

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

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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
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FOR THE YEAR ENDED 30 JUNE 2021

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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
Total grants, subsidies and contributions	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	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

Auditors remuneration

Audit of the Annual Financial Report

Other services

Interest expenses (finance costs)

Borrowing *

Change in provision - unwinding of discount

Lease liabilities

Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
	26,400	27,600	31,000
	5,560	16,500	7,095
	31,960	44,100	38,095
17(b)	11,935	12,521	10,164
19	12,928	0	0
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

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
	9,054,280	15,115,587

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		9,054,280	15,115,587

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 Actual Opening Balance	2021 Actual Intra Allocations	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Transfer (from)	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Intra Allocation	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing 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) Arbuthnott 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) Arbuthnott Memorial Scholarship Reserve	Ongoing	To fund the payment of the Arbuthnott 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
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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

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

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

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

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
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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
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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				
Hovortech 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
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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
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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
\$	\$
758,665	742,360
(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
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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
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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
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15. OTHER LIABILITIES

Current

Contract liabilities

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

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

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

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

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

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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
	58,137	90,452

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Term	30 June 2021 Actual Lease Principal 1 July 2020	30 June 2021 Budget Lease Principal 1 July 2020	30 June 2021 Actual New Leases	30 June 2021 Budget Lease Principal 1 July 2020	30 June 2021 Actual Lease Principal 1 July 2020	30 June 2021 Budget Lease Principal 1 July 2020	30 June 2021 Actual Lease Interest Repayments	30 June 2021 Budget Lease Interest Repayments	30 June 2020 Actual Lease Principal 1 July 2019	30 June 2020 Actual Lease Principal 1 July 2019	30 June 2020 Actual Lease Interest Repayments	30 June 2020 Actual Lease Interest Repayments
Governance															
IT Equipment - Laptops	009-0147653-0X Dell Financial		48 months	26,533	0	0	0	0	0	0	0	26,533	0	0	0
Printer/Copier - Works	EN0159975	Alleasing Pty Ltd	33 months	2,132	0	0	0	0	0	0	0	2,132	0	0	0
IT Equipment - Desktops	EN0159771	Alleasing Pty Ltd	6 months	0	0	0	0	0	0	0	0	0	0	0	0
Printer/Copier - Xerox	66380732	Capital Finance	3 months	0	0	0	0	0	0	0	0	0	0	0	0
IT Equipment - Desktops	EN0162242	MAIA Financial	30 months	11,381	0	0	0	0	0	0	0	11,381	0	0	0
IT Equipment - Scanner	EN0160847	MAIA Financial	30 months	2,064	0	0	0	0	0	0	0	2,064	0	0	0
IT Equipment - Switches	EN0159185	Alleasing Pty Ltd	9 months	0	0	0	0	0	0	0	0	0	0	0	0
IT Equipment - Laptops	EN0159930	Alleasing Pty Ltd	9 months	0	0	0	0	0	0	0	0	0	0	0	0
IT Equipment - Stacking Switches	214-0939437-0X De Lage Landen		60 months	0	0	0	0	0	0	0	0	0	0	0	0
Printer/Copier - Main Office	Budgeted lease No contract at reporting date			0	0	0	0	0	0	0	0	0	0	0	0
Printer/Copier - Dev Services	Budgeted lease No contract at reporting date			0	0	0	0	0	0	0	0	0	0	0	0
Law, order, public safety															
CESM Vehicle	9188385	SG Fleet	25 months	16,848	0	0	0	0	0	0	0	16,848	0	0	0
Education and welfare															
IT Equipment - Laptops	009-0147653-0X Dell Financial		48 months	7,144	0	0	0	0	0	0	0	7,144	0	0	0
Printer/Copier - Aeos	EN0162061	MAIA Financial	15 months	741	0	0	0	0	0	0	0	741	0	0	0
Recreation and culture															
Gym Equipment - Cardio	EN0162250	MAIA Financial	30 months	14,929	0	0	0	0	0	0	0	14,929	0	0	0
Gym Equipment - Spin Bikes	EN0162200	MAIA Financial	30 months	6,289	0	0	0	0	0	0	0	6,289	0	0	0
Gym Equipment - Bikes	EN0159802	Alleasing Pty Ltd	18 months	1,142	0	0	0	0	0	0	0	1,142	0	0	0
IT Equipment - Desktops	EN0160846	Alleasing Pty Ltd	18 months	1,249	0	0	0	0	0	0	0	1,249	0	0	0
				90,452	32,018	0	0	0	0	0	0	114,803	34,367	0	1,850

SHIRE OF DONNYBROOK BALINGUP
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17. INFORMATION ON BORROWINGS

(a) 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 Principal 1 July 2020	30 June 2021 Actual Debt waiver	30 June 2021 Actual Principal repayments	30 June 2021 Actual Interest repayments	30 June 2021 Actual Principal outstanding	Budget Principal 1 July 2020	30 June 2021 Budget New Loans	30 June 2021 Budget Principal repayments	30 June 2021 Budget Interest repayments	30 June 2021 Budget Principal outstanding	Actual Principal 1 July 2019	30 June 2020 Actual New Loans	30 June 2020 Actual Principal repayments	30 June 2020 Actual Interest repayments	30 June 2020 Actual 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

Preston Village Lease Liability

	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
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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

Credit Standby Arrangements

	2021	2020
	\$	\$
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

	2021	2020
	\$	\$
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.

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:	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
	<u>742,360</u>	<u>742,360</u>
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	<u>771,593</u>	<u>771,593</u>
Comprises		
Non-current	771,593	771,593
	<u>771,593</u>	<u>771,593</u>

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.

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
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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
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23. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects	1,198,566	0
- plant & equipment purchases	106,902	0
	1,305,468	0

Payable:

- not later than one year	1,305,468	0
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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
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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
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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
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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 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 \$
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
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 \$											
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
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
						(2,550)				(2,700)	0
						5,100,677				5,074,942	5,079,040
						(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
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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)
(2,550)

(2,700)
(2,700)

0
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

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29. RATE SETTING STATEMENT INFORMATION

		2020/21 Budget (30 June 2021)	2020/21 Carried Forward) (30 June 2021)	2019/20 Carried Forward) (30 June 2020)
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

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>

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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

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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.

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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.

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.