



Annual Report

2019-2020

For the Year Ending 30 June 2020



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Photo Credit: Cindy Armstrong (Front Page)

Statement of Compliance

For the year ended 30 June 2020

Residents and rate payers of the Shire of Boyup Brook,

In accordance with section 5.53 of the *Local Government Act 1995*, I hereby submit for your information, the Annual Report for the Shire of Boyup Brook for the financial year ended 30 June 2020.

The Annual Report has been prepared in accordance with the provisions of *the Local Government Act 1995 and Local Government (Administration) Regulations 1996*.



Dale Putland
Chief Executive Officer

14 September 2021

INTRODUCTION

The Shire of Boyup Brook is pleased to present the Annual Report for the 2019/2020 financial year.

The Annual Report is designed to encourage an understanding of Council's aims, objectives and activities to provide a better environment for residents to live and work in.

The Shire of Boyup Brook is located in the South West regional development area of the State and is 270 kms from the Perth CBD. The Shire adjoins the local government districts of Collie, West Arthur, Kojonup, Cranbrook, Manjimup, Bridgetown-Greenbushes, and Donnybrook-Balingup. The Shire's population is 1,780 (ABS) and the municipal district covers an area of 2,838 sq kms.

During 2020 the Shire employed a number CEO's, both substantive and acting, finally ending with the permanent appointment of Mr Dale Putland in October 2020.

Agriculture continues to be the major component of Boyup Brook's economy. The main components are livestock which includes sheep and cattle and cropping which includes canola, barley, oats and lupins.



Authority and Legislation

The Shire of Boyup Brook is a statutory organisation responsible to the Minister for Local Government; Culture and the Arts, The Hon David Templeman MLA. The Shire of Boyup Brook operates under the provision of the Local Government Act 1995 (as amended).

Shire President's Report



I am pleased to present this annual report to the community, reflecting what has been a challenging yet productive year for your Council.

In March 2020, the world was impacted by COVID-19 which saw the world catapulted into a situation that was unlike any other seen in the last 100 years.

Boyup Brook fared well throughout the COVID pandemic with the community coming together and Shire staff responding to the needs of the community through increased cleaning and hygiene measures in all public areas throughout the Shire.

The Shire of Boyup Brook implemented a Financial Hardship policy at an Ordinary Council meeting held on 21 May 2020 to support the whole community to meet the unprecedented challenges arising from the COVID-19 pandemic.

Election

A Local Government Election was held on Saturday 19 October 2019 to fill a vacancy in the Benjinup Ward. The two nominations were Glenda Moroni and Kevin Moir. At the conclusion of the count, Mr Moir was declared elected for the Benjinup Ward.

Election of Shire President and Deputy Shire President

At a Special Council meeting held on 28 October 2019, Cr Graham Aird was elected as Shire President and I was elected as Deputy Shire President.

Election of Shire President and Deputy Shire President

At a Special Council meeting held on 21 April 2020, I was honoured to be elected as Shire President by Council, Cr Helen O'Connell was elected as Deputy Shire President.

I would like to thank Graham Aird for his six years on Council, including two years as Shire President, as well as Elizabeth Rear and Eric Muncey for their service. Their contributions and dedication to the community are appreciated.

Community Development

Council focus has been on planning, including a review of the Local Planning Strategy which is no longer current and requires substantial changes due to a State Government decision not to fund a sewerage scheme for Boyup Brook.

Project planning, securing funding and ensuring we have the resources to deliver on plans, form the foundation for future projects.

Rylington Park farm is currently with the Shire since the farm lease expired in March 2020. Rylington community funds included with the handover will go into a Reserve for major community projects.

I would like to thank all the community members who served on the Rylington Park Management Committee over the years to date and we look forward to working with the community to establish the updated management structure and charter for this important community asset.

Conclusion

I would especially like to thank my fellow Councillors and all the Administration and Depot staff for their dedication and work in 2019/20. Thanks also must go to our previous Chief Executive Officer, Mr Chris Smith and to Stephen Carstairs who Acted in the position as Chief Executive Officer.

RICHARD WALKER
SHIRE PRESIDENT

Chief Executive Officer's Report



The 2019/2020 year presented challenges which we have not previously seen, however Boyup Brook fared well compared to the rest of the state with many people in the area stating that the impacts of COVID-19 were minimal to their lifestyle. Community spirit was evident in the manner in which support was provided to all facets of the community throughout the pandemic.

During 2019/2020 the following meetings of Council were held:

- 12 Ordinary Council meetings;
- 7 Special Council meetings;

In addition to these meetings Councillors and staff also attended a number of workshops and meetings, both locally and regionally throughout the year.

At a Special Council meeting held on 22 August 2019, Council adopted the Annual Budget. The Long Term Road Construction and Plant Replacement programs, Early Learning Centre's Service Delivery Plan and Medical Services 2019/20 Operating Budget, and Levying Rates in 2019/20 were presented to Council on two occasions.

Proposed 2019/20 Community Grants were considered by the Community Grants Committee, and also by Council at its 22 August 2019 Ordinary Council meeting.

Council have workshopped components of the 2019/20 Annual Budget as follows:

- CEO and Corporate Services staffing requirements, salaries and wages;
- Works and Services staffing requirements, salaries and wages;
- Capital Acquisitions and Plant Disposals;
- Transfers to and from Reserve Accounts;
- Levying rates in 2019-20 was workshopped on two occasions, and
- Most elements of the proposed 2019/20 Operating Budget.

In 2019/20 Council continued to provide significant levels of financial assistance to the community, being the sum of \$54,440 in community grants.

In 2019/20 the Shire of Boyup Brook issued a total of 12 development (planning) approvals/subdivisions and 41 building permits.

In conclusion I thank all staff for their efforts during 2019/20. As at 30 June 2020 the Shire employed 25 full-time, 17 part-time and six casual employees, adding up to a full-time equivalent (FTE) of 35 positions.

The whole of the Shire staff is responsible for a diverse range of duties and handle them most effectively and efficiently.

Finally, in conclusion, I would also like to express my appreciation for the efforts of all the Councillors in 2019/20 for their work on behalf of the community.

DALE PUTLAND
CHIEF EXECUTIVE OFFICER

Shire Statistics

- Area 2827 sq kms
- Position 269km south east of Perth
- Founded 1896
- Region South West
- Population 1702 (ABS)
- Sealed Urban Roads 15.21 kms
- Sealed Rural Roads 184.09 kms
- Gravel Rural Roads 841.45 kms
- Average Rainfall 600mm
- Average Temp (Max) 38°C
- Average Temp (Min) 5°C

The Shire includes the following townsites and localities:

Benjinup	Mayanup
Boyup Brook	McAlinden
Chowerup	Mickalarup
Dinninup	Nollajup
Dwalganup	Scotts Brook
Kenninup	Tonebridge
Kulikup	

Significant Local Events

Sandakan Memorial Service

Australia Day

Remembrance Day

Anzac Service held at the War Memorial

Community Christmas Celebrations

Tourist Attractions

The Dinninup Show is held on Melbourne Cup day, (First Tuesday of November), every year

Harvey Dickson's Country Music Centre

Boyup Brook Country Music Club

Boyup Brook Visitor Centre

Elected Members

The President and Elected Members are elected by the local community to represent the interests and needs of the community.

Elected Members provide community leadership and guidance and facilitate communication between the community and the Council.

Elected Members play a very important policy-making role, requiring the identification of community needs, setting objectives to meet those needs, establishing priorities between competing demands and allocated resources.

The role of the Shire President and the Elected Members is specified within the Local Government Act 1995.

The Shire of Boyup Brook comprises of four Wards as follows: Benjinup to the North West (two representatives); Boyup Brook Townsite (three representatives); Dinninup to the North East (two representatives); and Scotts Brook to the South (two representatives). At the commencement of a term of Council, Council elects the Shire President and Deputy President. As at 30 June 2020, Council's structure is as follows:



Shire President
Richard Walker

Benjinup Ward
Term Expiry 2021

(Richard Walker was appointed as Shire President on 21 April 2020)



Deputy Shire President
Cr Helen O'Connell

Scotts Brook Ward
Term Expiry 2021

(Helen O'Connell was appointed Deputy Shire President on 21 April 2020)



Cr Philippe Kaltenrieder

Boyup Brook Ward
Term Expiry 2021



Cr Sarah Alexander

Boyup Brook Ward
Term Expiry 2021



Cr Kevin Moir

Benjinup Ward
Term Expiry 2023



Cr Thomas Oversby

Dinninup Ward
Term Expiry 2021

(Thomas Oversby resigned from Council in February 2021)

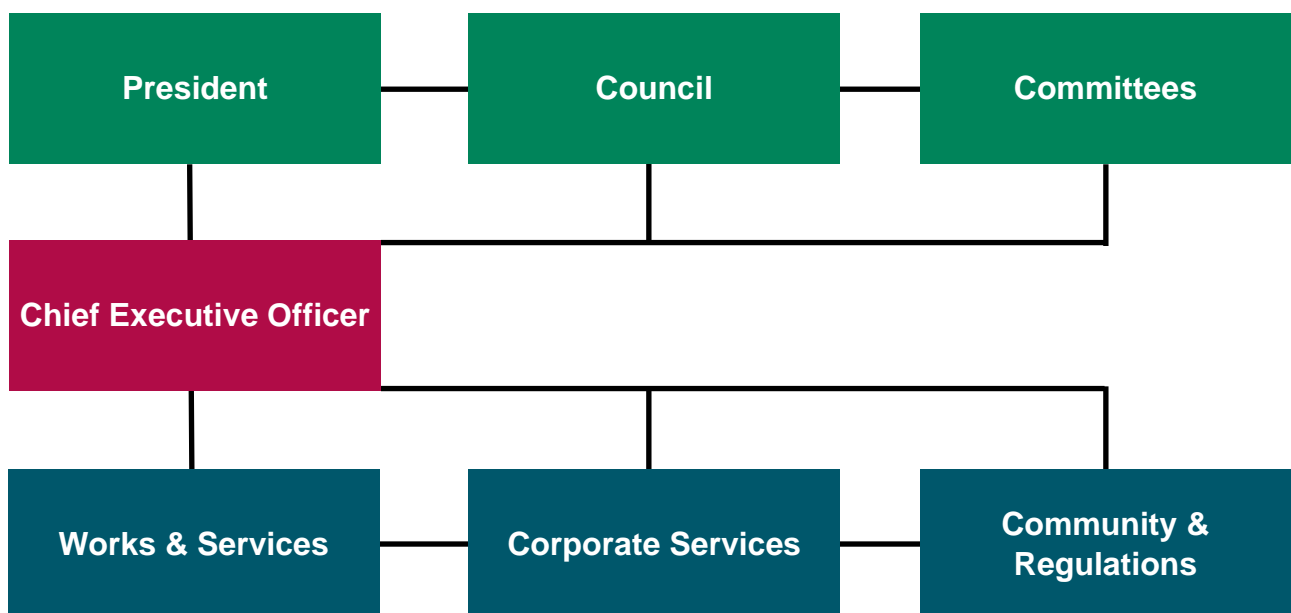


Cr Adrian Price

Boyup Brook Ward
Term Expiry 2023

Operational Structure

Organizational structure as at 30 June 2020.



The Shire of Boyup Brook Administration Office is located at
55 Abel Street Boyup Brook
(PO Box 2, Boyup Brook 6244)
Phone: (08) 9765 1200
Email: shire@boyupbrook.wa.gov.au
Website: www.boyupbrook.wa.gov.au

Strategic Community Plan

Our Strategic Community Plan (SCP) is a Council visionary document for the next 10 years, based on community input and our research (Community Plan) to ensure our future is sustainable. Whilst it is recognized that not all outcomes can be delivered immediately, the plan will guide our decisions over the next 10 years.

The Corporate Business Plan identifies what we will achieve in the shorter term and the steps we will take to reach our long-term vision and will enable us and the community to review and monitor our progress towards achieving our aspirations.

Implementing this plan will demand that the Shire not only continues to deliver community outcomes and represent the community but recognizes that we can't deliver alone. We will work in partnership with other Shires, State and Federal Governments and the private sector to advocate the delivery of outcomes in our plan.

The Shire of Boyup Brook's Strategic Community Plan 2017-27 set out the vision, aspirations, and objectives of this community so as to guide the work of the Council, and to define Council's role in 'Growing Our Community Together'.

The Boyup Brook community's vision is for our Shire to be a place:

- For people, with a sense of community, one that is active, vibrant, engaged and connected;
- that is safe and secure;
- that nurtures its youth and aging population, and retains its health and medical services; and
- that grows and has employment opportunities, through commercial diversity based on our comparative advantage.

This will be achieved through Council exercising its leadership and influence, and through Council collaboration, partnerships and empowerment, facilitation, coordination, and regulation.

Given that the Boyup Brook community is a growing and changing one, the Shire Council has determined to align the way it works so as to respond to the changing needs of our community. The Strategic Community Plan has a strong focus on building closer collaboration and stronger partnerships with community services (e.g. not-for-profit clubs and associations) organisations, our neighbouring local governments and industry agencies, and the State Government.

Our strategic community plan identifies five outcome areas to focus (focal areas) the energy and expertise of Councillors and Shire employees to achieve the following:

<i>Social</i>	That our people will have a 'sense of community'.
<i>Natural Environment</i>	That our natural environment will be 'preserved and sustained'.
<i>Economic Development</i>	That 'business and employment opportunities will be maximised'.
<i>Governance</i>	That 'local leadership will be strengthened.'
<i>Built Environment</i>	The Shire will focus on enhancing the town through improved streetscaping and infrastructure.

Blackwood River

The Blackwood River is a significant landscape feature which traverses the width of the Shire. The Blackwood is the longest river in Australia's South West, flowing almost 400 km from its source in the wheatbelt, through the Blackwood Valley, to the coast at Augusta's Hardy Inlet. It is the perfect waterway for kayaking, canoeing, swimming and fishing.



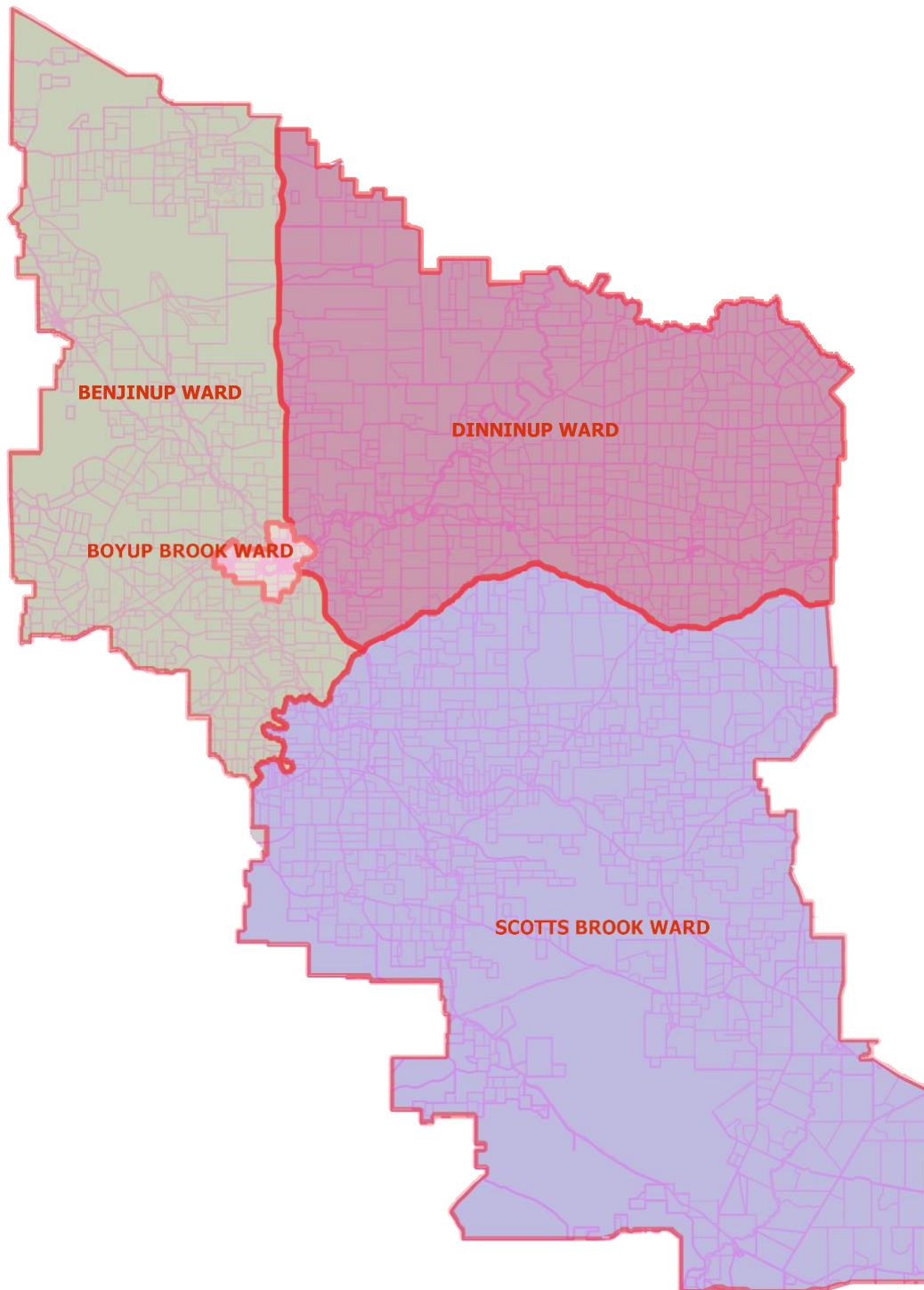
The Blackwood Marathon is held in October each year and is a unique event where competitors enter in teams comprising five members, or a single ironman and ironwoman. Starting in Boyup Brook and finishing in Bridgetown, competitors run, canoe, swim, horse ride and a cycle across 60km of picturesque Blackwood River Valley countryside. It's a mix of fun and sweat, with many top athletes coming miles to compete alongside, with others joining in for the fun of it.



Ward Boundaries

The Shire of Boyup Brook comprised of Nine Elected Members, and is divided into four Wards:

- Boyup Brook
- Benjinup
- Dinninup
- Scotts Brook

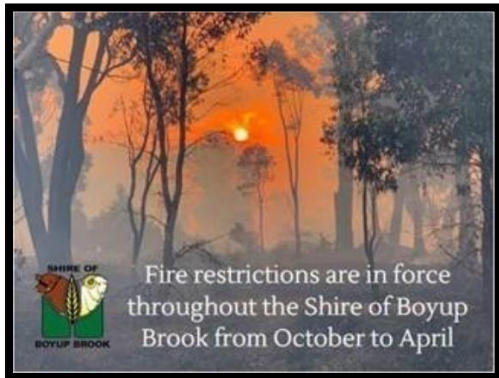


Wards	Number of Electors	Number of Elected Members	Elected Member/Elected Ratio	Ratio Deviation %
Boyup Brook	504	3	168	-25.48%
Benjinup	248	2	124	7.39%
Dinninup	236	2	118	11.87%
Scotts Brook	217	2	108	18.96%
Shire	1205	9	134	

Emergency Management Team

In response to the COVID-19 pandemic the Shire established a special Emergency Management Team. This team comprised of representatives from the Shire and other local agencies such as St John Ambulance Boyup Brook, Boyup Brook Hospital, and Boyup Brook Police. This team initially met weekly and received regular updates, advice and direction from the Department of Health and other state government authorities.

The Shire also created a database of persons that may have been vulnerable and isolated due to these unprecedented times. The Shire contacted each person on the list personally to ensure they were coping in the current circumstances, facilitated assistance and followed up to ensure they stayed safe and healthy.



A State of Emergency was declared on 16 March 2020 in respect to the COVID -19 pandemic, and the Shire responded by instigating the Shire's Incident Management Team. The team comprising of representative from local agencies such as St John Ambulance, Boyup Brook Hospital, Boyup Brook Police, and the Shire, met weekly to discuss the response plans and how to keep our community safe and well informed.

The Local Emergency Management Committee continued to review plans and update the Local Emergency Management Arrangements. A key issue addressed during the reporting period was the investigation of the ability of our communications infrastructure to support the functions of the plans. This remains ongoing.

This proactive approach saw the Shire take the lead in driving and supporting the implementation of emergency directives within the community. One of the key outcomes was the creation of a local database of persons that may have been vulnerable and isolated.

The cooperation and resilience of the local community was truly demonstrated during the months that followed with little need for an enforcement approach.

Disability Access and Inclusion Plan

Our Disability Access and Inclusion Plan (DAIP) outlines a series of actions and strategies to ensure people with a disability are provided with the same level of support and opportunities to access events, facilities and services within the Shire.

In the 2019-2020 year all parking bays were assessed, and corrective action taken to ensure compliance. This included re-painting the “identifier” in accordance with the Australian Standard and installing parking signs to make the bay more visual.

Work was also completed on an upgrade of the administration buildings ablutions, which now provide an ambulant and disability access toilet for use by both staff and the public.

As required by the *Disability Services Act 1993 (WA)*, an annual report was submitted to the Department of Communities on progress across the planned strategies.

Public and Environmental Health

The Shire of Boyup Brook considers its regulatory obligation to promote, improve and protect the health of the community paramount, and is working towards the development of a Public Health Plan that will identify strategies to assist and reduce the incidence of preventable illness. The Public Health project plan was submitted to Council and outlines the pathway that will be taken to achieve practical deliverables that suit the needs of our community.

As the lead Hazard Management Agency for a pandemic is health, the Shire Environmental Health Officer became a main player in implementing key operational plans during the emergency management response. This included the timely flow of information to both the workforce and the community, using platforms such as the website, facebook and a resident newsletter. Regular inspections were conducted of premises to ensure closure directions were being met.

Occupational Safety and Health /Events Management

The Shire was supported by our insurers Regional Risk Coordinator throughout the year. Several safety audits were conducted of the extended business units to ensure compliance. The Doctors Surgery, Early Learning Centre and Rylington Park were assessed against the legislation to identify risks and provide recommendations for safety improvements.

The provision of specific personal protective clothing and equipment during the pandemic was also a key focus from March 2020, with the installation of hand sanitizing stations in all workplaces and public buildings, sneeze guards and signage.

Works Program

Parks and Gardens Capital Renewal:

There were no capital renewal projects completed in Parks & Gardens.

Road Projects and Car Parks:

The following road projects were undertaken and completed:

1. Regional Road Group Funding:
Boyup Brook - Arthur Road: Widen and seal to 7m
Boyup Brook - Cranbrook Road: Widening, sealing and corner reconstruction
2. Roads to Recovery Funding:
Wilga Road East: Road re-construction and drainage reinstatement
Winneup Road: Address safety concerns due to blind crests
Kulikup Road South: Gravel re-sheeting
Lodge Road: Address safety concerns due to blind bends
3. The following Roads to Recovery funded projects were deferred to the 20/21 financial year:
Beatty St due to insufficient funding allocations to complete the works
Terry Road due to the tree clearing permit not being received in time

Bridge Maintenance:

Level 1 bridge inspections were completed for 21 bridges.

As a result, preventative maintenance works were completed by Main Roads and contractors on the following bridges:

1. Bridge 0743, Boyup Brook - Arthur Road.
2. Bridge 3306, Jayes Road. (included emergency repairs resulting in the bridge being closed for several months)
3. Bridge 3307, McAlinden Road.
4. Bridge 3311, Dwalganup Road.
5. Bridge 4872, McAlinden Road.

Footpaths:

1. Grant funded bike path were installed on Beatty Street between Barron and Jackson Streets.

Waste:

1. The Boyup Brook Lion's Club Tip Shop was closed.
2. A new pit was dug at the landfill site.
3. August 2019: a sample audit for the Shire's yellow topped recycling bins was found to have 34.60% contamination.

New Plant Purchases:

1. P220 Hardi NK 600 litre herbicide spray tank with 10m boom.
2. P221 Action 2010 Side Tipper Semi Trailer.
3. P222 Mitsubishi Fuso 18000L Water Cart.
4. P223 Action 2010 Side Tipper (2nd Trailer).
5. P224 John Deere 622G Grader.
6. P225 Isuzu Giga Prime Mover 2012 BU25334.
7. P226 2008 Ammann AP240 Multi Wheel Roller BU25354.



Community Grants

In 2019/20 the Shire of Boyup Brook supported a significant level of financial assistance to the community, being the sum of \$54,440 in community grants.

The Shire received \$133,864 for the Bush Fire Brigade Local Government Grant Scheme and for the Mitigation and Activity Fund for fire mitigation plant, equipment and insurance.

The Shire also supported the Upper Blackwood Agricultural Society (UBAS), in their successful application for \$206,566 for the Regional Agricultural Show Development Grant.

The Shire applied for a \$40,000 grant for CCTV in the Safer Communities grant but was unsuccessful. The Shire also applied for funds for the Boyup Brook Sandakan Park Memorial Upgrade through the Saluting Their Service grant. Although this application was unsuccessful the Shire has received \$10,000 in 20/21 to update the memorial and has partnered with the RSL to further develop the Sandakan Memorial Project.

The Shire provided \$59,326 to support the Community Donations and Grants Program in 19/20. A variety of Community Groups shared in the \$51,640 cash funds to upgrade equipment, assist with operating costs or support events. An additional \$7,686 in-kind support was provided to a variety of community groups to waive venue hire fees, in-kind wet hire of equipment as well as in-kind event support.

Below are the details of the successful grant applications in 2019/20:

Grant	Project	Grant Amount	Notes
Bushfire Brigades Local Government Grant Scheme	LGGS plant, equipment and insurance	\$65,280	
Mitigation Activity Fund	Fire mitigation	\$68,548	
Department of Local Government, Sport and Cultural Industries Service Agreement	Development of the Boyup Brook Sport and Recreation Precinct Master Plan	\$7,000	The Shire and the Boyup Brook Sport and Recreation Association contributed to the \$19,736.37 project.
Stronger Communities Programme Round 5 – Department of Industry, Innovation and Science	Safety fence and new equipment for Sandakan Playground	\$8,000	Total project cost \$17,130
WA Bicycle Network Grant from the Department of Transport	Beatty Street Shared Path Project	\$30,000	Total project cost \$57,837.76

Public Agenda Briefing Forum for 2019/2020

The public agenda briefing forum was held the same day as the Council meeting.

Ordinary Council Meeting

Council meetings were held on the third Thursday of each month and held in the Shire Council Chambers commencing at 5.00pm.

The Council and Committee meetings are open to the public and there is public question time at the beginning of both Council and Committee meetings at which time the general public may ask questions on any Local Government matter.

Meeting dates and times are subject to change and if this does occur, notice of such changes are advertised as per the requirements of the *Local Government Act 1995*.

Council Meeting Cycle for 2019/2020

Council Meeting	Special Council Meeting
18 July 2019	22 August 2019
5 August 2019	7 October 2019
22 August 2019	28 October 2019 x 2
19 September 2019	22 January 2020
17 October 2019	2 April 2020
21 November 2019	21 April 2020
12 December 2019	
20 February 2020	
19 March 2020	
16 April 2020	
21 May 2020	
18 June 2020	



Record Keeping Plan (State Records Act 2000)

The State Records Act 2000 (the Records Act) provides for the keeping of State records and related items, and Section 19 of the *Records Act* requires each government agency/authority to have a Record Keeping Plan (RKP) that has been approved by the State Records Commission.

The RKP dictates which records are created by an organisation, how they are stored and maintained, and whether they are ultimately destroyed. The RKP is the primary means of providing evidence of compliance with the *Records Act* and that best practices have been implemented throughout the organisation. In accordance with Section 17 of the *Records Act*, the Shire of Boyup Brook and all its employees are legally required to comply with the contents of the plan.

The State Records Office (SRO) requires organisations to update their plans every five (5) years, and the Shire of Boyup Brook's RKP was reviewed during 2014-15 and 2016-2017 and subsequently approved and validated by the SRO in September 2016. The next review of the Shire's RKP is due by August 2021.

Freedom of Information Statement

In accordance with Section 96 (1) of the *Freedom of Information Act 1992*, residents have the right to access records (which are not otherwise exempt) held by State and Local Government Agencies. Applications may be made to the Shire to access such information upon payment of a standard fee. In the financial year ending 2019/2020 the Shire received no applications.

Complaints Register – Elected Members

Section 5.121 of the *Local Government Act 1995* requires Annual Reports to contain details of entries made in the Complaints Register regarding complaints made about elected members.

There was 1 complaint lodged under section 5.121(9) against an Elected Member in 2019. The Shire of Boyup Brook was advised that no further action be taken.

Employee Remuneration

Employee Remuneration Section 5.53(2)(g) of the *Local Government Act 1995* requires the Annual Report to contain details of the number of employees of the Shire entitled to an annual salary of \$100,000 or more and within each \$10,000 band over \$100,000. The following salaries include wages, superannuation, personal benefit value of vehicle, and other allowances:

\$100,000-\$110,000	1
\$120,000-\$130,000	2
\$170,000-\$180,000	1
370,000-\$380,000	1

Annual Financial Report for the Year Ended 30 June 2020

2019 – 2020 Financial Statements

The Shire of Boyup Brook's Annual Financial Statements and the (independent) auditor's report of Office of the Auditor General are included at Appendix 1.



SHIRE OF BOYUP BROOK
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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COMMUNITY VISION

A place for people, with a sense of community, one that is active, vibrant, engaged and connected.

A place that is safe and secure.

A place that nurtures its youth and aging population; and retains its health and medical services.

A place that grows and has employment opportunities, through commercial diversity, which is based on our competitive advantage.

Principal place of business:

55 Abel Street

BOYUP BROOK WA 6244

**SHIRE OF BOYUP BROOK
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 Boyup Brook 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 Boyup Brook 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 14th day of September 2021



Chief Executive Officer

DALE PUTLAND

Name of Chief Executive Officer

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	21(a)	3,002,704	3,006,035	2,761,412
Operating grants, subsidies and contributions	2(a)	1,704,170	1,011,205	2,000,398
Fees and charges	2(a)	1,400,337	1,537,555	1,480,536
Interest earnings	2(a)	73,779	79,815	90,086
Other revenue	2(a)	1,656,581	70,160	72,271
		7,837,571	5,704,770	6,404,703
Expenses				
Employee costs		(3,177,630)	(3,193,050)	(2,948,741)
Materials and contracts		(1,182,652)	(1,376,135)	(1,285,973)
Utility charges		(213,746)	(183,055)	(176,093)
Depreciation on non-current assets	10(b)	(3,378,804)	(3,643,395)	(3,560,398)
Interest expenses	2(b)	(23,288)	(23,580)	(25,313)
Insurance expenses		(190,867)	(192,115)	(175,655)
Other expenditure		(276,762)	(202,070)	(199,825)
		(8,443,749)	(8,813,400)	(8,371,998)
		(606,178)	(3,108,630)	(1,967,295)
Non-operating grants, subsidies and contributions	2(a)	659,311	1,596,000	1,103,348
(Loss) on asset disposals	10(a)	(156,782)	(27,500)	(140,063)
Fair value adjustments to financial assets at fair value through profit or loss		1,153	0	70,068
		503,682	1,568,500	1,033,353
Net result for the period		(102,496)	(1,540,130)	(933,942)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation reserve	11	0	0	85,505
Total other comprehensive income for the period		0	0	85,505
Total comprehensive income for the period		(102,496)	(1,540,130)	(848,437)

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

SHIRE OF BOYUP BROOK
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Governance	2(a)	0	150	2,374
General purpose funding		4,491,069	3,767,200	4,467,281
Law, order, public safety		152,095	169,950	219,854
Health		789,345	900,570	865,776
Education and welfare		150,750	130,830	131,987
Housing		84,313	89,200	86,996
Community amenities		216,470	217,685	210,824
Recreation and culture		41,580	52,750	55,457
Transport		189,903	195,655	184,066
Economic services		119,282	119,820	113,920
Other property and services		1,602,764	60,960	66,168
		7,837,571	5,704,770	6,404,703
Expenses				
Governance	2(b)	(325,345)	(366,205)	(341,777)
General purpose funding		(137,865)	(127,325)	(134,624)
Law, order, public safety		(413,680)	(433,290)	(419,078)
Health		(1,178,152)	(1,358,370)	(1,315,456)
Education and welfare		(248,451)	(225,575)	(221,943)
Housing		(123,595)	(126,490)	(127,864)
Community amenities		(349,707)	(347,080)	(339,015)
Recreation and culture		(1,128,605)	(1,138,705)	(1,099,654)
Transport		(3,743,786)	(3,773,975)	(3,580,591)
Economic services		(441,717)	(633,495)	(497,095)
Other property and services		(329,558)	(259,310)	(269,588)
		(8,420,461)	(8,789,820)	(8,346,685)
Finance Costs				
Education and welfare	2(b)	(14,870)	(14,890)	(15,633)
Housing		(2,939)	(2,965)	(3,304)
Community amenities		(183)	(350)	(414)
Recreation and culture		(5,296)	(5,375)	(5,962)
		(23,288)	(23,580)	(25,313)
		(606,178)	(3,108,630)	(1,967,295)
Non-operating grants, subsidies and contributions	2(a)	659,311	1,596,000	1,103,348
(Loss) on disposal of assets	10(a)	(156,782)	(27,500)	(140,063)
Fair value adjustments to financial assets at fair value through profit or loss		1,153	0	70,068
		503,682	1,568,500	1,033,353
Net result for the period		(102,496)	(1,540,130)	(933,942)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation reserve	11	0	0	85,505
Total other comprehensive income for the period		0	0	85,505
Total comprehensive income for the period		(102,496)	(1,540,130)	(848,437)

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



SHIRE OF BOYUP BROOK
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTE	2020	2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	4,492,792	3,362,018
Trade and other receivables	6	527,434	438,829
Inventories	7	22,760	28,517
Biological assets	26	480,894	0
TOTAL CURRENT ASSETS		5,523,880	3,829,364
NON-CURRENT ASSETS			
Trade and other receivables	6	15,358	8,552
Other financial assets	5(a)	71,221	70,068
Property, plant and equipment	8	15,551,355	15,425,724
Infrastructure	9	109,937,492	111,216,989
TOTAL NON-CURRENT ASSETS		125,575,426	126,721,333
TOTAL ASSETS		131,099,306	130,550,697
CURRENT LIABILITIES			
Trade and other payables	12	579,982	448,004
Contract liabilities	13	822,137	0
Borrowings	14(a)	36,157	39,432
Employee related provisions	15	413,664	566,493
TOTAL CURRENT LIABILITIES		1,851,940	1,053,929
NON-CURRENT LIABILITIES			
Borrowings	14(a)	397,010	433,167
Employee related provisions	15	15,177	71,000
TOTAL NON-CURRENT LIABILITIES		412,187	504,167
TOTAL LIABILITIES		2,264,127	1,558,096
NET ASSETS		128,835,179	128,992,601
EQUITY			
Retained surplus		57,972,427	57,799,168
Reserves - cash backed	4	2,587,098	2,917,779
Revaluation surplus	11	68,275,654	68,275,654
TOTAL EQUITY		128,835,179	128,992,601

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

SHIRE OF BOYUP BROOK
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		58,692,760	2,958,129	68,190,149	129,841,038
Comprehensive income					
Net result for the period		(933,942)	0	0	(933,942)
Other comprehensive income	11	0	0	85,505	85,505
Total comprehensive income		(933,942)	0	85,505	(848,437)
Transfers from reserves	4	1,203,425	(1,203,425)	0	0
Transfers to reserves	4	(1,163,075)	1,163,075	0	0
Balance as at 30 June 2019		57,799,168	2,917,779	68,275,654	128,992,601
Change in accounting policies	28(b)	(54,926)	0	0	(54,926)
Restated total equity at 1 July 2019		57,744,242	2,917,779	68,275,654	128,937,675
Comprehensive income					
Net result for the period		(102,496)	0	0	(102,496)
Total comprehensive income		(102,496)	0	0	(102,496)
Transfers from reserves	4	1,012,330	(1,012,330)	0	0
Transfers to reserves	4	(681,649)	681,649	0	0
Balance as at 30 June 2020		57,972,427	2,587,098	68,275,654	128,835,179

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

SHIRE OF BOYUP BROOK
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		2,917,692	3,026,035	2,683,846
Operating grants, subsidies and contributions		1,750,975	1,006,217	1,938,272
Fees and charges		1,405,625	1,607,555	1,480,536
Interest received		74,310	80,346	89,555
Goods and services tax received		149,119	116,190	(39,008)
Other revenue		949,802	70,160	72,271
		7,247,523	5,906,503	6,225,472
Payments				
Employee costs		(3,416,903)	(3,177,825)	(2,887,722)
Materials and contracts		(1,012,867)	(1,376,135)	(1,329,996)
Utility charges		(213,746)	(183,055)	(176,093)
Interest expenses		(23,983)	(23,580)	(8,970)
Insurance paid		(192,945)	(192,115)	(175,655)
Goods and services tax paid		(200,000)	0	41,566
Other expenditure		(265,837)	(202,070)	(153,820)
		(5,326,281)	(5,154,780)	(4,690,690)
Net cash provided by (used in) operating activities	16	1,921,242	751,723	1,534,782
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(962,625)	(851,540)	(315,316)
Payments for construction of infrastructure	9(a)	(1,524,156)	(2,582,620)	(2,127,781)
Non-operating grants, subsidies and contributions	2(a)	1,426,149	1,596,000	1,103,348
Proceeds from sale of property, plant & equipment	10(a)	309,596	71,750	108,045
Net cash provided by (used in) investment activities		(751,036)	(1,766,410)	(1,231,704)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(39,432)	(37,658)	(53,078)
Net cash provided by (used in) financing activities		(39,432)	(37,658)	(53,078)
Net increase (decrease) in cash held		1,130,774	(1,052,345)	250,000
Cash at beginning of year		3,362,018	3,316,013	3,112,018
Cash and cash equivalents at the end of the year	16	4,492,792	2,263,668	3,362,018

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

SHIRE OF BOYUP BROOK
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)	22 (b)	384,703	435,768	260,714
		384,703	435,768	260,714
Revenue from operating activities (excluding rates)				
Governance		0	150	2,374
General purpose funding		1,487,014	761,165	1,706,919
Law, order, public safety		152,095	169,950	219,854
Health		789,345	900,570	865,776
Education and welfare		150,750	130,830	131,987
Housing		84,313	89,200	86,996
Community amenities		216,470	217,685	210,824
Recreation and culture		41,580	52,750	55,457
Transport		189,903	195,655	184,066
Economic services		119,282	119,820	113,920
Other property and services		1,603,917	60,960	136,236
		4,834,669	2,698,735	3,714,409
Expenditure from operating activities				
Governance		(325,345)	(366,205)	(380,509)
General purpose funding		(137,865)	(127,325)	(134,624)
Law, order, public safety		(413,680)	(433,290)	(419,170)
Health		(1,178,152)	(1,358,370)	(1,340,762)
Education and welfare		(263,321)	(240,465)	(238,021)
Housing		(126,534)	(129,455)	(131,168)
Community amenities		(349,890)	(347,430)	(339,429)
Recreation and culture		(1,133,901)	(1,144,080)	(1,128,775)
Transport		(3,894,818)	(3,801,475)	(3,624,716)
Economic services		(441,717)	(633,495)	(497,806)
Other property and services		(335,308)	(259,310)	(277,081)
		(8,600,531)	(8,840,900)	(8,512,061)
Non-cash amounts excluded from operating activities	22(a)	2,616,690	3,686,120	3,460,637
Amount attributable to operating activities		(764,469)	(2,020,277)	(1,076,301)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	659,311	1,596,000	1,103,348
Proceeds from disposal of assets	10(a)	309,596	71,750	108,045
Purchase of property, plant and equipment	8(a)	(962,625)	(851,540)	(315,316)
Purchase and construction of infrastructure	9(a)	(1,524,156)	(2,582,620)	(2,127,781)
Amount attributable to investing activities		(1,517,874)	(1,766,410)	(1,231,704)
FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(39,432)	(37,658)	(53,078)
Transfers to reserves (restricted assets)	4	(681,649)	(597,310)	(1,163,075)
Transfers from reserves (restricted assets)	4	1,012,330	1,415,620	1,203,425
Amount attributable to financing activities		291,249	780,652	(12,728)
Surplus/(deficit) before imposition of general rates		(1,991,094)	(3,006,035)	(2,320,733)
Total amount raised from general rates	21(a)	3,004,055	3,006,035	2,760,362
Surplus/(deficit) after imposition of general rates	22(b)	1,012,961	0	439,629

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

SHIRE OF BOYUP BROOK
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FOR THE YEAR ENDED 30 JUNE 2020

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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.

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, *Financial Management Regulation 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 of the 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 statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) 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 held no vested land in its asset register or Statement of Financial Position as at 1 July 2019, therefore no adjustment was required to the associated revaluation reserve. 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.

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.

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*

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.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 29 to these financial statements.

SHIRE OF BOYUP BROOK
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
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over 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
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees and charges	Building services, caravan and camping services, cemetery services, childcare services, library services, medical services, property rental and hire, private works, refuse and recycling services, swimming pool entry, planning, development, animal management, or a service having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Adopted by Council annually or Set by State legislation or limited by legislation to the cost of provision	Applied fully based on timing of provision/entry, or based on timing of issue of the associated rights	Not applicable	Output method based on provision of service or completion of works, or on payment and issue of the licence, registration or approval
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims and reimbursable expenses	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed or expense is incurred	Not applicable	When claim is agreed or when expense is incurred

SHIRE OF BOYUP BROOK
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	0	50	2,374
General purpose funding	1,389,830	656,670	1,590,379
Law, order, public safety	143,647	162,660	212,934
Health	589	0	3,000
Education and welfare	0	8,260	8,109
Housing	0	1,190	1,298
Recreation and culture	0	7,210	12,096
Transport	160,104	160,040	149,773
Economic services	10,000	8,425	14,186
Other property and services	0	6,700	6,249
	1,704,170	1,011,205	2,000,398
Non-operating grants, subsidies and contributions			
Education and welfare	0	0	13,273
Recreation and culture	21,750	0	9,900
Transport	637,561	1,596,000	1,080,175
	659,311	1,596,000	1,103,348
Total grants, subsidies and contributions	2,363,481	2,607,205	3,103,746
Fees and charges			
Governance	0	100	0
General purpose funding	24,757	24,680	25,425
Law, order, public safety	8,448	6,730	6,244
Health	788,756	900,570	862,776
Education and welfare	141,881	122,570	123,857
Housing	84,079	88,010	85,698
Community amenities	204,141	213,850	205,924
Recreation and culture	41,081	45,540	43,359
Transport	3,201	4,975	5,749
Economic services	95,369	111,395	99,734
Other property and services	8,624	19,135	21,770
	1,400,337	1,537,555	1,480,536

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

**Contracts with customers and transfers
for recognisable non-financial assets**

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

Non-operating grants, subsidies and contributions

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

Contracts with customers included as a contract liability at the start of the period

Other revenue from performance obligations satisfied during the year

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

Contract liabilities from contracts with customers

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Non-operating grants, subsidies and contributions	659,311	1,596,000	1,103,348
	659,311	1,596,000	1,103,348
Contracts with customers included as a contract liability at the start of the period	54,926	0	0
Other revenue from performance obligations satisfied during the year	604,385	1,596,000	1,103,348
	659,311	1,596,000	1,103,348
Trade and other receivables from contracts with customers	110,552	0	156,984
Contract liabilities from contracts with customers	(822,137)	0	0

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 BOYUP BROOK
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:

General rates

Other revenue

Reimbursements and recoveries

Rylington Park Agricultural Operations contribution

Other

Interest earnings

Interest on reserve funds

Rates instalment and penalty interest (refer Note 21(c))

Other interest earnings

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
General rates	3,004,055	3,006,460	2,760,362
	3,004,055	3,006,460	2,760,362
Other revenue			
Reimbursements and recoveries	62,658	0	0
Rylington Park Agricultural Operations contribution	1,372,913	0	0
Other	221,010	70,160	72,271
	1,656,581	70,160	72,271
Interest earnings			
Interest on reserve funds	20,094	28,720	38,845
Rates instalment and penalty interest (refer Note 21(c))	39,214	27,370	28,462
Other interest earnings	14,471	23,725	22,779
	73,779	79,815	90,086

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

- Audit of the Annual Financial Report

Interest expenses (finance costs)

Borrowings

Other expenditure

Impairment loss on trade and other receivables

Sundry expenses

Note	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Auditors remuneration	22,750	22,500	22,750
	22,750	22,500	22,750
Interest expenses (finance costs)			
Borrowings	23,288	23,580	25,313
	23,288	23,580	25,313
Other expenditure			
Impairment loss on trade and other receivables	10,925	0	0
Sundry expenses	265,837	202,070	199,825
	276,762	202,070	199,825

SHIRE OF BOYUP BROOK
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	4,492,792	3,362,018
Total cash and cash equivalents	4,492,792	3,362,018
Restrictions		
requirements which limit or direct the purpose for which the resources may be used:		
- Cash and cash equivalents	3,820,151	3,018,711
	3,820,151	3,018,711

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

Reserves - cash backed	4	2,587,098	2,917,779
Contract liabilities from contracts with customers	13	822,137	0
Unspent grants, subsidies and contributions		0	54,926
Bonds and deposits held	12	57,127	46,006
Unspent loans	14(d)	353,789	0
Total restricted assets		3,820,151	3,018,711

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.

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4. RESERVES - CASH BACKED

	2020 Actual Opening Balance	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 Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave reserve	120	2	0	122	121	25,000	0	25,121	49,246	875	(50,001)	120
(b) Plant reserve	325,626	2,649	(180,000)	148,275	325,626	349,485	(290,500)	384,611	219,701	248,795	(142,870)	325,626
(c) Building reserve	699,515	6,484	0	705,999	699,515	9,635	(193,500)	515,650	740,589	13,136	(54,210)	699,515
(d) Community housing reserve	79,265	734	0	79,999	79,265	9,680	0	88,945	93,950	28,000	(42,685)	79,265
(e) Emergency reserve	12,226	113	0	12,339	12,226	170	0	12,396	12,011	215	0	12,226
(f) Insurance claim reserve	14,899	138	0	15,037	14,899	205	0	15,104	14,639	260	0	14,899
(g) Other recreation reserve	49,529	460	0	49,989	49,529	150,680	0	200,209	77,764	1,221	(29,456)	49,529
(h) Commercial reserve	442,415	4,100	0	446,515	442,415	6,095	(21,960)	426,550	514,499	8,280	(80,364)	442,415
(i) Bridges reserve	152	1	0	153	152	5	0	157	147	5	0	152
(j) Swimming pool reserve	0	0	0	0	0	0	0	0	118,975	1,110	(120,085)	0
(k) Aged accommodation reserve	378,014	3,504	0	381,518	378,014	5,205	0	383,219	374,568	6,646	(3,200)	378,014
(l) Road contributions reserve	28,028	260	0	28,288	28,028	385	0	28,413	27,540	490	(2)	28,028
(m) IT/Office equipment reserve	39,105	363	0	39,468	39,105	40,540	(77,330)	2,315	38,425	18,210	(17,530)	39,105
(n) Civic receptions reserve	16,435	152	0	16,587	16,435	225	0	16,660	13,075	3,360	0	16,435
(o) Unspent grants reserve	832,330	78	(832,330)	78	832,330	0	(832,330)	0	655,020	832,330	(655,020)	832,330
(p) Unspent community grants reserve	120	1	0	121	120	0	0	120	7,980	142	(8,002)	120
(q) Rylington park working capital reserve	0	250,399	0	250,399	0	0	0	0	0	0	0	0
(r) Rylington park community projects reserve	0	412,211	0	412,211	0	0	0	0	0	0	0	0
	2,917,779	681,649	(1,012,330)	2,587,098	2,917,780	597,310	(1,415,620)	2,099,470	2,958,129	1,163,075	(1,203,425)	2,917,779

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave reserve	Ongoing	- to be used to fund annual, long service leave and redundancy requirements.
(b) Plant reserve	Ongoing	- to be used for the purchase of plant items, including graders, trucks, utes, sedans, rollers etc.
(c) Building reserve	Ongoing	- to be used to fund future maintenance of shire owned buildings, including heritage buildings.
(d) Community housing reserve	Ongoing	- to be used to fund maintenance of the Homeswest Housing Units in Forrest & Proctor Streets.
(e) Emergency reserve	Ongoing	- to be used to fund emergency situations outside working hours for example trees on roads, minor flooding, car accidents and supply of services and materials deemed necessary in an emergency
(f) Insurance claim reserve	Ongoing	- to be used to fund the excess on certain insurance claims.
(g) Other recreation reserve	Ongoing	- to be used to fund improvements to the recreation facilities and grounds.
(h) Commercial reserve	Ongoing	- to be used to fund future economic development, enhancement & promotion of the district.
(i) Bridges reserve	Ongoing	- to be used to fund future requirements of bridge works.
(j) Swimming pool reserve	Ongoing	- to be used to fund major improvements/maintenance projects to the swimming pool.
(k) Aged accommodation reserve	Ongoing	- to be used to fund future requirements of aged accommodation.
(l) Road contributions reserve	Ongoing	- to set aside contributions from developers.
(m) IT/Office equipment reserve	Ongoing	- to be used to fund future IT requirements.
(n) Civic receptions reserve	Ongoing	- to quarantine unspent 'Refreshments and Receptions' budgets to fund future receptions needs.
(o) Unspent grants reserve	Ongoing	- to quarantine forward grant payments e.g. Federal Assistance Grants, to fund expenses incurred in the intended year.
(p) Unspent community grants reserve	Ongoing	- for the purpose of holding unallocated/spent community donation/MOU budgets (2% of annual rates), to fund extraordinary community donations or MOU's.
(q) Rylington park working capital reserve	Ongoing	- to be used to as working capital for the running and maintenance of the Rylington Park farm.
(r) Rylington park community projects reserve	Ongoing	- to be used for the community contribution only towards major community projects.

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5. OTHER FINANCIAL ASSETS

(a) Non-current assets

Financial assets at fair value through profit and loss

2020	2019
\$	\$
71,221	70,068
71,221	70,068
71,221	70,068
71,221	70,068

Financial assets at fair value through profit and loss

Units in Local Government House Trust

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 23.

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	237,659
Trade and other receivables	110,552
GST receivable	167,071
Allowance for impairment of receivables	(10,925)
Prepaid expenses	16,535
Accrued income	6,542

Non-current

Pensioner's rates and ESL deferred	15,358
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Rates outstanding aged analysis

Current	3,991
More than 1 year past due	198,074
More than 2 years past due	35,242
More than 3 years past due	15,710

Sundry debtor aged analysis

Current	96,582
More than 30 days past due	2,298
More than 60 days past due	132
More than 90 days past due	11,540

Reconciliation of the allowance for impairment of receivables

The following tables provide a reconciliation of the movement in the provision for doubtful debts:

Opening Balance 1 July	0
Less amounts written off	0
Less amounts recovered and reversed	0
Plus amounts added	10,925
Closing balance 30 June	10,925

2020	2019
\$	\$
237,659	165,124
110,552	156,984
167,071	116,190
(10,925)	0
16,535	531
6,542	0
527,434	438,829
15,358	8,552
15,358	8,552

3,991	1,841
198,074	120,566
35,242	21,244
15,710	30,025
253,017	173,676

96,582	115,840
2,298	31,952
132	0
11,540	9,192
110,552	156,984

0	0
0	0
0	0
10,925	0
10,925	0

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 23.

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.

7. INVENTORIES

Current

Fuel and materials
Rylington seed stock
Rylington fuel

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

	2020	2019
	\$	\$
	10,474	28,517
	10,183	0
	2,103	0
	22,760	28,517
	28,517	6,109
	(191,398)	(161,165)
	185,641	183,573
	22,760	28,517

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.

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	Buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	2,206,803	10,502,941	12,709,744	126,126	3,106,349	15,942,219
Additions	13,615	160,782	174,397	10,512	130,407	315,316
(Disposals)	0	0	0	(73,217)	(174,891)	(248,108)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	1,807	83,698	85,505
Depreciation (expense)	0	(250,656)	(250,656)	(50,859)	(367,693)	(669,208)
Carrying amount at 30 June 2019	2,220,418	10,413,067	12,633,485	14,369	2,777,870	15,425,724
Comprises:						
Gross carrying amount at 30 June 2019	2,220,418	10,912,610	13,133,028	16,237	2,777,870	15,927,135
Accumulated depreciation at 30 June 2019	0	(499,543)	(499,543)	(1,868)	0	(501,411)
Carrying amount at 30 June 2019	2,220,418	10,413,067	12,633,485	14,369	2,777,870	15,425,724
Additions	127,273	32,575	159,848	67,984	939,328	1,167,160
(Disposals)	0	0	0	(5,750)	(460,628)	(466,378)
Depreciation (expense)	0	(254,182)	(254,182)	(8,911)	(312,058)	(575,151)
Carrying amount at 30 June 2020	2,347,691	10,191,460	12,539,151	67,692	2,944,512	15,551,355
Comprises:						
Gross carrying amount at 30 June 2020	2,347,691	10,945,185	13,292,876	73,709	3,223,198	16,589,783
Accumulated depreciation at 30 June 2020	0	(753,725)	(753,725)	(6,017)	(278,686)	(1,038,428)
Carrying amount at 30 June 2020	2,347,691	10,191,460	12,539,151	67,692	2,944,512	15,551,355

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	Level 2	Market approach	Independent registered valuer	June 2017	Recent observable market data for similar properties/income approach using discounted cash flow methodology
Buildings	Level 2	Market approach	Independent registered valuer	June 2017	Construction costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment					
Furniture & equipment level 2	Level 2	Cost approach	Independent valuer and Management Valuation	June 2019	Current condition, residual values and remaining useful life assessments (Level 3) inputs
Furniture & equipment level 3	Level 3	Cost approach	Independent valuer and Management Valuation	June 2019	Current condition, residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment	Level 2	Market approach	Independent valuer and Management Valuation	June 2019	Current condition, residual values and remaining useful life assessments (Level 3) inputs

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

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

Following a change to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy.

Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

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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 - footpaths	Infrastructure - drainage	Infrastructure - parks & ovals	Infrastructure - bridges	Infrastructure - other	Infrastructure - recreation	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	75,593,990	1,136,561	10,694,947	565,100	18,560,500	3,592,000	1,837,300	111,980,398
Additions	1,430,311	0	232,365	0	239,775	68,239	157,091	2,127,781
Depreciation (expense)	(1,521,726)	(17,235)	(272,060)	(49,968)	(645,727)	(216,193)	(168,281)	(2,891,190)
Carrying amount at 30 June 2019	75,502,575	1,119,326	10,655,252	515,132	18,154,548	3,444,046	1,826,110	111,216,989
Comprises:								
Gross carrying amount at 30 June 2019	91,957,226	1,367,885	18,263,808	1,337,600	49,623,775	7,042,639	4,146,892	173,739,825
Accumulated depreciation at 30 June 2019	(16,454,651)	(248,559)	(7,608,556)	(822,468)	(31,469,227)	(3,598,593)	(2,320,782)	(62,522,836)
Carrying amount at 30 June 2019	75,502,575	1,119,326	10,655,252	515,132	18,154,548	3,444,046	1,826,110	111,216,989
Additions	1,224,829	63,662	160,861	0	61,381	5,443	7,980	1,524,156
Depreciation (expense)	(1,526,760)	(17,435)	(274,988)	(49,969)	(648,011)	(113,360)	(173,130)	(2,803,653)
Carrying amount at 30 June 2020	75,200,644	1,165,553	10,541,125	465,163	17,567,918	3,336,129	1,660,960	109,937,492
Comprises:								
Gross carrying amount at 30 June 2020	93,182,055	1,431,547	18,424,669	1,337,600	49,685,156	7,048,082	4,154,871	175,263,980
Accumulated depreciation at 30 June 2020	(17,981,411)	(265,994)	(7,883,544)	(872,437)	(32,117,238)	(3,711,953)	(2,493,911)	(65,326,488)
Carrying amount at 30 June 2020	75,200,644	1,165,553	10,541,125	465,163	17,567,918	3,336,129	1,660,960	109,937,492

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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	Level 3	Cost approach using depreciated replacement cost	Independent valuer	June 2018	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - footpaths	Level 3	Cost approach using depreciated replacement cost	Independent valuer	June 2018	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - drainage	Level 3	Cost approach using depreciated replacement cost	Independent valuer	June 2018	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - parks & ovals	Level 3	Cost approach using depreciated replacement cost	Independent valuer	June 2018	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - bridges	Level 3	Cost approach using depreciated replacement cost	Independent valuer	June 2018	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - other	Level 3	Cost approach using depreciated replacement cost	Independent valuer	June 2018	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - recreation	Level 3	Cost approach using depreciated replacement cost	Independent valuer	June 2018	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated 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 to determine the fair value of infrastructure using level 3 inputs.

SHIRE OF BOYUP BROOK

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, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

Revaluation

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

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 previously 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 was 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 right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised 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 right-of-use assets at zero cost.

Refer to Note 10 that details the significant accounting policies applying to leases (including right of use assets).

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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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Furniture and equipment	5,750	0	0	(5,750)	0	0	0	0	73,217	0	0	(73,217)
Plant and equipment	460,628	309,596	0	(151,032)	99,250	71,750	0	(27,500)	174,891	108,045	0	(66,846)
	466,378	309,596	0	(156,782)	99,250	71,750	0	(27,500)	248,108	108,045	0	(140,063)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and Equipment				
Transport				
Isuzu FVZ 1400	121,365	82,239	0	(39,126)
Cat Grader	185,972	127,273	0	(58,699)
Sprayer	1,252	1,084	0	(168)
Hino Tip Truck	152,039	99,000	0	(53,039)
	460,628	309,596	0	(151,032)
Furniture & equipment				
Other property and services				
Server Peripherals	5,750	0	0	(5,750)
	5,750	0	0	(5,750)
	466,378	309,596	0	(156,782)

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10. FIXED ASSETS

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings	254,182	250,660	250,656
Furniture and equipment	8,911	50,420	50,859
Plant and equipment	312,058	318,735	367,693
Infrastructure - roads	1,526,760	1,647,515	1,521,726
Infrastructure - footpaths	17,435	17,255	17,235
Infrastructure - drainage	274,988	271,780	272,060
Infrastructure - parks & ovals	49,969	50,030	49,968
Infrastructure - bridges	648,011	645,550	645,727
Infrastructure - other	113,360	225,210	216,193
Infrastructure - recreation	173,130	166,240	168,281
	3,378,804	3,643,395	3,560,398

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	15 to 85 years
Furniture and equipment	2 to 20 years
Plant and equipment	5 to 25 years
Sealed roads and streets formation	not depreciated
pavement seal	77 years
- bituminous seals	20 years
- asphalt surfaces	20 years
Gravel roads formation	not depreciated
pavement	77 years
Infrastructure - Footpaths	75 - 85 Years
Infrastructure - Drainage	40 - 80 Years
Infrastructure - Parks and ovals	10 - 85 Years
Infrastructure - Other	10 - 85 Years
Infrastructure - Recreation	10 - 85 Years
Infrastructure - Bridges	60 - 90 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:

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

Amortisation

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

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

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

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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11. REVALUATION SURPLUS

	2020 Opening Balance	2020 Change in Accounting 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 - Buildings	9,058,027	0	0	0	0	9,058,027	9,058,027	0	0	0	9,058,027
Revaluation surplus - Furniture and equipment	28,470	0	0	0	0	28,470	26,663	1,807	0	1,807	28,470
Revaluation surplus - Plant and equipment	781,483	0	0	0	0	781,483	697,785	83,698	0	83,698	781,483
Revaluation surplus - Infrastructure - roads	32,616,706	0	0	0	0	32,616,706	32,616,706	0	0	0	32,616,706
Revaluation surplus - Infrastructure - footpaths	978,382	0	0	0	0	978,382	978,382	0	0	0	978,382
Revaluation surplus - Infrastructure - drainage	11,178,719	0	0	0	0	11,178,719	11,178,719	0	0	0	11,178,719
Revaluation surplus - Infrastructure - parks & ovals	532,216	0	0	0	0	532,216	532,216	0	0	0	532,216
Revaluation surplus - Infrastructure - bridges	8,373,274	0	0	0	0	8,373,274	8,373,274	0	0	0	8,373,274
Revaluation surplus - Infrastructure - other	3,293,989	0	0	0	0	3,293,989	3,293,989	0	0	0	3,293,989
Revaluation surplus - Infrastructure - recreation	1,434,388	0	0	0	0	1,434,388	1,434,388	0	0	0	1,434,388
	68,275,654	0	0	0	0	68,275,654	68,190,149	85,505	0	85,505	68,275,654

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.

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Prepaid rates
Accrued salaries and wages
ATO liabilities
Bonds and deposits held
Accrued expenses
Income received in advance

2020	2019
\$	\$
208,674	45,752
36,871	42,542
134,085	202,312
131,032	88,301
57,127	46,006
6,905	23,091
5,288	0
579,982	448,004

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.

13. CONTRACT LIABILITIES

Current

Contract liabilities from contracts with customers

2020	2019
\$	\$
822,137	0
822,137	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	822,137	0
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SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

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

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

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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14. INFORMATION ON BORROWINGS

(a) Borrowings	2020	2019
	\$	\$
Current	36,157	39,432
Non-current	397,010	433,167
	433,167	472,599

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019
				Principal	Actual	Actual	Actual		Budget	Budget	Budget		Actual	Actual	Actual
				1 July 2019	Principal	Interest	Principal		Principal	Principal	Interest		Principal	Principal	Interest
				\$	\$	\$	\$		\$	\$	\$		\$	\$	\$
Education and welfare															
L118 Aged Accommodation	118	WATC	4.80%	316,770	16,324	14,870	300,446		316,770	16,322	14,890	300,448	332,337	15,567	15,633
Housing															
L115 Staff House	115	WATC	5.88%	53,454	6,375	2,939	47,079		53,455	6,275	2,965	47,180	59,470	6,016	3,304
Community amenities															
L112 Landfill	112	WATC	6.97%	5,140	5,140	183	0		5,140	3,470	350	1,670	8,282	3,142	414
Recreation and culture															
L114 Swimming Pool	114	WATC	5.89%	97,235	11,593	5,296	85,642		97,235	11,591	5,375	85,644	108,174	10,939	5,962
Economic services															
L109 Flax Mill Water	109	WATC	6.29%	0	0	0	0		0	0	0	0	2,594	2,594	0
Other property and services															
L110 Administration Building	110	WATC	6.45%	0	0	0	0		0	0	0	0	14,820	14,820	0
				472,599	39,432	23,288	433,167		472,600	37,658	23,580	434,942	525,677	53,078	25,313

* WA Treasury Corporation

SHIRE OF BOYUP BROOK
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FOR THE YEAR ENDED 30 JUNE 2020

14. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2019/20

The Shire did not borrow any funds during the year.

(d) Unspent Borrowings

Particulars		Date Borrowed	Unspent Balance 1 July 2019	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2020
			\$	\$	\$	\$
Loan 118	WATC*	01 Apr 13	353,789	0	0	353,789
* WA Treasury Corporation			353,789	0	0	353,789

(e) Undrawn Borrowing Facilities

	2020	2019
Credit Standby Arrangements	\$	\$
Bank overdraft limit	50,000	50,000
Bank overdraft at balance date	0	0
Credit card limit	10,000	10,000
Credit card balance at balance date	(458)	0
Total amount of credit unused	59,542	60,000

Loan facilities

Loan facilities - current	36,157	39,432
Loan facilities - non-current	397,010	433,167
Total facilities in use at balance date	433,167	472,599

Unused loan facilities at balance date

Nil Nil

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 23.

15. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2019

Current provisions

Non-current provisions

Additional provision

Amounts used

Balance at 30 June 2020

Comprises

Current

Non-current

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2019			
Current provisions	351,467	215,026	566,493
Non-current provisions	0	71,000	71,000
	351,467	286,026	637,493
Additional provision	209,136	51,457	260,593
Amounts used	(305,977)	(163,268)	(469,245)
Balance at 30 June 2020	254,626	174,215	428,841
Comprises			
Current	254,626	159,038	413,664
Non-current	0	15,177	15,177
	254,626	174,215	428,841

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

Expected reimbursements from other WA local governments

	2020 \$	2019 \$
Less than 12 months after the reporting date	364,921	393,287
More than 12 months from reporting date	63,920	244,206
Expected reimbursements from other WA local governments	0	0
	428,841	637,493

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.

16. 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	4,492,792	2,263,668	3,362,018
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(102,496)	(1,540,130)	(933,942)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(1,153)	0	(70,068)
Depreciation on non-current assets	3,378,804	3,643,395	3,560,398
(Profit)/loss on sale of asset	156,782	27,500	140,063
Contributed assets from Rylington Park Agricultural Operations	(711,358)	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(95,411)	201,733	(123,597)
(Increase)/decrease in inventories	36,811	0	(22,408)
Increase/(decrease) in payables	126,853	0	185,127
Increase/(decrease) in provisions	(208,652)	15,225	(97,443)
Increase/(decrease) in contract liabilities	373	0	0
Non-operating grants, subsidies and contributions	(659,311)	(1,596,000)	(1,103,348)
Net cash from operating activities	1,921,242	751,723	1,534,782

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
General purpose funding	2,419,504	1,632,769
Law, order, public safety	452,064	508,842
Health	1,019,763	713,313
Education and welfare	2,194,014	1,962,284
Housing	2,955,491	3,331,975
Community amenities	267,708	278,762
Recreation and culture	8,460,852	9,096,095
Transport	108,004,470	109,181,218
Economic services	1,971,647	1,821,591
Other property and services	3,353,793	2,023,848
	131,099,306	130,550,697

18. CONTINGENT LIABILITIES

The Shire of Boyup Brook 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.

Lot 46 Walshaws Road, Kulikup - Previous landfill site, possibly contaminated, investigation required

Lot 147 Jayes Road - Transfer station site, possibly contaminated, investigation required

Lot 12972 Boyup-Kojonup Road - Previous landfill site, possibly contaminated, investigation required

57 Charteriss Road, Wilga - Previous landfill site, possibly contaminated, investigation required

Lot 13180 Condinup Road, Dinninup - Previous landfill site, possibly contaminated, investigation required

Lot 5616 Boyup Brook North Road - Previous landfill site, possibly contaminated, investigation required

Lot 201 Stanton Road - Liquid waste disposal site, contaminated

Lot 40 Boyup-Cranbrook Road - Previous landfill site, possibly contaminated, investigation required

169 Railway Parade, Boyup Brook - Liquid waste site, possibly contaminated, investigation required

Lot 377 Connolly Street, Boyup Brook - Shire depot, possibly contaminated, investigation required

19. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

Payable:

- not later than one year

2020	2019
\$	\$
0	140,000
0	140,000
0	140,000

The capital expenditure project for 2019 relates to the purchase of Lot 13129 Bridgetown-Boyup Brook Road, Boyup Brook from the Department of Planning, Lands and Heritage.

(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
\$	\$
3,866	2,180
7,560	0
11,426	2,180

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.

20. 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	74,984	75,560	73,480
President's allowance	10,167	10,280	10,000
Deputy President's allowance	2,570	2,570	2,500
Travelling expenses	7,344	6,415	6,342
Telecommunications allowance	11,436	11,520	11,205
	106,501	106,345	103,527

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	851,366	674,719
Post-employment benefits	89,377	77,652
Other long-term benefits	8,407	7,748
Termination benefits	111,445	351,125
	1,060,595	1,111,244

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

20. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

The following transactions occurred with related parties:	2020 Actual	2019 Actual
	\$	\$
Sale of goods and services	2,801	55,652
Purchase of goods and services	10,644	74,295

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

iii. Entities subject to significant influence by the Shire

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

SHIRE OF BOYUP BROOK
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21. RATING INFORMATION

(a) Rates

RATE TYPE

Differential general rate / general rate

Gross rental valuations

General Rate GRV

Unimproved valuations

General Rate - UV

Sub-Total

Minimum payment

Gross rental valuations

Unimproved valuations

Total amount raised from general rate

Concessions (Note 21(b))

Ex-gratia rates

Totals

	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 \$
	0.1337	298	3,442,634	460,280	299	0	460,579	460,280	0	0	460,280	432,408
	0.0079	641	279,688,000	2,209,535	(2,104)	0	2,207,431	2,209,535	600	0	2,210,135	2,005,879
		939	283,130,634	2,669,815	(1,805)	0	2,668,010	2,669,815	600	0	2,670,415	2,438,287
Minimum \$												
	995	51	499,914	50,745	0	0	50,745	50,745				
	900	317	23,625,229	285,300	0	0	285,300	285,300				
							0	0				
		368	24,125,143	336,045	0	0	336,045	336,045				
		1,307	307,255,777	3,005,860	(1,805)	0	3,004,055	3,005,860	600	0	3,006,460	2,760,362
							3,004,055				3,006,460	2,760,362
							(2,606)				(1,600)	(106)
							1,255				1,175	1,156
							3,002,704				3,006,035	2,761,412

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

21. RATING INFORMATION (Continued)

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

Waivers, Concessions and Write-offs

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Waiver/Concession %	Waiver/Concession \$	2020 Actual \$	2020 Budget \$	2019 Actual \$
General Rate	Write off			1,256	250	106
General Rate	Concession	50%		1,350	1,350	0
				2,606	1,600	106
Total discounts/waivers/concessions (Note 21(a))				2,606	1,600	106

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
General Rate	Writing off of rates small balances <\$3 is a concession which is available to all ratepayers	Remove rates small balances less than \$3 in value	
General Rate	Three (3) Boyup Brook properties straddle the Shire of Donnybrook-Balingup (SD-B) Boundary.	So as not to require the property owners to pay two sets of full rates.	

21. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	01-10-19	0.00	0.00%	11.00%
Option Three				
First instalment	01-10-19	0.00	5.50%	11.00%
Second instalment	03-12-19	14.30	5.50%	11.00%
Third instalment	04-02-20	14.30	5.50%	11.00%
Fourth instalment	01-04-20	14.30	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	31,031	21,415	21,621
Interest on instalment plan	8,183	5,955	6,841
Charges on instalment plan	8,632	7,510	7,506
	47,846	34,880	35,968

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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22. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget	2019/20	2018/19
		(30 June 2020	(1 July 2019	(30 June 2019
Note	2019/20 (30 June 2020 Carried Forward)	Carried Forward)	Brought Forward)	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: Fair value adjustments to financial assets at fair value through profit and loss				
	(1,153)	0	(70,068)	(70,068)
Movement in pensioner deferred rates (non-current)	(6,806)	0	(8,552)	(8,552)
Movement in employee benefit provisions (non-current)	(55,823)	15,225	28,743	28,743
Movement in prepaid expenses	0	0	23,918	23,918
Movement in current employee provisions	(91,560)	0	(346,493)	(346,493)
Movement in accrued wages	(68,229)	0	177,691	177,691
Movement in accrued expenses	(15,490)	0	(21,504)	(21,504)
Movement in accrued interest expense	(695)	0	(1,152)	(1,152)
Movement in accrued interest income	531	0	0	0
Movement in inventory (current)	5,758	0	(22,407)	(22,407)
Movement in property, plant and equipment	(204,535)	0	0	0
Movement in biological assets	(480,894)	0	0	0
Add: Loss on disposal of assets	156,782	27,500	140,063	140,063
Add: Depreciation on non-current assets	3,378,804	3,643,395	3,560,398	3,560,398
	2,616,690	3,686,120	3,460,637	3,460,637
(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	(2,587,098)	(2,099,470)	(2,917,779)
Less: Current assets not expected to be received at end of year		(503,654)	(28,517)	(28,517)
- Inventories		0	0	(531)
- Prepaid expenses				(531)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14(a)	36,157	37,826	39,432
- Accrued expenses		140,990	54,314	225,403
- Employee benefit provisions		254,626	325,637	346,186
Total adjustments to net current assets		(2,658,979)	(1,710,210)	(2,335,806)
Net current assets used in the Rate Setting Statement				
Total current assets		5,523,880	2,502,931	3,829,364
Less: Total current liabilities		(1,851,940)	(792,721)	(1,053,929)
Less: Total adjustments to net current assets		(2,658,979)	(1,710,210)	(2,335,806)
Net current assets used in the Rate Setting Statement		1,012,961	0	439,629
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards				
Total current assets at 30 June 2019				
- Contract assets	27(a)			3,829,364
Total current assets at 1 July 2019				3,829,364
Total current liabilities at 30 June 2019				
- Contract liabilities from contracts with customers	27(a)			(1,053,929)
Total current liabilities at 1 July 2019				(54,926)
				(1,108,855)

23. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2020					
Cash and cash equivalents	0.7693%	4,492,792	0	4,486,842	5,950
2019					
Cash and cash equivalents	0.0183%	3,362,018	0	3,362,018	0

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*	44,868	33,620

* 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 14(b).

23. 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. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 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. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2020 was determined as follows for rates receivable

	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	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	3,991	198,074	35,242	15,710	253,017
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	1,841	120,566	21,244	30,025	173,676

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	0.00%	0.00%	0.00%	94.67%	
Gross carrying amount	96,582	2,298	132	11,540	110,552
Loss allowance	0	0	0	10,925	10,925
30 June 2019					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	115,840	31,952	0	9,192	156,984
Loss allowance	0	0	0	0	0

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 14.

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	579,982	0	0	579,982	579,982
Borrowings	57,912	231,647	277,254	566,813	433,167
Contract liabilities	822,137	0	0	822,137	822,137
	1,460,031	231,647	277,254	1,968,932	1,835,286
2019					
Payables	448,004	0	0	448,004	448,004
Borrowings	63,415	231,647	335,165	630,227	472,599
	511,419	231,647	335,165	1,078,231	920,603

24. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Shire.

25. BUSINESS COMBINATION

(a) Rylington Park Agricultural Operations Business Combination

On 7 May 2020 the Shire acquired 100% control and conduct of the Rylington Park Agricultural Operations from the Rylington Park Management Committee Incorporated.

Rylington Park Management Committee Incorporated occupied Rylington Park as lessee and conducted the Rylington Park Agricultural Operations under the lease. The lease expired on the termination date and was not extended and therefore Rylington Park Management Committee Incorporated was not entitled to remain in occupation after the termination date. To facilitate the best use of Rylington Park and the Rylington Park Agricultural Operations for the continuation of agricultural education work experience training and enterprise, and for the benefit of residents of the local government area of the Shire of Boyup Brook, Rylington Park Management Committee Incorporated agreed on the transfer date:

- (i) ownership and possession of Rylington Park agricultural assets are to be transferred by Rylington Park Management Committee Incorporated to the Shire free from encumbrances;
- (ii) The Shire will assume the conduct of the Rylington Park Agricultural Operations on the terms and conditions contained in the Deed of Agreement to Assume Agricultural Operations.

(b) Assets and Liabilities Transferred

On 7 May 2020 the following assets and liabilities were transferred at fair value:

Assets

Investment Account Cash
 Biological Assets - Sheep
 Stock on Hand - Grain
 Stock on Hand - Fuel
 Buildings
 Plant & Equipment

Liabilities

GST Payable

Net Assets

2020 Actual	2019 Actual
\$	\$
661,555	0
480,894	0
28,950	0
2,103	0
22,328	0
182,208	0
1,378,038	0
5,125	0
5,125	0
1,372,913	0

(c) Business gain

The Shire has recognised in the Statement of Comprehensive Income by Nature/Type under Other Revenue a gain of \$1,372,913 as a result of the business combination acquisition.

The Shire has recognised in the Statement of Comprehensive Income by Program under Other property and services Revenue a gain of \$1,372,913 as a result of the business combination acquisition.

The gain resulted from the net transfer of all assets and liabilities relating to the Rylington Park Agricultural Operations to the Shire, free from all encumbrances. The net transfer of all assets and liabilities was at no cost to the Shire, resulting in the Shire recording the net transfer amount as an in-kind contribution.

(d) Revenue and profit or loss since 7 May 2020

Revenue	18,158	0
Expenses	246,986	0
Net Loss	(228,828)	0

(e) Expenses incurred outside business combination

The following expenses were incurred in relation to the acquisition of Rylington Park Agricultural Operations, but not included in the business combination expenses reported above.

Legal expenses	6,533	0
	6,533	0

26. BIOLOGICAL ASSETS

(a) Initial recognition

On 7 May 2020 the Shire acquired 100% control and conduct of the Rylington Park Agricultural Operations from the Rylington Park Management Committee Incorporated, which included the acquisition of biological assets.

	2020 Actual	2019 Actual
	\$	\$
Consumable biological assets - sheep - initial recognition 7 May 2020	480,894	0
Change in fair value less costs to sell	0	0
	<u>480,894</u>	<u>0</u>

Sheep biological assets were assessed at fair value at initial recognition, with fair value being determined by using market value less selling costs. Market value of sheep was determined using the most recent market sales information from Meat and Livestock Australia as at 7 May 2020. Ewe prices were \$159.20 per head. Ewe hoggat prices were \$150.00 per head. Ram prices were \$73.80 per head. Selling costs were determined from sales invoices received just prior to the 7 May 2020 transfer date and included marketing fees of 5%, transit insurance of 0.4%, National transaction levy of 0.90% and WA Industry Funding Scheme of 0.18%. The selling costs are applied to the gross sales value of the sheep, according to their pricing category, whether ewes, ewe hoggats or rams.

Fair value was re-assessed as at 30 June 2020, utilising latest sales information from Meat and Livestock Australia market information as at 24 June 2020. This sales information indicated that there was no change in price per head in any of the sheep sub-categories. Selling costs remained the same as at 30 June 2020. Therefore there was no change in the fair value of biological assets from transfer acquisition date of 7 May 2020 to 30 June 2020.

(b) Measurement

The physical estimate of biological assets held at the end of the reporting period include:

Consumable biological assets - Number of sheep	3,308	0
	<u>3,308</u>	<u>0</u>

(c) Increases resulting from business combinations

Rylington Park Business Combination	3,308	0
	<u>3,308</u>	<u>0</u>

27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(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 statement of financial position at the date of initial application (1 July 2019):

		AASB 118 carrying amount		AASB 15 carrying amount
	Note	30 June 2019	Reclassification	01 July 2019
		\$	\$	\$
Contract liabilities - current				
Contract liabilities from contracts with customers	13	0	(54,926)	(54,926)
Adjustment to retained surplus from adoption of AASB 15	28(b)		(54,926)	

(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 summary, there were no adjustments made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019).

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

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.

SHIRE OF BOYUP BROOK
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27. 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				
Rates	21(a)	3,002,704	36,871	3,039,575
Operating grants, subsidies and contributions	2(a)	1,704,170	55,299	1,759,469
Fees and charges	2(a)	1,400,337	0	1,400,337
Non-operating grants, subsidies and contributions	2(a)	659,311	766,838	1,426,149
Net result		(102,496)	859,008	756,512
Statement of Financial Position				
Trade and other payables	12	579,982	(36,871)	543,111
Contract liabilities	13	822,137	(822,137)	0
Net assets		128,835,179	859,008	129,694,187
Statement of Changes in Equity				
Net result		(102,496)	859,008	756,512
Retained surplus		57,972,427	859,008	58,831,435

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.

The Shire had no leases in place which required recognition on application of AASB16.

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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28. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

Effective 6 November 2020, *Local Government (Financial Management) Regulation 16* was deleted and *Local Government (Financial Management) Regulation 17A* was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16.

In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	8	15,425,724	0	15,425,724
Revaluation surplus	11	68,275,654	0	68,275,654

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

(b) Changes in equity due to change in accounting policies

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

	Note	Adjustments	1 July 2019 \$
Retained surplus - 30 June 2019			57,799,168
Adjustment to retained surplus from adoption of AASB 15	27(a)	(54,926)	
Adjustment to retained surplus from adoption of AASB 1058	27(b)	0	(54,926)
Retained surplus - 1 July 2019			57,744,242

The impact on the Shire's opening revaluation surplus resulting from *Local Government (Financial Management) Regulation 16* being deleted and the amendments to *Local Government (Financial Management) Regulation 17A* as at 1 July 2019 was as follows:

	Note	Adjustments	1 July 2019 \$
Revaluation surplus - 30 June 2019			68,275,654
Adjustment to revaluation surplus from deletion of FM Reg 16	28(a)	0	
Adjustment to revaluation surplus from deletion of FM Reg 17	28(a)	0	0
Revaluation surplus - 1 July 2019			68,275,654

29. 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	Reclassified to Restricted Cash	30 June 2020
	\$	\$	\$		\$
Police Licensing	14,750	0	0	(14,750)	0
Building Services Levy	336	0	0	(336)	0
	15,086	0	0	(15,086)	0

SHIRE OF BOYUP BROOK

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30. 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 categorizes 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 categorized into as follows:

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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

31. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.	Administration and operation of facilities and services to members of Council, and other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council 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.	Environmental health, food control, pest control, immunisation and provision of medical services.
EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.	Pre-schools and other education, aged and disabled services, senior citizen services and youth welfare.
HOUSING To provide and maintain staff and elderly residents housing.	Control and maintenance of staff and other rental housing, including aged accommodation units.
COMMUNITY AMENITIES To provide services required by the community.	Refuse collection services, operation of landfill sites, landcare programs, administration of the town planning scheme, cemetery and memorials maintenance, and other community amenities.
RECREATION AND CULTURE To establish and effectively manage infrastructure and resource which will help the social well-being of the community.	Control and maintenance of public halls, swimming pool, recreation facilities and the library, and other culture.
TRANSPORT To provide safe, effective and efficient transport services to the community.	Construction and maintenance of streets, roads, bridges and footpaths; cleaning and lighting of streets; depot maintenance; vehicle licensing; traffic management and parking; maintenance of airstrip.
ECONOMIC SERVICES To help promote the shire and its economic wellbeing.	Weed control; Tourism and area promotion, and caravan park and flax mill; regulation of buildings and swimming pool inspections; saleyards and standpipes.
OTHER PROPERTY AND SERVICES To monitor and control council's overheads operating accounts.	Private works; public works overheads; plant repair and operation costs; engineering operation costs; salaries and wages control; administration services and other unclassified activities.

32. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	0.92	0.77	0.47
Asset consumption ratio	0.59	0.60	0.67
Asset renewal funding ratio	N/A	0.45	0.45
Asset sustainability ratio	0.46	0.56	0.66
Debt service cover ratio	42.10	19.75	22.82
Operating surplus ratio	(0.17)	(0.47)	(0.39)
Own source revenue coverage ratio	0.53	0.51	0.56

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 Boyup Brook

Report on the Audit of the Financial Report

Qualified Opinion

I have audited the annual financial report of the Shire of Boyup Brook which comprises the Statement of Financial Position as at 30 June 2020, 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, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the annual financial report of the Shire of Boyup Brook:

- (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 Qualified Opinion

On 7 May 2020, the agricultural operations of Rylington Park were transferred to the Shire of Boyup Brook from the Rylington Park Management Committee Incorporation. As disclosed in note 25 to the financial report, the Shire acquired \$480,894 of biological assets (sheep) as part of this transfer.

It has not been possible to obtain sufficient appropriate evidence about the carrying value of biological assets, other revenue, and the Current and Operating Surplus ratios reported in Note 32, because we are unable to verify the existence and number of sheep at the date of the transfer and at the end of the reporting period. Consequently, I am unable to determine whether any adjustments to these amounts and associated disclosures are necessary.

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 qualified opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire'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 addition to the effects of the matter described in the Basis for Qualified Opinion section of my report, 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 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.
- (ii) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a. The Current Ratio as reported in Note 32 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the last three years
 - b. The Operating Surplus Ratio as reported in Note 32 of the annual financial report is below the DLGSCI standard for the last three years; and
 - c. The Asset Sustainability Ratio as reported in Note 32 of the annual financial report is below the DLGSCI standard for the last three years.
- (iii) Except for the effects of the matter described in the Basis for Qualified Opinion section of my report, all required information and explanations were obtained by me.
- (iv) Except for the effects of the matter described in the Basis for Qualified Opinion section of my report, all audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio included in the annual financial report was supported by verifiable information and reasonable assumptions.

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 Boyup Brook 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.

Caroline Spencer
Auditor General for Western Australia
Perth, Western Australia
20 September 2021