

Audit Committee Meeting Minutes 26 November 2024

Minutes of the Manjimup Audit Committee held at **Council Chambers** on **Tuesday 26 November 2024**.

1. DECLARATION OF OPENING OF MEETING

The meeting was opened by Shire President Donnelle Buegge at 3.42pm.

2. ATTENDANCE / APOLOGIES

Present:

- President Donelle Buegge
- Cr Jayde Darin
- Cr Paul Omodei
- Cr Wade DeCampo 4.02pm

Apologies

- Cr Murray Ventris

Observers:

- Ben Rose – Chief Executive Officer (CEO)
- Greg Lockwood - Director Business (DB)
- Russel Barnes – Moore Australia 4.15pm

3. TERMS OF REFERENCE

Functions	The Committee has a statutory function to provide guidance and assistance to the local government – i. As to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and ii. As to the development of a process to be used to select and appoint a person to be an auditor. In addition, the Audit Committee undertakes: a) Management of the audit process. b) Discussion of audit outcomes. c) Monitoring action taken on audit report. d) Preparation of annual report on audit function. e) Review of the Statutory Compliance Return.
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4. DECLARATION OF FINANCIAL INTERESTS

Nil

5. CONFIRMATION OF MINUTES OF THE MEETING HELD 7 DECEMBER 2023

Moved Cr Darin / Seconded Cr Omodei

“That the minutes of the Audit Committee meeting held on 29 February 2024 be adopted as a true and correct record of the meeting.”

Carried 3/0

6. MATTERS ARISING FROM THE MEETING HELD 29 FEBRUARY 2024

After the Internal Audit presentation from AMD Chartered Accounts the Committee resolved that the Chief Executive Officer was to prepare an Internal Audit Program with appropriate budget for the 2024/25 financial year.

Post that decision AMD Chartered Accountants were appointed as the Shire's main financial auditor, this meant they are unable to carry out the internal audit process.

Moore Australia (Shire's previous financial auditor) have been requested to present on the matter.

7. RISK MANAGEMENT

Nil.

8. PRESENTATION OF 2024 ANNUAL FINANCIAL ACCOUNTS AND MANAGEMENT REPORT

The Director of Business presented the 2024 Annual Financial Accounts and Management Letter to the Audit Committee.

It should be noted as part of the Office of Auditor General (OAG) requirements the 2024 Annual Financial Accounts and Management Report were presented to the Shire President, CEO and DB on the 28 November 2023 via Teams.

ATTACHMENT : 2

Moved Cr Buegge / Seconded Cr Omodei

The Audit Committee receive and endorse the presentation of the 2024 Annual Financial Accounts to Council for acceptance.

Carried 4/0

9. EFFECTIVENESS OF COMPLIANCE

The DB presented Shire Officer's progress through recommendations from the previous Regulation 17 Review, Financial Systems Review, Interim Audit and the 3 new items from the 2024 Annual Financial Accounts Management Report.

10. GENERAL BUSINESS

Per point 6 – “Matters arising from the meeting held 29 February 2024” DB and the CEO updated the Audit Committee with regards to the status of an internal audit program. Discussion have been had with Moore Australia with regards to a possible internal audit program. The CEO indicated that work should be carried out on amending the committee’s terms of reference and the creation of an internal audit policy before workshopping an internal audit program.

The general view of the committee was mixed on a program with suggestions of more spot audits directed by the Audit Committee or CEO, but the Audit Committee also noted the level of auditing the organisation undertakes at present. It was also noted that in 2025 a Regulation 17 and Financial Management and Systems Review is required.

The CEO and DB will prepare a report for a February 25 Audit Committee meeting where the matter can be further considered.

The CEO advised the Audit Committee that he has received an email with regards to the publishing of the new “Financial Health Indicator Ratios”. At present the Shire’s scores are in the 80’s with 70 being the benchmark score.

11. NEXT MEETING

The next meeting is scheduled for February 2025

12. MEETING CLOSURE

The meeting was closed at 4.48pm.

SHIRE OF MANJIMUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

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

We are a thriving region offering an excellent quality of life that is safe, liveable and welcoming.

We value and care for our natural environment, which sustains both economic and recreational pursuits.

Our industries are recognised for their resilience, quality and innovation and for their contribution to the state of Western Australia.

Our economic diversity provides business and employment opportunities for all.

Principal place of business:
 37-39 Rose Street
 Manjimup
 WA 6258

**SHIRE OF MANJIMUP
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 Manjimup 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 19th day of November 2024



CEO

Benjamin (Ben) Rose
Name of CEO



SHIRE OF MANJIMUP
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	2024 Actual \$	2024 Budget \$	2023 Actual \$
Revenue				
Rates	2(a),24	11,340,373	11,366,027	10,549,946
Grants, subsidies and contributions	2(a)	7,234,080	3,416,008	8,986,339
Fees and charges	2(a)	6,822,579	5,683,458	6,205,259
Interest revenue	2(a)	733,743	324,969	415,226
Other revenue	2(a)	674,664	1,021,068	732,192
		26,805,439	21,811,530	26,888,962
Expenses				
Employee costs	2(b)	(12,297,664)	(13,169,704)	(11,598,199)
Materials and contracts		(8,299,047)	(8,822,526)	(8,458,626)
Utility charges		(716,290)	(610,869)	(717,441)
Depreciation		(9,583,755)	(9,446,992)	(9,641,860)
Finance costs		(199,758)	(431,513)	(205,029)
Insurance		(857,445)	(812,474)	(792,105)
Other expenditure	2(b)	(655,894)	(529,062)	(625,926)
		(32,609,853)	(33,823,140)	(32,039,186)
		(5,804,414)	(12,011,610)	(5,150,224)
Capital grants, subsidies and contributions	2(a)	4,199,145	10,399,685	6,144,751
Profit on asset disposals		205,029	392,315	373,777
Loss on asset disposals		(2,278)	(58,782)	(67,736)
		4,401,896	10,733,218	6,450,792
Net result for the period	23(b)	(1,402,518)	(1,278,392)	1,300,568
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	0	0	64,965,934
Total other comprehensive income for the period	16	0	0	64,965,934
Total comprehensive income for the period		(1,402,518)	(1,278,392)	66,266,502

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



SHIRE OF MANJIMUP
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	NOTE	2024 \$	2023 \$
CURRENT ASSETS			
Cash and cash equivalents	3	18,929,238	17,831,529
Trade and other receivables	5	1,327,036	1,101,285
Other financial assets	4(a)	8,908	8,599
Inventories	6	165,295	226,768
Other assets	7	1,191,209	791,794
TOTAL CURRENT ASSETS		21,621,686	19,959,975
NON-CURRENT ASSETS			
Trade and other receivables	5	270,884	230,288
Other financial assets	4(b)	208,515	214,898
Property, plant and equipment	8	67,091,565	66,470,437
Infrastructure	9	296,337,031	297,420,076
Right-of-use assets	11(a)	88,516	152,702
TOTAL NON-CURRENT ASSETS		363,996,511	364,488,401
TOTAL ASSETS		385,618,197	384,448,376
CURRENT LIABILITIES			
Trade and other payables	12	1,746,783	1,956,866
Other liabilities	13	1,906,006	2,051,150
Lease liabilities	11(b)	55,365	84,117
Borrowings	14	683,844	576,318
Employee related provisions	15	1,784,916	1,979,669
TOTAL CURRENT LIABILITIES		6,176,914	6,648,120
NON-CURRENT LIABILITIES			
Lease liabilities	11(b)	33,152	70,574
Borrowings	14	7,724,710	4,658,552
Employee related provisions	15	199,282	184,473
TOTAL NON-CURRENT LIABILITIES		7,957,144	4,913,599
TOTAL LIABILITIES		14,134,058	11,561,719
NET ASSETS		371,484,139	372,886,657
EQUITY			
Retained surplus		(22,336,141)	(19,629,496)
Reserve accounts	27	8,274,148	6,970,021
Revaluation surplus	16	385,546,132	385,546,132
TOTAL EQUITY		371,484,139	372,886,657

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

SHIRE OF MANJIMUP
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		(20,570,392)	6,610,349	320,580,198	306,620,155
Comprehensive income for the period					
Net result for the period		1,300,568	0	0	1,300,568
Other comprehensive income for the period	16	0	0	64,965,934	64,965,934
Total comprehensive income for the period		1,300,568	0	64,965,934	66,266,502
Transfers from reserve accounts	27	1,519,427	(1,519,427)	0	0
Transfers to reserve accounts	27	(1,879,099)	1,879,099	0	0
Balance as at 30 June 2023		(19,629,496)	6,970,021	385,546,132	372,886,657
Comprehensive income for the period					
Net result for the period		(1,402,518)	0	0	(1,402,518)
Total comprehensive income for the period		(1,402,518)	0	0	(1,402,518)
Transfers from reserve accounts	27	2,017,335	(2,017,335)	0	0
Transfers to reserve accounts	27	(3,321,462)	3,321,462	0	0
Balance as at 30 June 2024		(22,336,141)	8,274,148	385,546,132	371,484,139

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

SHIRE OF MANJIMUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	2024 Actual \$	2023 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		11,203,397	10,750,520
Grants, subsidies and contributions		7,132,868	8,714,333
Fees and charges		6,843,323	6,192,742
Interest revenue		733,743	415,226
Goods and services tax received		0	1,581,914
Other revenue		674,664	732,192
		26,587,995	28,386,927
Payments			
Employee costs		(12,453,982)	(11,473,017)
Materials and contracts		(8,836,676)	(8,400,672)
Utility charges		(716,290)	(717,441)
Finance costs		(199,758)	(205,029)
Insurance paid		(857,445)	(792,105)
Goods and services tax paid		92,535	(1,609,950)
Other expenditure		(655,894)	(631,454)
		(23,627,510)	(23,829,668)
Net cash provided by operating activities	17(b)	2,960,485	4,557,259
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	8(a)	(3,938,883)	(3,836,869)
Payments for construction of infrastructure	9(a)	(5,384,887)	(5,245,111)
Capital grants, subsidies and contributions		3,878,541	5,547,058
Proceeds from financial assets at amortised cost - self supporting loans		8,599	18,287
Proceeds from financial assets at fair values through profit and loss		(2,524)	
Proceeds from sale of property, plant & equipment		492,365	646,768
Net cash (used in) investing activities		(4,946,789)	(2,869,867)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	26(a)	(576,316)	(641,324)
Payments for principal portion of lease liabilities	26(d)	(89,670)	(96,354)
Proceeds from new borrowings	26(a)	3,750,000	0
Net cash provided by (used in) financing activities		3,084,014	(737,678)
Net increase in cash held		1,097,710	949,714
Cash at beginning of year		17,831,528	16,881,815
Cash and cash equivalents at the end of the year	17(a)	18,929,238	17,831,529

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

SHIRE OF MANJIMUP
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	24	11,340,373	11,366,027	10,549,946
Grants, subsidies and contributions		7,234,080	3,416,008	8,986,339
Fees and charges		6,822,579	5,683,458	6,205,259
Interest revenue		733,743	324,969	415,226
Other revenue		674,664	1,021,068	732,192
Profit on asset disposals		205,029	392,315	373,777
		27,010,468	22,203,845	27,262,739
Expenditure from operating activities				
Employee costs		(12,297,664)	(13,169,704)	(11,598,199)
Materials and contracts		(8,299,047)	(8,822,526)	(8,458,626)
Utility charges		(716,290)	(610,869)	(717,441)
Depreciation		(9,583,755)	(9,446,992)	(9,641,860)
Finance costs		(199,758)	(431,513)	(205,029)
Insurance		(857,445)	(812,474)	(792,105)
Other expenditure		(655,894)	(529,062)	(625,926)
Loss on asset disposals		(2,278)	(58,782)	(67,736)
		(32,612,131)	(33,881,922)	(32,106,922)
Non cash amounts excluded from operating activities	25(a)	9,355,217	9,371,250	9,304,005
Amount attributable to operating activities		3,753,554	(2,306,827)	4,459,822
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		4,199,145	10,399,685	6,144,751
Proceeds from disposal of assets		492,365	912,500	646,768
Proceeds from financial assets at amortised cost - self supporting loans	26(a)	8,599	56,329	18,287
		4,700,109	11,368,514	6,809,806
Outflows from investing activities				
Payments for financial assets at amortised cost - self supporting loans		0	(635,000)	0
Right of use assets received - non cash	11(a)	(23,496)	0	(65,972)
Purchase of property, plant and equipment	8(a)	(3,938,883)	(5,086,310)	(3,836,869)
Purchase and construction of infrastructure	9(a)	(5,384,887)	(14,569,597)	(5,245,111)
		(9,347,266)	(20,290,907)	(9,147,952)
Amount attributable to investing activities		(4,647,157)	(8,922,393)	(2,338,146)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	26(a)	3,750,000	6,135,000	0
Proceeds from new leases - non cash	26(d)	23,496	0	65,972
Transfers from reserve accounts	27	2,017,335	3,176,179	1,519,427
		5,790,831	9,311,179	1,585,399
Outflows from financing activities				
Repayment of borrowings	26(a)	(576,316)	(710,520)	(641,324)
Payments for principal portion of lease liabilities	26(d)	(89,670)	(123,000)	(96,354)
Transfers to reserve accounts	27	(3,321,462)	(4,907,730)	(1,879,099)
		(3,987,448)	(5,741,250)	(2,616,777)
Non-cash amounts excluded from financing activities	25(b)	(23,496)	0	0
Amount attributable to financing activities		1,779,887	3,569,929	(1,031,378)
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	25(c)	7,926,507	7,659,291	6,836,209
Amount attributable to operating activities		3,753,554	(2,306,827)	4,459,822
Amount attributable to investing activities		(4,647,157)	(8,922,393)	(2,338,146)
Amount attributable to financing activities		1,779,887	3,569,929	(1,031,378)
Surplus or deficit after imposition of general rates	25(c)	8,812,791	0	7,926,507

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

SHIRE OF MANJIMUP
FOR THE YEAR ENDED 30 JUNE 2024
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SHIRE OF MANJIMUP

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 Manjimup which is a Class 2 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 Act, 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 where no inconsistencies exist.

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 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 differs 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
- Expected credit losses on financial assets - note 5
- Measurement of employee benefits - note 15

Fair value hierarchy information can be found in note 22

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 0 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.

SHIRE OF MANJIMUP
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	11,340,373	0	11,340,373
Grants, subsidies and contributions	7,234,080	0	0	0	7,234,080
Fees and charges	4,617,435	0	2,205,144	0	6,822,579
Interest revenue	0	0	97,418	636,325	733,743
Other revenue	0	0	0	674,664	674,664
Capital grants, subsidies and contributions	0	4,199,145	0	0	4,199,145
Total	11,851,515	4,199,145	13,642,935	1,310,989	31,004,584

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	10,549,946	0	10,549,946
Grants, subsidies and contributions	8,453,328	0	0	533,011	8,986,339
Fees and charges	4,078,784	0	2,126,475	0	6,205,259
Interest revenue	0	0	90,580	324,646	415,226
Other revenue	0	0	0	732,192	732,192
Capital grants, subsidies and contributions	0	6,144,751	0	0	6,144,751
Total	12,532,112	6,144,751	12,767,001	1,589,849	33,033,713

SHIRE OF MANJIMUP
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 \$
The Shire utilises volunteer services at the fire station, library and beach lifeguards. When beach lifeguard volunteers are not available, the Shire employs paid beach lifeguards, and therefore the fair value of beach lifeguard volunteers can be reliably measured. All other volunteer services are not recognised as revenue as the fair value of the services cannot be reliably estimated.		
Interest revenue		
Financial assets at amortised cost - self supporting loans	3,457	4,142
Interest on reserve account	632,374	319,948
Trade and other receivables overdue interest	97,418	90,580
Other interest revenue	494	556
	733,743	415,226
The 2024 original budget estimate in relation to: Trade and other receivables overdue interest was \$100,000.		
Fees and charges relating to rates receivable		
Charges on instalment plan	35,969	33,722
The 2024 original budget estimate in relation to: Charges on instalment plan was \$38,500.		
(b) Expenses		
Auditors remuneration		
- Audit of the Annual Financial Report	41,840	39,900
- Other services – grant acquittals	8,500	6,200
	50,340	46,100
Employee Costs		
Employee benefit costs	12,038,195	11,381,706
Other employee costs	259,469	216,493
	12,297,664	11,598,199
Finance costs		
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	199,758	200,531
Lease liabilities	0	4,498
	199,758	205,029
Other expenditure		
Sundry expenses	655,894	625,926
	655,894	625,926

SHIRE OF MANJIMUP
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	18,929,238	17,831,529
Total cash and cash equivalents	17(a) 18,929,238	17,831,529
Held as		
- Unrestricted cash and cash equivalents	7,313,276	8,244,557
- Restricted cash and cash equivalents	17(a) 11,615,962	9,586,972
	18,929,238	17,831,529

Non-council controlled funds

On the 8 November 2017 the Shire of Manjimup and ARC Infrastructure Pty Ltd opened an escrow account held at Westpac Banking Corporation for \$500,000. The funds were required to be set aside as part of the Town Centre Revitalisation Stage 2, in particular, related to the removal of rail infrastructure within the townsites of Manjimup. The funds are to be used should there be a requirement to reinstate the rail infrastructure within the Shire of Manjimup lease term with ARC Infrastructure Pty Ltd (expiry 17 June 2049). The \$500,000 is deemed not to be an asset of the Shire of Manjimup and as such does not appear in the annual financial accounts. The balance as at 30 June 2024 including interest is \$572,464.

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.

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.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost		8,908	8,599
		8,908	8,599
Other financial assets at amortised cost			
Self supporting loans receivable	25(c)	8,908	8,599
		8,908	8,599
Held as			
- Unrestricted other financial assets at amortised cost		8,908	8,599
		8,908	8,599

(b) Non-current assets

Financial assets at amortised cost		83,757	92,664
Financial assets at fair value through profit or loss		124,758	122,234
		208,515	214,898
Financial assets at amortised cost			
Self supporting loans receivable		83,757	92,664
		83,757	92,664
Financial assets at fair value through profit or loss			
Units in Local Government House Trust - opening balance		124,758	122,234
Units in Local Government House Trust - closing balance		124,758	122,234

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 22 (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.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 21.

SHIRE OF MANJIMUP
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		1,046,370	984,012
Trade receivables		490,792	231,166
Other receivables		1,600	0
GST receivable		2,950	95,485
Allowance for credit losses of trade receivables	21(b)	(35,397)	(14,653)
Allowance for credit losses of rates and statutory receivables	21(b)	(230,859)	(229,781)
Other receivables - Infringement debtors		42,056	35,056
Other receivables - Office State Revenue		9,524	0
		1,327,036	1,101,285
Non-current			
Rates and statutory receivables		270,884	230,288
		270,884	230,288

The carrying amounts of the trade and other receivables include receivables which are subject to a factoring arrangement. Under the factoring arrangement, the Shire of Manjimup has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables, late payment and credit risk remains with the Shire of Manjimup, therefore the Shire continues to recognise the transferred assets in their entirety. The amount repayable under the factoring arrangement is presented as a secured borrowing under other loans at Note 14. The Shire considers that the held to collect business model remains appropriate for these receivables and continues measuring them at amortised cost.

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
		\$	\$	\$
Contract assets	7	1,023,991	582,298	708,578
Allowance for credit losses of trade receivables	5	(35,397)	(14,653)	(27,170)
Accrued interest - self supporting loans	7	494	556	695
Total trade and other receivables from contracts with customers		989,088	568,201	682,103

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.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 21.

SHIRE OF MANJIMUP
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		38,081	32,928
Bitumen products		8,481	16,889
Other inventories		118,733	176,951
		165,295	226,768
The following movements in inventories occurred during the year:			
Balance at beginning of year		226,768	327,459
Inventories expensed during the year		(422,797)	(588,659)
Additions to inventory		361,324	487,968
Balance at end of year		165,295	226,768

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 MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

7. OTHER ASSETS

	2024	2023
	\$	\$
Other assets - current		
Prepayments	166,724	208,940
Contract assets	1,023,991	582,298
Accrued interest - self supporting loans	494	556
	1,191,209	791,794

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.

Impairment of assets associated with contracts with customers are detailed at Note 2(b).

SHIRE OF MANJIMUP
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.

	<u>Assets not subject to operating lease</u>		<u>Assets subject to operating lease</u>		<u>Total Property</u>			<u>Plant and equipment</u>		<u>Total property, plant and equipment</u>
	<u>Land</u>	<u>Buildings - non-specialised</u>	<u>Land</u>	<u>Buildings - non-specialised</u>	<u>Land</u>	<u>Buildings - non-specialised</u>	<u>Total Property</u>	<u>Furniture and equipment</u>	<u>Plant and equipment</u>	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	3,676,000	54,712,083	0	0	3,676,000	54,712,083	58,388,083	1,623,377	5,810,655	65,822,115
Additions	0	2,217,302	0	0	0	2,217,302	2,217,302	91,799	1,527,768	3,836,869
Disposals	0	(67,740)	0	0	0	(67,740)	(67,740)	0	(272,987)	(340,727)
Depreciation	0	(1,845,014)	0	0	0	(1,845,014)	(1,845,014)	(94,623)	(908,183)	(2,847,820)
Balance at 30 June 2023	3,676,000	55,016,631	0	0	3,676,000	55,016,631	58,692,631	1,620,553	6,157,253	66,470,437
Comprises:										
Gross balance amount at 30 June 2023	3,676,000	93,423,102	0	0	3,676,000	93,423,102	97,099,102	2,300,492	15,535,293	114,934,887
Accumulated depreciation at 30 June 2023	0	(38,406,471)	0	0	0	(38,406,471)	(38,406,471)	(679,939)	(9,378,040)	(48,464,450)
Balance at 30 June 2023	3,676,000	55,016,631	0	0	3,676,000	55,016,631	58,692,631	1,620,553	6,157,253	66,470,437
Additions	0	1,739,858	0	0	0	1,739,858	1,739,858	39,665	2,159,360	3,938,883
Disposals					0	0	0		(289,614)	(289,614)
Depreciation	0	(1,892,942)	0	0	0	(1,892,942)	(1,892,942)	(103,683)	(1,031,516)	(3,028,141)
Balance at 30 June 2024	3,676,000	54,863,547	0	0	3,676,000	54,863,547	58,539,547	1,556,535	6,995,483	67,091,565
Comprises:										
Gross balance amount at 30 June 2024	3,676,000	95,162,960	0	0	3,676,000	95,162,960	98,838,960	2,340,156	16,555,672	117,734,788
Accumulated depreciation at 30 June 2024	0	(40,299,413)	0	0	0	(40,299,413)	(40,299,413)	(783,621)	(9,560,189)	(50,643,223)
Balance at 30 June 2024	3,676,000	54,863,547	0	0	3,676,000	54,863,547	58,539,547	1,556,535	6,995,483	67,091,565

SHIRE OF MANJIMUP
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	2 & 3	Market approach using recent observable market data for similar assets	Independent registered valuer	June 2022	Price per hectare / market borrowing rate
Buildings - non-specialised	2 & 3	Cost approach using current replacement cost	Independent registered valuer	June 2022	Construction costs and current condition, residual values and remaining useful life assessment inputs
Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.					
During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs. 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		N/A	Cost	N/A	N/A
Plant and equipment		N/A	Cost	N/A	N/A

SHIRE OF MANJIMUP
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 - refuse sites and transfer stations	Infrastructure - carparks	Infrastructure - cemeteries	Other infrastructure - airfields and runways	Other infrastructure - parks and ovals	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	176,770,331	3,690,180	13,312,156	29,256,453	348,485	2,203,091	159,045	2,830,743	5,334,244	233,904,728
Additions	4,154,143	274,174	26,975	351,000	0	181,299	0	2,835	254,685	5,245,111
Revaluation increments / (decrements) transferred to revaluation surplus	48,718,665	2,554,746	6,307,347	6,121,068	132,015	(53,071)	39,300	385,089	760,775	64,965,934
Depreciation	(4,408,350)	(91,536)	(596,935)	(864,365)	(39,680)	(61,700)	(14,255)	(192,637)	(426,239)	(6,695,697)
Balance at 30 June 2023	225,234,789	6,427,564	19,049,543	34,864,156	440,820	2,269,619	184,090	3,026,030	5,923,465	297,420,076
Comprises:										
Gross balance at 30 June 2023	359,340,131	10,149,486	30,283,196	59,801,484	1,058,200	3,129,657	495,800	6,047,700	11,312,900	481,618,554
Accumulated depreciation at 30 June 2023	(134,105,342)	(3,721,922)	(11,233,653)	(24,937,328)	(617,380)	(860,038)	(311,710)	(3,021,670)	(5,389,435)	(184,198,478)
Balance at 30 June 2023	225,234,789	6,427,564	19,049,543	34,864,156	440,820	2,269,619	184,090	3,026,030	5,923,465	297,420,076
Additions	2,809,856	425,780	257,226	0	0	361,055	6,980	16,219	1,507,771	5,384,887
Depreciation	(4,313,805)	(232,704)	(411,701)	(768,389)	(41,001)	(81,058)	(14,529)	(202,100)	(402,645)	(6,467,932)
Balance at 30 June 2024	223,730,840	6,620,640	18,895,068	34,095,767	399,819	2,549,616	176,541	2,840,149	7,028,591	296,337,031
Comprises:										
Gross balance at 30 June 2024	362,149,986	10,575,267	30,540,423	59,801,484	1,058,200	3,490,712	502,780	6,063,920	12,820,670	487,003,442
Accumulated depreciation at 30 June 2024	(138,419,146)	(3,954,627)	(11,645,355)	(25,705,717)	(658,381)	(941,096)	(326,239)	(3,223,771)	(5,792,079)	(190,666,411)
Balance at 30 June 2024	223,730,840	6,620,640	18,895,068	34,095,767	399,819	2,549,616	176,541	2,840,149	7,028,591	296,337,031

SHIRE OF MANJIMUP
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	3	Cost approach using depreciated replacement cost	Management valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Management valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - drainage	3	Cost approach using depreciated replacement cost	Management valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - bridges	3	Cost approach using depreciated replacement cost	Management valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - refuse sites and transfer stations	3	Cost approach using depreciated replacement cost	Management valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - carparks	3	Cost approach using depreciated replacement cost	Management valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - cemeteries	3	Cost approach using depreciated replacement cost	Management valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Other infrastructure - airfields and runways	3	Cost approach using depreciated replacement cost	Management valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Other infrastructure - parks and ovals	3	Cost approach using depreciated replacement cost	Management valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs

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

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

SHIRE OF MANJIMUP
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	25 to 60 years
Furniture and equipment	4 to 10 years
Plant and equipment	2.5 to 25 years
Sealed roads and streets - formation	not depreciated
Sealed roads and streets - pavement	80 years
seal - bituminous seals	27 years
seal - asphalt surfaces	27 years
Gravel roads - formation	not depreciated
Gravel roads - pavement	80 years
Bridges	60 years
Footpaths - slab	50 years
Sewerage piping	50 years
Water supply piping and drainage systems	50 years
Refuse Sites and transfer stations	25 to 40 years
Carparks	25 to 60 years
Cemeteries	25 to 40 years
Airfield and runways	30 years
Parks and ovals	20 to 40 years
Right-of-use (plant and equipment)	Based on the remaining lease
Intangible assets - computer software licence	5 years

Revision of useful lives of plant and equipment

The Shire of Manjimup has undertaken a cursory review of useful lives and as a result of that review, has made no changes during the 2023/24 financial year.

(b) Fully Depreciated Assets in Use

The gross carrying amount of assets held by the Shire which are currently in use yet fully depreciated are shown in the table below.

	2024	2023
	\$	\$
Furniture and equipment	344,519	309,351
Plant and equipment	5,053,070	5,183,563
	5,397,589	5,492,914

SHIRE OF MANJIMUP
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 MANJIMUP
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 - plant and equipment	Right-of-use assets Total
	\$	\$
Balance at 1 July 2022	185,073	185,073
Additions	65,972	65,972
Depreciation	(98,343)	(98,343)
Balance at 30 June 2023	152,702	152,702
Gross balance amount at 30 June 2023	299,100	299,100
Accumulated depreciation at 30 June 2023	(146,398)	(146,398)
Balance at 30 June 2023	152,702	152,702
Additions	23,496	23,496
Depreciation	(87,682)	(87,682)
Balance at 30 June 2024	88,516	88,516
Gross balance amount at 30 June 2024	272,123	272,123
Accumulated depreciation at 30 June 2024	(183,607)	(183,607)
Balance at 30 June 2024	88,516	88,516

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	(87,682)	(98,343)
Finance charge on lease liabilities	(3,777)	(4,498)
Short-term lease payments recognised as expense	0	(3,840)
Low-value asset lease payments recognised as expense	(79,108)	(82,356)
Total amount recognised in the statement of comprehensive income	(170,567)	(189,037)
Total cash outflow from leases	(93,447)	(100,852)
(b) Lease Liabilities		
Current	55,365	84,117
Non-current	33,152	70,574
	88,516	154,691

The Shire of Manjimup's leasing activity is targeted at high depreciated, short life assets, being computer hardware, light vehicles and miscellaneous equipment. The useable life of the asset is assessed and an appropriate lease term is determined based on that assessment. Assets are returned at the completion of the lease term.

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.

SHIRE OF MANJIMUP
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11. LEASES

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 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 26(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 MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Prepaid rates	
Accrued payroll liabilities	
Bonds and deposits held	
Accrued expenses	
Accrued interest on loans	
Accrued employee deductions/hours bank	

2024	2023
\$	\$
315,241	697,087
370,503	404,525
389,255	365,629
215,213	244,970
269,624	76,045
58,027	40,073
128,920	128,537
1,746,783	1,956,866

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 MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

13. 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 \$626,265 (2023: \$450,805)

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 held as a liability at the start of the period

	2024	2023
	\$	\$
Contract liabilities	626,265	450,805
Capital grant/contributions liabilities	1,279,741	1,600,345
	1,906,006	2,051,150
Reconciliation of changes in contract liabilities		
Opening balance	450,805	789,368
Additions	626,265	450,805
Revenue from contracts with customers included as a contract liability at the start of the period	(450,805)	(789,368)
	626,265	450,805
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	1,600,345	2,198,038
Additions	1,219,741	1,540,345
Revenue from capital grant/contributions held as a liability at the start of the period	(1,540,345)	(2,138,038)
	1,279,741	1,600,345

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 22(i)) due to the unobservable inputs, including own credit risk.

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

14. BORROWINGS

	Note	2024			2023		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		683,844	7,724,710	8,408,554	576,318	4,658,552	5,234,870
Total secured borrowings	26(a)	683,844	7,724,710	8,408,554	576,318	4,658,552	5,234,870

Secured liabilities and assets pledged as security

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

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 22(i)) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 21.

Details of individual borrowings required by regulations are provided at Note 26(a).

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2024	2023
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	830,587	861,632
Long service leave	915,186	1,074,432
Other employee leave provisions	39,143	43,605
	1,784,916	1,979,669
Total current employee related provisions	1,784,916	1,979,669
Non-current provisions		
Employee benefit provisions		
Long service leave	194,912	180,411
Other leave provisions - workers compensation	4,370	4,062
	199,282	184,473
Total non-current employee related provisions	199,282	184,473
Total employee related provisions	1,984,198	2,164,142

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. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	Note	2024	2023
		\$	\$
Amounts are expected to be settled on the following basis:			
Less than 12 months after the reporting date		938,563	975,834
More than 12 months from reporting date		1,045,635	1,188,308
		1,984,198	2,164,142

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 MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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16. REVALUATION SURPLUS

	2024 Opening Balance	2024 Closing Balance	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance
	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	1,722,921	1,722,921	1,722,921	0	1,722,921
Revaluation surplus - Buildings - non-specialised	52,900,298	52,900,298	52,900,298	0	52,900,298
Revaluation surplus - Furniture and equipment	798,087	798,087	798,087	0	798,087
Revaluation surplus - Infrastructure - roads	330,124,826	330,124,826	265,158,892	64,965,934	330,124,826
	385,546,132	385,546,132	320,580,198	64,965,934	385,546,132

The movement in the revaluation surplus for infrastructure roads relates to an impairment loss as a result of a flood event. Refer to Note 9(a).

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

17. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Note	2024 Actual \$	2023 Actual \$
Cash and cash equivalents	3	18,929,238	17,831,529
Restrictions			
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	11,615,962	9,586,972
		11,615,962	9,586,972
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	27	8,274,148	6,970,021
Contract liabilities	13	626,265	450,805
Capital grant liabilities	13	1,279,741	1,600,345
Unspent loans	26(c)	1,435,808	320,831
Total restricted financial assets		11,615,962	9,586,972

**(b) Reconciliation of Net Result to Net Cash Provided
By Operating Activities**

Net result	(1,402,518)	1,300,568
Non-cash items:		
Adjustments to fair value of financial assets at fair value through profit or loss	0	(5,528)
Depreciation/amortisation	9,583,755	9,641,860
(Profit)/loss on sale of asset	(202,751)	(306,041)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(266,347)	140,116
(Increase)/decrease in other assets	(399,415)	30,588
(Increase)/decrease in inventories	61,473	100,691
Increase/(decrease) in trade and other payables	(210,083)	52,170
Increase/(decrease) in employee related provisions	(179,944)	86,149
Increase/(decrease) in other liabilities	(145,144)	(936,256)
Capital grants, subsidies and contributions	(3,878,541)	(5,547,058)
Net cash provided by/(used in) operating activities	2,960,485	4,557,259

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	40,000	40,000
Credit card balance at balance date	7,567	(12,275)
Total amount of credit unused	47,567	27,725

Loan facilities

Loan facilities - current	683,844	576,318
Loan facilities - non-current	7,724,710	4,658,552
Total facilities in use at balance date	8,408,554	5,234,870
Unused loan facilities at balance date	1,435,808	320,831

SHIRE OF MANJIMUP

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

18. CONTINGENT LIABILITIES

In compliance with the Contaminated Sites Act 2003 Section 11, the Shire has listed sites to be possible sources of contamination. Details of those sites are:

- Lot 778, Plan 189109 Manjimup WA 6258 (Starkies Pit - Remediated)
- 16 Wetherell St, Manjimup WA 6258 (Shire of Manjimup Depot)
- Lot 501 Ralston Road Ringbark (Manjimup Refuse Site)
- Lot 305 Ralston Road Ringbark (Closed Landfill Site)
- R24003 Pemberton-Northcliffe Rd, Yeagarup (Pemberton Transfer Station)
- R29991 Pemberton-Northcliffe Rd, Northcliffe (Northcliffe Transfer Station)
- R21092 South West Hwy, Walpole (Walpole Transfer Station)
- R38881 Windy Harbour Rd, Windy Harbour (Windy Harbour Refuse Site)
- Lease 1451/140, State Forest 38 Wheatley Coast Rd, Quinninup (Closed Sanitary Site)
- Lease 1451/140, State Forest 38 Kurandra Rd, Middlesex (Closed Liquid Waste Facility)

The Shire has undertaken full remediation of Lot 778, Plan 189109 Manjimup WA 6258 and the site is currently being monitored through regular ground water bore testing. For 16 Wetherell St, Manjimup WA 6258 (Depot), the Shire has set aside funding in the 2024/25 Annual Budget to continue the investigation to the level of contamination.

The Shire undertakes biannual ground water bore testing on the Pemberton, Northcliffe and Walpole transfer stations with no issues of contamination indicated. Until the Shire conducts an investigation on the remaining sites 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.

19. CAPITAL COMMITMENTS

Contracted for:

- capital expenditure projects
- plant & equipment purchases

2024	2023
\$	\$
1,327,416	2,158,535
53,000	1,224,496
1,380,416	3,383,031

The 2023/2024 capital expenditure projects commitment relates to tender RFT04/22 being the power upgrade and lighting for the Rea Park / Collier Street Redevelopment.

Plant & equipment purchase primarily relate to the purchase of replacement plant that has been delayed due to supply issues.

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20. 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	39,856	40,957	40,350
President's meeting attendance fees	23,363	23,940	23,583
President's ICT expenses	2,000	2,000	2,000
President's annual allowance for ICT expenses	1,155	1,640	8,314
	66,374	68,537	74,247
Deputy President's annual allowance	10,129	10,239	10,087
Deputy President's meeting attendance fees	19,820	19,820	19,524
Deputy President's ICT expenses	2,000	2,000	2,000
Deputy President's annual allowance for ICT expenses	382	1,636	0
	32,331	33,695	31,611
All other council member's meeting attendance fees	151,466	151,412	175,716
All other council member's ICT expenses	15,172	15,280	18,000
All other council member's travel and accommodation expenses	16,820	12,498	11,587
	183,458	179,190	205,303
20(b)	282,163	281,422	311,161

(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	1,312,190	1,327,914
Post-employment benefits	148,458	126,585
Employee - other long-term benefits	22,126	20,984
Council member costs	282,163	311,161
20(a)	1,764,937	1,786,644

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.

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20. 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
	\$	\$
Sale of goods and services	4,491	88,890

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 20(a) and 20(b).

ii. Other Related Parties

During the previous year, a company controlled by a related party of a council member, was awarded a contract under the selective tender process on terms and conditions equivalent for those that prevail in arm's length transactions under the Shire's procurement process.

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 MANJIMUP
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21. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2024					
Cash and cash equivalents	1.55%	18,929,238	0	18,926,688	2,550
Financial assets at amortised cost - term deposits		0	0		
Financial assets at amortised cost - Treasury bonds					
2023					
Cash and cash equivalents	1.55%	17,831,529	0	17,828,979	2,550
Financial assets at amortised cost - term deposits		0	0		
Financial assets at amortised cost - Treasury bonds					

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2024	2023
	\$	\$
Impact of a 1% movement in interest rates on profit or loss and equity*	189,267	178,290

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 26(a).

SHIRE OF MANJIMUP
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21. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

The Shire's major trade and other receivables comprise contractual non-statutory user fees and charges, grants, contributions and reimbursements. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies.

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

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

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2023 or 1 July 2024 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

The loss allowance as at 30 June 2024 and 30 June 2023 was determined as follows for trade and other receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2024					
Trade receivables					
Expected credit loss	0.00%	25.00%	50.00%	75.00%	
Gross carrying amount	414,689	31,705	23,313	21,086	490,793
Loss allowance	0	7,926	11,657	15,815	35,397
Rate and statutory receivables					
Expected credit loss	0.00%	0.00%	0.00%	53.25%	
Gross carrying amount	617	150,006	462,171	433,576	1,046,370
Loss allowance	0	0	0	230,859	230,859
30 June 2023					
Trade receivables					
Expected credit loss	0.00%	25.00%	50.00%	75.00%	
Gross carrying amount	199,242	17,779	1,600	12,545	231,166
Loss allowance	0	4,445	800	9,408	14,653
Rate and statutory receivables					
Expected credit loss	0.00%	0.00%	0.00%	67.4253%	
Gross carrying amount	65,904	506,737	70,577	340,794	984,012
Loss allowance	0	0	0	229,781	229,781

SHIRE OF MANJIMUP
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21. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

The loss allowances for trade, other receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	Trade receivables		Rates and statutory receivables		Contract Assets	
	2024 Actual	2023 Actual	2024 Actual	2023 Actual	2024 Actual	2023 Actual
Opening loss allowance as at 1 July	\$ 14,653	\$ 27,170	\$ 229,781	\$ 225,040	\$ (556)	\$ 0
Increase in loss allowance recognised in profit or loss during the year	0	0	1,078	0	0	0
Receivables written off during the year as uncollectible		(9,620)				0
Unused amount reversed	20,744	(2,897)	0	4,741	62	0
Closing loss allowance at 30 June	35,397	14,653	230,859	229,781	(494)	0

Trade, rates and statutory receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Shire, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on rates and statutory receivables, trade and contract assets are presented as net impairment losses within other expenditure. Subsequent recoveries of amounts previously written off are credited against the same line item.

SHIRE OF MANJIMUP
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21. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 17(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
<u>2024</u>	\$	\$	\$	\$	\$
Trade and other payables	1,746,783	0	0	1,746,783	1,746,783
Borrowings	1,033,341	3,177,942	7,545,741	11,757,024	8,408,554
Lease liabilities	57,269	34,435	0	91,704	88,516
	<u>2,837,393</u>	<u>3,212,377</u>	<u>7,545,741</u>	<u>13,595,511</u>	<u>10,243,854</u>
<u>2023</u>					
Trade and other payables	1,956,866	0	0	1,956,866	1,956,866
Borrowings	754,282	2,218,033	3,409,898	6,382,213	5,234,870
Lease liabilities	87,053	75,522	0	162,575	154,691
	<u>2,798,201</u>	<u>2,293,555</u>	<u>3,409,898</u>	<u>8,501,654</u>	<u>7,346,427</u>

SHIRE OF MANJIMUP
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22. 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. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

h) 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 MANJIMUP
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23. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

Shire operations as disclosed in this financial report encompass the following service orientated functions and activities.

Objective	Description
Governance To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers matters which do not concern specific local government services.
General purpose funding To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
Law, order, public safety To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
Health To provide an operational framework for environmental and community health	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
Education and welfare To provide services to disadvantaged persons, the elderly, children and youth	Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home care programs and youth services.
Housing To provide and maintain elderly residents housing.	Provision and maintenance of elderly residents housing.
Community amenities To provide services required by the community	Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.
Recreation and culture To establish and effectively manage infrastructure and resources which will help the social well being of the community	Maintenance of public halls, civic centres, aquatic centres, beaches, recreation centres, and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and cultural facilities.
Transport To provide safe, effective and efficient transport services to the community	Construction and maintenance of roads, streets, footpaths, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting ect.
Economic services To help promote the local government and its economic wellbeing	Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.
Other property and services To monitor and control operating accounts	Private works operation, plant repair and costs

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23. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2024 Actual \$	2023 Actual \$
Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	1,472,199	1,345,971
General purpose funding	11,511,137	10,710,217
Law, order, public safety	97,263	151,507
Health	21,776	68,631
Education and welfare	2,801,558	2,121,393
Housing	30,537	29,771
Community amenities	2,453,747	2,289,857
Recreation and culture	893,939	802,642
Transport	139,318	251,148
Economic services	70,876	152,038
Other property and services	284,038	353,225
	19,776,388	18,276,400
Grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	479,327	612,566
General purpose funding	2,808,959	3,962,372
Law, order, public safety	697,558	1,160,526
Health	3,381	0
Education and welfare	882,754	1,339,944
Community amenities	39,597	21,980
Recreation and culture	1,623,252	1,887,357
Transport	4,733,376	6,070,705
Economic services	71,908	9,090
Other property and services	93,113	66,550
	11,433,225	15,131,090
Total Income	31,209,613	33,407,490
Expenses		
Governance	(3,281,580)	(3,784,114)
General purpose funding	(143,534)	(32,033)
Law, order, public safety	(1,804,440)	(1,749,358)
Health	(413,584)	(282,491)
Education and welfare	(3,375,374)	(3,125,309)
Housing	(55,352)	(21,868)
Community amenities	(3,195,826)	(2,987,167)
Recreation and culture	(6,600,134)	(6,318,855)
Transport	(11,383,615)	(11,685,126)
Economic services	(2,202,857)	(2,080,292)
Other property and services	(155,835)	(40,309)
Total expenses	(32,612,131)	(32,106,922)
Net result for the period	(1,402,518)	1,300,568
(c) Total Assets		
Governance	5,404,803	5,447,849
Law, order, public safety	4,467,556	4,489,835
Health	81,658	77,906
Education and welfare	6,593,478	6,406,246
Housing	3,081,184	2,214,901
Community amenities	1,723,377	1,792,429
Recreation and culture	46,787,330	46,437,544
Transport	293,416,718	295,060,828
Economic services	1,841,854	1,926,337
Other property and services	30,637	36,638
Unallocated	22,189,602	20,557,863
	385,618,197	384,448,376

24. RATING INFORMATION

RATE TYPE	Rate Description
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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 MANJIMUP
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25. DETERMINATION OF SURPLUS OR DEFICIT

		2023/24 Budget (30 June 2024 Carried Forward)	2022/23 (30 June 2023 Carried Forward)
Note	2023/24 (30 June 2024 Carried Forward)	(30 June 2024 Carried Forward)	(30 June 2023 Carried Forward)
	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	(205,029)	(392,315)	(373,777)
Add: Loss on disposal of assets	2,278	58,782	67,736
Add: Impairment of Plant and Equipment	0	0	0
Add: Depreciation	9,583,755	9,446,992	9,641,860
Non-cash movements in non-current assets and liabilities:			
Pensioner deferred rates	(40,596)	(75,428)	(21,464)
Employee benefit provisions	14,809	333,219	(10,350)
Non-cash amounts excluded from operating activities	9,355,217	9,371,250	9,304,005
(b) Non-cash amounts excluded from financing activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to financing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to financing activities			
Non cash proceeds from new leases	(23,496)		
Non-cash amounts excluded from financing activities	(23,496)	0	0
(c) 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			
Less: Reserve accounts	(8,274,148)	(8,647,328)	(6,970,021)
Less: Financial assets at amortised cost - self supporting loans	(8,908)	(56,329)	(8,599)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	683,844	833,252	576,318
- Current portion of lease liabilities	55,365	96,355	84,117
- Employee benefit provisions	911,866	1,216,902	932,837
Total adjustments to net current assets	(6,631,981)	(6,557,148)	(5,385,348)
Net current assets used in the Statement of Financial Activity			
Total current assets	21,621,686	11,565,199	19,959,975
Less: Total current liabilities	(6,176,914)	(5,008,051)	(6,648,120)
Less: Total adjustments to net current assets	(6,631,981)	(6,557,148)	(5,385,348)
Surplus or deficit after imposition of general rates	8,812,791	0	7,926,507

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26. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual							Budget			
		Principal at	New Loans	Principal	Principal at 30	New Loans	Principal	Principal at	Principal at 1	New Loans	Principal	Principal at
		1 July 2022	During 2022-23	Repayments During 2022-23	June 2023	During 2023-24	Repayments During 2023-24	30 June 2024	July 2023	During 2023-24	Repayments During 2023-24	30 June 2024
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Brockman St (RGC)		368,562	0	(18,324)	350,238	0	(19,067)	331,171	350,238	0	(19,068)	331,170
Freehold Land Acquisition (RGC)		689,623	0	(34,286)	655,337	0	(35,678)	619,659	655,337	0	(35,678)	619,659
Archive Storage Shed		128,125	0	(6,097)	122,028	0	(6,206)	115,822	122,028	0	(6,206)	115,822
Medical Professionals Accommodation		397,401	0	(22,530)	374,871	0	(23,468)	351,403	374,871	0	(23,468)	351,403
Manjimup Waste Site Development		178,446	0	(20,713)	157,733	0	(22,132)	135,601	157,733	0	(22,132)	135,601
Manjimup VRC Building Expansion		152,189	0	(12,373)	139,816	0	(12,933)	126,883	139,816	0	(12,933)	126,883
CBD Solar Efficiency Project		404,921	0	(48,435)	356,486	0	(49,043)	307,443	356,486	0	(49,043)	307,443
Pemb Sports Complex, Walpole Co-Loc		21,669	0	(21,669)	0	0	0	0	0	0	0	0
NICC, Walpole Telecentre carpark		51,743	0	(25,045)	26,698	0	(26,698)	0	26,698	0	(26,698)	0
Swimming pool		250,911	0	(78,792)	172,119	0	(83,541)	88,578	172,119	0	(83,541)	88,578
Swimming pool		328,641	0	(87,088)	241,553	0	(92,374)	149,179	241,553	0	(92,374)	149,179
Swimming pool		201,375	0	(45,544)	155,831	0	(48,422)	107,409	155,831	0	(48,422)	107,409
AquaCentre - Ground Source Heat Pumps		27,066	0	(27,066)	0	0	0	0	0	0	0	0
Walpole Country Club		41,894	0	(11,470)	30,424	0	(11,863)	18,561	30,424	0	(11,863)	18,561
Solar PV System AquaCentre		31,504	0	(31,504)	0	0	0	0	0	0	0	0
Air Source Heat Pumps AquaCentre		141,723	0	(16,952)	124,771	0	(17,165)	107,606	124,771	0	(17,165)	107,606
Pemberton Colocation Redevelopment		672,436	0	(28,237)	644,199	0	(28,927)	615,272	644,199	0	(28,927)	615,272
Stage 1 - Recreation/Community Amenities Upgrade		1,440,934	0	(60,508)	1,380,426	0	(61,986)	1,318,440	1,380,426	0	(61,986)	1,318,440
Depot Building extensions, WP T/Hall Entry, WP Aged Accom, WP SSR Shed		227,481	0	(26,404)	201,077	0	(28,214)	172,863	201,077	0	(28,214)	172,863
Stage 2a - Recreation/Community Facilities Upgrade		0	0	0	0	500,000	0	500,000	0	500,000	(14,410)	485,590
Stage 2b - Collier Street/ Rea Park Redevel		0	0	0	0	2,500,000	0	2,500,000	0	2,500,000	(72,063)	2,427,937
Stage 2C - Collier Street/ Rea Park Redevel		0	0	0	0	0	0	0	0	2,500,000	0	2,500,000
Staff Housing		0	0	0	0	750,000	0	750,000	0	0	0	0
Total		5,756,644	0	(623,037)	5,133,607	3,750,000	(567,717)	8,315,890	5,133,607	5,500,000	(654,191)	9,979,416
Self Supporting Loans												
Manjimup Country Club		9,985	0	(9,985)	0	0	0	0	0	0	0	0
Pemberton Golf Club		109,565	0	(8,302)	101,263	0	(8,599)	92,664	101,263	0	(8,599)	92,664
Manjimup Tennis Club		0	0	0	0	0	0	0	0	250,000	(3,592)	246,408
Dunreath Cottages Inc		0	0	0	0	0	0	0	0	385,000	(44,138)	340,862
Total Self Supporting Loans		119,550	0	(18,287)	101,263	0	(8,599)	92,664	101,263	635,000	(56,329)	679,934
Total Borrowings	14	5,876,194	0	(641,324)	5,234,870	3,750,000	(576,316)	8,408,554	5,234,870	6,135,000	(710,520)	10,659,350

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.

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26 BORROWING AND LEASE LIABILITIES (Continued)

Borrowing Finance Cost Payments

Purpose	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ended 30 June 2024	Budget for year ended 30 June 2024	Actual for year ended 30 June 2023
					\$	\$	\$
Brockman St (RGC)	223	WATC	4.02%	23/03/2037	(13,682)	(13,890)	(14,434)
Freehold Land Acquisition (RGC)	224	WATC	4.02%	23/03/2037	(25,564)	(25,990)	(27,008)
Archive Storage Shed	229	WATC	1.78%	6/03/2040	(2,110)	(2,145)	(2,220)
Medical Professionals Accommodation	219	WATC	5.00%	24/07/2035	(14,791)	(15,205)	(15,740)
Manjimup Waste Site Development	213	WATC	6.74%	5/06/2029	(10,188)	(10,265)	(11,592)
Manjimup VRC Building Expansion	215	WATC	4.57%	22/06/2032	(6,064)	(6,107)	(6,654)
CBD Solar Efficiency Project	228	WATC	1.25%	6/03/2030	(4,110)	(4,303)	(4,720)
Pemb Sports Complex, Walpole Co-Loc	196	WATC	6.56%	16/08/2022	0	0	(182)
NICC, Walpole Telecentre carpark	202	WATC	6.50%	7/05/2024	(1,037)	(1,288)	(2,682)
Swimming pool	206	WATC	5.94%	13/05/2025	(8,402)	(9,001)	(13,163)
Swimming pool	207	WATC	5.98%	15/11/2025	(12,405)	(13,084)	(17,730)
Swimming pool	210	Westpac	6.27%	17/03/2026	(8,180)	(9,053)	(11,110)
AquaCentre - Ground Source Heat Pumps	216	WATC	4.42%	12/04/2023	0	0	(628)
Walpole Country Club	220	WATC	3.61%	24/07/2025	(759)	(934)	(1,159)
Solar PV System AquaCentre	225	WATC	3.61%	4/05/2023	0	0	(507)
Air Source Heat Pumps AquaCentre	227	WATC	1.25%	6/03/2030	(1,438)	(1,506)	(1,652)
Pemberton Colocation Redevelopment	230	WATC	2.43%	9/04/2041	(15,173)	(15,460)	(16,150)
Stage 1 - Recreation/Community Amenities Upgrade	231	WATC	2.43%	9/04/2041	(32,901)	(33,129)	(34,283)
Depot Building extensions, WP T/Hall Entry, WP Aged Accom, WP SSR Shed	214	WATC	6.74%	5/06/2029	(12,960)	(13,085)	(14,775)
Stage 2a - Recreation/Community Facilities Upgrade	232	WATC	5.31%	16/05/2044	(3,366)	(27,382)	0
Stage 2b - Collier Street/ Rea Park Redevel	233	WATC	5.31%	16/05/2044	(16,611)	(136,897)	0
Staff Housing	237	WATC	5.31%	6/06/2044	(2,783)	0	0
Total					(192,524)	(338,724)	(196,389)
Self Supporting Loans Finance Cost Payments							
Manjimup Country Club	218	WATC	4.42%	12/04/2023	0	0	(325)
Pemberton Golf Club	226	WATC	3.55%	4/05/2033	(3,457)	(3,519)	(3,817)
Manjimup Tennis Club	235	TBA	4.80%		0	(6,856)	0
Dunreath Cottages Inc	236	TBA	4.27%		0	(9,593)	0
Total Self Supporting Loans Finance Cost Payments					(3,457)	(19,968)	(4,142)
Total Finance Cost Payments					(195,981)	(358,692)	(200,531)

* WA Treasury Corporation

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26. 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		
				%	\$	\$	\$	\$	\$	\$
Recreation/Community Facilities Upgrade	WATC	Prin/Int	20	5.31%	500,000	500,000	(347,393)	0	318,042	152,607
Stage 2b - Collier Street/ Rea Park Redevelopment	WATC	Prin/Int	20	5.31%	2,500,000	2,500,000	(1,293,042)	0	1,590,211	1,206,958
Stage 2C - Collier Street/ Rea Park Redevelopment	TBA	Prin/Int	20	5.31%	0	2,500,000	0	0	0	0
Staff Housing	WATC	Prin/Int	20	5.31%	750,000	0	(750,000)	0	478,379	0
Manjimup Tennis Club	TBA	Prin/Int	20	4.80%	0	250,000	0	0	0	0
Dunreath Cottages Inc	TBA	Prin/Int	4	4.30%	0	385,000	0	0	0	0
					3,750,000	6,135,000	(2,390,435)	0	2,386,632	1,359,565

* 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
			\$	\$	\$	\$
Energy Efficiency Project / Brockman St Upgrade - Solar	WATC	2019/2020	152,131	0	(90,064)	62,067
Archive Storage Building	WATC	2019/2020	14,176	0	0	14,176
Pemberton RSL Colocation Redevelopment	WATC	2020/2021	154,524	0	(154,524)	0
Stage 2a - Recreation/Community Facilities Upgrade	WATC	2023/2024	0	500,000	(347,393)	152,607
Stage 2b - Collier Street/ Rea Park Redevel	WATC	2023/2024	0	2,500,000	(1,293,042)	1,206,958
			320,831	3,000,000	(1,885,023)	1,435,808

* WA Treasury Corporation

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

26. BORROWING AND LEASE LIABILITIES (Continued)

(d) Lease Liabilities

Purpose	Note	Actual								Budget			
		Principal				Principal				Principal			
		Principal at 1 July 2022	New Leases During 2022-23	Repayments During 2022-23	Principal at 30 June 2023	New Leases During 2023-24	Repayments During 2023-24	Principal at 30 June 2024		Principal at 1 July 2023	New Leases During 2023-24	Repayments During 2023-24	Principal at 30 June 2024
		\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$
Fuji Xerox Copiers		1,474	0	(1,474)	0	0	0	0		0	0	0	0
Network Equipment		11,832	0	(6,398)	5,434	0	(5,434)	0		5,434	0	(5,434)	0
Switching Equipment ICT		32,016	0	(9,023)	22,993	0	(9,121)	13,872		22,993	0	(9,121)	13,872
Toyota Camry - 1026WA		4,463	0	(4,463)	0	0	0	0		0	0	0	0
Ford Focus - 1027WA		3,176	0	(3,176)	0	0	0	0		0	0	0	0
Fuji Xerox Copier		295	0	(295)	0	0	0	0		0	0	0	0
Switches Depot & MRAC		2,976	0	(2,976)	0	0	0	0		0	0	0	0
Ford Ranger - 1030WA		14,801	0	(8,420)	6,381	0	(6,381)	0		6,381	0	(6,381)	0
Nutanix Block		76,033	0	(29,963)	46,070	0	(30,561)	15,509		46,070	0	(30,561)	15,509
Toyota Hilux - 1005WA		23,588	0	(8,335)	15,253	0	(8,609)	6,644		15,253	0	(8,609)	6,644
Ford Ranger - 1028WA		14,419	0	(6,873)	7,546	0	(6,962)	584		7,546	0	(6,962)	584
Shire Firewall Hardware		0	31,444	(10,105)	21,339	0	(10,475)	10,864		21,557	0	(10,474)	11,083
HP Design Jet XL3600		0	34,528	(4,853)	29,675	0	(6,574)	23,101		29,676	0	(6,820)	22,856
Nissan xTrail - 1026WA		0	0	0	0	23,496	(5,553)	17,943		0	0	0	0
Various lease renewals		0	0	0	0	0	0	0		0	0	(38,638)	(38,638)
Total Lease Liabilities	11(b)	185,073	65,972	(96,354)	154,691	23,496	(89,670)	88,516		154,910	0	(123,000)	31,910

Lease Finance Cost Payments

Purpose	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year ended 30 June 2024	Budget for year ended 30 June 2024	Actual for year ended 30 June 2023	Lease Term
					\$	\$	\$	
Fuji Xerox Copiers	120-0395884-002	DLL Financial	2.10%	28/08/2022	0	0	(3)	36 Months
Network Equipment	E6N0163073	MAIA	2.10%	20/05/2024	(52)	(52)	0	60 Months
Switching Equipment ICT	5546295549AUS1	HP Financial	1.10%	31/12/2025	(207)	(207)	0	36 Months
Toyota Camry - 1026WA	SG Fleet	SG Fleet	1.60%	7/03/2023	0	0	(186)	48 Months
Ford Focus - 1027WA	SG Fleet	SG Fleet	2.00%	6/02/2023	0	0	(305)	48 Months
Switch (MHCC)	E6N0159608	MAIA	2.00%	7/08/2021	0	0	(27)	36 Months
Fuji Xerox Copier	120-0395884-001	DLL Financial	2.10%	28/08/2022	0	0	(21)	36 Months
Ford Ranger - 1030WA	988158	SG Fleet	1.20%	31/03/2024	(32)	(32)	(1)	36 Months
Nutanix Block	5546295549AUS2	HP Financial	2.00%	30/01/2025	(639)	(639)	(16)	60 Months
Toyota Hilux - 1005WA	998878	SG Fleet	2.30%	25/04/2025	(370)	(370)	(131)	36 Months
Ford Ranger - 1028WA	990366	SG Fleet	1.30%	10/08/2024	(57)	(57)	(1,237)	36 Months
Shire Firewall Hardware	5546295549AUS4	HP Financial	3.70%	20/06/2025	(605)	(605)	(644)	36 Months
HP Design Jet XL3600	52295/0504884	Finlease	3.70%	30/09/2027	(974)	(728)	(145)	36 Months
Nissan xTrail - 1026WA	1068377	SG Fleet	4.47%	28/07/2027	(841)	0	(975)	36 Months
Various lease renewals					0	0	(807)	36 Months
Total Finance Cost Payments					(3,777)	(2,690)	(4,498)	

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

27. 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave	605,913	0	0	605,913	605,913	0	0	605,913	504,535	101,378	0	605,913
(b) Airfield construction and maintenance	188,018	20,000	(16,220)	191,798	188,018	20,000	(70,784)	137,234	170,853	20,000	(2,835)	188,018
(c) AquaCentre building	134,166	20,000	(40,615)	113,551	134,166	20,000	(114,322)	39,844	114,166	20,000	0	134,166
(d) AquaCentre plant	25,595	20,000	(4,990)	40,605	25,595	20,000	0	45,595	5,595	20,000	0	25,595
(e) Arts and culture	39,807	5,000	(5,915)	38,892	39,807	5,000	(6,108)	38,699	34,735	5,955	(883)	39,807
(f) Bridge	283,584	0	0	283,584	283,584	0	0	283,584	283,584	0	0	283,584
(g) Building asset management	188,012	0	(39,948)	148,064	188,012	0	(165,452)	22,560	232,271	0	(44,259)	188,012
(h) Community bus	1,370	0	0	1,370	1,370	0	0	1,370	1,370	0	0	1,370
(i) Construction and resource research	481,271	0	(3,716)	477,555	481,271	5,000	(28,589)	457,682	482,383	0	(1,112)	481,271
(j) Future carpark	5,190	0	0	5,190	5,191	5,000	0	10,191	5,190	0	0	5,190
(k) Grants in advance	0	0	0	0	0	0	0	0	101,727	0	(101,727)	0
(l) MHCC annual and long service leave	238,536	20,653	(2,533)	256,656	226,441	27,604	0	254,045	225,067	14,984	(1,515)	238,536
(m) MHCC asset replacement	1,597,075	387,589	(222,457)	1,762,207	1,599,123	161,501	(392,618)	1,368,006	1,133,909	466,694	(3,528)	1,597,075
(n) Heritage	39,646	5,000	0	44,646	39,646	5,000	(5,000)	39,646	34,646	5,000	0	39,646
(o) Heritage trail	77,500	15,000	0	92,500	77,500	15,000	0	92,500	62,500	15,000	0	77,500
(p) ICT hardware replacement	0	21,850	(21,850)	0	0	21,850	(21,850)	0	0	21,850	(21,850)	0
(q) Land resumption	24,638	10,000	(20,585)	14,053	24,638	10,000	(20,000)	14,638	32,984	0	(8,346)	24,638
(r) Medical Professionals Housing Building Renewal	19,526	19,526	0	39,052	19,526	19,526	0	39,052	0	19,526	0	19,526
(s) Northcliffe town hall	1,859	0	0	1,859	1,859	0	0	1,859	1,859	0	0	1,859
(t) Occupational health and safety	21,000	0	0	21,000	21,000	0	0	21,000	21,000	0	0	21,000
(u) Plant and equipment replacement	917,103	631,013	(1,024,733)	523,383	917,103	827,500	(1,506,000)	238,603	1,042,452	766,123	(891,472)	917,103
(v) Playground major repair	71,000	15,000	(28,959)	57,041	71,000	15,000	(39,300)	46,700	70,000	15,000	(14,000)	71,000
(w) Rea Park/Collier St Development and Renewal	0	1,104,041	0	1,104,041	0	3,517,991	0	3,517,991	0	0	0	0
(x) Recreation floor	47,671	5,000	(8,242)	44,429	47,671	5,000	(3,065)	49,606	42,671	5,000	0	47,671
(y) Recreation ground/facility improvement	354,825	41,540	(206,203)	190,162	354,825	41,540	(330,881)	65,484	656,922	41,540	(343,637)	354,825
(z) Revaluation	143,988	6,000	(109,246)	40,742	143,988	12,500	(110,000)	46,488	118,988	25,000	0	143,988
({) Self insurance	9,547	15,000	(15,000)	9,547	9,547	15,000	(15,000)	9,547	0	15,000	(5,453)	9,547
(l) Solar System Maintenance	15,748	10,000	(5,512)	20,236	15,748	10,000	(6,000)	19,748	10,000	10,000	(4,252)	15,748
(j) Strategic asset and development	0	678,136	(172,633)	505,503	0	0	0	0	0	0	0	0
(~) Telecommunications	6,000	0	0	6,000	6,000	0	0	6,000	6,000	0	0	6,000
() Waste management and site development	401,440	193,396	(16,063)	578,773	357,242	50,000	(30,436)	376,806	228,381	213,331	(40,272)	401,440
(€) Windy Harbour infrastructure	931,451	77,718	(51,915)	957,254	931,451	77,718	(310,774)	698,395	888,019	77,718	(34,286)	931,451
(i) Workers compensation	98,542	0	0	98,542	98,542	0	0	98,542	98,542	0	0	98,542
	6,970,021	3,321,462	(2,017,335)	8,274,148	6,915,777	4,907,730	(3,176,179)	8,647,328	6,610,349	1,879,099	(1,519,427)	6,970,021

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

27. RESERVES ACCOUNTS CONTINUED

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) Leave	funding entitlements (other than MHCC) for annual leave and long service.
(b) Airfield construction and maintenance	to be applied upon recommendations from the Airfield Committee.
(c) AquaCentre building	monies for the programmed replacement of the Aqua Centre building, in particular the Hoecker inflated roof component of the building.
(d) AquaCentre plant	monies for the replacement of the Aqua Centre plant and equipment, in particular the pumps, heat pumps and air-conditioning plant.
(e) Arts and culture	to foster and support the community at the local level by including the delivery of a diverse range of art and cultural opportunities, an increased awareness of artistic and cultural opportunities, the development of identified infrastructure to support the arts, and skill development and education in respect of the arts.
(f) Bridge	for the construction, maintenance, replacement or substantial repair of bridges or major culverts within the Shire, and for the possible development of a bridge crew to attend to work inside and outside the Shire boundaries.
(g) Building asset management	for the construction, maintenance, replacement or substantial repair of buildings and associated infrastructure owned or managed by the Shire of Manjimup
(h) Community bus	monies not used during the year, set aside for future maintenance on the bus.
(i) Construction and resource research	monies to be used to fund construction resources.
(j) Future carpark	funding from developer contributions for developments to be applied to specific car parking works in the Shire of Manjimup.
(k) Grants in advance	to set aside grants and contributions paid in advance of the funded projects completion.
(l) MHCC annual and long service leave	monies set aside for the purpose of annual and long service leave liability specifically relating to the Home and Community Care Scheme.
(m) MHCC asset replacement	monies set aside for the purpose of asset replacement, including vehicles, specifically relating to the Home and Community Care Scheme.
(n) Heritage	grant monies allocated to the Shire of Manjimup for heritage building maintenance & general heritage functions.
(o) Heritage trail	funds set aside to promote our unique heritage for residents and visitors.
(p) ICT hardware replacement	funding set aside for the purpose of ICT asset replacement, including desktops, laptops, servers and the hardware required to deliver ICT services to the Shire of Manjimup.
(q) Land resumption	funding for the resumption of land for infrastructure purposes (road reserves, footpaths, boundary setbacks etc.) where the resumption is not part of a budgeted infrastructure project.
(r) Medical Professionals Housing Building Renewal	fund renewal maintenance to keep the property suitable for accommodation of Medical Professionals
(s) Northcliffe town hall	monies to be used for the purpose of meeting future maintenance costs associated with the Northcliffe Town Hall.
(t) Occupational health and safety	for the funding of any unbudgeted issues arising in the area of Occupational Safety and Health
(u) Plant and equipment replacement	monies set aside to offset costs associated with the implementation of the annual plant replacement program, including purchase of new plant. "Plant" means light vehicles, roadworks plant, parks & gardens plant, and tools.
(v) Playground major repair	to set aside fund for future major repairs required for playgrounds within the Shire of Manjimup.
(w) Rea Park/Collier St Development and Renewal	to set aside funds for the development of recreation facilities and future renewal costs at the reserve.
(x) Recreation floor	set aside funds for sealing and line marking of timber courts in the Shire's four indoor recreation facilities.
(y) Recreation ground/facility improvement	for funding the improvement or development of recreation grounds and facilities.
(z) Revaluation	for the funding of future revaluation cycles for GRV valuations (currently four years), and Building revaluations (currently four years).
({) Self insurance	funding to meet the cost of excess and/or the cost of insurance claims which may be below the excess level under the Shires insurance policy.
(l) Solar System Maintenance	funding for preventative and reactive maintenance to Shire solar systems
(j) Strategic asset and development	to enable Council to capture and address capital and operational strategic issues as opportunities arise.
(~) Telecommunications	replacement of Shire managed television and radio retransmission equipment.
() Waste management and site development	funding for the development of waste facility sites upon the expiry of existing landfill sites and the rehabilitation of existing land fill sites.
(€) Windy Harbour infrastructure	for the development of core infrastructure at Windy Harbour as outlined in the Windy Harbour Management Plan.
(l) Workers compensation	for the purpose of providing funding to meet any additional premium demand by LGIS in any particular year, and direct any workers compensation insurance premium savings into such account sufficient to cover 2 years maximum additional premium claim.

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

28. 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
	\$	\$	\$	\$
Public open space bond	39,650	0	0	39,650
	39,650	0	0	39,650



Auditor General

INDEPENDENT AUDITOR'S REPORT

2024

Shire of Manjimup

To the Council of the Shire of Manjimup

Opinion

I have audited the financial report of the Shire of Manjimup (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 Manjimup 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.



Aram Madnack
Acting Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
20 November 2024

SHIRE OF MANJIMUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Disaster Recovery Plan	No		✓		N
2. Manual Journals Processing	No		✓		N
3. Accrued Expenses	No			✓	N

Key to ratings

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

Significant - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.

Moderate - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

Minor - Those findings that are not of primary concern but still warrant action being taken.

SHIRE OF MANJIMUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Disaster Recovery Plan

During our review of the Shire's IT procedures, we noted that the Shire does not have an IT Disaster Recovery Plan in place.

Rating: Moderate

Implication

Without a disaster recovery plan, it is likely to be more difficult to recover from an incident or crisis in a timely and effective manner. There is an increased risk that key business functions will remain out of operation for extended periods of time following a major incident.

Recommendation

We recommend the Shire implement an IT Disaster Recovery Plan as soon as practical. Once implemented and communicated to staff, we recommend the Shire develop a process to test and evaluate the IT Disaster Recovery Plan to ensure it is adequate and will effectively mitigate disruption in the event of unforeseen circumstances. The plan should also address the storage and testing of IT system backups.

Management comment

The IT Disaster Recovery Plan is currently under review. Shire staff will ensure that the above points are considered in the document.

Responsible person:	Manager of Information, Communication and Technology
Completion date:	January 2025

SHIRE OF MANJIMUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. Manual Journals Processing

During our audit we found one out of 10 journals tested had been prepared and approved by the same officer.

Rating: Moderate**Implication**

Accounting journals can represent significant adjustments to previously approved accounting transactions, therefore without appropriate segregation of duties between journal preparation and approval there is an increased risk of erroneous or fraudulent transactions occurring without detection.

Recommendation

The Shire should ensure that manual journals are reviewed and approved by appropriate officers and who are independent of journal preparation.

Management comment

The journal in question related to accrued expenses. Due to the size this journal required import into Datascape, which the Coordinator of Finance and Administration Services undertook for the Finance Officer and then the coordinator authorised. Authorisation process to be amended so that the Director of Business authorises any journals imported by the Coordinator of Finance and Administration Services.

Responsible person: Coordinator of Finance and Administration Services
Completion date: November 2024

SHIRE OF MANJIMUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. Accrued Expenses

During our review of 30 June 2024 accrued expenses we found a number of accrued expenses raised related to purchase orders where the goods or services had not been received as at 30 June 2024.

Rating: Minor**Implication**

Without a process to review outstanding purchase orders to determine whether an accrual should be processed, there is an increased risk of errors, resulting in misstatements within the Shire's financial statements.

Recommendation

We recommend outstanding purchase orders be reviewed at year-end to determine whether the goods or services have been received prior to including the amount as an accrued expense at year-end.

Management comment

At present all purchase orders are reviewed at 30 June each financial year with the staff member who raised them. Consideration is given to cancelling the purchase order, accruing the purchase order, or carrying the purchase order into the new budget. On some occasions information back requires interpretation which may result in minimal error. The Finance Team will review current processes to achieve a better outcome next financial year.

Responsible person:

Coordinator of Finance and Administration Services

Completion date:

March 2025

2022 Financial Management Systems Review

	Risk Level	Completion	Comment
3 - Custody and security of money			
3.2.1 - END OF DAY RECEIPTING PROCEDURES – WINDY HARBOUR CAMPING GROUND	LOW	Under Review	
Our inquiries made during our site visits identified the following exceptions pertaining to the End of Day Receipts Reconciliations and Daily Taking Sheets for the Windy Harbour Camping Ground location: - All monies received are recorded in a cash book. At the end of each page the Caretaker totals the cash and EFTPOS and transfers these totals to a summary sheet when the banking is prepared. There was no evidence of independent review of the cash book, summary sheet and cash collected nor does the preparer sign off on the receipting documentation; and - Banking is completed every 5 weeks during the busier times and less in off peak months. Note: We acknowledge the inherent limitations in practically enhancing this internal control given the distance of Windy Harbour office to the Westpac Manjimup branch.			Procedures are yet to be finalized but in process with the Windy Harbour Caretaker.
4 - Maintenance and security of the financial records			
4.2.1 - REGISTERS AVAILABLE ON SHIRE WEBSITE	LOW	Ongoing	
Our review of the registers available on the Shire website during our site visit and subsequent indicated the following: - The Gifts and Contributions to Travel Register was last updated 4 March 2021; and - The Electoral Gifts Register was last updated 19 October 2021.			Current approach is compliant, no further action will be taken.
6 - Authorisation for incurring liabilities and making payments			
6.2.1 CREDIT CARD POLICY	LOW	Under Review	
Review of the Shire of Manjimup Management Policy: Authorised Use of Credit Cards compared with the Local Government Operational Guideline Number 11 and actual internal control practices in place identified the following further enhancements are required to the Policy: - The requirement for those allocated credit cards to sign an agreement (currently occurring) is not currently stated within Policy; - A register of those holding credit cards is maintained however not stated within Policy; - Relevant policies and procedures are to be provided to the card holders; - What happens to the card in the event their employment ceases, an extended period of leave is taken or they are moved to a position which does not require the use of credit card; - What the card holder should do if they lose or misplace their credit card; - Credit cards must not been transferred to other users’; - How rewards schemes will be treated; - The arrangement of destruction of all surrendered credit cards; and - What action is to be taken in the event that a card holder fails to comply with the policies.			Elements of the recommendation have been covered with a review of the policy to finalise processes.

2022 Financial Management Systems Review

	Risk Level	Completion	Comment					
7 - Maintenance of Payroll, stock control and costings								
7.2.1 DEPOT	LOW	Under Review						
During our Depot site visit, our inquiries and observations identified the following: - No independent stocktake spot checks are completed anymore (this procedure ceased 3 months prior to our site visit). As a result, adjustments posted to the adjustment account included in the works general operations ledger are no longer reviewed; - Stocktake reports were not being generated and independently reviewed as a result of an issue with Datascape (a support query had been logged at the time of the onsite review); and - Vehicle and site keys are maintained in a locked cabinet in the utilitised room, however there is no key register / log book maintained to monitor who has keys throughout the day; and - The key cabinet was unlocked at the time of our onsite review.			Stocktake procedures to return to previous processes. A daily key register will be created. The key room will not be locked as it is used regularly throughout the day, any requirement to lock will slow response times.					
7.2.2 FUEL USAGE ANALYSIS	LOW	No Action						
Observation of City & Regional Fuel Statements, Caltex Fuel Statements and Depot Fuel Reports identified that although these are reviewed on an individual report basis, the Shire is currently not holistically analysing fuel usage by asset for inappropriate use i.e. combining the data from all of these sources and reviewing fuel usage on an overall basis for each asset. Our inquiries indicate that the Shire is not currently utilising a GPS navigational system to track motor vehicles, analyse mileage against fuel purchased, excessive travel (outside of set perimeters), speeding etc. In addition, motor vehicle log books are not actively completed at the Shire nor are employees required to complete a quarterly (or yearly) declaration stating the commute kilometres and number of nights the motor vehicle was not available to the employee.			Management currently reviews fuel accounts when they are being authorized, annual FBT reviews are completed comparing KM's to fuel expenses and certain vehicles are already fitted and monitored through GPS systems. Given the level of work involved in the recommendations it does not demonstrate value for effort to forensically monitor fuel purchases.					
7.2.3 HR / OHS POLICIES AND PROCEDURES	LOW	Complete						
Our review of internal Human Resources (HR) and Occupational Health and Safety (OHS) policies and procedures identified the following Council and Management policies and procedures are outdated and may require review: <table><tr><th>Document</th><th>Due for Review</th></tr><tr><td>Management Policy – Emergency Evacuation Policy</td><td>Approval date: May 2015 Stated review date April 2022</td></tr><tr><td>Management Policy – First Aid Policy</td><td>Approval date: May 2015 Stated review date April 2022</td></tr></table> We acknowledge the Shire is progressing through HR and OHS policy and procedure updates on a rotational basis and has made significant progress with the updating of related policies and procedures.	Document		Due for Review	Management Policy – Emergency Evacuation Policy	Approval date: May 2015 Stated review date April 2022	Management Policy – First Aid Policy	Approval date: May 2015 Stated review date April 2022	
Document	Due for Review							
Management Policy – Emergency Evacuation Policy	Approval date: May 2015 Stated review date April 2022							
Management Policy – First Aid Policy	Approval date: May 2015 Stated review date April 2022							

2022 Financial Management Systems Review

	Risk Level	Completion	Comment
7.2.4 EXCESSIVE ANNUAL LEAVE BALANCES / LEAVE FORM PRACTICES	LOW	Ongoing	
From our review of the annual leave listing as at the date of our review, we noted various employees who had accrued in excess of eight weeks annual leave. In addition, our inquiries identified that it is not compulsory for employees to complete a leave form if only taking leave for a partial day. For example, our testing identified one employee took six hours sick leave, though no approved leave form was required.			Leave Reports are sent out to Coordinators, Managers and Directors every fortnight. Balances are reviewed at Senior Management Team meetings with a mandate to reduce leave where possible.
7.2.5 ISSUE OF FUEL CARDS	LOW	Complete	
Our inquiries indicated a single employee can request fuel cards by phone call or online with no documented authority required to order a new fuel card.			Process to be amended that Officer must only act on written direction from Fleet Manager.
8. Preparation of budgets, budget reviews, accounts and reports required by the ACT or the Regulations			
8.2.1 BUDGET REVIEW	LOW	Complete	
We noted the budget review was completed for the year to date actuals to 31 March 2022 with presentation and adoption by Council occurring on the 26 May 2022.			Budget Reviews are carried out every quarter. Current quarterly review process identifies any issues with appropriate time to make budget amendments if required.

2022 Regulation 17 Review

	Risk Level	Completion	Comment
RISK MANAGEMENT			
2.2 Detailed Findings and recommendations			
2.2.1 ICT Continuity Disaster Recovery Plan	MODERATE	Under Review	
The Shire's current ICT Continuity Disaster Recovery Plan (Version 1.4) has not been updated to reflect the "Datascapes" accounting system implemented in 2019 and has not been updated to reflect any other changes within the IT environment over recent years.			Agreed Plan to be updated. The Shire has undertaken significant work in the Disaster Recovery area particularly due to the impacts of COVID-19 on the organisation and the improvement to off-site backups to placate direct disaster on buildings or cyber attack. Documentation should reflect all changes.
2.2.2 Lease Management	LOW	Ongoing	
While the Shire does maintain a list of approximately 63 leased properties, our enquiries indicated there is no formal procedure to monitor lessee compliance with terms of Council leased properties, including if a current signed lease agreement is in place, if lessees have complied with insurance requirements etc. Our testing identified the Shire has not actively obtained up to date insurance policies from the lessees required to be in place where applicable as per the Lease Agreement.			Information required is requested, however follow up with Community groups is problematic. The Shire's software provider is currently developing a Lease Management Module which will use Customer Service Requests to support the follow up of compliance paperwork.
INTERNAL CONTROLS			
3.2 Detailed findings and recommendations			
3.2.1 Procurement and Contract Management	MODERATE	Not Started	
Our discussions with management identified that although there is a range of contractor management documents that mainly address engaging contractors, there is no documented contract management framework in place articulating an approach to be followed nor is a contract compliance checklist utilised by the Shire representative when managing contracts.			Contract Management Framework to be developed. The Shire's software provider is currently developing a Contract Management Module which will use Customer Service Requests to support the follow up of compliance paperwork.

2022 Regulation 17 Review

	Risk Level	Completion	Comment
3.2.2 Grants Funding Plan	LOW	Under Review	
Our inquiries indicated that although each department maintains their own grant funding listing, there is no holistic grant funding summary plan in place for the Shire specifying current grant funding contracts, funding received, project description, key milestone dates and reporting dates.			Agreed there is no overarching Grant register, grants are managed within the appropriate department with Finance overseeing Income and Expenditure. The Shire's software provider is proposing (On Roadmap) to develop a Grant Management Module which will use Customer Service Requests to support the follow up of compliance paperwork. In the interim management will create a register of grants.
LEGISLATION COMPLIANCE			
4.2 Detailed findings and recommendations			
4.2.1 Integrated Strategy Planning	LOW	Under Review	
We noted the following integrated strategy planning documents are out of date requiring review: - Long Term Financial Plan 2016 – 2026; and - IT Strategic Plan, dated 22 November 2013.			Agreed
4.2.2 Audit Advisory Committee	LOW	Complete	
While we acknowledge three Audit Advisory Committee meetings were held during the 2021/22 financial year, we note the Department of Local Government Sport And Cultural Industries, operational guideline Number 09 – The appointment, function and responsibilities of Audit Committee recommends meetings should be conducted at least on a quarterly basis.			Due to COVID-19, meetings were held on a priority basis, should be back to quarterly from now on.
4.2.3 Internal Audit	LOW	Ongoing	
We noted that the Shire does not currently have a formal documented internal audit program in place.			The Shire currently carries out the Financial Management Systems Review and Regulation 17 every 3 years as required. Shire Officers also carryout ad hoc audits as requested by the Audit Committee if there are areas of concern.

2024 Interim Audit

	Risk Level	Completion	Comment
MANAGEMENT LETTER			
1. Payroll Master File Changes	SIGNIFICANT	Completed	
In the absence of independent review and approval of changes to the employee Masterfile there is an increased risk of errors or fraud occurring.			A change report is sent to both Reviewing Officers as part of the suite of reports in each fortnightly payroll process. Going forward the major reviewer will acknowledge the report and changes back to the Payroll Officer for recording each fortnight.
2. Debtors and Creditors Reconciliation	MODERATE	Completed	
During our testing of month-end reconciliations for the period ended 30 April 2024 we found the balance of the debtor reconciliation of \$140,825 and the creditor reconciliation of \$76,062 varied to the general ledger balances in the 30 April 2024 trial balance provided for the interim audit. The debtor reconciliation had a variance of \$109,913 and the creditor reconciliation had a variance of \$364,664 to the balances in the trial balance. The debtor reconciliation had a variance of \$109,913 and the creditor reconciliation had a variance of \$364,664 at 30 April 2024 compared to the general ledger balance provided for 30 April 2024 at the time of the interim audit.			The Shire currently undertake this process as an end-of-month maintenance process to ensure all subsidiary ledgers are in balance with the general ledger control accounts. There is no opportunity of fraud given this is a mere balance checking exercise, as all transaction still need to be reviewed and processed through normal organisational delegation approval process. The Finance Department will maintain current processes but will include a further balance at approximately the 20th of the month in question as suggested within the recommendation.
3. Manual Journals	MODERATE	Completed	
We found 4 out of the 8 general journals tested had not been approved by an employee senior to the employee raising the general journal. This is the second year that OAG has raised audit findings in respect of manual journals.			The 2023 comment related to journal authorisations focussed primarily on the Director of Business's journals, approved by subordinate staff. It is acknowledged that the Coordinator of Finance's journals were not considered. Adjustments have already been made to remove authorisation at the staff level for any journals within Datascape.

2024 Interim Audit

	Risk Level	Completion	Comment
4. Information Technology and Plans	MODERATE		
We identified the following: •The Shire of Manjimup has not undertaken testing of the Information Technology Disaster Plan; and •The Shire does not have a Disposal of IT Equipment policy.		Completed	The Shire has used elements of Backups to reinstate lost or written-over data by staff, but no formal testing is in place. It is difficult to test all possible scenarios given the breath of possible minor and major disasters. The Shire will put together a plan based on like size Local Governments. Within the 2024/25 budget discussion IT have requested a software program that will wipe hardware that is being disposed of with the software issuing a disposal certificate.
5. Physical and Logical Access Policy	MODERATE		
During our testing on IT procedures, we noted that the Shire does not have policies and procedures governing physical access and logical access to IT applications and infrastructure within the Shire.		Under review	All IT servers are in locked rooms and only authorised staff have access via electronic keys however there is no policy on access, which will be prepared. Access to Datascape requires MFA identification and permissions are managed via authorisation levels.
6. Change Management Policy	MODERATE		
We noted the Shire lacks a formal change management policy, which is crucial for controlling and tracking changes to IT systems and infrastructure.		Not started	Due to available resources and fast-moving IT environment the Shire would be unable to undertake a full change management process. A policy will be created to capture the most high-risk change areas.
7. Vulnerability Assessment and Penetration Testing	MODERATE		
We noted, the Vulnerability Assessment and Penetration Testing (VAPT) has not been performed as part of the cyber security risk assessment process.		Under review	Agreed, Shire to find an appropriate consultant to undertake a testing program
8. Cyber Security Response Plan	MODERATE		
We noted the Shire does not have a cyber security response plan in place and no documented process to follow in the event of a cyber-attack.		Not started	The Shire is currently carry out an Essential 8 project which will see the Shire achieve maturity level 2. Post this review a response plan will be created an implemented.
9. Cyber Security Training	MODERATE		
We noted the Shire does not have a cyber security response plan in place and no documented process to follow in the event of a cyber-attack.		Under review	Management to review possible training available and subject to budget availability.

2024 Interim Audit

	Risk Level	Completion	Comment
10. Stored Sensitive Data is Not Encrypted	MODERATE	Not started	
We noted the Shire does not have a cyber security response plan in place and no documented process to follow in the event of a cyber-attack.			Noted, whilst the backup related data is deemed to be very secure the Shire will enable encryption going forward to enable further security.
11. IT Risk Register	MODERATE	Not started	
We noted the Shire lacks an IT Risk Register, which is crucial for identifying, managing and controlling IT related risks.			The Shire has a Corporate Risk Register and also under the Risk Framework a theme on Information Technology risks. The Shire will separate out the IT related risks into their own register.