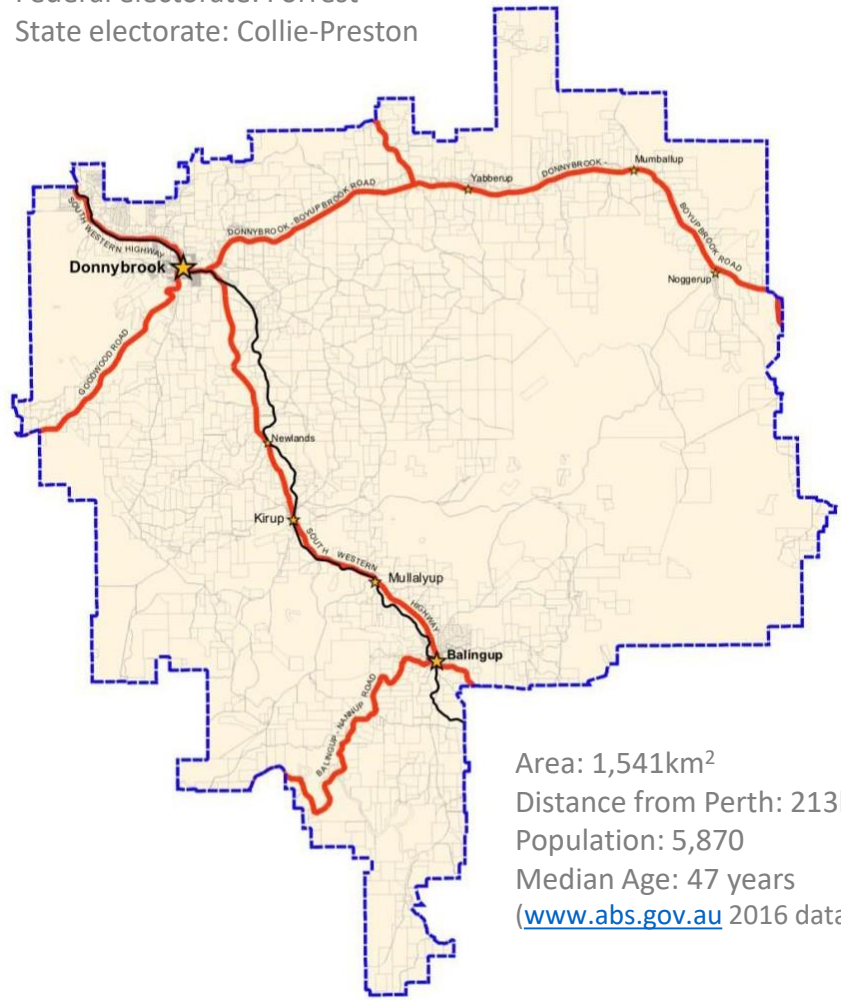
A healthy economy, the benefit of several diverse industries nearby and its rich culture make Donnybrook Balingup an attractive place to live for both growing families and those making a lifestyle choice in later life.



Townsites and Localities

- Argyle
- Balingup
- Beelerup
- Brazier
- Brookhampton
- Charley Creek
- Donnybrook
- Ferndale
- Glen Mervyn
- Grimwade
- Irishtown
- Kirup
- Lowden
- Mumballup
- Mullalyup
- Newlands
- Noggerup
- Paynedale
- Queenwood
- Southampton
- Thomson Brook
- Upper Capel
- Wilga West

Federal electorate: Forrest
State electorate: Collie-Preston



Area: 1,541km²
Distance from Perth: 213km
Population: 5,870
Median Age: 47 years
(www.abs.gov.au 2016 data)

LOCAL INDUSTRY

Farming (fruit, vegetables, viticulture, sheep, cattle, marron), tourism, Donnybrook sandstone quarrying.





Message from the Shire President and Chief Executive Officer

Together, we are pleased to present this introductory message for the 2020-21 Annual Report.

2020-21 saw a period of stabilisation of the COVID 19 pandemic situation throughout the South West, with the focus of government (at all levels) on the longer-term economic and social recovery processes for communities. In this regard, the Shire of Donnybrook Balingup was the recipient of substantial COVID 19 recovery grants during the 2020-21 period, directing those grant funds towards a mix of asset maintenance for existing infrastructure and the development of new community infrastructure.

In October 2021, the local government elections resulted in a change to the make-up of our Council. We would like to take this opportunity to thank outgoing Councillors Brian Piesse (Shire President), Anne Mitchell and Anita Lindemann for their leadership and commitment to the Shire during the 2020-21 period (and beyond). Additionally, we welcome new Councillors Lisa Glover (Deputy Shire President), Phil Jones, Peter Gubler and Fred Mills.

Continued collaboration by this Shire across the local government sector and through regional partnerships allowed for professional and constructive relationships with the private sector and our State and Federal representatives, ensuring Donnybrook Balingup is well placed to take advantage of opportunities to enhance and progress our Shire.

Lastly, a genuine vote of thanks to all Shire staff and members of the Audit and Risk Management Committee involved in achieving yet another unqualified audit result.



Cr Leanne Wringe
Shire President
(From October 2021)



Benjamin (Ben) Rose
Chief Executive Officer

Our Council 2020 - 2021



Cr Brian Piesse
Shire President
(2017 – 2021)



Cr Jackie Massey
Deputy Shire President
(2019 – 2021)



Cr Leanne Wringe
(2017 – 2021)



Cr Anita Lindemann
(2017 – 2021)



Cr Anne Mitchell
(2017 – 2021)



Cr Shane Atherton
(2017 – 2021)



Cr Shane Sercombe
(2019 – February 2021)
RESIGNED



Cr Chris Smith
(2019 – 2023)



Cr Chaz Newman
(2019 – 2023)

Executive Team



Benjamin (Ben) Rose
Chief Executive Officer



Kim Dolzadelli
Director Corporate
and Community



Steve Potter
Director
Operations

ELECTED MEMBER REMUNERATION	
Shire President Allowance (Individual)	\$10,008
Deputy Shire President Allowance (Individual)	\$2,502
Councillor's Annual Allowance (Total)	\$74,674
Shire President Annual Allowance (Individual)	\$12,102
Councillor's Travelling Expenses (Total)	\$3,138
Telephone/ICT Allowance (Total)	\$11,083
Provision of Uniform	\$0
Childcare	\$0

COUNCIL MEETING CYCLE FOR 2020/2021:	
Council Meetings (11)	Special Council Meetings (8)
22 July 2020	21 October 2020
26 August 2020	22 December 2020
23 September 2020	20 January 2021
28 October 2020	20 January 2021
25 November 2020	27 January 2021
16 December 2020	19 May 2021
24 February 2021	2 June 2021
24 March 2021	16 June 2021
28 April 2021	
26 May 2021	
23 June 2021	

COUNCIL MEETING ATTENDANCE FOR 2020/2021			
Councillor	Meetings Attended	Leave of Absence	Apology
Cr Piesse Shire President	19	0	0
Cr Massey Deputy Shire President	19	0	0
Cr Atherton	19	0	0
Cr Lindemann	19	0	0
Cr Mitchell	18	0	1
Cr Newman	18	0	1
Cr Sercombe (Resigned February 2021)	9	0	2
Cr Smith	18	1	0
Cr Wringe	18	0	1

Plan for the Future

The Strategic Community Plan underwent a major review during the latter half of the 2020-2021 year which involved extensive consultation with Council and the community to:

1. Ensure the Shire is working towards its strategic objectives; and
2. Determine if the direction set in 2017 is still where the community see Donnybrook Balingup in 10+ years.

Major projects include:

- Revitalisation of the Donnybrook Apple Fun Park
- Recreation Sporting Precinct Redevelopment - VC Mitchell Park, Donnybrook
- Donnybrook Town Centre Revitalisation
- Drought Communities Program

Outcomes from the Community Perception Survey highlighted tourism and communication as key focus areas for the Shire to work upon. New initiatives and a drive towards uplifting tourism in Donnybrook Balingup will be a key focus moving forward.

It is an exciting time in the Shire and we look forward to sharing our successes with you in the future.



Statutory Report

Payment to Employees

Regulation 19B of the *Local Government (Administration) Regulations 1996* requires the Shire to include the following information in its Annual Report:

- The number of employees of the Shire entitled to an annual salary of \$130,000 or more (in \$10,000 increments); and
- CEO remuneration details.

Annual Salaries	No. of employees
\$130,000 - \$139,999	2

CEO Remuneration	
\$180,000 - \$189,999	Salary
\$1,500	Communications Allowance (internet, phone etc)
Superannuation	Minimum statutory payment
Vehicle	Work and private use

Section 7A of the Salaries and Allowances Act 1975 requires the Salaries and Allowances Tribunal to determine the minimum and maximum range of remuneration to be paid or provided to Chief Executive Officers of local governments.

Freedom of Information

In complying with the *Freedom of Information Act 1992*, the Shire processed a total of 5 Freedom of Information applications, with an average completion time of 33 days. All applications were completed within the legislative timeframe of 45 days.

Public Interest Disclosure

The Public Interest Disclosure Act 2003 (the PID Act) enables people to make disclosures about alleged wrongdoings within the State public sector, local government and public universities and offers protections for doing so. The PID Act aims to ensure openness and accountability in government by encouraging people to make disclosures by maintaining confidentiality and providing immunity from detrimental action. During the 2020/21 financial year, no Public Interest Disclosures were received by the Shire.

Record Keeping

The Shire of Donnybrook Balingup is committed to good record keeping practices and complies with required legislation, including the State Records Act 2000. Its records keeping system ensures all information created and received by the Shire is captured and maintained as evidence of its business transactions. The system is regularly reviewed to ensure proper standards are maintained and audits of the system, conducted on an ad hoc basis, have shown it to be fully compliant.

All new employees receive instruction about compliance with State records legislation and the Shire's Record Keeping Plan. Refresher training is available to ensure staff remain confident and capable of using the record keeping system appropriately.

Statistics for 2020 - 2021:

- 6,032 incoming correspondence
- 3,318 outgoing correspondence
- 1,826 internal documents.
- As of 30 June 2021, there were a total of 128,239 documents captured in the Shire's electronic record keeping system.

Disability Access and Inclusion

The Shire of Donnybrook Balingup completed a review of its Disability Access and Inclusion Plan (DAIP) in 2017 and completed a DAIP for 2017-2022.

The DAIP 2017-2022 provides the broad outcome areas, strategies and background information to identify why change is required to a facility, service or information provided by the Shire. An accompanying Implementation Plan has also been developed which details the specific tasks to achieve the strategies and outcome areas and also includes a timeline and staff area of responsibility for completion.

The DAIP is available on the Shire website at www.donnybrook-balingup.wa.gov.au. Copies can also be obtained at the Shire Office and by request in alternative formats.

The Shire has made good progress towards improving access and inclusion of its services, facilities and information through the ongoing development and implementation of its DAIP.

Minor Complaints

Nil complaints (breaches), as defined under the Local Government Act 1995, were made during 2020 - 2021.

Economic

A strong, diverse, and resilient economy

Outcome 1.1

A diverse, prosperous economy, supporting local business and population growth

Outcome 1.2

Available land for residential, industrial, and commercial development

Outcome 1.3

An attractive tourist destination



Planning and Development

Building

The 2020 – 2021 financial year yielded a total of 274 building applications lodged, up from last year's 175. Of the 274, a total of 93 were for dwellings or additions/alterations to dwellings.

We received 13 applications for Building Approval Certificates of Unauthorised Works, with a total of 76 certified applications.

28 permits were issued for swimming pools and water tanks collectively, while 138 permits were approved for sheds, patios and carports.

Application fees paid to the Shire totaled \$140,780.11 – a considerable increase of \$55,946.14 from last year.

The average processing time for applications is 29.08 days, while last year's processing time was 33.43 days.

Planning

In the 2020 – 2021 financial year, the Shire received 84 applications for development approval, receiving \$50,667 in fees. This is a significant increase from the previous year at \$11,870 in fees.

The average processing time for these development applications was 51 days.

Health

Septic applications for the financial year 2020 – 2021 increased from the previous from 36 to 66, resulting in \$12,036 in fees received by the Shire.

A total of 34 Food Premises Inspections were conducted.



Environment

Respect for our heritage, natural and built environment

Outcome 2.1

An attractive and maintained built environment

Outcome 2.2

Respected heritage assets

Outcome 2.3

A natural environment for the benefit of current and future generations

Outcome 2.4

Efficient and effective waste management



Environmental

- Annual Road verge spray program undertaken to control weeds and vegetation
- Consultation with the Balingup Friends of the Forest, focusing on the Reserve on the corner of Walter and Lukis Street and the Balingup Racecourse Reserve to enhance these recreational spaces
- Spot treatments undertaken to control weeds on Shire land.
- Consultation with the Leschenault Biosecurity Group to address the increasing presence of the declared weed 'Cleavers' in the Shire, as well as rabbit control and other various pest and weed concerns within the Shire.
- General monitoring and planning activities continue regarding the management of 124 nature reserves.
- Review of the monitoring of weed data as reported to the Shire, in an effort enhance and maintain the Shire's response to weeds.
- Development of the Street Tree Strategy continues.

Rehabilitation Projects

With help from the Donnybrook Lions Club, the Shire assisted the Leschenault Catchment Council (LCC) in the implementation of the Preston River Revitalisation program.

Using the prison pre-release program and other volunteers, project outcomes have been focused on the northern foreshore, in the form of the planting of riparian vegetation and weed control activities.

Collaboration with the public and private schools has been initiated for further support and community engagement.

The Shire's Environmental Officer is currently assisting the LCC to apply for further funding in 2022 to continue to improve the health of the Preston River



Training and Development

Dieback training was carried out for Works and Services Staff to ensure the effective management of dieback in the Shire.

Sustainability and Climate Change

- Working with members of the Warren Blackwood Association of Councils in developing a Climate Change Impact Policy
- Cities Power Partnership membership status maintained

South West Collaborative Blackberry Scheme

The Shire is a steering committee member of the South West Collaborative Blackberry Scheme. Approximately \$1 million was awarded to the project through Round 2 of the Communities Combating Pest and Weed Impacts During Drought Program.

The Shire of Donnybrook Balingup has signed a memorandum of understanding with the Shires of Dardanup and Collie to implement the mapping and control of Blackberry, a National Weed of Significance. This collaborative project will continue until early 2022.

Works Program and Maintenance

- Southampton Road, SLK 6.5 to SLK 7.8 – Upgrade and seal section of road.
- Cracknell PI, Donnybrook – New kerbing, drainage, footpath and asphalt road overlay.
- Gravel re-sheeting works completed on sections of Glenarden Rd, Lyons Rd and Carmichael Rd.
- Newlands Road – Extension of seal.
- Resealing works – Grimwade Rd, Hickman PI, Wildmere Rd, Palmer St and Nash PI.
- Brookhampton Rd – shoulder renewal work and re-establishing seal width between SW Highway and Kirup Grimwade Rd.
- Upper Capel Rd, from Claymore Rd to SLK 20.7 road re-construction, widening and seal to 6.2m width.
- 33 Bridges - level 1 inspections and routine maintenance.
- Preventative bridge maintenance works completed at Bridge St, Bendall Rd, Charley Creek Rd and Upper Capel Rd.
- Bridge Upgrade – Lyons Rd bridge replaced with culverts.
- Meldene footpath Stage two completed.



Meldene Footpath Stage Two Completed

Townscape, Gardening and Landscaping

- VC Mitchell and Egan Park – Oval turf renovation works.
- Meldene Park – Footpath and picnic furniture installed.
- Mill Park - Begin pathway construction project to be finalised in 21/22.

Other information

- In 2020/21 the Shire Works team graded 565.42 kilometres of unsealed road during the summer and winter grading program. Shire received 99 maintenance requests for gravel roads during 2020/21.
- A total of 768 maintenance requests were received during 2020/21. The Shire works team have actioned all 768 requests and completed 741 requests, representing a completion rate of 96.5%



Lyons Road Bridge Replacement

Social

A healthy, safe, and inclusive community

Outcome 3.1

An engaged, supportive, and inclusive community

Outcome 2.2

Well supported community groups and facilities

Outcome 3.3

A safe and healthy community environment for all ages





Community Development

Events

Australia Day Breakfast

With the support of a \$20,000 National Australia Day COVID-19 Safe event grant and in conjunction with local community groups, the Shire was able to host several successful Australia Day Breakfasts throughout the district.

During the civic ceremony, Joanne Swarbrick was awarded Citizen of the Year, whilst the Young Community Citizen of the Year award went to Gemma Rosman.

During the ceremony seven community members made their Australian Citizen Pledges.

Outdoor Summer Film Season

The Shire was fortunate to again receive \$11,500 funding from Lotterywest to present four free outdoor films in Donnybrook and Balingup, and an annual Community Concert. Unfortunately, due to COVID-19 restrictions the Community Concert was cancelled.

Abominable (G), *Red Dog (PG)* and *Jumanji - The Next Level (M)* were screened to appreciative audiences of between 300 – 450 people at the Donnybrook Amphitheatre in January, February, and March 2020. *Finding Steve McQueen (M)* was enjoyed by about 100 people at the Balingup Village Green in February 2020.

Thank a Volunteer BBQ and Community Concert

The Community Family Concert was scheduled for Saturday 20 March 2021 and the Thank a Volunteer Day BBQ for Sunday 6 June 2021.

Due to COVID-19 event restrictions and number capacities both events were cancelled.

Festivals and Events

With the help of the Community Development team, almost all events in 2020 – 2021 were redesigned to meet COVID-19 event restrictions.

The Shire was able to support the following events in 2020-2021:

- Donnybrook Station Markets.
- Balingup Medieval Carnivale.
- Blissfest.
- Donnybrook Apple Festival.
- Donnybrook Food and Wine Festival - Long Table Lunch.
- Lions of Donnybrook Carols by Candlelight.
- Balingup Small Farm Field Experience.
- True Grit.
- Balingup Wellness Festival.
- The Wild Campout.
- Numerous car rallies, off road/mountain biking events and road cycling events, including the Tour of Margaret River.

Community Grant Funding

The Shire supports community groups, clubs, and associations with grants for projects that require assistance. Grants are divided into seven categories:

- Minor Community Grants (up to \$500 with no matching cash contribution required);
- Minor Community Event Sponsorship (up to \$500 with no matching cash contribution required);
- Waiver of Fees and Non-Cash Donations (up to \$500 with no matching cash contribution required);
- Cash Donations (up to \$200 with no matching cash contribution required);
- Major Community Grants (up to \$2,000 with organisation funding requirements); and
- Major Community Event Sponsorship (up to \$2,000 with organisation funding requirements).

These grants enable local groups to grow and improve the facilities they offer our community.

This financial year, the number of grant applications received was heavily reduced due to COVID-19 event restrictions.

Minor Grant recipients included:

- Balingup and Districts Tourism Association.
- Rotary Club.
- Donnybrook Scouts.
- Donnybrook and Districts Country Music Club.
- Donnybrook Regional Tourism Association.
- Donnybrook CRC for the Donnybrook Activation Group.
- Yabberup Craft Group.
- Blackwood River Art Trail.
- Balingup Wellness Festival.
- Donnybrook Lions.
- Balingup Friends of the Forest.
- Donnybrook Community Garden.
- Kirup Progress Association.

Major grant recipients included:

- Art Beat Trail – Donnybrook Regional Tourism Association.
- Balingup Historical Society.
- Colour Exhibition – Donnybrook Arts and Crafts Group.
- Donnybrook Food and Wine Festival - Long Table Lunch.
- Donnybrook Community Garden.
- Donnybrook and Districts High School – Parents and Citizens.
- Donnybrook Apple Festival Inc.
- Donnybrook Men’s Shed.
- Yabberup Community Association.
- Balingup Small Farm Field Day.
- Golden Valley Tree Park.
- Lions Club of Donnybrook.
- Donnybrook Balingup Chamber of Commerce.
- Telling Tales.

The Shire continued its support of the Donnybrook Regional Tourism Association and the Balingup and Districts Tourism Association by granting each organisation \$35,000 through the Community Grants Program for the Donnybrook Visitor’s Centre and Balingup Visitor’s Centre, respectively.

The widely recognised and valued local community newspaper publication of the Preston Press was also supported through a \$5,000 grant to the Donnybrook Community Resource Centre.

A major review of the Community Grants Funding Scheme was implemented during the year to take effect from the 2021 – 2022 year with the former Recurrent funding category changed to Service Level Agreements and overall budget allocation tied as a percentage of rates (set at 2.5%).



SEASONAL WATERFALL by Tahlia Dawson

Community Development

Activities

Community Calendar Photographic Competition

The Shire's photographic competition invites members of the community and visitors to enter a photo that has been taken within the Shire of Donnybrook Balingup. The top twelve photos were featured in the 2021 Shire Calendar that made available to residents and visitors for free. The theme of the competition was 'Our People Our Places' and a total of 40 photos were entered into the competition.

Three overall winners were selected from the 12 winning entries, and each received Shop Local Vouchers from the Donnybrook Balingup Chamber of Commerce and Industry. 1st place - \$500, 2nd place \$250, and 3rd place - \$100. The overall winner of the competition was Tahlia Dawson with her photo titled 'Seasonal Waterfall'. Second place was Mary Jo Gomez with her photo titled 'Misty Morning', and third place was awarded to Fritz Gerwerth with his photo titled 'Old English Oak and Donnybrook Hotel'.

KidSport

KidSport is a Department of Local Government, Sports and Cultural Industries initiative managed by the Local Government.

KidSport allows eligible children and youth to receive financial assistance to contribute towards club fees. Applications are made through Council and the local sporting club. The Donnybrook Recreation Centre became an eligible club for the Learn to Swim Program.

Council liaises with local clubs in assessing applications and administering the funding.

Australian Citizenship Pledges

In 2010-2021, a total of 21 residents attended the Shire Council Chamber and recited the pledge to become Australian Citizens.

COVID-19 Recovery Coordination

During the year, the Manager Community Development continued as Shire Recovery Coordinator, with a focus to keep local groups informed of constantly changing COVID-19 restrictions.

The Local Emergency Management Arrangements were modified when the Shire of Donnybrook Balingup Local Recovery Plan was finalised and approved by Council.

Community Club Expo and Volunteer Program

As part of a focus on Volunteering, the Community Development team applied for, and was awarded, a grant of \$3,000 from the Department of Local Government, Sport and Cultural Industries with matching funding from the Shire. Funds were used to host a series of workshops presented by Volunteers Southwest.

A Community Club expo was held on Saturday 17 May 2021. A total of 17 groups/clubs participated, and approximately 500 patrons attended, resulting in many clubs engaging new members and volunteers.

Conversation Café's

Conversation Café's were introduced in 2020-2021 to facilitate consultation with community members and groups/clubs. Attendance at each Café was between 12 and 25 people.

Recreation

Asset management

- In February 2021, a major re-lining of the pool was undertaken, including a poolside and reception area painting campaign.
- The Centre's rainwater tank was connected to the pool to reduce reliance on mains water and create efficiencies in ongoing utility costs.
- A new Group Fit area was created on the mezzanine floor and, with the assistance of the Donnybrook Men's Shed, a new instructor stage was installed.

- A new kindy gym area was created by temporarily decommissioning of one of the two squash courts.
- Upgrades to the function room, foyer and manager's office with the removal of the unused bar, new carpets, and painting campaign, were included in the budget planning process.
- Funds were allocated to CCTV installation and additional security, plus the installation of Leisure Management Software increase administration efficiencies.
- An audit of pool plant equipment will be conducted to provide better strategic management regarding equipment servicing and replacement, including the deteriorating pool heating system.

Strength for Life Program

The Centre's participation in the Strength For Life program was renewed, promoting healthy movement and activity for those over the age 55. With over 50 new people signing up to the program since January 2021, the Centre plans to split the classes into beginner and intermediate.

Group Fitness Classes

Due to COVID-19 lockdowns, Group Fitness classes adopted a traffic light system. This system is used throughout leisure centers in the South West, and alerts attendees of any class changes, as well as encouraging participation so sessions can continue

Projects

Throughout the year, the Recreation Centre successfully led numerous projects, including a work experience program, school holiday program (including team sports and pool parties), and the creation of a sponsorship program.



Libraries

Membership Success

Both the Donnybrook Community Library and Balingup Public Library saw marked growth in membership during the 2020 – 2021 financial year, increasing 41% and 72% respectively.

There was also a significant increase in the number of children attending weekly Storytime in Donnybrook, going from 547 to 635 participants.

Balingup Public Library

- The introduction of a School Holiday Program at Balingup Library has proven to be successful, with activities such as STEM Robot Making also being fully-booked.
- Balingup Library staff promoted their services at the Balingup Health and Wellbeing Festival (March 2021), resulting in a surge of new memberships.
- Human Books Storytime Program was introduced thanks to a Shire grant and significant community participation

Donnybrook Community Library

- Community groups and students from the Donnybrook District Highschool continue to make use of library resources, particularly the Meeting and Seminar Rooms.
- Community Cafes have been introduced on Thursdays to allow senior members of the community to gather and socialise in a safe space over morning tea.
- The Libraries' School Holiday Programs have continued to grow in popularity all year at Donnybrook Community Library, with most activities being fully booked.
- The Donnybrook Library welcomed a new Department of Education employed Teacher Librarian.
- Refurbishment of the library furniture is well underway with an order being placed in December 2021 for brand new shelving on wheels.
- Donnybrook Community Library has created a social media presence with its own dedicated Facebook page.

Leadership

Effective leadership and civic responsibility

Outcome 4.1

A strategically focused, open, and accountable local government

Outcome 4.2

A respected, professional, and trusted organization



The Shire of Donnybrook Balingup is committed to providing high quality services to the community through the following programs:

General Purpose Funding

Management of general rate revenue, general purpose grants, interest on investment and other financing activities of local government.

Governance

Members of Council, Council governance, general governance and the administration and staffing of local government.

Law, Order and Public Safety

Supervision of local laws, fire prevention, animal control, Volunteer Bushfire Brigades and the State Emergency Service.

Environmental Health

Health inspections, administration and preventative services; the provision and maintenance of medical and dental surgery premises.

Education and Welfare

Residential Aged Care, well-aged housing, child health centre, community centres, youth support, including school holiday programs.

Recreation and Culture

Provision and maintenance of recreation centres, public halls, parks and reserves, sporting facilities, libraries and museum. Support to events, community education and awareness.

Economic Services

Promotion of tourism in the area, provision of caravan parks, building control, control of noxious weeds and pest plants, Department of Transport Licensing agency.

Transport

Construction and maintenance of roads, drainage, footpaths, parking facilities, private works, traffic signs, street cleaning and traffic management.

Community Amenities

Refuse and recycling collection services, operation of refuse disposal sites, town planning and regional development, cemeteries, townscaping activities, public conveniences, protection of the environment.



2020 – 2021 FINANCIAL REPORT AND AUDIT REPORT





Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 Shire of Donnybrook-Balingup

To the Councillors of the Shire of Donnybrook-Balingup

Report on the audit of the annual financial report

Opinion

I have audited the financial report of the Shire of Donnybrook-Balingup (Shire) which comprises:

- the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

In my opinion the financial report of the Shire of Donnybrook-Balingup:

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

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

Responsibilities of the Chief Executive Officer and Council for the financial report

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

In preparing the financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

Auditor's responsibility for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

Report on other legal and regulatory requirements

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

- (i) In my opinion, the following material matters indicates a significant adverse trend in the financial position of the Shire:
 - a) The Operating Surplus Ratio as reported in Note 35 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries standard for the past 3 financial years.
- (ii) The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
 - a) Accounting journal adjustments were processed with no evidence of independent review and approval. Accounting journals can represent significant adjustments to previously approved accounting transactions, and therefore should be appropriately reviewed and approved.
 - b) The Shire has not reported the Asset Renewal Funding Ratio for 2021, 2020 and 2019 in the annual financial report as required by Section 50(1) of the Local Government (Financial Management) Regulations 1996, as the long-term financial plan adopted by the Shire does not include the required information to calculate the ratio.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

Other information

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

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Donnybrook-Balingup for the year ended 30 June 2021 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



Grant Robison
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
23 February 2022

SHIRE OF DONNYBROOK BALINGUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Index of Notes to the Financial Report	9
Independent Auditor's Report	61

COMMUNITY VISION

A proud community enjoying our rural lifestyle, cultural heritage and natural environment.

Principal place of business:

Corner Collins and Bentley Streets, Donnybrook WA 6239

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Donnybrook Balingup for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the Shire of Donnybrook Balingup at 30 June 2021 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the

Seventeenth day of

February 2022



Chief Executive Officer

Benjamin (Ben) Rose

Name of Chief Executive Officer

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	28(a)	5,097,943	5,074,942	5,072,527
Operating grants, subsidies and contributions	2(a)	3,643,313	2,759,368	2,910,866
Fees and charges	2(a)	2,169,363	2,006,109	1,948,785
Interest earnings	2(a)	108,388	150,825	195,260
Other revenue	2(a)	429	400	254,316
		11,019,436	9,991,644	10,381,754
Expenses				
Employee costs		(4,965,382)	(4,960,875)	(4,745,238)
Materials and contracts		(3,365,310)	(3,861,107)	(2,671,893)
Utility charges		(348,041)	(370,891)	(365,792)
Depreciation on non-current assets	10(b)	(5,484,216)	(5,317,079)	(5,349,517)
Amortisation	12(a)	(28,552)	0	(28,552)
Interest expenses	2(b)	(27,504)	(15,825)	(11,956)
Insurance expenses		(345,052)	(424,311)	(299,690)
Other expenditure		(371,542)	(213,475)	(1,262,118)
		(14,935,599)	(15,163,563)	(14,734,756)
		(3,916,163)	(5,171,919)	(4,353,002)
Non-operating grants, subsidies and contributions	2(a)	5,130,139	8,994,403	1,970,862
Profit on asset disposals	10(a)	56,408	9,869	138,651
(Loss) on asset disposals	10(a)	(9,262)	(32,470)	(38,750)
		5,177,285	8,971,802	2,070,763
Discontinued Operations				
Profit / (Loss) on discontinued operations	31	(644,695)	(530,424)	(572,656)
Net result for the period				
		616,427	3,269,459	(2,854,895)
Other comprehensive income				
		0	0	0
Total other comprehensive income for the period				
		0	0	0
Total comprehensive income for the period				
		616,427	3,269,459	(2,854,895)

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

The Shire discontinued operational management of Tuia Lodge aged care home during the reporting year. Analysis of the financial impact of discontinued operations are stated in Note 31.

SHIRE OF DONNYBROOK BALINGUP
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
	2(a)			
Governance		102,449	64,084	34,707
General purpose funding		7,317,161	6,238,176	7,354,196
Law, order, public safety		577,821	577,580	527,269
Health		167,269	173,013	159,659
Education and welfare		835,117	753,157	321,382
Community amenities		1,217,506	1,134,936	1,147,926
Recreation and culture		202,353	261,529	506,459
Transport		169,206	198,310	10,009
Economic services		226,802	480,781	166,123
Other property and services		203,752	110,078	154,024
		11,019,436	9,991,644	10,381,754
Expenses				
	2(b)			
Governance		(996,476)	(1,049,323)	(1,201,313)
General purpose funding		(181,125)	(202,110)	(216,836)
Law, order, public safety		(1,257,980)	(1,372,958)	(1,321,325)
Health		(246,284)	(260,039)	(229,768)
Education and welfare		(1,277,005)	(1,195,384)	(677,713)
Community amenities		(1,565,539)	(1,709,555)	(2,315,491)
Recreation and culture		(3,648,610)	(3,576,815)	(3,025,622)
Transport		(4,971,136)	(4,818,754)	(4,913,749)
Economic services		(557,118)	(844,600)	(652,437)
Other property and services		(206,822)	(118,200)	(168,546)
		(14,908,095)	(15,147,738)	(14,722,800)
Finance Costs				
	2(b)			
Governance		(2,101)	(2,876)	(554)
Law, order, public safety		(191)	(111)	(537)
Health		(3,603)	(3,668)	(4,260)
Education and welfare		(4,412)	(4,491)	(855)
Community amenities		(12,928)	0	0
Recreation and culture		(1,998)	(2,012)	(2,595)
Economic services		(2,271)	(2,667)	(3,155)
		(27,504)	(15,825)	(11,956)
		(3,916,163)	(5,171,919)	(4,353,002)
Non-operating grants, subsidies and contributions	2(a)	5,130,139	8,994,403	1,970,862
Profit on disposal of assets	10(a)	56,408	9,869	138,651
(Loss) on disposal of assets	10(a)	(9,262)	(32,470)	(38,750)
		5,177,285	8,971,802	2,070,763
Discontinued Operations				
Profit / (Loss) on discontinued operations	31	(644,695)	(530,424)	(572,656)
Net result for the period		616,427	3,269,459	(2,854,895)
Other comprehensive income		0	0	0
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		616,427	3,269,459	(2,854,895)

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

The Shire discontinued operational management of Tuia Lodge aged care home during the reporting year. Analysis of the financial impact of discontinued operations are stated in Note 31.

SHIRE OF DONNYBROOK BALINGUP
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	3	11,131,480	16,567,035
Trade and other receivables	6	983,090	625,149
Other financial assets	5(a)	9,397	9,144
Inventories	7	46,187	170,390
Contract assets	2(a)	138,938	413,642
TOTAL CURRENT ASSETS		12,309,092	17,785,360
NON-CURRENT ASSETS			
Trade and other receivables	6	964,445	951,695
Other financial assets	5(b)	136,943	141,859
Property, plant and equipment	8	35,864,629	35,722,172
Infrastructure	9	129,537,623	128,504,495
Intangible assets	12	73,409	85,656
Right-of-use assets	11(a)	65,509	89,901
TOTAL NON-CURRENT ASSETS		166,642,558	165,495,778
TOTAL ASSETS		178,951,650	183,281,138
CURRENT LIABILITIES			
Trade and other payables	14	2,335,885	6,353,102
Other liabilities	15	2,387,785	2,994,190
Lease liabilities	16(a)	29,043	50,600
Borrowings	17(a)	63,578	61,289
Other Financial Liabilities	17(c)	215,436	308,000
Employee related provisions	18	802,924	951,992
TOTAL CURRENT LIABILITIES		5,834,651	10,719,173
NON-CURRENT LIABILITIES			
Lease liabilities	16(a)	38,094	39,852
Borrowings	17(a)	338,988	589,794
Other Financial Liabilities	17(c)	3,852,000	3,657,000
Employee related provisions	18	94,983	128,045
Other provisions	19	771,593	742,360
TOTAL NON-CURRENT LIABILITIES		5,095,658	5,157,051
TOTAL LIABILITIES		10,930,309	15,876,224
NET ASSETS		168,021,341	167,404,914
EQUITY			
Retained surplus		31,803,179	29,961,747
Reserves - cash backed	4	5,426,258	6,651,263
Revaluation surplus	13	130,791,904	130,791,904
TOTAL EQUITY		168,021,341	167,404,914

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

**SHIRE OF DONNYBROOK BALINGUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2019		30,426,462	9,041,443	130,791,904	170,259,809
Comprehensive income					
Net result for the period		(2,854,895)	0	0	(2,854,895)
Other comprehensive income	13	0	0	0	0
Total comprehensive income		(2,854,895)	0	0	(2,854,895)
Transfers from reserves	4	3,628,723	(3,628,723)	0	0
Transfers to reserves	4	(1,238,543)	1,238,543	0	0
Balance as at 30 June 2020		29,961,747	6,651,263	130,791,904	167,404,914
Comprehensive income					
Net result for the period		616,427	0	0	616,427
Other comprehensive income	13	0	0	0	0
Total comprehensive income		616,427	0	0	616,427
Transfers from reserves	4	1,948,603	(1,948,603)	0	0
Transfers to reserves	4	(723,598)	723,598	0	0
Balance as at 30 June 2021		31,803,179	5,426,258	130,791,904	168,021,341

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

SHIRE OF DONNYBROOK BALINGUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	5,157,010	5,054,942	5,135,727
Operating grants, subsidies and contributions	5,371,146	2,302,746	4,671,700
Fees and charges	3,080,648	2,989,474	3,325,999
Interest received	128,264	216,825	260,561
Goods and services tax received	1,052,701	1,184,950	1,194,024
Other revenue	14,447	1,650	255,364
	14,804,216	11,750,587	14,843,375
Payments			
Employee costs	(8,157,018)	(7,766,645)	(7,227,382)
Materials and contracts	(3,701,458)	(4,922,028)	(3,866,081)
Utility charges	(421,117)	(457,272)	(449,236)
Interest expenses	(14,710)	(17,133)	(11,635)
Insurance paid	(377,019)	(456,518)	(323,686)
Goods and services tax paid	(1,167,790)	(1,184,953)	(1,178,201)
Other expenditure	(300,500)	(227,251)	(634,334)
	(14,139,612)	(15,031,800)	(13,690,555)
Net cash provided by (used in) operating activities	20 664,604	(3,281,213)	1,152,820
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	8(a) (2,402,689)	(3,353,320)	(1,967,034)
Payments for construction of infrastructure	9(a) (4,672,099)	(7,727,503)	(1,995,431)
Non-operating grants, subsidies and contributions	2(a) 5,130,139	9,293,045	3,616,062
Proceeds from financial assets at amortised cost - self supporting loans	4,663	9,144	8,899
Proceeds from sale of property, plant & equipment	10(a) 122,091	168,209	399,428
Proceeds from sale of land held for resale	10(a) 81,818	0	190,909
Net cash provided by (used in) investment activities	(1,736,077)	(1,610,425)	252,833
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	17(b) (61,288)	(61,290)	(32,452)
Payments for principal portion of lease liabilities	16(b) (55,333)	(53,871)	(58,718)
Net proceeds from other financial liabilities	102,436	275,000	0
Proceeds from new borrowings	17(b) 0	0	291,000
Loan advance - commercial entity	(120,000)	0	0
Net transfers of bonds and deposits (*)	(4,229,897)	0	0
Net cash provided by (used in) financing activities	(4,364,082)	159,839	199,830
Net increase (decrease) in cash held	(5,435,555)	(4,731,799)	1,605,483
Cash at beginning of year	16,567,035	16,622,802	14,961,552
Cash and cash equivalents at the end of the year	20 11,131,480	11,891,003	16,567,035

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

(*) this net includes cash transfer in and transfers out

SHIRE OF DONNYBROOK BALINGUP
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	29 (b)	1,018,550	1,037,126	(1,066,973)
		1,018,550	1,037,126	(1,066,973)
Revenue from operating activities (excluding rates)				
Governance		108,080	64,084	34,952
General purpose funding		2,219,218	1,163,234	2,281,669
Law, order, public safety		577,821	577,580	527,269
Health		167,269	173,013	159,659
Education and welfare		4,196,489	4,047,772	3,576,001
Community amenities		1,229,145	1,140,547	1,147,926
Recreation and culture		202,353	261,529	506,459
Transport		171,994	201,946	19,213
Economic services		226,802	480,781	295,325
Other property and services		240,102	110,702	154,024
		9,339,273	8,221,188	8,702,497
Expenditure from operating activities				
Governance		(998,577)	(1,052,199)	(1,201,867)
General purpose funding		(181,125)	(202,110)	(216,836)
Law, order, public safety		(1,258,171)	(1,373,069)	(1,321,862)
Health		(249,887)	(263,707)	(234,028)
Education and welfare		(5,287,483)	(5,024,914)	(4,505,843)
Community amenities		(1,578,467)	(1,709,555)	(2,315,491)
Recreation and culture		(3,650,608)	(3,578,827)	(3,028,217)
Transport		(4,980,399)	(4,843,710)	(4,952,499)
Economic services		(559,389)	(854,781)	(655,592)
Other property and services		(206,822)	(118,200)	(168,546)
		(18,950,928)	(19,021,072)	(18,600,781)
Non-cash amounts excluded from operating activities	29(a)	5,487,262	5,516,835	5,595,435
Amount attributable to operating activities		(3,105,843)	(4,245,923)	(5,369,822)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	5,130,139	8,994,403	1,970,862
Proceeds from disposal of assets	10(a)	203,909	168,209	590,337
Proceeds from financial assets at amortised cost - self supporting loans		4,663	9,143	8,899
Purchase of property, plant and equipment	8(a)	(2,402,689)	(3,353,320)	(1,848,832)
Purchase and construction of infrastructure	9(a)	(4,672,099)	(7,727,506)	(1,995,431)
Amount attributable to investing activities		(1,736,077)	(1,909,071)	(1,274,165)
FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(61,288)	(61,290)	(32,452)
Proceeds from borrowings	17(b)	0	0	291,000
Payments for principal portion of lease liabilities	16(b)	(55,333)	(53,871)	(58,718)
Net proceeds from other financial liabilities		102,436	275,000	0
Loan - advance to commercial entity		(120,000)	0	0
Transfers to reserves (restricted assets)	4	(723,598)	(212,000)	(1,238,543)
Transfers from reserves (restricted assets)	4	1,948,603	1,132,213	3,628,723
Amount attributable to financing activities		1,090,820	1,080,052	2,590,010
Surplus/(deficit) before imposition of general rates		(3,751,100)	(5,074,942)	(4,053,977)
Total amount raised from general rates	28(a)	5,097,943	5,074,942	5,072,527
Surplus/(deficit) after imposition of general rates	29(b)	1,346,843	0	1,018,550

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

SHIRE OF DONNYBROOK BALINGUP
INDEX OF NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

Note 1	Basis of Preparation	10
Note 2	Revenue and Expenses	11
Note 3	Cash and Cash Equivalents	16
Note 4	Reserves - Cash backed	17
Note 5	Other Financial Assets	18
Note 6	Trade and Other Receivables	19
Note 7	Inventories	20
Note 8	Property, Plant and Equipment	21
Note 9	Infrastructure	23
Note 10	Fixed Assets	25
Note 11	Leases	28
Note 12	Intangible Assets	29
Note 13	Revaluation Surplus	30
Note 14	Trade and Other Payables	31
Note 15	Other Liabilities	32
Note 16	Lease Liabilities	33
Note 17	Information on Borrowings	34
Note 18	Employee Provisions	36
Note 19	Other Provisions	37
Note 20	Notes to the Statement of Cash Flows	38
Note 21	Total Assets Classified by Function and Activity	39
Note 22	Contingent Liabilities	40
Note 23	Commitments	41
Note 24	Elected Members Remuneration	42
Note 25	Related Party Transactions	44
Note 26	Investment in Associates	46
Note 27	Major Land Transactions	47
Note 28	Rating Information	48
Note 29	Rate Setting Statement Information	51
Note 30	Financial Risk Management	52
Note 31	Discontinued Operations	56
Note 32	Trust Funds	57
Note 33	Other Significant Accounting Policies	58
Note 34	Activities/Programs	59
Note 35	Financial Ratios	60

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

1. BASIS OF PREPARATION

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

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

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 32 to these financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

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

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

The following new accounting standards will have application to local government in future years:

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates - general rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees and charges - licenses, registrations, approvals	Buildings, planning, development and animal management, having the same nature as a license regardless of naming	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment of the license, registration or approval
Fees and charges - pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Fees and charges - other inspections	Regulatory food, health and safety	Single point in time	Full payment prior to inspection		Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Fees and charges - waste management collections	Kerbise collection services	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Fees and charges - property hire and entry	Use of halls and facilities	Single point in time	In full in advance, or on normal credit trading terms. Dependant upon fee	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction	On entry or at conclusion of hire
Fees and charges - memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction	Output method over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees and reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Fees and charges - sale of stock	Kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction	Output method based on goods
Fees and charges - fines	Fines issued for breaches of local laws	Single point in time	Payment in full within defined time	None	Adopted by council through local law	When taxable event occurs	Not applicable	When fine notice is issued
Other revenue - commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Other revenue - reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is lodged	Not applicable	When claim is agreed

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

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions			
Governance	101,844	63,062	3,528
General purpose funding	2,043,459	962,209	2,029,873
Law, order, public safety	521,370	529,180	465,190
Health	20,765	23,140	12,252
Education and welfare	553,511	506,758	49,184
Community amenities	7,039	1,100	490
Recreation and culture	12,478	36,043	335,725
Transport	167,919	197,810	5,478
Economic services	11,184	329,466	1,895
Other property and services	203,744	110,600	7,251
	3,643,313	2,759,368	2,910,866
Non-operating grants, subsidies and contributions			
Law, order, public safety	45,750	62,241	527,027
Education and welfare	16,851	0	22,132
Community amenities	183,180	170,000	3,588
Recreation and culture	2,709,376	4,030,671	52,478
Transport	2,016,922	4,611,491	1,365,637
Economic services	158,060	120,000	0
	5,130,139	8,994,403	1,970,862
	8,773,452	11,753,771	4,881,728
Total grants, subsidies and contributions			
Fees and charges			
Governance	607	400	99
General purpose funding	66,941	49,800	51,478
Law, order, public safety	56,451	48,400	48,389
Health	146,504	149,873	147,407
Education and welfare	281,607	246,399	258,838
Community amenities	1,210,467	1,133,836	1,145,468
Recreation and culture	189,874	225,486	167,856
Transport	1,287	500	1,338
Economic services	215,618	151,315	127,912
Other property and services	7	100	0
	2,169,363	2,006,109	1,948,785

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

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions	1,343,393	1,564,047	572,619
Fees and charges	2,555,405	2,466,774	2,643,673
Other revenue	14,448	1,650	1,621
Non-operating grants, subsidies and contributions	5,130,139	8,994,403	1,970,862
	9,043,385	13,026,874	5,188,775

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

Revenue recognised in the current period from performance obligations satisfied in previous periods	413,642	0	0
Revenue from contracts with customers recognised during the year	3,913,246	4,088,895	3,217,913
Revenue from transfers intended for acquiring or constructing recognisable non financial assets held as a liability at the start of the period	2,994,190	0	149,160
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	1,712,303	8,921,947	1,809,702
Other revenue from performance obligations satisfied during the year	10,004	16,032	12,000
	9,043,385	13,026,874	5,188,775

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

Trade and other receivables from contracts with customers	416,122	0	86,923
Contract assets	138,938	0	413,642
Contract liabilities from contracts with customers	(1,758)	0	0
Financial assets held from transfers for recognisable financial assets	2,386,027	0	2,994,190
Grant liabilities from transfers for recognisable non financial assets	(2,386,027)	0	(2,994,190)

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2021. Assets associated with contracts with customers were not subject to an impairment charge.

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

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

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

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	5,097,943	5,074,942	5,072,527
Statutory permits and licences	199,133	185,600	121,783
Fines	12,016	5,100	3,246
Waste Management Levy	501,322	497,000	492,822
	5,810,414	5,762,642	5,690,378
Assets and services acquired below fair value			
Contributed assets	0	0	303,098
	0	0	303,098
Other revenue			
Reimbursements and recoveries	0	0	217,550
Other	429	400	36,766
	429	400	254,316
Interest earnings			
Interest on reserve funds	28,180	63,325	87,618
Rates instalment and penalty interest (refer Note 28(c))	59,537	54,000	74,240
Other interest earnings	20,671	33,500	33,402
	108,388	150,825	195,260

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
Auditors remuneration			
Audit of the Annual Financial Report	26,400	27,600	31,000
Other services	5,560	16,500	7,095
	<u>31,960</u>	<u>44,100</u>	<u>38,095</u>
Interest expenses (finance costs)			
Borrowing *	11,935	12,521	10,164
Change in provision - unwinding of discount	12,928	0	0
Lease liabilities	2,775	3,430	1,850
	<u>27,638</u>	<u>15,951</u>	<u>12,014</u>

* Includes interest relating to the discontinued operational management of Tuia Lodge aged care home (refer Note 31). \$134 of interest expense relates to the discontinued operation, \$27,504 relates to normal operations.

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

3. CASH AND CASH EQUIVALENTS

NOTE	2021	2020
	\$	\$
Cash at bank and on hand	11,131,480	16,567,035
Total cash and cash equivalents	11,131,480	16,567,035

Restrictions

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

- Cash and cash equivalents	9,054,280	15,115,587
	<u>9,054,280</u>	<u>15,115,587</u>

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

Reserves - cash backed	4	5,426,258	6,651,263
Contract liabilities from contracts with customers	15	1,758	0
Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity	15	2,386,027	2,994,190
Bonds and Deposits	14	1,240,237	5,470,134
Total restricted assets		<u>9,054,280</u>	<u>15,115,587</u>

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

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

4. RESERVES - CASH BACKED

	2021		2021		2021		2021		2021		2020		2020	
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual	Actual	Actual
	Opening Balance	Intra Allocations	Transfer to	Transfer (from)	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Intra Allocation	Transfer to	Transfer (from)	Closing Balance	Actual
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Employee Entitlements Reserve	192,881	0	808	(193,689)	0	192,881	(7,500)	185,381	218,912	(8,000)	13,043	(31,074)	192,881	
(b) Waste Management Reserve	1,535,974	0	0	(59,567)	1,476,407	1,535,974	(125,000)	1,410,974	1,469,228	0	66,746	0	1,535,974	
(c) Bushfire Control & Management Reserve	2,282	0	0	0	2,282	2,282	0	2,282	2,282	0	0	0	2,282	
(d) Aged Housing Reserve	1,187,133	0	229,185	(206,135)	1,210,183	1,187,133	(42,180)	1,144,953	1,155,955	0	57,187	(26,009)	1,187,133	
(e) Covid 19 Reserve	102,532	0	0	(7,474)	95,058	102,532	0	102,532	0	185,000	0	(82,468)	102,532	
(f) Arbutnott Memorial Scholarship Reserve	3,585	0	0	(300)	3,285	3,585	(300)	3,285	3,885	0	0	(300)	3,585	
(g) Strategic Planning Studies Reserve	40,051	0	0	0	40,051	40,051	0	40,051	40,051	0	0	0	40,051	
(h) Land Development Reserve Fund	450,271	(100,000)	0	0	350,271	450,271	0	450,271	250,000	0	200,271	0	450,271	
(i) Vehicle Reserve	402,000	(121,645)	212,000	(100,560)	391,795	402,000	(237,310)	376,690	511,275	0	320,000	(429,275)	402,000	
(j) Roadworks Reserve	435,434	0	0	0	435,434	435,434	0	435,434	435,434	0	0	0	435,434	
(k) Revaluation Reserve	10,700	0	0	0	10,700	10,700	0	10,700	950	(30,250)	40,000	0	10,700	
(l) Central Business District Reserve	3,054	0	0	0	3,054	3,054	0	3,054	3,054	0	0	0	3,054	
(m) Buildings Reserve	758,523	191,676	0	(454,203)	495,996	758,523	(511,307)	247,216	853,366	(81,148)	270,000	(283,695)	758,523	
(n) Apple Funpark Reserve	99,521	(99,521)	0	0	0	99,521	0	99,521	99,521	0	0	0	99,521	
(o) Information Technology Reserve	107,522	(14,000)	0	0	93,522	107,522	(8,000)	99,523	119,522	(12,000)	0	0	107,522	
(p) Unspent Grants Reserve	0	0	0	0	0	0	0	0	1,837,875	0	0	(1,837,875)	0	
(q) Contribution To Works Reserve	0	0	1,000	(25,000)	129,744	153,744	0	153,744	328,641	(19,516)	0	(309,125)	0	
(r) Park and Reserves Reserve	153,744	0	280,605	(901,675)	688,476	1,139,556	(200,616)	938,940	75,276	(49,527)	150,000	(22,005)	153,744	
(s) Carried Forward Project Reserve	1,166,056	143,490	723,598	(1,948,603)	5,426,258	6,624,764	(1,132,213)	5,704,551	1,636,216	15,441	121,296	(606,897)	1,166,056	
	6,651,263	0	723,598	(1,948,603)	5,426,258	6,624,764	(1,132,213)	5,704,551	9,041,443	0	1,238,543	(3,628,723)	6,651,263	

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

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

Anticipated date of use	Purpose of the reserve
(a) Employee Entitlements Reserve	Established to provide for the payment of annual leave, long service leave, personal leave, and grandfathered gratuity scheme entitlements.
(b) Waste Management Reserve	To receive funds collected from the Shire's Waste Management Levy for the purpose of providing waste management facilities.
(c) Bushfire Control & Management Reserve	To receive funds collected from the Shire's Fire Protection Levy for the purpose of providing fire fighting equipment to meet the needs of the district.
(d) Aged Housing Reserve	Established to manage funds from aged housing schemes for the upgrade of Council managed aged housing facilities.
(e) Covid 19 Reserve	To fund initiatives and activities associated with the Shire's response and recovery from the COVID-19 pandemic.
(f) Arbutnott Memorial Scholarship Reserve	To fund the payment of the Arbutnott Scholarship.
(g) Strategic Planning Studies Reserve	Established to accumulate funds for engaging strategic studies / reports.
(h) Land Development Reserve Fund	To fund the purchase of land for future community purposes.
(i) Vehicle Reserve	To accumulate funds for the acquisition and replacement of Council's vehicle fleet.
(j) Roadworks Reserve	Established to accumulate funds for the construction, renewal and major maintenance of road infrastructure.
(k) Revaluation Reserve	Established to accumulate funds for asset revaluations and rates gross rental valuation - General revaluation.
(l) Buildings Reserve	To fund future Central Business District projects.
(m) Buildings Reserve	To accumulate funds for the construction, renewal and major maintenance of Council buildings.
(n) Apple Funpark Reserve	To receive donations and to provide for the future capital upgrade and maintenance of equipment and facilities at the Apple Funpark in Collins Street, Donnybrook.
(o) Information Technology Reserve	To accumulate funds for the acquisition and replacement of Information Technology equipment and software.
(p) Unspent Grants Reserve	To hold unexpended grants to be utilised in future financial periods.
(q) Contribution To Works Reserve	Fund Closed - Res 87/20, 24 June 2020
(r) Park and Reserves Reserve	Established to accumulate funds for the construction, renewal and major maintenance of parks & reserves infrastructure.
(s) Carried Forward Project Reserve	Established to accumulate funds from projects carried into future financial years.

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

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Self supporting loans

(b) Non-current assets

Financial assets at amortised cost

Financial assets at fair value through profit and loss

Financial assets at amortised cost

Self supporting loans

Financial assets at fair value through profit and loss

Units in Local Government House Trust

Shares in Bendigo Bank

	2021	2020
	\$	\$
	9,397	9,144
	9,397	9,144
	9,397	9,144
	9,397	9,144
	50,076	54,992
	86,867	86,867
	136,943	141,859
	50,076	54,992
	50,076	54,992
	61,867	61,867
	25,000	25,000
	86,867	86,867

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 17(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 30.

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

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable
Trade and other receivables
GST receivable
Accrued Income
Prepayments

Non-current

Pensioner's rates and ESL deferred
Accrued income
Other receivables

2021	2020
\$	\$
409,161	427,937
416,122	86,923
152,450	37,361
3,274	55,881
2,083	17,047
983,090	625,149
122,040	137,092
722,405	814,603
120,000	0
964,445	951,695

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 30.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

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

7. INVENTORIES

Current

Fuel and materials
 Land held for re-sale
 Gravel
 Work in progress (gravel)
 Kiosk supplies

	2021	2020
	\$	\$
	8,613	8,574
	0	45,468
	35,016	114,478
	200	200
	2,358	1,670
	46,187	170,390
	170,390	191,921
	(238,549)	(163,869)
	(45,468)	(118,202)
	159,814	260,540
	46,187	170,390

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year
 Disposal of land held for resale
 Additions to inventory

Balance at end of year

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

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

Land held for resale (Continued)

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

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

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

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land \$	Buildings - non- specialised \$	Total land and buildings \$	Furniture and equipment \$	Plant and equipment \$	Work in Progress - Movement \$	Total property, plant and equipment \$
Balance at 1 July 2019	4,297,400	26,118,143	30,415,543	57,475	5,234,350	99,954	35,807,322
Additions	0	377,282	377,282	0	682,534	789,016	1,848,832
Work in Progress Movement	0	2,967	2,967	0	0	(2,967)	0
(Disposals)	(110,000)	0	(110,000)	0	(262,234)	0	(372,234)
Depreciation (expense)	0	(1,150,623)	(1,150,623)	(9,897)	(704,326)	0	(1,864,846)
Additions - Donated Assets	0	0	0	303,098	0	0	303,098
Balance at 30 June 2020	4,187,400	25,347,769	29,535,169	350,676	4,950,324	886,003	35,722,172
Comprises:							
Gross balance amount at 30 June 2020	4,187,400	28,730,412	32,917,812	636,864	7,380,854	886,003	41,821,533
Accumulated depreciation at 30 June 2020	0	(3,382,643)	(3,382,643)	(286,188)	(2,430,530)	0	(6,099,361)
Balance at 30 June 2020	4,187,400	25,347,769	29,535,169	350,676	4,950,324	886,003	35,722,172
Additions	0	2,114,744	2,114,744	81,078	203,867	3,000	2,402,689
Work in Progress Movement	0	788,758	788,758	0	0	(788,758)	0
(Disposals)	0	0	0	(48,053)	(139,295)	0	(187,348)
Depreciation (expense)	0	(1,170,782)	(1,170,782)	(112,303)	(692,554)	0	(1,975,639)
Assets Written Off	0	0	0	0	0	(97,245)	(97,245)
Balance at 30 June 2021	4,187,400	27,080,489	31,267,889	271,398	4,322,342	3,000	35,864,629
Comprises:							
Gross balance amount at 30 June 2021	4,187,400	31,633,914	35,821,314	627,391	7,336,957	3,000	43,788,662
Accumulated depreciation at 30 June 2021	0	(4,553,425)	(4,553,425)	(355,993)	(3,014,615)	0	(7,924,033)
Balance at 30 June 2021	4,187,400	27,080,489	31,267,889	271,398	4,322,342	3,000	35,864,629

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties/ income approach using discounted cashflow methodology	Independent Valuer	June 2017	Price per hectare, market borrowing rate, sales evidence
Buildings - non-specialised	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2017	Construction costs (Level 2) and current condition (Level 3), residual values and remaining useful life assessments (Level 3)

(ii) Cost

Furniture and equipment

Plant and equipment

Cost	Cost	Purchase cost
Cost	Cost	Purchase cost

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

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

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - Roads	Infrastructure - Other	Infrastructure - Drainage	Infrastructure - Footpaths	Infrastructure - Bridges	Infrastructure - Work in Progress Movement	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	79,394,918	6,234,633	18,716,213	2,588,984	23,152,630	27,274	130,114,652
Additions	1,670,267	84,414	0	190,152	23,980	26,618	1,995,431
(Disposals)	0	0	0	0	0	0	0
Depreciation (expense)	(1,981,114)	(394,957)	(316,196)	(55,623)	(857,698)	0	(3,605,588)
Balance at 30 June 2020	79,084,071	5,924,090	18,400,017	2,723,513	22,318,912	53,892	128,504,495
Comprises:							
Gross balance at 30 June 2020	108,044,501	11,523,140	26,349,624	4,119,400	53,472,826	53,892	203,563,383
Accumulated depreciation at 30 June 2020	(28,960,430)	(5,599,050)	(7,949,607)	(1,395,887)	(31,153,914)	0	(75,058,888)
Balance at 30 June 2020	79,084,071	5,924,090	18,400,017	2,723,513	22,318,912	53,892	128,504,495
Comprises:							
Additions	1,853,291	593,943	0	269,833	1,113,956	841,076	4,672,099
Work in Progress - Movement	0	45,404	0	0	0	(45,404)	0
Depreciation (expense)	(2,009,629)	(397,145)	(316,195)	(58,083)	(857,919)	0	(3,638,971)
Balance at 30 June 2021	78,927,733	6,166,292	18,083,822	2,935,263	22,574,949	849,564	129,537,623
Comprises:							
Gross balance at 30 June 2021	109,897,792	12,162,487	26,349,624	4,389,233	54,586,782	849,564	208,235,482
Accumulated depreciation at 30 June 2021	(30,970,059)	(5,996,195)	(8,265,802)	(1,453,970)	(32,011,833)	0	(78,697,859)
Balance at 30 June 2021	78,927,733	6,166,292	18,083,822	2,935,263	22,574,949	849,564	129,537,623

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

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
	Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs (Level 2) and current age (Level 3). Residual values and remaining useful life assessments (Level 3).
	Infrastructure - Other	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs (Level 2) and current age (Level 3). Residual values and remaining useful life assessments (Level 3).
	Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs (Level 2) and current age (Level 3). Residual values and remaining useful life assessments (Level 3).
	Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs (Level 2) and current age (Level 3). Residual values and remaining useful life assessments (Level 3).
	Infrastructure - Bridges	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs (Level 2) and current age (Level 3). Residual values and remaining useful life assessments (Level 3).

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

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

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

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY Revaluation (Continued)

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

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

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

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

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

10. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	0	0	0	0	0	0	0	0	110,000	163,637	53,637	0
Furniture and equipment	48,053	0	0	(48,053)	0	0	0	0	245	245	0	0
Plant and equipment	139,295	122,091	20,058		190,810	168,209	9,869	(32,470)	262,234	235,546	12,062	(38,750)
Land Held for Resale	45,468	81,818	36,350	0	0	0	0	0	118,202	190,909	72,707	0
	232,816	203,909	56,408	(48,053)	190,810	168,209	9,869	(32,470)	490,436	590,337	138,651	(38,750)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Government				
Isuzu MUX - DB15	31,642	37,274	5,632	0
Education and welfare				
Hyundai Tuson Wagon - DB378	12,000	0	0	(12,000)
Hyundai Tuson Wagon - DB1145	10,000	0	0	(10,000)
Cummins Generator	6,000	0	0	(6,000)
Community amenities				
Toyota Fortuner - DB463	31,088	42,727	11,639	0
Transport				
Kubota Mower - DB898	7,088	8,000	912	0
Kubota Mower - DB606	15,299	9,000	0	(6,299)
Ford Ranger - DB102	14,328	11,365	0	(2,963)
Mitsubishi Triton - DB117	11,850	13,725	1,875	0
	139,295	122,091	20,058	(37,262)
Land Held for Resale				
Other Property and Services				
Lot 3 Mead Street	45,468	81,818	36,350	0
	45,468	81,818	36,350	0
Furniture & Equipment				
Education and welfare				
Hovertech Aair Patient Lift	2,400	0	0	(2,400)
Hi/Lo Electric Bed	8,400	0	0	(8,400)
12 Beds & Mattresses	9,600	0	0	(9,600)
4 x PC's & 2 x Notebooks	1,029	0	0	(1,029)
Air Mattresses	6,623	0	0	(6,623)
Maxi Scales & Slings	10,421	0	0	(10,421)
Veco Gas Dryer	9,580	0	0	(9,580)
	48,053	0	0	(48,053)
	232,816	203,909	56,408	(85,315)

* Includes disposals relating to the discontinued operational management of Tuia Lodge aged care home (refer Note 31). \$76,053 of disposals relates to the discontinued operation, \$9,262 relates to normal operations.

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

10. FIXED ASSETS

(b) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	1,170,782	1,150,912	1,150,623
Furniture and equipment	112,303	9,910	9,897
Plant and equipment	692,554	726,413	704,326
Right of Use Assets	56,410	0	59,270
Infrastructure - Roads	2,009,629	1,981,024	1,981,114
Infrastructure - Other	397,145	395,181	394,957
Infrastructure - Drainage	316,195	316,589	316,196
Infrastructure - Footpaths	58,083	55,472	55,623
Infrastructure - Bridges	857,919	858,733	857,698
	5,671,020	5,494,234	5,529,704

* Includes depreciation relating to the discontinued operational management of Tuia Lodge aged care home (refer Note 31). \$186,804 of depreciation relates to the discontinued operation, \$5,484,216 relates to normal operations.

Revision of useful lives of plant and equipment

During the year the estimated total useful lives of certain items of plant and equipment used in the maintenance of road infrastructure were revised. The net effect of the change is nil.

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	5 to 100 years
Office Furniture and Equipment	4 to 15 years
Computer Equipment	4 to 15 years
Plant and equipment	5 to 15 years
Infrastructure	
Bridges	27 to 77 years
Road clearing and earthworks	not depreciated
Road Pavement	40 to 45 years
Road Seal	15 years
Car Parks	40 years
Cycleways	40 years
Footpaths - Concrete	25 to 71 years
Footpaths - Slabs	25 to 71 years
Storm Water Drainage	83 years
Other	4 to 80 years

Depreciation on revaluation

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

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

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

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

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

11. LEASES

(a) Right-of-Use Assets

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

	Right-of-use assets - plant and equipment	Right-of-use assets Total
	\$	
Balance at 1 July 2019	114,804	114,804
Additions	34,367	34,367
Depreciation (expense)	(59,270)	(59,270)
Balance at 30 June 2020	89,901	89,901
Additions	32,018	32,018
Depreciation (expense)	(56,410)	(56,410)
Balance at 30 June 2021	65,509	65,509

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

	2021 Actual	2020 Actual
	\$	\$
Depreciation expense on lease liabilities	56,410	59,270
Interest expense on lease liabilities	2,775	1,850
Total amount recognised in the statement of comprehensive income	59,185	61,120
Total cash outflow from leases	(58,108)	(60,569)

The Shire of Donnybrook Balingup has seven leases relating to plant and equipment. The lease term for these leases vary up to 5 years. The measurement of lease liabilities does not include any future cash outflows associated with leases not yet commenced to which the Shire is committed.

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - valuation

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

Refer to Note 10 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

12. INTANGIBLE ASSETS

(a) Rehabilitation Assets

Non-current

Waste Cell Airspace
 Less: accumulated amortisation

	2021 Actual	2020 Actual
	\$	\$
Waste Cell Airspace	758,665	742,360
Less: accumulated amortisation	(685,256)	(656,704)
	73,409	85,656

Movements in carrying amounts of waste landfill assets during the financial year are shown as follows:

Carrying amount at beginning of period	85,656	0
Recognition of Waste Cell Airspace	16,305	742,360
Revaluation	0	(628,152)
Amortisation expense	(28,552)	(28,552)
Carrying amount at end of period	73,409	85,656
TOTAL INTANGIBLE ASSETS	73,409	85,656

The Shire operates the Donnybrook Waste Management Facility (DWMF) as the central waste processing and disposal facility for the Shire.

Landfills within Western Australia are required to have a plan for capping, closing and rehabilitating waste facilities at the end of its life.

An airspace asset is an intangible asset that is measured based on the net present value of the future cash flows required to meet the rehabilitation requirement details in the landfill licensing agreement.

A Landfill Closure Management Plan (LCMP) was prepared for the existing facility in 2013 in line with guidance standards. The LCMP specifies the final cap design, slopes, methods of managing storm water, post closure monitoring requirements including groundwater, surface water and landfill gas monitoring.

The LCMP has been approved by the Department of Water and Environmental Regulation.

Estimated costings for capping and monitoring the facility was undertaken in 2017 by ASK Waste Management Consultancy Services (Economic Review - Waste Facility Future Operations, March 2017).

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

13. REVALUATION SURPLUS

	2021		2021		2021		2020		2020		2020		2020	
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Movement on Revaluation	Closing Balance	Opening Balance	Change in Policy	Revaluation Increment	Revaluation (Decrement)	Total Movement on Revaluation	Revaluation Increment	Revaluation (Decrement)	Total Movement on Revaluation	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - Freehold land	2,629,439	0	0	0	2,629,439	3,010,439	(381,000)	0	0	(381,000)	0	0	0	2,629,439
Revaluation surplus - Buildings	13,377,810	0	0	0	13,377,810	13,377,810	0	0	0	0	0	0	0	13,377,810
Revaluation surplus - Furniture and Equipment	0	0	0	0	0	20,001	(20,001)	0	0	(20,001)	0	0	0	0
Revaluation surplus - Plant and Equipment	0	0	0	0	0	1,386,293	(1,386,293)	0	0	(1,386,293)	0	0	0	0
Revaluation surplus - Infrastructure - Roads	70,312,456	0	0	0	70,312,456	70,312,456	0	0	0	0	0	0	0	70,312,456
Revaluation surplus - Infrastructure - Other	7,452,600	0	0	0	7,452,600	7,452,600	0	0	0	0	0	0	0	7,452,600
Revaluation surplus - Infrastructure - Drainage	17,987,255	0	0	0	17,987,255	17,987,255	0	0	0	0	0	0	0	17,987,255
Revaluation surplus - Infrastructure - Footpaths	1,623,969	0	0	0	1,623,969	1,623,969	0	0	0	0	0	0	0	1,623,969
Revaluation surplus - Infrastructure - Bridges	17,408,375	0	0	0	17,408,375	17,408,375	0	0	0	0	0	0	0	17,408,375
	130,791,904	0	0	0	130,791,904	132,579,198	(1,787,294)	0	0	(1,787,294)	0	0	0	130,791,904

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 Aud 40.1.

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

14. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued salaries and wages
 ATO liabilities
 Bonds and deposits
 Accrued expenses
 Other payables

	2021	2020
	\$	\$
	515,429	328,724
	165,268	140,029
	0	220,175
	187,592	105,297
	1,240,237	5,470,134
	227,359	88,643
	0	100
	2,335,885	6,353,102

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Prepaid rates

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

Bonds and deposits

During the reporting period, Council transitioned operational management of the Tuia Lodge frail aged care facility to a private aged care provider. The decrease in bonds and deposits predominately relates to the transfer of Refundable Accommodation Deposits (RAD) to the new operator. Council retained RAD deposits in cases where the process of refunds had commenced prior to the transfer of operations. Council will manage the refund process for these remaining RAD deposits.

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

15. OTHER LIABILITIES

Current

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

2021	2020
\$	\$
1,758	0
2,386,027	2,994,190
2,387,785	2,994,190

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

Contract liabilities	Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
\$	\$
1,758	2,386,027
1,758	2,386,027

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

Less than 1 year

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

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

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

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

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

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

16. LEASE LIABILITIES

	2021	2020
(a) Lease Liabilities	\$	\$
Current	29,043	30,600
Non-current	39,094	39,652
	67,137	90,452

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Term	30 June 2021		30 June 2021		30 June 2021		30 June 2021		30 June 2021		30 June 2020		30 June 2020	
				Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
IT Equipment - Laptops																	
Printer/Copier - Works	009-0147653-06	Dell Financial	48 months	26,533	0	19,962	0	(6,605)	19,928	(456)	0	0	0	0	0	0	0
IT Equipment - Desktops	EGN0159715	Allesing Pty Ltd	33 months	2,132	0	924	0	(1,208)	924	(34)	3,314	0	(1,162)	2,132	0	0	0
Printer/Copier - Xerox	66380732	Capital Finance	6 months	0	0	0	0	0	0	(184)	3,565	0	(3,956)	0	0	0	0
IT Equipment - Desktops	EGN0162342	MAJA Financial	30 months	11,381	0	5,749	0	(5,632)	5,749	0	16,897	0	(5,162)	11,381	0	0	0
IT Equipment - Scanner	EGN0160847	MAJA Financial	30 months	2,064	0	696	0	(1,368)	696	(30)	3,404	0	(1,340)	2,064	0	0	0
IT Equipment - Switches	EGN0159185	Allesing Pty Ltd	9 months	0	0	0	0	0	0	0	6,381	0	(6,381)	0	0	0	0
IT Equipment - Laptops	EGN0159930	Allesing Pty Ltd	9 months	0	0	0	0	0	0	0	1,319	0	(1,319)	0	0	0	0
IT Equipment - Stacking Switches	214-0939437-06	De Lage Landen	60 months	0	32,018	27,265	0	(4,733)	26,797	(1,430)	0	0	0	0	0	0	0
Printer/Copier - Main Office	Budgeted lease	No contract at reporting date		0	0	0	0	(1,995)	7,980	(549)	0	0	0	0	0	0	0
Printer/Copier - Dev Services	Budgeted lease	No contract at reporting date		0	0	0	0	(707)	2,826	(193)	0	0	0	0	0	0	0
Law, order, public safety																	
CESM Vehicle	9188385	SG Fleet	25 months	16,848	0	0	0	(12,669)	4,179	(111)	33,350	0	(16,502)	16,848	0	0	0
Education and welfare																	
IT Equipment - Laptops	009-0147653-06	Dell Financial	48 months	7,144	0	5,375	0	(1,778)	5,366	(123)	0	7,290	(146)	7,144	0	0	0
Printer/Copier - Aeos	EGN0162061	MAJA Financial	15 months	741	0	0	0	(742)	(1)	(3)	3,670	0	(2,929)	741	0	0	0
Recreation and culture																	
Gym Equipment - Cardio	EGN0162250	MAJA Financial	30 months	14,929	0	5,028	0	(9,901)	5,028	(217)	24,627	0	(9,698)	14,929	0	0	0
Gym Equipment - Spin Bikes	EGN0162200	MAJA Financial	30 months	6,289	0	2,118	0	(4,171)	2,118	(91)	10,374	0	(4,085)	6,289	0	0	0
Gym Equipment - Bikes	EGN0159802	Allesing Pty Ltd	18 months	1,142	0	0	0	(573)	569	(2)	3,391	0	(2,249)	1,142	0	0	0
IT Equipment - Desktops	EGN0160846	Allesing Pty Ltd	18 months	1,249	0	0	0	(1,249)	(1)	(7)	3,708	0	(2,459)	1,249	0	0	0
				90,452	32,018	67,137	0	(53,333)	82,158	(3,430)	114,803	34,367	(68,718)	90,452	1,850	0	0

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

17. INFORMATION ON BORROWINGS

	2021	2020
(a) Borrowings		
Current	\$ 63,578	\$ 61,289
Non-current	338,988	589,794
	402,566	651,083

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2021		30 June 2021		30 June 2021		30 June 2021		30 June 2020		30 June 2020		
				Actual Principal 1 July 2020	Actual Debt waiver	Actual Principal repayments	Actual Interest repayments	Budget Principal repayments	Budget Interest repayments	Budget Principal repayments	Budget Interest repayments	Actual Principal 1 July 2020	Actual New Loans	Actual Principal repayments	Actual Interest repayments	
Health																
Denial Surgery Extension	74	WATC	5.83%	65,802	0	(11,692)	(3,603)	0	(11,693)	(3,668)	54,109	76,842	0	(11,040)	(4,260)	65,802
Education and welfare																
Tuia Lodge RAD's Borrowings	N/A	Tuia Lodge RAD's	N/A	187,229	(187,229)	0	0	0	0	0	187,229	187,229	0	0	0	187,229
Tuia Lodge Fire Suppression	93	WATC	1.58%	291,000	0	(27,083)	(4,412)	0	(27,083)	(4,491)	263,917	0	291,000	0	(854)	291,000
Economic services																
Collins St Storage Units	80	WATC	6.73%	42,916	0	(13,389)	(2,271)	0	(13,370)	(2,667)	29,546	55,429	0	(12,513)	(3,155)	42,916
				586,947	(187,229)	(52,144)	(10,286)	0	(52,146)	(10,826)	534,801	319,500	291,000	(23,553)	(8,269)	586,947
Self Supporting Loans																
Recreation and culture																
Donnybrook Country Club	90	WATC	2.74%	64,136	0	(9,144)	(1,649)	0	(9,144)	(1,695)	54,992	73,035	0	(8,899)	(1,895)	64,136
				64,136	0	(9,144)	(1,649)	0	(9,144)	(1,695)	54,992	73,035	0	(8,899)	(1,895)	64,136
				651,083	(187,229)	(61,298)	(11,935)	0	(61,290)	(12,521)	589,793	392,535	291,000	(32,452)	(10,164)	651,083

* WA Treasury Corporation

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

(c) Other Financial Liabilities

	2021	2020
Preston Village Lease Liability		
Carrying amount at beginning of period	\$ 3,965,000	\$ 4,022,000
Liability Increase	195,000	0
Liability Decrease	(92,564)	(57,000)
Carrying amount at end of period	4,067,436	3,965,000
Preston Village Lease Liability		
Current	\$ 215,436	\$ 306,000
Non-current	3,852,000	3,657,000
	4,067,436	3,965,000

Preston Village Lease Liability

Preston Village Lease Liability represents monies paid by the incoming leasees of the Preston Retirement Village, Sharp Street Donnybrook under a life tenancy lease arrangement.

The proceeds received from the life tenancies are initially classified as a non-current liability as the Shire is only required to repay these funds to a vacating leasee, or their estate, in the event that the Shire is unable to attract a subsequent leasee within the 3-year time period, as specified in the lease agreement.

The lease liability in respect to each unit leased will remain unchanged unless the Shire is required to refund any lease amount in which case the lease liability will be reduced when refunded.

Where a leasee has vacated a property prior to balance date, the loan liability to the leasee has been classified as non-current as the Shire will not be required to repay the leasee until the property is re-leased. In the event that the property will be re-leased within the next 12 months, the existing liability will be replaced with a new non current liability with no net impact on the Shire's Statement of Financial Position.

In the event that Council elects not to market a vacated unit, or the unit will have been vacant for a period of three years at a date falling within the next 12 months, any loan liability on the property will be classified as current.

The respective cost of land and buildings to which the leases relate are recorded at fair value within the Shire's property, plant and equipment (Note 8a).

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

17. INFORMATION ON BORROWINGS (Continued)

(d) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance 1 July 2020	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2021
		\$	\$	\$	\$
Tuia Lodge Fire Suppression System	2019/20	41,680	0	(41,680)	0
		41,680	0	(41,680)	0

(e) Undrawn Borrowing Facilities

	2021	2020
	\$	\$
Credit Standby Arrangements		
Bank overdraft limit - Municipal Fund	100,000	100,000
Bank overdraft limit - Dept Transport Licensing	10,000	10,000
Bank overdraft at balance date	0	0
Credit card limit	9,000	9,000
Credit card balance at balance date	(1,610)	(1,653)
Total amount of credit unused	117,390	117,347
Loan facilities		
Loan facilities - current	63,578	61,289
Loan facilities - non-current	338,988	589,794
Lease liabilities - current	29,043	50,600
Lease liabilities - non-current	38,094	39,852
Total facilities in use at balance date	469,703	741,535
Unused loan facilities at balance date	0	41,680

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 30.

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

18. EMPLOYEE RELATED PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2020			
Current provisions	513,894	438,098	951,992
Non-current provisions	0	128,045	128,045
	513,894	566,143	1,080,037
Additional provision	166,497	10,267	176,764
Amounts used	(299,531)	(59,363)	(358,894)
Balance at 30 June 2021	380,860	517,047	897,907
Comprises			
Current	380,860	422,064	802,924
Non-current	0	94,983	94,983
	380,860	517,047	897,907

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

	2021 \$	2020 \$
Less than 12 months after the reporting date	394,595	622,170
More than 12 months from reporting date	503,312	457,867
	897,907	1,080,037

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

19. OTHER PROVISIONS

	Provision for Waste Cell Rehabilitation	Total
	\$	\$
Opening balance at 1 July 2020		
Non-current provisions	742,360	742,360
	742,360	742,360
Additional provision	16,305	16,305
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	12,928	12,928
Balance at 30 June 2021	771,593	771,593
Comprises		
Non-current	771,593	771,593
	771,593	771,593

Provision for Waste Cell Rehabilitation

The Shire operates the Donnybrook Waste Management Facility (DWMF) as the central waste processing and disposal facility for the Shire.

Landfills within Western Australia are required to have a plan for capping, closing and rehabilitating waste facilities at the end of its life.

A Landfill Closure Management Plan (LCMP) was prepared for the existing facility in 2013 in line with guidance standards. The LCMP specifies the final cap design, slopes, methods of managing storm water, post closure monitoring requirements including groundwater, surface water and landfill gas monitoring.

The LCMP has been approved by the Department of Water and Environmental Regulation.

Estimated costings for the capping and monitoring the facility was undertaken in 2017 by ASK Waste Management Consultancy Services (Economic Review - Waste Facility Future Operations, March 2017).

20. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	11,131,480	11,891,003	16,567,035
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	616,427	3,269,459	(2,854,895)
Non-cash flows in Net result:			
Depreciation on non-current assets	5,671,020	5,494,234	5,529,704
Amortisation on Intangible Assets	28,552	0	28,552
Donated Assets	0	0	(303,098)
(Profit)/loss on sale of asset *	(8,356)	22,601	(99,901)
Asset write-off	97,245	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(250,691)	(150,000)	348,557
(Increase)/decrease in inventories	78,735	0	21,531
(Increase)/decrease in contract assets	274,704	263,642	(400,673)
(Increase)/decrease in contract liabilities	(606,405)	(2,535,622)	1,902,252
Increase/(decrease) in payables	212,680	(352,482)	(217,359)
Increase/(decrease) in employee provisions	(182,130)	0	186,061
Increase/(decrease) in other provisions	12,928	0	628,152
Increase/(decrease) in other financial liabilities	(187,229)	0	0
Non-operating grants, subsidies and contributions	(5,130,139)	(9,293,045)	(3,616,063)
Net cash from operating activities	627,342	(3,281,213)	1,152,820

* Includes disposals relating to the discontinued operational management of Tuia Lodge aged care home (refer Note 31). \$(76,053) of disposals relates to the discontinued operation, \$47,146 relates to normal operations.

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

21. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	12,985,289	18,353,640
General purpose funding	780,460	672,983
Law, order, public safety	3,800,609	4,128,678
Health	1,261,688	1,304,373
Education and welfare	11,486,694	11,305,108
Housing	138,000	643,000
Community amenities	815,110	715,023
Recreation and culture	20,468,978	18,354,165
Transport	123,453,794	123,539,652
Economic services	1,499,969	1,412,630
Other property and services	2,261,059	2,851,886
	178,951,650	183,281,138

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

22. CONTINGENT LIABILITIES

The Shire of Donnybrook Balingup has identified the following sites, in relation to land owned, vested or leased, that is known to be, or suspected of being contaminated. As at the date of this report the value and timing of remediation has not been ascertained.

Location	Land Use	Nature of Potential Contamination
A197 - Lot 13 Bentley Street, Donnybrook	Former Shire Depot	Hydrocarbon
A3418 - Res 30530 Boyup Brook Road, Lowden	Former Landfill Site	Petrescible Waste
A3420 - Res 30773 Boyup Brook Road, Mumballup	Former Landfill Site	Petrescible Waste
A3611 - F21 Valentines Road, Newlands	Former Waste Facility	Buried Waste
A4014 - Lot 597, Plan 38225, Donnybrook	Historic Station Loading Yard	Heavy Metals
A3605 - Lot 2928 F27 Gavins Road, Donnybrook	Landfill Site	Landfill Waste Material
A3444 - Lot 506, 39 Sandhills Road, Beelerup	Depot	Herbicides Mixed onsite

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

23. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

	2021	2020
	\$	\$
	1,198,566	0
	106,902	0
	1,305,468	0
	1,305,468	0

Payable:

- not later than one year

The capital expenditure projects outstanding at the end of the current reporting period represent the construction of the Apple Funpark redevelopment, VC Mitchell park redevelopment, Donnybrook Waste Management Facility and the purchase of a Tip Truck, Parks & Gardens Ute and vehicle for Building Surveyor.

24. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cr Brian Piesse			
President's annual allowance	10,008	10,008	10,008
Meeting attendance fees	12,102	12,102	12,102
Other expenses	0	100	0
Telecommunications allowance	2,750	3,278	2,750
Travel expenses	943	983	1,204
	25,803	26,471	26,064
Cr Jackie Massey			
Deputy President's annual allowance	2,502	2,502	2,502
Meeting attendance fees	9,858	9,858	6,697
Other expenses	20	100	51
Telecommunications allowance	1,100	1,628	747
Travel expenses	1,992	983	2,798
	15,472	15,071	12,795
Cr Shane Atherton			
Meeting attendance fees	9,858	9,858	9,858
Other expenses	28	100	0
Telecommunications allowance	1,100	1,628	1,100
Travel expenses	0	983	0
	10,986	12,569	10,958
Cr Anita Lindemann			
Meeting attendance fees	9,858	9,858	9,858
Other expenses	0	100	0
Telecommunications allowance	1,100	1,628	1,100
Travel expenses	0	983	441
	10,958	12,569	11,399
Cr Anne Mitchell			
Meeting attendance fees	9,858	9,858	9,858
Other expenses	0	100	0
Telecommunications allowance	1,100	1,628	1,100
Travel expenses	0	983	0
	10,958	12,569	10,958
Cr Chaz Newman			
Meeting attendance fees	9,858	9,858	6,697
Other expenses	28	100	177
Telecommunications allowance	1,100	1,628	747
Travel expenses	203	983	0
	11,189	12,569	7,621
Cr Chris Smith			
Meeting attendance fees	9,858	9,858	6,697
Other expenses	28	100	63
Telecommunications allowance	1,100	1,628	747
Travel expenses	0	983	0
	10,986	12,569	7,507

24. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cr Leanne Wringe			
Meeting attendance fees	9,858	9,858	9,858
Other expenses	0	100	0
Telecommunications allowance	1,100	1,628	1,100
Travel expenses	0	983	0
	10,958	12,569	10,958
Cr Shane Sercombe			
Meeting attendance fees	5,668	9,858	6,697
Other expenses	0	100	0
Telecommunications allowance	633	1,628	747
Travel expenses	0	983	229
	6,301	12,569	7,673
Cr Michael King			
Meeting attendance fees	0	0	2,441
Telecommunications allowance	0	0	321
Travel expenses	0	0	1,169
	0	0	3,931
Cr Fred Mills			
Meeting attendance fees	0	0	3,161
Telecommunications allowance	0	0	353
Travel expenses	0	0	683
	0	0	4,197
Cr Dawn Tan			
Meeting attendance fees	0	0	3,161
Telecommunications allowance	0	0	353
Travel expenses	0	0	71
	0	0	3,585
Cr Ryan Van der Heide			
Meeting attendance fees	0	0	3,161
Telecommunications allowance	0	0	353
	0	0	3,514
	113,611	129,525	253,988
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	10,008	10,008	10,008
Deputy President's allowance	2,502	2,502	2,502
Meeting attendance fees	86,776	90,966	223,074
Other expenses	104	900	0
Telecommunications allowance	11,083	16,302	11,808
Travel expenses	3,138	8,847	6,596
	113,611	129,525	253,988

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

25. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Shire during the year are as follows:	2021 Actual \$	2020 Actual \$
Short-term employee benefits	508,422	450,291
Post-employment benefits	49,993	49,003
Other long-term benefits	54,558	50,837
Termination benefits	0	29,351
	612,973	579,482

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

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

25. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

The following transactions occurred with related parties:

	2021 Actual	2020 Actual
Purchase of goods and services	\$ 41,120	\$ 78,495

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

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

iii. Entities subject to significant influence by the Shire

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

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

26. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

(a) Share of joint operations

Arrangements with Homeswest relate to four sets of Well Aged housing complexes located on South Western Highway, Donnybrook. The Shire is required to recognise any trading surplus from the operation of these units as Restricted Assets, and is further required to maintain a Contingency Reserve for future major maintenance.

Minninup Cottages, Units 5-8 (lot 486) built in 1982/83
 Council Equity - 34.48%
 Homeswest Equity - 65.52%

Minninup Cottages, Units 9-12 (lot 479) built in 1992/93
 Council Equity - 15.2%
 Homeswest Equity - 84.8%

Langley Villas, Units 1-6 (lot 100) built in 1994/95
 Council Equity - 20.8%
 Homeswest Equity - 79.2%

Langley Villas, Units 7-9 (lot 100) built in 2001/02
 Council Equity - 35.98%
 Homeswest Equity - 64.02%

Non current assets	823,433	820,719
Total assets	823,433	820,719

The income and expenses associated with this joint operation are:

Statement of Comprehensive Income		
Operating revenue	171,461	162,095
Other expenditure	(157,356)	(114,529)
Net Result for the Period	14,105	47,566

Other Comprehensive Income

Items that will not be reclassified subsequently to profit or loss
 Changes in Asset Revaluation Surplus
 Total Other Comprehensive Income for the Period

	0	0
	0	0

Total Comprehensive Income for the Period

	14,105	47,566
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The Shire has a 50% Equity interest in the Donnybrook Community Library situated on Education Department Land (Reserve 24032 Bentley Street, Donnybrook). Operational and maintenance costs are apportioned between the Shire and the Education Department based on estimated usage patterns.

Assets	694,871	802,882
Total assets	694,871	802,882
Current liabilities	0	1,249
Total liabilities	0	1,249

Statement of Comprehensive income

Other revenue	316	349
Donated Assets	0	303,098
Other expenditure	(395,513)	(334,555)
Net result for the period	(395,197)	(31,108)

Total comprehensive income for the period

	(395,197)	(31,108)
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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.

27. MAJOR LAND TRANSACTIONS

There are no major land transactions identified for 2020/2021 financial year.

28. RATING INFORMATION

(a) Rates

RATE TYPE

Differential general rate / general rate

Gross rental valuations

General Rate

Unimproved valuations

General Rate

Sub-Total

Minimum payment

Gross rental valuations

General Rate

Unimproved valuations

General Rate

Sub-Total

Discounts/concessions (Note 28(b))

Total amount raised from general rate

Less rates written Off

Totals

Rate in \$	Number of Properties	2020/21 Actual		2020/21 Actual		2020/21 Actual		2020/21 Actual		2020/21 Actual		2020/21 Actual	
		Rateable Value	Revenue	Rate	Revenue	Back Rates	Revenue	Interim Rate	Revenue	Back Rate	Revenue	Interim Rate	Revenue
8.1733	1,028	20,184,849	1,649,769	1,649,769	30,085	1,679,854	2,250	1,649,768	0	1,652,018	2,250	1,636,108	1,636,108
0.5377	828	333,619,044	1,793,869	1,793,869	0	1,793,869	2,250	1,793,870	0	1,796,120	2,250	1,793,556	1,793,556
Minimum \$	1,856	353,803,893	3,443,638	3,443,638	30,085	3,473,723	4,500	3,443,638	0	3,448,138	4,500	3,429,664	3,429,664
1,104	950	8,810,362	1,048,800	1,048,800	0	1,048,800	0	1,048,800	0	1,048,800	0	1,065,360	1,065,360
1,104	526	71,373,036	580,704	580,704	0	580,704	0	580,704	0	580,704	0	584,016	584,016
	1,476	80,183,398	1,629,504	1,629,504	0	1,629,504	0	1,629,504	0	1,629,504	0	1,649,376	1,649,376
	3,332	433,987,291	5,073,142	5,073,142	30,085	5,103,227	4,500	5,073,142	0	5,077,642	4,500	5,079,040	5,079,040
						(2,550)				(2,700)		0	0
						5,100,677				5,074,942		5,079,040	5,079,040
						(2,734)				0		(6,513)	(6,513)
						5,097,943				5,074,942		5,072,527	5,072,527

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer.

Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

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

28. RATING INFORMATION (Continued)

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

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2021		2020	
				Actual	Budget	Actual	
General Rates	Concession	Various	\$	\$	\$	\$	
			(2,550)	(2,700)	(2,700)	0	
			(2,550)	(2,700)	(2,700)	0	
Total discounts/concessions (Note 28(a))				(2,550)	(2,700)	0	

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects and reasons of the Waiver or Concession
General Rates	A concession on general rates for selected properties where the property crosses a boundary with a neighbouring local government.	To recognise the impact of rates charged by two local governments for same property

28. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	15/10/2020	Nil	Nil	8.00%
Option Two				
First instalment	15/10/2020	11.00	5.50%	8.00%
Second instalment	12/02/2021	11.00	5.50%	8.00%
Option Three				
First instalment	15/10/2020	11.00	5.50%	
Second instalment	14/12/2020	11.00	5.50%	8.00%
Third instalment	12/02/2021	11.00	5.50%	8.00%
Fourth instalment	13/04/2021	11.00	5.50%	8.00%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	42,312	37,500	53,368
Interest on instalment plan	17,225	16,500	20,872
Charges on instalment plan	24,866	29,100	22,515
Charges on special arrangement plan	0	0	8,275
	84,403	83,100	105,030

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

29. RATE SETTING STATEMENT INFORMATION

		2020/21 Budget	2019/20
	2020/21 (30 June 2021 Carried Forward)	(30 June 2021 Carried Forward)	(30 June 2020 Carried Forward)
Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	10(a) (56,408)	(9,869)	(138,651)
Less: Non-cash grants and contributions for assets	2(a) 0	0	(303,098)
Less: Current Asset - Land Held for Resale proceeds	10(a) (45,468)	0	(118,202)
Less: Movement in liabilities associated with restricted cash	(192,881)	0	(26,031)
Less: Change in Provision - unwinding of discount	19 12,928	0	0
Less: Debt waiver - Tuia Lodge	18(b) (187,229)	0	0
Movement in pensioner deferred rates (non-current)	6 15,052	0	24,520
Movement in employee benefit provisions (non-current)	18 (33,062)	0	(11,690)
Movement Accrued Income (non-current)	92,198	0	(56,570)
Add: Loss on disposal of assets	10(a) 85,315	32,470	38,750
Add: Intangible asset revaluation to P&L	12(a) 0	0	628,151
Add: Asset write off	97,245	0	0
Add: Depreciation on non-current assets	10(b) 5,671,020	5,494,234	5,529,704
Add: Amortisation on non-current assets	12(a) 28,552	0	28,552
Non cash amounts excluded from operating activities	5,487,262	5,516,835	5,595,435
(b) Surplus/(deficit) after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserves - cash backed	4 (5,426,258)	(5,704,551)	(6,651,263)
Less: Financial assets at amortised cost - self supporting loans	5(a) (9,397)	0	(9,144)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	17(a) 63,578	0	61,289
- Current portion of lease liabilities	16(a) 29,043	0	50,600
- Current portion of other financial liabilities	17(c) 215,436	0	308,000
- Employee benefit provisions (cash backed)	0	192,881	192,881
Total adjustments to net current assets	(5,127,598)	(5,511,670)	(6,047,637)
Net current assets used in the Rate Setting Statement			
Total current assets	12,309,092	12,951,964	17,785,360
Less: Total current liabilities	(5,834,651)	(7,440,294)	(10,719,173)
Less: Total adjustments to net current assets	(5,127,598)	(5,511,670)	(6,047,637)
Net current assets used in the Rate Setting Statement	1,346,843	0	1,018,550

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

30. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing
2021					
Cash and cash equivalents	0.11%	11,131,480	1,000,381	10,128,939	2,160
2020					
Cash and cash equivalents	0.26%	16,567,035	12,449,868	4,115,007	2,160

Sensitivity

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

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

	2021	2020
	\$	\$
	101,289	41,150

* 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 17(b).

30. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	99,605	100,749	53,986	154,821	409,161
Loss allowance	0	0	0	0	0
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	148,860	97,964	53,955	127,158	427,937
Loss allowance	0	0	0	0	0

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	398,621	16,211	1,100	190	416,122
Loss allowance	0	0	0	0	0
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	51,242	14,062	3,606	18,013	86,923
Loss allowance	0	0	0	0	0

30. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Contract Assets

The Shire's contract assets represent work completed, which have not been invoiced at year end. This is due to the Shire not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Shire applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Shire has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

30. 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 17(e).

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 \$	after 5 years \$	Total contractual cash flows \$	Carrying values \$
2021					
Payables	2,335,885	0	0	2,335,885	2,335,885
Borrowings	73,811	263,170	174,128	511,109	402,566
Other Financial Liabilities	215,436	0	3,852,000	4,067,436	4,067,436
Contract liabilities	1,923,219	269,443	195,123	2,387,785	2,387,785
Lease liabilities	29,043	38,094	0	67,137	67,137
	4,577,394	570,707	4,221,251	9,369,352	9,260,809
2020					
Payables	6,353,102	0	0	6,353,102	6,353,102
Borrowings	73,811	338,062	286,465	698,338	651,083
Other Financial Liabilities	308,000	0	3,657,000	3,965,000	3,965,000
Contract liabilities	60,422	2,728,641	205,127	2,994,190	2,994,190
Lease liabilities	50,600	39,852	0	90,452	90,452
	6,845,935	3,106,555	4,148,592	14,101,082	14,053,827

31. DISCONTINUED OPERATIONS

The Shire discontinued operational management of Tuia Lodge aged care home during the reporting year. Analysis of the financial impact of discontinued operations is as follows.

Changes to Statement of Comprehensive Income by Nature or Type

	2021	2020
Revenue		
Operating grants, subsidies and contributions	2,228,964	2,038,747
Fees and charges	911,285	1,150,200
Interest earnings	19,876	64,404
Other revenue	201,247	1,268
	<u>3,361,372</u>	<u>3,254,619</u>
Expenses		
Employee costs	(2,871,626)	(2,690,889)
Materials and contracts	(740,204)	(844,298)
Utility charges	(73,076)	(83,444)
Depreciation on non-current assets	(186,804)	(180,187)
Interest expense	(134)	(58)
Insurance expenses	(31,967)	(23,996)
Other expenses	(26,203)	(4,403)
Loss on Asset Disposal	(76,053)	0
	<u>(4,006,067)</u>	<u>(3,827,275)</u>
Profit / (Loss) from discontinued operations	<u>(644,695)</u>	<u>(572,656)</u>

Revenue and expenses from the operations were previously reported under Education and Welfare Program

Changes to Statement of Comprehensive Income by Program

	2021	2020
Revenue		
Education and Welfare	3,361,372	3,254,619
	<u>3,361,372</u>	<u>3,254,619</u>
Expenses		
Education and Welfare	(4,006,067)	(3,827,275)
	<u>(4,006,067)</u>	<u>(3,827,275)</u>
Profit / (Loss) from discontinued operations	<u>(644,695)</u>	<u>(572,656)</u>
Cashflows from discontinued operations		
Net cashflow from discontinued operations	<u>(381,838)</u>	<u>(392,469)</u>

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

32. 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 2020	Amounts Received	Amounts Paid	30 June 2021
	\$	\$	\$	\$
Cash in Lieu of Public Open Space	184,652	81,086	0	265,738
	184,652	81,086	0	265,738

SHIRE OF DONNYBROOK BALINGUP

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

33. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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

34. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.</p>	
<p>GOVERNANCE To provide a decision-making process for the efficient allocation of scarce resources.</p>	<p>Includes the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific local government services.</p>
<p>GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.</p>	<p>Rates, general purpose government grants and interest revenue.</p>
<p>LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.</p>
<p>HEALTH To provide an operational framework for environmental and community health.</p>	<p>Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.</p>
<p>EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.</p>	<p>Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of</p>
<p>HOUSING To provide and maintain elderly residents housing.</p>	<p>Provision and maintenance of staff and elderly residents housing.</p>
<p>COMMUNITY AMENITIES To provide services required by the community.</p>	<p>Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery, and public conveniences.</p>
<p>RECREATION AND CULTURE To establish and effectively manage infrastructure and resources which will help the social wellbeing</p>	<p>Maintenance of public halls, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens, and and maintenance of street trees, street lighting etc.</p>
<p>ECONOMIC SERVICES To help promote the local government and its economic wellbeing.</p>	<p>Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control, and standpipes. Building Control.</p>
<p>OTHER PROPERTY AND SERVICES To monitor and control operating accounts.</p>	<p>Private works operations, plant repair and costs.</p>

35. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	1.48	1.41	1.00
Asset consumption ratio	0.65	0.66	0.68
Asset renewal funding ratio (Note 1)	N/A	N/A	N/A
Asset sustainability ratio	0.95	0.51	0.63
Debt service cover ratio	16.57	17.47	38.04
Operating surplus ratio	(0.54)	(0.55)	(0.47)
Own source revenue coverage ratio	0.44	0.47	0.47

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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

Note 1: The ARFR ratio requires a breakdown of renewal, versus new, versus upgrade of capital expenditure. The adopted Shire of Donnybrook Balingup Long Term Financial Plan 2020 - 2040 does not include this breakdown, therefore the ratio is unable to be calculated.