

SHIRE OF MANJIMUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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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 2022**

The attached financial report of the Shire of Manjimup for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Manjimup at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 29th day of November 2022



Chief Executive Officer

Andrew Campbell

Name of Chief Executive Officer



SHIRE OF MANJIMUP
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
Revenue				
Rates	24(a),2(a)	10,067,589	10,077,895	9,729,507
Operating grants, subsidies and contributions	2(a)	9,648,128	6,631,193	7,495,197
Fees and charges	23(c),2(a)	4,765,131	4,061,714	5,254,641
Interest earnings	2(a)	129,068	158,929	138,830
Other revenue	2(a)	607,210	1,190,874	1,415,505
		25,217,126	22,120,605	24,033,680
Expenses				
Employee costs		(11,224,050)	(11,253,197)	(11,090,976)
Materials and contracts		(6,482,961)	(9,012,489)	(6,986,552)
Utility charges		(746,593)	(673,953)	(754,550)
Depreciation	10(a)	(9,671,109)	(9,521,591)	(9,597,151)
Finance costs	2(b)	(231,481)	(241,269)	(250,163)
Insurance		(666,118)	(748,728)	(607,189)
Other expenditure		(888,331)	(544,253)	(744,632)
		(29,910,643)	(31,995,480)	(30,031,213)
		(4,693,517)	(9,874,875)	(5,997,533)
Capital grants, subsidies and contributions	2(a)	3,779,555	9,769,694	3,905,513
Profit on asset disposals	10(c)	218,474	200,683	44,167
Loss on asset disposals	10(c)	(78,523)	(146,510)	0
		3,919,506	9,823,867	3,949,680
Net result for the period	23(b)	(774,011)	(51,008)	(2,047,853)
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	1,977,100	0	0
Total other comprehensive income for the period		1,977,100	0	0
Total comprehensive income for the period		1,203,089	(51,008)	(2,047,853)

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



SHIRE OF MANJIMUP
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	NOTE	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	3	16,881,815	14,964,766
Trade and other receivables	5	1,262,865	1,679,484
Other financial assets	4(a)	18,286	17,581
Inventories	6	327,459	220,368
Other assets	7	822,382	773,580
TOTAL CURRENT ASSETS		19,312,807	17,655,779
NON-CURRENT ASSETS			
Trade and other receivables	5	208,824	212,093
Other financial assets	4(b)	217,970	224,653
Property, plant and equipment	8	65,822,115	63,875,059
Infrastructure	9	233,904,728	236,645,092
Right-of-use assets	11(a)	185,073	156,851
TOTAL NON-CURRENT ASSETS		300,338,710	301,113,748
TOTAL ASSETS		319,651,517	318,769,527
CURRENT LIABILITIES			
Trade and other payables	12	1,904,696	1,929,052
Other liabilities	13	2,987,406	2,502,455
Lease liabilities	11(b)	81,396	85,428
Borrowings	14	641,324	648,198
Employee related provisions	15	1,883,170	1,768,903
TOTAL CURRENT LIABILITIES		7,497,992	6,934,036
NON-CURRENT LIABILITIES			
Lease liabilities	11(b)	103,677	71,033
Borrowings	14	5,234,870	5,881,762
Employee related provisions	15	194,823	465,630
TOTAL NON-CURRENT LIABILITIES		5,533,370	6,418,425
TOTAL LIABILITIES		13,031,362	13,352,461
NET ASSETS		306,620,155	305,417,066
EQUITY			
Accumulated deficit		(20,570,392)	(19,471,867)
Reserve accounts	27	6,610,349	6,285,835
Revaluation surplus	16	320,580,198	318,603,098
TOTAL EQUITY		306,620,155	305,417,066

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 2022**

	NOTE	ACCUMULATED DEFICIT \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2020		(15,924,561)	4,786,382	318,603,098	307,464,919
Comprehensive income for the period					
Net result for the period		(2,047,853)	0	0	(2,047,853)
Other comprehensive income for the period	16	0	0	0	0
Total comprehensive income for the period		(2,047,853)	0	0	(2,047,853)
Transfers from reserves	27	273,670	(273,670)	0	0
Transfers to reserves	27	(1,773,123)	1,773,123	0	0
Balance as at 30 June 2021		(19,471,867)	6,285,835	318,603,098	305,417,066
Comprehensive income for the period					
Net result for the period		(774,011)	0	0	(774,011)
Other comprehensive income for the period	16	0	0	1,977,100	1,977,100
Total comprehensive income for the period		(774,011)	0	1,977,100	1,203,089
Transfers from reserves	27	1,031,458	(1,031,458)	0	0
Transfers to reserves	27	(1,355,972)	1,355,972	0	0
Balance as at 30 June 2022		(20,570,392)	6,610,349	320,580,198	306,620,155

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 2022**

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		10,248,643	10,077,320	9,751,342
Operating grants, subsidies and contributions		10,267,090	5,477,200	7,802,608
Fees and charges		4,763,830	4,022,943	5,254,121
Interest received		129,068	158,929	138,830
Goods and services tax received		807,323	0	433,162
Other revenue		607,210	1,190,874	1,415,505
		26,823,164	20,927,266	24,795,568
Payments				
Employee costs		(11,314,141)	(11,169,639)	(11,033,681)
Materials and contracts		(6,743,420)	(8,994,717)	(6,851,756)
Utility charges		(746,593)	(673,954)	(754,550)
Finance costs		(231,481)	(241,269)	(250,163)
Insurance paid		(666,118)	(748,728)	(607,189)
Goods and services tax paid		(687,438)	0	(546,495)
Other expenditure		(899,934)	(736,018)	(744,632)
		(21,289,125)	(22,564,325)	(20,788,466)
Net cash provided by (used in) operating activities	17(b)	5,534,039	(1,637,059)	4,007,102
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(3,270,111)	(6,440,136)	(1,570,350)
Payments for construction of infrastructure	9(a)	(3,965,287)	(11,401,191)	(4,399,367)
Non-operating grants, subsidies and contributions		3,779,555	9,769,694	3,905,513
Proceeds from financial assets at amortised cost - self supporting loans	26(a)	17,581	17,582	16,904
Proceeds from sale of property, plant & equipment	10(c)	583,712	833,545	218,613
Net cash provided by (used in) investing activities		(2,854,550)	(7,220,506)	(1,828,687)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	26(a)	(653,766)	(648,198)	(555,140)
Payments for principal portion of lease liabilities	26(d)	(108,674)	(99,046)	(150,059)
Proceeds from new borrowings	26(a)	0	5,500,000	2,200,000
Net cash provided by (used in) financing activities		(762,440)	4,752,756	1,494,801
Net increase (decrease) in cash held		1,917,049	(4,104,809)	3,673,216
Cash at beginning of year		14,964,766	14,902,135	11,291,550
Cash and cash equivalents at the end of the year	17(a)	16,881,815	10,797,326	14,964,766

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

**SHIRE OF MANJIMUP
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
NET CURRENT ASSETS - At start of financial year - surplus/(deficit)	25(b)	6,067,659	5,759,093	4,378,835
OPERATING ACTIVITIES				
Revenue from operating activities (excluding general rate)				
Operating grants, subsidies and contributions		9,648,128	6,631,193	7,495,197
Fees and charges		4,765,131	4,061,714	5,254,641
Interest earnings		129,068	158,929	138,830
Other revenue		607,210	1,190,874	1,415,505
Profit on asset disposals	10(c)	218,474	200,683	44,167
		15,368,011	12,243,393	14,348,340
Expenditure from operating activities				
Employee costs		(11,224,050)	(11,253,197)	(11,090,976)
Materials and contracts		(6,482,961)	(9,012,489)	(6,986,552)
Utility charges		(746,593)	(673,953)	(754,550)
Depreciation		(9,671,109)	(9,521,591)	(9,597,151)
Finance costs		(231,481)	(241,269)	(250,163)
Insurance		(666,118)	(748,728)	(607,189)
Other expenditure		(888,331)	(544,253)	(744,632)
Loss on asset disposals	10(c)	(78,523)	(146,510)	0
		(29,989,166)	(32,141,990)	(30,031,213)
Non-cash amounts excluded from operating activities	25(a)	9,263,620	9,700,750	9,475,529
Amount attributable to operating activities		(5,357,535)	(10,197,847)	(6,207,344)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		3,779,555	9,769,694	3,905,513
Proceeds from disposal of assets	10(c)	583,712	833,545	218,613
Proceeds from financial assets at amortised cost - self supporting loans	26(a)	17,581	17,582	16,904
Purchase of property, plant and equipment	8(a)	(3,270,111)	(6,440,136)	(1,570,350)
Purchase and construction of infrastructure	9(a)	(3,965,287)	(11,401,191)	(4,399,367)
Amount attributable to investing activities		(2,854,550)	(7,220,506)	(1,828,687)
FINANCING ACTIVITIES				
Repayment of borrowings	26(a)	(653,766)	(648,198)	(555,140)
Proceeds from borrowings	26(a)	0	5,500,000	2,200,000
Payments for principal portion of lease liabilities	26(d)	(108,674)	(99,046)	(150,059)
Transfers to reserves (restricted assets)	27	(1,355,972)	(6,774,836)	(1,773,123)
Transfers from reserves (restricted assets)	27	1,031,458	3,603,445	273,670
Amount attributable to financing activities		(1,086,954)	1,581,365	(4,652)
Surplus/(deficit) before imposition of general rates		(3,231,380)	(10,077,895)	(3,661,848)
Total amount raised from general rates	24(a)	10,067,589	10,077,895	9,729,507
Surplus/(deficit) after imposition of general rates	25(b)	6,836,209	0	6,067,659

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

SHIRE OF MANJIMUP
FOR THE YEAR ENDED 30 JUNE 2022
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SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

1. BASIS OF PREPARATION

The financial report 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.

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.

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 28 of the financial report.

Judgements and estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair value of land, buildings and infrastructure
- estimation of useful lives of non-current assets
- estimation uncertainties made in relation to lease accounting

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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 or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestone 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, having the same nature as a licence regardless of naming	Single point in time	Full payment prior to issue	None	On payment licence, registration or approval
Fees and charges - property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	On entry or at conclusion of hire
Other Revenue - reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	When claim is agreed

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 or types of goods or services is provided in the table below:

For the year ended 30 June 2022

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	10,067,589	0	10,067,589
Operating grants, subsidies and contributions	9,648,128	0	0	0	9,648,128
Fees and charges	2,657,028	0	2,108,103	0	4,765,131
Interest earnings	0	0	105,663	23,405	129,068
Other revenue	0	0	0	607,210	607,210
Non-operating grants, subsidies and contributions	0	3,779,555	0	0	3,779,555
Total	12,305,156	3,779,555	12,281,355	630,615	28,996,681

For the year ended 30 June 2021

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	9,729,507	0	9,729,507
Operating grants, subsidies and contributions	7,495,197	0	0	0	7,495,197
Fees and charges	3,248,752	0	2,005,889	0	5,254,641
Interest earnings	0	0	110,637	28,193	138,830
Other revenue	0	0	0	1,415,505	1,415,505
Non-operating grants, subsidies and contributions	0	3,905,513	0	0	3,905,513
Total	10,743,949	3,905,513	11,846,033	1,443,698	27,939,193

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES (Continued)

	Note	2022 Actual	2022 Budget	2021 Actual
Interest earnings				
Financial assets at amortised cost - self supporting loans		4,327	4,327	5,570
Interest on reserve funds		18,512	57,583	11,382
Rates instalment and penalty interest (refer Note 24(d))		105,663	91,500	110,637
Other interest earnings		566	5,519	11,241
		129,068	158,929	138,830
(b) Expenses				
Auditors remuneration				
- Audit of the Annual Financial Report		36,400	39,000	37,000
- Other services		4,070	8,000	1,400
		40,470	47,000	38,400
Finance costs				
Borrowings	26(b)	228,622	239,038	215,143
Other interest expenses		0	0	31,578
Lease liabilities	26(d)	2,859	2,231	3,442
		231,481	241,269	250,163

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

3. CASH AND CASH EQUIVALENTS

Note	2022 \$	2021 \$
Cash at bank and on hand	16,881,815	14,964,766
Total cash and cash equivalents	16,881,815	14,964,766
Held as		
- Unrestricted cash and cash equivalents	6,244,644	4,358,690
- Restricted cash and cash equivalents	10,637,171	10,606,076
	16,881,815	14,964,766

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 townsite 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 2022 including interest is \$558,951.

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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 reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

Details of restrictions on financial assets can be found at Note 17.

4. OTHER FINANCIAL ASSETS

(a) Current assets

	2022 \$	2021 \$
Financial assets at amortised cost	18,286	17,581
	18,286	17,581

Other financial assets at amortised cost

	2022 \$	2021 \$
Self supporting loans receivable	18,286	17,581
	18,286	17,581

Held as

- Unrestricted other financial assets at amortised cost	18,286	17,581
	18,286	17,581

(b) Non-current assets

Financial assets at amortised cost	101,264	119,550
Financial assets at fair value through profit and loss	116,706	105,103
	217,970	224,653

Financial assets at amortised cost

Self supporting loans receivable	101,264	119,550
Term deposits	(0)	0
	101,264	119,550

Financial assets at fair value through profit and loss

Units in Local Government House Trust	116,706	105,103
	116,706	105,103

Loans receivable from club/institutions have the same terms and conditions as the related borrowings disclosed in Note 25(a) as self supporting loans. Fair value of financial assets at fair value through profit and loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

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 and loss

The Shire classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

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

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

5. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
GST receivable	
Allowance for credit losses of trade and other receivables	21(b)
Allowance for credit losses of rates receivables	21(b)
Other receivables - Infringement Debtors	

Non-current

Pensioner's rates and ESL deferred	
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Note	2022	2021
	\$	\$
	1,119,588	1,283,612
	319,988	456,299
	67,449	187,334
21(b)	(27,170)	(28,471)
21(b)	(225,040)	(225,040)
	8,050	5,750
	<u>1,262,865</u>	<u>1,679,484</u>
	208,824	212,093
	<u>208,824</u>	<u>212,093</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

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.

Classification and subsequent measurement

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

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

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

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

6. INVENTORIES

Current	Note	2022	2021
		\$	\$
Fuel and materials		109,593	36,470
Bitument Products		10,223	9,078
Other Inventories		207,643	174,820
		327,459	220,368

The following movements in inventories occurred during the year:

Balance at beginning of year	220,368	140,824
Inventories expensed during the year	(309,671)	(284,435)
Additions to inventory	416,762	363,979
Balance at end of year	327,459	220,368

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

7. OTHER ASSETS

Other assets - current

Prepayments	
Accrued income	
Contract assets	
Accrued Interest - Self Supporting Loans	

2022	2021
\$	\$
113,109	87,133
0	150,271
708,578	534,962
695	1,214
822,382	773,580

SIGNIFICANT 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 2022

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.

	Note	Land	Buildings - non-specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
		\$	\$	\$	\$	\$	\$
Balance at 1 July 2020		3,147,472	54,787,386	57,934,858	1,739,988	5,703,911	65,378,757
Additions		152,449	830,077	982,526	47,957	539,867	1,570,350
Disposals		0	0	0	0	(174,446)	(174,446)
Depreciation	10(a)	0	(1,971,908)	(1,971,908)	(85,971)	(841,723)	(2,899,602)
Balance at 30 June 2021		3,299,921	53,645,555	56,945,476	1,701,974	5,227,609	63,875,059
Comprises:							
Gross balance amount at 30 June 2021		3,299,921	98,095,275	101,395,196	2,201,102	14,314,641	117,910,939
Accumulated depreciation at 30 June 2021		0	(44,449,720)	(44,449,720)	(499,128)	(9,087,032)	(54,035,880)
Balance at 30 June 2021		3,299,921	53,645,555	56,945,476	1,701,974	5,227,609	63,875,059
Additions		4,395	1,381,945	1,386,340	7,591	1,876,180	3,270,111
Disposals		0	(4,506)	(4,506)	0	(365,238)	(369,744)
Revaluation increments / (decrements) transferred to revaluation surplus		281,685	1,695,415	1,977,100	0	0	1,977,100
Depreciation	10(a)	0	(1,994,862)	(1,994,862)	(86,188)	(849,361)	(2,930,411)
Transfers		89,999	(11,464)	78,535	0	(78,535)	0
Balance at 30 June 2022		3,676,000	54,712,083	58,388,083	1,623,377	5,810,655	65,822,115
Comprises:							
Gross balance amount at 30 June 2022		3,676,000	91,614,803	95,290,803	2,208,693	15,243,459	112,742,955
Accumulated depreciation at 30 June 2022		0	(36,902,720)	(36,902,720)	(585,316)	(9,432,804)	(46,920,840)
Balance at 30 June 2022		3,676,000	54,712,083	58,388,083	1,623,377	5,810,655	65,822,115

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
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
<p>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.</p> <p>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.</p>					
(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 2022

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.

Note	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - drainage	Infrastructure - bridges	Infrastructure - refuse sites and transfer stations	Infrastructure - carparks	Infrastructure - cemeteries	Infrastructure - airfield and runways	Infrastructure - parks and ovals	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	179,055,362	3,230,802	14,145,536	30,912,043	427,845	1,721,445	177,481	3,134,092	5,987,633	238,792,239
Additions	3,576,056	382,303	119,859	72,000	0	69,763	0	74,537	104,849	4,399,367
Depreciation	(4,293,212)	(80,793)	(589,943)	(863,251)	(39,680)	(51,479)	(13,810)	(189,804)	(424,542)	(6,546,514)
Balance at 30 June 2021	178,338,206	3,532,312	13,675,452	30,120,792	388,165	1,739,729	163,671	3,018,825	5,667,940	236,645,092
Comprises:										
Gross balance at 30 June 2021	336,047,906	5,109,235	30,553,703	53,182,700	994,630	3,074,104	449,313	5,859,044	11,114,234	446,384,869
Accumulated depreciation at 30 June 2021	(157,709,700)	(1,576,923)	(16,878,251)	(23,061,908)	(606,465)	(1,334,375)	(285,642)	(2,840,219)	(5,446,294)	(209,739,777)
Balance at 30 June 2021	178,338,206	3,532,312	13,675,452	30,120,792	388,165	1,739,729	163,671	3,018,825	5,667,940	236,645,092
Additions	2,791,125	245,134	229,049	0	0	516,105	9,185	4,381	170,308	3,965,287
(Disposals)	0	0	0	0	0	0	0	0	(74,017)	(74,017)
Depreciation	(4,359,000)	(87,266)	(592,345)	(864,339)	(39,680)	(52,743)	(13,811)	(192,463)	(429,987)	(6,631,634)
Balance at 30 June 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
Comprises:										
Gross balance at 30 June 2022	338,839,031	5,354,369	30,782,752	53,182,700	994,630	3,590,209	458,498	5,863,425	11,046,392	450,112,006
Accumulated depreciation at 30 June 2022	(162,068,700)	(1,664,189)	(17,470,596)	(23,926,247)	(646,145)	(1,387,118)	(299,453)	(3,032,682)	(5,712,148)	(216,207,278)
Balance at 30 June 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

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	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 2018	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 2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - refuse sites and transfer	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	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 2018	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 2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - airfield and runways	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - parks and ovals	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	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 2022

10. FIXED ASSETS

(a) Depreciation

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Buildings - non-specialised	8(a)	1,994,862	1,993,651	1,971,908
Furniture and equipment	8(a)	86,188	90,767	85,971
Plant and equipment	8(a)	849,361	809,617	841,723
Infrastructure - roads	9(a)	4,359,000	4,357,400	4,293,212
Infrastructure - footpaths	9(a)	87,266	87,331	80,793
Infrastructure - drainage	9(a)	592,345	592,282	589,943
Infrastructure - bridges	9(a)	864,339	864,448	863,251
Infrastructure - refuse sites and transfer stations	9(a)	39,680	39,680	39,680
Infrastructure - carparks	9(a)	52,743	52,040	51,479
Infrastructure - cemeteries	9(a)	13,811	13,810	13,810
Infrastructure - airfield and runways	9(a)	192,463	192,714	189,804
Infrastructure - parks and ovals	9(a)	429,987	427,851	424,542
Right-of-use assets - plant and equipment	11(a)	109,064	0	151,035
		9,671,109	9,521,591	9,597,151

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 2021/22 financial year

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

(b) Fully Depreciated Assets in Use

	2022 \$	2021 \$
Buildings - non-specialised	62,279	49,300
Furniture and equipment	281,806	308,870
Plant and equipment	4,973,879	5,047,560
Infrastructure - parks and ovals	0	59,520
	5,317,964	5,465,250

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

SHIRE OF MANJIMUP
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10. FIXED ASSETS (Continued)

(c) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
Buildings - non-specialised	4,506	0	0	(4,506)	0	0	0	0	0	0	0	0
Plant and equipment	365,238	583,712	218,474	0	779,372	833,545	200,683	(146,510)	174,446	218,613	44,167	0
Infrastructure - parks and ovals	74,017	0	0	(74,017)	0	0	0	0	0	0	0	0
	443,761	583,712	218,474	(78,523)	779,372	833,545	200,683	(146,510)	174,446	218,613	44,167	0

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
Plant and Equipment				
Governance				
5013 - Vehicle; Toyota Prado 1006WA	55,280	59,091	3,811	0
5017 - Vehicle; Toyota Fortuna 1000WA	42,460	43,637	1,177	0
5021 - Vehicle; Toyota Prado 1006WA	56,081	59,909	3,828	0
Law, order, public safety				
4852 - Vehicle; Ford Ranger 1011WA	15,691	32,251	16,560	0
4990 - Vehicle; Ford Ranger 1031WA	22,672	33,388	10,716	0
12250 - Vehicle; Walpole BFB 1CKZ523	0	49,545	49,545	0
Health				
5001 - Vehicle; Mitsubishi Triton 1001WA	26,408	33,842	7,434	0
Education and welfare				
4735 - Vehicle; Toyota Camry 1032WA	6,171	13,863	7,692	0
Economic services				
4890 - Vehicle; Mitsubishi Triton 1021WA	16,287	24,249	7,962	0
Other property and services				
4764 - Vehicle; Mitsubishi Triton 1016WA	11,024	22,726	11,702	0
4886 - Vehicle; Mitsubishi Triton 1015WA	17,014	27,725	10,711	0
4763 - Vehicle; Mitsubishi Triton 1019WA	10,536	21,134	10,598	0
4980 - Vehicle; Trailblazer 1002WA	22,201	30,454	8,253	0
2386 - Roller; WA2532	0	6,520	6,520	0
3661 - Mower; Ride-On	0	5,286	5,286	0
4670 - Vehicle; Toyota Hilux 1017WA	7,248	33,842	26,594	0
4992 - Vehicle; Ford Ranger 1008WA	30,590	44,979	14,389	0
3182 - Truck Mitsubishi WA13282	0	7,931	7,931	0
5000 - Holden Trailblazer 1014WA	25,575	33,340	7,765	0
	365,238	583,712	218,474	0
Buildings - non-specialised				
Recreation and culture				
12152 - Building; Walpole Foreshore Toilet Block	4,506	0	0	(4,506)
	4,506	0	0	(4,506)
Infrastructure - parks and ovals				
Recreation and culture				
20285 - Jetty; Walpole	74,017	0	0	(74,017)
	74,017	0	0	(74,017)
	443,761	583,712	218,474	(78,523)

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

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

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

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

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

Revaluation

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

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

Revaluation (continued)

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

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

Amortisation

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

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

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 10(a).

SHIRE OF MANJIMUP
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11. LEASES

(a) Right-of-Use Assets

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

	Note	Right-of-use assets - plant and equipment \$	Right-of-use assets Total \$
Balance at 1 July 2020		231,705	231,705
Additions		175,373	175,373
Disposals		(99,192)	(99,192)
Depreciation		(151,035)	(151,035)
Balance at 30 June 2021		156,851	156,851
Additions		137,286	137,286
Depreciation	10(a)	(109,064)	(109,064)
Balance at 30 June 2022		185,073	185,073

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

		2022 Actual \$	2021 Actual \$
Depreciation on right-of-use assets	10(a)	(109,064)	(151,035)
Interest expense on lease liabilities	26(d)	(2,859)	(3,442)
Short-term lease payments recognised as expense		(7,274)	0
Low-value asset lease payments recognised as expense		(78,362)	(62,300)
Total amount recognised in the statement of comprehensive income		(197,559)	(216,777)
Total cash outflow from leases		(111,533)	(153,501)
(b) Lease Liabilities			
Current		81,396	85,428
Non-current		103,677	71,033
	26(d)	185,073	156,461

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.

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

All contracts that are classified as short-term leases (i.e. a lease with a 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 - valuation measurement

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the 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 amortised over the useful life of the underlying asset.

SHIRE OF MANJIMUP
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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

2022	2021
\$	\$
552,589	807,421
318,063	304,302
326,596	260,147
188,614	86,236
242,995	275,156
45,381	51,855
230,458	143,935
1,904,696	1,929,052

SIGNIFICANT 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 the fair value of the 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 revenue for the prepaid rates that have not been refunded.

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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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 Shire expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period to be satisfied 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

	2022	2021
	\$	\$
Contract liabilities	789,368	1,573,599
Capital grant/contributions liabilities	2,198,038	928,856
	<u>2,987,406</u>	<u>2,502,455</u>
Opening balance	1,573,599	1,363,071
Additions	789,368	1,573,599
Revenue from contracts with customers included as a contract liability at the start of the period	(1,573,599)	(1,363,071)
	<u>789,368</u>	<u>1,573,599</u>
Opening balance	928,856	232,642
Additions	2,198,038	928,856
Revenue from capital grant/contributions held as a liability at the start of the period	(928,856)	(232,642)
	<u>2,198,038</u>	<u>928,856</u>

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.

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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 the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current capital grant/contribution liabilities fair values 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 2022**

14. BORROWINGS

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		641,324	5,234,870	5,876,194	648,198	5,881,762	6,529,960
Total secured borrowings	26(a)	641,324	5,234,870	5,876,194	648,198	5,881,762	6,529,960

Secured liabilities and assets pledged as security

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

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

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

Current provisions

Employee benefit provisions

Annual Leave

Long Service Leave

Other employee provisions

Non-current provisions

Long Service Leave

	2022	2021
	\$	\$
Annual Leave	815,004	838,306
Long Service Leave	1,024,359	889,145
Other employee provisions	43,807	41,452
	1,883,170	1,768,903
Long Service Leave	194,823	465,630
	194,823	465,630
	2,077,993	2,234,533

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:

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

Note	2022	2021
	\$	\$
Less than 12 months after the reporting date	810,378	874,818
More than 12 months from reporting date	1,267,615	1,359,715
	2,077,993	2,234,533

SIGNIFICANT 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

	2022 Opening Balance	2022 Revaluation Increment	2022 Revaluation (Decrement)	Total Movement on Revaluation	2022 Closing Balance	2021 Opening Balance	2021 Closing Balance
	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	1,441,236	281,685	0	281,685	1,722,921	1,441,236	1,441,236
Revaluation surplus - Buildings - non-specialised	51,204,883	1,695,415	0	1,695,415	52,900,298	51,204,883	51,204,883
Revaluation surplus - Plant and equipment	798,087	0	0	0	798,087	798,087	798,087
Revaluation surplus - Infrastructure - roads	265,158,892	0	0	0	265,158,892	265,158,892	265,158,892
	318,603,098	1,977,100	0	1,977,100	320,580,198	318,603,098	318,603,098

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

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	16,881,815	10,797,326	14,964,766

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	10,637,171	9,405,346	10,606,076
		<u>10,637,171</u>	<u>9,405,346</u>	<u>10,606,076</u>

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

Restricted reserve accounts	27	6,610,349	9,405,346	6,285,835
Unspent loans	26(c)	850,802	0	1,731,550
Contract Liabilities from contracts with customers	13	2,987,406	0	2,502,455
Bonds and deposits held	12	188,614	0	86,236
Total restricted financial assets		<u>10,637,171</u>	<u>9,405,346</u>	<u>10,606,076</u>

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

Net result		(774,011)	(51,008)	(2,047,853)
Non-cash items:				
Depreciation/amortisation		9,671,109	9,521,591	9,597,151
(Profit)/loss on sale of asset		(139,951)	(54,173)	(44,167)
Adjustments to fair value of financial assets at fair value through (profit)/loss		(11,603)	0	0
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		419,888	12,900	(190,808)
(Increase)/decrease in contract assets		(173,616)	0	(493,963)
(Increase)/decrease in other assets		124,814	149,446	(171,784)
(Increase)/decrease in inventories		(107,091)	20,368	(79,544)
Increase/(decrease) in trade and other payables		(24,356)	0	290,479
Increase/(decrease) in employee related provisions		(156,540)	63,231	142,018
Increase/(decrease) in other provisions		0	(225,040)	4,344
Increase/(decrease) in other liabilities		484,951	(1,304,680)	906,742
Non-operating grants, subsidies and contributions		(3,779,555)	(9,769,694)	(3,905,513)
Net cash provided by/(used in) operating activities		<u>5,534,039</u>	<u>(1,637,059)</u>	<u>4,007,102</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit		0		0
Bank overdraft at balance date		0		0
Credit card limit		60,000		60,000
Credit card balance at balance date		(3,295)		(7,968)
Total amount of credit unused		<u>56,705</u>		<u>52,032</u>

Loan facilities

Loan facilities - current		641,324		648,198
Loan facilities - non-current		5,234,870		5,881,762
Total facilities in use at balance date		<u>5,876,194</u>		<u>6,529,960</u>

Unused loan facilities at balance date	26(c)	850,802		1,731,550
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SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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)
- Lot 314, Plan 42635 Manjimup WA 6258

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 2022/23 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.

Litigation

A writ of summons dated 23 February 2021 has been issued to the Shire of Manjimup as the first defendant and another State government agency as the second defendant. The writ relates to a vehicle accident that occurred on Channybearup Road, Beedelup on the 9 March 2018. The Shire have lodged a claim to their insurer. A lawyer's firm have been appointed representing the insurer. The financial impact (if any) and any contingent liability cannot be determined at this time.

19. CAPITAL COMMITMENTS

	2022	2021
	\$	\$
Contracted for:		
- capital expenditure projects	1,320,693	1,977,988
	1,320,693	1,977,988

The capital expenditure commitment of \$1,320,693 and prior year commitment relate to tender RFT04-20 awarded for the construction of the Pemberton Community Colocation due for completion in November 2022.

SHIRE OF MANJIMUP
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20. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Councillor Omodei			
President's annual allowance	39,366	39,366	39,366
Meeting attendance fees	23,007	23,007	23,007
ICT expenses	2,000	2,000	2,000
Travel and accommodation expenses	7,003	1,636	8,019
	71,376	66,009	72,392
Councillor Jenkins			
Deputy President's annual allowance	6,826	7,382	0
Meeting attendance fees	19,048	19,048	19,048
ICT expenses	2,000	2,000	2,000
Travel and accommodation expenses	0	1,636	0
	27,874	30,066	21,048
Councillor Winfield			
Meeting attendance fees	19,048	19,048	19,048
ICT expenses	2,000	2,000	2,000
Travel and accommodation expenses	0	1,636	0
	21,048	22,684	21,048
Councillor Dawson Vidovich			
Meeting attendance fees	19,048	19,048	19,048
ICT expenses	2,000	2,000	2,000
Travel and accommodation expenses	0	1,636	0
	21,048	22,684	21,048
Councillor Eiby			
Meeting attendance fees	19,048	19,048	19,048
ICT expenses	2,000	2,000	2,000
Travel and accommodation expenses	1,293	1,636	1,889
	22,341	22,684	22,937
Councillor Taylor			
Meeting attendance fees	19,048	19,048	19,048
ICT expenses	2,000	2,000	2,000
Travel and accommodation expenses	0	1,636	0
	21,048	22,684	21,048
Councillor Skoss			
Meeting attendance fees	19,048	19,048	19,048
ICT expenses	2,000	2,000	2,000
Travel and accommodation expenses	168	1,636	0
	21,216	22,684	21,048
Councillor Buegge			
Meeting attendance fees	13,415	14,286	0
ICT expenses	1,409	1,500	0
Travel and accommodation expenses	0	1,227	0
	14,824	17,013	0
Councillor Ventris			
Meeting attendance fees	19,048	19,048	19,048
ICT expenses	2,000	2,000	2,000
Travel and accommodation expenses	608	1,636	0
	21,656	22,684	21,048
Councillor Lawrence			
Meeting attendance fees	19,048	19,048	19,048
ICT expenses	2,000	2,000	2,000
Travel and accommodation expenses	2,490	1,636	831
	23,538	22,684	21,879
Councillor Wilcox			
Meeting attendance fees	13,415	14,286	0
ICT expenses	1,409	1,500	0
Travel and accommodation expenses	4,129	1,227	0
	18,953	17,013	0

SHIRE OF MANJIMUP
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20. RELATED PARTY TRANSACTIONS (Continued)

(a) Elected Member Remuneration

Note	2022 Actual	2022 Budget	2021 Actual
Ex Councillor Darin			
Deputy President's annual allowance	2,460	2,460	9,842
Meeting attendance fees	4,762	4,762	19,048
ICT expenses	500	500	2,000
Travel and accommodation expenses	0	411	129
	7,722	8,133	31,019
Ex Councillor Tapley			
Meeting attendance fees	4,762	4,762	19,048
ICT expenses	500	500	2,000
Travel and accommodation expenses	1,202	411	6,947
	6,464	5,673	27,995
	299,108	302,695	302,510

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

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
President's annual allowance	39,366	39,366	39,366
Deputy President's annual allowance	9,286	9,842	9,842
Meeting attendance fees	211,745	213,487	213,487
ICT expenses	21,818	22,000	22,000
Travel and accommodation expenses	16,893	18,000	17,815
20(b)	299,108	302,695	302,510

(b) Key Management Personnel (KMP) Compensation

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

	2022 Actual	2021 Actual
	\$	\$
Short-term employee benefits	1,259,990	1,185,992
Post-employment benefits	120,244	120,107
Employee - other long-term benefits	20,199	20,007
Council member costs	299,108	302,510
20(a)	1,699,541	1,628,616

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Council member costs

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

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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20. RELATED PARTY TRANSACTIONS

(c) 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:

Purchase of goods and services

2022 Actual	2021 Actual
\$ 45,327	\$ 34,162

(d) Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.

iii. Entities subject to significant influence by the Shire

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

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

(a) Interest rate risk

Cash and cash equivalents

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

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, 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 \$
2022					
Cash and cash equivalents	0.17%	16,881,815	0	16,879,265	2,550
2021					
Cash and cash equivalents	0.17%	14,964,766	0	14,962,016	2,750

Sensitivity

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

	2022	2021
Impact of a 1% movement in interest rates on profit and loss and equity*	\$ 168,793	\$ 149,648

* 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 receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
30 June 2022						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	66.03%		
Gross carrying amount	191,166	485,290	102,333	340,799	1,119,588	
Loss allowance	0	0	0	225,040	225,040	5
30 June 2021						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	100.00%		
Gross carrying amount	15,564	598,224	444,784	225,040	1,283,612	
Loss allowance	0	0	0	225,040	225,040	5

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Less than 1 year past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total	
30 June 2022						
Trade and other receivables						
Expected credit loss	0.00%	25.00%	50.00%	75.00%		
Gross carrying amount	273,944	14,215	1,021	30,808	319,988	
Loss allowance	0	3,554	510	23,106	27,170	5
30 June 2021						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	50.00%	74.00%		
Gross carrying amount	399,922	16,872	3,151	36,354	456,299	
Loss allowance	0	0	1,575	26,896	28,471	5

SHIRE OF MANJIMUP
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21. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

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

	Rates receivable		Trade and other receivables		Contract Assets	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual	2022 Actual	2021 Actual
	\$	\$	\$	\$	\$	\$
Opening loss allowance as at 1 July	225,040	225,040	28,471	17,763	0	0
Increase in loss allowance recognised	0	0	0	10,708	0	0
Receivables written off during the year as uncollectible	0	0	(1,301)	0	0	0
Closing loss allowance at 30 June	225,040	225,040	27,170	28,471	0	0

Trade 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 trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Contract Assets

The Shire's contract assets represent work completed, which have not been invoiced at year end. This is due to the Shire not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Shire applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Shire has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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 balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<u>2022</u>					
Trade and other payables	1,904,696	0	0	1,904,696	1,904,696
Borrowings	847,324	2,514,924	3,867,920	7,230,168	5,876,194
Lease liabilities	84,112	105,336	0	189,448	185,073
	<u>2,836,132</u>	<u>2,620,260</u>	<u>3,867,920</u>	<u>9,324,312</u>	<u>7,965,963</u>
<u>2021</u>					
Trade and other payables	1,929,052	0	0	1,929,052	1,929,052
Borrowings	888,864	2,903,596	4,325,942	8,118,402	6,529,960
Lease liabilities	87,254	72,134	0	159,388	156,461
	<u>2,905,170</u>	<u>2,975,730</u>	<u>4,325,942</u>	<u>10,206,842</u>	<u>8,615,473</u>

22. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the Shire's intentions to release for sale.

c) Rounding off figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented in Australian Dollars.

d) Comparative figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) Statement of Financial Position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

e) Budget comparative figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

f) Superannuation

The Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.

g) Fair value of assets and liabilities

Fair value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

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

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

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

h) Interest earnings

Interest income 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 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 cash generating non-specialised assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

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

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

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

k) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

New accounting standards for application in future years

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

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

It is not expected these standards will have an impact on the financial report.

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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
<p>Governance To provide a decision making process for the efficient allocation of scarce resources.</p>	<p>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.</p>
<p>General purpose funding To collect revenue to allow for the provision of services.</p>	<p>Rates, general purpose government grants and interest revenue.</p>
<p>Law, order, public safety To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.</p>
<p>Health To provide an operational framework for environmental and community health</p>	<p>Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.</p>
<p>Education and welfare To provide services to disadvantaged persons, the elderly, children and youth</p>	<p>Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home care programs and youth services.</p>
<p>Housing To provide and maintain elderly residents housing.</p>	<p>Provision and maintenance of elderly residents housing.</p>
<p>Community amenities To provide services required by the community</p>	<p>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.</p>
<p>Recreation and culture To establish and effectively manage infrastructure and resources which will help the social well being of the community</p>	<p>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.</p>
<p>Transport To provide safe, effective and efficient transport services to the community</p>	<p>Construction and maintenance of roads, streets, footpaths, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting et.</p>
<p>Economic services To help promote the local government and its economic wellbeing</p>	<p>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.</p>
<p>Other property and services To monitor and control operating accounts</p>	<p>Private works operation, plant repair and costs</p>

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

23. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2022	2022	2021
	Actual	Budget	Actual
	\$	\$	\$
Income excluding grants, subsidies and contributions			
Governance	862,486	699,159	1,239,711
General purpose funding	10,253,059	10,234,895	9,910,308
Law, order, public safety	145,759	237,009	231,821
Health	73,204	53,500	61,994
Education and welfare	1,185,915	977,391	1,848,468
Housing	50,700	24,200	71,707
Community amenities	2,128,880	2,043,854	2,082,203
Recreation and culture	727,173	900,224	802,365
Transport	15,332	3,542	8,799
Economic services	124,554	78,093	177,729
Other property and services	220,410	438,228	147,545
	15,787,472	15,690,095	16,582,650
Grants, subsidies and contributions			
Governance	707,251	700,108	214,136
General purpose funding	3,485,353	1,441,346	2,953,408
Law, order, public safety	923,390	961,635	849,590
Health	1,185	6,458	3,583
Education and welfare	2,112,118	1,139,132	1,329,837
Community amenities	409,278	20,043	168,887
Recreation and culture	603,298	2,652,241	1,037,954
Transport	5,102,125	9,315,620	4,628,655
Economic services	0	2,500	3,410
Other property and services	83,685	161,804	211,250
	13,427,683	16,400,887	11,400,710
Total Income	29,215,155	32,090,982	27,983,360
Expenses			
Governance	(3,670,802)	(3,440,823)	(3,439,129)
General purpose funding	(47,825)	(135,000)	(29,759)
Law, order, public safety	(1,545,775)	(2,049,568)	(1,911,648)
Health	(372,599)	(376,831)	(353,064)
Education and welfare	(2,932,072)	(2,472,160)	(3,073,811)
Housing	(11,505)	(16,000)	(45,032)
Community amenities	(2,872,944)	(3,226,971)	(3,065,119)
Recreation and culture	(5,833,435)	(7,420,043)	(5,963,584)
Transport	(10,875,866)	(10,992,922)	(10,161,129)
Economic services	(2,045,128)	(2,114,298)	(1,858,673)
Other property and services	218,785	102,626	(130,265)
Total expenses	(29,989,166)	(32,141,990)	(30,031,213)
Net result for the period	(774,011)	(51,008)	(2,047,853)

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

23. FUNCTION AND ACTIVITY (Continued)

	2022	2022	2021
	Actual	Budget	Actual
(c) Fees and Charges	\$	\$	\$
Governance	268,901	68,500	268,809
Law, order, public safety	68,938	47,500	58,554
Health	65,769	53,500	61,994
Education and welfare	1,178,223	961,400	1,836,556
Housing	50,700	0	2,800
Community amenities	2,161,856	2,060,842	2,082,054
Recreation and culture	727,173	779,014	729,426
Transport	15,332	13,500	10,026
Economic services	113,932	77,458	89,837
Other property and services	114,307	0	114,585
	4,765,131	4,061,714	5,254,641
(d) Total Assets	\$	\$	
Governance	5,437,004	4,851,225	
Law, order, public safety	4,093,893	3,727,278	
Health	81,814	78,312	
Education and welfare	5,936,343	5,763,649	
Housing	2,268,830	2,097,852	
Community amenities	1,708,433	1,254,647	
Recreation and culture	45,929,600	46,636,164	
Transport	232,297,815	234,029,954	
Economic services	1,968,997	2,072,007	
Other property and services	4,113	9,064	
Unallocated	19,924,675	18,249,375	
	319,651,517	318,769,527	

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

24. RATING INFORMATION

(a) General Rates

RATE TYPE		2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2020/21			
Rate Description	Basis of valuation	Rate in \$	Number of Properties	Actual Rateable Value *	Actual Rate Revenue	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue
GRV Rate	Gross rental valuation	0.096704	2,566	46,139,480	4,461,872	8,390	29	4,470,291	4,461,872	20,000	0	4,481,872	4,307,189
UV Rate	Unimproved valuation	0.008078	1,313	481,239,440	3,887,356	11,766	(491)	3,898,631	3,887,356	10,000	0	3,897,356	3,817,672
CALM Leases	Unimproved valuation	0.008078	3	67,880	548	0	0	548	548	0	0	548	429
Sub-Total			3,882	527,446,800	8,349,776	20,156	(462)	8,369,470	8,349,776	30,000	0	8,379,776	8,125,290
Minimum payment		Minimum \$											
GRV Rate	Gross rental valuation	988	1,536	9,663,762	1,517,568	0	0	1,517,568	1,517,568	0	0	1,517,568	1,473,565
UV Rate	Unimproved valuation	988	263	20,669,963	259,844	0	0	259,844	259,844	0	0	259,844	209,145
CALM Leases	Unimproved valuation	104	1	10,000	104	0	0	104	104	0	0	104	100
CALM Leases Dam	Unimproved valuation	82	1	5,000	82	0	0	82	82	0	0	82	100
Sub-Total			1,801	30,348,725	1,777,598	0	0	1,777,598	1,777,598	0	0	1,777,598	1,682,910
			5,683	557,795,525	10,127,374	20,156	(462)	10,147,068	10,127,374	30,000	0	10,157,374	9,808,200
Concessions on general rates (Refer note 24(c))								(50,953)				(50,953)	(49,256)
Waivers on general rates (Refer note 24(c))								(28,526)				(28,526)	(29,437)
Total amount raised from general rates								10,067,589				10,077,895	9,729,507
								10,067,589				10,077,895	9,729,507

(b) Total Rates

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities*.

* Rateable value is based on the value of properties at the time the rate is raised.

SHIRE OF MANJIMUP
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 FOR THE YEAR ENDED 30 JUNE 2022

24. RATING INFORMATION (Continued)

(c) Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Waiver/Concession	Discount %	Discount \$	2022 Actual \$	2022 Budget \$	2021 Actual \$
General Rates - Sports Clubs	Rate	Concession	75.00%	0	31,106	31,106	30,101
General Rates - Social Clubs	Rate	Concession	75.00%	0	19,847	19,847	19,155
General Rates - Disclaimed	Rate	Waiver	100.00%	0	10,868	10,868	10,505
General Rates - NFP	Rate	Waiver	100.00%	0	17,658	17,658	18,932
					79,479	79,479	78,693
Total discounts/concessions (Note 24)					79,479	79,479	78,693

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
General Rates - Sports Clubs	Clubs with liquor licenses applied for concession	Support community groups	Council never intended to raise full rates on sporting groups
General Rates - Social Clubs	Social Clubs not exempt under legislation applied for concession	Support community groups	Council do not wish to raise rates on social groups
General Rates - Disclaimed	Owners legally gave up land title	Waive rates	No owner to recover rates from and value minimal
General Rates - NFP	Housing & Health Sector group applied for waiver	Support NFP housing & health	Council wish to support these community groups

**SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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24. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	17/09/2021	0.00	0.00%	7.00%
Option Two				
First instalment	17/09/2021	0.00	4.00%	7.00%
Second instalment	26/11/2021	8.70	4.00%	7.00%
Third instalment	4/02/2022	8.70	4.00%	7.00%
Fourth instalment	19/04/2022	8.70	4.00%	7.00%

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Interest on unpaid rates	71,785	61,500	81,693
Interest on instalment plan	33,878	30,000	28,944
Charges on instalment plan	30,406	38,500	32,204
	136,069	130,000	142,841

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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25. RATE SETTING STATEMENT INFORMATION

		2021/22 Budget	2020/21
	2021/22 (30 June 2022)	(30 June 2022)	(30 June 2021)
Note	Carried Forward)	Carried Forward)	Carried Forward
	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	10(c) (218,474)	(200,683)	(44,167)
Add: Loss on disposal of assets	10(c) 78,523	146,510	0
Add: Depreciation	10(a) 9,671,109	9,521,591	9,597,151
Non-cash movements in non-current assets and liabilities:			
Pensioner deferred rates	3,269	0	(1,739)
Employee benefit provisions	(270,807)	223,332	(75,716)
Other provisions	0	10,000	0
Non-cash amounts excluded from operating activities	9,263,620	9,700,750	9,475,529
(b) Surplus/(deficit) after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserve accounts	27 (6,610,349)	(9,405,346)	(6,285,835)
Less: Financial assets at amortised cost - self supporting loans	4(a) (18,286)	(17,582)	(17,581)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	14 641,324	641,324	648,198
- Current portion of lease liabilities	11(b) 81,396	81,396	85,428
- Employee benefit provisions held in reserve	729,602	604,291	691,242
- Employee benefit provision	197,707	0	224,464
Total adjustments to net current assets	(4,978,606)	(8,095,917)	(4,654,084)
Net current assets used in the Rate Setting Statement			
Total current assets	19,312,807	15,029,953	17,655,779
Less: Total current liabilities	(7,497,992)	(6,934,036)	(6,934,036)
Less: Total adjustments to net current assets	(4,978,606)	(8,095,917)	(4,654,084)
Net current assets used in the Rate Setting Statement	6,836,209	0	6,067,659

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

26. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual							Budget			
		Principal		Principal at 30 June 2021	Principal		Principal at 30 June 2022	Principal at 1 July 2021	Principal		Principal at 30 June 2022	
		Principal at 1 July 2020	New Loans During 2020-21		Repayments During 2020-21	New Loans During 2021-22			Repayments During 2021-22	New Loans During 2021-22		Repayments During 2021-22
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Brockman St (RGC)		403,094	0	(16,923)	386,171	0	(17,609)	368,562	386,171	0	(17,609)	368,562
Freehold Land Acquisition (RGC)		754,234	0	(31,663)	722,571	0	(32,948)	689,623	722,571	0	(32,948)	689,623
Archive Storage Shed		140,000	0	(5,885)	134,115	0	(5,990)	128,125	134,115	0	(5,990)	128,125
Medical Professionals Accommodation		439,796	0	(20,765)	419,031	0	(21,630)	397,401	419,031	0	(21,630)	397,401
MPA - Driveway and Fitout		37,816	0	(18,664)	19,152	0	(19,152)	0	19,152	0	(19,152)	0
Manjimup Waste Site Development		215,971	0	(18,141)	197,830	0	(19,384)	178,446	197,830	0	(19,384)	178,446
Manjimup VRC Building Expansion		175,353	0	(11,326)	164,027	0	(11,838)	152,189	164,027	0	(11,838)	152,189
CBD Solar Efficiency Project		500,000	0	(47,243)	452,757	0	(47,836)	404,921	452,757	0	(47,836)	404,921
Pemb Sports Complex, Walpole Co-Loc		101,674	0	(38,712)	62,962	0	(41,293)	21,669	62,962	0	(41,293)	21,669
NICC, Walpole Telecentre carpark		97,272	0	(22,036)	75,236	0	(23,493)	51,743	75,236	0	(23,493)	51,743
Swimming pool		395,309	0	(70,086)	325,223	0	(74,312)	250,911	325,223	0	(74,312)	250,911
Swimming pool		488,153	0	(77,407)	410,746	0	(82,105)	328,641	410,746	0	(82,105)	328,641
Swimming pool - heat pumps		14,038	0	(14,038)	0	0	0	0	0	0	0	0
Swimming pool		284,447	0	(40,254)	244,193	0	(42,818)	201,375	244,193	0	(42,818)	201,375
AquaCentre - Ground Source Heat Pumps		77,851	0	(24,850)	53,001	0	(25,935)	27,066	53,001	0	(25,935)	27,066
Walpole Country Club		63,705	0	(10,722)	52,983	0	(11,089)	41,894	52,983	0	(11,089)	41,894
Solar PV System AquaCentre		92,033	0	(29,859)	62,174	0	(30,670)	31,504	62,174	0	(30,670)	31,504
Air Source Heat Pumps AquaCentre		175,000	0	(16,535)	158,465	0	(16,742)	141,723	158,465	0	(16,742)	141,723
Pemberton Colocation Redevelopment		0	700,000	0	700,000	0	(27,564)	672,436	700,000	0	(25,792)	674,208
Stage 1 - Recreation/Community Amenities Upgrade		0	1,500,000	0	1,500,000	0	(59,066)	1,440,934	1,500,000	0	(55,270)	1,444,730
Depot Building extensions, WP T/Hall Entry, WP Aged Accom, WP SSR Shed		275,317	0	(23,126)	252,191	0	(24,710)	227,481	252,191	0	(24,710)	227,481
Stage 2a - Recreation/Community Facilities Upgrade		0	0	0	0	0	0	0	0	500,000	0	500,000
Stage 2b - Collier Street/ Rea Park Redevelopment		0	0	0	0	0	0	0	0	2,500,000	0	2,500,000
Stage 2C - Collier Street/ Rea Park Redevelopment		0	0	0	0	0	0	0	0	2,500,000	0	2,500,000
Total		4,731,063	2,200,000	(538,235)	6,392,828	0	(636,184)	5,756,644	6,392,828	5,500,000	(630,616)	11,262,212
Self Supporting Loans												
Manjimup Country Club		28,719	0	(9,167)	19,552	0	(9,567)	9,985	19,552	0	(9,567)	9,985
Pemberton Golf Club		125,318	0	(7,738)	117,580	0	(8,015)	109,565	117,580	0	(8,015)	109,565
Total Self Supporting Loans		154,037	0	(16,905)	137,132	0	(17,582)	119,550	137,132	0	(17,582)	119,550
Total Borrowings	14	4,885,100	2,200,000	(555,140)	6,529,960	0	(653,766)	5,876,194	6,529,960	5,500,000	(648,198)	11,381,762

* WA Treasury Corporation

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.

SHIRE OF MANJIMUP
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FOR THE YEAR ENDED 30 JUNE 2022

26. BORROWING AND LEASE LIABILITIES (Continued)

Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending	Budget for year ending	Actual for year ending
						30 June 2022	30 June 2022	30 June 2021
						\$	\$	\$
Brockman St (RGC)		Governance	223	WATC	4.02%	(15,157)	(15,157)	(15,851)
Freehold Land Acquisition (RGC)		Governance	224	WATC	4.02%	(28,360)	(28,360)	(29,659)
Archive Storage Shed		Governance	229	WATC	1.78%	(2,323)	(2,322)	(2,433)
Medical Professionals Accommodation		Health	219	WATC	5.00%	(16,658)	(16,657)	(17,530)
MPA - Driveway and Fitout		Health	221	WATC	2.60%	(239)	(239)	(731)
Manjimup Waste Site Development		Community amenities	213	WATC	6.74%	(12,895)	(12,895)	(14,172)
Manjimup VRC Building Expansion		Community amenities	215	WATC	4.57%	(7,189)	(7,190)	(7,702)
CBD Solar Efficiency Project		Community amenities	228	WATC	1.25%	(5,310)	(5,311)	(5,916)
Pemb Sports Complex, Walpole Co-Loc		Recreation and culture	196	WATC	6.56%	(2,424)	(2,424)	(5,023)
NICC, Walpole Telecentre carpark		Recreation and culture	202	WATC	6.50%	(4,224)	(4,225)	(5,672)
Swimming pool		Recreation and culture	206	WATC	5.94%	(17,663)	(17,663)	(21,930)
Swimming pool		Recreation and culture	207	WATC	5.98%	(22,699)	(22,699)	(27,472)
Swimming pool - heat pumps		Recreation and culture	208	WATC	5.96%	0	0	(313)
Swimming pool		Recreation and culture	210	Westpac	6.27%	(13,885)	(13,885)	(16,495)
AquaCentre - Ground Source Heat Pumps		Recreation and culture	216	WATC	4.42%	(1,771)	(1,771)	(2,866)
Walpole Country Club		Recreation and culture	220	WATC	3.61%	(1,544)	(1,544)	(1,917)
Solar PV System AquaCentre		Recreation and culture	225	WATC	3.61%	(1,185)	(1,185)	(2,083)
Air Source Heat Pumps AquaCentre		Recreation and culture	227	WATC	1.25%	(1,859)	(1,859)	(2,070)
Pemberton Colocation Redevelopment		Recreation and culture	230	WATC	2.43%	(16,696)	(21,366)	(3,713)
Stage 1 - Recreation/Community Amenities Upgrade		Recreation and culture	231	WATC	2.43%	(35,777)	(41,521)	(7,957)
Depot Building extensions, WP T/Hall Entry, WP Aged Accom, WP SSR Shed		Other property and services	214	WATC	6.74%	(16,437)	(16,438)	(18,067)
Total						(224,295)	(234,711)	(209,572)
Self Supporting Loans Interest Repayments								
Manjimup Country Club			218	WATC	4.42%	(653)	(653)	(1,190)
Pemberton Golf Club			226	WATC	3.55%	(3,674)	(3,674)	(4,381)
Total Self Supporting Loans Interest Repayments						(4,327)	(4,327)	(5,571)
Total Interest Repayments	2(b)					(228,622)	(239,038)	(215,143)

(b) New Borrowings - 2021/22

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges \$	Actual Balance Unspent \$
					2022 Actual	2022 Budget	2022 Actual	2022 Budget		
					\$	\$	\$	\$		
Stage 2a - Rec/Community Facilities Upgrade	WATC	Principal / Interest	20	2.70%	0	500,000	0	(500,000)	0	0
Stage 2b - Collier Street/ Rea Park Redevelopment	WATC	Principal / Interest	20	2.70%	0	2,500,000	0	(2,500,000)	0	0
Stage 2C - Collier Street/ Rea Park Redevelopment	WATC	Principal / Interest	20	2.70%	0	2,500,000	0	(2,500,000)	0	0
					0	5,500,000	0	(5,500,000)	0	0

* WA Treasury Corporation

SHIRE OF MANJIMUP
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26. BORROWING AND LEASE LIABILITIES (Continued)

(c) Unspent Borrowings

Particulars	Institution	Date Borrowed	Unspent	Borrowed	Expended	Unspent
			Balance 1 July 2021	During Year	During Year	Balance 30 June 2022
			\$	\$	\$	\$
Repeater upgrade Mt Burnside	WATC	Various	16,297	0	(13,800)	2,497
Energy Efficiency Project / Brockman St Upgrade - Solar	WATC	2019/2020	287,526	0	(135,395)	152,131
Archive Storage Building	WATC	2019/2020	30,506	0	(15,070)	15,436
Pemberton RSL Colocation Redevelopment	WATC	2020/2021	691,410	0	(135,479)	555,931
Recreation / Community Facilities Upgrade	WATC	2020/2021	705,811	0	(581,004)	124,807
			1,731,550	0	(880,748)	850,802

* WA Treasury Corporation

(d) Lease Liabilities

Purpose	Note	Actual							Budget				
		Principal			Principal at 30 June 2021	Principal			Principal at 1 July 2021	Principal			
		Principal at 1 July 2020	New Leases During 2020-21	Repayments During 2020-21		New Leases During 2021-22	Repayments During 2021-22	Principal at 30 June 2022		New Leases During 2021-22	Repayments During 2021-22	Principal at 30 June 2022	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Switch (5412R Admin Office)		6,718	0	(6,718)	0	0	0	0	0	0	0	0	0
KACE Appliance		2,963	0	(2,963)	0	0	0	0	0	0	0	0	0
KACE Appliance with Licences		816	0	(816)	0	0	0	0	0	0	0	0	0
Anittel Switch (CIO)		277	0	(277)	0	0	0	0	0	0	0	0	0
Nutanix Storage Network		32,884	0	(32,884)	0	0	0	0	0	0	0	0	0
Fuji Xerox Copiers		36,093	0	(17,130)	18,963	0	(17,489)	1,474	18,963	0	(17,489)	1,474	
Copier OCE 500		21,307	0	(12,700)	8,607	0	(8,607)	0	8,607	0	(8,607)	0	
SOPHOS Firewalls		24,920	0	(12,330)	12,590	0	(12,590)	0	12,590	0	(12,590)	0	
Network Equipment		24,235	0	(6,137)	18,098	0	(6,266)	11,832	18,098	0	(6,266)	11,832	
Switching Equipment ICT		0	45,369	(4,429)	40,940	0	(8,924)	32,016	40,940	0	(8,924)	32,016	
Ford Ranger - 1005WA		6,624	0	(6,624)	0	0	0	0	0	0	0	0	
Toyota Camry - 1026WA		17,574	0	(6,503)	11,071	0	(6,608)	4,463	11,071	0	(6,608)	4,463	
Ford Focus - 1027WA		13,793	0	(5,256)	8,537	0	(5,361)	3,176	8,537	0	(5,361)	3,176	
Switch (MHCC)		9,347	0	(8,621)	726	0	(726)	0	726	0	(726)	0	
Fuji Xerox Copier		7,219	0	(3,426)	3,793	0	(3,498)	295	3,793	0	(3,498)	295	
Ford Ranger - 1028WA		2,026	0	(2,026)	0	0	0	0	0	0	0	0	
Coffee Machine (MRAC)		1,900	0	(1,900)	0	0	0	0	0	0	0	0	
Switch Library		357	0	(357)	0	0	0	0	0	0	0	0	
Switches Depot & MRAC		16,909	0	(6,894)	10,015	0	(7,039)	2,976	10,015	0	(7,039)	2,976	
Ford Ranger - 1028WA		0	5,615	(5,615)	0	0	0	0	0	0	0	0	
Ford Ranger - 1030WA		4,377	0	(4,377)	0	0	0	0	0	0	0	0	
Ford Ranger - 1030WA		0	25,197	(2,076)	23,121	0	(8,320)	14,801	23,121	0	(8,320)	14,801	
Nutanix Block		0	0	0	0	90,949	(14,916)	76,033	0	85,000	(8,218)	76,782	
Toyota Hilux - 1005WA		0	0	0	0	25,688	(2,100)	23,588	0	24,000	(1,900)	22,100	
Ford Ranger - 1028WA		0	0	0	0	20,649	(6,230)	14,419	0	20,000	(3,500)	16,500	
Total Lease Liabilities	11(b)	230,339	76,181	(150,059)	156,461	137,286	(108,674)	185,073	156,461	129,000	(99,046)	186,415	

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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BORROWING AND LEASE LIABILITIES (Continued)

(d) Lease Liabilities

Lease Interest Repayments

Purpose	Note	Function and activity	Lease Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021	Lease Term
						\$	\$	\$	
Switch (5412R Admin Office)		Governance	E6N0158919	MAIA	2.00%	0	0	(45)	60 Months
KACE Appliance		Governance	E6N0158922	MAIA	2.00%	0	0	(19)	60 Months
KACE Appliance with Licences		Governance	E6N0159603	MAIA	2.00%	0	0	(7)	57 Months
Anittel Switch (CIO)		Governance	E6N0159635	MAIA	2.10%	0	0	(1)	48 Months
Nutanix Storage Network		Governance	E6N0162341	MAIA	2.00%	0	0	(221)	36 Months
Fuji Xerox Copiers		Governance	120-0395884-002	DLL Financial	2.10%	(229)	(229)	(590)	36 Months
Copier OCE 500		Governance			2.00%	(65)	(65)	(309)	60 Months
SOPHOS Firewalls		Governance	E6N0162564	MAIA	2.10%	(143)	(143)	(403)	36 Months
Network Equipment		Governance	E6N0163073	MAIA	2.10%	(317)	(317)	(447)	48 Months
Switching Equipment ICT		Governance	5546295549AUS1	HP Financial	1.10%	(404)	(404)	(236)	48 Months
Ford Ranger - 1005WA		Law, order, public safety	SG Fleet	SG Fleet	2.00%	0	0	(45)	36 Months
Toyota Camry - 1026WA		Education and welfare	SG Fleet	SG Fleet	1.60%	(128)	(128)	(233)	36 Months
Ford Focus - 1027WA		Education and welfare	SG Fleet	SG Fleet	2.00%	(121)	(121)	(227)	36 Months
Switch (MHCC)		Education and welfare	E6N0159608	MAIA	2.00%	(1)	(1)	(108)	60 Months
Fuji Xerox Copier		Education and welfare	120-0395884-001	DLL Financial	2.10%	(46)	(46)	(119)	36 Months
Ford Ranger - 1028WA		Recreation and culture	SG Fleet	SG Fleet	2.10%	0	0	(9)	36 Months
Coffee Machine (MRAC)		Recreation and culture	E6N0151115	MAIA	2.00%	0	0	(16)	36 Months
Switch Library		Recreation and culture	E6N0159636	MAIA	2.10%	0	0	(1)	48 Months
Switches Depot & MRAC		Recreation and culture	E6N0160741	MAIA	2.10%	(142)	(142)	(288)	60 Months
Ford Ranger - 1028WA		Recreation and culture	SG Fleet	SG Fleet	1.20%	0	0	(28)	6 Months
Ford Ranger - 1030WA		Economic services	SG Fleet	SG Fleet	2.10%	0	0	(28)	36 Months
Ford Ranger - 1030WA		Economic services	988,158	SG Fleet	1.20%	(230)	(199)	(62)	36 Months
Nutanix Block		Governance	5546295549AUS2	HP Financial	2.00%	(684)	(245)	0	36 Months
Toyota Hilux - 1005WA		Law, order, public safety	998,878	SG Fleet	2.30%	(145)	(91)	0	36 Months
Ford Ranger - 1028WA		Recreation and culture	990,366	SG Fleet	1.30%	(204)	(100)	0	36 Months
Total Interest Repayments	2(b)					(2,859)	(2,231)	(3,442)	

SHIRE OF MANJIMUP
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FOR THE YEAR ENDED 30 JUNE 2022

27. RESERVE ACCOUNTS

	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Leave reserve	504,535	0	0	504,535	504,535	0	0	504,535	504,535	0	0	504,535
(b) Airfield construction and maintenance reserve	158,575	20,000	(7,721)	170,854	150,076	20,488	(78,000)	92,564	167,453	28,498	(37,376)	158,575
(c) AquaCentre building reserve	103,612	20,000	(9,446)	114,166	103,612	20,000	(90,013)	33,599	83,612	20,000	0	103,612
(d) AquaCentre plant reserve	20,000	20,000	(34,405)	5,595	20,000	20,000	(34,405)	5,595	0	20,000	0	20,000
(e) Arts and culture reserve	31,238	5,177	(1,680)	34,735	31,238	2,500	0	33,738	31,238	0	0	31,238
(f) Bridge reserve	283,584	0	0	283,584	283,584	0	0	283,584	283,584	0	0	283,584
(g) Building asset management reserve	272,560	0	(40,289)	232,271	272,560	0	(250,000)	22,560	272,560	0	0	272,560
(h) Community bus reserve	1,370	0	0	1,370	1,370	0	0	1,370	1,370	0	0	1,370
(i) Construction and resource research reserve	488,241	0	(5,858)	482,383	488,241	5,000	(35,559)	457,682	502,682	0	(14,441)	488,241
(j) Future carpark reserve - Manjimup	5,190	0	0	5,190	5,191	5,000	0	10,191	5,190	0	0	5,190
(k) Grants in advance reserve	178,427	0	(76,700)	101,727	178,427	0	(178,427)	0	0	178,427	0	178,427
(l) MHCC annual and long service leave reserve	186,707	38,360	0	225,067	170,894	23,325	0	194,219	155,075	31,632	0	186,707
(m) MHCC asset replacement reserve	712,196	455,603	(33,890)	1,133,909	635,313	133,928	(89,740)	679,501	537,360	203,491	(28,655)	712,196
(n) Heritage reserve	32,146	2,500	0	34,646	32,146	2,500	0	34,646	27,146	5,000	0	32,146
(o) Heritage trail reserve	55,000	7,500	0	62,500	55,000	7,500	0	62,500	55,000	0	0	55,000
(p) ICT hardware replacement reserve	0	21,850	(21,850)	0	0	21,850	(21,850)	0	0	21,850	(21,850)	0
(q) Land resumption reserve	51,666	0	(18,682)	32,984	51,666	0	(20,000)	31,666	69,091	0	(17,425)	51,666
(r) Northcliffe town hall reserve	1,859	0	0	1,859	1,859	0	0	1,859	1,859	0	0	1,859
(s) Occupational health and safety reserve	21,000	0	0	21,000	21,000	0	0	21,000	21,000	0	0	21,000
(t) Plant and equipment replacement reserve	1,209,550	530,237	(697,336)	1,042,451	1,212,651	778,000	(1,831,000)	159,651	803,736	507,000	(101,186)	1,209,550
(u) Playground major repair reserve	61,700	15,000	(6,700)	70,000	61,700	15,000	(50,000)	26,700	46,700	15,000	0	61,700
(v) Recreation floor reserve	41,141	7,500	(5,970)	42,671	41,141	7,500	(5,870)	42,771	41,141	0	0	41,141
(w) Recreation ground/facility improvement reserve	667,423	41,540	(52,040)	656,923	667,422	5,541,540	(535,540)	5,673,422	107,722	587,422	(27,721)	667,423
(x) Revaluation reserve	93,988	25,000	0	118,988	93,988	25,000	0	118,988	68,988	25,000	0	93,988
(y) Self insurance reserve	0	15,000	(15,000)	0	0	15,000	(15,000)	0	0	0	0	0
(z) Solar System Maintenance Reserve	0	10,000	0	10,000	0	10,000	0	10,000	0	0	0	0
(I) Strategic asset and development reserve	610	0	(610)	0	611	0	0	611	610	0	0	610
(II) Supertown - Townsite expansion project	0	0	0	0	0	0	0	0	211	0	(211)	0
(III) Telecommunications reserve	6,000	0	0	6,000	6,000	0	0	6,000	6,000	0	0	6,000
(IV) Waste management and site development reserve	180,238	50,000	(1,858)	228,380	249,676	50,000	(47,267)	252,409	153,623	26,615	0	180,238
(V) Windy Harbour infrastructure reserve	818,737	70,705	(1,423)	888,019	827,995	70,705	(320,774)	577,926	772,837	70,705	(24,805)	818,737
(VI) Workers compensation reserve	98,542	0	0	98,542	66,059	0	0	66,059	66,059	32,483	0	98,542
	6,285,835	1,355,972	(1,031,458)	6,610,349	6,233,955	6,774,836	(3,603,445)	9,405,346	4,786,382	1,773,123	(273,670)	6,285,835

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

SHIRE OF MANJIMUP
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27. RESERVE 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	Anticipated date of use	Purpose of the reserve
(a) Leave reserve	Ongoing	funding entitlements (other than MHCC) for annual leave and long service.
(b) Airfield construction and maintenance reserve	Ongoing	to be applied upon recommendations from the Airfield Committee.
(c) AquaCentre building reserve	Ongoing	monies for the programmed replacement of the Aqua Centre building, in particular the Hoecker inflated roof component of the building.
(d) AquaCentre plant reserve	Ongoing	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 reserve	Ongoing	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
(f) Bridge reserve	Ongoing	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 reserve	Ongoing	for the construction, maintenance, replacement or substantial repair of buildings and associated infrastructure owned or managed by the Shire of Manjimup
(h) Community bus reserve	Ongoing	monies not used during the year, set aside for future maintenance on the bus.
(i) Construction and resource research reserve	Ongoing	monies to be used to fund construction resources.
(j) Future carpark reserve - Manjimup	Ongoing	funding from developer contributions for developments to be applied to specific car parking works in the Shire of Manjimup.
(k) Grants in advance reserve	Ongoing	to set aside grants and contributions paid in advance of the funded projects completion.
(l) MHCC annual and long service leave reserve	Ongoing	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 reserve	Ongoing	monies set aside for the purpose of asset replacement, including vehicles, specifically relating to the Home and Community Care Scheme.
(n) Heritage reserve	Ongoing	grant monies allocated to the Shire of Manjimup for heritage building maintenance & general heritage functions.
(o) Heritage trail reserve	Ongoing	funds set aside to promote our unique heritage for residents and visitors.
(p) ICT hardware replacement reserve	Annual	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 reserve	Ongoing	funding for the resumption of land for infrastructure purposes (i.e. road reserves, footpaths, boundary setbacks etc.) where the resumption is not part of a budgeted infrastructure project.
(r) Northcliffe town hall reserve	Ongoing	monies to be used for the purpose of meeting future maintenance costs associated with the Northcliffe Town Hall.
(s) Occupational health and safety reserve	Ongoing	for the funding of any unbudgeted issues arising in the area of Occupational Safety and Health
(t) Plant and equipment replacement reserve	Ongoing	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.
(u) Playground major repair reserve	Ongoing	to set aside fund for future major repairs required for playgrounds within the Shire of Manjimup.
(v) Recreation floor reserve	Ongoing	set aside funds for sealing and line marking of timber courts in the Shire's four indoor recreation facilities.
(w) Recreation ground/facility improvement reserve	Ongoing	for funding the improvement or development of recreation grounds and facilities.
(x) Revaluation reserve	Ongoing	for the funding of future revaluation cycles for GRV valuations (currently four years), and Building revaluations (currently four years).
(y) Self insurance reserve	Annual	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.
(z) Solar System Maintenance Reserve	Ongoing	funding for preventative and reactive maintenance to Shire solar systems
(I) Strategic asset and development reserve	Ongoing	to enable Council to capture and address capital and operational strategic issues as opportunities arise.
(II) Supertown - Townsite expansion project	Closed	to assist in isolating project specific funds, allowing funding to be released as required over the life of the project.
(III) Telecommunications reserve	Ongoing	replacement of Shire managed television and radio retransmission equipment.
(IV) Waste management and site development reserve	Ongoing	funding for the development of waste facility sites upon the expiry of existing landfill sites and the rehabilitation of existing land fill sites.
(V) Windy Harbour infrastructure reserve	Ongoing	for the development of core infrastructure at Windy Harbour as outlined in the Windy Harbour Management Plan.
(VI) Workers compensation reserve	Ongoing	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 2022**

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:

	<u>1 July 2021</u>	<u>Amounts Received</u>	<u>Amounts Paid</u>	<u>30 June 2022</u>
	\$	\$	\$	\$
Public open space bond	39,650	0	0	39,650
	<u>39,650</u>	<u>0</u>	<u>0</u>	<u>39,650</u>



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 Shire of Manjimup

To the Councillors 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 at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, and Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant 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 2022 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 2022, 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 of the Shire is responsible for:

- 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 control 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 ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control 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 2022 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.

Nayna Raniga
Acting Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
30 November 2022