



ATTACHMENTS

Special Council Meeting – 22 December 2020

- 6.1(1) Draft Long Term Financial Plan 2020-2040
- 6.2(1) 2019-20 Shire of Donnybrook Balingup Annual Report



Shire of Donnybrook Balingup
Draft Long Term Financial Plan
2020 - 2040

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Our Vision

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



1.0 Foreword

On behalf of the Council of the Shire of Donnybrook Balingup, we are pleased to present the Shire of Donnybrook Balingup Draft Long Term Financial Plan for 2020 - 2040.

This Plan is part of the Shire's ongoing commitment to planning for the future of the district. Despite the current uncertain times, it provides the Shire and the community with a picture of the Shire's long term financial and asset management circumstances and assists us to meet our strategic objectives, both during and beyond the COVID-19 Pandemic.

The Shire will be offered opportunities and face challenges over the next 20 years and it is how the Shire responds to these events which will be the determinant of our success. One significant opportunity is the commitment from the State Government to provide \$6m as a contribution to upgrade the Donnybrook Recreation Precinct (VC Mitchell Park project). We have been offered a once in a generation opportunity to shift the level of community facilities by consolidating and improving sporting and entertainment assets and realise an economic and lifestyle boost for the district.

Changes in population levels and demographics bring with them changing community needs and expectations. The Shire will require a clear understanding of its capacity to meet these service expectations as it maintains a strong focus on sound financial management.

The Shire welcomes community participation in the planning process as we develop the strategic direction for a promising future for our district. We invite members of the community to contact a Councillor or Senior Shire staff member if they have any questions.

This Plan will support work on our Corporate Business Plan and Workforce Plan to achieve our goals and drive the Shire in achieving its vision of "A proud community enjoying our rural lifestyle, cultural heritage and natural environment."

The Shire has recently devoted significant resources to improving its strategic planning. This work continues as we constantly seek to improve our systems and service delivery.



(SIGNATURE)

Brian H Piesse
Shire President



(SIGNATURE)

Benjamin (Ben) Rose
Chief Executive Officer

2.0 Key Information

ASSUMPTIONS

 **1.5%-2.0%**
Underlying
Inflation Rate

 **Growth**
Population
Levels

 **Improving**
Levels of Service

 **Changes in**
Operations

 **Balanced**
Annual Rate
Setting Budgets

STATISTICS ^{1|2}

 **9**
Elected
Members

 **96 FTE**
Employees

 **4,368**
Electors

 **2,461**
Dwellings

 **213km**
Distance from
Perth

 **1,541km²**
Area

 **6,016**
Population

FINANCIAL INFORMATION³

\$5.1m
Rates Revenue

\$3.1m
Fees and Charges

\$15.7m
Operating Revenue

\$18.6m
Operating Expenditure

\$167.4m
Net Assets

\$6.6m
Cash Backed Reserves

\$0.65m
Long Term Borrowings

¹WALGA Online Local Government Directory 2020, Shire of Donnybrook Balingup

²Australian Bureau of Statistics Donnybrook-Balingup (S) (LGA52870) 2016 Census of Population and Housing, viewed 27 June 2017

³Shire of Donnybrook Balingup 2020-21 Annual Financial Report

3.0 Executive Summary

The following should be read in conjunction with the underlying assumptions and risks as outlined in the Plan.

3.1 Planning for a Sustainable and Stable Future

The Shire of Donnybrook Balingup is planning for a positive and stable future, despite the current uncertainty arising from COVID-19. The Shire seeks to maintain, and where possible, improve future service levels to the community while maintaining a sound financial position.

Long term maintenance and renewal of the Shire's built assets remains the most significant challenge and requires continued external funding to preserve the economic and social benefits these assets provide to the district, the region and the State.

3.2 Overall Financial Strategy

The financial strategy applied in the development of this Plan incorporates the following principles:

- A focus on maintaining and improving (where possible) core services including roads, recreation, waste management, major community facilities, aged care, community services, regulatory services and economic development; and
- The use of external grant funds, borrowings and cash reserves to establish and improve intergenerational community assets;
- The use of external grants and cash reserves to fund the renewal of existing community assets and infrastructure; and
- Within the context of achieving the Shire's strategic objectives, the maintenance of a stable and predictable rating policy.

3.3 Significant Financial Challenges

The provision of services and infrastructure remains one of the key priorities and major expenditure areas for the Shire.

Due to the COVID-19 pandemic and the associated restrictions, economic forecasting presents an increased level of uncertainty at this time. In line with the State Government's request, the Shire of Donnybrook Balingup did not increase property rates or fees and charges revenue in 2020/21.

Maintenance and renewal of the Shire's road infrastructure continues as a high priority due to the strategic and economic benefit a road network provides to the district and region. The adequate maintenance, renewal and upgrading of the road network relies heavily on the receipt of external specific purpose grants and contributions.

The need to fund future renewal of ageing buildings, sporting and community facilities has been highlighted through the Shire's recent asset management planning process. In response, the Shire is planning to increase rates above inflation in order to achieve the financial capacity to address this need. The majority of rate increases above CPI are being applied to asset renewal. However, the planned increases in rates will not be sufficient to fund all identified future renewal works. The Shire also plans to review the community benefit of some buildings and facilities in order to reduce the future renewal need.

Rate revenue is forecast to increase at the following levels over the term of the Plan.

Plan Year	Periods in Years	Change*	Underlying Inflation Assumption
2020-21	1	0.00%	1.30%
2021-22	1	8.64%	1.50%
2022-23	1	8.00%	1.50%
2023-24	1	6.50%	1.50%
2024-25	2	6.00%	2.00%
2026-27	1	5.50%	2.00%
2027-28	1	5.00%	2.00%
2028-29	1	4.00%	2.00%
2029-30	3	3.00%	2.00%
2032-33	8	2.50%	2.00%
Average		3.93%	1.89%

* Please note, the rate increases above contain a component of rate growth resulting from future population/land development.

It is important to note, the planned changes in rating levels have not been formally adopted by the Council and are indicative of the level of rate required to fund the activities and capital works set out in this Plan. The setting of the level of rates can only be formally set at the time of adopting the Annual Budget.

If the level or timing of the rate changes above are not applied in future Annual Budgets, a change to the planned scope and timing of activities and works will be required.

3.4 Forecast Capital Projects

The capital works program for the next 20 years is a mixture of new/upgrades and asset renewal aimed at ensuring the continued provision of high quality community infrastructure to the community of the Shire.

External funding is a critical part of the Shire's capacity to undertake the planned capital works program. If the Shire was to suffer from a reduction in the level of external grants, this would likely result in a reduction in the size and scope of the works program as outlined in this plan.

Asset Class	Plan Term (20 years) \$
Infrastructure – Roads	57,451,413
Infrastructure – Other	15,506,231
Infrastructure – Footpaths	5,496,767
Infrastructure – Bridges	21,282,846
Buildings	21,967,002
Furniture and Equipment	868,000
Plant and Vehicles	10,945,736
Total	\$133,517,995

4.0 Community Profile, Vision and Objective

4.1 Location

Nestled at the southern end of the Darling Scarp, the Shire of Donnybrook-Balingup boasts beautiful scenery, forests and rural activities such as orchards and wineries. The district includes the towns of Donnybrook, Balingup and Kirup and the localities of Argyle, Brookhampton, Lowden, Mullalyup, Mumballup, Newlands, Noggerup, Yabberup and Irishtown.

With an area of 1,541 km², mainly within the Preston River catchment area, Donnybrook is located approximately 213 kilometres south of Perth and 38 kilometres south east of Bunbury. Balingup is located 31 kilometres south east of Donnybrook along the South Western Highway.

4.2 People¹

The following statistics reflect the Shire's population in comparison to the population of Western Australia.

Population	2011		2016
Shire of Donnybrook Balingup	5,462	↑	5,888
WA	2.35m	↑	2.47m

The age demographic of the district's population is reflected by the blue (2011 Census) and green (2016 Census) lines in the chart at the bottom of the page. When compared to the age demographic of the West Australian population reflected by the dotted lines, it is apparent the Shire of Donnybrook Balingup has a higher percentage of older residents.

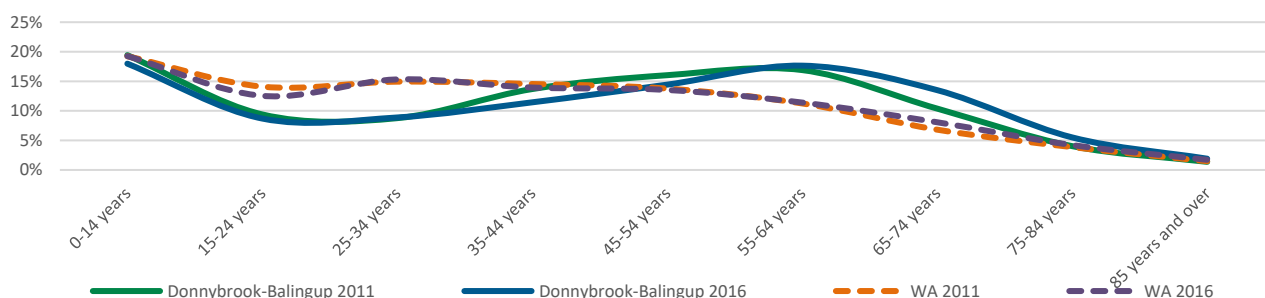
In 2016, the Shire of Donnybrook-Balingup population was 5,888, an increase of 8% from 2011. The age distribution trends from 2011 to 2016 for the Shire of Donnybrook-Balingup has shown minor change, as indicated by the green (2011 demographic) and blue (2016 demographic) lines in the chart below.

4.3 Strategic Objectives

The following key themes are identified in the Shire's Strategic Community Plan 2017 - 2027 and considered within the Strategic Resource Plan:

- Economic:** A strong, diverse and resilient economy
- Environment:** Respect for our heritage, natural and built environment
- Social:** A healthy, safe and inclusive community
- Leadership:** Effective leadership and civic responsibility

Percentage of Population by Age



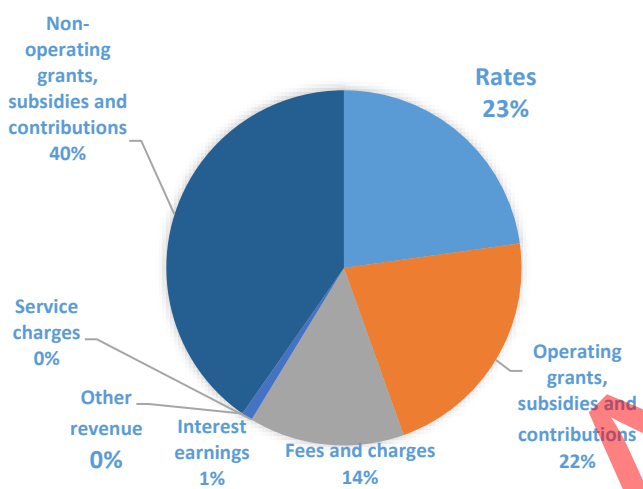
5.0 Long Term Financial Planning Overview

5.1 Forecast Operating Revenue

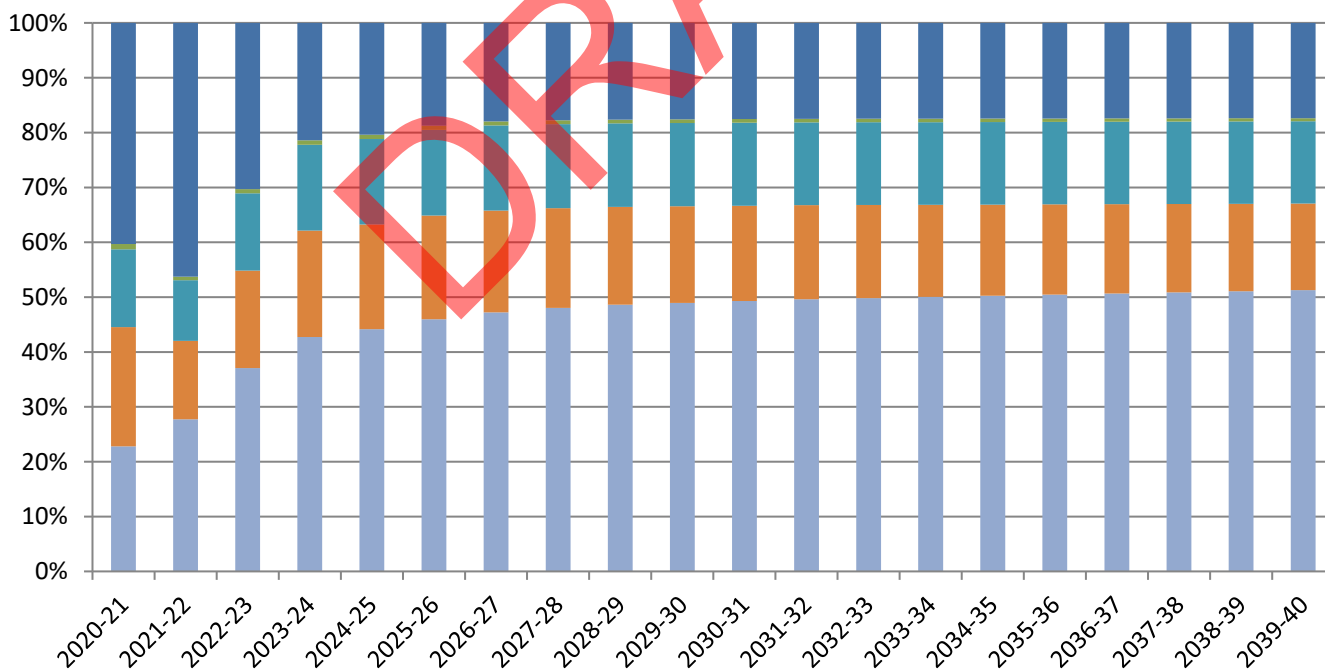
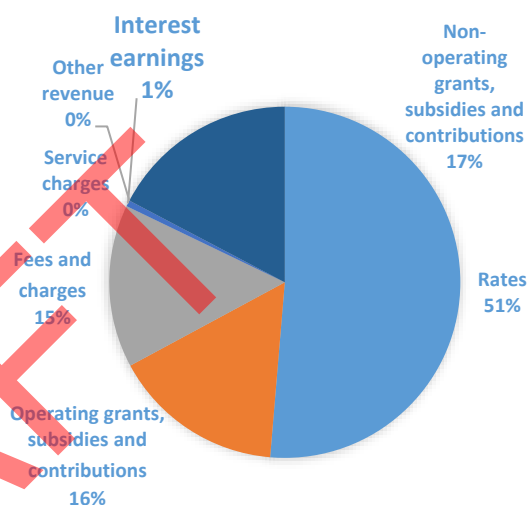
Rates will remain at 2019-20 levels for 2020-21 (\$5.07m) due to the COVID-19 pandemic, before increasing to \$10.92m by 2040.

The Shire is reliant on receiving more than \$63m over the next 20 years in untied operating grants, subsidies and contributions to maintain the current level of operations and services. Non-operating grants for road renewal are planned to remain relatively stable over the term

OPERATING REVENUE YR 1



OPERATING REVENUE YR 20

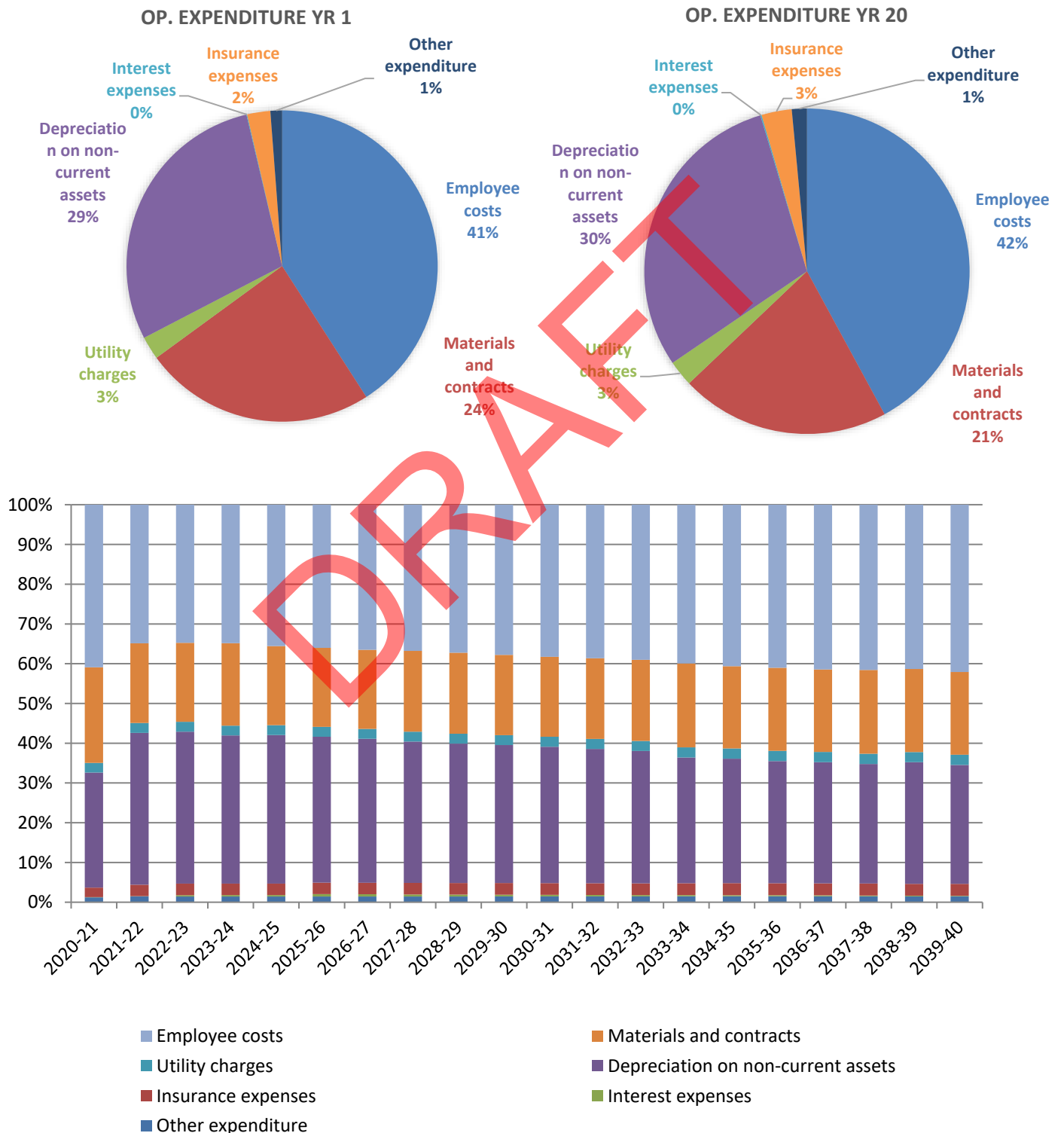


- Non-operating grants, subsidies and contributions
- Interest earnings
- Fees and charges
- Rates
- Other revenue
- Service charges
- Operating grants, subsidies and contributions

5.2 Forecast Operating Expenditure

Expenditure is forecast to generally increase in line with inflation, with the exception of depreciation expense, which is impacted by the changes in asset values over the term.

The underlying inflator used was 1.50% from 2021-22 until 2024-25 then 2.00% for the remainder of the Plan. The proportions of operating expenditure are planned to remain relatively constant over the next 20 years.



5.3 Net Result from Operations

The forecast net result shows a large positive spike in the graph in the immediate out years followed by a period of slowly reducing operating deficits until a surplus is forecast to be achieved in 2033-34, which is steady thereafter.

This move from operating deficits to operating surpluses is only achieved due to the rate increases above CPI in the early part of the Plan. A positive net result over the long term indicates revenue is keeping pace with the level of depreciation expenses.

Forecast Operating Net Result



5.4 Financing - Borrowings and Cash Reserves

In general, the Shire seeks to use financing (borrowing and savings) to assist with the development of intergenerational community and sporting facilities which have lifecycles that extend beyond the term of the Plan. Cash reserves, specifically for asset renewal works, will be used to finance major renewal and maintenance tasks. This means, the annual forecast allocation to asset renewal cash reserves is crucial to the funding of asset renewal going forward.

Borrowing levels are expected to peak at just under \$4.4m in 2024-25 due to the financing of the Donnybrook Recreation Precinct and the refurbishment of the Administration building. The level of outstanding borrowings then reduces with each ongoing principal repayment. Cash reserve balance movements over the term of the Plan are as set out below:

Forecast Borrowings and Reserves



Borrowings capacity is improved in the out years of the Plan and will be used to respond to sudden or unexpected capital expenditure requirements. This strategy also provides scope to leverage future unplanned grant funding opportunities when, and if, they become available.

6.0 Scenario Modelling

6.1 Scenario Modelling

Scenario modelling was undertaken to assess the financial impact of three major financial events over the term of the plan as follows:

1. Scenario One: A significant increase in the level of borrowings in relation to the Donnybrook Recreation Precinct Project and the Donnybrook Shire Administration Office.

1 (a) Donnybrook Recreation Precinct

This scenario includes the impact of an increase in interest and principal payments over the term of the Plan and a provisional uplift to material and contracts and insurance in the years following construction. Also, there will be reduction in renewal work planned in relation to the assets replaced by the upgraded facilities and the change in depreciation. The renewal timing of the new and upgraded facilities will be incorporated into the Shire's asset management plans when the final design and construction is completed and will replace current planned renewal works for the existing facilities.

	Change	Annual Amount	Term of the Plan
Employee Costs	No Change	0	0
Materials and Contracts	Increase	\$18,000	\$359,356
Insurance	Increase	\$1,150	\$23,107
Utilities *	No Change	0	0
Repayments (P&I) **	Increase	\$156,650	\$2.78m
Depreciation	Net Increase	\$187,061	\$3.36m
Planned Building Renewal (existing)	Decrease	N/A	\$257,014
Planned Infrastructure Renewal (existing)	Decrease	N/A	\$998,375

*Costs expected to be reimbursed by users

**Total principal and interest for the 20-year term \$3.13m (\$2.5m Principal)

1 (b) Donnybrook Shire Administration Office

This scenario includes the impact of an increase in interest and principal payments over the term of the borrowing. Works to of the Administration building (refurbishment, replacement or other) has not undergone a design or costing phase at this time to inform the long-term financial plan. As such, it is assumed any change to material and contract, insurance and utilities will be minimal.

	Change	Annual Amount	Term of the Plan
Employee Costs	No Change	0	0
Materials and Contracts	No Change	0	0
Insurance**	No Change	0	0
Repayments (P&I) *	Increase	\$125,322	\$1.88m
Depreciation	Increase	\$36,966	\$591,936
Planned Building Renewal (existing)	Decrease	N/A	\$296,170

*Total principal and interest for the 20-year term \$2.51m (\$2.0m Principal)

2. Scenario Two: Outsourcing operations at Tuia Lodge Aged Care Facility effective from 1st July 2021. This scenario was developed to assess the financial impact on the Shire's operations of leasing out the facility compared to continuing to undertake the operation using in-house resources. Commercial negotiations continue in relation to this project and as such the scenario is represented as a net impact on cash flows in 2021-22.

The positive annual net cashflow of leasing out the facility in 2021-22 is estimated to be in the vicinity of \$300,000.

3. Scenario Three: The financial impact of funding the current asset management planning renewal requirements in accordance with the timing contained within the adopted plans.

The asset management plans relevant to this scenario are:

- Building Asset Management Plan
- Parks and Reserves Asset Management Plan
- Plant and Vehicles Asset Management Plan

	AMP Required Total	LTFP Planned Total	Variance (20 years)
Buildings	\$9.40m	\$9.85m	\$0.45m
Infrastructure Other (Parks and Reserves)	\$10.82m	\$5.37m	(\$5.45m)
Plant and Vehicles	\$10.94m	\$10.94m	0

Scenarios Contained in the Plan

The following scenario combination was selected for inclusion in the draft long-term financial plan as their inclusion most closely aligns with the Shire's overall strategy.

- Donnybrook Recreation Precinct; and
- Donnybrook Shire Administration Office; and
- Outsourcing operations at Tuia Lodge Aged Care Facility effective from 1st July 2021; and
- Asset renewal as set out in the Plan.

The full extent of the required asset renewals set out in the asset management plans have not been included in the Plan in recognition of potential capacity to pay issues.

7.0 Strategic Planning Practices

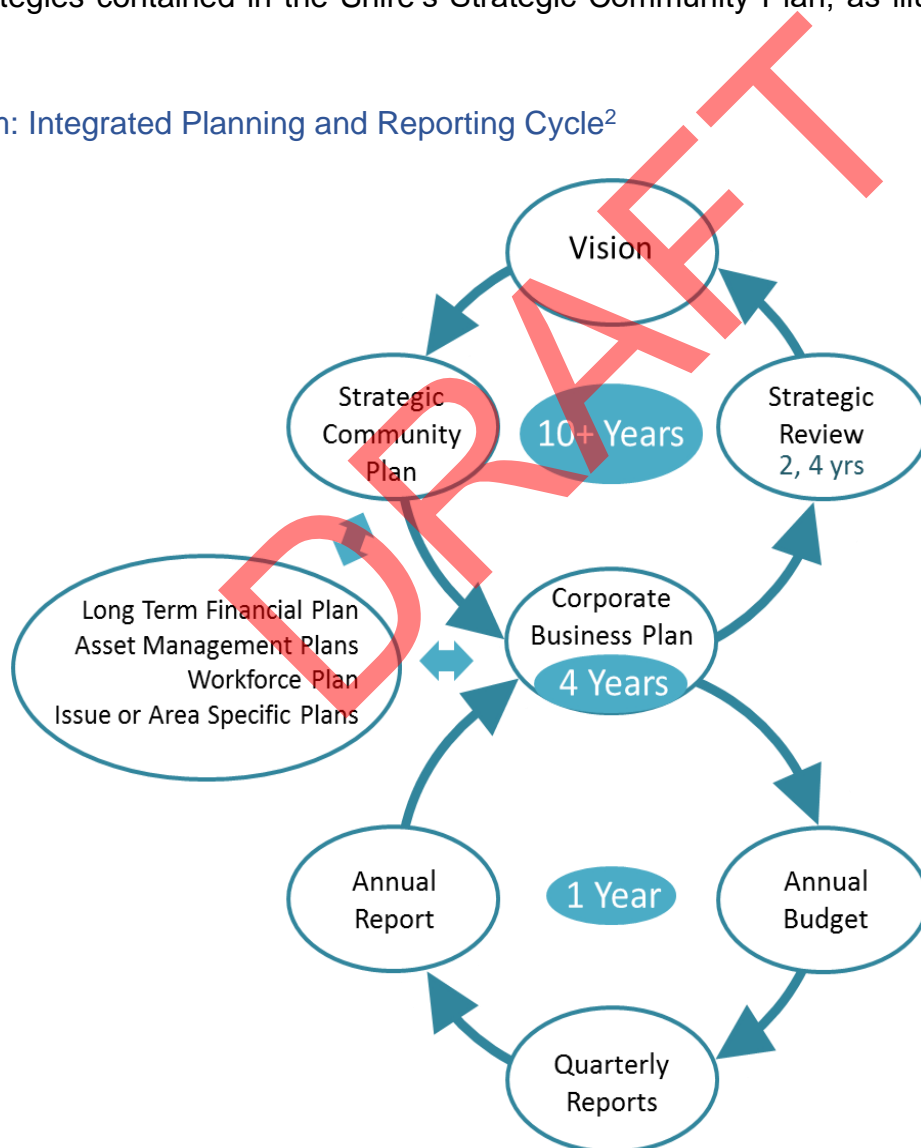
7.0 Linkage with Other Plans

The long-term financial plan is one component of several integrated planning activities the Shire undertakes as part of planning for the future. The long-term financial plan uses the output from other planning activities such as asset management and workforce planning to set out the financial consequences of achieving the goals in the Shire's Strategic Community Plan. As well as a sound business planning process, this Plan has been prepared to achieve compliance with the *Local Government (Administration) Regulations 1996* and its content and format has been influenced by the Guidelines and framework published by the Department of Local Government Sport and Cultural Industries.

7.1 Strategic Documents Linkage

This Plan includes, and influences, other strategic planning activities as a mechanism to action the strategies contained in the Shire's Strategic Community Plan, as illustrated in the diagram below.

Diagram: Integrated Planning and Reporting Cycle²



² Department of Local Government, Sport and Cultural Industries, Integrated Planning and Reporting: Framework and Guidelines, September 2016

7.2 Strategic Community Plan 2017 - 2027

The Strategic Community Plan 2017-2027 was prepared to span a minimum period of 10 years as it sets out the community's vision, aspirations and objectives for the Shire. To achieve the vision, a series of priorities, objectives and strategies were developed. Many individual strategies may be required to achieve a single objective and many objectives needed to achieve an overall result.

A full review of the Strategic Community Plan is scheduled to occur in 2021.

Individual strategies all require actions involving human, physical and financial resources and the Shire needs to manage strategic priorities and apply careful operational planning and prioritisation to achieve results. This planning process is formalised as a Corporate Business Plan which operates on a rolling four-year basis.

7.3 Corporate Business Plan

The Corporate Business Plan contains details of the actions and resources (human, asset and financial) to achieve each strategy and acts as an organisational guide for management and assist with Council oversight.

The financial capacity and asset management consequences to support the Corporate Business Plan are set out in the Long-Term Financial Plan. This planning provides an assurance the actions contained in the Corporate Business Plan can be funded over the next four years and highlights the long-term consequences of the application of resources to undertake various projects.

7.4 Workforce and Other Strategic Plans

The Workforce Plan and other strategic plans integrate with the Long-Term Financial Plan to identify human resource issues associated with achieving the goals of the Strategic Community Plan. As far as possible, the content of the Workforce Plan has been included in the Long-Term Financial Plan.

8.0 Risk Management

8.1 Risk Management

The Shire provides a diverse range of services and facilities to the public which exposes it to inherent business risks. Work has commenced on improved risk management practices with a review of the framework currently underway. This review will receive oversight by the Shire's Audit and Risk Management Committee.

The Shire has a practice of conducting an annual review of insurance levels of assets by the Chief Executive Officer to ensure the level is adequate. The Shire's insurer is Local Government Insurance Services.

The Financial Management Regulations require the investment of surplus funds (including cash reserves) to be in term deposits held by authorised deposit taking institutions or Treasury bonds.

The Shire seeks to engage experienced and qualified personnel in areas of high risk and provides them with appropriate ongoing training and equipment to ensure they can undertake their roles with minimal risk to the community and the Shire.

8.2 Assumptions and Certainty

Included in the Plan is a table of the assumptions used as part of the development of the Plan. The table also includes an assessment of the risks associated with relying on each assumption.

If the assumption does not turn out as planned and the variation may have a substantial impact on the reliability of the Plan, the assumption has been categorised as a high risk of uncertainty. If an assumption is assessed as carrying a high risk of uncertainty, then sensitivity analysis has been applied to this assumption.

8.3 Sensitivity Analysis

Where an assessment has been made that a high level of uncertainty applies to the assumptions then sensitivity analysis has been undertaken to quantify the potential financial impact of a change in the assumption.

Assumptions with a high level of uncertainty and a higher dollar value present the greatest risk that a movement in the assumption will result in unexpected and detrimental consequences. The details of this analysis are shown adjacent to each assumption in the table on the following pages.

9.0 Assumptions, Risks, Uncertainties and Sensitivities

9.0 Revenue – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
District Growth in Population: The number of residents in the Shire is expected to grow.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Rates Level Increase: Rate revenue has been increased based on a total rate yield including growth imbedded in the rate increases.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Operating Grants and Contributions: Increased by 0.5% in 2021-22 then in line with underlying inflation assumptions.	High	Ongoing service levels and the general operations of the Shire are dependent on level of Federal Financial Assistance Grants and other untied grants received. A reduction in the level of these grants would impact directly on the Shire's ability to maintain existing service levels to the community.	High	± \$358,013 to the value of operating grants and contributions over the life of the plan for a 1% movement in the value in the first year of the Plan.
Non-operating Grants and Contributions: Remain in line with funding requirements identified for various capital works.	High	The forecast asset renewal and strategic projects is highly dependent on external grants and contributions. A reduction in these levels would adversely impact on the scope and the amount spent on capital projects.	High	± \$779,525 to the value of non-operating grants and contributions per 1% movement in aggregate value over the life of the Plan.
Fees and Charges: Increased by 2.50% for the first three years of the plan then increased in line with underlying inflation.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Interest Earnings: Interest earning of an average rate of 0.5% per annum.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.

Other Revenue: Increases in line with underlying inflation.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
Profit on Asset Disposal: Profit on asset disposal results from a mismatch of depreciation and market value over the life of the asset. As the level of depreciation is considered appropriate no profit on asset disposals has been included.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

9.1 Expenditure – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
Employee Costs: Established positions are Increased in line with underlying inflation levels plus increases to mandatory occupational superannuation and workforce plan. Increases on average of one \$60K every year in employee costs and Tuia Lodge operations outsourced from 1 July 2021	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
Materials and Contracts: Increased annually by underlying inflation plus a one off 0.5% lift in year 2023-24 as provision for the impact of major community infrastructure projects.	High	Road infrastructure program and general operations of the Shire are dependent on levels of Federal Financial Assistance Grants and other untied grants received. Changes in the levels of these grants would adversely impact the Shire's ability to maintain service levels.	High	± \$651,541 to the value of material and contracts over the life of the plan for a 1% movement in the value in the first year of the Plan.
Depreciation: Depreciation has been	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

calculated using an average depreciation rate for each class of physical asset.

Insurance: Increased by 2.5% in year 2021-22 to reflect global uncertainty then by 2.00% in 2022-23 and 2.25% in 2023-24 which includes a one off 0.25% uplift as provision for the impact of major community infrastructure projects.

Medium

Not assessed as high financial risk.

Medium

Not assessed as high level of uncertainty.

Other Expenditure: Base year increased in line with underlying inflation.

Medium

Not assessed as high financial risk.

Medium

Not assessed as high level of uncertainty.

Loss on Asset Disposal: A loss on asset disposal results from a mismatch of depreciation and market value over the life of the asset. As the level of depreciation is considered appropriate in the Plan no loss on asset disposals has been included in the Plan.

Low

Not assessed as high financial risk.

Low

Not assessed as high level of uncertainty.

DRAFT

9.2 Assets – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
Revaluations: In line with underlying annual inflation.	Low	The revaluation of assets may result in changes in asset ratio analysis and depreciation leading to a change in the net result. The revaluation of assets has no impact on Cashflows.	High	±\$331,007 to the value of property, plant and equipment per 1% movement in the aggregate value over the life of the Plan. ±\$1,000,834 to the value of infrastructure assets per 1% movement in the aggregate value over the life of the Plan.
Impairment of Assets: No impairment of assets has been assumed over the term of the Plan. Impairment of assets usually occurs due to unplanned/unforeseen events such as natural disasters.	High	A widespread major impairment event may result in a requirement for high levels of expenditure to maintain service levels. In such circumstances, funding assistance from other levels of government is assumed.	Medium	Unable to be quantified.
Infrastructure Assets: Expenditure has been based on historical levels with an escalation of spending on roads by \$120k from 2030-31 onwards.	High	The capital works program is highly dependent on external grants and contributions. Changes in these levels would impact directly on the amount spent on capital projects and ultimately on service levels.	High	±\$1,000,834 to the value of infrastructure assets per 1% movement in the aggregate value over the life of the Plan.
Property, Plant and Equipment: Building expenditure is in accordance with the level of reserve transfers for that purpose	Medium	Not assessed as high financial risk as the frequency of capital plant and equipment replacement is not influenced receipt of external capital grants to the degree of road infrastructure.	Medium	Not assessed as high level of uncertainty.

9.3 Liabilities – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
<p>Borrowings: New borrowings have been planned for capital works as indicated.</p> <p>Recreation Precinct: \$2.5m across two financial years commencing in 2021-22</p> <p>Shire Office \$2.0m in 2024-25</p>	High	If the Shire is not able to secure borrowings in the future, the likely impact will be the postponement of related asset acquisitions.	Low	Not assessed as high level of uncertainty.
<p>Employee Entitlements: Increased by underlying inflation rate plus 0.30% for each year between 2021-22 and 2025-26 to reflect occupational superannuation increases.</p>	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

9.4 Equity Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
<p>Cash Backed Reserves: It has been assumed the Shire will invest cash reserves in term deposits with banking institutions and these funds will be available for use during the term of the Plan.</p>	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
<p>Revaluation Surplus: Increasing in line with underlying inflation.</p>	Low	The revaluation of assets to their fair value may result in changes in asset ratio analysis and depreciation leading to a change in the net result. The revaluations of assets will have no impact on Cashflows.	Medium	Not assessed as high level of uncertainty.

9.5 Other – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
Ownership of Strategic Assets: The plan includes the outsourcing the operation of Tuia Lodge Aged Care Facility as from 1 st July 2021.	High	The outsourcing of the Tuia Lodge Aged Care Facility would be a significant change to operations of the Shire. Details of the financial impact of this change is contained in this report under the heading of Scenario two.	Low	Not assessed as high level of uncertainty.
Underlying Inflation: Forecast inflation at 1.5% per annum for 2021-22, 2022-23 and 2023-24 then 2.0% per annum thereafter.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Commercial Activities: The Shire has no plans to undertake a new significant commercial activity during the period of the Plan.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
General Economic Forecasts for State: The economic forecast for the State is closely linked to the success of the mining industry. Demands for minerals is forecast to remain stable in the short term with a corresponding stability of the State economy.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
General Economic Forecasts for Region: Historically, the region's economy is heavily dependent on agriculture and tourism and this remains the assumption for the term of this Plan.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.

10.0 Ratio Performance

10.1 Monitoring

The Plan will be the subject of a desktop review each year to consider changing circumstances, with a full revision scheduled every two years in line with the review of the Strategic Community Plan.

Monitoring the Shire's financial rigidity and financial position along with its asset management performance is undertaken by preparing and monitoring various statutory ratios.

10.2 Ratio Targets

A series of performance indicators, in the form of financial ratios set out in the table below, have been used to assess the financial performance of the Shire.

To maintain comparability across the industry, these ratios and their respective target ranges, have been derived from the Department's Long-Term Financial Planning guidelines and *Regulation 50 of Local Government (Financial Management) Regulation 1996*.

The Department's published Advisory Standard also provides target levels for each of the ratios.

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Ratio	Calculation	Indication	Minimum target
Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets minus current liabilities associated with long term borrowings}}$	A measure of the Shire's immediate liquidity and the capacity to meet short term financial obligations from unrestricted current assets.	1.
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$	A measure of the extent to which own source revenues raised cover operational expenses.	1%
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$	A measure of the extent of the Shire's ability to cover costs using only discretionary revenue.	40%
Debt Service Coverage Ratio	$\frac{\text{Annual operating surplus before interest and depreciation}}{\text{principal and interest}}$	A measure of the extent of the Shire's capacity to generate sufficient cash to cover debt payments.	3
Asset Consumption Ratio	$\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciation assets}}$	A measure of the aged condition of the Shire's physical assets.	50%
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$	A measure of the extent to which assets managed by the Shire are being replaced as they reach the end of their useful lives.	90%
Asset Renewal Funding Ratio	$\frac{\text{NPV of planned capital renewals over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$	The Shire's financial capacity to fund asset renewal to support existing service levels. (This ratio is based on the ten years forecast expenditure and as such is only able to be calculated of the first five years of the Plan).	75%

Appendix 1 – Forecast Financial Statements

Financial Statements

The following forecast financial statements have been prepared and are included at the end of the Plan.

These forecast statements have been prepared within a framework which accords with the Australian Accounting Standards.

The statements have been prepared based on a number of forecasts and estimates, and readers should ensure they have read and understood the reliance section under Other Matters at the end of the document.

Statements of Comprehensive Income

Often referred to as the operating statement, it shows the revenues and expenses over the periods.

Statement of Financial Position

More commonly referred to as the Balance Sheet, this statement discloses the forecast changes in the balance of assets and liability accounts over the periods.

Statement of Changes in Equity

This statement discloses the changes in equity over the forecast period. It shows the impact of operations on net assets and the movement in cash backed and revaluation reserves.

Statement of Cashflows

Represents the forecast cash inflows and outflows and discloses the changes to the balance of cash over the period.

Statement of Financial Activity (Rate Setting Statement)

A statement combining operating and capital revenues and expenses and discloses the opening and closing net current forecast surplus (deficit) funding position for each year.

Statement of Net Current Asset Composition

A statement showing how the closing estimated surplus/deficit has been calculated.

Statement of Fixed Asset Movements

A summary of the impact of the Plan on the value of fixed assets over the period. It discloses the movements in the net value of property, plant, and equipment and infrastructure.

Statement of Fixed Asset Funding

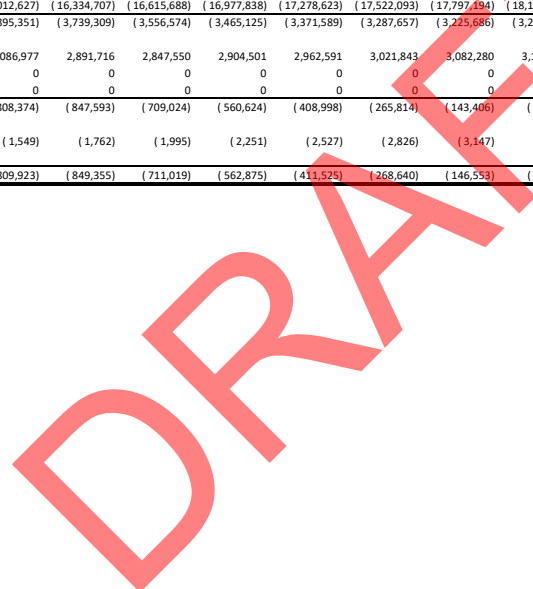
A summary of the capital expenditure by asset class and the source of funding for each class.

Forecast Ratios

The forecast ratios required by the regulations and discussed earlier under monitoring and performance.

Shire of Donnybrook Balingup
Forecast Statement of Comprehensive Income - by Nature or Type
For the period 2020 - 2040
Draft - Version Council

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues																				
Rates	5,074,942	5,513,418	5,954,493	6,341,535	6,722,026	7,125,348	7,517,242	7,893,104	8,208,828	8,455,093	8,708,747	8,970,010	9,194,259	9,424,115	9,659,718	9,901,212	10,148,743	10,402,462	10,662,524	10,929,086
Operating grants, subsidies and contributions	4,838,368	2,839,165	2,858,142	2,877,405	2,903,476	2,930,066	2,957,190	2,984,853	3,013,071	3,041,854	3,071,214	3,101,157	3,131,702	3,162,860	3,194,640	3,227,055	3,260,120	3,293,844	3,328,244	3,363,330
Fees and charges	3,154,474	2,199,977	2,259,601	2,320,596	2,371,508	2,421,339	2,469,765	2,519,160	2,569,543	2,620,929	2,673,347	2,726,816	2,781,354	2,836,982	2,893,724	2,951,600	3,010,638	3,070,846	3,132,264	3,194,913
Interest earnings	216,825	125,825	121,409	121,003	119,813	118,183	114,446	115,118	115,106	116,067	117,697	118,339	117,647	119,359	119,493	120,395	120,901	121,636	119,383	118,893
Other revenue	1,650	431	439	447	453	462	471	478	486	493	503	509	514	528	539	553	565	578	591	605
	13,286,259	10,678,816	11,194,084	11,660,986	12,117,276	12,595,398	13,059,114	13,512,713	13,907,034	14,234,436	14,571,508	14,916,831	15,225,476	15,543,844	15,868,114	16,200,815	16,540,967	16,889,366	17,243,006	17,606,827
Expenses																				
Employee costs	(7,766,645)	(5,260,628)	(5,355,318)	(5,511,707)	(5,698,487)	(5,889,549)	(6,067,331)	(6,248,675)	(6,433,647)	(6,622,321)	(6,814,762)	(7,011,062)	(7,211,286)	(7,415,509)	(7,623,821)	(7,836,302)	(8,053,027)	(8,274,089)	(8,499,564)	(8,729,559)
Materials and contracts	(4,569,549)	(3,022,329)	(3,062,521)	(3,266,591)	(3,176,423)	(3,231,397)	(3,294,247)	(3,434,739)	(3,509,348)	(3,522,857)	(3,562,120)	(3,663,596)	(3,753,195)	(3,897,987)	(3,860,227)	(3,968,416)	(4,013,089)	(4,174,763)	(4,277,723)	(4,297,526)
Utility charges	(457,272)	(377,755)	(383,424)	(389,169)	(396,953)	(404,890)	(412,986)	(421,248)	(429,669)	(438,262)	(447,029)	(455,970)	(465,084)	(474,393)	(483,884)	(493,562)	(503,429)	(513,500)	(523,775)	(534,251)
Depreciation on non-current assets	(5,494,234)	(5,759,908)	(5,891,124)	(5,901,030)	(5,989,861)	(6,002,328)	(6,025,471)	(6,048,034)	(6,071,082)	(6,093,847)	(6,118,233)	(6,142,533)	(6,165,599)	(5,884,917)	(5,892,622)	(5,873,094)	(5,931,280)	(5,999,649)	(6,313,324)	(6,213,648)
Interest expenses	(14,281)	(11,225)	(51,898)	(60,889)	(56,848)	(98,604)	(93,548)	(88,599)	(83,615)	(78,520)	(73,435)	(68,612)	(63,675)	(58,626)	(53,460)	(48,174)	(42,765)	(37,232)	(31,570)	(25,779)
Insurance expenses	(456,518)	(435,724)	(444,440)	(454,439)	(463,529)	(472,800)	(482,257)	(491,901)	(501,735)	(511,770)	(522,003)	(532,442)	(543,092)	(553,955)	(565,034)	(576,335)	(587,862)	(599,622)	(611,614)	(623,845)
Other expenditure	(230,103)	(219,361)	(222,659)	(226,001)	(230,526)	(235,139)	(239,848)	(244,642)	(249,527)	(254,516)	(259,612)	(264,796)	(270,083)	(275,492)	(281,007)	(286,622)	(292,356)	(298,205)	(304,170)	(310,255)
	(18,988,602)	(15,086,930)	(15,411,384)	(15,809,826)	(16,012,627)	(16,334,707)	(16,615,688)	(16,977,838)	(17,278,623)	(17,522,093)	(17,797,494)	(18,139,011)	(18,472,014)	(18,560,879)	(18,760,055)	(19,082,505)	(19,423,808)	(19,897,060)	(20,561,740)	(20,734,863)
	(5,702,343)	(4,408,114)	(4,217,300)	(4,148,840)	(3,895,351)	(3,739,309)	(3,556,574)	(3,465,125)	(3,371,589)	(3,287,657)	(3,225,686)	(3,222,180)	(3,246,538)	(3,017,035)	(2,891,941)	(2,881,690)	(2,882,841)	(3,007,694)	(3,318,734)	(3,128,036)
Non-operating grants, subsidies and contributions	8,994,403	9,195,642	4,870,697	3,167,311	3,086,977	2,891,716	2,847,550	2,904,501	2,962,591	3,021,843	3,082,280	3,143,927	3,206,805	3,270,941	3,336,360	3,403,087	3,471,149	3,540,573	3,611,384	3,683,612
Profit on asset disposals	9,869	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss on asset disposal	(32,470)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET RESULT	3,269,459	4,787,528	653,397	(981,529)	(808,374)	(847,593)	(709,024)	(560,624)	(408,998)	(265,814)	(143,406)	(78,253)	(39,733)	253,906	444,419	521,397	588,308	532,879	292,650	555,576
Other comprehensive income	0	(1,055)	(1,173)	(1,355)	(1,549)	(1,762)	(1,995)	(2,251)	(2,527)	(2,826)	(3,147)	(3,495)	(3,871)	(4,276)	(4,709)	(5,171)	(5,665)	(6,191)	(6,749)	(7,341)
TOTAL COMPREHENSIVE INCOME	3,269,459	4,786,473	652,224	(982,884)	(809,923)	(849,355)	(711,019)	(562,875)	(411,525)	(268,640)	(146,553)	(81,748)	(43,604)	249,630	439,710	516,226	582,643	526,688	285,901	548,235



Shire of Donnybrook Balingup
Forecast Statement of Financial Position
For the period 2020 - 2040
Draft - Version Council

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	30 June 21	30 June 22	30 June 23	30 June 24	30 June 25	30 June 26	30 June 27	30 June 28	30 June 29	30 June 30	30 June 31	30 June 32	30 June 33	30 June 34	30 June 35	30 June 36	30 June 37	30 June 38	30 June 39	30 June 40
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CURRENT ASSETS																				
General cash and cash equivalents	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195
Reserves cash and cash equivalent	5,704,551	4,821,095	4,740,119	4,501,862	4,176,083	3,428,727	3,563,125	3,560,603	3,752,810	4,078,795	4,207,146	4,068,908	4,411,097	4,437,866	4,618,540	4,719,635	4,866,722	4,416,006	4,317,987	4,642,975
Financial assets	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136
Trade and other receivables	653,277	653,537	653,803	654,076	654,358	649,227	643,881	643,881	643,881	643,881	643,881	643,881	643,881	643,881	643,881	643,881	643,881	643,881	643,881	643,881
Inventories	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936
Contract assets	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642
Other assets	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028
TOTAL CURRENT ASSETS	13,196,765	12,313,569	12,232,859	11,994,875	11,669,378	10,916,891	11,045,943	11,043,421	11,235,628	11,561,613	11,689,964	11,551,726	11,893,915	11,920,684	12,101,358	12,202,453	12,349,540	11,898,824	11,800,805	12,125,793
NON-CURRENT ASSETS																				
Financial assets	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867
Other receivables	958,720	949,064	939,142	928,947	918,470	913,124	913,124	913,124	913,124	913,124	913,124	913,124	913,124	913,124	913,124	913,124	913,124	913,124	913,124	913,124
Property plant and equipment	37,524,054	41,145,485	41,780,640	40,290,284	40,840,295	39,533,795	38,206,331	37,034,793	35,689,112	34,220,118	32,846,432	31,721,306	30,063,313	28,923,602	27,727,871	26,594,179	25,384,960	24,619,700	23,161,092	21,439,929
Infrastructure	134,139,475	137,407,050	138,534,985	139,119,954	139,937,827	140,927,022	141,188,996	141,575,234	142,087,252	142,726,595	143,514,848	144,585,095	145,638,999	146,778,225	148,004,479	149,319,503	150,725,072	152,222,997	153,815,124	155,503,338
TOTAL NON-CURRENT ASSETS	172,709,116	179,588,466	181,341,634	180,426,052	181,783,459	181,460,808	180,395,318	179,610,018	178,776,355	177,946,704	177,463,263	177,306,392	176,702,303	176,701,818	176,732,341	176,913,673	177,110,023	177,842,688	177,976,207	177,943,258
TOTAL ASSETS	185,905,881	191,902,035	193,574,493	192,420,927	193,452,837	192,377,699	191,441,261	190,653,439	190,011,983	189,508,317	189,153,227	188,858,118	188,596,218	188,622,502	188,833,699	189,116,126	189,459,563	189,741,512	189,777,012	190,069,051
CURRENT LIABILITIES																				
Trade and other payables	7,482,818	7,482,818	7,482,818	7,482,818	7,482,818	7,482,818	7,482,818	7,482,818	7,482,818	7,482,818	7,482,818	7,482,818	7,482,818	7,482,818	7,482,818	7,482,818	7,482,818	7,482,818	7,482,818	7,482,818
Contract liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lease liabilities	41,743	22,829	16,997	590	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current portion of long-term liabilities	63,576	141,937	153,685	157,577	225,783	225,419	224,947	229,931	235,026	208,537	213,361	218,296	223,346	228,513	233,799	239,206	244,739	250,401	256,196	262,120
Provisions	951,992	951,992	951,992	951,992	951,992	951,992	951,992	951,992	951,992	951,992	951,992	951,992	951,992	951,992	951,992	951,992	951,992	951,992	951,992	951,992
TOTAL CURRENT LIABILITIES	8,540,129	8,599,576	8,605,492	8,592,977	8,660,593	8,660,229	8,659,757	8,664,741	8,669,836	8,643,347	8,648,171	8,653,106	8,658,156	8,663,323	8,668,609	8,674,016	8,679,549	8,685,211	8,691,006	8,696,930
NON-CURRENT LIABILITIES																				
Other Financial Assets	4,291,839	4,269,010	4,252,013	4,251,423	4,251,423	4,251,423	4,251,423	4,251,423	4,251,423	4,251,423	4,251,423	4,251,423	4,251,423	4,251,423	4,251,423	4,251,423	4,251,423	4,251,423	4,251,423	4,251,423
Long-term borrowings	338,988	1,512,051	2,543,366	2,385,789	4,160,006	3,934,587	3,709,640	3,479,709	3,244,683	3,036,146	2,822,785	2,604,489	2,381,143	2,152,630	1,918,831	1,679,625	1,434,886	1,184,485	928,289	666,169
Provisions	128,045	128,045	128,045	128,045	128,045	128,045	128,045	128,045	128,045	128,045	128,045	128,045	128,045	128,045	128,045	128,045	128,045	128,045	128,045	128,045
TOTAL NON-CURRENT LIABILITIES	4,758,872	5,909,106	6,923,424	6,765,257	8,539,474	8,314,055	8,089,108	7,859,177	7,624,151	7,415,614	7,202,253	6,983,957	6,760,611	6,532,098	6,298,299	6,059,093	5,814,354	5,563,953	5,307,757	5,045,637
TOTAL LIABILITIES	13,299,001	14,508,682	15,528,916	15,358,234	17,200,067	16,974,284	16,748,865	16,523,918	16,293,987	16,058,961	15,850,424	15,637,063	15,418,767	15,195,421	14,966,908	14,733,109	14,493,903	14,249,164	13,998,763	13,742,567
NET ASSETS	172,606,880	177,393,353	178,045,577	177,062,693	176,252,770	175,403,415	174,692,396	174,129,521	173,717,996	173,449,356	173,302,803	173,221,055	173,177,451	173,427,081	173,866,791	174,383,017	174,965,660	175,492,348	175,778,249	176,326,484
EQUITY																				
Retained surplus	34,323,131	39,994,115	40,728,488	39,985,216	39,502,621	39,402,384	38,558,962	38,000,860	37,399,655	36,807,856	36,536,099	36,596,084	36,214,162	36,441,299	36,705,044	37,125,346	37,566,567	38,550,162	38,940,831	39,171,419
Reserves - cash backed	5,704,551	4,821,095	4,740,119	4,501,862	4,176,083	3,428,727	3,563,125	3,560,603	3,752,810	4,078,795	4,207,146	4,068,908	4,411,097	4,437,866	4,618,540	4,719,635	4,866,722	4,416,006	4,317,987	4,642,975
Asset revaluation surplus	132,579,198	132,578,143	132,576,970	132,575,615	132,574,066	132,572,304	132,570,309	132,568,058	132,565,531	132,562,705	132,559,558	132,556,063	132,552,192	132,547,916	132,543,207	132,538,036	132,532,371	132,526,180	132,519,431	132,512,090
TOTAL EQUITY	172,606,880	177,393,353	178,045,577	177,062,693	176,252,770	175,403,415	174,692,396	174,129,521	173,717,996	173,449,356	173,302,803	173,221,055	173,177,451	173,427,081	173,866,791	174,383,017	174,965,660	175,492,348	175,778,249	176,326,484

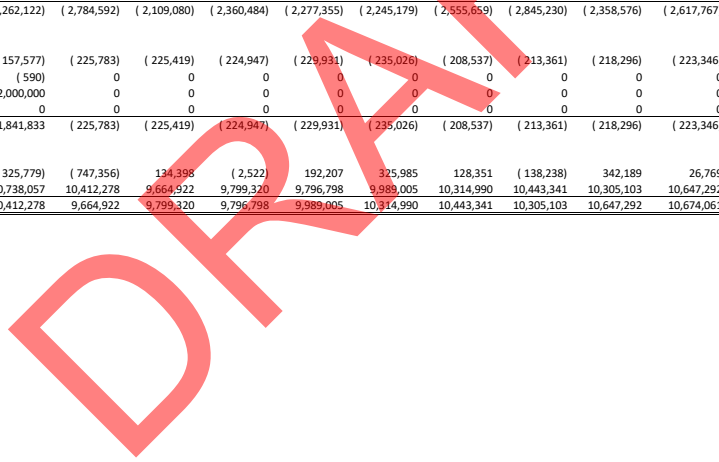
Shire of Donnybrook Balingup
Forecast Statement of Changes in Equity
For the period 2020 - 2040
Draft - Version Council

	2017	2018	2019	Base	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	\$	\$	\$	\$	30 June 21	30 June 22	30 June 23	30 June 24	30 June 25	30 June 26	30 June 27	30 June 28	30 June 29	30 June 30	30 June 31	30 June 32	30 June 33	30 June 34	30 June 35	30 June 36	30 June 37	30 June 38	30 June 39	30 June 40
RETAINED SURPLUS																								
Opening balance	35,187,624	36,137,497	33,908,340	22,722,850	30,133,459	34,323,131	39,994,115	40,728,488	39,985,216	39,502,621	39,402,384	38,558,962	38,000,860	37,399,655	36,807,856	36,536,099	36,596,084	36,214,162	36,441,299	36,705,044	37,125,346	37,566,567	38,550,162	38,940,831
Net result	949,874	(1,611,304)	(1,092,095)	4,993,930	3,269,459	4,787,528	653,397	(981,529)	(808,374)	(847,593)	(709,024)	(560,624)	(408,998)	(265,814)	(143,406)	(78,253)	(39,733)	253,906	444,419	521,397	588,308	532,879	292,650	555,576
Amount transferred (to)/from reserves		(617,853)	(2,717,108)	2,416,679	920,213	883,456	80,976	238,257	325,779	747,356	(134,398)	2,522	(192,207)	(325,985)	(128,351)	138,238	(342,189)	(26,769)	(180,674)	(101,095)	(147,087)	450,716	98,019	(324,988)
Closing balance	36,137,498	33,908,340	30,099,137	30,133,459	34,323,131	39,994,115	40,728,488	39,985,216	39,502,621	39,402,384	38,558,962	38,000,860	37,399,655	36,807,856	36,536,099	36,596,084	36,214,162	36,441,299	36,705,044	37,125,346	37,566,567	38,550,162	38,940,831	39,171,419
RESERVES - CASH/INVESTMENT BACKED																								
Opening balance	5,706,482	5,706,482	6,324,335	9,041,443	6,624,764	5,704,551	4,821,095	4,740,119	4,501,862	4,176,083	3,428,727	3,563,125	3,560,603	3,752,810	4,078,795	4,207,146	4,068,908	4,411,097	4,437,866	4,618,540	4,719,635	4,866,722	4,416,006	4,317,987
Amount transferred to/(from) retained surplus	0	617,853	2,717,108	(2,416,679)	(920,213)	(883,456)	(80,976)	(238,257)	(325,779)	(747,356)	134,398	(2,522)	192,207	325,985	128,351	(138,238)	342,189	26,769	180,674	101,095	147,087	(450,716)	(98,019)	324,988
Closing balance	5,706,482	6,324,335	9,041,443	6,624,764	5,704,551	4,821,095	4,740,119	4,501,862	4,176,083	3,428,727	3,563,125	3,560,603	3,752,810	4,078,795	4,207,146	4,068,908	4,411,097	4,437,866	4,618,540	4,719,635	4,866,722	4,416,006	4,317,987	4,642,975
ASSET REVALUATION SURPLUS																								
Opening balance	129,556,858	132,579,198	132,579,198	132,579,198	132,579,198	132,579,198	132,578,143	132,576,970	132,575,615	132,574,066	132,572,304	132,570,309	132,568,058	132,565,531	132,562,705	132,559,558	132,556,063	132,552,192	132,547,916	132,543,207	132,538,036	132,532,371	132,526,180	132,519,431
Total other comprehensive income	0	0	0	0	0	(1,055)	(1,173)	(1,355)	(1,549)	(1,762)	(1,995)	(2,251)	(2,527)	(2,826)	(3,147)	(3,495)	(3,871)	(4,276)	(4,709)	(5,171)	(5,665)	(6,191)	(6,749)	(7,341)
Closing balance	129,556,858	132,579,198	132,579,198	132,579,198	132,579,198	132,578,143	132,576,970	132,575,615	132,574,066	132,572,304	132,570,309	132,568,058	132,565,531	132,562,705	132,559,558	132,556,063	132,552,192	132,547,916	132,543,207	132,538,036	132,532,371	132,526,180	132,519,431	132,512,090
TOTAL EQUITY	171,400,838	172,811,873	171,719,778	169,337,421	172,606,880	177,393,353	178,045,577	177,062,693	176,252,770	175,403,415	174,692,396	174,129,521	173,717,996	173,449,356	173,302,803	173,221,055	173,177,451	173,427,081	173,866,791	174,383,017	174,965,660	175,492,348	175,778,249	176,326,484

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Shire of Donnybrook Balingup
Forecast Statement of Cashflows - for the period 2020 - 2040
Draft - Version Council

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash flows from operating activities																				
Receipts																				
Rates	5,054,942	5,513,418	5,954,493	6,341,535	6,722,026	7,125,348	7,517,242	7,893,104	8,208,828	8,455,093	8,708,747	8,970,010	9,194,259	9,424,115	9,659,718	9,901,212	10,148,743	10,402,462	10,662,524	10,929,086
Operating grants, subsidies and contributions	2,302,746	2,839,165	2,858,142	2,877,405	2,903,476	2,930,066	2,957,190	2,984,853	3,013,071	3,041,854	3,071,214	3,101,157	3,131,702	3,162,860	3,194,640	3,227,055	3,260,120	3,293,844	3,328,244	3,363,330
Fees and charges	2,989,474	2,199,977	2,259,601	2,320,596	2,371,508	2,421,339	2,469,765	2,519,160	2,569,543	2,620,929	2,673,347	2,726,816	2,781,354	2,836,982	2,893,724	2,951,600	3,010,638	3,070,846	3,132,264	3,194,913
Interest earnings	216,825	125,825	121,409	121,003	119,813	118,183	114,446	115,118	115,106	116,067	117,697	118,339	117,647	119,359	119,493	120,395	120,901	121,636	119,383	118,893
Other revenue	1,650	431	439	447	453	462	471	478	486	493	503	509	514	528	539	553	565	578	591	605
	10,565,637	10,678,816	11,194,084	11,660,986	12,117,276	12,595,398	13,059,114	13,512,713	13,907,034	14,234,436	14,571,508	14,916,831	15,225,476	15,543,844	15,868,114	16,200,815	16,540,967	16,889,366	17,243,006	17,606,827
Payments																				
Employee costs	(7,766,645)	(5,260,628)	(5,355,318)	(5,511,707)	(5,698,487)	(5,889,549)	(6,067,331)	(6,248,675)	(6,433,647)	(6,622,321)	(6,814,762)	(7,011,062)	(7,211,286)	(7,415,509)	(7,623,821)	(7,836,302)	(8,053,027)	(8,274,089)	(8,499,564)	(8,729,559)
Materials and contracts	(4,922,028)	(3,022,329)	(3,062,521)	(3,266,591)	(3,176,423)	(3,231,397)	(3,294,247)	(3,434,739)	(3,509,348)	(3,522,857)	(3,562,120)	(3,663,596)	(3,753,195)	(3,897,987)	(3,860,227)	(3,968,416)	(4,013,089)	(4,174,763)	(4,277,723)	(4,297,526)
Utility charges	(457,272)	(377,755)	(383,424)	(389,169)	(396,953)	(404,890)	(412,986)	(421,248)	(429,669)	(438,262)	(447,029)	(455,970)	(465,084)	(474,393)	(483,884)	(493,562)	(503,429)	(513,500)	(523,775)	(534,251)
Interest expenses	(18,130)	(11,225)	(51,898)	(60,889)	(56,848)	(98,604)	(93,548)	(88,599)	(83,615)	(78,520)	(73,435)	(68,612)	(63,675)	(58,626)	(53,460)	(48,174)	(42,765)	(37,232)	(31,570)	(25,779)
Insurance expenses	(456,518)	(435,724)	(444,440)	(454,439)	(463,529)	(472,800)	(482,257)	(491,901)	(501,735)	(511,770)	(522,003)	(532,442)	(543,092)	(553,955)	(565,034)	(576,335)	(587,862)	(599,622)	(611,614)	(623,845)
Other expenditure	(226,254)	(219,361)	(222,659)	(226,001)	(230,526)	(235,139)	(239,848)	(244,642)	(249,527)	(254,516)	(259,612)	(264,796)	(270,083)	(275,492)	(281,007)	(286,622)	(292,356)	(298,205)	(304,170)	(310,255)
	(13,846,847)	(9,327,022)	(9,520,260)	(9,908,796)	(10,022,766)	(10,332,379)	(10,590,217)	(10,929,804)	(11,207,541)	(11,428,246)	(11,678,961)	(11,996,478)	(12,306,415)	(12,675,962)	(12,867,433)	(13,209,411)	(13,492,528)	(13,897,411)	(14,248,416)	(14,521,215)
Net cash provided by (used in) operating activities	(3,281,210)	1,351,794	1,673,824	1,752,190	2,094,510	2,263,019	2,468,897	2,582,909	2,699,493	2,806,190	2,892,547	2,920,353	2,919,061	2,867,882	3,000,681	2,991,404	3,048,439	2,991,955	2,994,590	3,085,612
Cash flows from investing activities																				
Payments for purchase of property, plant & equipment	(3,353,320)	(5,801,462)	(2,887,835)	(877,002)	(2,930,280)	(1,147,065)	(1,091,581)	(1,336,021)	(1,222,083)	(962,008)	(1,155,010)	(1,505,814)	(887,339)	(1,225,656)	(1,086,335)	(1,176,727)	(1,144,248)	(1,799,535)	(1,353,990)	(837,427)
Payments for construction of infrastructure	(7,727,506)	(6,949,395)	(4,848,161)	(4,305,195)	(4,538,099)	(4,709,421)	(3,982,200)	(4,106,464)	(4,232,244)	(4,359,569)	(4,608,471)	(4,690,481)	(4,774,130)	(4,859,452)	(4,946,480)	(5,035,250)	(5,125,795)	(5,218,151)	(5,312,353)	(5,408,440)
Proceeds from non-operating grants, subsidies and contributions	9,293,045	9,195,642	4,870,697	3,167,311	3,086,977	2,891,716	2,847,550	2,904,501	2,962,591	3,021,843	3,082,280	3,143,927	3,206,805	3,270,941	3,336,360	3,403,087	3,471,149	3,540,573	3,611,384	3,683,612
Proceeds from self supporting loans	9,144	9,396	9,656	9,922	10,195	10,477	5,346	0	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from sale of plant & equipment	168,209	100,888	80,609	185,199	109,085	169,701	111,805	177,500	214,381	54,555	125,542	207,138	96,088	196,400	104,961	152,380	136,748	279,181	212,751	57,827
Net cash provided by (used in) investing activities	(1,610,428)	(3,444,931)	(2,775,034)	(1,819,765)	(4,262,122)	(2,784,592)	(2,109,080)	(2,360,484)	(2,277,355)	(2,245,179)	(2,555,659)	(2,845,230)	(2,358,576)	(2,617,767)	(2,591,494)	(2,656,510)	(2,662,146)	(3,197,932)	(2,842,208)	(2,504,428)
Cash flows from financing activities																				
Repayment of debentures	(61,290)	(63,576)	(141,937)	(153,685)	(157,577)	(225,783)	(225,419)	(224,947)	(229,931)	(235,026)	(208,537)	(213,361)	(218,296)	(223,346)	(228,513)	(233,799)	(239,206)	(244,739)	(250,401)	(256,196)
Repayment of leases	(53,870)	(41,743)	(22,829)	(16,997)	(590)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from new debentures	0	1,315,000	1,185,000	0	2,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from new leases	275,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net cash provided by (used in) financing activities	159,840	1,209,681	1,020,234	(170,682)	1,841,833	(225,783)	(225,419)	(224,947)	(229,931)	(235,026)	(208,537)	(213,361)	(218,296)	(223,346)	(228,513)	(233,799)	(239,206)	(244,739)	(250,401)	(256,196)
Net increase (decrease) in cash held	(4,731,798)	(883,456)	(80,976)	(238,257)	(325,779)	(747,356)	134,398	(2,522)	192,207	325,985	128,351	(138,238)	342,189	26,769	180,674	101,095	147,087	(450,716)	(98,019)	324,988
Cash at beginning of year	16,622,802	11,940,746	11,057,290	10,976,314	10,738,057	10,412,278	9,664,922	9,799,320	9,796,798	9,989,005	10,314,990	10,443,341	10,305,103	10,647,292	10,674,061	10,854,735	10,955,830	11,102,917	10,652,201	10,554,182
Cash and cash equivalents at the end of year	11,891,004	11,057,290	10,976,314	10,738,057	10,412,278	9,664,922	9,799,320	9,796,798	9,989,005	10,314,990	10,443,341	10,305,103	10,647,292	10,674,061	10,854,735	10,955,830	11,102,917	10,652,201	10,554,182	10,879,170

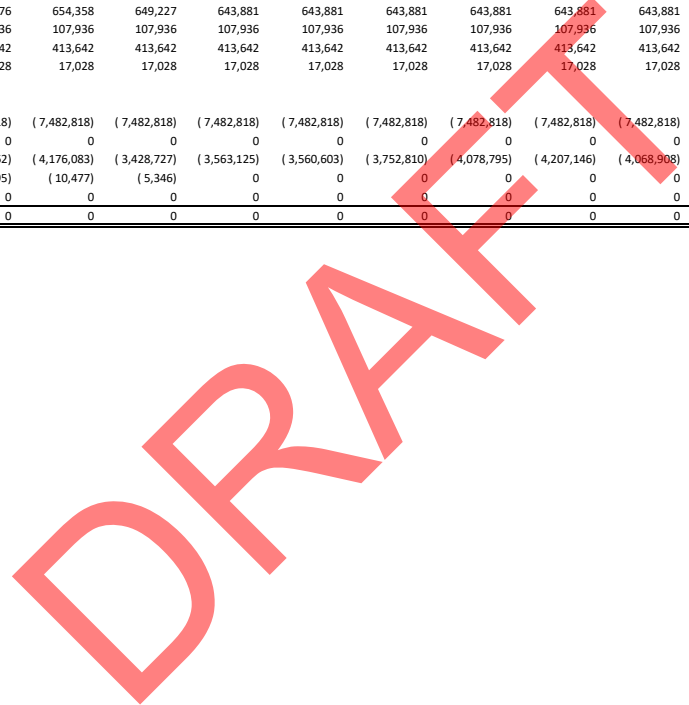


Shire of Donnybrook Balingup
Forecast Statement of Funding - for the period 2020 - 2040
Draft - Version Council

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
FUNDING FROM OPERATIONAL ACTIVITIES																				
Revenues																				
Rates	5,074,942	5,513,418	5,954,493	6,341,535	6,722,026	7,125,348	7,517,242	7,893,104	8,208,828	8,455,093	8,708,747	8,970,010	9,194,259	9,424,115	9,659,718	9,901,212	10,148,743	10,402,462	10,662,524	10,929,086
Operating grants, subsidies and contributions	4,838,368	2,839,165	2,858,142	2,877,405	2,903,476	2,930,066	2,957,190	2,984,853	3,013,071	3,041,854	3,071,214	3,101,157	3,131,702	3,162,860	3,194,640	3,227,055	3,260,120	3,293,844	3,328,244	3,363,330
Profit on asset disposal	9,869	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	3,154,474	2,199,977	2,259,601	2,320,596	2,371,508	2,421,339	2,469,765	2,519,160	2,569,543	2,620,929	2,673,347	2,726,816	2,781,354	2,836,982	2,893,724	2,951,600	3,010,638	3,070,846	3,132,264	3,194,913
Interest earnings	216,825	125,825	121,409	121,003	119,813	118,183	114,446	115,118	115,106	116,067	117,697	118,339	117,647	119,359	119,493	120,395	120,901	121,636	119,383	118,893
Other revenue	1,650	431	439	447	453	462	471	478	486	493	503	509	514	528	539	553	565	578	591	605
	13,296,128	10,678,816	11,194,084	11,660,986	12,117,276	12,595,398	13,059,114	13,512,713	13,907,034	14,234,436	14,571,508	14,916,831	15,225,476	15,543,844	15,868,114	16,200,815	16,540,967	16,889,366	17,243,006	17,606,827
Expenses																				
Employee costs	(7,766,645)	(5,260,628)	(5,355,318)	(5,511,707)	(5,698,487)	(5,889,549)	(6,067,331)	(6,248,675)	(6,433,647)	(6,622,321)	(6,814,762)	(7,011,062)	(7,211,286)	(7,415,509)	(7,623,821)	(7,836,302)	(8,053,027)	(8,274,089)	(8,499,564)	(8,729,559)
Materials and contracts	(4,569,549)	(3,022,329)	(3,062,521)	(3,266,591)	(3,176,423)	(3,231,397)	(3,294,247)	(3,434,739)	(3,509,348)	(3,522,857)	(3,562,120)	(3,663,596)	(3,753,195)	(3,897,987)	(3,860,227)	(3,968,416)	(4,013,089)	(4,174,763)	(4,277,723)	(4,297,526)
Utility charges (electricity, gas, water etc.)	(457,272)	(377,755)	(383,424)	(389,169)	(396,953)	(404,890)	(412,986)	(421,248)	(429,669)	(438,262)	(447,029)	(455,970)	(465,084)	(474,393)	(483,884)	(493,562)	(503,429)	(513,500)	(523,775)	(534,251)
Depreciation on non-current assets	(5,494,234)	(5,759,908)	(5,891,124)	(5,901,030)	(5,989,861)	(6,002,328)	(6,025,471)	(6,048,034)	(6,071,082)	(6,093,847)	(6,118,233)	(6,142,533)	(6,165,599)	(5,884,917)	(5,892,622)	(5,873,094)	(5,931,280)	(5,999,649)	(6,313,324)	(6,213,648)
Loss on asset disposal	(32,470)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest expense	(14,281)	(11,225)	(51,898)	(60,889)	(56,848)	(98,604)	(93,548)	(88,599)	(83,615)	(78,520)	(73,435)	(68,612)	(63,675)	(58,626)	(53,460)	(48,174)	(42,765)	(37,232)	(31,570)	(25,779)
Insurance expense	(456,518)	(435,724)	(444,440)	(454,439)	(463,529)	(472,800)	(482,257)	(491,901)	(501,735)	(511,770)	(522,003)	(532,442)	(543,092)	(553,955)	(565,034)	(576,335)	(587,862)	(599,622)	(611,614)	(623,845)
Other expenditure	(230,103)	(219,361)	(222,659)	(226,001)	(230,526)	(235,139)	(239,848)	(244,642)	(249,527)	(254,516)	(259,612)	(264,796)	(270,083)	(275,492)	(281,007)	(286,622)	(292,356)	(298,205)	(304,170)	(310,255)
	(19,021,072)	(15,086,930)	(15,411,384)	(15,809,826)	(16,012,627)	(16,334,707)	(16,615,688)	(16,977,838)	(17,278,623)	(17,522,093)	(17,797,194)	(18,139,011)	(18,472,014)	(18,560,879)	(18,760,055)	(19,082,505)	(19,423,808)	(19,897,060)	(20,561,740)	(20,734,863)
	(5,724,944)	(4,408,114)	(4,217,300)	(4,148,840)	(3,895,351)	(3,739,309)	(3,556,574)	(3,465,125)	(3,371,589)	(3,287,657)	(3,225,686)	(3,222,180)	(3,246,538)	(3,017,035)	(2,891,941)	(2,881,690)	(2,882,841)	(3,007,694)	(3,318,734)	(3,128,036)
Funding position adjustments																				
Depreciation on non-current assets	5,494,234	5,759,908	5,891,124	5,901,030	5,989,861	6,002,328	6,025,471	6,048,034	6,071,082	6,093,847	6,118,233	6,142,533	6,165,599	5,884,917	5,892,622	5,873,094	5,931,280	5,999,649	6,313,324	6,213,648
Net profit and losses on disposal	22,601	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net funding from operational activities	(208,109)	1,351,794	1,673,824	1,752,190	2,094,510	2,263,019	2,468,897	2,582,909	2,699,493	2,806,190	2,892,547	2,920,353	2,919,061	2,867,882	3,000,681	2,991,404	3,048,439	2,991,955	2,994,590	3,085,612
FUNDING FROM CAPITAL ACTIVITIES																				
Inflows																				
Proceeds on disposal	168,209	100,888	80,609	185,199	109,085	169,701	111,805	177,500	214,381	54,555	125,542	207,138	96,088	196,400	104,961	152,380	136,748	279,181	212,751	57,827
Non-operating grants, subsidies and contributions	8,994,403	9,195,642	4,870,697	3,167,311	3,086,977	2,891,716	2,847,550	2,904,501	2,962,591	3,021,843	3,082,280	3,143,927	3,206,805	3,270,941	3,336,360	3,403,087	3,471,149	3,540,573	3,611,384	3,683,612
Self supporting loan	9,144	9,396	9,656	9,922	10,195	10,477	5,346	0	0	0	0	0	0	0	0	0	0	0	0	0
Outflows																				
Purchase of property plant and equipment	(3,353,320)	(5,801,462)	(2,887,835)	(877,002)	(2,930,280)	(1,147,065)	(1,091,581)	(1,336,021)	(1,222,083)	(962,008)	(1,155,010)	(1,505,814)	(887,339)	(1,225,656)	(1,086,335)	(1,176,727)	(1,144,248)	(1,799,535)	(1,353,990)	(837,427)
Purchase of infrastructure	(7,727,506)	(6,949,395)	(4,848,161)	(4,305,195)	(4,538,099)	(4,709,421)	(3,982,200)	(4,106,464)	(4,232,244)	(4,359,569)	(4,608,471)	(4,690,481)	(4,774,130)	(4,859,452)	(4,946,480)	(5,035,250)	(5,125,795)	(5,218,151)	(5,312,353)	(5,408,440)
Net funding from capital activities	(1,909,070)	(3,444,931)	(2,775,034)	(1,819,765)	(4,262,122)	(2,784,592)	(2,109,080)	(2,360,484)	(2,277,355)	(2,245,179)	(2,555,659)	(2,845,230)	(2,358,576)	(2,617,767)	(2,591,494)	(2,656,510)	(2,662,146)	(3,197,932)	(2,842,208)	(2,504,428)
FUNDING FROM FINANCING ACTIVITIES																				
Inflows																				
Transfer from reserves	1,132,213	1,268,456	505,976	768,593	1,288,495	1,788,164	1,139,076	1,366,321	1,264,002	1,212,253	1,492,768	1,761,961	1,254,251	1,492,256	1,444,374	1,482,347	1,465,500	1,978,354	1,599,239	1,237,600
New borrowings	0	1,315,000	1,185,000	0	2,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from lease	275,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Outflows																				
Transfer to reserves	(212,000)	(385,000)	(425,000)	(530,336)	(962,716)	(1,040,808)	(1,273,474)	(1,363,799)	(1,456,209)	(1,538,238)	(1,621,119)	(1,623,723)	(1,596,440)	(1,519,025)	(1,625,048)	(1,583,442)	(1,612,587)	(1,527,638)	(1,501,220)	(1,562,588)
Repayment of past borrowings	(61,290)	(63,576)	(141,937)	(153,685)	(157,577)	(225,783)	(225,419)	(224,947)	(229,931)	(235,026)	(208,537)	(213,361)	(218,296)	(223,346)	(228,513)	(233,799)	(239,206)	(244,739)	(250,401)	(256,196)
Principal elements of finance lease payments	(53,870)	(41,743)	(22,829)	(16,997)	(590)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net funding from financing activities	1,080,053	2,093,137	1,101,210	67,575	2,167,612	521,573	(359,817)	(222,425)	(422,138)	(561,011)	(336,888)	(75,123)	(560,485)	(250,115)	(409,187)	(334,894)	(386,293)	205,977	(152,382)	(581,184)
Estimated surplus/deficit July 1 B/Fwd	1,037,126	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated surplus/deficit June 30 C/Fwd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Funding available/(to be sourced)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Shire of Donnybrook Balingup
Forecast Composition of Estimated Net Current Asset Position
For the period 2020 - 2040
Draft - Version Council

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Estimated surplus/deficit July 1 B/Fwd	1,037,126	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CURRENT ASSETS																				
General cash and equivalents	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195	6,236,195
Restricted cash and cash equivalent	5,704,551	4,821,095	4,740,119	4,501,862	4,176,083	3,428,727	3,563,125	3,560,603	3,752,810	4,078,795	4,207,146	4,068,908	4,411,097	4,437,866	4,618,540	4,719,635	4,866,722	4,416,006	4,317,987	4,642,975
Financial assets	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136	64,136
Trade and other receivables	653,277	653,537	653,803	654,076	654,358	649,227	643,881	643,881	643,881	643,881	643,881	643,881	643,881	643,881	643,881	643,881	643,881	643,881	643,881	643,881
Inventories	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936	107,936
Contract assets	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642	413,642
Other assets	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028
CURRENT LIABILITIES																				
Trade and other payables	(7,482,818)	(7,482,818)	(7,482,818)	(7,482,818)	(7,482,818)	(7,482,818)	(7,482,818)	(7,482,818)	(7,482,818)	(7,482,818)	(7,482,818)	(7,482,818)	(7,482,818)	(7,482,818)	(7,482,818)	(7,482,818)	(7,482,818)	(7,482,818)	(7,482,818)	(7,482,818)
Contract liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserves	(5,704,551)	(4,821,095)	(4,740,119)	(4,501,862)	(4,176,083)	(3,428,727)	(3,563,125)	(3,560,603)	(3,752,810)	(4,078,795)	(4,207,146)	(4,068,908)	(4,411,097)	(4,437,866)	(4,618,540)	(4,719,635)	(4,866,722)	(4,416,006)	(4,317,987)	(4,642,975)
Current self supporting loans receivable	(9,396)	(9,656)	(9,922)	(10,195)	(10,477)	(5,346)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Movement in accrued salaries and wages	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated surplus/deficit June 30 C/Fwd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



Shire of Donnybrook Balingup

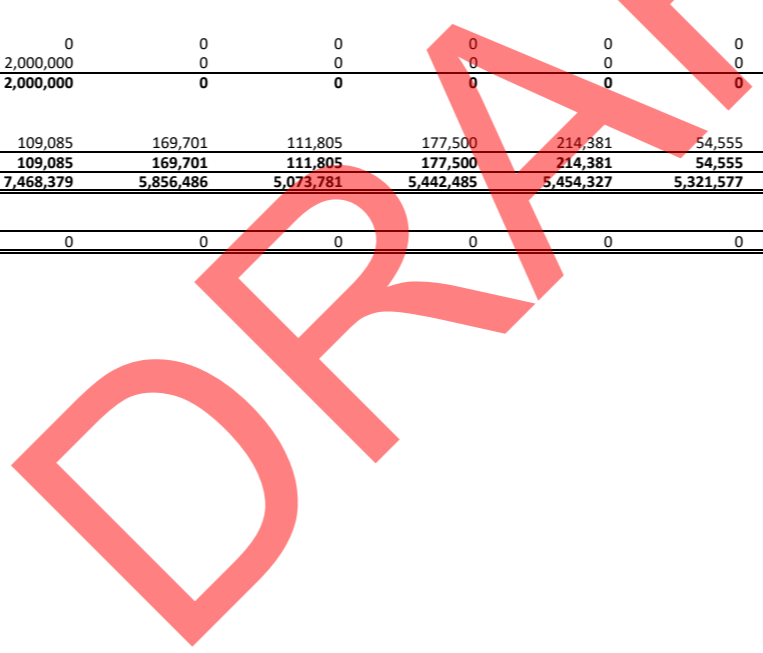
Forecast Statement of Movements in Fixed Assets - for the period 2020 - 2040

Draft - Version Council

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CAPITAL WORKS - INFRASTRUCTURE																				
Infrastructure - roads	2,547,418	2,362,329	2,397,764	2,445,719	2,494,633	2,544,526	2,595,417	2,647,325	2,700,272	2,754,277	2,929,363	2,985,550	3,042,861	3,101,318	3,160,944	3,221,763	3,283,798	3,347,074	3,411,615	3,477,447
Infrastructure - other	2,238,088	2,826,691	1,418,596	823,039	969,980	1,069,940	269,929	319,948	369,997	420,077	470,189	471,833	473,510	475,220	476,964	478,743	480,558	482,409	484,297	486,223
Infrastructure - footpaths	305,000	228,375	231,801	236,437	241,166	245,989	250,909	255,927	261,046	266,267	271,592	277,024	282,564	288,215	293,979	299,859	305,856	311,973	318,212	324,576
Infrastructure - bridges	2,637,000	1,532,000	800,000	800,000	832,320	848,966	865,945	883,264	900,929	918,948	937,327	956,074	975,195	994,699	1,014,593	1,034,885	1,055,583	1,076,695	1,098,229	1,120,194
Total capital works - infrastructure	7,727,506	6,949,395	4,848,161	4,305,195	4,538,099	4,709,421	3,982,200	4,106,464	4,232,244	4,359,569	4,608,471	4,690,481	4,774,130	4,859,452	4,946,480	5,035,250	5,125,795	5,218,151	5,312,353	5,408,440
Represented by:																				
Additions - assets at no cost	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Additions - expansion, upgrades and new	0	2,598,750	1,338,750	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Additions - renewal	7,727,506	4,350,645	3,509,411	4,305,195	4,538,099	4,709,421	3,982,200	4,106,464	4,232,244	4,359,569	4,608,471	4,690,481	4,774,130	4,859,452	4,946,480	5,035,250	5,125,795	5,218,151	5,312,353	5,408,440
Total Capital Works - Infrastructure	7,727,506	6,949,395	4,848,161	4,305,195	4,538,099	4,709,421	3,982,200	4,106,464	4,232,244	4,359,569	4,608,471	4,690,481	4,774,130	4,859,452	4,946,480	5,035,250	5,125,795	5,218,151	5,312,353	5,408,440
Asset movement reconciliation																				
Total capital works infrastructure	7,727,506	6,949,395	4,848,161	4,305,195	4,538,099	4,709,421	3,982,200	4,106,464	4,232,244	4,359,569	4,608,471	4,690,481	4,774,130	4,859,452	4,946,480	5,035,250	5,125,795	5,218,151	5,312,353	5,408,440
Depreciation infrastructure	(3,607,269)	(3,681,820)	(3,720,226)	(3,720,226)	(3,720,226)	(3,720,226)	(3,720,226)	(3,720,226)	(3,720,226)	(3,720,226)	(3,720,226)	(3,720,226)	(3,720,226)	(3,720,226)	(3,720,226)	(3,720,226)	(3,720,226)	(3,720,226)	(3,720,226)	(3,720,226)
Net book value of disposed/written off assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation of infrastructure assets (inflation)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net movement in infrastructure assets	4,120,237	3,267,575	1,127,935	584,969	817,873	989,195	261,974	386,238	512,018	639,343	888,245	970,255	1,053,904	1,139,226	1,226,254	1,315,024	1,405,569	1,497,925	1,592,127	1,688,214
CAPITAL WORKS - PROPERTY, PLANT AND EQUIPMENT																				
Buildings - non-specialised	2,943,764	5,306,954	2,410,850	243,700	2,457,100	473,105	593,870	573,500	583,200	584,849	608,905	599,205	573,500	573,500	573,500	573,500	573,500	573,500	573,500	573,500
Furniture and equipment	38,000	15,000	115,000	20,000	30,000	35,000	35,000	35,000	35,000	35,000	45,000	45,000	45,000	45,000	45,000	50,000	50,000	50,000	50,000	50,000
Plant and equipment	371,556	479,508	361,985	613,302	443,180	638,960	462,711	727,521	603,883	342,159	501,105	861,609	268,839	607,156	467,835	553,227	520,748	1,176,035	730,490	213,927
Total capital works property, plant and equipment	3,353,320	5,801,462	2,887,835	877,002	2,930,280	1,147,065	1,091,581	1,336,021	1,222,083	962,008	1,155,010	1,505,814	887,339	1,225,656	1,086,335	1,176,727	1,144,248	1,799,535	1,353,990	837,427
Represented by:																				
Additions - assets at no cost	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Additions - expansion, upgrades and new	0	4,934,740	1,636,250	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Additions - renewal	3,353,320	866,722	1,251,585	877,002	2,930,280	1,147,065	1,091,581	1,336,021	1,222,083	962,008	1,155,010	1,505,814	887,339	1,225,656	1,086,335	1,176,727	1,144,248	1,799,535	1,353,990	837,427
Total capital works property, plant and equipment	3,353,320	5,801,462	2,887,835	877,002	2,930,280	1,147,065	1,091,581	1,336,021	1,222,083	962,008	1,155,010	1,505,814	887,339	1,225,656	1,086,335	1,176,727	1,144,248	1,799,535	1,353,990	837,427
Asset movement reconciliation																				
Total capital works property, plant and equipment	3,353,320	5,801,462	2,887,835	877,002	2,930,280	1,147,065	1,091,581	1,336,021	1,222,083	962,008	1,155,010	1,505,814	887,339	1,225,656	1,086,335	1,176,727	1,144,248	1,799,535	1,353,990	837,427
Depreciation property, plant and equipment	(1,886,965)	(2,078,088)	(2,170,898)	(2,180,804)	(2,269,635)	(2,282,102)	(2,305,245)	(2,327,808)	(2,350,856)	(2,373,621)	(2,398,007)	(2,422,307)	(2,445,373)	(2,464,691)	(2,472,396)	(2,482,868)	(2,491,054)	(2,497,423)	(2,503,098)	(2,493,422)
Net book value of disposed/written off assets	(190,810)	(100,888)	(80,609)	(185,199)	(109,085)	(169,701)	(141,805)	(177,500)	(214,381)	(54,555)	(125,542)	(207,138)	(96,088)	(196,400)	(104,961)	(152,380)	(136,748)	(279,181)	(212,751)	(57,827)
Revaluation of property, plant and equipment (inflation)	0	(1,055)	(1,173)	(1,355)	(1,549)	(1,762)	(1,995)	(2,251)	(2,527)	(2,826)	(3,147)	(3,495)	(3,871)	(4,276)	(4,709)	(5,171)	(5,665)	(6,191)	(6,749)	(7,341)
Net movement in property, plant and equipment	1,275,545	3,621,431	635,155	(1,490,356)	550,011	(1,306,500)	(1,327,464)	(1,171,538)	(1,345,681)	(1,468,994)	(1,371,686)	(1,127,126)	(1,657,993)	(1,139,711)	(1,195,731)	(1,133,692)	(1,209,219)	(765,260)	(1,458,608)	(1,721,163)
CAPITAL WORKS - RIGHT OF USE ASSETS																				
Total capital works right of use assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Asset movement reconciliation																				
Net movement in right of use assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPITAL WORKS - TOTALS																				
Capital works																				
Total capital works infrastructure	7,727,506	6,949,395	4,848,161	4,305,195	4,538,099	4,709,421	3,982,200	4,106,464	4,232,244	4,359,569	4,608,471	4,690,481	4,774,130	4,859,452	4,946,480	5,035,250	5,125,795	5,218,151	5,312,353	5,408,440
Total capital works property, plant and equipment	3,353,320	5,801,462	2,887,835	877,002	2,930,280	1,147,065	1,091,581	1,336,021	1,222,083	962,008	1,155,010	1,505,814	887,339	1,225,656	1,086,335	1,176,727	1,144,248	1,799,535	1,353,990	837,427
Total capital works right of use assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total capital works	11,080,826	12,750,857	7,735,996	5,182,197	7,468,379	5,856,486	5,073,781	5,442,485	5,454,327	5,321,577	5,763,481	6,196,295	5,661,469	6,085,108	6,032,815	6,211,977	6,270,043	7,017,686	6,666,343	6,245,867
Fixed asset movement																				
Net movement in infrastructure assets	4,120,237	3,267,575	1,127,935	584,969	817,873	989,195	261,974	386,238	512,018	639,343	888,245	970,255	1,053,904	1,139,226	1,226,254	1,315,024	1,405,569	1,497,925	1,592,127	1,688,214
Net movement in property, plant and equipment	1,275,545	3,621,431	635,155	(1,490,356)	550,011	(1,306,500)	(1,327,464)	(1,171,538)	(1,345,681)	(1,468,994)	(1,371,686)	(1,127,126)	(1,657,993)	(1,139,711)	(1,195,731)	(1,133,692)	(1,209,219)	(765,260)	(1,458,608)	(1,721,163)
Net movement in right of use assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net movement in fixed assets																				

Shire of Donnybrook Balingup
Forecast Statement of Capital Funding - for the period 2020 - 2040
Draft - Version Council

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital expenditure																				
Infrastructure - roads	2,547,418	2,362,329	2,397,764	2,445,719	2,494,633	2,544,526	2,595,417	2,647,325	2,700,272	2,754,277	2,929,363	2,985,550	3,042,861	3,101,318	3,160,944	3,221,763	3,283,798	3,347,074	3,411,615	3,477,447
Infrastructure - other	2,238,088	2,826,691	1,418,596	823,039	969,980	1,069,940	269,929	319,948	369,997	420,077	470,189	471,833	473,510	475,220	476,964	478,743	480,558	482,409	484,297	486,223
Infrastructure - footpaths	305,000	228,375	231,801	236,437	241,166	245,989	250,909	255,927	261,046	266,267	271,592	277,024	282,564	288,215	293,979	299,859	305,856	311,973	318,212	324,576
Infrastructure - bridges	2,637,000	1,532,000	800,000	800,000	832,320	848,966	865,945	883,264	900,929	918,948	937,327	956,074	975,195	994,699	1,014,593	1,034,885	1,055,583	1,076,695	1,098,229	1,120,194
Buildings - non-specialised	2,943,764	5,306,954	2,410,850	243,700	2,457,100	473,105	593,870	573,500	583,200	584,849	608,905	599,205	573,500	573,500	573,500	573,500	573,500	573,500	573,500	573,500
Furniture and equipment	38,000	15,000	115,000	20,000	30,000	35,000	35,000	35,000	35,000	35,000	45,000	45,000	45,000	45,000	45,000	50,000	50,000	50,000	50,000	50,000
Plant and equipment	371,556	479,508	361,985	613,302	443,180	638,960	462,711	727,521	603,883	342,159	501,105	861,609	268,839	607,156	467,835	553,227	520,748	1,176,035	730,490	213,927
Total - Capital expenditure	11,080,826	12,750,857	7,735,996	5,182,197	7,468,379	5,856,486	5,073,781	5,442,485	5,454,327	5,321,577	5,763,481	6,196,295	5,661,469	6,085,108	6,032,815	6,211,977	6,270,043	7,017,686	6,666,343	6,245,867
Funded by:																				
Capital grants & contributions																				
Infrastructure - roads	2,547,418	1,699,604	1,725,098	1,759,600	1,794,792	1,830,688	1,867,302	1,904,648	1,942,741	1,981,596	2,021,228	2,061,653	2,102,886	2,144,944	2,187,843	2,231,600	2,276,232	2,321,757	2,368,192	2,415,556
Infrastructure - other	2,091,470	1,849,500	805,500	500,000	350,000	100,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure - footpaths	57,299	104,038	105,599	107,711	109,865	112,062	114,303	116,589	118,921	121,299	123,725	126,200	128,724	131,298	133,924	136,602	139,334	142,121	144,963	147,862
Infrastructure - bridges	2,006,774	1,532,000	800,000	800,000	832,320	848,966	865,945	883,264	900,929	918,948	937,327	956,074	975,195	994,699	1,014,593	1,034,885	1,055,583	1,076,695	1,098,229	1,120,194
Buildings - non-specialised	2,291,442	4,010,500	1,434,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total - Capital grants & contributions	8,994,403	9,195,642	4,870,697	3,167,311	3,086,977	2,891,716	2,847,550	2,904,501	2,962,591	3,021,843	3,082,280	3,143,927	3,206,805	3,270,941	3,336,360	3,403,087	3,471,149	3,540,573	3,611,384	3,683,612
Own source funding																				
Infrastructure - roads	0	662,725	672,666	686,119	699,841	713,838	728,115	742,677	757,531	772,681	908,135	923,897	939,975	956,374	973,101	990,163	1,007,566	1,025,317	1,043,423	1,061,891
Infrastructure - other	146,618	385,441	79,846	323,039	619,980	969,940	269,929	319,948	369,997	420,077	470,189	471,833	473,510	475,220	476,964	478,743	480,558	482,409	484,297	486,223
Infrastructure - footpaths	247,701	124,337	126,202	128,726	131,301	133,927	136,606	139,338	142,125	144,968	147,867	150,824	153,840	156,917	160,055	163,257	166,522	169,852	173,249	176,714
Infrastructure - bridges	630,226	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Buildings - non-specialised	652,322	573,204	324,600	243,700	457,100	473,105	593,870	573,500	583,200	584,849	608,905	599,205	573,500	573,500	573,500	573,500	573,500	573,500	573,500	573,500
Furniture and equipment	38,000	15,000	115,000	20,000	30,000	35,000	35,000	35,000	35,000	35,000	45,000	45,000	45,000	45,000	45,000	50,000	50,000	50,000	50,000	50,000
Plant and equipment	203,347	378,620	281,376	428,103	334,095	469,259	350,906	550,021	389,502	287,604	375,563	654,471	172,751	410,756	362,874	400,847	384,000	896,854	517,739	156,100
Total - Own source funding	1,918,214	2,139,327	1,599,690	1,829,687	2,272,317	2,795,069	2,114,426	2,360,484	2,277,355	2,245,179	2,555,659	2,845,230	2,358,576	2,617,767	2,591,494	2,656,510	2,662,146	3,197,932	2,842,208	2,504,428
Borrowings																				
Infrastructure - other	0	591,750	533,250	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Buildings - non-specialised	0	723,250	651,750	0	2,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total - Borrowings	0	1,315,000	1,185,000	0	2,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (disposals & C/Fwd)																				
Plant and equipment	168,209	100,888	80,609	185,199	109,085	169,701	111,805	177,500	214,381	54,555	125,542	207,138	96,088	196,400	104,961	152,380	136,748	279,181	212,751	57,827
Total - Other (disposals & C/Fwd)	168,209	100,888	80,609	185,199	109,085	169,701	111,805	177,500	214,381	54,555	125,542	207,138	96,088	196,400	104,961	152,380	136,748	279,181	212,751	57,827
Total Capital Funding	11,080,826	12,750,857	7,735,996	5,182,197	7,468,379	5,856,486	5,073,781	5,442,485	5,454,327	5,321,577	5,763,481	6,196,295	5,661,469	6,085,108	6,032,815	6,211,977	6,270,043	7,017,686	6,666,343	6,245,867
Unfunded - capital works																				
Total - Unfunded - capital works	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



Shire of Donnybrook Balingup
Forecast Ratio Analysis
For the period 2020 - 2040
Draft - Version Council

	Target	Range	Average	1 2020-21	2 2021-22	3 2022-23	4 2023-24	5 2024-25	6 2025-26	7 2026-27	8 2027-28	9 2028-29	10 2029-30	11 2030-31	12 2031-32	13 2032-33	14 2033-34	15 2034-35
LIQUIDITY RATIOS																		
Current ratio	> 1.00	> 1.20	0.92	0.99	0.98	0.98	0.98	0.97	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
OPERATING RATIOS																		
Operating surplus ratio	> 1.00%	> 15.00%	(33.62%)	(67.69%)	(56.23%)	(50.59%)	(47.23%)	(42.28%)	(38.69%)	(35.21%)	(32.91%)	(30.95%)	(29.37%)	(28.05%)	(27.27%)	(26.84%)	(24.37%)	(22.82%)
Own source revenue coverage ratio	> 40.00%	> 60.00%	62.16%	44.62%	51.96%	54.09%	55.56%	57.54%	59.17%	60.80%	62.01%	63.05%	63.88%	64.62%	65.14%	65.47%	66.70%	67.56%
BORROWINGS RATIOS																		
Debt service cover ratio	> 3	> 5	9.60	17.47	18.47	8.93	8.46	10.03	7.28	8.03	8.52	8.88	9.20	10.52	10.60	10.58	10.38	10.83
FIXED ASSET RATIOS																		
Asset sustainability ratio	> 90.00%	> 110.00%	103.09%	201.68%	90.58%	80.82%	87.82%	124.68%	97.57%	84.21%	89.99%	89.84%	87.33%	94.20%	100.88%	91.82%	103.40%	102.38%
Asset consumption ratio	> 50.00%	> 60.00%	64.67%	66.68%	67.28%	66.97%	66.57%	66.46%	66.24%	65.69%	65.26%	64.81%	64.36%	64.03%	63.82%	63.46%	63.32%	63.19%
Asset renewal funding ratio	> 75.00%	> 95.00%	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	N/A	N/A	N/A	N/A	N/A

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Appendix 12 – Forecast Significant Accounting Policies

Basis of Preparation

The Long-Term Financial Plan (the Plan) 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 Interpretation of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

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

Critical Accounting Estimates

The preparation of the Plan 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.

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 the Plan.

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 forecast financial statements.

Rounding Off Figures

All figures shown in the Plan are rounded to the nearest dollar.

Comparative Figures

Where required, comparative figures have been adjusted to conform with changes in presentation.

Forecast Fair Value Adjustments

All fair value adjustments relating to re-measurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and not able to be reliably estimated at the time preparation.

Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur and have not been estimated within the Plan.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such have been estimated as an inflation adjustment to Other

Comprehensive Income, based on the value of the non-current assets forecasted to be held by the Shire.

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.

Superannuation

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

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.

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.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

Inventories

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 purchased for development and sale 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. Finance 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 on to the buyer at this point.

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

Fixed Assets

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

Revaluation

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 asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the 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.

An effective average depreciation rate for each class of asset has been utilised to estimate the forecast depreciation expense for each year. These are provided in the table below:

Asset Class	Effective average depreciation rate
Buildings	3.54%
Furniture and Equipment	5.44%
Plant and equipment	9.93%
Infrastructure - roads	1.77%
Infrastructure - other	2.87%
Infrastructure - footpaths	1.25%
Infrastructure – bridges	1.53%

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 profit or loss in the period which they arise.

Impairment of Assets

In accordance with Australian Accounting Standards the Shire's 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 revaluation decrease in accordance with that other standard.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

At the time of the preparation of the Plan, it is not possible to estimate the amount of impairment losses.

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.

Employee Benefits

Short-Term Employee Benefits

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

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

Other Long-Term Employee Benefits

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

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

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.

Provisions

Provisions are recognised when the Shire has a 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.

Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

Other Matters

Reliance

This Plan contains quantitative and qualitative statements, including projections, estimates, opinions and forecasts concerning the anticipated future performance of Shire of Donnybrook Balingup and the environment in which it operates ('Forward Looking Statements').

None of these Forward-Looking Statements are, or will be, representations as to future matters. The Forward-Looking Statements are, and will be, based on a large number of assumptions and are, and will be, subject to significant uncertainties and contingencies; many, if not all, of which are outside the control of the Shire of Donnybrook Balingup. Actual future events may vary significantly from the Forward-Looking Statements. The reader should make their own investigations and enquiries regarding assumptions, uncertainties and contingencies which may affect the Shire of Donnybrook Balingup and the impact that a variation in future outcomes may have on the Plan and the Shire of Donnybrook Balingup.

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Shire of
Donnybrook Balingup

ANNUAL REPORT 2019 - 2020

SHIRE OF DONNYBROOK BALINGUP



VISION STATEMENT

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



ECONOMIC

A strong, diverse and resilient economy



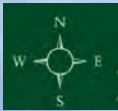
ENVIRONMENT

Respect for our heritage, natural and built environment



SOCIAL

A healthy, safe and inclusive community



LEADERSHIP

Effective leadership and civic responsibility

ACKNOWLEDGMENT OF COUNTRY

In presenting this Annual Report, the Shire of Donnybrook Balingup acknowledges the Traditional Custodians of the land, the Noongar People, and pays its respects to its Elders; past, present and emerging.

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Our Shire

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

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

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

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

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

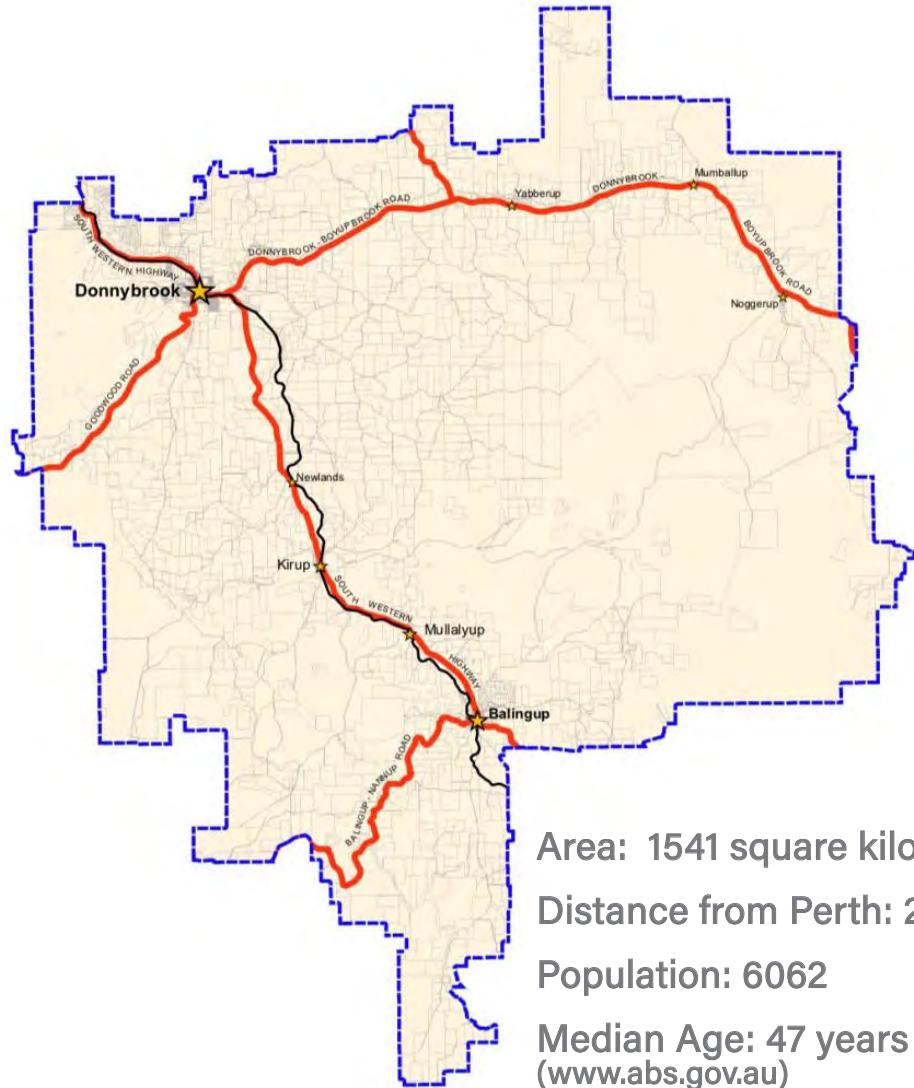
The picturesque scenery and proximity to Bunbury, the beaches of Geographe Bay, the Margaret River wine region and the tall timbers of Pemberton make it a popular destination for tourists.

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



Townsites and Localities

Argyle
Balingup
Beelerup
Brazier
Brookhampton
Donnybrook
Ferndale
Glen Mervyn
Grimwade
Irishtown
Kirup
Lowden
Mumballup
Mullalyup
Newlands
Noggerup
Preston
Southampton
Thomson Brook
Upper Capel



Local Industry

Donnybrook sandstone quarrying, farming (fruit, vegetables, viticulture, sheep, cattle); tourism.





Message from the Shire President

Welcome to the Shire of Donnybrook Balingup Annual Report for 2019-2020.

The latter part of 2019 saw the changeover of Council with four Councillors retiring their positions at the October 2020 Local Government Elections:

- Cr Michael King 2011 - 2019
- Cr Fred Mills 2015 - 2019
- Cr Ryan Van Der Heide 2015 - 2019
- Cr Dawn Tan 2015 - 2019

Elected to Council were:

- Cr Jackie Massey 2019
- Cr Chaz Newman 2019
- Cr Shane Sercombe 2019
- Cr Chis Smith 2019

The year 2020 commenced as would be expected with the Annual General Meeting of Electors being held, albeit somewhat later than in previous years, in March 2020.

Then came the global COVID-19 Pandemic that continues to dominate day to day living in countries across the world today. We are certainly fortunate to live and work in Western Australia, particularly in the South West and recognise the role the State Government and our Shire response and recovery teams have played in embracing the task to minimise the local impact of this devastating event.

Based on a State Government request to Local Governments that they freeze all rates and charges for the 2020-2021 year, the Shire acceded to such, while almost achieving a balanced end of the financial year outcome, primarily through driving localised economic savings and the prudent management of capital works programs and project procurement, at the same time providing relief and assistance through a raft of measures to help our communities across the Shire.

The Shire of Donnybrook Balingup set a zero per cent rate increase for the 2020-21 Budget (maintaining rates at the same level as 2019-20), as well as implementing a range of complementary measures to ease economic and social impacts arising from the COVID-19 Pandemic.

The overall impact of the rating decision in 2020-21, when averaged over the past three years, means that

the average rate increase over the same period is only 2.3%. I encourage ratepayers to compare this reality with the other Local Government Authorities of which there are twelve making up the South West region.

Other decisions endorsed by Council during the COVID-19 Pandemic include:

- A local business promotion through special editions of the Preston Press.
- Ensuring invoices for local businesses were paid weekly instead of fortnightly.
- Waiving of facility lease payments for community and sporting groups using Shire facilities.
- Expediting planning, building and other approvals.

The Shire has excelled in terms of grant funding applications and outcomes with tied or untied State and Federal funding sources (over four years 2016-17 to 2019-20) up by a factor of 150%, or from \$24M to \$36M comparative to the previous four-year period.

Having successfully obtained funding for several iconic community projects, many with an intergenerational focus, the Shire of Donnybrook Balingup, while not ignoring our longstanding commitment to our aging population, is well positioned to attract a new wave of younger families to what remains a favoured lifestyle destination across the South West.

We have survived the COVID-19 Pandemic in relatively good shape thus far, with many landmark opportunities on our plate as we move into 2021. With a commitment from our Chief Executive Officer, his Executive Management Team and all Shire employees, we have much to deliver over the next couple of years ahead, to make this wonderful place we call home, even better.



Cr Brian Piesse
Shire President

Our Council 2019-2020



Cr Brian Piesse

Shire President
(2017 - 2021)



Cr Jackie Massey

Deputy Shire President
(2019 - 2023)



Cr Leanne Wringe

(2017 - 2021)



Cr Anita Lindemann

(2017 - 2021)



Cr Anne Mitchell

(2017 - 2021)



Cr Shane Atherton

(2017 - 2021)



Cr Shane Sercombe

(2019 - 2023)



Cr Chris Smith

(2019 - 2023)



Cr Chaz Newman

(2019 - 2023)

Executive Team



Benjamin (Ben) Rose

Chief Executive Officer

Executive Services
Governance
Councillor Liason
Human Resources
Occupational Safety and Health
Customer Service
Project Management



Paul Breman

**Executive Manager
Corporate and Community**

Finance
Community Development
Aged Care
Corporate Services



Steve Potter

**Executive Manager
Operations**

Works and Services
Projects and Building
Development and Environment Services
Emergency and Ranger Services

ELECTED MEMBER REMUNERATION	
Shire President Allowance	\$10,008
Deputy Shire President Allowance	\$2,502
Councillor Annual Allowance \$9,768 x 8	\$78,144
Shire President Annual Allowance (Meeting Attendance)	\$12,102
Travelling Expenses	\$6,596
Telephone/ICT Allowance	\$11,518
Provision of Uniform	\$512
Childcare	\$0
	\$121,270

COUNCIL MEETING CYCLE FOR 2019/2020:	
Council Meeting	Special Council Meeting
17 July 2019	16 March 2020 Annual Electors Meeting
28 August 2019	18 March 2020
25 September 2019	6 April 2020
23 October 2019	14 April 2020
27 November 2019	15 May 2020
18 December 2019	22 July 2019
26 February 2020	21 August 2019
25 March 2020	21 October 2019
22 April 2020	19 November 2019
27 May 2020	
24 June 2020	

COUNCIL MEETING ATTENDANCE FOR 2019/2020			
Councillor	No Meetings Attended	Leave of Absence	Apology
Cr Piesse Shire President	20	0	0
Cr Massey Deputy Shire President	13	1	1
Cr Atherton	19	0	1
Cr Lindemann	18	1	1
Cr Mitchell	18	0	2
Cr Newman	13	1	1
Cr Sercombe	13	0	2
Cr Smith	15	0	0
Cr Wringe	17	1	2
Cr King*	5	0	0
Cr Mills*	5	0	0
Cr Tan*	5	0	0
Cr Van Der Heide*	3	1	1

*End of Term October 2019

Message from the Chief Executive Officer

I am pleased to present the Chief Executive Officer's message for 2019-2020.

Due to the unprecedented COVID-19 Pandemic, 2019-20 was very much a year of two halves, which saw all of us adapting to a new way of life and the Shire adapting to a new style of business.

Whilst there were some disruptions to public facilities such as the libraries, recreation centres, parks and community halls, core business of the Shire was able to continue operating, albeit in a different way. I would like to take the opportunity to thank Shire staff and the community for being responsive to the changes we all had to implement during this time, which transformed the way in which we live, work and play in our Shire.

Just like other businesses and community groups, the Shire had to adapt the way it conducted business. The Shire held its Ordinary Council Meetings remotely and the public could view the meetings online. This proved to be a positive addition to Council meetings and the Council has since requested that staff present a plan to adopt the online viewing of Council Meetings permanently – to supplement the normal in-person attendance at Council Meetings.

The organisation structure set in place in 2018-19 continued to stabilise, with a key focus on reviewing and refining processes that will streamline the business and improve delivery of services.

Similarly to the previous financial year, 2019-20 was a year of great grant funding success for this Shire, with almost \$12M of Federal and State grant funding secured. In fact, over the last four years, grant revenue for this Shire has increased by a factor of around 150% compared to the previous four years. 2020-21 is also looking successful for grant funding, with many small-medium grants already secured and an offer of \$6M from the State Government towards the Donnybrook Recreation Precinct (VC Mitchell Park) project.

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

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



Benjamin (Ben) Rose
Chief Executive Officer

Plan for the Future

The Strategic Community Plan will undergo a major review during the latter half of the 2020-2021 year which will involve extensive consultation with Council and the community to;

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

Major projects include:

- Revitalisation of the Donnybrook Apple Fun Park (\$1.5 million)
- Recreation Sporting Precinct Redevelopment VC Mitchell Park, Donnybrook (\$6 million)
- Donnybrook Town Centre Revitalisation (\$2 million)
- Drought Communities Program (\$1 million)

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

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



Statutory Report

Payment to Employees

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

- The number of employees of the Shire entitled to an annual salary of \$100,000 or more; and
- The number of those employees with an annual salary entitlement that falls within each band of \$10,000 over \$100,000.

Annual Salaries	No. of employees
\$100,000 - \$109,999	2
\$110,000 - \$119,999	1
\$120,000 - \$129,999	1
\$130,000 - \$139,999	2
\$180,000 - \$189,999	1

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

Freedom of Information

In complying with the *Freedom of Information Act 1992*, the Shire processed a total of 5 Freedom of Information applications, with an average completion time of 15 days. All applications were completed within the legislative timeframe of 45 days.

Public Interest Disclosure

The Public Interest Disclosure Act 2003 (the PID Act) enables people to make disclosures about alleged wrongdoings within the State public sector, local government and public universities and offers protections for doing so. The PID Act aims to ensure openness and accountability in government by encouraging people to make disclosures by maintaining confidentiality and providing immunity from detrimental action. During the 2019/20 financial year, no Public Interest Disclosures were received by the Shire.

Record Keeping

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

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

Statistics for 2019 - 2020:

5367 incoming correspondence,
2855 outgoing correspondence, and
1319 internal documents.

As of 30 June 2020, there were a total of 119,301 documents captured in the Shire's electronic record keeping system.

Disability Access and Inclusion

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

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

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

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

Minor Complaints

Zero complaints (breaches), as defined under the *Local Government Act 1995*, were made during 2019 - 2020.

Economic

A strong, diverse and resilient economy

Outcome 1.1

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

Outcome 1.2

Available land for residential, industrial and commercial development

Outcome 1.3

An attractive tourist destination



Planning and Development

Local Planning Strategy and Local Planning Scheme

In 2019 - 2020, the Shire embarked on a review of its Local Planning Strategy and Local Planning Scheme No 7. This process is required to occur every five years.

The Local Planning Strategy has a 10-15 year life span and sets out Council's broad vision for the Shire and the long term direction for land use and development.

The Local Planning Scheme focuses on the purpose and use of land and guides future development, for example. It identifies land set aside for reserves or zoned for particular purposes. It also covers the procedures for administration and how planning applications will be determined.

Amendments to Local Planning Scheme

In the 2019 - 2020 financial year, the Shire received 76 applications for development approval and received \$11,870 in fees. The average processing time for these applications was 45 days, not taking into consideration any 'stop the clock' allowances.

In addition, the Shire had 11 valid Extractive Industry Licences for the 2019 - 2020 financial year with \$6,100 received in annual licence fees.

The Shire received eight subdivision referrals from the Western Australian Planning Commission.



Environment

Respect for our heritage, natural and built environment

Outcome 2.1

An attractive and maintained built environment

Outcome 2.2

Respected heritage assets

Outcome 2.3

A natural environment for the benefit of current and future generations

Outcome 2.4

Efficient and effective waste management



Environmental

- Annual road side spray of weeds and vegetation was conducted
- Noneycup Creek drainage restoration works began along Marmion Street, Donnybrook.
- Successful Blackberry Grant Application (\$1 million in funding) – Will provide a collaborative approach to declared weed management scheme between the Shire of Collie, Shire of Dardanup and Shire of Donnybrook Balingup.
- Partnered with 'Down South Water Rats' to support their mission to clean up local waterways and forests.
- Partnered with Lions Club to support their goal to clean up and weed removal from the Preston River Walk Trail.
- Native Tree Initiative- Aiming to help the community build water sensitive front yards that provide habitat for local fauna. This initiative will also improve the tree canopy within our towns, streets and residential gardens to provide connectivity between surrounding forests and encourage a more natural habitat.
- General monitoring and planning for current/future management of over 124 nature reserves.
- Managing and controlling declared weeds with a specific focus on bridal creeper within road reserves.
- Liaised with various stakeholders about rabbit control methods within and surrounding townsites.

Rehabilitation Projects

- Donnybrook Cemetery was revegetated using a mix of native plants.

Phytophthora Dieback Training

The Shire hosted a Green Card training course on behalf of Bark Environmental. This course provided Shire staff, contractors and community groups with essential knowledge on Phytophthora Cinnamomi, a deadly pathogen affecting our native vegetation.

This course provided practical skills which will improve hygiene management to minimize the spread of dieback



Cities Power Partnerships

This year the Shire became a proud power partner with Cities Powers Partnerships (CPP). CPP is Australia's largest local government climate network with the aim to transform our energy future and make the switch to clean energy.

The Shire includes land uses primarily based on agriculture and forestry, so conserving our natural areas has always been a focus for the Shire and the community. The Shire of Donnybrook Balingup is already heavily committed to waste minimisation and long-term environmental sustainability. In joining the Cities Power Partnership, we hope to expand and build on our commitment to renewable energy and sustainable transport.

The Shire chose the five pledges below:

- Install renewable energy (solar PV and battery storage) on Council buildings;
- Roll out energy efficient lighting across the municipality;
- Encourage sustainable transport use such as public transport, walking and cycling through council transport planning and design;
- Support cycling through provision of adequate cycle lanes, bike parking and end-of-ride facilities;
- Set up meetings and attend events to work with other cities on tackling climate change. Such events include the Community Energy Congress or the Cities Power Partnership Summit where like-minded cities can address common concerns and learn from others' experience.



Waste Management

Residents continued to participate in reducing waste. In the 2019-2020 financial year the proportion of kerbside waste diverted from landfill reached 53 per cent, this is once again an increase of a further 2% from last year.

The improvement can be attributed to the continued promotion and rollout of the organic bin service and the care taken by residents to separate their recyclables from other household waste.

The State Government has set a kerbside waste diversion target of 50 per cent for regional Council's by 2020, a target the Shire of Donnybrook Balingup achieved now for the past two consecutive financial years.

Recycling

In 2019-2020, 460 tonnes of recyclables were collected through the yellow-topped bins.

The Shire's recyclables are collected and stockpiled at a holding site in Picton. From there, it is transported in semi-trailers to the Suez Materials Recovery Facility in Bibra Lake where it is sorted into material types including plastics, paper and aluminum. This is done by both hand and machine.

Recycled material types are then further graded. For example, PET plastics or mixed plastics, paper or cardboard. Once these materials are sorted, they are bundled together for transport and then sold to various buyers and manufacturers. Depending on the market, our recycled items could be shipped to destinations such as India and Asia. Some items, such as PET plastic, remain within Australia.

There is an increasing focus on high quality recyclables for markets therefore reaffirming the importance of ensuring that recycled material is not contaminated. An audit of the Shires recycled material in January 2020 revealed a contamination of 36.4%. This figure reflected very well in comparison with our neighbouring Shires. This figure is also an indication that there is still room for improvement in the sorting and management of our recycle material. The most common contaminants in the yellow top bins include clothing, nappies, plastic bags and food waste. The collection and disposal of recyclable material in bigger bags and boxes is unfortunately also classified as contaminated waste. This is something that we can easily overcome. Contamination of our recycled material makes this material less suitable for future reuse, and is having a direct negative impact in the management costs associated with this waste stream .

The introduction of the Container Deposit Scheme promises to show a further reduction in the volume of waste destined for disposal.

Organic Waste

Residents helped recover 830 tonnes of organic waste which would have otherwise gone to landfill.

The organics bin waste is turned into a high quality compost at the Bunbury-Harvey Regional Council facility in Dardanup. There is a high demand for the product which is sold for use on farms, gardens and parks. The public can also buy this high-quality product directly from the Harvey Regional Council facility in Dardanup at a very low cost.

Waste to Landfill

A total of 1,067 tonnes of general waste collected from kerbside garbage bins was sent to landfill during 2018/19. The Shire is continuing to implement strategies to preserve the life of the landfill site in Donnybrook by diverting more waste away from landfill and increasing the compaction rates at the facility.



Works Program and Maintenance

- Irishtown Road – roadside vegetation pruning and shoulder renewal works.
- Southampton Road – roadside vegetation pruning,
- Egan Street, Donnybrook – New kerbing, drainage, footpath and asphalt road overlay.
- Gravel re-sheeting works completed on sections of Mailman Road, Newlands Road East, Hearle Road, Claymore Road and Atherton Road.
- Newlands Road – Extension of seal.
- Resealing works – Grimwade Rd, Wildmere Rd, Sandhills Rd and Lukis Street.
- Brookhampton Road – shoulder renewal work and roadside vegetation pruning.
- Upper Capel Road, SLK 14.9 to 16.9 – Road re-construction, widen and seal.
- Gemmell Road and Bendall Road Intersection – roadside vegetation pruning and sightline improvement works.
- 33 Bridges - level 1 inspections and routine maintenance.
- Wrights Bridge – Preventative maintenance works completed, (the largest timber bridge in the Shire).
- Meldene Pathway Stage One was completed.



Townscape, Gardening and Landscaping

- Sealing of carpark and reticulation installation at corner of Victory Lane and South West Highway.
- VC Mitchell and Egan Park – Oval turf renovation works.
- Balingup asphalt footpath repairs.
- Mullalyup, Pioneer Park pathway.
- Amphitheatre reticulation upgrades.



Other information

- In 2019-2020 the Shire Works team graded 600 kilometres of unsealed road during the summer and winter grading program. The Shire received 73 maintenance requests for gravel roads during 2019/20.
- A total of 759 maintenance requests were received during 2019/20. The Shire works team have actioned all 759 requests and completed 727 requests, representing a completion rate of 95.8%.



Social

A healthy, safe and inclusive community

Outcome 3.1

An engaged, supportive and inclusive community

Outcome 3.2

Well supported community groups and facilities

Outcome 3.3

A safe and healthy community environment for all ages





Community Development

Events

Australia Day Breakfasts

The Shire was delighted to facilitate a series of Australia Day BBQ Breakfasts in conjunction with community/service organisations in Donnybrook, Balingup and Kirup.

The Shire also presented the community winners of the AUSPIRE Community Citizen of the Year. In 2020, Mrs Pam Foster was named Community Citizen of the Year in recognition of her continued efforts to the tourism sector and promotion of Donnybrook and continual service to the Donnybrook Food and Wine Festival committee.

The Young Community Citizen of the Year was awarded to Miss Katie Guest and the Active Group Award went to the Balingup Townscape Committee.

Outdoor Summer Film Season

The Shire was once again fortunate to receive \$11,000 funding through Lotterywest to present four free outdoor films in Donnybrook and Balingup, and also at the annual Community Concert.

Peter Rabbit (PG), Storm Boy (M) and Ready Player One (PG) were screened to appreciative audiences of between 300 – 450 people at the Donnybrook Amphitheatre in January, February and March 2020. Mama Mia 2 was enjoyed by about 200 people at the Balingup Village Green in February 2020.

Community Concert

The Community Family Concert was scheduled for Saturday 21 March 2020. On 15 March 2020, the WA Government declared a State of Emergency due to COVID 19 and the Family Concert event was unfortunately cancelled.

Festivals and Events

All major Shire events and festivals scheduled in the last five months of the 2019-20 financial year were cancelled due to COVID-19. The event organisers have all commenced their event planning for 2020-21 and are redesigning their events to create COVID-19 safe events with restrictions on capacity and style.

The Shire was able to support the following events in 2019 and 2020:

- Donnybrook Station Markets
- Balingup Medieval Carnivale
- Donnybrook Food & Wine Festival
- Festival of Country Gardens
- Lions of Donnybrook Carols by Candlelight
- True Grit
- Numerous car rallies, off road/mountain biking events and road cycling events, including the Tour of Margaret River.



Community Grant Funding

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

- Minor Community Grants (up to \$500 with no matching cash contribution required);
- Minor Community Event Sponsorship (up to \$500 with no matching cash contribution required);
- Waiver of Fees and Non Cash Donations (up to \$500 with no matching cash contribution required);
- Cash Donations (up to \$200 with no matching cash contribution required);
- Major Community Grants (up to \$2000 with organisation funding requirements); and
- Major Community Event Sponsorship (up to \$2000 with organisation funding requirements).

These grants have allowed numerous clubs and organisations to continue growing and to provide better sporting, social and community facilities.

Minor Grant recipients included:

- Donnybrook Basketball Association
- Kirup Progress Association
- Donnybrook and Districts Sporting Club
- Balingup Friends of the Forest
- South West Show Horse Association
- Yabberup Community Association
- Balingup Progress Association
- Donnybrook Country Music Club
- Donnybrook Community Garden

Major grant recipients included:

- Yabberup Community Association (Preston Valley Art Trail)
- Donnybrook Food and Wine Festival
- Donnybrook Arts and Crafts Group
- Donnybrook Balingup Chamber of Commerce
- Balingup Tennis Club
- Blackwood United Football Club
- Donnybrook Balingup Community Radio
- Donnybrook Tennis Club
- Donnybrook Playcentre
- Balingup Forest Community Garden
- Kirup Community Garden

The Shire continued its support of the Donnybrook Regional Tourism Association and the Balingup and Districts Tourism Association by granting each organisation \$30,500 through the Community Grants Program for the Donnybrook Visitor's Centre and Balingup Visitor's Centre, respectively.

The wonderful community newspaper publication of the Preston Press was also supported through a \$4,500 grant to the Donnybrook Community Resource Centre.

Community Development Activities

Community Calendar Photographic Competition

The Shire's photographic competition continues to provide a platform for the community to provide content for the community calendar. The top twelve photo entries were featured in the 2020 Shire Calendar that was made available to residents and visitors for free. The theme of the competition was 'Hometown Pride' and a total of 38 photos were entered into the competition.

In addition, three overall winners were selected from the 12 winning entries, and each received a Donnybrook Bendigo Bank account: 1st place - \$500, 2nd place and 3rd place - \$100. The overall winner of the competition was Matt Broadbent with his photo titled 'Morning Tranquillity'. Second place was Megan Lawless with her photo titled 'Autumn in Donnybrook', and third place was taken out by Aiden Anderson with his photo titled 'Cherry Trees in Blossom'.

KidSport

KidSport is a Department of Local Government, Sports and Cultural Industries initiative managed by local governments. KidSport allows eligible children and youth to receive financial assistance to contribute towards club fees. Applications are made through Council and the local sporting club.

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

Australian Citizenship Pledges

In 2019-2020, a total of 15 residents attended the Council Chamber and recited the pledge to become Australian Citizens.

COVID-19 Recovery Coordination

In March 2020, the Manager, Community Development, was appointed the Shire's Recovery Coordinator to respond to the exceptional circumstances resulting from the declaration of the State of Emergency. Several key focus areas were developed in accordance with Local Emergency Management Arrangements, including:

- A COVID-19 Local Recovery Action Plan created to adapt the Local Recovery Plan for an unplanned for global pandemic,
- A Social Recovery focus that included:
 - A vulnerable people's plan
 - A stay connected plan
- An Economic Recovery focus that worked with the Donnybrook Balingup Chamber of Commerce and Donnybrook Community Radio to ensure that businesses received timely information and the community supported local businesses.

The actions embedded in each of these plans forms part of the Community Development team's ongoing community response as good practice for any future COVID-19 developments.

Recreation

Recreation services were heavily impacted by the COVID-19 pandemic when directives from the government forced the closure of the Centre on March 25 for an undetermined amount of time.

During the closure:

- Memberships were placed on hold
- Equipment was hired out to gym members
- Communication to members and gym patrons were maintained through e-newsletters, social media and telephone.
- A number of maintenance tasks were completed utilising existing staff resources, such as the painting of the creche
- Regular email communications were sent to members providing updates to services.

In May, the easing of restrictions was announced and the Donnybrook Recreation Centre swiftly acted to re-open the Centre under the required conditions.

The following additional procedures were implemented:

- Increased cleaning and sanitising in high traffic areas.
- Hand sanitiser stations.
- Contact Register and Sign In station for patrons.

Pool and Aquatic Activities

The Pool plant has continued to have a very proactive maintenance schedule over the past 12 months, chemical injectors have been replaced and the system has moved over to no-fume sulphuric acid replacing hydrochloric acid which is less corrosive on the plant and easier to work with for the team.

Centre activities and services

The creche has consistently been a strong aspect for our membership sales, and children attending the creche regularly utilise the courts for fun activities. An afternoon creche trial is in the pipeline as well as an Afternoon Homework Club.

The improved offering during the school holidays has resulted from the introduction of the Holiday Activities such as Skate and Swims, Big Kidz Creche and Casual Shots and Swim. These multi - activities are well priced to repeatedly attract the local community through the holidays and to welcome the holiday makers from the area.

Group fitness attendance has been higher than previously recorded, and this is across all classes and styles. Our most well attended still is the Senior classes and our renewal of the COTA Live Longer Live Stronger program has helped support this vibrant demographic. Junior Programs in 2019-2020 include Kindy Gym, Homeschool Sports and Badminton.



Community Emergency Services Management

In 2019-2020:

- Welcomed 27 Bush Fire Brigade volunteers to Shire of Donnybrook Balingup.
- Addition of Garry Hatch as FCO for Mumballup/Noggerup BFB.
- Medal presentations at Argyle and Kirup BFBs
- Ongoing consultation regarding Argyle Irishtown Station location.
- Mitigation Activity Fund – secured \$190,750 consisting of 31 treatments across the shire (12 mulching works and 19 burns).
- Station extensions completed at Kirup.
- Beelerup Station build completion and opening.
- Ongoing works to upgrade Ferndale Station, new roof and gutters installed.
- Balingup Station - new carpet installed in meeting room.
- Bushfire ready groups at Lowden, Argyle Irishtown and Balingup are increasingly active, holding street meets and community info sessions at Nash Pl, Jayes Rd, Meotti Rd and Yabberup in Autumn and Spring this year
- Break ins at Lowden & Munro Stations.
- Finalise Turnout SMS set up for all brigades.
- Defib rollout across the Shire – 1 per appliance.
- Water source upgrades at Marshall Rd & Howlett Ramble.
- Donnybrook Town BFB formed a support brigade.
- 58 Incidents attended by SoDB BFBs.

Significant Events

- Four Crews assisted Shire of Collie at the Wellington Complex fires.
- Supplied VLOs to Esperance and Wellington Complex fires.
- Kieran Kotulla of Mullalyup BFB at Youth Leadership Camp in Karajini National Park.
- Three SoDB BFS service volunteers attended the WAFES conference.
- Three Blackwood Zone Response Activations – Assist Shire of Nannup

- Beelerup fires
 - December 2019 (suspicious)
 - January 2020 (magpie V powerlines)

Local Government Grant Scheme Summary

- Approved Operating Expenditure - \$190420
- Additional items - \$24,438 (Racking, CCTV, Replacement Layflats).
- Scheduled to receive a new LT & X2 2.4s.

Breakdown of last year's expenditure:

- Purchase of plant and equipment: \$8,251.50
- Maintenance of existing Plant and Equipment: \$7,994.78
- Maintenance of Vehicles & Trailers: \$90,093.08
- Maintenance of land & Buildings: \$15,295.27
- Clothing & Accessories: \$39,834.11
- Utilities, rates & taxes: \$14,498.39
- Other items: \$16,365.62
- Insurances: \$50,822.07

Total \$243,154.82

Training Coordinator Report

This was the first year that a local training calendar has been developed for the Shire. Planning has begun for next year, with plans to facilitate more introductory courses at regular intervals.

Courses

- FCO (Balingup).
- Pump Ops (Donnybrook).
- First Aid x2 (Donnybrook).
- Structural Firefighting (Donnybrook).
- New Bushfire Safety Awareness (Intro to firefighting) (Kirup)
- Bush Firefighting skills (Bush Fire Firefighting) (Kirup)
- Plantation Firefighting x2 (T/Brook)
- Assist DFES with burn at Kulikup and Mullalyup
- On road driving (LSW)
- Off road driving (LSW)



Aged Care Services

In a year dominated by the Covid-19 Pandemic Aged Care Services has been an extremely busy portfolio to manage.

On the first day of the new financial year (2019/2020) the Aged Care Quality and Safety Commission released the new Aged Care Standards. With this came the need to update all the policies and procedures for Tuia Lodge. The focus shifted from a facility focused set of standards (what we provide) to a resident focused set of standards (how the resident sees their care). With the standards came the change in the Charter of Rights. Additionally, the Royal Commission into Aged Care continues, and the government is yet to address the funding crisis which sees 68% of Aged Care facilities in Australia running at a loss.

20 March 2020 saw a declaration of a public health state of emergency, with directions given to implement tight restrictions in residential aged care facilities. Contingency plans were put in place for the staff, residents, family members, and other visitors. Whilst the facility experienced major changes in staffing and processes the staff persisted through it all to provide the best possible care for our residents.

During the financial year, we received two accreditation visits – one as an audit and one as a full re-accreditation. In September, 2019 we received a full audit under the new standards and were one of the first Aged Care Facilities in the country to achieve full compliance under those standards with zero adverse comments.

Residential Aged Care

Apart from keeping our residents safe, the key focus for Tuia Lodge this year was the implementation of the new Accreditation Standards. As the result of a visit by the Quality and Safety Commission inspectors in September we were reaccredited for the maximum of 4 years, to January 2023.

The average occupancy rate for the year was 92.71% (down from 97.25%) due to the inability to take in new residents during the lockdown period.

Major Achievements:

- COVID-19 Response, communication and implementation. Held off admitting new residents during the initial stages of the outbreak.
- Reaccreditation from 1 January 2020. Tuia Lodge will need to be reaccredited in 2023.
- Renovation of three rooms, under budget, and within project timeline.

Retirement Living

Following Council direction, the Retirement Village Scheme was reviewed, and new standards set for leases and buy/sell arrangements. Reserve Fund and Amenities fees percentages were increased, and operating costs were changed to reflect actual vs nominated cost for the first time since the village began operations.

Major Achievements:

- Scheme review completion – commencing in November/December 2019, all units going forward will fall under the new lease agreements.

Well-Aged Units

An asset renewal plan has been instigated which saw units 1 and 4 fully renovated at Minninup Cottages and Units 6, 7 and 8 planned to be completed in the next financial year.

Major Achievements:

- Unit 12 Minninup Cottages renovated within budget.
- Storm damages to the fencing at Unit 1, 2, 4, and 6 at Langley Villas meant an insurance claim to repair.
- Due to the COVID-19 pandemic, all non-essential maintenance was suspended until further notice. Requests were still taken and logged in the maintenance register. This included the gardens. Restrictions were lifted in August, to allow a staggered return to services.

Cemetery

Our cemetery work was also effected by Covid-19 with restrictions on funerals and numbers of mourners. A full review of the cemetery processes will be undertaken in 2020-2021 to bring us up to industry standards and we will look to digitise our records to ensure compliance with government legislation in respect to records management.

Staff Recognition

Lastly we would like to thank our Aged Care Services workforce who have been at the front line of the pandemic since day one and still operate under strict guidelines. They have worked under enormous stress this year and to their credit have maintained a high level of care and attention to all our aged care residents in all of our facilities.

Leadership

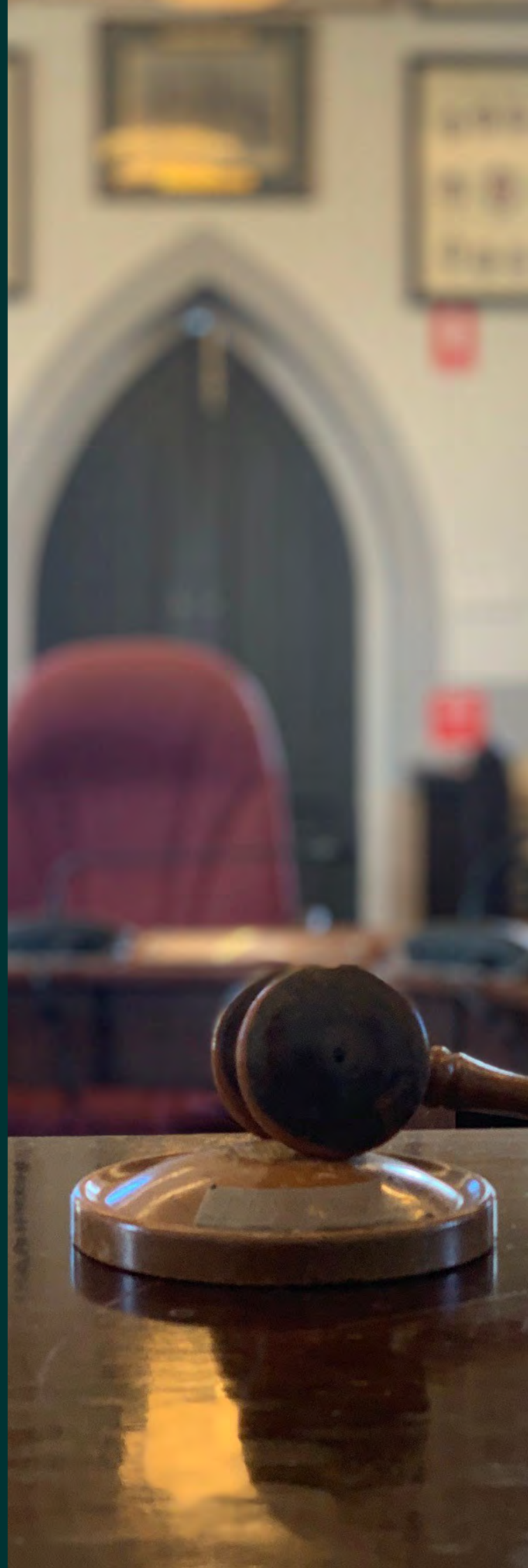
Effective leadership and civic responsibility

Outcome 4.1

A strategically focussed, open and accountable local government

Outcome 4.2

A respected, professional and trusted organisation



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

General Purpose Funding

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

Governance

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

Law, Order and Public Safety

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

Environmental Health

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

Education and Welfare

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

Recreation and Culture

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

Economic Services

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

Transport

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

Community Amenities

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



2019-2020
FINANCIAL REPORT
AND
AUDIT REPORT

Introduction to the Annual Financial Report

The 2019-2020 Annual Financial Report contains several accounting treatments that require explanation for the user to gain a full understanding the Shire's financial performance during 2019-20

Three new Accounting Standards were applicable to Local Government from the 1st July 2019. The new standards relate to the timing and recognition of revenue and the accounting for Leases. In addition to the new accounting standards, associated changes to the Local Government Financial Management Regulation also occurred.

The changes required a one-off adjustment to the accounts of a material amount. The full detail of these changes is disclosed at Note 29 of the annual financial report but are summarised below:

Leases - refer note 29(c)

For circumstances were the Shire leases property, plant and equipment the changes now result in all past and future leases being shown on the statement of financial position (Balance Sheet). This effectively means existing leases which in the past were only shown in the Statement of Comprehensive Income (Operating Statement) are now recorded as an asset and liability.

Revenue timing - refer note 29(b)

The changes relate to when a local government is required to classify money received from customers and contributors as revenue in its accounts. As a rule, prior to their commencement, money received from customers/contributors (for sales of goods or services or grants and contributors) would be recognised as revenue when received. This is no longer always the case, as the Standards requires the Shire to assess the contractual performance obligations imbedded in these types of transactions and then match the revenue recognition with the timing of the satisfaction of these obligations.

As part of the implementation of these new standards, the Shire has closed two reserve accounts and transferred the cash (with a corresponding liability account) into its general funds. Other changes relate to which year the Shire must show grant and contributions received that has resulted in a \$2.58m reduction in the net result shown on the Statement of Comprehensive Income (Balance Sheet)

Other changes are new descriptions such as contract assets and contract liabilities that have been created to ensure the revenue from customers, grants and contributions are shown in the correct year.

Advance Payment of Untied Grants and the impact on the Opening Rate Setting Surplus - ref note 27(b)

The Shire received an advance payment of a grant in 2019-2020 that would usually be received in 2021-22. The amount of the advance payment was \$1.06m and this has resulted in the opening rate setting cash being increased by that amount and the revenue in 2021-22 being reduced by the same amount. This is shown as a surplus of \$1,018,549 in the rate setting statement at the 30 June 2020. If this advance payment was not received, then the rate setting result for at 30 June 2020 would have been a deficit of \$48,160.

**First time recognition of rehabilitation costs for the Donnybrook Waste Management Facility
- ref note 2(b)**

An adjustment has been recognised for a provision in relation to the rehabilitation of the Donnybrook Waste Management Site. This amount is a one-off adjustment to 'Other Expenditure' as required by the Office of Auditor General. The amount of the one-off adjustment was \$628,151 and is shown as an increase in other expenses on the Statement of Comprehensive Income (Operating Expense). Without this adjustment, the other expenses line item would have been \$638,370 rather than \$1,266,521.

IMPACT ON THE NET RESULT OF THE REQUIRED CHANGES

The combined impact of the changes in accounting standards and the one-off adjustment to operating expenses due to the provision for rehabilitation of the Donnybrook Waste Management Facility resulted in \$2,854,895 loss which would have otherwise been recorded as a \$353,804 surplus if it were not for these mandatory adjustments.

Statement of Comprehensive Income	Net Result as reported as at 30 June 2020	Adjustments in 2019-2020	Unadjusted Net Result as at 30 June 2020
Net result surplus/(deficit)	(\$2,854,895)	\$3,208,699	\$353,804

SHIRE OF DONNYBROOK BALINGUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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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

**SHIRE OF DONNYBROOK BALINGUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

*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 2020 is based on proper accounts and records to present fairly the financial position of the Shire of Donnybrook Balingup at 30 June 2020 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 10 th day of December 2020



Chief Executive Officer

Benjamin (Ben) Rose

Name of Chief Executive Officer

SHIRE OF DONNYBROOK BALINGUP
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	26(a)	5,072,527	5,084,690	4,893,202
Operating grants, subsidies and contributions	2(a)	4,949,613	5,383,535	5,385,553
Fees and charges	2(a)	3,098,985	3,113,848	3,034,598
Interest earnings	2(a)	259,664	205,200	378,433
Other revenue		255,584	184,019	368,366
		13,636,373	13,971,292	14,060,152
Expenses				
Employee costs		(7,436,127)	(7,050,400)	(7,035,537)
Materials and contracts		(3,516,191)	(4,620,377)	(3,738,661)
Utility charges		(449,236)	(369,249)	(438,424)
Depreciation on non-current assets	10(b)	(5,529,704)	(5,960,334)	(5,598,300)
Amortisation	12(a)	(28,552)	0	0
Interest expenses	2(b)	(12,014)	(9,786)	(11,005)
Insurance expenses		(323,686)	(344,487)	(318,890)
Other expenditure		(1,266,521)	(523,994)	(578,029)
		(18,562,031)	(18,878,627)	(17,718,846)
		(4,925,658)	(4,907,335)	(3,658,694)
Non-operating grants, subsidies and contributions	2(a)	1,970,862	9,910,124	2,927,314
Profit on asset disposals	10(a)	138,651	84,060	16,385
(Loss) on asset disposals	10(a)	(38,750)	(92,919)	(377,100)
		2,070,763	9,901,265	2,566,599
Net result for the period		(2,854,895)	4,993,930	(1,092,095)
Total comprehensive income for the period		(2,854,895)	4,993,930	(1,092,095)

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

SHIRE OF DONNYBROOK BALINGUP
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
	2(a)			
Governance		34,707	25,189	97,785
General purpose funding		7,354,196	7,372,828	7,220,270
Law, order, public safety		527,269	590,180	736,708
Health		159,659	163,128	138,973
Education and welfare		3,576,001	3,961,897	3,788,625
Community amenities		1,147,926	1,215,567	1,228,802
Recreation and culture		506,459	351,658	262,676
Transport		10,009	8,500	254,039
Economic services		166,123	155,553	241,146
Other property and services		154,024	126,792	91,128
		13,636,373	13,971,292	14,060,152
Expenses				
	2(b)			
Governance		(1,201,313)	(1,214,385)	(953,847)
General purpose funding		(216,836)	(163,296)	(267,063)
Law, order, public safety		(1,321,325)	(1,476,583)	(1,534,845)
Health		(229,768)	(237,845)	(191,333)
Education and welfare		(4,504,930)	(4,542,002)	(4,528,033)
Community amenities		(2,315,491)	(1,801,729)	(1,560,889)
Recreation and culture		(3,025,622)	(3,445,195)	(3,138,649)
Transport		(4,913,749)	(5,110,240)	(4,962,767)
Economic services		(652,437)	(650,774)	(439,953)
Other property and services		(168,546)	(226,792)	(130,462)
		(18,550,017)	(18,868,841)	(17,707,841)
Finance Costs				
	2(b)			
Governance		(554)	0	0
Law, order, public safety		(537)	0	0
Health		(4,260)	(4,321)	(4,876)
Education and welfare		(913)	0	0
Recreation and culture		(2,595)	(1,941)	(2,134)
Economic services		(3,155)	(3,524)	(3,995)
		(12,014)	(9,786)	(11,005)
		(4,925,658)	(4,907,335)	(3,658,694)
Non-operating grants, subsidies and contributions	2(a)	1,970,862	9,910,124	2,927,314
Profit on disposal of assets	10(a)	138,651	84,060	16,385
(Loss) on disposal of assets	10(a)	(38,750)	(92,919)	(377,100)
		2,070,763	9,901,265	2,566,599
Net result for the period		(2,854,895)	4,993,930	(1,092,095)
Total comprehensive income for the period		(2,854,895)	4,993,930	(1,092,095)

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

SHIRE OF DONNYBROOK BALINGUP
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	16,567,035	14,961,552
Trade and other receivables	6	625,149	948,755
Other financial assets	5(a)	9,144	8,660
Inventories	7	170,390	191,921
Contract assets	2(a)	413,642	0
TOTAL CURRENT ASSETS		17,785,360	16,110,888
NON-CURRENT ASSETS			
Trade and other receivables	6	951,695	976,646
Other financial assets	5(b)	141,859	151,242
Property, plant and equipment	8(a)	35,722,172	36,188,322
Right of use assets	11(a)	89,901	0
Infrastructure	9(a)	128,504,495	130,114,652
Intangible assets	12	85,656	0
TOTAL NON-CURRENT ASSETS		165,495,778	167,430,862
TOTAL ASSETS		183,281,138	183,541,750
CURRENT LIABILITIES			
Trade and other payables	14	6,353,102	6,513,461
Contract liabilities	15	2,994,190	0
Lease liabilities	16(a)	50,600	0
Borrowings	17(a)	61,289	32,213
Other financial liabilities	17(c)	308,000	0
Employee related provisions	18	951,992	754,241
TOTAL CURRENT LIABILITIES		10,719,173	7,299,915
NON-CURRENT LIABILITIES			
Lease liabilities	16(a)	39,852	0
Borrowings	17(a)	589,794	360,322
Other financial liabilities	17(c)	3,657,000	4,022,000
Employee related provisions	18	128,045	139,735
Other provisions	19	742,360	0
TOTAL NON-CURRENT LIABILITIES		5,157,051	4,522,057
TOTAL LIABILITIES		15,876,224	11,821,972
NET ASSETS		167,404,914	171,719,778
EQUITY			
Retained surplus		29,961,747	30,099,137
Reserves - cash backed	4	6,651,263	9,041,443
Revaluation surplus	13	130,791,904	132,579,198
TOTAL EQUITY		167,404,914	171,719,778

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 2020

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2018		33,908,340	6,324,335	132,579,198	172,811,873
Comprehensive income					
Net result for the period		(1,092,095)	0	0	(1,092,095)
Total comprehensive income		(1,092,095)	0	0	(1,092,095)
Transfers from reserves	4	1,477,077	(1,477,077)	0	0
Transfers to reserves	4	(4,194,185)	4,194,185	0	0
Balance as at 30 June 2019		30,099,137	9,041,443	132,579,198	171,719,778
Application of New Accounting Standards	29(e)	327,325	0	(1,787,294)	(1,459,969)
Restated total equity at 1 July 2019		30,426,462	9,041,443	130,791,904	170,259,809
Comprehensive income					
Net result for the period		(2,854,895)	0	0	(2,854,895)
Total comprehensive income		(2,854,895)	0	0	(2,854,895)
Transfers from reserves	4	3,628,723	(3,628,723)	0	0
Transfers to reserves	4	(1,238,543)	1,238,543	0	0
Balance as at 30 June 2020		29,961,747	6,651,263	130,791,904	167,404,914

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 2020

NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	5,135,727	5,084,690	4,841,484
Operating grants, subsidies and contributions	4,671,700	5,383,535	5,361,559
Fees and charges	3,325,999	3,113,848	3,006,180
Interest received	260,561	205,200	376,882
Goods and services tax received	1,194,024	0	1,081,344
Other revenue	255,364	184,019	274,271
	14,843,375	13,971,292	14,941,720
Payments			
Employee costs	(7,227,382)	(7,050,400)	(7,066,702)
Materials and contracts	(3,866,081)	(4,540,377)	(3,469,807)
Utility charges	(449,236)	(369,249)	(441,441)
Interest expenses	(11,635)	(9,786)	(11,005)
Insurance paid	(323,686)	(344,487)	(318,890)
Goods and services tax paid	(1,178,201)	0	(1,092,350)
Other expenditure	(634,334)	(523,994)	(626,017)
	(13,690,555)	(12,838,293)	(13,026,212)
Net cash provided by (used in) operating activities	20	1,152,820	1,915,508
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	8(a)	(1,967,034)	(9,601,527)
Payments for construction of infrastructure	9(a)	(1,995,431)	(5,585,044)
Non-operating grants, subsidies and contributions	2(a)	3,616,062	9,910,124
Proceeds from financial assets at amortised cost - self supporting loans		8,899	0
Proceeds from sale of property, plant & equipment	10(a)	399,428	314,791
Proceeds from sale of land held for resale	10(a)	190,909	80,000
		252,833	(4,881,656)
Net cash provided by (used in) investment activities		(4,881,656)	(746,155)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	17(b)	(32,452)	(32,213)
Payments for principal portion of lease liabilities	16(b)	(58,718)	0
Movement in Bonds		0	0
Proceeds from new borrowings	17(b)	291,000	2,174,530
		199,830	2,142,317
Net cash provided by (used in) financing activities		2,142,317	5,310,292
Net increase (decrease) in cash held		1,605,483	(1,606,340)
Cash at beginning of year		14,961,552	7,304,868
Cash and cash equivalents at the end of the year	20	16,567,035	5,698,528
		14,961,552	14,961,552

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

**SHIRE OF DONNYBROOK BALINGUP
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES			
Net current assets at start of financial year - surplus/(deficit)	27 (b) (1,066,974)	0	1,565,218
	(1,066,974)	0	1,565,218
Revenue from operating activities (excluding rates)			
Governance	34,952	25,189	98,207
General purpose funding	2,281,669	2,288,138	2,324,297
Law, order, public safety	527,269	590,180	736,708
Health	159,659	163,128	138,973
Education and welfare	3,576,001	3,961,897	3,788,625
Community amenities	1,147,926	1,215,567	1,228,802
Recreation and culture	506,459	351,658	262,676
Transport	19,213	8,500	270,002
Economic services	295,325	161,246	241,146
Other property and services	154,024	126,792	91,128
	8,702,497	8,892,295	9,180,564
Expenditure from operating activities			
Governance	(1,201,867)	(1,214,385)	(980,801)
General purpose funding	(216,836)	(163,296)	(267,063)
Law, order, public safety	(1,321,862)	(1,476,583)	(1,545,375)
Health	(234,028)	(242,166)	(200,284)
Education and welfare	(4,505,843)	(4,542,002)	(4,619,253)
Community amenities	(2,315,491)	(1,801,729)	(1,572,854)
Recreation and culture	(3,028,217)	(3,447,136)	(3,287,930)
Transport	(4,952,499)	(5,190,703)	(5,043,892)
Economic services	(655,592)	(666,754)	(448,032)
Other property and services	(168,546)	(226,792)	(130,462)
	(18,600,781)	(18,971,546)	(18,095,946)
Non-cash amounts excluded from operating activities	27(a) 5,595,435	5,969,193	5,801,436
Amount attributable to operating activities	(5,369,823)	(4,110,058)	(1,548,728)
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions	2(a) 1,970,862	9,910,124	2,927,314
Proceeds from disposal of assets	10(a) 590,337	394,791	210,428
Proceeds from financial assets at amortised cost - self supporting loans	8,899	8,660	8,660
Purchase of property, plant and equipment	8(a) (1,848,832)	(9,601,527)	(1,189,946)
Purchase and construction of infrastructure	9(a) (1,995,431)	(5,585,044)	(2,543,803)
Amount attributable to investing activities	(1,274,165)	(4,872,996)	(587,347)
FINANCING ACTIVITIES			
Repayment of borrowings	17(b) (32,452)	(32,213)	(30,795)
Proceeds from borrowings	17(d) 291,000	2,174,530	0
Payments for principal portion of lease liabilities	16(b) (58,718)	0	0
Transfers to reserves (restricted assets)	4 (1,238,543)	(901,149)	(4,194,185)
Transfers from reserves (restricted assets)	4 3,628,723	2,655,696	1,477,077
Amount attributable to financing activities	2,590,010	3,896,864	(2,747,903)
Surplus/(deficit) before imposition of general rates	(4,053,978)	(5,086,190)	(4,883,978)
Total amount raised from general rates	26(a) 5,072,527	5,086,190	4,895,973
Surplus/(deficit) after imposition of general rates	27(b) 1,018,549	0	11,995

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

SHIRE OF DONNYBROOK BALINGUP
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FOR THE YEAR ENDED 30 JUNE 2020

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SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

1. BASIS OF PREPARATION

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

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards.

Prior to 1 July 2019, Regulation (Reg) 16 arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports *Shire*. This was not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

From 1 July 2019, the Shire has applied AASB 16 Leases which requires leases to be included by lessees in the balance sheet. Also, the FM regs have been amended to specify that vested land is a right of use (ROU) asset to be measured at cost. All ROU assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the balance sheet) 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.

The Shire has accounted for the removal of the vested land values associated with the Donnybrook and Balingup golf courses by removing the land value and associated revaluation reserve as at 1 July 2019.

The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

On 1 July 2020 the following new accounting standards are to be adopted:

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

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

AASB 1059 *Service Concession Arrangements: Grantors* is not expected to impact the financial report.

Specific impacts of AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*, have not been identified.

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.

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.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Operating grants, subsidies and contributions	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
Non-operating grants, subsidies and contributions	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Fees and charges	Charges made for council provided services, facility hire, fines, sale of goods, licenses.	Single point in time and over time. Dependant upon fee	In full in advance, or on normal credit trading terms. Dependant upon fee	Dependant upon good or service provided	Adopted by council annually, set by State legislation, or limited by legislation to the cost of provision. Dependant upon fee	Based on timing of provision of associated goods or service	Returns limited to repayment of transaction price for non provision of service or faulty goods in accordance with Council policy or State legislation	Output method based on provision of service or completion of works
Other Revenue	Other revenue than cannot be classified into the above categories	Single point in time and over time. Dependant upon fee	In full in advance, or on normal credit trading terms. Dependant upon fee	Dependant upon good or service provided	Adopted by council annually, set by State legislation, or limited by legislation to the cost of provision. Dependant upon fee	Based on timing of provision of associated goods or service	Returns limited to repayment of transaction price for non provision of service or faulty goods in accordance with Council policy or State legislation	Output method based on provision of service or completion of works

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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:

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	3,528	25,089	17,767
General purpose funding	2,029,873	2,026,558	2,014,841
Law, order, public safety	465,190	548,684	663,924
Health	12,252	2,400	864
Education and welfare	2,087,931	2,504,978	2,446,860
Community amenities	490	2,000	0
Recreation and culture	335,725	111,726	47,806
Transport	5,478	0	155,242
Economic services	1,895	15,280	1,480
Other property and services	7,251	146,820	36,769
	4,949,613	5,383,535	5,385,553
Non-operating grants, subsidies and contributions			
Law, order, public safety	527,027	987,536	23,898
Education and welfare	22,132	4,175,000	600,000
Community amenities	3,588	1,500,000	0
Recreation and culture	52,478	1,985,448	210,374
Transport	1,365,637	1,262,140	2,093,042
	1,970,862	9,910,124	2,927,314
Total grants, subsidies and contributions	6,920,475	15,293,659	8,312,867
Fees and charges			
Governance	99	0	0
General purpose funding	51,478	48,580	48,152
Law, order, public safety	48,389	38,996	40,469
Health	147,407	149,868	138,110
Education and welfare	1,409,038	1,277,007	1,187,878
Community amenities	1,145,468	1,204,699	1,215,177
Recreation and culture	167,856	214,986	198,650
Transport	1,338	5,500	4,100
Economic services	127,912	174,212	202,062
	3,098,985	3,113,848	3,034,598

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 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2020 Actual \$	2020 Budget \$	2019 Actual \$
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:			
Operating grants, subsidies and contributions	572,619	764,475	793,415
Fees and charges	2,643,673	2,673,281	2,707,352
Other revenue	1,621	1,300	5,234
Non-operating grants, subsidies and contributions	1,970,862	9,910,124	2,927,314
	5,188,775	13,349,180	6,433,315
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	86,923	0	0
Contract assets	413,642	0	0
Financial assets held from transfers for recognisable financial assets	2,994,190	0	0
Contract liabilities from transfers for recognisable non financial assets	(2,994,190)	0	0

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2020. Assets associated with contracts with customers were not subject to an impairment charge. Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'.

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

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
General rates	5,072,527	5,084,690	4,893,202
Statutory permits and licences	121,783	119,790	216,526
Fines	3,246	7,100	5,867
Waste Management Levy	492,822	496,921	557,303
	5,690,378	5,708,501	5,672,898

Assets and services acquired below fair value

Contributed assets	303,098	0	0
Grants, subsidies and contributions	6,920,475	15,293,659	8,312,867
	7,223,573	15,293,659	8,312,867

Other revenue

Reimbursements and recoveries	217,550	184,019	243,728
Other	38,034	0	124,638
	255,584	184,019	368,366

Interest earnings

Interest on reserve funds	87,618	80,000	93,203
Rates instalment and penalty interest (refer Note 26(e))	74,240	72,500	72,054
Other interest earnings	97,806	52,700	213,176
	259,664	205,200	378,433

Grant revenue - advance payments

Local Government Grants Commission advance payment	1,066,709	0	1,047,559
	1,066,709	0	1,047,559

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

(b) Expenses

Auditors remuneration

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Audit of the Annual Financial Report	31,000	24,000	24,000
	31,000	24,000	24,000

Interest expenses (finance costs)

Borrowings	17(b) 10,164	9,784	11,005
Lease liabilities	16(b) 1,850	0	0
	12,014	9,784	11,005

Other expenditure

Sundry expenses	1,266,521	523,994	578,029
	1,266,521	523,994	578,029

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

3. CASH AND CASH EQUIVALENTS

NOTE	2020	2019
	\$	\$
Cash at bank and on hand	16,567,035	14,961,552
Total cash and cash equivalents	16,567,035	14,961,552
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	15,115,587	14,382,530
	15,115,587	14,382,530

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

Reserves - cash backed	4	6,651,263	9,041,443
Contract liabilities from transfers for recognisable non financial assets	15	2,994,190	0
Bonds and deposits	14	5,470,134	5,341,087
Total restricted assets		15,115,587	14,382,530

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 2020

4. RESERVES - CASH BACKED

	2020 Actual Opening Balance	2020 Actual Intra Allocations	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Intra Allocations	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Employee Entitlements Reserve	218,912	(8,000)	13,043	(31,074)	192,881	233,227	0	(16,250)	216,977	250,709	0	111,766	(143,563)	218,912
(b) Waste Management Reserve	1,469,228	0	66,746	0	1,535,974	1,430,705	31,149	0	1,461,854	1,372,381	0	96,847	0	1,469,228
(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	1,155,955	0	57,187	(26,009)	1,187,133	916,559	0	(190,536)	726,023	1,319,602	0	109,070	(272,717)	1,155,955
(e) Covid 19 Reserve	0	185,000	0	(82,468)	102,532	0	0	0	0	0	0	0	0	0
(f) Arbutthott Memorial Scholarship Reserve	3,885	0	0	(300)	3,585	3,485	0	(200)	3,285	3,685	0	400	(200)	3,885
(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	250,000	0	200,271	0	450,271	6,834	80,000	(250,000)	(163,166)	223,548	0	26,452	0	250,000
(i) Vehicle Reserve	511,275	0	320,000	(429,275)	402,000	321,634	320,000	(511,275)	130,359	395,296	0	495,836	(379,857)	511,275
(j) Roadworks Reserve	435,434	0	0	0	435,434	1,046,166	0	(300,969)	745,197	1,297,007	(676,732)	0	(184,841)	435,434
(k) Revaluation Reserve	950	(30,250)	40,000	0	10,700	950	40,000	0	40,950	60,950	0	0	(60,000)	950
(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	853,366	(81,148)	270,000	(283,695)	758,523	454,446	270,000	(659,232)	65,214	890,446	84,965	110,680	(232,725)	853,366
(n) Building Maintenance Reserve	0	0	0	0	0	232,298	0	0	232,298	237,121	(156,654)	0	(80,467)	0
(o) Apple Funpark Reserve	99,521	0	0	0	99,521	81,506	0	0	81,506	101,506	0	1,703	(3,688)	99,521
(p) Information Technology Reserve	119,522	(12,000)	0	0	107,522	84,698	0	(30,000)	54,698	126,697	0	0	(7,175)	119,522
(q) 27 Pay Period Reserve	0	0	0	0	0	0	10,000	0	10,000	0	0	0	0	0
(r) Unspent Grants Reserve	1,837,875	0	0	(1,837,875)	0	0	0	(467,870)	(467,870)	0	66,000	1,820,435	(48,560)	1,837,875
(s) Contribution To Works Reserve	328,641	(19,516)	0	(309,125)	0	0	0	0	0	326,641	2,000	0	0	328,641
(t) Park and Reserves Reserve	75,276	(49,527)	150,000	(22,005)	153,744	0	150,000	0	150,000	0	0	75,276	0	75,276
(u) Carried Forward Project Reserve	1,636,216	15,441	121,296	(606,897)	1,166,056	0	0	(229,364)	(229,364)	0	355,780	1,343,720	(63,284)	1,636,216
	9,041,443	0	1,238,543	(3,628,723)	6,651,263	4,857,895	901,149	(2,655,696)	3,103,348	6,324,335	0	4,194,185	(1,477,077)	9,041,443

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

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

Anticipated

date of use

Purpose of the reserve

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Employee Entitlements Reserve	Ongoing	Established to provide funds for the payment of long service 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) Arbutthott Memorial Scholarship Reserve	Ongoing	To fund the payment of the Arbutthott 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) Building Maintenance Reserve	N/A	Closed - Amalgamated with Building Reserve. Resolution 118/19 21 August 2019.
(o) 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.
(p) Information Technology Reserve	Ongoing	To accumulate funds for the acquisition and replacement of information technology equipment and software.
(q) 27 Pay Period Reserve	Ongoing	Established to provide funds for the additional cash outlay in each eleventh year when 27 pay fortnights occur instead of the normal 26.
(r) Unspent Grants Reserve	Ongoing	To hold unexpended grants to be utilised in future financial periods.
(s) Contribution To Works Reserve	Ongoing	To hold contributions for future works.
(t) Park and Reserves Reserve	Ongoing	Established to accumulate funds for the construction, renewal and major maintenance of parks & reserves infrastructure.
(u) Carried Forward Project Reserve	Ongoing	Established to accumulate funds from projects carried into future financial years.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

5. OTHER FINANCIAL ASSETS

	2020	2019
	\$	\$
(a) Current assets		
Financial assets at amortised cost	9,144	8,660
	9,144	8,660
Other financial assets at amortised cost		
Self Supporting Loans	9,144	8,660
	9,144	8,660
(b) Non-current assets		
Financial assets at amortised cost	54,992	64,375
Financial assets at fair value through profit and loss	86,867	86,867
	141,859	151,242
Financial assets at amortised cost		
Self supporting loans	54,992	64,375
	54,992	64,375
Financial assets at fair value through profit and loss		
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 28.

SHIRE OF DONNYBROOK BALINGUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

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	

	2020	2019
	\$	\$
Rates receivable	427,937	441,645
Trade and other receivables	86,923	263,533
GST receivable	37,361	53,184
Accrued income	55,881	187,300
Prepayments	17,047	3,093
	625,149	948,755
Pensioner's rates and ESL deferred	137,092	161,612
Accrued income	814,603	815,034
	951,695	976,646

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 28.

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 2020

7. INVENTORIES

Current

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

	2020	2019
	\$	\$
	8,574	8,062
	45,468	163,670
	114,478	8,251
	200	10,284
	1,670	1,654
	170,390	191,921
	191,921	225,720
	(282,071)	(288,796)
	260,540	254,997
	170,390	191,921

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Additions to inventory

Carrying amount at end of period

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.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - Freehold land	Land - Vested in and under the control of Council	Total land	Buildings	Total land and buildings	Furniture and Equipment	Plant and Equipment	Work in Progress Movement	Total property, plant and equipment	Right of Use Assets	Total including Right of Use Assets
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	4,297,400	381,000	4,678,400	26,778,125	31,456,525	161,647	5,880,000	0	37,498,172	0	37,498,172
Additions	0	0	0	489,757	489,757	11,965	588,270	99,954	1,189,946	0	1,189,946
(Disposals)	0	0	0	(18,867)	(18,867)	(75,513)	(385,693)	0	(480,073)	0	(480,073)
Depreciation (expense)	0	0	0	(1,130,872)	(1,130,872)	(40,624)	(848,227)	0	(2,019,723)	0	(2,019,723)
Carrying amount at 30 June 2019	4,297,400	381,000	4,678,400	26,118,143	30,796,543	57,475	5,234,350	99,954	36,188,322	0	36,188,322
Comprises:											
Gross carrying amount at 30 June 2019	4,297,400	381,000	4,678,400	28,350,163	33,028,563	144,012	7,114,493	99,954	40,387,022	0	40,387,022
Accumulated depreciation at 30 June 2019	0	0	0	(2,232,020)	(2,232,020)	(86,537)	(1,880,143)	0	(4,198,700)	0	(4,198,700)
Carrying amount at 30 June 2019	4,297,400	381,000	4,678,400	26,118,143	30,796,543	57,475	5,234,350	99,954	36,188,322	0	36,188,322
Change in Accounting Policy - Note 28 (d)	0	(381,000)	(381,000)	0	(381,000)	0	0	0	(381,000)	0	(381,000)
Additions	0	0	0	377,282	377,282	0	682,534	789,016	1,848,832	0	1,848,832
Additions - Right of Use Assets	0	0	0	0	0	0	0	0	0	149,171	149,171
Work in Progress Movement	0	0	0	2,967	2,967	0	0	(2,967)	0	0	0
(Disposals)	(110,000)	0	(110,000)	0	(110,000)	0	(262,234)	0	(372,234)	0	(372,234)
Depreciation (expense)	0	0	0	(1,150,623)	(1,150,623)	(9,897)	(704,326)	0	(1,864,846)	(59,270)	(1,924,116)
Additions - Donated Assets	0	0	0	0	0	303,098	0	0	303,098	0	303,098
Carrying amount at 30 June 2020	4,187,400	0	4,187,400	25,347,769	29,535,169	350,676	4,950,324	886,003	35,722,172	89,901	35,812,073
Comprises:											
Gross carrying amount at 30 June 2020	4,187,400	0	4,187,400	28,730,412	32,917,812	636,864	7,380,854	886,003	41,821,533	149,171	41,970,704
Accumulated depreciation at 30 June 2020	0	0	0	(3,382,643)	(3,382,643)	(286,188)	(2,430,530)	0	(6,099,361)	(59,270)	(6,158,631)
Carrying amount at 30 June 2020	4,187,400	0	4,187,400	25,347,769	29,535,169	350,676	4,950,324	886,003	35,722,172	89,901	35,812,073

SHIRE OF DONNYBROOK BALINGUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - Freehold 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
Land - Vested in and under the control of Council	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	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)
Furniture and Equipment	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Current condition, residual values and remaining useful life
Plant and Equipment	2	Market approach using recent observable market data for similar items	Management Valuation	June 2016	Current condition, residual values and remaining useful life

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

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

SHIRE OF DONNYBROOK BALINGUP
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FOR THE YEAR ENDED 30 JUNE 2020

9. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Other	Infrastructure - Drainage	Infrastructure - Footpaths	Infrastructure - Bridges	Infrastructure - Work in Progress Movement	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	79,212,736	6,692,900	19,032,408	2,553,352	23,749,100	0	131,240,496
Additions	2,121,287	39,126	0	89,769	266,347	27,274	2,543,803
(Disposals)	0	(91,070)	0	0	0	0	(91,070)
Depreciation (expense)	(1,939,105)	(406,323)	(316,195)	(54,137)	(862,817)	0	(3,578,577)
Carrying amount at 30 June 2019	79,394,918	6,234,633	18,716,213	2,588,984	23,152,630	27,274	130,114,652
Comprises:							
Gross carrying amount at 30 June 2019	106,374,234	11,438,726	26,349,624	3,929,249	53,448,847	27,274	201,567,954
Accumulated depreciation at 30 June 2019	(26,979,316)	(5,204,093)	(7,633,411)	(1,340,265)	(30,296,217)	0	(71,453,302)
Carrying amount at 30 June 2019	79,394,918	6,234,633	18,716,213	2,588,984	23,152,630	27,274	130,114,652
Additions	1,670,267	84,414	0	190,152	23,980	26,618	1,995,431
(Disposals)	0	0	0	0	0	0	0
Depreciation (expense)	(1,981,114)	(394,957)	(316,196)	(55,623)	(857,698)	0	(3,605,588)
Carrying amount at 30 June 2020	79,084,071	5,924,090	18,400,017	2,723,513	22,318,912	53,892	128,504,495
Comprises:							
Gross carrying amount 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)
Carrying amount at 30 June 2020	79,084,071	5,924,090	18,400,017	2,723,513	22,318,912	53,892	128,504,495

SHIRE OF DONNYBROOK BALINGUP
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 FOR THE YEAR ENDED 30 JUNE 2020

9. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Independent 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	Independent 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	Independent 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	Independent 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	Independent 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 2020

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 the 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 once 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.

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.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

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

Whilst such treatment is inconsistent with the requirements of *AASB 1051, Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail. Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire.

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, are treated as ROU assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect on 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 balance sheet.

The Shire has accounted for the removal of the vested land values associated with golf courses by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

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 ROU assets at zero cost. Refer to Note 11 that details the significant accounting policies applying to leases (including ROU assets).

SHIRE OF DONNYBROOK BALINGUP
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FOR THE YEAR ENDED 30 JUNE 2020

10. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - Freehold land	110,000	163,637	53,637	0	0	0	0	0	0	0	0	0
Buildings	0	0	0	0	0	0	0	0	18,867	0	0	(18,867)
Furniture and Equipment	0	245	245	0	0	0	0	0	75,513	0	0	(75,513)
Plant and Equipment	262,234	235,546	12,062	(38,750)	323,650	314,791	84,060	(92,919)	385,693	210,428	0	(175,265)
Land held for resale	118,202	190,909	72,707	0	80,000	80,000	0	0	0	0	0	0
	490,436	590,337	138,651	(38,750)	403,650	394,791	84,060	(92,919)	571,143	210,428	0	(360,715)

SHIRE OF DONNYBROOK BALINGUP
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FOR THE YEAR ENDED 30 JUNE 2020

10. FIXED ASSETS

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings	1,150,623	1,180,147	1,130,872
Furniture and Equipment	9,897	0	40,624
Plant and Equipment	704,326	828,486	848,227
Right of Use Assets	59,270	0	0
Infrastructure - Roads	1,981,114	3,951,701	1,939,105
Infrastructure - Other	394,957	0	406,323
Infrastructure - Drainage	316,196	0	316,195
Infrastructure - Footpaths	55,623	0	54,137
Infrastructure - Bridges	857,698	0	862,817
	5,529,704	5,960,334	5,598,300

2020 Budget for Infrastructure - Roads includes aggregated depreciation all classes of infrastructure. This reflects disclosure in the adopted 2020 Annual Budget.

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	20 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 treated in one of the following ways:

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

(b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

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

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

SHIRE OF DONNYBROOK BALINGUP
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FOR THE YEAR ENDED 30 JUNE 2020

11. LEASES

(a) Right of Use Assets

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

	Right of Use Assets - Plant and Equipment \$	Right of use assets Total
Carrying amount at 30 June 2019	0	0
Recognised on initial application of AASB 16	114,804	114,804
Restated total equity at the beginning of the financial year	114,804	114,804
Additions	34,367	34,367
Depreciation (expense)	(59,270)	(59,270)
Carrying amount at 30 June 2020	89,901	89,901

(b) Cash outflow from leases

Interest expense on lease liabilities	1,850	1,850
Lease principal expense	58,719	58,719
Total cash outflow from leases	60,569	60,569

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.

Right of Use Assets 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 balance sheet).

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 1 that details the significant accounting policies applying to vested improvements.

Leases (continued)

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.

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.

12. INTANGIBLE ASSETS

(a) Rehabilitation Assets

Non-current

Waste Cell Airspace
 Less: Accumulated amortisation

	2020 Actual	2019 Actual
	\$	\$
	742,360	0
	(656,704)	0
	85,656	0

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

Carrying amount at beginning of period

Recognition of Waste Cell Airspace
 Revaluation
 Amortisation expense

Carrying amount at end of period

	0	0
	742,360	0
	(628,151)	0
	(28,553)	0
	85,656	0
	85,656	0

TOTAL INTANGIBLE ASSETS

SHIRE OF DONNYBROOK BALINGUP
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13. REVALUATION SURPLUS

	2020 Opening Balance	2020 Change in Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - Freehold land	3,010,439	(381,000)	0	0	(381,000)	2,629,439	3,010,439	0	0	0	3,010,439
Revaluation surplus - Buildings	13,377,810	0	0	0	0	13,377,810	13,377,810	0	0	0	13,377,810
Revaluation surplus - Furniture and Equipment	20,001	(20,001)	0	0	(20,001)	0	20,001	0	0	0	20,001
Revaluation surplus - Plant and Equipment	1,386,293	(1,386,293)	0	0	(1,386,293)	0	1,386,293	0	0	0	1,386,293
Revaluation surplus - Infrastructure - Roads	70,312,456	0	0	0	0	70,312,456	70,312,456	0	0	0	70,312,456
Revaluation surplus - Infrastructure - Other	7,452,600	0	0	0	0	7,452,600	7,452,600	0	0	0	7,452,600
Revaluation surplus - Infrastructure - Drainage	17,987,255	0	0	0	0	17,987,255	17,987,255	0	0	0	17,987,255
Revaluation surplus - Infrastructure - Footpaths	1,623,969	0	0	0	0	1,623,969	1,623,969	0	0	0	1,623,969
Revaluation surplus - Infrastructure - Bridges	17,408,375	0	0	0	0	17,408,375	17,408,375	0	0	0	17,408,375
	132,579,198	(1,787,294)	0	0	(1,787,294)	130,791,904	132,579,198	0	0	0	132,579,198

Note 29(d)

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

SHIRE OF DONNYBROOK BALINGUP
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14. TRADE AND OTHER PAYABLES

Current

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

2020	2019
\$	\$
328,724	693,008
140,029	115,057
220,175	181,501
105,297	109,802
5,470,134	5,341,087
88,643	72,637
100	369
6,353,102	6,513,461

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.

SHIRE OF DONNYBROOK BALINGUP
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 FOR THE YEAR ENDED 30 JUNE 2020

15. CONTRACT LIABILITIES

	2020	2019
	\$	\$
Current		
Contract liabilities from transfers for recognisable non financial assets	2,994,190	0
	2,994,190	0
Non-current		
Contract liabilities from transfers for recognisable non financial assets	0	0
	0	0
	2,994,190	0

Performance obligations from contracts with customers are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year	2,789,063
1 to 2 years	0
2 to 3 years	0
3 to 4 years	0
4 to 5 years	0
> 5 years	205,127
	2,994,190

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

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

SHIRE OF DONNYBROOK BALINGUP
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16. LEASE LIABILITIES

(a) Lease Liabilities

	2020	2019
	\$	\$
Current	50,600	0
Non-current	39,852	0
	90,452	0

(b) Movements in Carrying Amounts

Purpose	Lease Number	Lease Term	Actual Lease Principal 1 July 2019	30 June 2020 Actual New Leases	30 June 2020 Actual Lease Principal Repayments	30 June 2020 Actual Lease Principal Outstanding	30 June 2020 Actual Lease Interest Repayments
			\$	\$	\$	\$	\$
Governance							
IT Equipment - Laptops	009-0147653-003	48 months	0	27,077	544	26,533	45
Printer/Copier - Works	E6N0159975	33 months	3,314	0	1,182	2,132	60
IT Equipment - Desktops	E6N0159771	6 months	3,556	0	3,556	0	21
Printer/Copier - Xerox	66380732	3 months	812	0	812	0	3
IT Equipment - Desktops	E6N0162342	30 months	16,897	0	5,516	11,381	299
IT Equipment - Scanner	E6N0160847	30 months	3,404	0	1,340	2,064	58
IT Equipment - Switches	E6N0159185	9 months	6,381	0	6,381	0	56
IT Equipment - Laptops	E6N0159930	9 months	1,319	0	1,319	0	11
Law, order, public safety							
CESM Vehicle	9188385	25 months	33,350	0	16,502	16,848	538
Education and welfare							
IT Equipment - Laptops	009-0147653-003	48 months	0	7,290	146	7,144	12
Printer/Copier - Aeos	E6N0162061	15 months	3,670	0	2,929	741	46
Recreation and culture							
Gym Equipment - Cardio	E6N0162250	30 months	24,627	0	9,698	14,929	421
Gym Equipment - Spin Bikes	E6N0162200	30 months	10,374	0	4,085	6,289	177
Gym Equipment - Bikes	E6N0159802	18 months	3,391	0	2,249	1,142	49
IT Equipment - Desktops	E6N0160846	18 months	3,708	0	2,459	1,249	54
			114,803	34,367	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 2020

17. INFORMATION ON BORROWINGS AND OTHER FINANCIAL LIABILITIES

(a) Borrowings

	2020	2019
	\$	\$
Current	61,289	32,213
Non-current	589,794	360,322
	651,083	392,535

(b) Repayments - Borrowings

Loan Number	Institution	Interest Rate	Actual	30 June 2020	30 June 2020	30 June 2020	30 June 2020	Actual	Budget	30 June 2020	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019	30 June 2019	Actual
			Principal	Actual	Actual	Actual	Principal												
			1 July 2019	New Loans	Principal repayments	Interest repayments	Principal outstanding		Principal	New Loans	Principal repayments	Interest repayments	Principal outstanding	1 July 2018	New Loans	Principal repayments	Interest repayments	Principal outstanding	
			\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Governance																			
Administration Centre	N/A	N/A	0	0	0	0	0	0	0	154,530	0	0	154,530	0	0	0	0	0	0
Health																			
Dental Surgery Extension	74	WATC	76,842	0	11,040	4,260	65,802	76,842	0	11,040	4,321	65,802	87,265	0	10,423	4,876	76,842		
Education and Welfare																			
Tuia Lodge RAD's Borrowings	N/A	Tuia Lodge RAD's I	187,229	0	0	0	187,229	0	0	0	0	0	187,229	0	0	0	0	187,229	
Retirement Village Donnybrook	N/A	N/A	0	0	0	0	0	0	900,000	0	0	0	900,000	0	0	0	0	0	
Tuia Lodge Fire Suppression	93	WATC	0	291,000	0	854	291,000	400,000	500,000	0	0	900,000	0	0	0	0	0	0	
Economic services																			
Collins St Storage Units	80	WATC	55,429	0	12,513	3,155	42,916	55,429	0	12,513	3,523	42,916	67,141	0	11,712	3,995	55,429		
			319,500	291,000	23,553	8,269	586,947	532,271	1,554,530	23,553	7,844	2,063,248	341,635	0	22,135	8,871	319,500		
Self Supporting Loans																			
Recreation and Culture																			
Donnybrook Country Club	90	WATC	73,035	0	8,899	1,895	64,136	73,035	0	8,660	1,940	64,375	81,695	0	8,660	2,134	73,035		
			73,035	0	8,899	1,895	64,136	73,035	0	8,660	1,940	64,375	81,695	0	8,660	2,134	73,035		
			392,535	291,000	32,452	10,164	651,083	605,306	1,554,530	32,213	9,784	2,127,623	423,330	0	30,795	11,005	392,535		

WATC: 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.

Tuia Lodge RAD's Borrowings

2005/06 Borrowings against Refundable Accommodation Deposits - Tuia Lodge extensions.

(c) OTHER FINANCIAL LIABILITIES

Preston Village Lease Liability

	2020	2019
	\$	\$
Carrying amount at beginning of period	4,022,000	4,022,000
Liability Increase	0	0
Liability Decrease	(57,000)	0
Carrying amount at end of period	3,965,000	4,022,000

	2020	2019
	\$	\$
Current	308,000	0
Non-current	3,657,000	4,022,000
	3,965,000	4,022,000

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 cost 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 2020

17. INFORMATION ON BORROWINGS (Continued)

(d) New Borrowings - 2019/20

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2020 Actual	2020 Budget	2020 Actual	2020 Budget		
Tuia Lodge Fire Suppression System	WATC	Debenture	10	1.58%	291,000	500,000	(249,320)	500,000	24,740	41,680
<i>WATC: WA Treasury Corporation</i>					291,000	500,000	(249,320)	500,000	24,740	41,680

(e) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance	Borrowed During Year	Expended During Year	Unspent Balance
		1 July 2019	\$	\$	30 June 2020
Tuia Lodge Fire Suppression System	24 April 20	0	291,000	(249,320)	41,680
		0	291,000	(249,320)	41,680

(f) Undrawn Borrowing Facilities

	2020	2019
Credit Standby Arrangements	\$	\$
Bank Overdraft Limit - Municipal Fund	100,000	100,000
Bank overdraft at balance date	0	0
Bank Overdraft Limit - Dept Transport Licensing A/C	10,000	10,000
Bank overdraft at balance date	0	0
Credit card limit	9,000	9,000
Credit card balance at balance date	(1,653)	(1,740)
Total amount of credit unused	117,347	117,260
Loan facilities		
Loan facilities - current	61,289	32,213
Loan facilities - non-current	589,794	360,322
Lease liabilities - current	50,600	0
Lease liabilities - non-current	39,852	0
Total facilities in use at balance date	741,535	392,535
Unused loan facilities at balance date	41,680	0

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 28.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

18. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2019			
Current provisions	435,668	318,573	754,241
Non-current provisions	0	139,735	139,735
	<u>435,668</u>	<u>458,308</u>	<u>893,976</u>
Additional provision	354,151	146,850	501,001
Amounts used	(275,925)	(39,015)	(314,940)
Balance at 30 June 2020	<u>513,894</u>	<u>566,143</u>	<u>1,080,037</u>
Comprises			
Current	513,894	438,098	951,992
Non-current	0	128,045	128,045
	<u>513,894</u>	<u>566,143</u>	<u>1,080,037</u>
	<u>2020</u>	<u>2019</u>	
Amounts are expected to be settled on the following basis:	\$	\$	
Less than 12 months after the reporting date	951,992	754,241	
More than 12 months from reporting date	128,045	139,735	
	<u>1,080,037</u>	<u>893,976</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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

19. OTHER PROVISIONS

	Provision for Remediation	
	Costs	Total
	\$	\$
(a) Provision for Waste Cell Rehabilitation		
Opening balance at 1 July 2019		
Current provisions	0	0
Non-current provisions	0	0
	0	0
Additional provision	742,360	742,360
Balance at 30 June 2020	742,360	742,360
Comprises		
Current	0	0
Non-current	742,360	742,360
	742,360	742,360

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).

SHIRE OF DONNYBROOK BALINGUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

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:

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	16,567,035	5,698,528	14,961,552
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(2,854,895)	4,993,930	(1,092,095)
Non-cash flows in Net result:			
Depreciation on non-current assets	5,529,704	5,960,334	5,598,300
Amortisation on Intangible Assets	28,552	0	0
Donated Assets	(303,098)	0	0
(Profit)/loss on sale of asset	(99,901)	8,859	360,715
Changes in assets and liabilities:			
(Increase)/decrease in receivables	348,557	0	(433,654)
(Increase)/decrease in inventories	21,531	80,000	33,799
(Increase)/decrease in contract assets	(400,673)	0	0
(Increase)/decrease in contract liabilities	1,902,252	0	0
Increase/(decrease) in payables	(217,359)	0	226,961
Increase/(decrease) in provisions	814,213	0	(10,012)
Non-operating grants, subsidies and contributions	(3,616,063)	(9,910,124)	(2,768,506)
Net cash from operating activities	1,152,820	1,132,999	1,915,508

SHIRE OF DONNYBROOK BALINGUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

21. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	18,353,640	16,752,764
General purpose funding	672,983	714,571
Law, order, public safety	4,128,678	4,167,667
Health	1,304,373	1,361,859
Education and welfare	11,305,108	11,101,112
Housing	643,000	753,000
Community amenities	715,023	716,327
Recreation and culture	18,735,165	19,097,104
Transport	123,539,652	124,991,485
Economic services	1,412,630	1,566,111
Other property and services	2,851,886	2,319,750
	183,281,138	183,541,750

22. CONTINGENT LIABILITIES

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

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

SHIRE OF DONNYBROOK BALINGUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

23. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

Kirup Bush Fire Brigade Shed Extension

Payable:

not later than one year

	2020	2019
	\$	\$
	0	114,454
	0	114,454
	0	114,454

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts (short term and low value leases).

Payable:

not later than one year

later than one year but not later than five years

	2020	2019
	\$	\$
	0	59,893
	0	66,180
	0	126,073

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Leases (Continued)

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

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

From 1 July 2019, the shire has recognised right of use assets and corresponding lease liability for all non-cancellable operating lease commitments, apart for short term and low value leases. Refer to note 29(c).

24. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	90,246	90,966	72,896
President's allowance	10,008	10,008	10,000
Deputy President's allowance	2,502	2,502	2,500
Travelling expenses	6,596	12,000	8,195
Telecommunications allowance	11,808	15,102	9,066
	121,160	130,578	102,657

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	450,291	304,810
Post-employment benefits	49,003	39,616
Other long-term benefits	50,837	31,042
Termination benefits (Redundancy / ETP's)	29,351	59,485
	579,482	434,953

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 eligible termination benefits paid to KMP

24. 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.

The following transactions occurred with related parties:	2020 Actual	2019 Actual
	\$	\$
Purchase of goods and services	78,495	46,211

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.

SHIRE OF DONNYBROOK BALINGUP

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

25. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

(a) Share of joint operations

The Shire has a 50% Equity 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.

The assets and liabilities associated with this joint operation are:

	2020 \$	2019 \$
Council Equity Assets	802,882	517,417
Total assets	802,882	517,417
Current liabilities	1,249	0
Total liabilities	1,249	0
Statement of Comprehensive income		
Other revenue	349	9,961
Donated assets (transfer of book stock from State Library to Council)	303,098	0
Other expenditure	(334,555)	(312,243)
Net result for the period	(31,108)	(302,282)
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Changes in asset revaluation surplus	0	0
Total other comprehensive income for the period	0	0
Total comprehensive income for the period	(31,108)	(302,282)

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%

Share in Joint Operations

The assets and liabilities associated with this joint operation are:

	2020 \$	2019 \$
Council Equity - Assets	820,719	820,311
Total Assets	820,719	820,311
Nil	0	0
Total Liabilities	0	0

The income and expenses associated with this joint operation are:

Statement of Comprehensive Income		
Operating Revenue	162,095	163,110
Operating Expenditure	(114,529)	(80,700)
Net Result for the Period	47,566	82,410

Other Comprehensive Income

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

Changes in Asset Revaluation Surplus	0	0
Total Other Comprehensive Income for the Period	0	0

Total Comprehensive Income for the Period

Total Comprehensive Income for the Period	47,566	82,410
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SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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

Separate joint arrangements providing joint ventures with an interest in 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.

SHIRE OF DONNYBROOK BALINGUP
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26. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$	2019/20 Actual Interim Rates \$	2019/20 Actual Back Rates \$	2019/20 Actual Total Revenue \$	2019/20 Budget Rate Revenue \$	2019/20 Budget Interim Rate \$	2019/20 Budget Back Rate \$	2019/20 Budget Total Revenue \$	2018/19 Actual Total Revenue \$
General rate												
Gross rental valuations												
General Rate	8.1733	1,973	19,768,745	1,615,758	9,008	11,342	1,636,108	1,615,758	11,000	2,750	1,629,508	1,698,049
Unimproved valuations												
General Rate	0.5377	1,354	333,560,571	1,793,556	0	0	1,793,556	1,793,556	11,000	2,750	1,807,306	1,724,232
Sub-Total		3,327	353,329,316	3,409,314	9,008	11,342	3,429,664	3,409,314	22,000	5,500	3,436,814	3,422,281
Minimum payment	Minimum \$											
Gross rental valuations												
General Rate	1,104	965	8,865,279	1,065,360	0	0	1,065,360	1,065,360	0	0	1,065,360	852,637
Unimproved valuations												
General Rate	1,104	529	71,837,226	584,016	0	0	584,016	584,016	0	0	584,016	621,055
Sub-Total		1,494	80,702,505	1,649,376	0	0	1,649,376	1,649,376	0	0	1,649,376	1,473,692
Totals		4,821	434,031,821	5,058,690	9,008	11,342	5,079,040	5,058,690	22,000	5,500	5,086,190	4,895,973
Total amount raised from general rate							5,079,040				5,086,190	4,895,973
Less rates written Off							(6,513)				(1,500)	(2,771)
Totals							5,072,527				5,084,690	4,893,202

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

SHIRE OF DONNYBROOK BALINGUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

26. RATING INFORMATION (Continued)

(b) Specified Area Rate

Specified Area Rate	Basis of Valuation	Rate in \$	2019/20 Rateable Value	2019/20 Rate Revenue	2019/20 Interim Rate Revenue	2019/20 Back Rate Revenue	2019/20 Total Specified Area Rate Revenue	2019/20 Budget Rate Revenue	2019/20 Budget Back Rate Revenue	2019/20 Budget Interim Rate Revenue	2019/20 Total Budget Revenue	2018/19 Total Actual Revenue
Nil		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
		0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	2019/20 Actual Rate Applied to Costs	2019/20 Actual Rate Set Aside to Reserve	2019/20 Actual Reserve Applied to Costs	2019/20 Budget Rate Applied to Costs	2019/20 Budget Rate Set Aside to Reserve	2019/20 Budget Reserve Applied to Costs
Nil			\$	\$	\$	\$	\$	\$
			0	0	0	0	0	0
			0	0	0	0	0	0

(c) Service Charges

Service Charges	Amount of Charge	2019/20 Actual Revenue Raised	2019/20 Actual Charges Applied to Costs	2019/20 Actual Charges Set Aside to Reserve	2019/20 Actual Reserve Applied to Costs	2019/20 Budget Revenue	2019/20 Budget Charges Applied to Costs	2019/20 Budget Charges Set Aside to Reserve	2019/20 Budget Reserve Applied to Costs	2018/19 Total Actual Revenue
Nil	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0

SHIRE OF DONNYBROOK BALINGUP
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26. RATING INFORMATION (Continued)

(d) Discounts, Incentives, Concessions

Rates Discounts

Rate or Fee Discount Granted	Discount	Discount	2020 Actual	2020 Budget	2019 Actual	Circumstances in which Discount is Granted
	%	\$	\$	\$	\$	
Nil	0.00%	0	0	0	0	
			0	0	0	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount	Discount	2020 Actual	2020 Budget	2019 Actual
		%	\$	\$	\$	\$
Nil		0.00%	0	0	0	0
				0	0	0
Total discounts/concessions (Note 26(a))				0	0	0

SHIRE OF DONNYBROOK BALINGUP
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26. RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	15/10/2019	Nil	Nil	11.00%
Option Two				
First instalment	15/10/2019	\$11 / instalment	5.50%	11.00%
Second instalment	17/10/2020	\$11 / instalment	5.50%	11.00%
Option Three				
First instalment	15/10/2019	\$11 / instalment	5.50%	11.00%
Second instalment	16/12/2019	\$11 / instalment	5.50%	11.00%
Third instalment	17/02/2020	\$11 / instalment	5.50%	11.00%
Fourth instalment	20/04/2020	\$11 / instalment	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	53,368	51,500	53,997
Interest on instalment plan	20,872	21,000	18,057
Charges on instalment plan	22,515	21,030	20,810
Charges on special arrangement plan	8,275	6,650	6,355
	105,030	100,180	99,219

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27. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget	2019/20	2018/19
	Note	2019/20 (30 June 2020 Carried Forward)	2019/20 (1 July 2019 Brought Forward)	2018/19 (30 June 2019 Carried Forward)
		\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	10(a)	(138,651)	(84,060)	(16,385)
Less: Non-cash grants and contributions for assets	8(a)	(303,098)	0	0
Less: Current Asset - Land Held for Resale proceeds	10(a)	(118,202)	0	0
Less: Movement in liabilities associated with restricted cash		(26,031)	0	(31,798)
Movement in pensioner deferred rates (non-current)	6	24,520	0	(2,737)
Movement in employee benefit provisions (non-current)	18	(11,690)	0	32,317
Movement Accrued Income (non-current)		(56,570)	0	(155,361)
Add: Loss on disposal of assets	10(a)	38,750	92,919	377,100
Add: Intangible asset revaluation to P&L	12(a)	628,151	0	0
Add: Depreciation on non-current assets	10(b)	5,529,704	5,960,334	5,598,300
Add: Amortisation on non-current assets	12(a)	28,552	0	0
Non cash amounts excluded from operating activities		5,595,435	5,969,193	5,801,436
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves - cash backed	4	(6,651,263)	(3,103,348)	(9,041,443)
Less: Financial assets at amortised cost - self supporting loans repayments	5(a)	(9,144)	0	(8,660)
Less: Current assets not expected to be received at end of year - Land held for resale	7	0	80,000	0
Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings	17(a)	61,289	0	32,213
- Current portion of lease liabilities	16(a)	50,600	0	0
- Current portion of other financial liabilities	17(a)	308,000	0	0
- Employee benefit provisions (cash backed)	4	192,881	796,570	218,912
Total adjustments to net current assets		(6,047,638)	(2,226,778)	(8,798,978)
Net current assets used in the Rate Setting Statement				
Total current assets		17,785,360	6,292,605	16,123,860
Less: Total current liabilities		(10,719,173)	(4,065,827)	(8,391,856)
Less: Total adjustments to net current assets		(6,047,638)	(2,226,778)	(8,798,978)
Net current assets used in the Rate Setting Statement		1,018,549	0	(1,066,974)
Underlying surplus/(deficit)				
Underlying surplus/(deficit)		(48,160)	0	11,995
First time adoption of new accounting standards		0	0	(1,078,969)
Local Government Grants Commission 2020/21 advance payment	2(a)	1,066,709	0	0
Net current assets used in the Rate Setting Statement		1,018,549	0	(1,066,974)

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**(c) Adjustments to current assets and liabilities at 1 July 2019
on application of new accounting standards**

Total current assets at 30 June 2019		16,110,888
Contract assets	29(a)	12,972
Total current assets at 1 July 2019		<u>16,123,860</u>
Total current liabilities at 30 June 2019		(7,299,915)
Contract liabilities from transfers for recognisable non financial assets	29(a)	(61,016)
Contract liabilities from transfers for recognisable non financial assets	29(b)	(1,030,925)
Total current liabilities at 1 July 2019		<u>(8,391,856)</u>

SHIRE OF DONNYBROOK BALINGUP
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28. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2020					
Cash and cash equivalents	0.26%	16,567,035	12,449,868	4,115,007	2,160
2019					
Cash and cash equivalents	0.33%	14,961,552	13,312,239	1,650,602	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.

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	41,150	16,506

* 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).

28. 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 effect of COVID-19 needs to be considered. Financial assistance provided to ratepayers is expected to adversely affect the Shire's cash flows.

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 2019 or 1 July 2020 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. Re-negotiation or repayment terms is expected due to the COVID-19 pandemic.

The loss allowance as at 30 June 2020 was determined as follows and takes into account any waiver of penalty interest due to the impact of COVID-19.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	0.81%	0.81%	0.81%	0.81%	0.81%
Gross carrying amount	148,860	97,964	53,955	127,158	427,937
Loss allowance	1,206	794	437	1,030	3,466
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	202,695	92,011	44,258	102,681	441,645
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	0.32%	0.32%	0.32%	0.32%	0.32%
Gross carrying amount	51,242	14,062	3,606	18,013	86,923
Loss allowance	164	45	12	58	278
30 June 2019					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.87%	0.87%
Gross carrying amount	246,498	8,978	0	8,057	263,533
Loss allowance	0	0	0	701	701

The loss carrying provision has not been brought to account as it is not deemed to be material.

28. 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 have an unconditional right to receive consideration. The Shire applies the simplified approach to measure expected credit loss which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit loss, 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.

28. 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.

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2020					
Payables	6,353,102	0	0	6,353,102	6,353,102
Borrowings	73,811	338,062	286,465	698,338	651,083
Other Financial Liabilities	308,000	0	3,657,000	3,965,000	3,965,000
Contract liabilities	60,422	2,728,641	205,127	2,994,190	2,994,190
Lease liabilities	50,057	40,395	0	90,452	90,452
	<u>6,845,392</u>	<u>3,107,098</u>	<u>4,148,592</u>	<u>14,101,082</u>	<u>14,053,827</u>
2019					
Payables	6,513,461	0	0	6,513,461	6,513,461
Other Financial Liabilities	0	0	0	4,022,000	4,022,000
Borrowings	42,237	227,803	155,033	425,073	392,535
	<u>6,555,698</u>	<u>227,803</u>	<u>155,033</u>	<u>10,960,534</u>	<u>10,927,996</u>

SHIRE OF DONNYBROOK BALINGUP
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29. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	Note	AASB 118 carrying amount 30 June 2019 \$	Reclassification \$	AASB 15 carrying amount 01 July 2019 \$
Contract assets	2(a)	0	12,972	12,972
Contract liabilities - current				
Contract liabilities from transfers for recognisable non financial assets		0	(61,016)	(61,016)
Adjustment to retained surplus from adoption of AASB 15	29(e)	0	(48,044)	(48,044)

(b) AASB 1058: Income For Not-For-Profit Entities

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

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 118: Revenue and AASB 1004: Contributions before the change:

	Note	AASB 118 and AASB 1004 carrying amount 30 June 2019 \$	Reclassification \$	AASB 1058 carrying amount 01 July 2019 \$
Trade and other payables				
Contract liabilities from transfers for recognisable non financial assets		0	(1,030,925)	(1,030,925)
Adjustment to retained surplus from adoption of AASB 1058	29(e)	0	(1,030,925)	(1,030,925)

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

Volunteer Services on relation to bushfire brigades were not recognised as the fair value of the services cannot be reliably estimated.

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29. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

	2020 \$	2020 \$	
Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income			
Revenue			
Non-operating grants, subsidies and contributions	2(a) 1,970,862	2,580,548	4,551,410
Net result	(2,854,895)	2,580,548	(274,347)
Statement of Financial Position			
Contract assets	2(a) 413,642	(413,642)	0
Contract liabilities	15 (2,994,190)	2,994,190	0
Net assets	167,404,914	2,580,548	169,985,462
Statement of Changes in Equity			
Net result	(2,854,895)	2,580,548	(274,347)
Retained surplus	29,961,747	2,580,548	32,542,295

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

(c) AASB 16: Leases

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

On adoption of AASB 16, the Shire recognised lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117 (excluding short term and low value leases). These lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessees's incremental borrowing rate on 1 July 2019. The weighted average lessees's incremental borrowing rate applied to the lease liability on 1 July 2019 was 2.20%.

Note	2020 \$
Operating lease commitments at 30 June 2019 applying AAS 117	126,073
Discount applied using incremental borrowing rate	(11,270)
Lease liability recognised as 1 July 2019 discounted using the Shire's incremental borrowing rate of 2.20%	114,803
Lease liability - current	58,028
Lease liability - non-current	56,775
Right-of-use assets recognised at 1 July 2019	114,803

On adoption of AASB 16 the Shire recognised a right-of-use asset in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is deemed to be equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

Property, plant and equipment and lease liabilities increased by \$114,803 on 1 July 2019 resulting in no impact on retained surplus.

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

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

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

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29. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

(d) Change in Accounting Policy

(i) Regulation 17A of the Local Government (Financial Management) Regulations 1996 was amended to require plant and equipment type assets to be measured under the cost model, rather than at fair value. Implementation of the cost model is effective from the beginning of the 2019/20 year.

In applying the retrospective change as at 1 July 2019, the Shire reversed plant and equipment revaluation credit balances to retained surplus

Revaluation surplus - Furniture and Equipment	20,001
Revaluation surplus - Plant and Equipment	<u>1,386,293</u>
	1,406,294

(ii) The Local Government (Financial Management) Regulations 1996 was amended relating to Crown Land that is vested or under a Management Order, or other land that is not owned by the local government but which is vested in the local government.

The requirement to value vested land that is a golf course, showground, racecourse or any other sporting or recreational facility of State or regional significance has been removed.

In applying the retrospective change as at 1 July 2019, the Shire reversed vested land values and associated revaluation reserve

Revaluation Surplus

Revaluation Surplus - Land	<u>381,000</u>
	381,000

Property Plant and Equipment

Land - Donnybrook Golf Course	211,000
Land - Balingup Golf Course	<u>170,000</u>
	381,000

(e) Impact of New Accounting Standards and changes in Accounting Policy on Retained Surplus

The impact on the Shire's retained surplus due to the adoption of AASB 15, AASB 1058 and AASB 16 as at 1 July 2019 was as follows:

	<u>Note</u>	<u>Adjustments</u>	<u>2019</u>
			\$
Retained surplus - 30 June 2019			30,099,137
Adjustment to retained surplus from change in accounting policy	28(d)	1,406,294	
Adjustment to retained surplus from adoption of AASB 15	29(a)	(48,044)	
Adjustment to retained surplus from adoption of AASB 1058	29(b)	<u>(1,030,925)</u>	<u>327,325</u>
Retained surplus - 1 July 2019			30,426,462

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30. 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 2019	Amounts Received	Amounts Paid	Reclassification to Municipal Fund	30 June 2020
	\$	\$	\$		\$
Public open space contributions	76,069	108,583	0	0	184,652
Redden tree planting	1,499	0	0	(1,499)	0
Donnybrook- Balingup Aged Homes	266,425	0	0	(266,425)	0
	343,993	108,583	0	(267,924)	184,652

SHIRE OF DONNYBROOK BALINGUP

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31. 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 ends of the reporting period.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

32. ACTIVITIES/PROGRAMS

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

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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.

OBJECTIVE

ACTIVITIES

GOVERNANCE

To provide a decision-making process for the efficient allocation of scarce resources.

Includes the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific local government services.

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

To provide services to help ensure a safer and environmentally conscious community.

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

To provide an operational framework for environmental and community health.

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

EDUCATION AND WELFARE

To provide services to disadvantaged persons, the elderly, children and youth.

Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of

HOUSING

To provide and maintain elderly residents housing.

Provision and maintenance of staff and elderly residents housing.

COMMUNITY AMENITIES

To provide services required by the community.

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery, and public conveniences.

RECREATION AND CULTURE

To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.

Maintenance of public halls, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens, and playgrounds. Operation of library, museum and other cultural facilities.

TRANSPORT

To provide safe, effective and efficient transport services to the community.

Construction and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

ECONOMIC SERVICES

To help promote the local government and its economic wellbeing.

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control, and standpipes. Building Control.

OTHER PROPERTY AND SERVICES

To monitor and control operating accounts.

Private works operations, plant repair and costs.

SHIRE OF DONNYBROOK BALINGUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

33. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	1.41	1.00	1.97
Asset consumption ratio	0.66	0.68	0.65
Asset renewal funding ratio	N/A	N/A	N/A
Asset sustainability ratio	0.51	0.63	0.55
Debt service cover ratio	17.47	38.04	15.81
Operating surplus ratio	(0.55)	(0.47)	(0.50)
Own source revenue coverage ratio	0.47	0.47	0.49

The above ratios are calculated as follows:

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



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Donnybrook-Balingup

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Donnybrook-Balingup which comprises the Statement of Financial Position as at 30 June 2020, and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, as well as notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

I draw attention to Notes 1 and 10 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the City's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

- (i) Regulation 17A requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 *Leases* which would have required the entity to measure the vested improvements also at zero cost.
- (ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of the annual financial report that is free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual financial report.

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a. The asset sustainability ratio as reported in Note 33 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the last three years; and
 - b. The operating surplus ratio as reported in Note 33 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the last three years.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
 - a. The Shire has not reported the Asset Renewal Funding Ratio for 2020, 2019 and 2018 in the annual financial report as required by Section 50(1) of the Local Government (Financial Management) Regulations 1996, as there is not a current long-term financial plan.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the asset consumption ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial ratios for 2018 in Note 33 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2018. The auditor expressed an unmodified opinion on the annual financial report for that year.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Donnybrook-Balingup for the year ended 30 June 2020 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



CARLY MEAGHER
ACTING SENIOR DIRECTOR FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
11 December 2020



— Shire of —
Donnybrook Balingup

**REPORT ON SIGNIFICANT ISSUES
IN THE 2019-20 AUDIT REPORT**

DECEMBER 2020

BACKGROUND

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

The Shire's 2019-20 audit was conducted by the Office of the Auditor General and their report, received on 11 December 2020, is attached at **Appendix 1**.

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

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

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

Section 7.12A(5) further requires:

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

For the year ending 30 June 2020, the Auditor General identified a significant adverse trend in relation to the financial position of the Shire in relation to two statutory ratios present in the Financial Report that did not meet the minimum standard as set by the Department of Local Government, Sport and Cultural Industries (the Department). These ratios being the Operating Surplus Statutory Ratio and Asset Sustainability Statutory Ratio have been under the Department's recommended levels for at least three years. The Audit report also raised a compliance matter in relation to the inability to calculate another statutory ratio as at 30 June 2020 being the Asset Renewal Funding Ratio.

Three ratios indicators of a local government's financial performance are measured by the following ratios:

Operating surplus ratio

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

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

The Operating Surplus Ratio measures the extent to which revenues raised cover operational expenses (including depreciation). The Department considers the ratio standard is met if the ratio is above 0.00. To achieve a positive level in the ratio requires operating revenue (excluding capital grants and contribution) to be greater

than operating expenditure (including depreciation).

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

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

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

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

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

Asset sustainability ratio

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

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

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

The Shire's Asset Sustainability ratio has been under the target level of 0.90 for the past three consecutive years resulting in this item being raised as a significant adverse trend.

asset renewal funding ratio

$$\frac{\text{NPV of planned capital renewals over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$$

The asset renewal funding ratio measures the alignment between spending expected in the long-term financial plan on asset renewals and the timing of asset renewal requirements set out the asset management plan(s). The closer the ratio is to one, the closer alignment.

ACTION TO BE TAKEN

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

The Shire of Donnybrook Balingup does not have the immediate capacity in its current financial structure to bring the ratio in line with the Department's benchmark in the short term. The Shire will seek, as part of its long-term financial planning process, to make improvements to the Operating Surplus Ratio over time as opportunities present to improve revenue sources and make efficiencies in operating expenses.

Action to be taken on the Asset Sustainability Ratio in the future

The Shire is planning on a substantial capital works program over the next five years based on renewing and upgrading key assets and this is predicted to result in the ratio being above the benchmark during this time correcting this short-term issue.

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

The asset renewal funding ratio requires a completed assets management plan for all categories of assets and a current long term financial plan. The Shire has completed all the asset management planning required for the ratio denominator however is just in the last phase of completing the long-term financial plan. As this plan was not completed at the time of the audit the ratio could not be calculated. It is expected this ratio will be able to be calculated in 2020-21.



Shire of
Donnybrook Balingup

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