



Audit and Risk Management Committee Meeting (28 November 2024)

ATTACHMENTS

Number	Title
6.1(1)	Minutes from the Audit and Risk Management Committee Meeting held 13 November 2024
7.1.1(1)	AOG's Signed 2023/2024 Annual Financial Report and Audit's Report (Opinion).



Minutes of the Risk Management Committee Meeting

Held on 13 November 2024 and commenced at 3:00pm

Held at the Council Chambers in Donnybrook

(1 Bentley Street, Donnybrook)

Authorised:

A handwritten signature in black ink, appearing to read "Nick O'Connor", is positioned to the right of the "Authorised:" label.

Mr Nick O'Connor, Chief Executive Officer

Prepared:

21 November 2024

Contents

1.	Declaration of Opening / Announcement of Visitors.....	3
2.	Attendance	3
2.1.	Apologies.....	3
2.2.	Approved Leave of Absence.....	3
2.3.	Application for Leave of Absence.....	3
3.	Announcements from the Chairperson	3
4.	Declarations of Interest	4
5.	Public Question Time	4
5.1.	Responses to previous public questions that were taken on notice.....	4
5.2.	Public Question Time	6
6.	Confirmation of Minutes.....	7
6.1.	Audit and Risk Management Committee Meeting held on 21 May 2024.....	7
7.	Reports of Officers	8
7.1.	Director Finance and Corporate.....	9
7.1.1.	Risk Management Framework	9
7.1.2.	Appointment of Internal Auditor – RFQ331	17
7.1.3.	2025 ARMC Meeting Schedule and Review of Terms of Reference.....	24
7.1.4.	Quarterly Audit Findings Progress Report (May – September 2024)	27
8.	Meetings Closed to the Public	30
8.1.	Matters for which the Meeting may be closed	30
8.2.	Public reading of Resolutions that may be made public	30
9.	Closure	30

1. Declaration of Opening / Announcement of Visitors

Acknowledgement of Country:

The Chairperson acknowledged the continuing connection of Aboriginal people to Country, culture and community, including traditional custodians of this land, the Wardandi and Kaneang People of the Noongar Nation, paying respects to Elders, past and present.

The Chairperson declared the meeting open at 2:59pm and welcomed the public gallery.

2. Attendance

Members Present:

Cr Vivienne MacCarthy

Mr Ian Telfer, External Member

Cr John Bailey

Mr Angelo Loguidice, External Member

Cr Alexis Davy

Staff Present:

Nick O'Connor, Chief Executive Officer

Ross Marshall, Director Operations

Loren Clifford, Acting Director Finance & Corporate

Samantha Farquhar, Administration Officer

Other Members Present:

Public Gallery: Nil.

Livestream Viewers: N/A

Guests: Nil.

2.1. Apologies

Nil.

2.2. Approved Leave of Absence

Nil.

2.3. Application for Leave of Absence

Nil.

3. Announcements from the Chairperson

Nil.

4. Declarations of Interest

Division 6: Sub-Division 1 of the *Local Government Act 1995*. Care should be taken by all Councillors to ensure that a financial/impartiality interest is declared and that they refrain from voting on any matter, which is considered to come within the ambit of the Act.

Nil.

5. Public Question Time

5.1. Responses to previous public questions that were taken on notice

Question from: Shane Sercombe

The Audit and Risk Committee has not resided over concerning staff turnover. Our workers compensation rate indicating significant avoidable harm to employees, mystery resignation of 5 Councillors, repeated large financial losses, erosion of assets and reserves, misleading statements on financial position, and no oversight of the troubled 12 million project. How do you rate the performance of the Audit and Risk Committee during the past 18 months?

Response: Chief Executive Officer – Temporary (Tim Clynych)

The Committee is fulfilling its responsibilities. It should be noted that the current membership of the Committee has only been in place since last November.

While the Committee does not directly oversee human resource functions, it would acknowledge the importance of a safe and supportive working environment. The Committee encourages the Shire Executive to continue improving workplace safety and employee well-being. However, it is critical to note that compensation claims and employee turnover fall under operational management, with the Committee's role limited to oversight of risk management processes.

To address some specific claims in your question:

- Staff turnover at the Shire of Donnybrook-Balingup is considered acceptable. The most recent benchmarking comparison is from 2021/22 when staff turnover percentage was just under 18%, compared to an average staff turnover of 27.6% that year for 77 local governments that participated in a salary and workforce survey coordinated by the Western Australian Local Government Association. Dealing with staff turnover is normal business and for local government even more so. For our shire we are dealing with greater competition from the private sector for trained staff as well as dealing with greater competition within the local government sector (particularly in the south-west region).
- Our workers compensation rates are very manageable. At the time of providing this response there are only 2 open claims with the Shire.

The resignation of elected representatives is a matter of personal and individual choice, outside the Committee's scope of responsibility. The Audit and Risk Committee's role is focused on financial oversight and risk management, and it does not involve governance matters related to elected members (councillors).

The Committee monitors financial performance and works with the Executive to mitigate financial risks. The Committee is unaware of "misleading statements on financial position" being published. The Audit and Risk Management Committee doesn't have a direct role in the planning and project management of large capital projects. Its function is focused on oversight of risk management,

financial reporting, and governance, rather than involvement in the operational aspects of specific projects – such as the V C Mitchell Community Park project.

Response from: Director Finance and Corporate

The Audit and Risk Committee was unable to oversee neither the internal or nor the external audit due to information being withheld and by being excluded from meetings with the auditors. With such an experienced leadership why has the Audit Committee been so ineffective at its primary function of overseeing audits?

Response: Chief Executive Officer – Temporary (Tim Clynych)

At the meeting of the Audit and Risk Management Committee held on 20 December 2023 you asked a similar question about attendance of Committee members at the audit exit meeting. That question was answered at that meeting, specifically that attendance at the audit exit meeting was determined upon direction from the Assistant Director from the Office of the Auditor General. Your opinion that the Committee has been ineffective in overseeing audits isn't supported. The Audit and Risk Management Committee plays an important role in overseeing the process of internal and external audits, but its function is not to directly manage the audits themselves.

Here's a more detailed explanation:

1. **Role of the Audit and Risk Management Committee:** The Committee's primary function is to provide oversight and governance over audit processes, risk management, and financial reporting, but it does not conduct the audits itself or directly manage auditors. Instead, the Committee reviews and monitors the outcomes of internal and external audits, ensuring that the recommendations are considered and implemented by the Executive.
2. **Independence of Auditors:** Both internal and external auditors must remain independent from the organization and its management in order to provide an objective evaluation of financial practices and risk management systems. This independence occurs by ensuring auditors have direct access to information and are free to report their findings without interference.
3. **Oversight of Audit Process vs. Direct Management:** The Committee's role is to ensure that audits are carried out properly, that they cover relevant areas of concern, and that any issues raised are addressed. However, it does not perform the audit or intervene in its detailed operations. The Committee reviews the scope, findings, and recommendations from these audits and works with the Executive to ensure appropriate action is taken in response to identified risks or deficiencies.
 - a. **Advisory and Monitoring Role:** Rather than overseeing the day-to-day execution of audits, the Committee's responsibility is to: Approve the audit plans (both internal and external) to ensure they are comprehensive and cover key risk areas.
 - b. Review audit reports and ensure that management responds appropriately to audit findings.
 - c. Monitor implementation of audit recommendations and follow up on key issues.
 - d. Ensure compliance with legal, financial, and regulatory requirements based on audit feedback.
 - e. **Management's Responsibility:** It is the responsibility of the Shire Executive, not the Audit and Risk Management Committee, to implement controls, manage day-to-day

risks, and respond to audit findings. The Committee ensures that the Executive is fulfilling these duties, but it does not directly manage how audits are conducted or how staff respond to them.

In summary, the Audit and Risk Management Committee provides high-level oversight, ensuring that the audits are performed independently and effectively, but it does not directly control or oversee the audit activities. Its focus is on ensuring governance, monitoring outcomes, and supporting an effective risk management framework.

Further response from: Director Finance and Corporate

When did the administration receive the internal audit from AMD and why has it taken so long to present the findings to the Audit Committee.

Response: Chief Executive Officer – Temporary (Tim Clynh)

The internal audit report contains a copy of a letter from the auditor dated 16 May 2023, presenting the report. Current staff aren't aware of reasons why the internal audit report wasn't presented to a meeting of the Audit and Risk Management Committee in 2023. That was obviously an oversight as staff worked to implement the findings of the 2023 internal audit and provided a confidential attachment to the Committee meeting on 21 May 2024, containing updates on how the findings were being implemented.

Further response from: Director Finance and Corporate

Will the Audit and Risk Committee review why 5 finance managers have left the organisation in 6 years?

Response: Chief Executive Officer – Temporary (Tim Clynh)

The Committee doesn't have any responsibilities or role in employee matters. These responsibilities rest solely with the Chief Executive Officer. Notwithstanding this, it should be clarified that in the last 6 years there has been 4 persons employed in the current Director Finance and Corporate position, or equivalent position (different title). Noting the response provided to your previous question regarding staff turnover this turnover rate is considered normal noting however that it is preferable to retain persons in senior positions for a longer period. Several factors can influence decisions by staff members to leave a job, including but not limited to remuneration, career progression, family circumstances and job satisfaction.

5.2. Public Question Time

Nil.

6. Confirmation of Minutes

6.1. Audit and Risk Management Committee Meeting held on 21 May 2024

Minutes of the Audit and Risk Management Committee Meeting held 21 May 2024 are attached as Attachment 6.1(1).

EXECUTIVE RECOMMENDATION:

That the Minutes from the Audit and Risk Management Committee Meeting held 21 May 2024 be confirmed as a true and accurate record.

COMMITTEE RESOLUTION:	7/11-24	
MOVED BY:	Mr Ian Telfer	SECONDED BY: Mr Angelo Loguidice

That the Minutes from the Audit and Risk Management Committee Meeting held 21 May 2024 be confirmed as a true and accurate record.

For: Cr MacCarthy, Cr Bailey, Cr Davy, Mr Loguidice, Mr Telfer
Against: Nil.
Carried: 5/0

Suspend standing orders.

COMMITTEE RESOLUTION: 8/11-24	
MOVED BY: Cr Alexis Davy	SECONDED BY: Cr John Bailey

That the Committee suspend standing orders to speak freely.

For: Cr MacCarthy, Cr Bailey, Cr Davy, Mr Loguidice, Mr Telfer
Against: Nil.
Carried: 5/0

Reinstate standing orders.

COMMITTEE RESOLUTION: 9/11-24	
MOVED BY: Cr Alexis Davy	SECONDED BY: Mr Angelo Loguidice log

That the Committee reinstate standing orders.

For: Cr MacCarthy, Cr Bailey, Cr Davy, Mr Loguidice, Mr Telfer
Against: Nil.
Carried: 5/0

7. Reports of Officers

7.1. Director Finance and Corporate

7.1.1. Risk Management Framework

Report Details:

Prepared by: Loren Clifford, Acting Director Finance and Corporate

Manager: Loren Clifford, Acting Director Finance and Corporate

File Reference: CNL 31 **Voting Requirement:** Simple Majority

Attachment(s):

7.1.1(1) Draft – Council policy EXE/CP-6-Organisational Risk Management

7.1.1(2) Current - Council policy EXE/CP-6-Organisational Risk Management

7.1.1(3) Draft - Risk Management Framework (RMF)

Executive Recommendation

That the Audit and Risk Management Committee:

1. Receives the report presenting the:

1.1. Draft – Council policy EXE/CP-6-Organisational Risk Management as per Attachment 7.1.1(1); and

1.2. Risk Management Framework as per Attachment 7.1.1(3).

2. Recommend that Council adopt the draft – Council policy EXE/CP-6-Organisational Risk Management as per Attachment 7.1.1(1) and the Risk Management Framework as per Attachment 7.1.1(3).

3. Recommend that a Risk Management Dashboard summarising the 16 risk theme profiles is presented on quarterly basis to the Audit and Risk Management Committee.

Strategic Alignment

The following outcomes from the Council Plan relate to this proposal:

Outcome: 11 - Strong, visionary leadership.

Objective: 11.1 - Provide strategically focused, open and accountable governance.

Item: Nil.

Executive Summary

Council policy EXE/CP-6-Organisational Risk Management and Risk Management Framework are presented for the Audit and Risk Management Committee (ARMC) consideration and subsequent Council endorsement.

Background

At its committee meeting held 21 May 2024, the Audit and Risk Management Committee resolved the following:

“COMMITTEE RESOLUTION ARMC 4/24

That the Audit and Risk Management Committee:

- 1. Recommends to Council the adoption of the new Policy EXE/CP-6- Organisational Risk Management, as shown in Attachment 7.1(1), to replace the existing policy of the same title; and*
- 2. Notes information contained in this report on the intent to review the remaining suite of risk management documents.”*

At its Ordinary Council meeting held 24 February 2021 Council resolved the following:

“COUNCIL RESOLUTION 100/24

That Council refer Policy EXE/CP-6-Organisational Risk Management back to the Audit and Risk Management Committee for further review.”

On 6 September, a workshop was conducted for the Audit and Risk Management Committee to review the policy content, with a specific focus on the Risk Assessment and Tolerance Tables.

Risk Management

Risk:	Likelihood:	Consequence:	Risk Rating:
Health	Possible	Major	High (12)
Risk Description:	Increased likelihood of workplace accidents, injuries, and illnesses due to inadequate safety protocols without a RMF and policy.		
Risk:	Likelihood:	Consequence:	Risk Rating:
Financial Impact	Possible	Major	High (12)
Risk Description:	Financial losses from fraud, theft, operational inefficiencies, and unplanned expenditures without a RMF and policy.		
Risk:	Likelihood:	Consequence:	Risk Rating:
Service Interruption	Possible	Moderate	Moderate (9)
Risk Description:	Disruptions in service delivery due to unpreparedness for emergencies or IT failures without a RMF and policy.		
Risk:	Likelihood:	Consequence:	Risk Rating:
Compliance	Possible	Major	High (12)
Risk Description:	Non-compliance with laws and regulations, leading to legal actions and fines without a RMF and policy.		

Risk:	Likelihood:	Consequence:	Risk Rating:
Reputational	Possible	Moderate	Moderate (9)
Risk Description:	Damage to the organization’s reputation from incidents such as data breaches, fraud, or service failures without a RMF and policy.		
Risk:	Likelihood:	Consequence:	Risk Rating:
Choose an item.	Possible	Moderate	Moderate (9)
Risk Description:	Negative impact on the community due to poor service delivery, environmental incidents, or safety issues without a RMF and policy.		
Risk:	Likelihood:	Consequence:	Risk Rating:
Property	Possible	Moderate	Moderate (9)
Risk Description:	Damage to physical assets from natural disasters, vandalism, or inadequate maintenance without a RMF and policy.		
Risk:	Likelihood:	Consequence:	Risk Rating:
Environment	Possible	Moderate	Moderate (9)
Risk Description:	Environmental damage due to inadequate management of environmental risks without a RMF and policy.		
Mitigation:	Adopting a risk management policy and framework can help mitigate the risks associated with the 16 risk themes. Ongoing quarterly updates will ensure that controls and treatments plans are addressing risks.		

Financial Implications

Nil.

Policy Compliance

Council Policy EXE/CP-8- Policy Framework

Draft – Council policy EXE/CP-6-Organisational Risk Management ([Attachment 7.1.1\(1\)](#)) has been amended in accordance with the requirement of the Policy framework.

Statutory Compliance

Although there is no requirement for local governments to have a Risk Management Framework, it is considered crucial in providing good governance.

Consultation

To assist with reviewing the policy, the Shire consulted with the services of Council’s insurer, Local Government Insurance Services WA (LGISWA).

On 6 September, a workshop was conducted for the Audit and Risk Management Committee to review the policy content, with a specific focus on the Risk Assessment and Tolerance Tables.

Officer Comment

Following the workshop, it became evident that the policy alone would not provide sufficient assurance. Consequently, the administration has developed Draft – Council policy EXE/CP-6-Organisational Risk Management ([Attachment 7.1.1\(1\)](#)), alongside a Draft Risk Management Framework (RMF) ([Attachment 7.1.1\(3\)](#)). The RMF sets out the Shire’s approach to the identification, assessment, management, reporting and monitoring of risks. All components are based on the aim and intent to meet the AS/NZS ISO standards for Risk Management and have been tailored to suit the Shire.

The changes made to the policy since its presentation to the June 2024 OCM are outlined below, the detailed amendment did not allow for tracked changes.

Risk Definition

The definition of risk has been updated to: “Risk is the effect of uncertainty on objectives. Note 1: An effect is a deviation from the expected, positive or negative. The purpose of this policy is to address negative effects.”

Risk Management Approach

The policy now emphasises that the Shire will “work” to improve its management of unacceptable risks that threaten the Shire, shifting from risk acceptance terminology to risk tolerance, tolerating a risk is more proactive and involves ongoing management to ensure the risk remains within acceptable levels.

Roles and Responsibilities

Roles and responsibilities are now detailed more comprehensively in the Risk Management Framework (RMF).

Organisational Risk Reporting

The policy outlines that all organisational risks must be assessed using the Shire’s Risk Assessment and Tolerance Criteria (Risk Tables) as outlined in Appendix A of the Risk Management Framework. This ensures consistency and informed decision-making by employees, management, and the Council.

Every report to the Council and its committees will include a risk assessment for the subject matter. This assessment will cover:

- Consequence Category
- Risk Profile Theme
- Inherent Risk Rating
- Effectiveness of Controls in place
- Control/Mitigation Recommendations
- Residual Risk Rating after mitigation

Note: Inherent risk ratings of Moderate (9) or below do not require reporting.

The reporting format is proposed below:

Risk Details			Risk Mitigation		
Consequence Category	Risk Profile Theme	Inherent Risk Rating	Effectiveness of Controls in place:	Control/mitigation recommended	Residual Risk Rating after mitigation applied
Health & Safety					
Financial					
Service Interruption					
Compliance/Legal					
Reputation					
Community					
Property					
Environment					
Notes:	<ul style="list-style-type: none"> • <i>If no risk profile theme identified, insert N/A.</i> • <i>Inherent Risk Ratings of Moderate (9) or below do not require mitigation to be applied, insert "Risk is below the tolerated threshold and is not required to be reported on."</i> • <i>If Effectiveness of Controls in place is Effective or Adequate, insert "Risk Mitigated" and insert the Residual Risk Rating after mitigation applied.</i> • <i>If Effectiveness of Controls in place is Inadequate, note the controls/mitigation to be applied and insert the Residual Risk Rating after mitigation applied.</i> 				

Similarly to the roles and responsibilities the Risk Assessment and Tolerance tables are now detailed more comprehensively in the Draft Risk Management Framework (RMF) ([Attachment 7.1.1\(3\)](#)).

Risk Control Rating

The current control rating system includes categories of Excellent, Adequate, and Inadequate. During the workshop, a proposal was made to simplify this to Effective or Ineffective. However, after further research and consideration of our assessment methods, it is recommended that the control ratings incorporate three categories: Effective, Adequate, and Inadequate. Each category will have corresponding definitions for Control Documentation, Operating Effectiveness, and Design Effectiveness to ensure accurate classification. See Table 1: Controls rating below:

TABLE 1: CONTROLS RATING

Rating	Description	
Effective (E)	Documentation:	Processes (Controls) fully documented, with accountable 'Control Owner'.
	Operating Effectiveness:	Subject to ongoing monitoring and compliance to process is assured.
	Design Effectiveness:	Reviewed and tested regularly.
Adequate (A)	Documentation:	Processes (Controls) partially documented, with a clear 'Control Owner'.
	Operating Effectiveness:	Limited monitoring, ad-hoc approach and compliance to process is generally in place.
	Design Effectiveness:	Reviewed and tested, but not regularly.
Inadequate (I)	Documentation:	Processes (Controls) not documented or no clear 'Control Owner'.
	Operating Effectiveness:	No monitoring or compliance to process is not assured.
	Design Effectiveness:	Have not been reviewed or tested for some time.

During the workshop, the committee requested the inclusion of the “Community” Consequence Category in Table 2: Measures of Consequence. This addition aims to assess the outward-facing impact on the community. It is important to note that the assessments against these categories will be conducted by staff and do not represent a fixed position from the Council. See Table 2: Measures of Consequence below:

TABLE 2: MEASURES OF CONSEQUENCE					
Rating	Insignificant	Minor	Moderate	Major	Catastrophic
Health & Safety	First aid injuries	Medical treatment	Lost time injury of > 5 days	Notifiable incident	Fatality, permanent disability
Financial	Less than \$2,000	\$2,000 - \$20,000 Or < 5% variance in cost of project	\$20,001 - \$100,000 Or > 5% variance in cost of project	\$100,001 - \$1M	More than \$1M
Service Interruption	No material service interruption	Temporary interruption to an activity – backlog cleared with existing resources	Interruption to Service Unit/(s) deliverables – backlog cleared by additional resources	Prolonged interruption of Service Unit core service deliverables – additional resources; performance affected	Indeterminate prolonged interruption of Service Unit core service deliverables
Compliance/ Legal	No noticeable regulatory or statutory impact	Some temporary non-compliances	Short term non-compliance but with significant regulatory requirements imposed	Non-compliance results in termination of services or imposed penalties	Non-compliance results in criminal charges or significant damages or penalties
Reputation	Unsubstantiated, localised low impact on community trust, low profile or no media item	Substantiated, localised impact on community trust or low media item	Substantiated, public embarrassment, moderate impact on community trust or moderate media profile	Substantiated, public embarrassment, widespread high impact on community trust, high media profile, third party actions	Substantiated, public embarrassment, widespread loss of community trust, high widespread multiple media profile, third party actions
Community	No noticeable effect on constituents, community, organisations, businesses, services, etc.	Limited effect on constituents, community, organisations, businesses, services, etc.	Moderate and manageable effect on constituents, community, organisations, businesses, services, etc.	Substantial effect on constituents, community, organisations, businesses, services, etc.	Devastating effect on constituents, community, organisations, businesses, services, etc.
Property	Inconsequential or no damage.	Localised damage rectified by routine internal procedures	Localised damage requiring external resources to rectify	Significant damage requiring internal & external resources to rectify	Extensive damage requiring prolonged period of restitution. Complete loss of plant, equipment & building
Environment	Contained, reversible impact managed by on site response	Contained, reversible impact managed by internal response	Contained, reversible impact managed by external agencies	Uncontained, reversible impact managed by a coordinated response from external agencies	Uncontained, irreversible impact

During the workshop, the committee requested that Table 5: Risk Tolerance Criteria be updated to shift from risk acceptance terminology to risk tolerance, tolerating a risk is more proactive and involves ongoing management to ensure the risk remains within acceptable levels.

See Table 5: Risk Tolerance Criteria below:

Risk Rank	Description	Criteria For Risk Tolerance	Responsibility
Low	Tolerated	Risk tolerated with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager
Moderate	Monitor	Risk tolerated with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager
High	Urgent Attention Required	Risk tolerated with effective controls, managed by senior management / executive and subject to monthly monitoring	Director / CEO
Extreme	Unacceptable	Risk only tolerated with effective controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO / Council

AMENDMENT: Cr Alexis Davy moved an amendment.

COMMITTEE RESOLUTION:	10/11-24		
MOVED BY:	Cr Alexis Davy	SECONDED BY:	Mr Angelo Loguidice

That the Audit and Risk Management Committee:

1. Receives the report presenting the:

- 1.1. Draft – Council policy EXE/CP-6-Organisational Risk Management as per Attachment 7.1.1(1), requesting amendments discussed to be made to clause 8,9,10,18,19a, 21, and table at clause 22 inclusive of any subsequential changes to the framework; and**
- 1.2. Risk Management Framework as per Attachment 7.1.1(3).**

2. Recommend that Council adopt the draft – Council policy EXE/CP-6-Organisational Risk Management as per Attachment 7.1.1(1) inclusive of the above amendments, and the Risk Management Framework as per Attachment 7.1.1(3).

For: Cr MacCarthy, Cr Bailey, Cr Davy, Mr Loguidice, Mr Telfer
Against: Nil.
Carried: 5/0

7.1.2. Appointment of Internal Auditor – RFQ331

Report Details:

Prepared by: Loren Clifford, Acting Director Finance and Corporate

Manager: Loren Clifford, Acting Director Finance and Corporate

File Reference: CNL 31 **Voting Requirement:** Simple Majority

Attachment(s):

7.1.2(1) RFQ 331 submissions - Confidential

Executive Recommendation

That the Audit and Risk Management Committee:

- 1. Recommend to Council deferring the internal audit to the 2025/2026 financial year; and**
- 2. Requests the Chief Executive Officer to present a report detailing an updated scope for the 2025/2026 Internal Audit, for the ARMC’s consideration, following the Financial Management Systems Review and Audit Regulation 17 Review.**

Strategic Alignment

The following outcomes from the Council Plan relate to this proposal:

Outcome: 12 - A well respected, professionally run organisation.

Objective: 12.1 - Deliver effective and efficient operations and service provision.

Item: 12.1.2 - Provide and deliver an Internal Audit Program.

Executive Summary

The Audit and Risk Management Committee (ARMC) are requested to consider recommending to Council not to accept any quotes and to requests the Chief Executive Officer to present a report detailing an updated scope for an Internal Audit in 2025/2026, following the Financial Management Systems Review and Audit Regulation 17 Review.

Background

At its Ordinary Council meeting held 24 February 2021 Council resolved the following:

“COUNCIL RESOLUTION 16/21

That Council instruct the Chief Executive Officer to include for consideration in the 2021-2022 Shire of Donnybrook Balingup Draft Budget an amount of up to \$45,000 toward the establishment of an internal audit function.”

At its meeting held 7 December 2021 the Audit and Risk Management Committee made the following resolution:

COMMITTEE RESOLUTION

“That the Audit and Risk Management Committee notes that a Request for Expression of Interest for Internal Audit functions will be prepared by Officers to encompass the following requirements:

- 1. To be undertaken in accordance with the Institute of Internal Auditors Code of Ethics;*
- 2. To be undertaken in accordance with the Internal Auditors Professional Practices Framework; and*
- 3. The broad scope of the Internal Audit program will include, at least, the following items with componentized costings:*
 - a. Information technology;*
 - b. Security and emergency procedures including accident / incident reporting;*
 - c. Vehicle fleet management;*
 - d. Lease management (where Local Government Lessor);*
 - e. Service contract management;*
 - f. FBT/GST review;*
 - g. Assessment of attractive asset control – i.e., phones, tablets and fraud awareness;*
 - h. Compliance (Local Government Act and local laws);*
 - i. Asset management (capital expenditure, asset control, depreciation schedules and preventative maintenance programs);*
 - j. Insurance management;*
 - k. Stock control; and*
 - l. Policy and procedure maintenance.*

The Final Scope for the Internal Audit program will be reviewed at the Audit and Risk Management Committee and recommendations made to Council at the February 2022.”

At its Audit and Risk Management committee meeting held on 3 March 2022 the Audit and Risk Management Committee resolved the following:

COMMITTEE RESOLUTION

“That the Audit and Risk Management Committee:

- 1. Review the Internal Audit Proposal attached as a confidential document, and*
- 2. Recommends that Council accept the proposal for a 3 Year Internal Audit Function from AMD Chartered Accountants.”*

At its Ordinary Council meeting held 23 March 2022 Council resolved the following:

COUNCIL RESOLUTION 30/22

“That Council accept the proposal 3 Year Internal Audit Proposal from AMD Chartered Accountants.”

At its Audit and Risk Management committee meeting held on 8 March 2023 the Audit and Risk Management Committee resolved the following:

“COMMITTEE RESOLUTION

That the Audit and Risk Management Committee note the update provided within this report in relation to the Internal Audit status.”

The Shire engaged AMD Accountants in 2023 to prepare an Internal Audit Proposal, towards the future development and implementation of a Strategic Internal Audit Plan. However, AMD Accountants withdrew from the Internal Audit initiative after being awarded the tender by the OAG to conduct the Shire’s Annual Audit.

At its Audit and Risk Management committee meeting held on 21 May 2024 the Audit and Risk Management Committee resolved the following:

COMMITTEE RESOLUTION ARMC 5/24

That the Audit and Risk Management Committee:

- 1. Notes the receipt of the Strategic Internal Audit Plan (Confidential Attachment 1), and the 2023 Internal Audit Report (Confidential Attachment 2) prepared by ADM Accountants; and*
- 2. Notes the Internal Audit Findings Update (Confidential Attachment 3); and*
- 3. Notes that the Chief Executive Officer will issue the Request for Quote (RFQ) to seek a suitably qualified replacement for the provision of the remainder of the 2023-2026 Internal Audit areas listed below:*
 - a. Annual Review of Strategic Internal Audit Plan,*
 - b. Review of Prior Year recommendations – Internal Audit,*
 - c. Review of Prior Year recommendations – External Audit,*
 - d. Planning,*
 - e. Information Technology,*
 - f. Security and emergency procedures including accident / incident reporting,*
 - g. Vehicle fleet management,*
 - h. Lease management (where Local Government Lessor),*
 - i. Service contract management,*

- j. *FBT/GST review,*
- k. *Assessment of attractive asset control,*
- l. *Compliance (Local Government Act and local laws),*
- m. *Asset management (capital expenditure, asset controls, depreciation schedules and preventative maintenance programs),*
- n. *Insurance management,*
- o. *Stock control,*
- p. *Policy and procedure maintenance,*
- q. *Risk Management, and*
- r. *Review and Reporting.*

4. *Notes that the Chief Executive Officer will provide quarterly updates on findings to the Audit and Risk Management Committee.*

Risk Management

Risk:	Likelihood:	Consequence:	Risk Rating:
Compliance	Likely	Minor	Moderate (8)
Risk Description:	Intentional activities more than authority granted to an employee, which circumvent endorsed policies, procedures or delegated authority. Due to lack of governance and oversight, training and awareness.		
Mitigation:	Deferring the internal Audit until 2025/2026 when a revised scope can be presented.		

Risk:	Likelihood:	Consequence:	Risk Rating:
Compliance	Likely	Minor	Moderate (8)
Risk Description:	Failure to correctly identify, interpret, assess, respond and communicate laws and regulations because of an inadequate compliance framework. This could result in fines, penalties, litigation or increase scrutiny from regulators or agencies. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated legal documentation (internal and public domain) to reflect changes.		
Mitigation:	Deferring the internal Audit until 2025/2026 when a revised scope can be presented.		

Risk:	Likelihood:	Consequence:	Risk Rating:
Service Interruption	Almost Certain	Moderate	High (15)
Risk Description:	Failure to effectively manage the day-to-day operations of the Shire. Casual Factors – Untrained staff, staff turnover, resource shortages, budget constraints, System failure, lack of coordination, non-compliance.		

Mitigation:	Deferring the internal Audit until 2025/2026 when a revised scope can be presented.
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Risk:	Likelihood:	Consequence:	Risk Rating:
Service Interruption	Almost Certain	Moderate	High (15)
Risk Description:	Errors, omissions or delays in operational activities because of unintentional errors or failure to follow due process. Casual Factors – <ul style="list-style-type: none"> • Lack of Training: Insufficient training leading to mistakes and oversights, • Fatigue: Employees experiencing fatigue or burnout, affecting their performance. • Time Pressure: High-pressure environments where speed is prioritised over accuracy. • Cultural Issues: Organisational culture that does not prioritise accuracy and due process. • Resource Constraints: Limited resources leading to rushed or incomplete work. • Lack of Accountability: No clear accountability for errors and omissions. • Data Entry Mistakes: Mistakes in data entry due to human error. • Lack of Automation: Manual processes that are prone to human error. • Inadequate Tools: Inadequate or inappropriate tools for the task at hand. 		
Mitigation:	Deferring the internal Audit until 2025/2026 when a revised scope can be presented.		

Financial Implications

Nil.

Policy Compliance

Nil.

Statutory Compliance

Nil.

Consultation

Key staff have been consulted internally to determine the optimal outcome for the Shire.

Officer Comment

The Shire issued a Request for Quote for Internal Audit Services via WALGA's Vendor Panel, with submissions closing on 2 September 2024. The following respondents made submissions:

1. Audit Australia Pty Ltd
2. Moore Australia Audit (WA)
3. Paxon Business and Financial Services Pty Ltd
4. Stantons International Audit and Consulting Pty Ltd
5. William Buck Consulting (WA) Pty Ltd

The submissions were evaluated by:

1. Maurice Battilana, Acting Director Finance & Corporate
2. Loren Clifford, Manager Corporate Services
3. Stuart Eaton, Finance Project Manager

Each panel member scored the submissions using a predetermined rating scale. The panel then convened to reach a consensus score and determine their recommendation to the Audit and Risk Management Committee.

The panel determined a preferred respondent (Respondent C). The preferred respondent's submission was highly detailed, thoroughly outlining the scope of work for each audit area and demonstrating a strong understanding of the specific areas to be reviewed. Additionally, the submission highlighted extensive internal audit experience within local government.

The submissions received [Attachment 7.11\(1\)](#) are provide as a confidential attachment for the committee's information. It will be noted from the submissions received the amount quoted by the preferred respondent was much more than the \$20,000 allocated for this purpose in the adopted 2024/2025 budget.

Given the following circumstances, the administration recommends deferring the internal audit to the 2025/2026 financial year:

1. The original scope of the internal audit dates back to 2021, and the organisation has since undergone significant changes.
2. The administration believes it is essential to incorporate findings from the Financial Management Review and the Audit Regulation 17 review. Additionally, it is advisable to include areas identified as High/Extreme risk in accordance with the Risk Management Framework.
3. Implementing changes that may conflict with or duplicate efforts from the Financial Management Review and the Audit Regulation 17 review would be inefficient, especially given

the limited resources/capacity to act on recommendations from any internal audit findings on top of the two review findings. This approach seems counterproductive, and

4. The quotes obtained from external consultants exceed the amount allocated in the 2024/2025 adopted budget.

Therefore, it is advised that the ARMC recommends to Council not to accept any quotes at this time. Instead, the administration will workshop a new scope of work for the internal audit function for 2025/2026, which incorporates the two reviews required under legislation on 2024/2025, the annual financial review, and the implementation of the Risk Management Framework.

Furthermore, delaying the audit will allow the organisation to stabilise after recent changes and ensure that any new processes or structures are fully integrated. This additional time will also enable the administration to allocate resources more effectively, ensuring that the audit, when conducted, will be comprehensive and aligned with the current operational environment. By deferring the audit, the Council can ensure that the findings will be actionable and relevant, ultimately leading to more effective governance and risk management.

COMMITTEE RESOLUTION: 11/11-24	
MOVED BY: Cr Alexis Davy	SECONDED BY: Mr Ian Telfer

That the Audit and Risk Management Committee:

1. Recommend to Council deferring the internal audit to the 2025/2026 financial year; and
2. Requests the Chief Executive Officer to present a report detailing an updated scope for the 2025/2026 Internal Audit, for the ARMC’s consideration, following the Financial Management Systems Review and Audit Regulation 17 Review.
3. Requests the CEO prepare a proposal to present to Council with an alternative use of the allocated budget for the internal audit to address risk mitigation.

For: Cr MacCarthy, Cr Bailey, Cr Davy, Mr Loguidice, Mr Telfer
Against: Nil.
Carried: 5/0

7.1.3. 2025 ARMC Meeting Schedule and Review of Terms of Reference

Report Details:

Prepared by: Loren Clifford, Acting Director Finance and Corporate

Manager: Loren Clifford, Acting Director Finance and Corporate

File Reference: CNL 31

Voting Requirement: Simple Majority

Attachment(s):

7.1.3(1) 2025 Audit and Risk Management Committee meeting schedule

7.1.3(2) Current Terms of Reference

Executive Recommendation

That the Audit and Risk Management Committee:

- 1. Notes the proposed 2025 Audit and Risk Management Committee meeting schedule as outlined in Attachment 7.1.3(1); and**
- 2. Notes that the Chief Executive Officer will advertise the Audit and Risk Management Committee meeting dates on the Shire's website; and**
- 3. Recommends a review of the current Audit and Risk Management Committee Terms of Reference (Attachment 7.1.3(2) to be presented at it March 2025 meeting.**

Strategic Alignment

The following outcomes from the Council Plan relate to this proposal:

Outcome: 11 - Strong, visionary leadership.

Objective: 11.1 - Provide strategically focused, open and accountable governance.

Item: Nil.

Executive Summary

It's requested that the Audit and Risk Management Committee (ARMC) notes the proposed 2025 meeting schedule and recommend the review of the current Terms of Reference.

Background

In accordance with the terms of reference outlined for the Audit and Risk Management Committee "the Committee", it is specified that the Committee shall convene meetings at its discretion. Furthermore, the Committee Chairperson, or presiding individual, retains the authority to summon additional meetings as deemed necessary to address referred matters or pursue topics of interest to the Committee.

The Terms of Reference were last reviewed in October 2020 and are overdue for review.

Risk Management

Risk:	Likelihood:	Consequence:	Risk Rating:
Compliance	Possible	Insignificant	Low (3)
Risk Description:	No meeting schedule established to ensure sufficient resource allocations to manage the ARMC meeting process and updates.		
Mitigation:	Establish a meeting schedule to ensure resource allocations and availability.		

Financial Implications

Nil.

Policy Compliance

Nil.

Statutory Compliance

Local Government Act 1995

While the *Local Government Act 1995* does not specify the exact frequency of meetings, the committee must meet often enough to fulfill its responsibilities effectively. The typical practice is for the audit committee to meet at least quarterly.

Local Government (Audit) Regulations 1996

The *Local Government (Audit) Regulations 1996* provide further guidance on the committee's functions and responsibilities, which imply regular meetings to ensure oversight and compliance.

Consultation

Nil.

Officer Comment

While the *Local Government Act 1995* and associated regulations do not mandate a specific number of committee meetings per year, scheduling at least annual meetings is a minimum best practice. Annual meetings provide a structured opportunity to review financial statements, monitor internal controls and risk management, ensure compliance, and maintain public accountability. Regular, well-planned meetings are crucial for the effective governance and financial stewardship of the Shire.

Outlined in [Attachment 7.1.3\(1\)](#) is the proposed 2025 Audit and Risk Management Committee meeting schedule, it should be noted that the dates provided serve as a guideline and may be adjusted based on the auditors' responses.

The Terms of Reference (TOR) were last reviewed in October 2020 and are overdue for review.

While the regulations do not explicitly mandate a periodic review of the terms of reference, it is implied that maintaining clear and comprehensive terms of reference is essential for the effective operation of the Committee. Regular reviews ensure that the terms of reference remain relevant and aligned with current legislative requirements and best practices.

Therefore, it is good practice for local governments to periodically review and update the terms of reference for their audit committees to ensure they continue to meet legislative requirements and effectively support the audit committee's role.

It's proposed to present the reviewed TOR to the March 2025 Audit and Risk Management Committee meeting.

COMMITTEE RESOLUTION:	12/11-24	
MOVED BY:	Mr Ian Telfer	SECONDED BY: Cr Vivienne MacCarthy

That the Audit and Risk Management Committee:

- 1. Notes the proposed 2025 Audit and Risk Management Committee meeting schedule as outlined in Attachment 7.1.3(1); and**
- 2. Notes that the Chief Executive Officer will advertise the Audit and Risk Management Committee meeting dates on the Shire's website; and**
- 3. Recommends a review of the current Audit and Risk Management Committee Terms of Reference (Attachment 7.1.3(2) to be presented at it March 2025 meeting.**

For: Cr MacCarthy, Cr Bailey, Cr Davy, Mr Loguidice, Mr Telfer
Against: Nil.
Carried: 5/0

7.1.4. Quarterly Audit Findings Progress Report (May – September 2024)

Report Details:

Prepared by: Loren Clifford, Acting Director Finance and Corporate

Manager: Loren Clifford, Acting Director Finance and Corporate

File Reference: CNL 31

Voting Requirement: Simple Majority

Attachment(s):

7.1.4(1) Quarterly Audit Findings Progress Report (May – September 2024)

Executive Recommendation

That the Audit and Risk Management Committee:

1. **Notes the update provided in Quarterly Audit Findings Progress Report for the period covering May – September 2024** Attachment 7.1.4(1).

Strategic Alignment

The following outcomes from the Council Plan relate to this proposal:

Outcome: 11 - Strong, visionary leadership.

Objective: 11.1 - Provide strategically focused, open and accountable governance.

Item: Nil.

Executive Summary

It's requested that the Audit and Risk Management Committee (ARMC) notes the update provided on the Quarterly Audit Findings Progress Report for the period covering May – September 2024.

Background

Under the *Local Government Act 1995* and associated regulations, the Shire is required to undertake several types of audits to ensure accountability and transparency. These Audit's consist of:

1. Financial Audits – The Shire must have their financial statements audited annually. This is mandated under Section 7.9 of the *Local Government Act 1995*.
2. Financial Management Review - is governed by Regulation 5(2) of the *Local Government (Financial Management) Regulations 1996*. This regulation requires the CEO to regularly review the appropriateness and effectiveness of the financial management systems and procedures of the local government, with a minimum frequency of once every three financial years.
3. Compliance Audits – The Shire must complete a compliance audit return (CAR) annually, which is reviewed by the ARMC, and Council then submitted to the Department of Local Government, Sport and Cultural Industries. This requirement is outlined in Regulation 14 of the *Local Government (Audit) Regulations 1996*.

4. Audit Regulation 17 Review - is a requirement under the *Local Government (Audit) Regulations 1996*. It requires the Chief Executive Officer (CEO) of a local government to review the appropriateness and effectiveness of the local government’s systems and procedures in relation to:
 - Risk Management
 - Internal Control
 - Legislative Compliance

5. Internal Audits - While not explicitly mandated, internal audits are recommended as part of good governance practices. They help the Shire identify and mitigate risks proactively.

Regular reporting on progress and actions taken in response to audit findings to the Audit and Risk Management Committee should be undertaken to ensure transparency and accountability, demonstrating a commitment to addressing identified issues and improving governance.

Risk Management

Risk:	Likelihood:	Consequence:	Risk Rating:
Compliance	Likely	Minor	Moderate (8)
Risk Description:	Not reporting updates on audit findings to the audit committee on a regular basis can lead to a lack of oversight, delayed corrective actions, and potential non-compliance with regulatory requirements.		
Mitigation:	Establish a reporting schedule and process as outlined in this report.		

Financial Implications

Nil.

Policy Compliance

Nil.

Statutory Compliance

Nil.

Consultation

An internal review of the findings contained in [Attachment 7.1.4\(1\)](#) Quarterly Audit Findings Progress Report (May – September 2024) were reviewed by key responsible officers, providing an Administration Update, and Status Update.

Officer Comment

Regular reporting on progress and actions taken in response to audit findings to the Audit and Risk Management Committee is crucial for the Shire. This practice ensures transparency and accountability, demonstrating a commitment to addressing identified issues and improving governance. By keeping the committee informed, the Shire can receive timely feedback and guidance, which helps in mitigating risks and enhancing operational efficiency. Additionally, the regular reporting fosters a culture of continuous improvement and builds public trust, as the community can see the Shire is proactive in managing resources responsibly and effectively addressing any shortcomings.

Quarterly reporting will occur if there are findings to report on, covering the five audit areas:

1. financial audits,
2. financial Management Review,
3. compliance audit,
4. audit Regulation 17 Review, and
5. internal audits.

The planned reporting periods are for the following quarters:

- 1 December – 28 February,
- 1 March – 30 April,
- 1 May - 31 September, and
- 1 October – 30 November.

The ARMC are requested to note the update provided on the Quarterly Audit Findings Progress Report for the period covering May – September 2024.

COMMITTEE RESOLUTION: 13/11-24	
MOVED BY: Mr Angelo Loguidice	SECONDED BY: Mr Ian Telfer

That the Audit and Risk Management Committee:

- 1. Notes the update provided in Quarterly Audit Findings Progress Report for the period covering May – September 2024 Attachment 7.1.4(1).**

For: Cr MacCarthy, Cr Bailey, Cr Davy, Mr Loguidice, Mr Telfer
Against: Nil.
Carried: 5/0

8. Meetings Closed to the Public

8.1. Matters for which the Meeting may be closed

Nil.

8.2. Public reading of Resolutions that may be made public

Nil.

9. Closure

The Chairperson advised that the next Audit and Risk Management Committee Meeting will be held advised.

The Chairperson declared the meeting closed at 4:00pm.

SHIRE OF DONNYBROOK BALINGUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Statement of Financial Activity	7
Index of Notes to the Financial Report	8
Independent Auditor's Report	45

The Shire of Donnybrook Balingup conducts the operations of a local government with the following community vision:

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

Principal place of business:
 Corner Collins and Bentley Streets
 Donnybrook WA 6239

**SHIRE OF DONNYBROOK BALINGUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

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

STATEMENT BY CEO

The accompanying financial report of the Shire of Donnybrook Balingup has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2024 and the financial position as at 30 June 2024.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the 18th day of November 2024



CEO

Nicholas O'Connor

Name of CEO

**SHIRE OF DONNYBROOK BALINGUP
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	2024 Actual \$	2024 Budget \$	2023 Actual \$
Revenue				
Rates	2(a),28	7,091,907	7,115,460	6,527,320
Grants, subsidies and contributions	2(a)	3,456,149	1,252,487	4,087,026
Fees and charges	2(a)	2,384,640	2,127,042	2,025,680
Interest revenue	2(a)	555,659	282,014	289,802
Other revenue	2(a)	1,436	420	4,024
		13,489,791	10,777,423	12,933,852
Expenses				
Employee costs	2(b)	(6,515,053)	(6,424,908)	(6,012,827)
Materials and contracts		(3,740,735)	(4,319,079)	(3,523,001)
Utility charges		(507,928)	(479,022)	(410,874)
Depreciation	8,9,11	(7,319,282)	(7,270,039)	(7,248,738)
Amortisation		(95,732)	(68,000)	(92,817)
Finance costs	2(b)	(78,172)	(6,665)	(190,609)
Insurance		(477,525)	(442,121)	(442,807)
Other expenditure	2(b)	(428,772)	(255,479)	(366,264)
		(19,163,199)	(19,265,313)	(18,287,937)
		(5,673,408)	(8,487,890)	(5,354,085)
Capital grants, subsidies and contributions	2(a)	9,792,035	16,454,191	3,457,189
Profit on asset disposals		39,723	64,607	51,840
Loss on asset disposals		(1,959,340)	(32,488)	(1,082,203)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	1,681	0	0
		7,874,099	16,486,310	2,426,826
Net result for the period		2,200,691	7,998,420	(2,927,259)
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	19	0	0	27,950,547
Total other comprehensive income for the period	19	0	0	27,950,547
Total comprehensive income for the period		2,200,691	7,998,420	25,023,288

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

**SHIRE OF DONNYBROOK BALINGUP
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	NOTE	2024	2023
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	12,842,829	10,722,530
Trade and other receivables	5	4,638,906	1,073,391
Other financial assets	4(a)	23,529	23,254
Inventories	6	167,983	202,831
Other assets	7	345,342	474,355
TOTAL CURRENT ASSETS		18,018,589	12,496,361
NON-CURRENT ASSETS			
Trade and other receivables	5	218,267	151,093
Other financial assets	4(b)	207,363	229,211
Inventories	6	1,973,769	1,943,669
Other assets	7	600,186	616,647
Property, plant and equipment	8	47,790,606	48,000,577
Infrastructure	9	158,383,251	155,210,955
Right-of-use assets	11(a)	63,583	96,581
Intangible assets	12	468,018	503,201
TOTAL NON-CURRENT ASSETS		209,705,043	206,751,934
TOTAL ASSETS		227,723,632	219,248,295
CURRENT LIABILITIES			
Trade and other payables	13	2,664,213	1,535,425
Other liabilities	14	4,245,811	1,915,098
Lease liabilities	11(b)	25,345	32,375
Borrowings	15	141,031	52,207
Other Financial Liabilities	16	0	221,713
Employee related provisions	17	970,724	904,887
TOTAL CURRENT LIABILITIES		8,047,124	4,661,705
NON-CURRENT LIABILITIES			
Lease liabilities	11(b)	40,153	65,498
Borrowings	15	2,979,767	220,797
Other Financial Liabilities	16	3,878,500	3,806,000
Employee related provisions	17	126,793	135,655
Other provisions	18	2,098,612	2,006,648
TOTAL NON-CURRENT LIABILITIES		9,123,825	6,234,598
TOTAL LIABILITIES		17,170,949	10,896,303
NET ASSETS		210,552,683	208,351,992
EQUITY			
Retained surplus		29,828,319	30,225,909
Reserve accounts	31	7,800,473	5,202,192
Revaluation surplus	19	172,923,891	172,923,891
TOTAL EQUITY		210,552,683	208,351,992

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

**SHIRE OF DONNYBROOK BALINGUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2022		33,035,978	5,319,382	144,973,344	183,328,704
Comprehensive income for the period					
Net result for the period		(2,927,259)	0	0	(2,927,259)
Other comprehensive income for the period	19	0	0	27,950,547	27,950,547
Total comprehensive income for the period		(2,927,259)	0	27,950,547	25,023,288
Transfers from reserve accounts	31	1,178,640	(1,178,640)	0	0
Transfers to reserve accounts	31	(1,061,450)	1,061,450	0	0
Balance as at 30 June 2023		30,225,909	5,202,192	172,923,891	208,351,992
Comprehensive income for the period					
Net result for the period		2,200,691	0	0	2,200,691
Total comprehensive income for the period		2,200,691	0	0	2,200,691
Transfers from reserve accounts	31	2,086,095	(2,086,095)	0	0
Transfers to reserve accounts	31	(4,684,376)	4,684,376	0	0
Balance as at 30 June 2024		29,828,319	7,800,473	172,923,891	210,552,683

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

**SHIRE OF DONNYBROOK BALINGUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024**

NOTE	2024 Actual \$	2023 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Rates	7,112,066	6,577,109
Grants, subsidies and contributions	3,461,106	3,791,931
Fees and charges	2,353,319	2,139,416
Interest revenue	555,659	289,802
Goods and services tax received	1,965,070	1,269,566
Other revenue	399,175	338
	15,846,395	14,068,162
Payments		
Employee costs	(6,510,025)	(6,017,149)
Materials and contracts	(2,460,100)	(3,222,806)
Utility charges	(513,106)	(410,874)
Finance costs	(9,038)	(9,067)
Insurance paid	(477,525)	(440,078)
Goods and services tax paid	(2,208,365)	(1,252,277)
Other expenditure	(444,935)	(364,438)
	(12,623,094)	(11,716,689)
Net cash provided by operating activities	3,223,301	2,351,473
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant & equipment	8(a) (3,391,412)	(1,479,087)
Payments for construction of infrastructure	9(a) (8,964,485)	(3,694,968)
Capital grants, subsidies and contributions	8,375,764	2,705,534
Proceeds from financial assets at amortised cost - self supporting loans	9,922	9,655
Proceeds from financial assets at fair values through other comprehensive income	13,332	13,334
Proceeds from sale of property, plant & equipment	185,744	228,318
Proceeds from sale of infrastructure	1,927	0
Net cash (used in) investing activities	(3,769,208)	(2,217,214)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	30(a) (52,206)	(65,983)
Payments for principal portion of lease liabilities	30(d) (32,375)	(15,032)
Proceeds from new borrowings	30(a) 2,900,000	0
Net proceeds from other financial liabilities	16 (149,213)	225,713
Net cash provided by financing activities	2,666,206	144,698
Net increase in cash held	2,120,299	278,957
Cash at beginning of year	10,722,530	10,443,573
Cash and cash equivalents at the end of the year	12,842,829	10,722,530

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

SHIRE OF DONNYBROOK BALINGUP
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	2024 Actual \$	2024 Budget \$	2023 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	28	7,091,907	7,115,460	6,527,320
Grants, subsidies and contributions		3,456,149	1,252,487	4,087,026
Fees and charges		2,384,640	2,127,042	2,025,680
Interest revenue		555,659	282,014	289,802
Other revenue		1,436	420	4,024
Profit on asset disposals		39,723	64,607	51,840
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	1,681	0	0
		<u>13,531,195</u>	<u>10,842,030</u>	<u>12,985,692</u>
Expenditure from operating activities				
Employee costs		(6,515,053)	(6,424,908)	(6,012,827)
Materials and contracts		(3,740,735)	(4,319,079)	(3,523,001)
Utility charges		(507,928)	(479,022)	(410,874)
Depreciation		(7,319,282)	(7,270,039)	(7,248,738)
Amortisation		(95,732)	(68,000)	(92,817)
Finance costs		(78,172)	(6,665)	(190,609)
Insurance		(477,525)	(442,121)	(442,807)
Other expenditure		(428,772)	(255,479)	(366,264)
Loss on asset disposals		(1,959,340)	(32,488)	(1,082,203)
		<u>(21,122,539)</u>	<u>(19,297,801)</u>	<u>(19,370,140)</u>
Non cash amounts excluded from operating activities	29(a)	9,274,690	7,305,920	8,671,688
Amount attributable to operating activities		<u>1,683,346</u>	<u>(1,149,851)</u>	<u>2,287,240</u>
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		9,792,035	16,454,191	3,457,189
Proceeds from disposal of assets		187,671	291,000	228,318
Proceeds from financial assets at amortised cost - self supporting loans	30(a)	9,922	9,922	9,655
Proceeds from financial assets at amortised cost - commercial loans		13,332	13,333	13,334
		<u>10,002,960</u>	<u>16,768,446</u>	<u>3,708,496</u>
Outflows from investing activities				
Purchase of property, plant and equipment	8(a)	(3,391,412)	(16,084,785)	(1,479,087)
Purchase and construction of infrastructure	9(a)	(8,964,485)	(6,499,454)	(3,694,968)
		<u>(12,355,897)</u>	<u>(22,584,239)</u>	<u>(5,174,055)</u>
Amount attributable to investing activities		<u>(2,352,937)</u>	<u>(5,815,793)</u>	<u>(1,465,559)</u>
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	30(a)	2,900,000	2,900,000	0
Transfers from reserve accounts	31	2,086,095	2,132,677	1,178,640
		<u>4,986,095</u>	<u>5,032,677</u>	<u>1,178,640</u>
Outflows from financing activities				
Repayment of borrowings	30(a)	(52,206)	(52,207)	(65,983)
Payments for principal portion of lease liabilities	30(d)	(32,375)	(32,375)	(15,032)
Movement in Preston Village lease liability	16	(149,213)	(221,712)	225,713
Transfers to reserve accounts	31	(4,684,376)	(739,961)	(1,061,450)
		<u>(4,918,170)</u>	<u>(1,046,255)</u>	<u>(916,752)</u>
Amount attributable to financing activities		<u>67,925</u>	<u>3,986,422</u>	<u>261,888</u>
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	29(b)	2,915,505	2,979,222	1,831,936
Amount attributable to operating activities		1,683,346	(1,149,851)	2,287,240
Amount attributable to investing activities		(2,352,937)	(5,815,793)	(1,465,559)
Amount attributable to financing activities		67,925	3,986,422	261,888
Surplus or deficit after imposition of general rates	29(b)	<u>2,313,839</u>	<u>0</u>	<u>2,915,505</u>

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

**SHIRE OF DONNYBROOK BALINGUP
FOR THE YEAR ENDED 30 JUNE 2024
INDEX OF NOTES TO THE FINANCIAL REPORT**

Note 1	Basis of Preparation	9
Note 2	Revenue and Expenses	10
Note 3	Cash and Cash Equivalents	12
Note 4	Other Financial Assets	12
Note 5	Trade and Other Receivables	13
Note 6	Inventories	14
Note 7	Other Assets	15
Note 8	Property, Plant and Equipment	16
Note 9	Infrastructure	18
Note 10	Fixed Assets	20
Note 11	Leases	22
Note 12	Intangible Assets	23
Note 13	Trade and Other Payables	24
Note 14	Other Liabilities	25
Note 15	Borrowings	26
Note 16	Other Financial Liabilities	27
Note 17	Employee Related Provisions	28
Note 18	Other Provisions	29
Note 19	Revaluation Surplus	30
Note 20	Restrictions Over Financial Assets	31
Note 21	Undrawn Borrowing Facilities and Credit Standby Arrangements	31
Note 22	Contingent Liabilities	32
Note 23	Capital Commitments	32
Note 24	Related Party Transactions	33
Note 25	Joint Arrangements	35
Note 26	Events Occurring After the End of the Reporting Period	36
Note 27	Other Material Accounting Policies	37
Information required by legislation		
Note 28	Rating Information	38
Note 29	Determination of Surplus or Deficit	39
Note 30	Borrowing and Lease Liabilities	40
Note 31	Reserve accounts	42
Note 32	Trust Funds	44

**SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

1. BASIS OF PREPARATION

The financial report of the Shire of Donnybrook Balingup which is a Class 3 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the *Local Government Act 1995*, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied except for disclosure requirements of:

- AASB 7 Financial Instruments Disclosures
- AASB 16 Leases paragraph 58
- AASB 101 Presentation of Financial Statements paragraph 61
- AASB 107 Statement of Cash Flows paragraphs 43 and 45
- AASB 116 Property, Plant and Equipment paragraph 79
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets paragraph 85
- AASB 140 Investment Property paragraph 75(f)
- AASB 1052 Disaggregated Disclosures paragraph 11
- AASB 1054 Australian Additional Disclosures paragraph 16

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for 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 Leases which would have required the Shire to measure any vested improvements at zero cost.

The *Local Government (Financial Management) Regulations 1996* provide that:

- land and buildings classified as property, plant and equipment; or
- infrastructure; or
- vested improvements that the local government controls; and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from AASB 116 *Property, Plant and Equipment*, which would have required the Shire to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differ from their fair value and, if so, revalue the class of non-financial assets.

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

Critical accounting estimates and judgements

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 amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
 - Property, plant and equipment - note 8
 - Infrastructure - note 9
- Assets held for sale - note 7
- Estimated useful life of intangible assets - note 12
- Measurement of employee benefits - note 17
- Measurement of provisions - note 18

Fair value hierarchy information can be found in note 27

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.

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

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2021-2 Amendments to Australian Accounting Standards - *Disclosure of Accounting Policies or Definition of Accounting Estimates*

This standard resulted in terminology changes relating to material accounting policies (formerly referred to as significant accounting policies).

New accounting standards for application in future years

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

- AASB 2014-10 Amendments to Australian Accounting Standards - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2020-1 Amendments to Australian Accounting Standards - *Classification of Liabilities as Current or Non-Current*
- AASB 2021-7c Amendments to Australian Accounting Standards - *Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- AASB 2022-5 Amendments to Australian Accounting Standards - *Lease Liability in a Sale and Leaseback*
- AASB 2022-6 Amendments to Australian Accounting Standards - *Non-current Liabilities with Covenants*

These amendments are not expected to have any material impact on the financial report on initial application.

- AASB 2022-10 Amendments to Australian Accounting Standards - *Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

These amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

- AASB 2023-1 Amendments to Australian Accounting Standards - *Supplier Finance Arrangements*

These amendments may result in additional disclosures in the case of applicable finance arrangements.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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	Timing of revenue recognition
Grants, subsidies and contributions	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	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Fees and charges - sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

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

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

For the year ended 30 June 2024

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	7,091,907	0	7,091,907
Grants, subsidies and contributions	1,049,583	0	0	2,406,566	3,456,149
Fees and charges	2,163,821	0	220,819	0	2,384,640
Interest revenue	0	0	80,377	475,282	555,659
Other revenue	0	0	0	1,436	1,436
Capital grants, subsidies and contributions	0	9,792,035	0	0	9,792,035
Total	3,213,404	9,792,035	7,393,103	2,883,284	23,281,826

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	6,527,320	0	6,527,320
Grants, subsidies and contributions	4,087,026	0	0	0	4,087,026
Fees and charges	2,007,541	0	13,139	5,000	2,025,680
Interest revenue	0	0	289,802	0	289,802
Other revenue	0	0	0	4,024	4,024
Capital grants, subsidies and contributions	0	3,457,189	0	0	3,457,189
Total	6,094,567	3,457,189	6,830,261	9,024	16,391,041

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Note	2024 Actual \$	2023 Actual \$
Interest revenue		
Financial assets at amortised cost - self supporting loans	866	0
Interest on reserve account	230,015	135,261
Rates instalment and penalty interest	75,379	51,690
Other interest revenue	249,399	102,851
	555,659	289,802
The 2024 original budget estimate in relation to: Trade and other receivables overdue interest was \$61,399.		
Fees and charges relating to rates receivable		
Charges on instalment plan	29,118	28,083
The 2024 original budget estimate in relation to: Charges on instalment plan was \$28,240.		
(b) Expenses		
Auditors remuneration		
- Audit of the Annual Financial Report	38,840	41,750
- Other services – grant acquittals	4,600	1,600
- Deferred pensioner and internal audit	1,070	8,082
	44,510	51,432
Employee Costs		
Employee benefit costs	6,205,669	5,729,192
Other employee costs	309,384	283,635
	6,515,053	6,012,827
Finance costs		
Borrowings	43,287	7,172
Provisions: unwinding of discount	31,415	182,197
Lease liabilities	3,470	1,240
	78,172	190,609
Other expenditure		
Sundry expenses	428,772	366,264
	428,772	366,264

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

3. CASH AND CASH EQUIVALENTS

Note	2024	2023
	\$	\$
Cash at bank and on hand	4,062,604	6,617,683
Term deposits	8,780,225	4,104,847
Total cash and cash equivalents	12,842,829	10,722,530
Held as		
- Unrestricted cash and cash equivalents	117,683	2,987,199
- Restricted cash and cash equivalents	20 12,725,146	7,735,331
	12,842,829	10,722,530

MATERIAL 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.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, 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 and for which no liability has been recognised.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Note	2024	2023
	\$	\$
Financial assets at amortised cost	23,529	23,254
	23,529	23,254

Other financial assets at amortised cost

Self supporting loans receivable	29(b) 23,529	23,254
	23,529	23,254

Held as

- Unrestricted other financial assets at amortised cost	23,529	23,254
	23,529	23,254

(b) Non-current assets

Financial assets at amortised cost	99,192	122,721
Financial assets at fair value through profit or loss	108,171	106,490
	207,363	229,211

Financial assets at amortised cost

Self supporting loans receivable	99,192	122,721
	99,192	122,721

Financial assets at fair value through profit or loss

Units in Local Government House Trust	83,171	81,490
Share in Bendigo Bank	25,000	25,000
	108,171	106,490

MATERIAL 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.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 27 (i)) due to the observable market rates).

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

Financial assets at fair value through profit or loss

The Shire has elected to classify the following financial assets at fair value through profit or 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 elected to recognise as fair value gains and losses through profit or loss.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

5. TRADE AND OTHER RECEIVABLES

Note	2024	2023
	\$	\$
Current		
Rates and statutory receivables	370,380	362,869
Trade receivables	3,948,263	638,754
Other receivables	5,200	0
GST receivable	315,063	71,768
	<u>4,638,906</u>	<u>1,073,391</u>
Non-current		
Rates and statutory receivables	157,367	151,093
Other receivables	60,900	0
	<u>218,267</u>	<u>151,093</u>

Disclosure of opening and closing balances related to contracts with customers

Information about receivables 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:

Note	30 June 2024 Actual	30 June 2023 Actual	1 July 2022 Actual
	\$	\$	\$
Trade and other receivables from contracts with customers	3,791,584	177,669	119,919
Contract assets	283,417	460,254	14,908
Total trade and other receivables from contracts with customers	<u>4,075,001</u>	<u>637,923</u>	<u>134,827</u>

MATERIAL ACCOUNTING POLICIES

Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations or for the construction of recognisable non financial assets as part of the ordinary course of business.

Other receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers and amounts received as grants for the construction of recognisable non financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

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

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

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

6. INVENTORIES

Note	2024	2023
	\$	\$
Current		
Fuel and materials	16,307	5,427
Gravel	148,870	195,321
Work in progress - gravel	200	200
Kiosk supplies	2,606	1,883
	167,983	202,831
Non-current		
Clay soil stockpile	1,973,769	1,943,669
	1,973,769	1,943,669
The following movements in inventories occurred during the year:		
Balance at beginning of year	2,146,500	2,229,397
Inventories expensed during the year	(248,400)	(305,000)
Additions to inventory	243,652	222,103
Balance at end of year	2,141,752	2,146,500

MATERIAL 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.

**SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

7. OTHER ASSETS

Other assets - current

Accrued income

Contract assets

Accrued interest

Non-current assets

Accrued income

	2024	2023
	\$	\$
	6,243	14,101
	283,417	460,254
	55,682	0
	345,342	474,355
	600,186	616,647
	600,186	616,647

MATERIAL ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Contract assets

Contract assets primarily relate to the Shire's right to . consideration for work completed but not billed at the end of the period.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Assets not subject to operating lease		Total Property				Plant and equipment			Total property, plant and equipment
	Land	Buildings - non-specialised	Land	Buildings - non-specialised	Work in progress	Total Property	Furniture and equipment	Plant and equipment	Furniture and equipment - work in progress	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	5,342,000	39,102,445	5,342,000	39,102,445	2,347	44,446,792	212,447	3,795,655	0	48,454,894
Additions	0	313,384	0	313,384	602,113	915,497	217,237	346,353	0	1,479,087
Disposals	(173,000)	0	(173,000)	0		(173,000)	0	(76,480)	0	(249,480)
Depreciation		(912,805)	0	(912,805)		(912,805)	(119,464)	(667,425)	0	(1,699,694)
Transfers			0	0		0	15,770	0		15,770
Balance at 30 June 2023	5,169,000	38,503,024	5,169,000	38,503,024	604,460	44,276,484	325,990	3,398,103	0	48,000,577
Comprises:										
Gross balance amount at 30 June 2023	5,169,000	69,603,357	5,169,000	69,603,357	604,460	75,376,817	955,740	7,536,203	0	83,868,760
Accumulated depreciation at 30 June 2023	0	(31,100,333)	0	(31,100,333)	0	(31,100,333)	(629,750)	(4,138,100)	0	(35,868,183)
Balance at 30 June 2023	5,169,000	38,503,024	5,169,000	38,503,024	604,460	44,276,484	325,990	3,398,103	0	48,000,577
Additions		185,560	0	185,560	2,049,864	2,235,424	118,117	1,035,114	2,757	3,391,412
Disposals	(225,000)	(1,583,721)	(225,000)	(1,583,721)		(1,808,721)	0	(160,693)	0	(1,969,414)
Depreciation		(906,875)	0	(906,875)		(906,875)	(60,807)	(664,287)	0	(1,631,969)
Transfers		1,697	0	1,697	(1,697)	0				0
Balance at 30 June 2024	4,944,000	36,199,685	4,944,000	36,199,685	2,652,627	43,796,312	383,300	3,608,237	2,757	47,790,606
Comprises:										
Gross balance amount at 30 June 2024	4,944,000	66,731,614	4,944,000	66,731,614	2,652,627	74,328,241	1,058,428	8,149,319	2,757	83,538,745
Accumulated depreciation at 30 June 2024	0	(30,531,929)	0	(30,531,929)	0	(30,531,929)	(675,128)	(4,541,082)	0	(35,748,139)
Balance at 30 June 2024	4,944,000	36,199,685	4,944,000	36,199,685	2,652,627	43,796,312	383,300	3,608,237	2,757	47,790,606

**SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Amount Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value - as determined at the last valuation date					
Land and buildings					
Land	Level 2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent Valuer	June 2022	Price per hectare, market borrowing rates, sale evidence
Buildings - non-specialised	Level 2	Cost approach using depreciated replacement cost	Independent Valuer	June 2022	Construction costs and current condition, residual values and remaining useful life assessment
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. The valuation techniques applied to property subject to lease was the same as that applied to property not subject to lease.					
(ii) Cost					
Furniture and equipment		Not applicable	Cost	Not applicable	Purchase cost
Plant and equipment		Not applicable	Cost	Not applicable	Purchase cost



SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - drainage	Infrastructure - bridges	Infrastructure - other	Infrastructure - work in progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	79,753,140	2,989,341	17,767,626	22,121,252	7,211,249	279,665	130,122,273
Additions	2,835,761	214,610	0	88,000	122,040	434,557	3,694,968
(Disposals)	(60,714)	0	0	0	(948,487)	0	(1,009,201)
Revaluation increments / (decrements) transferred to revaluation surplus	13,690,597	643,407	1,154,855	11,896,747	564,941	0	27,950,547
Depreciation	(3,492,601)	(91,670)	(353,445)	(1,199,005)	(397,330)	0	(5,534,051)
Transfers	0	0	0	0	3,237	(16,818)	(13,581)
Balance at 30 June 2023	92,726,183	3,755,688	18,569,036	32,906,994	6,555,650	697,404	155,210,955
Comprises:							
Gross balance at 30 June 2023	131,202,693	5,064,807	28,275,584	74,328,000	11,923,187	697,404	251,491,675
Accumulated depreciation at 30 June 2023	(38,476,510)	(1,309,119)	(9,706,548)	(41,421,006)	(5,367,537)	0	(96,280,720)
Balance at 30 June 2023	92,726,183	3,755,688	18,569,036	32,906,994	6,555,650	697,404	155,210,955
Additions	3,062,253	135,241	0	83,716	163,171	5,520,104	8,964,485
(Disposals)	0	0	0	0	(137,702)	0	(137,702)
Depreciation	(3,568,713)	(95,725)	(353,444)	(1,200,476)	(436,129)	0	(5,654,487)
Balance at 30 June 2024	92,219,723	3,795,204	18,215,592	31,790,234	6,144,990	6,217,508	158,383,251
Comprises:							
Gross balance at 30 June 2024	134,264,946	5,200,047	28,275,584	74,411,716	11,509,669	6,217,508	259,879,470
Accumulated depreciation at 30 June 2024	(42,045,223)	(1,404,843)	(10,059,992)	(42,621,482)	(5,364,679)	0	(101,496,219)
Balance at 30 June 2024	92,219,723	3,795,204	18,215,592	31,790,234	6,144,990	6,217,508	158,383,251

**SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

9. INFRASTRUCTURE (Continued)

(b) Carrying Amount Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value - as determined at the last valuation date					
Infrastructure - roads	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2023	Construction costs and current age Residual values and remaining useful life assessments
Infrastructure - footpaths	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2023	Construction costs and current age Residual values and remaining useful life assessments
Infrastructure - drainage	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2023	Construction costs and current age Residual values and remaining useful life assessments
Infrastructure - bridges	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2023	Construction costs and current age Residual values and remaining useful life assessments
Infrastructure - other	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2023	Construction costs and current age Residual values and remaining useful life assessments

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

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

**SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

10. FIXED ASSETS

(a) Depreciation

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	4 to 100 years
Furniture and equipment	4 to 15 years
Plant and equipment	5 to 15 years
Infrastructure	
bridges	27 to 77 years
road clearing and earthworks	not depreciated
road pavement	40 to 55 years
road seal	15 years
Cycle ways	40 years
Car parks	40 years
Footpaths - concrete	25 to 72 years
Footpaths - slab	25 to 72 years
Storm water drainage	83 years
Other	3 to 80 years
Right-of-use (plant and equipment)	Based on the remaining lease term

Revision of useful lives of plant and equipment

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

**SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

10. FIXED ASSETS (Continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the 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. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

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 *Local Government (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.

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at reportable value.

Measurement after recognition

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2)*. Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses being their reportable value.

Reportable Value

In accordance with *Local Government (Financial Management) Regulation 17A(2)*, the carrying amount of non-financial assets that are *land and buildings classified as property, plant and equipment*, investment properties, infrastructure or vested improvements that the local government controls.

Reportable value is for the purpose of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

Revaluation

Land and buildings classified as property, plant and equipment, *infrastructure or vested improvements that the local government controls* and measured at reportable value, are only required to be revalued 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 land vested in the Shire.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the Shire to revalue earlier if it chooses to do so.

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes 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.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, 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.

Depreciation on revaluation

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Impairment

In accordance with *Local Government (Financial Management) Regulations 17A(4C)*, the Shire is not required to comply with *AASB 136 Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the 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 or losses on disposal

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.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

11. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.	Note	Right-of-use assets - Furniture and equipment	Right-of-use assets Total
		\$	\$
Balance at 1 July 2022		36,763	36,763
Additions		74,811	74,811
Depreciation		(14,993)	(14,993)
Balance at 30 June 2023		96,581	96,581
Gross balance amount at 30 June 2023		140,320	140,320
Accumulated depreciation at 30 June 2023		(43,739)	(43,739)
Balance at 30 June 2023		96,581	96,581
Gains/(losses) from sale and leaseback transactions		(172)	(172)
Depreciation		(32,826)	(32,826)
Balance at 30 June 2024		63,583	63,583
Gross balance amount at 30 June 2024		211,858	211,858
Accumulated depreciation at 30 June 2024		(148,275)	(148,275)
Balance at 30 June 2024		63,583	63,583

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

	2024 Actual	2023 Actual
	\$	\$
Depreciation on right-of-use assets	(32,826)	(14,993)
Finance charge on lease liabilities	(3,470)	(1,240)
Total amount recognised in the statement of comprehensive income	(36,296)	(16,233)
Total cash outflow from leases	(35,845)	(16,272)

(b) Lease Liabilities

Current	25,345	32,375
Non-current	40,153	65,498
	30(d) 65,498	97,873

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

MATERIAL ACCOUNTING POLICIES

Leases

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

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

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

Details of individual lease liabilities required by regulations are provided at Note 30(d).

Right-of-use assets - measurement

Right-of-use assets are 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 recognised in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value. Refer to Note 10 under revaluation for details on the material accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

**SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

12. INTANGIBLE ASSETS

	2024 Actual	2023 Actual
	\$	\$
Intangible assets		
Non-current		
Waste Landfill	1,872,072	1,811,523
Less: Accumulated amortisation	(1,404,054)	(1,308,322)
	468,018	503,201
 Movements in balances of computer software during the financial year are shown as follows:		
Balance at 1 July 2023	503,201	526,890
Recognition of waste cell airspace	60,549	69,128
Amortisation	(95,732)	(92,817)
Balance at 30 June 2024	468,018	503,201
TOTAL INTANGIBLE ASSETS	468,018	503,201

Amortisation

The estimated useful life of intangible assets is 5 years for the current and prior years.

MATERIAL ACCOUNTING POLICIES

Donnybrook Waste Management Facility

The Shire operated the Donnybrook Waste Management Facility (DWMF) as the central waste processing and disposal facility for the Shire, Landfills within Western Australia are required to have a plan for capping, closing and rehabilitating waste facilities at the end of its life.

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

A Landfill Closure Management Plan (LCMP) was prepared for the existing facility in 2021 in line with guidance standards. The LCMP specifies the final cap design, slopes, methods of managing storm water, post closure monitoring requirements including groundwater, surface water and landfill gas monitoring.

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

Donnybrook Waste Management Facility (Cont)

Estimated costs for capping and monitoring the facility was undertaken in 2021 by ASK Waste Management Consultancy Services (Landfill Closure Management Plan, November 2021).

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 ready 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 in the Statement of Comprehensive Income.

**SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

13. TRADE AND OTHER PAYABLES

Current

	2024	2023
	\$	\$
Sundry creditors	1,452,707	510,723
Prepaid rates	244,463	210,519
ATO liabilities	0	79,757
Bonds and deposits held	678,862	618,041
Accrued expenses	238,181	64,585
Other payables	50,000	51,800
	2,664,213	1,535,425

MATERIAL ACCOUNTING POLICIES

Financial liabilities

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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 any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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 usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

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 income for the prepaid rates that have not been refunded.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

14. OTHER LIABILITIES

Current

Contract liabilities

Capital grant/contributions liabilities

Reconciliation of changes in contract liabilities

Opening balance

Additions

Revenue from contracts with customers included as a contract liability at the start of the period

The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$9,215 (2023: \$4,258)

The Shire expects to satisfy the performance obligations, from contracts with customers unsatisfied at the end of the reporting period, within the next 12 months.

Reconciliation of changes in capital grant/contribution liabilities

Opening balance

Additions

Revenue from capital grant/contributions

	2024	2023
	\$	\$
	9,215	4,258
	4,236,596	1,910,840
	4,245,811	1,915,098
	4,258	6,236
	9,215	4,258
	(4,258)	(6,236)
	9,215	4,258
	1,910,840	2,202,241
	12,366,130	1,810,391
	(10,040,374)	(2,101,792)
	4,236,596	1,910,840

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

MATERIAL 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.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 27(i)) due to the unobservable inputs, including own credit risk.

**SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

15. BORROWINGS

	Note	2024			2023		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Long term borrowings		141,031	2,979,767	3,120,798	52,207	220,797	273,004
Total secured borrowings	30(a)	141,031	2,979,767	3,120,798	52,207	220,797	273,004

Secured liabilities and assets pledged as security

Debentures are secured by a floating charge over the assets of the Shire of Donnybrook Balingup.

MATERIAL ACCOUNTING POLICIES

Borrowing costs

The Shire has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 27(i)) due to the unobservable inputs, including own credit risk.

Risk

Details of individual borrowings required by regulations are provided at Note 30(a).

**SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

16. OTHER FINANCIAL LIABILITIES

Preston Village Lease Liability	2024	2023
	\$	\$
Carrying amount at beginning of period	4,027,713	3,802,000
Liability Increase	642,500	941,000
Liability Decrease	(791,713)	(715,287)
Carrying amount at end of period	3,878,500	4,027,713
	2024	2023
	\$	\$
Current	0	221,713
Non-current	3,878,500	3,806,000
	3,878,500	4,027,713

Preston Village Lease Liability

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

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

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

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

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

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

**SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

17. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2024	2023
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	453,209	441,310
Long service leave	517,515	463,577
	<u>970,724</u>	<u>904,887</u>
Total current employee related provisions	<u>970,724</u>	<u>904,887</u>
Non-current provisions		
Employee benefit provisions		
Long service leave	126,793	135,655
	<u>126,793</u>	<u>135,655</u>
Total non-current employee related provisions	<u>126,793</u>	<u>135,655</u>
Total employee related provisions	<u>1,097,517</u>	<u>1,040,542</u>

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

MATERIAL ACCOUNTING POLICIES

Employee benefits

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

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

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

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

18. OTHER PROVISIONS

	Provision for waste cell rehabilitation	Total
	\$	\$
Opening balance at 1 July 2023		
Non-current provisions	2,006,648	2,006,648
	<u>2,006,648</u>	<u>2,006,648</u>
Additional provision	60,549	60,549
Changed to profit or loss		
- unwinding of discount	31,415	31,415
Balance at 30 June 2024	<u>2,098,612</u>	<u>2,098,612</u>
Comprises		
Non-current	2,098,612	2,098,612
	<u>2,098,612</u>	<u>2,098,612</u>

Other provisions

Amounts which are expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

Provision for Waste Cell Rehabilitation

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

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

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

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

Estimated costings for the capping and monitoring of the facility was undertaken in 2021 by ASK Waste Management Consultancy Services (Economic Review - Waste Facility Future Operations, November 2021).

Make good provisions

Under the licence for the operation of the Shire of Donnybrook Balingup waste landfill site, the Shire has a legal obligation to restore the site.

The estimated future obligations include the costs of restoring the affected areas and continued monitoring of the site.

The provision for future remediation costs is the best estimate of the present value of the expenditure required to settle the remediation obligation at the reporting date. Future remediation costs are reviewed annually and any changes in the estimate are reflected in the present value of the remediation provision at each reporting date.

MATERIAL ACCOUNTING POLICIES

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.

**SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

19. REVALUATION SURPLUS

	2024 Opening Balance	2024 Closing Balance	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance
	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	3,877,039	3,877,039	3,877,039	0	3,877,039
Revaluation surplus - Buildings - non-specialised	26,311,650	26,311,650	26,311,650	0	26,311,650
Revaluation surplus - Infrastructure - roads	84,003,053	84,003,053	70,312,456	13,690,597	84,003,053
Revaluation surplus - Infrastructure - footpaths	2,267,376	2,267,376	1,623,969	643,407	2,267,376
Revaluation surplus - Infrastructure - drainage	19,142,110	19,142,110	17,987,255	1,154,855	19,142,110
Revaluation surplus - Infrastructure - bridges	29,305,122	29,305,122	17,408,375	11,896,747	29,305,122
Revaluation surplus - Infrastructure - other	8,017,541	8,017,541	7,452,600	564,941	8,017,541
	172,923,891	172,923,891	144,973,344	27,950,547	172,923,891

**SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

20. RESTRICTIONS OVER FINANCIAL ASSETS

	Note	2024 Actual \$	2023 Actual \$
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	12,725,146	7,735,331
		12,725,146	7,735,331
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	31	7,800,473	5,202,192
Contract liabilities	14	9,215	4,258
Capital grant liabilities	14	4,236,596	1,910,840
Bonds and deposits	13	678,862	618,041
Total restricted financial assets		12,725,146	7,735,331

**21. UNDRAWN BORROWING FACILITIES AND CREDIT
STANDBY ARRANGEMENTS**

Bank overdraft limit - Municipal fund		100,000	100,000
Bank overdraft at balance date		0	0
Credit card limit		9,000	9,000
Credit card balance at balance date		(3,097)	(2,035)
Total amount of credit unused		105,903	106,965
Loan facilities			
Loan facilities - current		141,031	52,207
Loan facilities - non-current		2,979,767	220,797
Total facilities in use at balance date		3,120,798	273,004
Unused loan facilities at balance date		2,900,000	0

**SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

22. CONTINGENT LIABILITIES

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

Location	Land Use	Nature of Potential Contamination
A197 - Lot 13 Bentley Street, Donnybrook	Former Shire Depot	Hydrocarbon
A3418 - Res 30530 Boyup Brook Road, Lowden	Former Landfill Site	Putrescible Waste
A3420 - Res 30773 Boyup Brook Road, Mumballup	Former Landfill Site	Putrescible Waste
A3611 - F21 Valentines Road, Newlands	Former Waste Facility	Buried Waste
A3605 - Lot 2928 F27 Gavins Road, Donnybrook	Landfill Site	Landfill Waste Material
A3478 - 21370 South Western Highway Donnybrook	Former Landfill Site	Buried Waste

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with the Department of Water and Environmental Regulation on the need and criteria for remediation of a risk based approach, the Shire is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Water and Environmental Regulation Guidelines.

23. CAPITAL COMMITMENTS

	2024	2023
	\$	\$
Contracted for:		
- capital expenditure projects	3,510,623	606,605
- plant & equipment purchases	188,364	385,184
- road construction works	28,000	0
- other infrastructure	264,329	0
	3,991,316	991,789
Payable:		
- not later than one year	3,991,316	991,789

The capital projects outstanding at the end of the current reporting period represent the construction of VC Mitchell park redevelopment, SHERP Well aged redevelopment, purchase of two trucks and detailed designs for Balingup-Nannup road (prior year commitments include the construction of VC Mitchell park redevelopment, SHERP Well Aged redevelopment and purchase of shire vehicles, prime mover and mower).

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

24. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Fees, expenses and allowances to be paid or reimbursed to elected council members.

Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
President's annual allowance	6,942	7,037	4,265
President's meeting attendance fees	8,394	8,507	5,157
President's ICT expenses	846	1,137	1,143
President's travel and accommodation expenses	579	527	
	<u>16,761</u>	<u>17,208</u>	<u>10,565</u>
Deputy President's annual allowance	1,735	1,760	1,177
Deputy President's meeting attendance fees	6,838	6,933	4,640
Deputy President's ICT expenses	846	1,137	464
Deputy President's travel and accommodation expenses	485	527	256
	<u>9,904</u>	<u>10,357</u>	<u>6,537</u>
All other council member's meeting attendance fees	47,866	48,520	30,724
All other council member's ICT expenses	5,922	5,564	3,072
All other council member's travel and accommodation expenses	2,017	3,120	961
Commissioner's annual payment	0	0	116,692
	<u>55,805</u>	<u>57,204</u>	<u>151,449</u>
24(b)	<u>82,470</u>	<u>84,769</u>	<u>168,551</u>

(b) Key Management Personnel (KMP) Compensation

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

Short-term employee benefits	616,432		423,137
Post-employment benefits	70,048		59,009
Employee - other long-term benefits	62,540		42,328
Council member costs	82,470		168,551
24(a)	<u>831,490</u>		<u>693,025</u>

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

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

Other long-term benefits

These amounts represent annual leave and long service leave entitlements accruing during the year.

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

**SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

24. RELATED PARTY TRANSACTIONS

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 guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:

	2024 Actual	2023 Actual
	\$	\$
Purchase of goods and services	0	2,203

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 Shire, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 24(a) and 24(b).

ii. Other Related Parties

Outside of normal citizen type transactions with the Shire, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

iii. Entities subject to significant influence by the Shire

There were no such entities requiring disclosure during the current or previous year.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

25. JOINT ARRANGEMENTS

Share of joint operations

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

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

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

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

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

	2024 Actual	2023 Actual
Statement of Financial Position		
Non current assets	\$ 553,797	\$ 611,676
Total assets	553,797	611,676
Reserve accounts	553,797	611,676
Total equity	553,797	611,676
Statement of Comprehensive Income		
Operating revenue	94,462	114,975
Other expenditure	(277,386)	(223,686)
Profit/(loss) for the period	(182,924)	(108,711)
Other comprehensive income		
Total comprehensive income for the period	(182,924)	(108,711)

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

	2024 Actual	2023 Actual
Assets		
Assets	\$ 1,163,816	\$ 1,202,067
Total assets	1,163,816	1,202,067
Current liabilities		
Current liabilities	0	0
Total liabilities	0	0
Statement of Comprehensive income		
Other revenue	358	880
Other expenditure	(382,528)	(426,092)
Net result for the period	(382,170)	(425,212)
Total comprehensive income for the period	(382,170)	(425,212)

Statement of Cash Flows

MATERIAL ACCOUNTING POLICIES

Joint operations

A joint operation is a joint arrangement where the Shire has joint control with two or more parties to the joint arrangement. All parties to joint arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement.

Assets, liabilities, revenues and expenses relating to the Shire's interest in the joint operation are accounted for in accordance with the relevant Australian Accounting Standard.

**SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

26. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There are no events subsequent to the reporting date that materially impact on this financial report.

**SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

27. OTHER MATERIAL 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 report 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. enforced) 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) Interest revenue

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost 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).

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount except for non-financial assets that are:

- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 10.

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 *Property, Plant and Equipment*) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

28. RATING INFORMATION

(a) General Rates

RATE TYPE			2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2022/23	
Rate Description	Basis of valuation	Rate in \$	Number of Properties	Actual Rateable Value*	Actual Rate Revenue	Actual Interim Rates	Actual Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Total Revenue	Actual Total Revenue
		\$		\$	\$	\$	\$	\$	\$	\$	\$
General Rate	Gross rental valuation	0.112100	1,083	21,434,510	2,402,809	4,257	2,407,066	2,402,809	29,811	2,432,620	2,251,139
General Rate	Unimproved valuation	0.005379	789	433,802,480	2,333,424	397	2,333,821	2,333,424	0	2,333,424	2,219,429
Total general rates			1,872	455,236,990	4,736,233	4,654	4,740,887	4,736,233	29,811	4,766,044	4,470,568
Minimum payment		\$									
General Rate	Gross rental valuation	1,515	901	8,671,329	1,365,015	0	1,365,015	1,365,015	0	1,365,015	1,305,899
General Rate	Unimproved valuation	1,515	652	116,672,392	987,780	0	987,780	987,780	0	987,780	852,600
Total minimum payments			1,553	125,343,721	2,352,795	0	2,352,795	2,352,795	0	2,352,795	2,158,499
Total general rates and minimum payments			3,425	580,580,711	7,089,028	4,654	7,093,682	7,089,028	29,811	7,118,839	6,629,067
Rates written off							(896)			(2,500)	(3,828)
Concessions							(879)			(879)	(97,919)
Total Rates							7,091,907			7,115,460	6,527,320
Rate instalment interest							22,683			20,843	20,068
Rate overdue interest							52,696			40,556	31,622

The rate revenue was recognised from the rate record as soon as practicable after the Shire resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

*Rateable Value at time of raising of rate.

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

29. DETERMINATION OF SURPLUS OR DEFICIT

		2023/24 Budget (30 June 2024 Carried Forward)	2022/23 Carried Forward (30 June 2023)
Note	2023/24 (30 June 2024 Carried Forward)	2023/24 Budget (30 June 2024 Carried Forward)	2022/23 Carried Forward (30 June 2023)
	\$	\$	\$
(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 Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
	(39,723)	(64,607)	(51,840)
	31,415	0	182,197
	(1,681)	0	(3,686)
	1,959,340	32,488	1,082,203
8(a)	0	0	0
10(a)	7,319,282	7,270,039	7,248,738
	95,732	68,000	92,817
Non-cash movements in non-current assets and liabilities:			
	(6,274)	0	(12,799)
	(60,900)	0	0
	(8,862)	0	(3,477)
8(a)	0	0	6,600
	(3,144)	0	78,132
	19,605	0	24,719
	(30,100)	0	28,084
Non-cash amounts excluded from operating activities			
	9,274,690	7,305,920	8,671,688
(b) Surplus or deficit after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity 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			
31	(7,800,473)	(3,809,480)	(5,202,192)
4(a)	(23,529)	0	(23,254)
Add: Current liabilities not expected to be cleared at end of year			
15	141,031	53,753	52,207
16	0	0	221,713
11(b)	25,345	25,344	32,375
Total adjustments to net current assets			
	(7,657,626)	(3,730,383)	(4,919,151)
Net current assets used in the Statement of Financial Activity			
	18,018,589	8,127,399	12,496,361
	(8,047,124)	(4,397,016)	(4,661,705)
	(7,657,626)	(3,730,383)	(4,919,151)
Surplus or deficit after imposition of general rates			
	2,313,839	0	2,915,505

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

30. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual						Budget				
		Principal at 1 July 2022	New Loans During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	New Loans During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024	Principal at 1 July 2023	New Loans During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024
Dental Surgery Extension		\$ 41,725	\$ 0	\$ (13,117)	\$ 28,608	\$ 0	\$ (13,893)	\$ 14,715	\$ 28,608	\$ 0	\$ (13,893)	\$ 14,715
Tuia Lodge Fire Suppression		236,404	0	(27,949)	208,455	0	(28,391)	180,064	208,455	0	(28,392)	180,063
VC Mitchell Park		0	0	0	0	2,900,000	0	2,900,000	0	2,900,000	0	2,900,000
Collins St Storage Units		15,262	0	(15,262)	0	0	0	0	0	0	0	0
Total		293,391	0	(56,328)	237,063	2,900,000	(42,284)	3,094,779	237,063	2,900,000	(42,285)	3,094,778
Self Supporting Loans												
Donnybrook Country Club		45,596	0	(9,655)	35,941	0	(9,922)	26,019	35,941	0	(9,922)	26,019
Total Self Supporting Loans		45,596	0	(9,655)	35,941	0	(9,922)	26,019	35,941	0	(9,922)	26,019
Total Borrowings	15	338,987	0	(65,983)	273,004	2,900,000	(52,206)	3,120,798	273,004	2,900,000	(52,207)	3,120,797

Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost.

All other loan repayments were financed by general purpose revenue.

Borrowing Finance Cost Payments

Purpose	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023
Dental Surgery Extension	74	WATC	5.83%	27/05/2025	\$ (1,392)	\$ (1,468)	\$ (2,171)
Tuia Lodge Fire Suppression	93	WATC	1.58%	26/04/2030	(3,099)	(3,182)	(3,544)
VC Mitchell Park	94	WATC	4.98%	28/03/2044	(37,930)	0	0
Collins St Storage Units	80	WATC	6.73%	23/01/2023	0	0	(323)
Total					(42,421)	(4,650)	(6,038)
Self Supporting Loans Finance Cost Payments							
Donnybrook Country Club	90	WATC	2.74%	24/04/2027	(866)	(917)	(1,134)
Total Self Supporting Loans Finance Cost Payments					(866)	(917)	(1,134)
Total Finance Cost Payments					(43,287)	(5,567)	(7,172)

* WA Treasury Corporation

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

30. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2023/24

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2024 Actual	2024 Budget	2024 Actual	2024 Budget		
VC Mitchell Park development	WATC*	Debenture	20	4.98%	\$ 2,900,000	\$ 2,900,000	\$ 0	\$ 0	\$ 1,942,289	\$ 2,900,000
					\$ 2,900,000	\$ 2,900,000	\$ 0	\$ 0	\$ 1,942,289	\$ 2,900,000

* WA Treasury Corporation

(c) Unspent Borrowings

Particulars	Institution	Date Borrowed	Unspent Balance 1 July 2023	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2024
VC Mitchell park development	WATC*	28/03/2024	\$ 0	\$ 2,900,000	\$ 0	\$ 2,900,000
			\$ 0	\$ 2,900,000	\$ 0	\$ 2,900,000

* WA Treasury Corporation

(d) Lease Liabilities

Purpose	Note	Actual						Budget				
		Principal at 1 July 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	New Leases During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024	Principal at 1 July 2023	New Leases During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024
IT Equipment - Laptops		\$ 16,822	\$ 0	\$ (8,692)	\$ 8,130	\$ 0	\$ (8,130)	\$ 0	\$ 8,128	\$ 0	\$ (8,128)	\$ 0
IT Equipment - Stacking Switches		21,272	0	(6,340)	14,932	0	(6,679)	8,253	14,934	0	(6,681)	8,253
Matrix Fitness Equipment		0	74,811	0	74,811	0	(17,566)	57,245	74,811	0	(17,566)	57,245
Total Lease Liabilities	11(b)	38,094	74,811	(15,032)	97,873	0	(32,375)	65,498	97,873	0	(32,375)	65,498

Lease Finance Cost Payments

Purpose	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023	Lease Term
IT Equipment - Laptops	009-0147653-003	Dell Financial	2.10%	31/05/2024	\$ (85)	\$ (85)	\$ (268)	48 months
IT Equipment - Stacking Switches	214-09394537-001	De Lage Landen Pty	2.20%	31/08/2025	(631)	(631)	(972)	60 months
Matrix Fitness Equipment	A6ZBG64105	Maia Financial	4.20%	30/06/2027	(2,754)	(382)	0	48 months
Total Finance Cost Payments					(3,470)	(1,098)	(1,240)	

SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

31. RESERVE ACCOUNTS

	2024 Actual Opening Balance	2024 Actual Transfer to	2024 Actual Transfer (from)	2024 Actual Closing Balance	2024 Budget Opening Balance	2024 Budget Transfer to	2024 Budget Transfer (from)	2024 Budget Closing Balance	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Employee Entitlement Reserve	17,500	0	0	17,500	17,500	0	0	17,500	17,500	0	0	17,500
(b) Waste Management Reserve	1,289,102	15,561	(52,853)	1,251,810	1,289,102	15,561	(40,000)	1,264,663	1,300,132	0	(11,030)	1,289,102
(c) Covid 19 Reserve	0	0	0	0	0	0	0	0	95,058	0	(95,058)	0
(d) Arbutnott Memorial Scholarship Reserve	2,985	0	(300)	2,685	2,985	0	(300)	2,685	2,985	0	0	2,985
(e) Strategic Planning Studies Reserve	31,351	0	(339)	31,012	31,351	0	(17,775)	13,576	39,301	0	(7,950)	31,351
(f) Land Development Reserve	450,271	0	(350,000)	100,271	450,271	0	(350,000)	100,271	350,271	100,000	0	450,271
(g) Vehicle Reserve	694,867	450,000	(959,310)	185,557	694,867	450,000	(850,106)	294,761	602,902	310,000	(218,035)	694,867
(h) Roadworks Reserve	289,629	0	(55,629)	234,000	289,630	0	(51,500)	238,130	560,683	0	(271,054)	289,629
(i) Revaluation Reserve	40,000	40,000	(60,000)	20,000	40,000	40,000	(60,000)	20,000	33,300	40,000	(33,300)	40,000
(j) Buildings Reserve	631,796	80,000	(191,364)	520,432	631,796	80,000	(352,892)	358,904	474,567	410,000	(252,771)	631,796
(k) Council Election Reserve	13,650	0	(13,650)	0	13,650	0	(13,650)	0	13,650	0	0	13,650
(l) Information Technology Reserve	45,734	20,000	(47,673)	18,061	45,734	20,000	(45,000)	20,734	128,734	10,000	(93,000)	45,734
(m) Parks and Reserves Reserve	331,707	126,927	(99,354)	359,280	331,707	125,000	(150,831)	305,876	365,551	0	(33,844)	331,707
(n) Carried Forward Projects Reserve	55,451	3,819,935	(55,451)	3,819,935	55,451	0	(55,451)	0	55,451	0	0	55,451
(o) Minnipup Cottages 1-4 Surplus Reserve	65,550	2,437	0	67,987	65,550	0	(3,820)	61,730	63,579	7,273	(5,302)	65,550
(p) Minnipup Cottages 5-8 Surplus Reserve	85,105	0	(85,105)	0	85,106	0	(4,402)	80,704	93,130	0	(8,025)	85,105
(q) Minnipup Cottages 9-12 Surplus Reserve	214,017	7,849	(478)	221,388	214,018	0	(32,975)	181,043	256,137	3,651	(45,771)	214,017
(r) Langley Villas 1-6 Surplus Reserve	303,944	0	(60,505)	243,439	303,945	0	(34,903)	269,042	351,027	1,363	(48,446)	303,944
(s) Langley Villas 7-9 Surplus Reserve	200,839	0	(54,084)	146,755	200,839	0	(22,307)	178,532	221,724	10,079	(30,964)	200,839
(t) Minnipup Cottages 5-8 Lt Maintenance Reserve	9,669	2,000	0	11,669	9,669	2,000	0	11,669	7,669	2,000	0	9,669
(u) Minnipup Cottages 9-12 Lt Maintenance Reserve	8,628	2,000	0	10,628	8,628	2,000	0	10,628	6,628	2,000	0	8,628
(v) Langley Villas 1-6 Lt Maintenance Reserve	17,423	3,600	0	21,023	17,423	3,600	0	21,023	13,823	3,600	0	17,423
(w) Langley Villas 7-9 Lt Maintenance Reserve	5,400	1,800	0	7,200	5,400	1,800	0	7,200	3,600	1,800	0	5,400
(x) Preston Village Exit Deferred Management Reserve	314,106	80,708	0	394,814	314,106	0	0	314,106	201,370	112,736	0	314,106
(y) Preston Village Reserve Fund Contribution Reserve	83,468	31,559	0	115,027	83,468	0	(46,765)	36,703	60,610	46,948	(24,090)	83,468
	5,202,192	4,684,376	(2,086,095)	7,800,473	5,202,196	739,961	(2,132,677)	3,809,480	5,319,382	1,061,450	(1,178,640)	5,202,192

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

**SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

31. RESERVE ACCOUNTS

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 account	Purpose of the reserve account
Restricted by council	
(a) Employee Entitlement Reserve	To provide for the payment of annual leave, long service leave, personal leave, and grandfathered gratuity scheme entitlements.
(b) Waste Management Reserve	To receive funds collected from the Shire's Waste Management levy for the purpose of providing waste management facilities.
(c) Covid 19 Reserve	Fund Closed in 2022-2023
(d) Arbuthnott Memorial Scholarship Reserve	To fund the payment of the Arbuthnott Scholarship.
(e) Strategic Planning Studies Reserve	To accumulate funds for engaging strategic studies / reports.
(f) Land Development Reserve	To fund the purchase of land for future community purposes.
(g) Vehicle Reserve	To accumulate funds for the acquisition and replacement of Council's vehicle fleet.
(h) Roadworks Reserve	To accumulate funds for the construction, renewal and major maintenance of road infrastructure.
(i) Revaluation Reserve	To accumulate funds for asset revaluations and rates gross rental valuation - General revaluation.
(j) Buildings Reserve	To accumulate funds for the construction, renewal and major maintenance of Council buildings.
(k) Council Election Reserve	To accumulate fund for council postal elections.
(l) Information Technology Reserve	To accumulate funds for the acquisition and replacement of Information Technology equipment and software.
(m) Parks and Reserves Reserve	To accumulate funds for the construction, renewal and major maintenance of parks & reserves infrastructure.
(n) Carried Forward Projects Reserve	To accumulate funds from projects carried into future financial years.
(o) Minninup Cottages 1-4 Surplus Reserve	To accumulate surplus income of units 1-4 for the purpose of unit maintenance, renewal and upgrades.
(p) Minninup Cottages 5-8 Surplus Reserve	To accumulate surplus income of units 5-8 for purposes prescribed in the Joint Venture Agreement.
(q) Minninup Cottages 9-12 Surplus Reserve	To accumulate surplus income of units 9-12 for purposes prescribed in the Joint Venture Agreement.
(r) Langley Villas 1-6 Surplus Reserve	To accumulate surplus income of units 1-6 for purposes prescribed in the Joint Venture Agreement.
(s) Langley Villas 7-9 Surplus Reserve	To accumulate surplus income of units 7-9 for purposes prescribed in the Joint Venture Agreement.
(t) Minninup Cottages 5-8 Lt Maintenance Reserve	To accumulate fund for units 5-8 prescribed under the Joint Venture Agreement for the purposes of property maintenance.
(u) Minninup Cottages 9-12 Lt Maintenance Reserve	To accumulate fund for units 9-12 prescribed under the Joint Venture Agreement for the purposes of property maintenance.
(v) Langley Villas 1-6 Lt Maintenance Reserve	To accumulate fund for units 1-6 prescribed under the Joint Venture Agreement for the purposes of property maintenance.
(w) Langley Villas 7-9 Lt Maintenance Reserve	To accumulate fund for units 7-9 prescribed under the Joint Venture Agreement for the purposes of property maintenance.
(x) Preston Village Exit Deferred Management Reserve	To accumulate Preston Village Exit Deferred management fees as contribution towards funding the lease liability.
(y) Preston Village Reserve Fund Contribution Reserve	To accumulate the Preston Village Reserve fund contribution for purposes prescribed within the Residence Contract.

**SHIRE OF DONNYBROOK BALINGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

32. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2023	Amounts Received	Amounts Paid	30 June 2024
	\$	\$	\$	\$
Cash in Lieu of Public Open Space	56,967	0	0	56,967
	<u>56,967</u>	<u>0</u>	<u>0</u>	<u>56,967</u>



Auditor General

INDEPENDENT AUDITOR'S REPORT

2024

Shire of Donnybrook-Balingup

To the Council of the Shire of Donnybrook-Balingup

Opinion

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

- the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of financial activity for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2024 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2024, but not the financial report and my auditor's report.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

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

The Chief Executive Officer (CEO) of the Shire is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- 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 responsibilities for the audit of the financial report

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

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

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

My independence and quality management relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Donnybrook-Balingup for the year ended 30 June 2024 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
20 November 2024