

**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



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Chief Executive Officer

Benjamin (Ben) Rose

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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<br>Actual<br>\$ | 2021<br>Budget<br>\$ | 2020<br>Actual<br>\$ |
|--|-------|----------------------|----------------------|----------------------|
| <b>Revenue</b>   |       |                      |                      |                      |
| 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              |
|  |       | <b>11,019,436</b>    | <b>9,991,644</b>     | <b>10,381,754</b>    |
| <b>Expenses</b>  |       |                      |                      |                      |
| 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)          |
|  |       | <b>(14,935,599)</b>  | <b>(15,163,563)</b>  | <b>(14,734,756)</b>  |
|  |       | <b>(3,916,163)</b>   | <b>(5,171,919)</b>   | <b>(4,353,002)</b>   |
| 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)             |
|  |       | <b>5,177,285</b>     | <b>8,971,802</b>     | <b>2,070,763</b>     |
| <b>Discontinued Operations</b>                         |       |                      |                      |                      |
| Profit / (Loss) on discontinued operations             | 31    | (644,695)            | (530,424)            | (572,656)            |
| <b>Net result for the period</b>                       |       |                      |                      |                      |
|  |       | <b>616,427</b>       | <b>3,269,459</b>     | <b>(2,854,895)</b>   |
| <b>Other comprehensive income</b>                      |       |                      |                      |                      |
|  |       | <b>0</b>             | <b>0</b>             | <b>0</b>             |
| <b>Total other comprehensive income for the period</b> |       |                      |                      |                      |
|  |       | <b>0</b>             | <b>0</b>             | <b>0</b>             |
| <b>Total comprehensive income for the period</b>       |       |                      |                      |                      |
|  |       | <b>616,427</b>       | <b>3,269,459</b>     | <b>(2,854,895)</b>   |

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<br>Actual<br>\$ | 2021<br>Budget<br>\$ | 2020<br>Actual<br>\$ |
|--|-------|----------------------|----------------------|----------------------|
| <b>Revenue</b>   |       |                      |                      |                      |
|  | 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              |
|  |       | <b>11,019,436</b>    | <b>9,991,644</b>     | <b>10,381,754</b>    |
| <b>Expenses</b>  |       |                      |                      |                      |
|  | 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)            |
|  |       | <b>(14,908,095)</b>  | <b>(15,147,738)</b>  | <b>(14,722,800)</b>  |
| <b>Finance Costs</b>                                   |       |                      |                      |                      |
|  | 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)              |
|  |       | <b>(27,504)</b>      | <b>(15,825)</b>      | <b>(11,956)</b>      |
|  |       | <b>(3,916,163)</b>   | <b>(5,171,919)</b>   | <b>(4,353,002)</b>   |
| 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)             |
|  |       | <b>5,177,285</b>     | <b>8,971,802</b>     | <b>2,070,763</b>     |
| <b>Discontinued Operations</b>                         |       |                      |                      |                      |
| Profit / (Loss) on discontinued operations             | 31    | (644,695)            | (530,424)            | (572,656)            |
| <b>Net result for the period</b>                       |       | <b>616,427</b>       | <b>3,269,459</b>     | <b>(2,854,895)</b>   |
| <b>Other comprehensive income</b>                      |       | <b>0</b>             | <b>0</b>             | <b>0</b>             |
| <b>Total other comprehensive income for the period</b> |       | <b>0</b>             | <b>0</b>             | <b>0</b>             |
| <b>Total comprehensive income for the period</b>       |       | <b>616,427</b>       | <b>3,269,459</b>     | <b>(2,854,895)</b>   |

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               |
|--------------------------------------|-------|--------------------|--------------------|
|                                      |       | \$                 | \$                 |
| <b>CURRENT ASSETS</b>                |       |                    |                    |
| 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            |
| <b>TOTAL CURRENT ASSETS</b>          |       | <b>12,309,092</b>  | <b>17,785,360</b>  |
| <b>NON-CURRENT ASSETS</b>            |       |                    |                    |
| 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             |
| <b>TOTAL NON-CURRENT ASSETS</b>      |       | <b>166,642,558</b> | <b>165,495,778</b> |
| <b>TOTAL ASSETS</b>                  |       | <b>178,951,650</b> | <b>183,281,138</b> |
| <b>CURRENT LIABILITIES</b>           |       |                    |                    |
| 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            |
| <b>TOTAL CURRENT LIABILITIES</b>     |       | <b>5,834,651</b>   | <b>10,719,173</b>  |
| <b>NON-CURRENT LIABILITIES</b>       |       |                    |                    |
| 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            |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |       | <b>5,095,658</b>   | <b>5,157,051</b>   |
| <b>TOTAL LIABILITIES</b>             |       | <b>10,930,309</b>  | <b>15,876,224</b>  |
| <b>NET ASSETS</b>                    |       | <b>168,021,341</b> | <b>167,404,914</b> |
| <b>EQUITY</b>                        |       |                    |                    |
| 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        |
| <b>TOTAL EQUITY</b>                  |       | <b>168,021,341</b> | <b>167,404,914</b> |

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<br>SURPLUS<br>\$ | RESERVES<br>CASH<br>BACKED<br>\$ | REVALUATION<br>SURPLUS<br>\$ | TOTAL<br>EQUITY<br>\$ |
|-----------------------------------|------|---------------------------|----------------------------------|------------------------------|-----------------------|
| <b>Balance as at 1 July 2019</b>  |      | <b>30,426,462</b>         | <b>9,041,443</b>                 | <b>130,791,904</b>           | <b>170,259,809</b>    |
| 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                     |
| <b>Balance as at 30 June 2020</b> |      | <b>29,961,747</b>         | <b>6,651,263</b>                 | <b>130,791,904</b>           | <b>167,404,914</b>    |
| 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                     |
| <b>Balance as at 30 June 2021</b> |      | <b>31,803,179</b>         | <b>5,426,258</b>                 | <b>130,791,904</b>           | <b>168,021,341</b>    |

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<br>Actual<br>\$ | 2021<br>Budget<br>\$ | 2020<br>Actual<br>\$ |
|--|-------|----------------------|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                              |       |                      |                      |                      |
| <b>Receipts</b>  |       |                      |                      |                      |
| 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           |
| <b>Payments</b>  |       |                      |                      |                      |
| 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)         |
| <b>Net cash provided by (used in) operating activities</b>               | 20    | 664,604              | (3,281,213)          | 1,152,820            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                              |       |                      |                      |                      |
| 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              |
| <b>Net cash provided by (used in) investment activities</b>              |       | (1,736,077)          | (1,610,425)          | 252,833              |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                              |       |                      |                      |                      |
| 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                    |
| <b>Net cash provided by (used in) financing activities</b>               |       | (4,364,082)          | 159,839              | 199,830              |
| <b>Net increase (decrease) in cash held</b>                              |       | (5,435,555)          | (4,731,799)          | 1,605,483            |
| Cash at beginning of year  |       | 16,567,035           | 16,622,802           | 14,961,552           |
| <b>Cash and cash equivalents at the end of the year</b>                  | 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<br>Actual<br>\$ | 2021<br>Budget<br>\$ | 2020<br>Actual<br>\$ |
|--|--------|----------------------|----------------------|----------------------|
| <b>OPERATING ACTIVITIES</b>  |        |                      |                      |                      |
| <b>Net current assets at start of financial year - surplus/(deficit)</b> | 29 (b) | 1,018,550            | 1,037,126            | (1,066,973)          |
|  |        | 1,018,550            | 1,037,126            | (1,066,973)          |
| <b>Revenue from operating activities (excluding rates)</b>               |        |                      |                      |                      |
| 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            |
| <b>Expenditure from operating activities</b>                             |        |                      |                      |                      |
| 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            |
| <b>Amount attributable to operating activities</b>                       |        | (3,105,843)          | (4,245,923)          | (5,369,822)          |
| <b>INVESTING ACTIVITIES</b>  |        |                      |                      |                      |
| 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)          |
| <b>Amount attributable to investing activities</b>                       |        | (1,736,077)          | (1,909,071)          | (1,274,165)          |
| <b>FINANCING ACTIVITIES</b>  |        |                      |                      |                      |
| 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            |
| <b>Amount attributable to financing activities</b>                       |        | 1,090,820            | 1,080,052            | 2,590,010            |
| <b>Surplus/(deficit) before imposition of general rates</b>              |        | (3,751,100)          | (5,074,942)          | (4,053,977)          |
| <b>Total amount raised from general rates</b>                            | 28(a)  | 5,097,943            | 5,074,942            | 5,072,527            |
| <b>Surplus/(deficit) after imposition of general rates</b>               | 29(b)  | 1,346,843            | 0                    | 1,018,550            |

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

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

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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<br>Actual<br>\$ | 2021<br>Budget<br>\$ | 2020<br>Actual<br>\$ |
|--|----------------------|----------------------|----------------------|
| <b>Operating grants, subsidies and contributions</b>     |                      |                      |                      |
| 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                |
|  | <b>3,643,313</b>     | <b>2,759,368</b>     | <b>2,910,866</b>     |
| <b>Non-operating grants, subsidies and contributions</b> |                      |                      |                      |
| 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                    |
|  | <b>5,130,139</b>     | <b>8,994,403</b>     | <b>1,970,862</b>     |
|  | <b>8,773,452</b>     | <b>11,753,771</b>    | <b>4,881,728</b>     |
| <b>Fees and charges</b>                                  |                      |                      |                      |
| 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                    |
|  | <b>2,169,363</b>     | <b>2,006,109</b>     | <b>1,948,785</b>     |

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<br>Actual<br>\$ | 2021<br>Budget<br>\$ | 2020<br>Actual<br>\$ |
|---|----------------------|----------------------|----------------------|
| 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)**

(b) Expenses

| Note  | 2021<br>Actual<br>\$ | 2021<br>Budget<br>\$ | 2020<br>Actual<br>\$ |
|---|----------------------|----------------------|----------------------|
| <b>Auditors remuneration</b>                |                      |                      |                      |
| Audit of the Annual Financial Report        | 26,400               | 27,600               | 31,000               |
| Other services                              | 5,560                | 16,500               | 7,095                |
|   | 31,960               | 44,100               | 38,095               |
| <b>Interest expenses (finance costs)</b>    |                      |                      |                      |
| Borrowing *                                 | 11,935               | 12,521               | 10,164               |
| Change in provision - unwinding of discount | 12,928               | 0                    | 0                    |
| Lease liabilities                           | 2,775                | 3,430                | 1,850                |
|   | 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        |
| <b>Total cash and cash equivalents</b> |      | <u>11,131,480</u> | <u>16,567,035</u> |

**Restrictions**

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

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

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

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

**Restricted assets**

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

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

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

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

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

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

**SHIRE OF DONNYBROOK BALINGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**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    |
|---|---------|---------|
|   | \$      | \$      |
| Financial assets at amortised cost                            | 9,397   | 9,144   |
|   | 9,397   | 9,144   |
| <b>Other financial assets at amortised cost</b>               |         |         |
| Self supporting loans   | 9,397   | 9,144   |
|   | 9,397   | 9,144   |
| <b>(b) Non-current assets</b>                                 |         |         |
| Financial assets at amortised cost                            | 50,076  | 54,992  |
| Financial assets at fair value through profit and loss        | 86,867  | 86,867  |
|   | 136,943 | 141,859 |
| <b>Financial assets at amortised cost</b>                     |         |         |
| Self supporting loans   | 50,076  | 54,992  |
|   | 50,076  | 54,992  |
| <b>Financial assets at fair value through profit and loss</b> |         |         |
| Units in Local Government House Trust                         | 61,867  | 61,867  |
| Shares in Bendigo Bank  | 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         |
| <b>983,090</b> | <b>625,149</b> |
| 122,040        | 137,092        |
| 722,405        | 814,603        |
| 120,000        | 0              |
| <b>964,445</b> | <b>951,695</b> |

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other receivables**

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

**Impairment and risk exposure**

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 30.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Classification and subsequent measurement**

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

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

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

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

**7. INVENTORIES**

**Current**

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

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

The following movements in inventories occurred during the year:

**Balance at beginning of year**

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

**Balance at end of year**

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

**Land held for resale**

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

**Land held for resale (Continued)**

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

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

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

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

|  | Land      | Buildings - non-specialised | Total land and buildings | Furniture and equipment | Plant and equipment | Work in Progress - Movement | Total property, plant and equipment |
|--|-----------|-----------------------------|--------------------------|-------------------------|---------------------|-----------------------------|-------------------------------------|
|  | \$        | \$                          | \$                       | \$                      | \$                  | \$                          | \$                                  |
| <b>Balance at 1 July 2019</b>            | 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                             |
| <b>Balance at 30 June 2020</b>           | 4,187,400 | 25,347,769                  | 29,535,169               | 350,676                 | 4,950,324           | 886,003                     | 35,722,172                          |
| <b>Comprises:</b>                        |           |                             |                          |                         |                     |                             |                                     |
| 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)                         |
| <b>Balance at 30 June 2020</b>           | 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)                            |
| <b>Balance at 30 June 2021</b>           | 4,187,400 | 27,080,489                  | 31,267,889               | 271,398                 | 4,322,342           | 3,000                       | 35,864,629                          |
| <b>Comprises:</b>                        |           |                             |                          |                         |                     |                             |                                     |
| 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)                         |
| <b>Balance at 30 June 2021</b>           | 4,187,400 | 27,080,489                  | 31,267,889               | 271,398                 | 4,322,342           | 3,000                       | 35,864,629                          |

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

| Asset Class                    | Fair Value Hierarchy | Valuation Technique   | Basis of Valuation | Date of Last Valuation | Inputs Used   |
|--------------------------------|----------------------|---|--------------------|------------------------|---|
| <b>(i) Fair Value</b>          |                      |   |                    |                        |   |
| <b>Land and buildings</b>      |                      |   |                    |                        |   |
| 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) |
| <b>(ii) Cost</b>               |                      |   |                    |                        |   |
| <b>Furniture and equipment</b> |                      | Cost  | Cost               |                        | Purchase cost   |
| <b>Plant and equipment</b>     |                      | Cost  | Cost               |                        | Purchase cost   |

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

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

9. INFRASTRUCTURE

(a) Movements in Balances

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

|  | Infrastructure -<br>Roads | Infrastructure -<br>Other | Infrastructure -<br>Drainage | Infrastructure -<br>Footpaths | Infrastructure -<br>Bridges | Infrastructure -<br>Work in Progress<br>Movement | Total<br>Infrastructure |
|--|---------------------------|---------------------------|------------------------------|-------------------------------|-----------------------------|--|-------------------------|
|  | \$                        | \$                        | \$                           | \$                            | \$                          | \$   | \$                      |
| <b>Balance at 1 July 2019</b>            | 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)             |
| <b>Balance at 30 June 2020</b>           | 79,084,071                | 5,924,090                 | 18,400,017                   | 2,723,513                     | 22,318,912                  | 53,892   | 128,504,495             |
| <b>Comprises:</b>                        |                           |                           |                              |                               |                             |  |                         |
| 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)            |
| <b>Balance at 30 June 2020</b>           | 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)             |
| <b>Balance at 30 June 2021</b>           | 78,927,733                | 6,166,292                 | 18,083,822                   | 2,935,263                     | 22,574,949                  | 849,564  | 129,537,623             |
| <b>Comprises:</b>                        |                           |                           |                              |                               |                             |  |                         |
| 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)            |
| <b>Balance at 30 June 2021</b>           | 78,927,733                | 6,166,292                 | 18,083,822                   | 2,935,263                     | 22,574,949                  | 849,564  | 129,537,623             |

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

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

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

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

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

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

**10. FIXED ASSETS**

**SIGNIFICANT ACCOUNTING POLICIES**

**Fixed assets**

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

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

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

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

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

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

**Revaluation**

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

**AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY Revaluation (Continued)**

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

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

**Land under roads from 1 July 2019**

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

**Vested improvements from 1 July 2019**

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

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

**SHIRE OF DONNYBROOK BALINGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**10. FIXED ASSETS**

(a) Disposals of Assets

|                         | 2021<br>Actual<br>Net Book<br>Value | 2021<br>Actual<br>Sale<br>Proceeds | 2021<br>Actual<br>Profit | 2021<br>Actual<br>Loss | 2021<br>Budget<br>Net Book<br>Value | 2021<br>Budget<br>Sale<br>Proceeds | 2021<br>Budget<br>Profit | 2021<br>Budget<br>Loss | 2020<br>Actual<br>Net Book<br>Value | 2020<br>Actual<br>Sale<br>Proceeds | 2020<br>Actual<br>Profit | 2020<br>Actual<br>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                      |
|                         | <b>232,816</b>                      | <b>203,909</b>                     | <b>56,408</b>            | <b>(48,053)</b>        | <b>190,810</b>                      | <b>168,209</b>                     | <b>9,869</b>             | <b>(32,470)</b>        | <b>490,436</b>                      | <b>590,337</b>                     | <b>138,651</b>           | <b>(38,750)</b>        |

The following assets were disposed of during the year.

|                                    | 2021<br>Actual<br>Net Book<br>Value | 2021<br>Actual<br>Sale<br>Proceeds | 2021<br>Actual<br>Profit | 2020<br>Actual<br>Loss |
|------------------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| <b>Plant and Equipment</b>         |                                     |                                    |                          |                        |
| <b>Governance</b>                  |                                     |                                    |                          |                        |
| Isuzu MUX - DB15                   | 31,642                              | 37,274                             | 5,632                    | 0                      |
| <b>Education and welfare</b>       |                                     |                                    |                          |                        |
| 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)                |
| <b>Community amenities</b>         |                                     |                                    |                          |                        |
| Toyota Fortuner - DB463            | 31,088                              | 42,727                             | 11,639                   | 0                      |
| <b>Transport</b>                   |                                     |                                    |                          |                        |
| 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                      |
|                                    | <b>139,295</b>                      | <b>122,091</b>                     | <b>20,058</b>            | <b>(37,262)</b>        |
| <b>Land Held for Resale</b>        |                                     |                                    |                          |                        |
| <b>Other Property and Services</b> |                                     |                                    |                          |                        |
| Lot 3 Mead Street                  | 45,468                              | 81,818                             | 36,350                   | 0                      |
|                                    | <b>45,468</b>                       | <b>81,818</b>                      | <b>36,350</b>            | <b>0</b>               |
| <b>Furniture &amp; Equipment</b>   |                                     |                                    |                          |                        |
| <b>Education and welfare</b>       |                                     |                                    |                          |                        |
| Hovertech Aair Patient Lift        | 2,400                               | 0                                  | 0                        | (2,400)                |
| Hi/Lo Electric Bed                 | 8,400                               | 0                                  | 0                        | (8,400)                |
| 12 Beds & Mattresses               | 9,600                               | 0                                  | 0                        | (9,600)                |
| 4 x PC's & 2 x Notebooks           | 1,029                               | 0                                  | 0                        | (1,029)                |
| Air Mattresses                     | 6,623                               | 0                                  | 0                        | (6,623)                |
| Maxi Scales & Slings               | 10,421                              | 0                                  | 0                        | (10,421)               |
| Veco Gas Dryer                     | 9,580                               | 0                                  | 0                        | (9,580)                |
|                                    | <b>48,053</b>                       | <b>0</b>                           | <b>0</b>                 | <b>(48,053)</b>        |
|                                    | <b>232,816</b>                      | <b>203,909</b>                     | <b>56,408</b>            | <b>(85,315)</b>        |

\* 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.

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**10. FIXED ASSETS**

**(b) Depreciation**

|                             | 2021<br>Actual | 2021<br>Budget | 2020<br>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 -<br>plant and equipment | Right-of-use assets<br>Total |
|--------------------------------|--|------------------------------|
|                                | \$   |                              |
| <b>Balance at 1 July 2019</b>  | 114,804                                      | 114,804                      |
| Additions                      | 34,367                                       | 34,367                       |
| Depreciation (expense)         | (59,270)                                     | (59,270)                     |
| <b>Balance at 30 June 2020</b> | 89,901                                       | 89,901                       |
| Additions                      | 32,018                                       | 32,018                       |
| Depreciation (expense)         | (56,410)                                     | (56,410)                     |
| <b>Balance at 30 June 2021</b> | 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<br>Actual | 2020<br>Actual |
|---|----------------|----------------|
|   | \$             | \$             |
| Depreciation expense on lease liabilities                               | 56,410         | 59,270         |
| Interest expense on lease liabilities                                   | 2,775          | 1,850          |
| <b>Total amount recognised in the statement of comprehensive income</b> | 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<br>Actual | 2020<br>Actual |
|--------------------------------|----------------|----------------|
|                                | \$             | \$             |
| Waste Cell Airspace            | 758,665        | 742,360        |
| Less: accumulated amortisation | (685,256)      | (656,704)      |
|                                | 73,409         | 85,656         |

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

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

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13. REVALUATION SURPLUS

|  | 2021<br>Opening<br>Balance | 2021<br>Revaluation<br>Increment | 2021<br>Revaluation<br>(Decrement) | Total<br>Movement on<br>Revaluation | 2021<br>Closing<br>Balance | 2020<br>Opening<br>Balance | 2020<br>Change in<br>Policy | 2020<br>Revaluation<br>Increment | 2020<br>Revaluation<br>(Decrement) | Total<br>Movement on<br>Revaluation | 2020<br>Closing<br>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.

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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              |
|  | <b>2,335,885</b> | <b>6,353,102</b> |

**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

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

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

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

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

Less than 1 year

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

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

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

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

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

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

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

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**16. LEASE LIABILITIES**

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

(b) Movements in Carrying Amounts

| Purpose                          | Lease Number   | Institution                   | Lease Term | 30 June 2021                       |                         | 30 June 2020                     |                                    | 30 June 2020            |                                  |                                    |
|----------------------------------|----------------|-------------------------------|------------|------------------------------------|-------------------|------------------------------------|-------------------|------------------------------------|-------------------|------------------------------------|-------------------|------------------------------------|-------------------------|----------------------------------|------------------------------------|-------------------------|----------------------------------|------------------------------------|
|                                  |                |                               |            | Actual Lease Principal 1 July 2020 | Actual New Leases | Budget Lease Principal 1 July 2020 | Budget New Leases | Actual Lease Principal 1 July 2020 | Actual New Leases | Budget Lease Principal 1 July 2020 | Budget New Leases | Actual Lease Principal 1 July 2020 | Actual Lease Repayments | Budget Lease Interest Repayments | Actual Lease Principal Outstanding | Actual Lease Repayments | Budget Lease Interest Repayments | Actual Lease Principal Outstanding |
| <b>Government</b>                |                |                               |            |                                    |                   |                                    |                   |                                    |                   |                                    |                   |                                    |                         |                                  |                                    |                         |                                  |                                    |
| IT Equipment - Laptops           | 009-0147653-0X | Dell Financial                | 48 months  | 26,533                             | 0                 | (6,505)                            | 0                 | 19,928                             | (456)             | 0                                  | 0                 | 19,928                             | (456)                   | 0                                | 0                                  | (544)                   | 26,533                           | 45                                 |
| Printer/Copier - Works           | EN015975       | Alleasing Pty Ltd             | 33 months  | 2,132                              | 0                 | (1,208)                            | 0                 | 924                                | (34)              | 0                                  | 0                 | 924                                | (34)                    | 0                                | 0                                  | (1,822)                 | 2,132                            | 60                                 |
| IT Equipment - Desktops          | EN0159771      | Alleasing Pty Ltd             | 3 months   | 0                                  | 0                 | 0                                  | 0                 | 0                                  | (184)             | 0                                  | 0                 | 0                                  | (184)                   | 0                                | 0                                  | (3,895)                 | 0                                | 21                                 |
| Printer/Copier - Xerox           | 66380732       | Capital Finance               | 3 months   | 0                                  | 0                 | 0                                  | 0                 | 0                                  | 0                 | 0                                  | 0                 | 0                                  | 0                       | 0                                | 0                                  | 0                       | 0                                | 0                                  |
| IT Equipment - Desktops          | EN0162242      | MAIA Financial                | 30 months  | 11,381                             | 0                 | (5,632)                            | 0                 | 5,749                              | (30)              | 0                                  | 0                 | 5,749                              | (30)                    | 0                                | 0                                  | (5,516)                 | 11,381                           | 283                                |
| IT Equipment - Scanner           | EN0160947      | MAIA Financial                | 30 months  | 2,064                              | 0                 | (1,368)                            | 0                 | 686                                | (31)              | 0                                  | 0                 | 686                                | (31)                    | 0                                | 0                                  | (1,340)                 | 2,064                            | 58                                 |
| IT Equipment - Switches          | EN0159185      | Alleasing Pty Ltd             | 9 months   | 0                                  | 0                 | 0                                  | 0                 | 0                                  | 0                 | 0                                  | 0                 | 0                                  | 0                       | 0                                | 0                                  | (6,381)                 | 0                                | 56                                 |
| IT Equipment - Laptops           | EN0159930      | Alleasing Pty Ltd             | 9 months   | 0                                  | 0                 | 0                                  | 0                 | 0                                  | 0                 | 0                                  | 0                 | 0                                  | 0                       | 0                                | 0                                  | (1,319)                 | 0                                | 11                                 |
| IT Equipment - Stacking Switches | 214-0939437-0X | Die Lage Landen               | 60 months  | 0                                  | 32,018            | (4,733)                            | 32,069            | 26,797                             | (1,430)           | 0                                  | 0                 | 26,797                             | (1,430)                 | 0                                | 0                                  | 0                       | 0                                | 0                                  |
| Printer/Copier - Main Office     | Budgeted lease | No contract at reporting date |            | 0                                  | 0                 | (1,995)                            | 9,975             | 7,980                              | (549)             | 0                                  | 0                 | 7,980                              | (549)                   | 0                                | 0                                  | 0                       | 0                                | 0                                  |
| Printer/Copier - Dev. Services   | Budgeted lease | No contract at reporting date |            | 0                                  | 0                 | (707)                              | 3,533             | 2,826                              | (193)             | 0                                  | 0                 | 2,826                              | (193)                   | 0                                | 0                                  | 0                       | 0                                | 0                                  |
| Law, order, public safety        | 9188385        | SG Fleet                      | 25 months  | 16,848                             | 0                 | (12,669)                           | 0                 | 4,179                              | (111)             | 0                                  | 0                 | 4,179                              | (111)                   | 0                                | 0                                  | (16,502)                | 16,848                           | 538                                |
| <b>Education and welfare</b>     |                |                               |            |                                    |                   |                                    |                   |                                    |                   |                                    |                   |                                    |                         |                                  |                                    |                         |                                  |                                    |
| IT Equipment - Laptops           | 009-0147653-0X | Dell Financial                | 48 months  | 7,144                              | 0                 | (1,778)                            | 0                 | 5,366                              | (123)             | 0                                  | 0                 | 5,366                              | (123)                   | 0                                | 0                                  | (146)                   | 7,144                            | 12                                 |
| Printer/Copier - Aeos            | EN0162061      | MAIA Financial                | 15 months  | 741                                | 0                 | (741)                              | 0                 | (1)                                | (3)               | 0                                  | 0                 | (1)                                | (3)                     | 0                                | 0                                  | (2,929)                 | 741                              | 46                                 |
| <b>Recreation and culture</b>    |                |                               |            |                                    |                   |                                    |                   |                                    |                   |                                    |                   |                                    |                         |                                  |                                    |                         |                                  |                                    |
| Gym Equipment - Cardio           | EN0162250      | MAIA Financial                | 30 months  | 14,929                             | 0                 | (9,901)                            | 0                 | 5,028                              | (217)             | 0                                  | 0                 | 5,028                              | (217)                   | 0                                | 0                                  | (9,698)                 | 14,929                           | 421                                |
| Gym Equipment - Spin Bikes       | EN0162200      | MAIA Financial                | 30 months  | 6,289                              | 0                 | (4,171)                            | 0                 | 2,118                              | (91)              | 0                                  | 0                 | 2,118                              | (91)                    | 0                                | 0                                  | (4,085)                 | 6,289                            | 177                                |
| Gym Equipment - Bikes            | EN0159802      | Alleasing Pty Ltd             | 18 months  | 1,142                              | 0                 | (1,142)                            | 0                 | 0                                  | (9)               | 0                                  | 0                 | 0                                  | (9)                     | 0                                | 0                                  | (2,249)                 | 1,142                            | 49                                 |
| IT Equipment - Desktops          | EN0160946      | Alleasing Pty Ltd             | 18 months  | 1,249                              | 0                 | (1,249)                            | 0                 | 0                                  | (7)               | 0                                  | 0                 | 0                                  | (7)                     | 0                                | 0                                  | (2,459)                 | 1,249                            | 54                                 |
|                                  |                |                               |            | 90,452                             | 32,018            | (55,333)                           | 45,577            | 82,158                             | (3,430)           | 0                                  | 0                 | 82,158                             | (3,430)                 | 0                                | 0                                  | (58,718)                | 90,452                           | 1,850                              |

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

**17. INFORMATION ON BORROWINGS**

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

**(b) Repayments - Borrowings**

| Particulars                   | Loan Number | Institution      | Interest Rate | Actual      | 30 June 2021 | 30 June 2021         | 30 June 2021        | 30 June 2021          | Budget      | 30 June 2021 | 30 June 2021         | 30 June 2021        | 30 June 2021          | Actual      | 30 June 2020 | 30 June 2020         | 30 June 2020        | 30 June 2020          |
|-------------------------------|-------------|------------------|---------------|-------------|--------------|----------------------|---------------------|-----------------------|-------------|--------------|----------------------|---------------------|-----------------------|-------------|--------------|----------------------|---------------------|-----------------------|
|                               |             |                  |               | Principal   | Actual       | Actual               | Actual              | Budget                | Budget      | Budget       | Budget               | Principal           | Actual                | Actual      | Actual       | Actual               | Principal           | Actual                |
|                               |             |                  |               | 1 July 2020 | Debt waiver  | Principal repayments | Interest repayments | Principal outstanding | 1 July 2020 | New Loans    | Principal repayments | Interest repayments | Principal outstanding | 1 July 2019 | New Loans    | Principal repayments | Interest repayments | Principal outstanding |
|                               |             |                  |               | \$          | \$           | \$                   | \$                  | \$                    | \$          | \$           | \$                   | \$                  | \$                    | \$          | \$           | \$                   | \$                  | \$                    |
| <b>Health</b>                 |             |                  |               |             |              |                      |                     |                       |             |              |                      |                     |                       |             |              |                      |                     |                       |
| 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                |
| <b>Education and welfare</b>  |             |                  |               |             |              |                      |                     |                       |             |              |                      |                     |                       |             |              |                      |                     |                       |
| 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               |
| <b>Economic services</b>      |             |                  |               |             |              |                      |                     |                       |             |              |                      |                     |                       |             |              |                      |                     |                       |
| 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               |
| <b>Self Supporting Loans</b>  |             |                  |               |             |              |                      |                     |                       |             |              |                      |                     |                       |             |              |                      |                     |                       |
| <b>Recreation and culture</b> |             |                  |               |             |              |                      |                     |                       |             |              |                      |                     |                       |             |              |                      |                     |                       |
| Donnybrook Country Club       | 90          | WATC             | 2.74%         | 64,136      | 0            | (9,144)              | (1,649)             | 54,992                | 64,136      | 0            | (9,144)              | (1,695)             | 54,992                | 73,035      | 0            | (8,899)              | (1,895)             | 64,136                |
|                               |             |                  |               | 64,136      | 0            | (9,144)              | (1,649)             | 54,992                | 64,136      | 0            | (9,144)              | (1,695)             | 54,992                | 73,035      | 0            | (8,899)              | (1,895)             | 64,136                |
|                               |             |                  |               | 651,083     | (187,229)    | (61,288)             | (11,935)            | 402,566               | 651,083     | 0            | (61,290)             | (12,521)            | 589,793               | 392,535     | 291,000      | (32,452)             | (10,164)            | 651,083               |

\* WA Treasury Corporation

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

**(c) Other Financial Liabilities**

|  | 2021      | 2020      |
|--|-----------|-----------|
|  | \$        | \$        |
| <b>Preston Village Lease Liability</b> |           |           |
| Carrying amount at beginning of period | 3,965,000 | 4,022,000 |
| Liability Increase                     | 195,000   | 0         |
| Liability Decrease                     | (92,564)  | (57,000)  |
| Carrying amount at end of period       | 4,067,436 | 3,965,000 |
|  |           |           |
|  | 2021      | 2020      |
|  | \$        | \$        |
| Current                                | 215,436   | 308,000   |
| Non-current                            | 3,852,000 | 3,657,000 |
|  | 4,067,436 | 3,965,000 |

**Preston Village Lease Liability**

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

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

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

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

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

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

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

**17. INFORMATION ON BORROWINGS (Continued)**

**(d) Unspent Borrowings**

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

**(e) Undrawn Borrowing Facilities**

|   | 2021           | 2020           |
|---|----------------|----------------|
|   | \$             | \$             |
| <b>Credit Standby Arrangements</b>              |                |                |
| 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)        |
| <b>Total amount of credit unused</b>            | <b>117,390</b> | <b>117,347</b> |
| <b>Loan facilities</b>                          |                |                |
| 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         |
| <b>Total facilities in use at balance date</b>  | <b>469,703</b> | <b>741,535</b> |
| <b>Unused loan facilities at balance date</b>   | <b>0</b>       | <b>41,680</b>  |

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

Financial liabilities are recognised at fair value when the Shire becomes a party to the contractual provisions to the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**Borrowing costs**

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

**Risk**

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

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

18. EMPLOYEE RELATED PROVISIONS

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

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date  
More than 12 months from reporting date

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

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

### Provision for Waste Cell Rehabilitation

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

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

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

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

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

## 20. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

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

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

SHIRE OF DONNYBROOK BALINGUP  
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21. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

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

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

**23. CAPITAL COMMITMENTS**

**(a) Capital Expenditure Commitments**

Contracted for:

- capital expenditure projects
- plant & equipment purchases

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

Payable:

- not later than one year

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

## 24. ELECTED MEMBERS REMUNERATION

|                                     | 2021<br>Actual | 2021<br>Budget | 2020<br>Actual |
|-------------------------------------|----------------|----------------|----------------|
|                                     | \$             | \$             | \$             |
| <b>Cr Brian Piesse</b>              |                |                |                |
| 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         |
| <b>Cr Jackie Massey</b>             |                |                |                |
| 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         |
| <b>Cr Shane Atherton</b>            |                |                |                |
| 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         |
| <b>Cr Anita Lindemann</b>           |                |                |                |
| 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         |
| <b>Cr Anne Mitchell</b>             |                |                |                |
| 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         |
| <b>Cr Chaz Newman</b>               |                |                |                |
| 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          |
| <b>Cr Chris Smith</b>               |                |                |                |
| 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<br>Actual | 2021<br>Budget | 2020<br>Actual |
|--|----------------|----------------|----------------|
|  | \$             | \$             | \$             |
| <b>Cr Leanne Wringe</b>  |                |                |                |
| 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         |
| <b>Cr Shane Sercombe</b>   |                |                |                |
| 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          |
| <b>Cr Michael King</b>   |                |                |                |
| Meeting attendance fees  | 0              | 0              | 2,441          |
| Telecommunications allowance   | 0              | 0              | 321            |
| Travel expenses  | 0              | 0              | 1,169          |
|  | 0              | 0              | 3,931          |
| <b>Cr Fred Mills</b>   |                |                |                |
| Meeting attendance fees  | 0              | 0              | 3,161          |
| Telecommunications allowance   | 0              | 0              | 353            |
| Travel expenses  | 0              | 0              | 683            |
|  | 0              | 0              | 4,197          |
| <b>Cr Dawn Tan</b>   |                |                |                |
| Meeting attendance fees  | 0              | 0              | 3,161          |
| Telecommunications allowance   | 0              | 0              | 353            |
| Travel expenses  | 0              | 0              | 71             |
|  | 0              | 0              | 3,585          |
| <b>Cr Ryan Van der Heide</b>   |                |                |                |
| 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**

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

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

These amounts represent long service benefits accruing during the year.

*Termination benefits*

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

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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<br>Actual | 2020<br>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.

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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 |
|---|---|---|

**Total Comprehensive Income for the Period**

|  |        |        |
|--|--------|--------|
|  | 14,105 | 47,566 |
|--|--------|--------|

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) |
|--|-----------|----------|

**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

| <b>RATE TYPE</b>                                | <b>Rate in \$</b> | <b>Number of Properties</b> | <b>2020/21 Actual Rateable Value \$</b> | <b>2020/21 Actual Rate Revenue \$</b> | <b>2020/21 Actual Back Rates \$</b> | <b>2020/21 Actual Total Revenue \$</b> | <b>2020/21 Budget Rate Revenue \$</b> | <b>2020/21 Budget Interim Rate \$</b> | <b>2020/21 Budget Back Rate \$</b> | <b>2020/21 Budget Total Revenue \$</b> | <b>2019/20 Actual Total Revenue \$</b> |
|---|-------------------|-----------------------------|---|---------------------------------------|-------------------------------------|--|---------------------------------------|---------------------------------------|------------------------------------|--|--|
| <b>Differential general rate / general rate</b> |                   |                             |   |                                       |                                     |  |                                       |                                       |                                    |  |  |
| <b>Gross rental valuations</b>                  |                   |                             |   |                                       |                                     |  |                                       |                                       |                                    |  |  |
| 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                              |
| <b>Unimproved valuations</b>                    |                   |                             |   |                                       |                                     |  |                                       |                                       |                                    |  |  |
| 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                              |
| <b>Sub-Total</b>                                |                   | 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                              |
| <b>Minimum payment</b>                          |                   |                             |   |                                       |                                     |  |                                       |                                       |                                    |  |  |
| <b>Gross rental valuations</b>                  |                   |                             |   |                                       |                                     |  |                                       |                                       |                                    |  |  |
| 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                              |
| <b>Unimproved valuations</b>                    |                   |                             |   |                                       |                                     |  |                                       |                                       |                                    |  |  |
| General Rate                                    | 1,104             | 526                         | 71,373,036                              | 580,704                               | 0                                   | 580,704                                | 580,704                               | 0                                     | 0                                  | 580,704                                | 584,016                                |
| <b>Sub-Total</b>                                |                   | 1,476                       | 80,183,398                              | 1,629,504                             | 0                                   | 1,629,504                              | 1,629,504                             | 0                                     | 0                                  | 1,629,504                              | 1,649,376                              |
|   |                   | 3,332                       | 433,987,291                             | 5,073,142                             | 30,085                              | 5,103,227                              | 5,073,142                             | 4,500                                 | 0                                  | 5,077,642                              | 5,079,040                              |
| Discounts/concessions (Note 28(b))              |                   |                             |   |                                       |                                     | (2,550)                                |                                       |                                       |                                    | (2,700)                                | 0                                      |
| <b>Total amount raised from general rate</b>    |                   |                             |   |                                       |                                     | 5,100,677                              |                                       |                                       |                                    | 5,074,942                              | 5,079,040                              |
| Less rates written Off                          |                   |                             |   |                                       |                                     | (2,734)                                |                                       |                                       |                                    | 0                                      | (6,513)                                |
| <b>Totals</b>                                   |                   |                             |   |                                       |                                     | 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.

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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)        | (2,700)        | 0              |
|   |            |            |             | (2,550)        | (2,700)        | 0              |
| Total discounts/concessions (Note 28(a))                            |            |            |             | (2,550)        | (2,700)        | 0              |

| Rate or Fee and Charge to which the Waiver or Concession is Granted | Circumstances in which the Waiver or Concession is Granted and to whom it was available   | Objects and reasons of the Waiver or Concession                                     |
|---|---|---|
| General Rates   | A concession on general rates for selected properties where the property crosses a boundary with a neighbouring local government. | To recognise the impact of rates charged by two local governments for same property |

28. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

| Instalment Options  | Date Due   | Instalment Plan Admin Charge<br>\$ | Instalment Plan Interest Rate<br>% | Unpaid Rates Interest Rate<br>% |
|---------------------|------------|------------------------------------|------------------------------------|---------------------------------|
| <b>Option One</b>   |            |                                    |                                    |                                 |
| Single full payment | 15/10/2020 | Nil                                | Nil                                | 8.00%                           |
| <b>Option Two</b>   |            |                                    |                                    |                                 |
| First instalment    | 15/10/2020 | 11.00                              | 5.50%                              | 8.00%                           |
| Second instalment   | 12/02/2021 | 11.00                              | 5.50%                              | 8.00%                           |
| <b>Option Three</b> |            |                                    |                                    |                                 |
| 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<br>\$ | 2021 Budget<br>\$ | 2020 Actual<br>\$ |
|-------------------------------------|-------------------|-------------------|-------------------|
| 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<br>Budget                    | 2019/20                              |
|--|---|--------------------------------------|--------------------------------------|
|  | 2020/21<br>(30 June 2021<br>Carried<br>Forward) | (30 June 2021<br>Carried<br>Forward) | (30 June 2020<br>Carried<br>Forward) |
| Note   | \$  | \$                                   | \$                                   |
| <b>(a) Non-cash amounts excluded from operating activities</b>   |   |                                      |                                      |
| 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> .   |   |                                      |                                      |
| <b>Adjustments to operating activities</b>   |   |                                      |                                      |
| 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                               |
| <b>Non cash amounts excluded from operating activities</b>   | <b>5,487,262</b>                                | <b>5,516,835</b>                     | <b>5,595,435</b>                     |
| <b>(b) Surplus/(deficit) after imposition of general rates</b>   |   |                                      |                                      |
| 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. |   |                                      |                                      |
| <b>Adjustments to net current assets</b>   |   |                                      |                                      |
| 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                              |
| <b>Total adjustments to net current assets</b>   | <b>(5,127,598)</b>                              | <b>(5,511,670)</b>                   | <b>(6,047,637)</b>                   |
| <b>Net current assets used in the Rate Setting Statement</b>   |   |                                      |                                      |
| 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)                          |
| <b>Net current assets used in the Rate Setting Statement</b>   | <b>1,346,843</b>                                | <b>0</b>                             | <b>1,018,550</b>                     |

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### 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<br>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<br>% | Carrying Amounts<br>\$ | Fixed Interest Rate<br>\$ | Variable Interest Rate<br>\$ | Non Interest Bearing |
|---------------------------|-------------------------------------|------------------------|---------------------------|------------------------------|----------------------|
| <b>2021</b>               |                                     |                        |                           |                              |                      |
| Cash and cash equivalents | 0.11%                               | 11,131,480             | 1,000,381                 | 10,128,939                   | 2,160                |
| <b>2020</b>               |                                     |                        |                           |                              |                      |
| 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<br>year past due | More than 2<br>years past due | More than 3<br>years past due | Total   |
|-----------------------|---------|------------------------------|-------------------------------|-------------------------------|---------|
| <b>30 June 2021</b>   |         |                              |                               |                               |         |
| 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       |
| <b>30 June 2020</b>   |         |                              |                               |                               |         |
| 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<br>days past due | More than 60<br>days past due | More than 90<br>days past due | Total   |
|-----------------------------|---------|-------------------------------|-------------------------------|-------------------------------|---------|
| <b>30 June 2021</b>         |         |                               |                               |                               |         |
| 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       |
| <b>30 June 2020</b>         |         |                               |                               |                               |         |
| 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<br>within<br>1 year<br>\$ | Due<br>between<br>1 & 5 years<br>\$ | after<br>5 years<br>\$ | Total<br>contractual<br>cash flows<br>\$ | Carrying<br>values<br>\$ |
|-----------------------------|-------------------------------|-------------------------------------|------------------------|--|--------------------------|
| <b>2021</b>                 |                               |                                     |                        |  |                          |
| 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                   |
|                             | <u>4,577,394</u>              | <u>570,707</u>                      | <u>4,221,251</u>       | <u>9,369,352</u>                         | <u>9,260,809</u>         |
| <b>2020</b>                 |                               |                                     |                        |  |                          |
| 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                   |
|                             | <u>6,845,935</u>              | <u>3,106,555</u>                    | <u>4,148,592</u>       | <u>14,101,082</u>                        | <u>14,053,827</u>        |

### 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               |
|---|--------------------|--------------------|
| <b>Revenue</b>                                |                    |                    |
| 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>   |
| <b>Expenses</b>                               |                    |                    |
| 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               |
|---|--------------------|--------------------|
| <b>Revenue</b>                                |                    |                    |
| Education and Welfare                         | 3,361,372          | 3,254,619          |
|   | <u>3,361,372</u>   | <u>3,254,619</u>   |
| <b>Expenses</b>                               |                    |                    |
| 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>   |
| <b>Cashflows from discontinued operations</b> |                    |                    |
| 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.

| <b>PROGRAM NAME AND OBJECTIVES</b>   | <b>ACTIVITIES</b>   |
|--|---|
| 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. |   |
| <b>GOVERNANCE</b><br>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. |
| <b>GENERAL PURPOSE FUNDING</b><br>To collect revenue to allow for the provision of services.   | Rates, general purpose government grants and interest revenue.  |
| <b>LAW, ORDER, PUBLIC SAFETY</b><br>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.  |
| <b>HEALTH</b><br>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.   |
| <b>EDUCATION AND WELFARE</b><br>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   |
| <b>HOUSING</b><br>To provide and maintain elderly residents housing.   | Provision and maintenance of staff and elderly residents housing.   |
| <b>COMMUNITY AMENITIES</b><br>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.   |
| <b>RECREATION AND CULTURE</b><br>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.   |
| <b>ECONOMIC SERVICES</b><br>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.   |
| <b>OTHER PROPERTY AND SERVICES</b><br>To monitor and control operating accounts.   | Private works operations, plant repair and costs.   |

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35. FINANCIAL RATIOS

|                                      | 2021<br>Actual | 2020<br>Actual | 2019<br>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.