

SHIRE OF MANJIMUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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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 2023**

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

STATEMENT BY CEO

The accompanying financial report of the Shire of Manjimup has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

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

Signed on the 28th day of November 2023



Chief Executive Officer

Ben Rose

Name of Chief Executive Officer



SHIRE OF MANJIMUP
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Revenue				
Rates	2(a),24	10,549,946	10,582,809	10,067,589
Grants, subsidies and contributions	2(a)	8,986,339	5,396,642	9,648,128
Fees and charges	2(a)	6,205,259	4,211,194	4,765,131
Interest revenue	2(a)	415,226	169,141	129,068
Other revenue	2(a)	732,192	1,210,972	607,210
		26,888,962	21,570,758	25,217,126
Expenses				
Employee costs	2(b)	(11,598,199)	(11,675,016)	(11,224,050)
Materials and contracts		(8,458,626)	(9,277,195)	(6,482,961)
Utility charges		(717,441)	(678,754)	(746,593)
Depreciation		(9,641,860)	(9,565,035)	(9,671,109)
Finance costs	2(b)	(205,029)	(221,167)	(231,481)
Insurance		(792,105)	(808,679)	(666,118)
Other expenditure	2(b)	(625,926)	(453,695)	(888,331)
		(32,039,186)	(32,679,541)	(29,910,643)
		(5,150,224)	(11,108,783)	(4,693,517)
Capital grants, subsidies and contributions	2(a)	6,144,751	12,169,423	3,779,555
Profit on asset disposals		373,777	284,831	218,474
Loss on asset disposals		(67,736)	(103,465)	(78,523)
		6,450,792	12,350,789	3,919,506
Net result for the period	23(b)	1,300,568	1,242,006	(774,011)
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	64,965,934	0	1,977,100
Total other comprehensive income for the period	16	64,965,934	0	1,977,100
Total comprehensive income for the period		66,266,502	1,242,006	1,203,089

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



SHIRE OF MANJIMUP
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	NOTE	2023	2022
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	17,831,529	16,881,815
Trade and other receivables	5	1,101,285	1,262,865
Other financial assets	4(a)	8,599	18,286
Inventories	6	226,768	327,459
Other assets	7	791,794	822,382
TOTAL CURRENT ASSETS		19,959,975	19,312,807
NON-CURRENT ASSETS			
Trade and other receivables	5	230,288	208,824
Other financial assets	4(b)	214,898	217,970
Property, plant and equipment	8	66,470,437	65,822,115
Infrastructure	9	297,420,076	233,904,728
Right-of-use assets	11(a)	152,702	185,073
TOTAL NON-CURRENT ASSETS		364,488,401	300,338,710
TOTAL ASSETS		384,448,376	319,651,517
CURRENT LIABILITIES			
Trade and other payables	12	1,956,866	1,904,696
Other liabilities	13	2,051,150	2,987,406
Lease liabilities	11(b)	84,117	81,396
Borrowings	14	576,318	641,324
Employee related provisions	15	1,979,669	1,883,170
TOTAL CURRENT LIABILITIES		6,648,120	7,497,992
NON-CURRENT LIABILITIES			
Lease liabilities	11(b)	70,574	103,677
Borrowings	14	4,658,552	5,234,870
Employee related provisions	15	184,473	194,823
TOTAL NON-CURRENT LIABILITIES		4,913,599	5,533,370
TOTAL LIABILITIES		11,561,719	13,031,362
NET ASSETS		372,886,657	306,620,155
EQUITY			
Retained surplus		(19,629,496)	(20,570,392)
Reserve accounts	27	6,970,021	6,610,349
Revaluation surplus	16	385,546,132	320,580,198
TOTAL EQUITY		372,886,657	306,620,155

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 2023**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 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 reserve accounts	27	1,031,458	(1,031,458)	0	0
Transfers to reserve accounts	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
Comprehensive income for the period					
Net result for the period		1,300,568	0	0	1,300,568
Other comprehensive income for the period	16	0	0	64,965,934	64,965,934
Total comprehensive income for the period		1,300,568	0	64,965,934	66,266,502
Transfers from reserve accounts	27	1,519,427	(1,519,427)	0	0
Transfers to reserve accounts	27	(1,879,099)	1,879,099	0	0
Balance as at 30 June 2023		(19,629,496)	6,970,021	385,546,132	372,886,657

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 2023**

	NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		10,750,520	10,248,643
Grants, subsidies and contributions		8,714,333	10,267,090
Fees and charges		6,192,742	4,763,830
Interest revenue		415,226	129,068
Goods and services tax received		1,581,914	807,323
Other revenue		732,192	607,210
		28,386,927	26,823,164
Payments			
Employee costs		(11,473,017)	(11,314,141)
Materials and contracts		(8,400,672)	(6,743,420)
Utility charges		(717,441)	(746,593)
Finance costs		(205,029)	(231,481)
Insurance paid		(792,105)	(666,118)
Goods and services tax paid		(1,609,950)	(687,438)
Other expenditure		(631,454)	(899,934)
		(23,829,668)	(21,289,125)
Net cash provided by (used in) operating activities	17(b)	4,557,259	5,534,039
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	8(a)	(3,836,869)	(3,270,111)
Payments for construction of infrastructure	9(a)	(5,245,111)	(3,965,287)
Capital grants, subsidies and contributions		5,547,058	3,779,555
Proceeds from financial assets at amortised cost - self supporting loans		18,287	17,581
Proceeds from sale of property, plant & equipment		646,768	583,712
Net cash provided by (used in) investing activities		(2,869,867)	(2,854,550)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	26(a)	(641,324)	(653,766)
Payments for principal portion of lease liabilities	26(c)	(96,354)	(108,674)
Net cash provided by (used In) financing activities		(737,678)	(762,440)
Net increase (decrease) in cash held		949,714	1,917,049
Cash at beginning of year		16,881,815	14,964,766
Cash and cash equivalents at the end of the year	17(a)	17,831,529	16,881,815

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

**SHIRE OF MANJIMUP
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	24	10,549,946	10,582,809	10,067,589
Grants, subsidies and contributions		8,986,339	5,396,642	9,648,128
Fees and charges		6,205,259	4,211,194	4,765,131
Interest revenue		415,226	169,141	129,068
Other revenue		732,192	1,210,972	607,210
Profit on asset disposals		373,777	284,831	218,474
		<u>27,262,739</u>	<u>21,855,589</u>	<u>25,435,600</u>
Expenditure from operating activities				
Employee costs		(11,598,199)	(11,675,016)	(11,224,050)
Materials and contracts		(8,458,626)	(9,277,195)	(6,482,961)
Utility charges		(717,441)	(678,754)	(746,593)
Depreciation		(9,641,860)	(9,565,035)	(9,671,109)
Finance costs		(205,029)	(221,167)	(231,481)
Insurance		(792,105)	(808,679)	(666,118)
Other expenditure		(625,926)	(453,695)	(888,331)
Loss on asset disposals		(67,736)	(103,465)	(78,523)
		<u>(32,106,922)</u>	<u>(32,783,006)</u>	<u>(29,989,166)</u>
Non-cash amounts excluded from operating activities	25(a)	9,304,005	9,628,754	9,263,620
Amount attributable to operating activities		<u>4,459,822</u>	<u>(1,298,663)</u>	<u>4,710,054</u>
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		6,144,751	12,169,423	3,779,555
Proceeds from disposal of assets		646,768	914,250	583,712
Proceeds from financial assets at amortised cost - self supporting loans	26(a)	18,287	18,287	17,581
		<u>6,809,806</u>	<u>13,101,960</u>	<u>4,380,848</u>
Outflows from investing activities				
Payments for financial assets at amortised cost - self supporting loans		0	(250,000)	0
Purchase of property, plant and equipment	8(a)	(3,836,869)	(6,664,154)	(3,270,111)
Purchase and construction of infrastructure	9(a)	(5,245,111)	(14,541,630)	(3,965,287)
		<u>(9,081,980)</u>	<u>(21,455,784)</u>	<u>(7,235,398)</u>
Amount attributable to investing activities		<u>(2,272,174)</u>	<u>(8,353,824)</u>	<u>(2,854,550)</u>
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	26(a)	0	5,750,000	0
Transfers from reserve accounts	27	1,519,427	3,840,134	1,031,458
		<u>1,519,427</u>	<u>9,590,134</u>	<u>1,031,458</u>
Outflows from financing activities				
Repayment of borrowings	26(a)	(641,324)	(650,880)	(653,766)
Payments for principal portion of lease liabilities	26(c)	(96,354)	(123,000)	(108,674)
Transfers to reserve accounts	27	(1,879,099)	(5,898,598)	(1,355,972)
		<u>(2,616,777)</u>	<u>(6,672,478)</u>	<u>(2,118,412)</u>
Amount attributable to financing activities		<u>(1,097,350)</u>	<u>2,917,656</u>	<u>(1,086,954)</u>
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	25(b)	6,836,209	6,734,831	6,067,659
Amount attributable to operating activities		4,459,822	(1,298,663)	4,710,054
Amount attributable to investing activities		(2,272,174)	(8,353,824)	(2,854,550)
Amount attributable to financing activities		(1,097,350)	2,917,656	(1,086,954)
Surplus or deficit after imposition of general rates	25(b)	<u>7,926,507</u>	<u>0</u>	<u>6,836,209</u>

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

**SHIRE OF MANJIMUP
FOR YEAR ENDED 30 JUNE 2023
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**SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

1. BASIS OF PREPARATION

The financial report of Shire of Manjimup which is a class 2 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The Local Government (Financial Management) Regulations 1996 specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

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 values of land and buildings, and infrastructure.
- estimation uncertainties made in relation to lease accounting

Initial application of accounting standards

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

- AASB 2020-3 Amendments to Australian Accounting Standards - *Annual Improvements 2018-2020 and Other Amendments*
 - AASB 2020-6 Amendments to Australian Accounting Standards – *Classification of Liabilities as Current or Non-current – Deferral of Effective Date*
 - AASB 2021-7a Amendments to Australian Accounting Standards - *Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]*
 - AASB 2022-3 Amendments to Australian Accounting Standards - *Illustrative Examples for Not-for-Profit Entities accompanying AASB 15*
- These amendments have no material impact on the current annual financial report*

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

- AASB 2014-10 Amendments to Australian Accounting Standards - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2020-1 Amendments to Australian Accounting Standards - *Classification of Liabilities as Current or Non-current*
- AASB 2021-2 Amendments to Australian Accounting Standards - *Disclosure of Accounting Policies or Definition of Accounting Estimates*

Estimates

This standard will result in a terminology change for significant accounting policies

- AASB 2021-7c Amendments to Australian Accounting Standards - *Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
 - AASB 2022-5 Amendments to Australian Accounting Standards - *Lease Liability in a Sale and Leaseback*
 - AASB 2022-6 Amendments to Australian Accounting Standards - *Non-current Liabilities with Covenants*
 - AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2022-10 Amendments to Australian Accounting Standards - *Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

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

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Fees and charges - sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

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

Revenue Recognition

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

For the year ended 30 June 2023

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

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	10,067,589	0	10,067,589
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 revenue	0	0	105,663	23,405	129,068
Other revenue	0	0	0	607,210	607,210
Capital 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

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Note	2023 Actual \$	2022 Actual \$
Interest revenue		
Financial assets at amortised cost - self supporting loans	4,142	4,327
Interest on reserve account funds	319,948	18,512
Trade and other receivables overdue interest	90,580	105,663
Other interest revenue	556	566
	415,226	129,068
The 2023 original budget estimate in relation to: Trade and other receivables overdue interest was \$70,000.		
The 2023 original budget estimate in relation to: Charges on instalment plan was \$35,500.		

(b) Expenses

Auditors remuneration		
- Audit of the Annual Financial Report	39,900	36,400
- Other services – grant acquittals	6,200	4,070
	46,100	40,470
Employee Costs		
Employee benefit costs	11,381,706	11,037,439
Other employee costs	216,493	186,611
	11,598,199	11,224,050
Finance costs		
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	200,531	228,622
Lease liabilities	4,498	2,859
	205,029	231,481

**SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

3. CASH AND CASH EQUIVALENTS

Note	2023 \$	2022 \$
Cash at bank and on hand	17,831,529	16,881,815
Total cash and cash equivalents	17,831,529	16,881,815
Held as		
- Unrestricted cash and cash equivalents	8,244,557	6,244,644
- Restricted cash and cash equivalents	9,586,972	10,637,171
	17,831,529	16,881,815

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 2023 including interest is \$572,464.

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

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

2023 \$	2022 \$
8,599	18,286
8,599	18,286

Other financial assets at amortised cost

Self supporting loans receivable

25(b)	8,599	18,286
	8,599	18,286

Held as

- Unrestricted other financial assets at amortised cost

8,599	18,286
8,599	18,286

(b) Non-current assets

Financial assets at amortised cost

92,664	101,264
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Financial assets at fair value through profit or loss

122,234	116,706
214,898	217,970

Financial assets at amortised cost

Self supporting loans receivable

92,664	101,264
92,664	101,264

Financial assets at fair value through profit or loss

Units in Local Government House Trust - opening balance

122,234	116,706
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Units in Local Government House Trust - closing balance

122,234	116,706
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Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 26(a) as self supporting loans. Fair value of financial assets at fair value through profit or 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 or loss

The Shire has elected to classify the following financial assets at fair value through profit or loss:

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

Impairment and risk

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

**SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

5. TRADE AND OTHER RECEIVABLES

Note	2023	2022
	\$	\$
Current		
Rates and statutory receivables	984,012	1,119,588
Trade receivables	231,166	319,988
GST receivable	95,485	67,449
Allowance for credit losses of trade receivables	21(b) (14,653)	(27,170)
Allowance for credit losses of rates receivables	21(b) (229,781)	(225,040)
Other receivables - Infringement Debtors	35,056	8,050
	<u>1,101,285</u>	<u>1,262,865</u>
Non-current		
Rates and statutory receivables	230,288	208,824
	<u>230,288</u>	<u>208,824</u>

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

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

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

Trade receivables

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

Measurement

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

Classification and subsequent measurement

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

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

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

Impairment and risk exposure

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

**SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

6. INVENTORIES

Note	2023	2022
	\$	\$
Current		
Fuel and oils	32,928	109,593
Bitumen products	16,889	10,223
Other inventories	176,951	207,643
	226,768	327,459
The following movements in inventories occurred during the year:		
Balance at beginning of year	327,459	220,368
Inventories expensed during the year	(588,659)	(309,671)
Additions to inventory	487,968	416,762
Balance at end of year	226,768	327,459

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 2023**

7. OTHER ASSETS

Other assets - current

Prepayments
Contract assets
Accrued interest - self supporting loans

2023	2022
\$	\$
208,940	113,109
582,298	708,578
556	695
791,794	822,382

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 2023**

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.

	Land	Buildings - non- specialised	Total land and buildings not subject to operating lease	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$		\$	\$	\$
Balance at 1 July 2021	3,299,921	53,645,555	56,945,476	56,945,476	1,701,974	5,227,609	63,875,059
Additions	4,395	1,381,945	1,386,340	1,386,340	7,591	1,876,180	3,270,111
Disposals	0	(4,506)	(4,506)	(4,506)	0	(365,238)	(369,744)
Revaluation increments / (decrements) transferred to revaluation surplus	281,685	1,695,415	1,977,100	1,977,100	0	0	1,977,100
Depreciation	0	(1,994,862)	(1,994,862)	(1,994,862)	(86,188)	(849,361)	(2,930,411)
Transfers	89,999	(11,464)	78,535	78,535		(78,535)	0
Balance at 30 June 2022	3,676,000	54,712,083	58,388,083	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	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)	(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	58,388,083	1,623,377	5,810,655	65,822,115
Additions	0	2,217,302	2,217,302	2,217,302	91,799	1,527,768	3,836,869
Disposals	0	(67,740)	(67,740)	(67,740)	0	(272,987)	(340,727)
Depreciation	0	(1,845,014)	(1,845,014)	(1,845,014)	(94,623)	(908,183)	(2,847,820)
Balance at 30 June 2023	3,676,000	55,016,631	58,692,631	58,692,631	1,620,553	6,157,253	66,470,437
Comprises:							
Gross balance amount at 30 June 2023	3,676,000	93,423,102	97,099,102	97,099,102	2,300,492	15,535,293	114,934,887
Accumulated depreciation at 30 June 2023	0	(38,406,471)	(38,406,471)	(38,406,471)	(679,939)	(9,378,040)	(48,464,450)
Balance at 30 June 2023	3,676,000	55,016,631	58,692,631	58,692,631	1,620,553	6,157,253	66,470,437

**SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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 2023

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Other infrastructure - footpaths	Other infrastructure - drainage	Other infrastructure - bridges	Other infrastructure - refuse sites and transfer stations	Other infrastructure - carparks	Other infrastructure - cemeteries	Other infrastructure - airfields and runways	Other infrastructure - parks and ovals	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 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
Additions	4,154,143	274,174	26,975	351,000	0	181,299	0	2,835	254,685	5,245,111
Revaluation increments / (decrements) transferred to revaluation surplus	48,718,665	2,554,746	6,307,347	6,121,068	132,015	(53,071)	39,300	385,089	760,775	64,965,934
Depreciation	(4,408,350)	(91,536)	(596,935)	(864,365)	(39,680)	(61,700)	(14,255)	(192,637)	(426,239)	(6,695,697)
Balance at 30 June 2023	225,234,789	6,427,564	19,049,543	34,864,156	440,820	2,269,619	184,090	3,026,030	5,923,465	297,420,076
Comprises:										
Gross balance at 30 June 2023	359,340,131	10,149,486	30,283,196	59,801,484	1,058,200	3,129,657	495,800	6,047,700	11,312,900	481,618,554
Accumulated depreciation at 30 June 2023	(134,105,342)	(3,721,922)	(11,233,653)	(24,937,328)	(617,380)	(860,038)	(311,710)	(3,021,670)	(5,389,435)	(184,198,478)
Balance at 30 June 2023	225,234,789	6,427,564	19,049,543	34,864,156	440,820	2,269,619	184,090	3,026,030	5,923,465	297,420,076

**SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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

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

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

**SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

10. FIXED ASSETS

(a) Depreciation

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

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

Revision of useful lives of plant and equipment

The Shire of Manjimup has undertaken a cursory review of useful lives and as a result of that review, has made no changes during the 2022/23 financial year.

(b) Fully Depreciated Assets in Use

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

	2023	2022
	\$	\$
Buildings - non-specialised	0	62,279
Furniture and equipment	309,351	281,806
Plant and equipment	5,183,563	4,973,879
	5,492,914	5,317,964

**SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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 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.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, 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 Shire's revaluation policy, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair. They are subject to subsequent revaluation at the next revaluation date consistent with *Financial Management Regulation 17A(4)*.

Revaluation

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

At the end of each period, the carrying amount for each asset class is reviewed and, where appropriate, the fair value is updated to reflect current market conditions consistent with *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 asset classes are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation on revaluation

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

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

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).

Impairment

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 or losses on disposal

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

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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 2021	156,851	156,851
Additions	137,286	137,286
Depreciation	(109,064)	(109,064)
Balance at 30 June 2022	185,073	185,073
Gross balance amount at 30 June 2022	329,158	329,158
Accumulated depreciation at 30 June 2022	(144,085)	(144,085)
Balance at 30 June 2022	185,073	185,073
Additions	65,972	65,972
Depreciation	(98,343)	(98,343)
Balance at 30 June 2023	152,702	152,702
Gross balance amount at 30 June 2023	299,100	299,100
Accumulated depreciation at 30 June 2023	(146,398)	(146,398)
Balance at 30 June 2023	152,702	152,702

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

	2023 Actual \$	2022 Actual \$
Depreciation on right-of-use assets	(98,343)	(109,064)
Finance charge on lease liabilities	(4,498)	(2,859)
Short-term lease payments recognised as expense	(3,840)	(7,274)
Low-value asset lease payments recognised as expense	(82,356)	(78,362)
Total amount recognised in the statement of comprehensive income	(189,037)	(197,559)
Total cash outflow from leases	(100,852)	(111,533)
(b) Lease Liabilities		
Current	84,117	81,396
Non-current	70,574	103,677
	26(c) 154,691	185,073

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(c).

Right-of-use assets - measurement

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

Refer to Note 10 under revaluation for details on the 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 depreciated over the useful life of the underlying asset.

**SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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12. TRADE AND OTHER PAYABLES

Current

	2023	2022
	\$	\$
Sundry creditors	697,087	552,589
Prepaid rates	404,525	318,063
Accrued payroll liabilities	365,629	326,596
Bonds and deposits held	244,970	188,614
Accrued expenses	76,045	242,995
Accrued interest on loans	40,073	45,381
Accrued employee deductions/hours bank	128,537	230,458
	1,956,866	1,904,696

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

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

13. OTHER LIABILITIES

	2023	2022
	\$	\$
Current		
Contract liabilities	450,805	789,368
Capital grant/contributions liabilities	1,600,345	2,198,038
	<u>2,051,150</u>	<u>2,987,406</u>
Reconciliation of changes in contract liabilities		
Opening balance	789,368	1,573,599
Additions	450,805	789,368
Revenue from contracts with customers included as a contract liability at the start of the period	(789,368)	(1,573,599)
	<u>450,805</u>	<u>789,368</u>
<p>The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$450,805 (2022: \$789,368)</p> <p>The Shire expects to satisfy the performance obligations, from contracts with customers unsatisfied at the end of the reporting period, within the next 12 months.</p>		
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	2,198,038	928,856
Additions	1,540,345	2,198,038
Revenue from capital grant/contributions held as a liability at the start of the period	(2,138,038)	(928,856)
	<u>1,600,345</u>	<u>2,198,038</u>
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	1,600,345	2,198,038
	<u>1,600,345</u>	<u>2,198,038</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 by the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 22(i)) due to the unobservable inputs, including own credit risk.

**SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

14. BORROWINGS

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		576,318	4,658,552	5,234,870	641,324	5,234,870	5,876,194
Total secured borrowings	26(a)	576,318	4,658,552	5,234,870	641,324	5,234,870	5,876,194

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

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

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

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 22(i)) due to the unobservable inputs, including own credit risk.

Risk

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

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

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

Employee Related Provisions

	2023	2022
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	861,632	815,004
Long service leave	1,074,432	1,024,359
Other employee leave provisions	43,605	43,807
	1,979,669	1,883,170
Total current employee related provisions	1,979,669	1,883,170
Non-current provisions		
Employee benefit provisions		
Long service leave	180,411	194,823
Other employee leave provisions	4,062	0
	184,473	194,823
Total non-current employee related provisions	184,473	194,823
Total employee related provisions	2,164,142	2,077,993

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	2023	2022
	\$	\$
	975,834	810,378
	1,188,308	1,267,615
	2,164,142	2,077,993

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

	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance	2022 Opening Balance	Total Movement on Revaluation	2022 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	1,722,921	0	1,722,921	1,441,236	281,685	1,722,921
Revaluation surplus - Buildings - non-specialised	52,900,298	0	52,900,298	51,204,883	1,695,415	52,900,298
Revaluation surplus - Plant and equipment	798,087	0	798,087	798,087	0	798,087
Revaluation surplus - Infrastructure - roads	265,158,892	64,965,934	330,124,826	265,158,892	0	265,158,892
	320,580,198	64,965,934	385,546,132	318,603,098	1,977,100	320,580,198

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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	2023 Actual \$	2022 Actual \$
Cash and cash equivalents	3	17,831,529	16,881,815
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	9,586,972	10,637,171
		9,586,972	10,637,171
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	27	6,970,021	6,610,349
Contract liabilities	13	450,805	789,368
Capital grant liabilities	13	1,600,345	2,198,038
Bonds and deposits held	12	244,970	188,614
Unspent loans	26(b)	320,831	850,802
Total restricted financial assets		9,586,972	10,637,171

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

Net result		1,300,568	(774,011)
Non-cash items:			
Adjustments to fair value of financial assets at fair value through profit or loss		(5,528)	(11,603)
Depreciation/amortisation		9,641,860	9,671,109
(Profit)/loss on sale of asset		(306,041)	(139,951)
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		140,116	419,888
(Increase)/decrease in other assets		30,588	(48,802)
(Increase)/decrease in inventories		100,691	(107,091)
Increase/(decrease) in trade and other payables		52,170	(24,356)
Increase/(decrease) in employee related provisions		86,149	(156,540)
Increase/(decrease) in other liabilities		(936,256)	484,951
Capital grants, subsidies and contributions		(5,547,058)	(3,779,555)
Net cash provided by/(used in) operating activities		4,557,259	5,534,039

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit		0	0
Bank overdraft at balance date		0	0
Credit card limit		40,000	60,000
Credit card balance at balance date		(12,275)	(3,295)
Total amount of credit unused		27,725	56,705

Loan facilities

Loan facilities - current		576,318	641,324
Loan facilities - non-current		4,658,552	5,234,870
Total facilities in use at balance date		5,234,870	5,876,194
Unused loan facilities at balance date		320,831	850,802

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18. CONTINGENT LIABILITIES

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

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

The Shire has undertaken full remediation of Lot 778, Plan 189109 Manjimup WA 6258 and the site is currently being monitored through regular ground water bore testing. For 16 Wetherell St, Manjimup WA 6258 (Depot), the Shire has set aside funding in the 2023/24 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

	2023	2022
	\$	\$
Contracted for:		
- capital expenditure projects	2,158,535	1,320,693
- plant & equipment purchases	1,224,496	0
	3,383,031	1,320,693

The 2022/2023 capital expenditure projects commitment relates to tender RFT04/22 being the power upgrade and lighting for the Rea Park / Collier Street Redevelopment.

The prior year commitment related to tender RFT04/20 for the Pemberton Community Colocation. This commitment has been completed and no longer required.

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

**SHIRE OF MANJIMUP
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20. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
President's annual allowance	40,350	40,350	39,366
President's meeting attendance fees	23,583	23,583	23,007
President's annual allowance for ICT expenses	2,000	2,000	2,000
President's travel and accommodation expenses	8,314	1,640	7,003
	74,247	67,573	71,376
Deputy President's annual allowance	10,087	10,087	9,286
Deputy President's meeting attendance fees	19,524	19,524	19,048
Deputy President's annual allowance for ICT expenses	2,000	2,000	2,000
Deputy President's travel and accommodation expenses	0	1,636	0
	31,611	33,247	30,334
All other council member's meeting attendance fees	175,716	175,716	169,690
All other council member's annual allowance for ICT expenses	18,000	18,000	17,818
All other council member's travel and accommodation expenses	11,587	14,724	9,890
	205,303	208,440	197,398
20(b)	311,161	309,260	299,108

(b) Key Management Personnel (KMP) Compensation

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

Note	2023 Actual \$	2022 Actual \$
Short-term employee benefits	1,327,914	1,259,990
Post-employment benefits	126,585	120,244
Employee - other long-term benefits	20,984	20,199
Council member costs	311,161	299,108
	1,786,644	1,699,541

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Council member costs

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

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20. RELATED PARTY TRANSACTIONS

Transactions with related parties

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

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

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

	2023 Actual	2022 Actual
	\$	\$
Sale of goods and services	88,890	45,327

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 and are detailed in Notes 20(a) and 20(b)

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.

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

iii. Entities subject to significant influence by the Shire

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

**SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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21. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2023					
Cash and cash equivalents	1.55%	17,831,529	0	17,828,979	2,550
2022					
Cash and cash equivalents	0.17%	16,881,815	0	16,879,265	2,550

Sensitivity

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

	2023	2022
	\$	\$
Impact of a 1% movement in interest rates on profit or loss and equity*	178,290	168,793

* 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).

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21. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2022 or 1 July 2023 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

The loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows for trade and other receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2023					
Trade receivables					
Expected credit loss	0.00%	25.00%	50.00%	75.00%	
Gross carrying amount	199,242	17,779	1,600	12,545	231,166
Loss allowance	0	4,445	800	9,408	14,653
Rates receivables					
Expected credit loss	0.00%	0.00%	0.00%	67.43%	
Gross carrying amount	65,904	506,737	70,577	340,794	984,012
Loss allowance	0	0	0	229,781	229,781
30 June 2022					
Trade 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
Rates receivables					
Expected credit loss	0.00%	0.00%	0.00%	66.033%	
Gross carrying amount	191,166	485,290	102,333	340,799	1,119,588
Loss allowance	0	0	0	225,040	225,040

**SHIRE OF MANJIMUP
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21. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

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

	Trade receivables		Rates receivables		Contract Assets	
	2023 Actual	2022 Actual	2023 Actual	2022 Actual	2023 Actual	2022 Actual
	\$	\$	\$	\$	\$	\$
Opening loss allowance as at 1 July	27,170	28,471	225,040	225,040	0	0
Increase in loss allowance recognised in profit or loss during the year	0	0	4,741	0	0	0
Receivables written off during the year as uncollectible	(9,620)	(1,301)	0	0	0	0
Unused amount reversed	(2,897)	0	0	0	0	0
Closing loss allowance at 30 June	14,653	27,170	229,781	225,040	0	0

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

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

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. 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.

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21. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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

The contractual undiscounted cash flows of the Shire's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying 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>2023</u>					
Trade and other payables	1,956,866	0	0	1,956,866	1,956,866
Borrowings	754,282	2,218,033	3,409,898	6,382,213	5,234,870
Lease liabilities	87,053	75,522	0	162,575	154,691
	<u>2,798,201</u>	<u>2,293,555</u>	<u>3,409,898</u>	<u>8,501,654</u>	<u>7,346,427</u>
<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>

SHIRE OF MANJIMUP
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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 report is presented.

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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.

**SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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>	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>General purpose funding To collect revenue to allow for the provision of services.</p>	Rates, general purpose government grants and interest revenue.
<p>Law, order, public safety To provide services to help ensure a safer and environmentally conscious community.</p>	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
<p>Health To provide an operational framework for environmental and community health</p>	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
<p>Education and welfare To provide services to disadvantaged persons, the elderly, children and youth</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>Housing To provide and maintain elderly residents housing.</p>	Provision and maintenance of elderly residents housing.
<p>Community amenities To provide services required by the community</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>Recreation and culture To establish and effectively manage infrastructure and resources which will help the social well being of the community</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>Transport To provide safe, effective and efficient transport services to the community</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 ect.
<p>Economic services To help promote the local government and its economic wellbeing</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>Other property and services To monitor and control operating accounts</p>	Private works operation, plant repair and costs

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

23. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions

	2023 Actual	2022 Actual
	\$	\$
Governance	1,345,971	862,486
General purpose funding	10,710,217	10,253,059
Law, order, public safety	151,507	145,759
Health	68,631	73,204
Education and welfare	2,121,393	1,185,915
Housing	29,771	50,700
Community amenities	2,289,857	2,128,880
Recreation and culture	802,642	727,173
Transport	251,148	15,332
Economic services	152,038	124,554
Other property and services	353,225	220,410
	18,276,400	15,787,472

Grants, subsidies and contributions and capital grants, subsidies and contributions

Governance	612,566	707,251
General purpose funding	3,962,372	3,485,353
Law, order, public safety	1,160,526	923,390
Health	0	1,185
Education and welfare	1,339,944	2,112,118
Community amenities	21,980	409,278
Recreation and culture	1,887,357	603,298
Transport	6,070,705	5,102,125
Economic services	9,090	0
Other property and services	66,550	83,685
	15,131,090	13,427,683

Total Income

33,407,490 **29,215,155**

Expenses

Governance	(3,784,114)	(3,670,802)
General purpose funding	(32,033)	(47,825)
Law, order, public safety	(1,749,358)	(1,545,775)
Health	(282,491)	(372,599)
Education and welfare	(3,125,309)	(2,932,072)
Housing	(21,868)	(11,505)
Community amenities	(2,987,167)	(2,872,944)
Recreation and culture	(6,318,855)	(5,833,435)
Transport	(11,685,126)	(10,875,866)
Economic services	(2,080,292)	(2,045,128)
Other property and services	(40,309)	218,785
Total expenses	(32,106,922)	(29,989,166)

Net result for the period

1,300,568 **(774,011)**

(c) Total Assets

Governance	5,447,849	5,437,004
Law, order, public safety	4,489,835	4,093,893
Health	77,906	81,814
Education and welfare	6,406,246	5,936,343
Housing	2,214,901	2,268,830
Community amenities	1,792,429	1,708,433
Recreation and culture	46,437,544	45,929,600
Transport	295,060,828	232,297,815
Economic services	1,926,337	1,968,997
Other property and services	36,638	4,113
Unallocated	20,557,863	19,924,675
	384,448,376	319,651,517

**SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

24. RATING INFORMATION

(a) General Rates

RATE TYPE	Basis of valuation	Rate in \$	Number of Properties	2022/23 Actual Rateable Value*	2022/23 Actual Rate Revenue	2022/23 Actual Interim Rates	2022/23 Actual Total Revenue	2022/23 Budget Rate Revenue	2022/23 Budget Interim Rate	2022/23 Budget Total Revenue	2021/22 Actual Total Revenue
GRV Rate	Gross rental valuation	0.101443	2,580	46,422,954	4,709,260	(3,757)	4,705,503	4,709,261	20,000	4,729,261	4,470,291
UV Rate	Unimproved valuation	0.007623	1,317	532,071,940	4,056,144	767	4,056,911	4,056,144	10,000	4,066,144	3,898,631
CALM Leases	Unimproved valuation	0.007623	3	66,620	508	0	508	508	0	508	548
Total general rates			3,900	578,561,514	8,765,912	(2,990)	8,762,922	8,765,913	30,000	8,795,913	8,369,470
Minimum payment											
Minimum payment											
GRV Rate	Gross rental valuation	1,036	1,523	9,652,172	1,577,828	0	1,577,828	1,577,828	0	1,577,828	1,517,568
UV Rate	Unimproved valuation	1,036	283	25,262,784	293,188	0	293,188	293,188	0	293,188	259,844
CALM Leases	Unimproved valuation	100	1	10,000	100	0	100	50	0	50	104
CALM Leases Dam	Unimproved valuation	50	1	5,000	50	0	50	100	0	100	82
Total minimum payments			1,808	34,929,956	1,871,166	0	1,871,166	1,871,166	0	1,871,166	1,777,598
Total general rates and minimum payments			5,708	613,491,470	10,637,078	(2,990)	10,634,088	10,637,079	30,000	10,667,079	10,147,068
Concessions							(84,142)			(84,270)	(79,479)
Total Rates							10,549,946			10,582,809	10,067,589
Rate instalment interest							36,966			30,000	33,878
Rate overdue interest							53,614			70,000	71,785

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

*Rateable Value at time of raising of rate.

SHIRE OF MANJIMUP
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25. DETERMINATION OF SURPLUS OR DEFICIT

Note	2022/23	2022/23	2021/22	
	(30 June 2023 Carried Forward) \$	Budget (30 June 2023 Carried Forward) \$	(30 June 2022 Carried Forward) \$	
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
	Less: Profit on asset disposals	(373,777)	(284,831)	(218,474)
	Add: Loss on disposal of assets	67,736	103,465	78,523
	Add: Depreciation	9,641,860	9,565,035	9,671,109
10(a)	Non-cash movements in non-current assets and liabilities:			
	Pensioner deferred rates	(21,464)	0	3,269
	Employee benefit provisions	(10,350)	235,085	(270,807)
	Other provisions	0	10,000	0
	Non-cash amounts excluded from operating activities	9,304,005	9,628,754	9,263,620
(b) Surplus or deficit after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
	Less: Reserve accounts	27 (6,970,021)	(8,668,813)	(6,610,349)
	Less: Financial assets at amortised cost - self supporting loans	4(a) (8,599)	(18,287)	(18,286)
	Add: Current liabilities not expected to be cleared at end of year			
	- Current portion of borrowings	14 576,318	576,318	641,324
	- Current portion of lease liabilities	11(b) 84,117	123,000	81,396
	- Employee benefit provisions	932,837	927,309	927,309
	Total adjustments to net current assets	(5,385,348)	(7,060,473)	(4,978,606)
Net current assets used in the Statement of Financial Activity				
	Total current assets	19,959,975	14,558,465	19,312,807
	Less: Total current liabilities	(6,648,120)	(7,497,992)	(7,497,992)
	Less: Total adjustments to net current assets	(5,385,348)	(7,060,473)	(4,978,606)
	Surplus or deficit after imposition of general rates	7,926,507	0	6,836,209

SHIRE OF MANJIMUP
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FOR THE YEAR ENDED 30 JUNE 2023

26. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual							Budget			
		Principal		Principal at 30 June 2022	Principal		Principal at 30 June 2023	Principal at 1 July 2022	Principal		Principal at 30 June 2023	
		Principal at 1 July 2021	New Loans During 2021-22		Repayments During 2021-22	New Loans During 2022-23			Repayments During 2022-23	New Loans During 2022-23		Repayments During 2022-23
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Brockman St (RGC)		386,171	0	(17,609)	368,562	0	(18,324)	350,238	368,562	0	(18,324)	350,238
Freehold Land Acquisition (RGC)		722,571	0	(32,948)	689,623	0	(34,286)	655,337	689,623	0	(34,286)	655,337
Archive Storage Shed		134,115	0	(5,990)	128,125	0	(6,097)	122,028	128,125	0	(6,097)	122,028
Medical Professionals Accommodation		419,031	0	(21,630)	397,401	0	(22,530)	374,871	397,401	0	(22,530)	374,871
MPA - Driveway and Fitout		19,152	0	(19,152)	0	0	0	0	0	0	0	0
Manjimup Waste Site Development		197,830	0	(19,384)	178,446	0	(20,713)	157,733	178,446	0	(20,713)	157,733
Manjimup VRC Building Expansion		164,027	0	(11,838)	152,189	0	(12,373)	139,816	152,189	0	(12,373)	139,816
CBD Solar Efficiency Project		452,757	0	(47,836)	404,921	0	(48,435)	356,486	404,921	0	(48,435)	356,486
Pemb Sports Complex, Walpole Co-Loc		62,962	0	(41,293)	21,669	0	(21,669)	0	21,669	0	(21,669)	0
NICC, Walpole Telecentre carpark		75,236	0	(23,493)	51,743	0	(25,045)	26,698	51,743	0	(25,045)	26,698
Swimming pool		325,223	0	(74,312)	250,911	0	(78,792)	172,119	250,911	0	(78,792)	172,119
Swimming pool		410,746	0	(82,105)	328,641	0	(87,088)	241,553	328,641	0	(87,088)	241,553
Swimming pool		244,193	0	(42,818)	201,375	0	(45,544)	155,831	201,375	0	(45,544)	155,831
AquaCentre - Ground Source Heat Pumps		53,001	0	(25,935)	27,066	0	(27,066)	0	27,066	0	(27,066)	0
Walpole Country Club		52,983	0	(11,089)	41,894	0	(11,470)	30,424	41,894	0	(11,470)	30,424
Solar PV System AquaCentre		62,174	0	(30,670)	31,504	0	(31,504)	0	31,504	0	(31,504)	0
Air Source Heat Pumps AquaCentre		158,465	0	(16,742)	141,723	0	(16,952)	124,771	141,723	0	(16,952)	124,771
Pemberton Colocation Redevelopment		700,000	0	(27,564)	672,436	0	(28,237)	644,199	672,436	0	(28,237)	644,199
Stage 1 - Recreation/Community Amenities Upgrade		1,500,000	0	(59,066)	1,440,934	0	(60,508)	1,380,426	1,440,934	0	(60,508)	1,380,426
Depot Building extensions, WP T/Hall Entry, WP Aged Accom, WP SSR Shed		252,191	0	(24,710)	227,481	0	(26,404)	201,077	227,481	0	(26,404)	201,077
Stage 2a - Recreation/Community Facilities Upgrade		0	0	0	0	0	0	0	0	500,000	(9,556)	490,444
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		6,392,828	0	(636,184)	5,756,644	0	(623,037)	5,133,607	5,756,644	5,500,000	(632,593)	10,624,051
Self Supporting Loans												
Manjimup Country Club		19,552	0	(9,567)	9,985	0	(9,985)	0	9,985	0	(9,985)	0
Pemberton Golf Club		117,580	0	(8,015)	109,565	0	(8,302)	101,263	109,565	0	(8,302)	101,263
Manjimup Tennis Club		0	0	0	0	0	0	0	0	250,000	0	250,000
Total Self Supporting Loans		137,132	0	(17,582)	119,550	0	(18,287)	101,263	119,550	250,000	(18,287)	351,263
Total Borrowings	14	6,529,960	0	(653,766)	5,876,194	0	(641,324)	5,234,870	5,876,194	5,750,000	(650,880)	10,975,314

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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26. BORROWING AND LEASE LIABILITIES (Continued)

Borrowing Finance Cost Payments

Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
						\$	\$	\$
Brockman St (RGC)		223	WATC	4.02%	23/03/2037	(14,434)	(14,634)	(15,157)
Freehold Land Acquisition (RGC)		224	WATC	4.02%	23/03/2037	(27,008)	(27,382)	(28,360)
Archive Storage Shed		229	WATC	1.78%	6/03/2040	(2,220)	(2,254)	(2,323)
Medical Professionals Accommodation		219	WATC	5.00%	24/07/2035	(15,740)	(16,143)	(16,658)
MPA - Driveway and Fitout		221	WATC	2.60%	22/03/2022	0	0	(239)
Manjimup Waste Site Development		213	WATC	6.74%	5/06/2029	(11,592)	(11,984)	(12,895)
Manjimup VRC Building Expansion		215	WATC	4.57%	22/06/2032	(6,654)	(6,666)	(7,189)
CBD Solar Efficiency Project		228	WATC	1.25%	6/03/2030	(4,720)	(4,911)	(5,310)
Pemb Sports Complex, Walpole Co-Loc		196	WATC	6.56%	16/08/2022	(182)	(700)	(2,424)
NICC, Walpole Telecentre carpark		202	WATC	6.50%	7/05/2024	(2,682)	(2,917)	(4,224)
Swimming pool		206	WATC	5.94%	13/05/2025	(13,163)	(13,751)	(17,663)
Swimming pool		207	WATC	5.98%	15/11/2025	(17,730)	(18,370)	(22,699)
Swimming pool		210	Westpac	6.27%	17/03/2026	(11,110)	(11,931)	(13,885)
AquaCentre - Ground Source Heat Pumps		216	WATC	4.42%	12/04/2023	(628)	(880)	(1,771)
Walpole Country Club		220	WATC	3.61%	24/07/2025	(1,159)	(1,328)	(1,544)
Solar PV System AquaCentre		225	WATC	3.61%	4/05/2023	(507)	(639)	(1,185)
Air Source Heat Pumps AquaCentre		227	WATC	1.25%	6/03/2030	(1,652)	(1,719)	(1,859)
Pemberton Colocation Redevelopment		230	WATC	2.43%	9/04/2041	(16,150)	(16,150)	(16,696)
Stage 1 - Recreation/Community Amenities Upgrade		231	WATC	2.43%	9/04/2041	(34,283)	(34,607)	(35,777)
Depot Building extensions, WP T/Hall Entry, WP Aged Accom, WP SSR Shed		214	WATC	6.74%	5/06/2029	(14,775)	(14,893)	(16,437)
Stage 2a - Recreation/Community Facilities Upgrade		232	TBD			0	(6,732)	0
Total						(196,389)	(208,591)	(224,295)
Self Supporting Loans Finance Cost Payments								
Manjimup Country Club		218	WATC	4.42%	12/04/2023	(325)	(325)	(653)
Pemberton Golf Club		226	WATC	3.55%	4/05/2033	(3,817)	(3,816)	(3,674)
Total Self Supporting Loans Finance Cost Payments						(4,142)	(4,141)	(4,327)
Total Finance Cost Payments						(200,531)	(212,732)	(228,622)

* WA Treasury Corporation

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26. BORROWING AND LEASE LIABILITIES (Continued)

(b) Unspent Borrowings

Particulars	Institution	Date Borrowed	Unspent Balance	Borrowed During	Expended During	Unspent Balance
			1 July 2022	Year	Year	30 June 2023
			\$	\$	\$	\$
Repeater upgrade Mt Burnside	WATC	Various	2,497	0	(2,497)	0
Energy Efficiency Project / Brockman St Upgrade - Solar	WATC	2019/2020	152,131	0	0	152,131
Archive Storage Building	WATC	2019/2020	15,436	0	(1,260)	14,176
Pemberton RSL Colocation Redevelopment	WATC	2020/2021	555,931	0	(401,407)	154,524
Recreation / Community Facilities Upgrade	WATC	2020/2021	124,807	0	(124,807)	0
			850,802	0	(529,971)	320,831

* WA Treasury Corporation

(c) Lease Liabilities

Purpose	Note	Actual						Budget				
		Principal		Principal at 30 June 2022	Principal		Principal at 30 June 2023	Principal at 1 July 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	
		Principal at 1 July 2021	New Leases During 2021-22		Principal Repayments During 2021-22	New Leases During 2022-23						Principal Repayments During 2022-23
Fuji Xerox Copiers		18,963	0	(17,489)	1,474	0	(1,474)	0	1,474	0	(1,474)	0
Copier OCE 500		8,607	0	(8,607)	0	0	0	0	0	0	0	0
SOPHOS Firewalls		12,590	0	(12,590)	0	0	0	0	0	0	0	0
Network Equipment		18,098	0	(6,266)	11,832	0	(6,398)	5,434	11,832	0	(6,398)	5,434
Switching Equipment ICT		40,940	0	(8,924)	32,016	0	(9,023)	22,993	32,016	0	(9,023)	22,993
Toyota Camry - 1026WA		11,071	0	(6,608)	4,463	0	(4,463)	0	4,463	0	(4,463)	0
Ford Focus - 1027WA		8,537	0	(5,361)	3,176	0	(3,176)	0	3,176	0	(3,176)	0
Switch (MHCC)		726	0	(726)	0	0	0	0	0	0	0	0
Fuji Xerox Copier		3,793	0	(3,498)	295	0	(295)	0	295	0	(295)	0
Switches Depot & MRAC		10,015	0	(7,039)	2,976	0	(2,976)	0	2,976	0	(2,976)	0
Ford Ranger - 1030WA		23,121	0	(8,320)	14,801	0	(8,420)	6,381	14,801	0	(8,420)	6,381
Nutanix Block		0	90,949	(14,916)	76,033	0	(29,963)	46,070	76,033	0	(29,963)	46,070
Toyota Hilux - 1005WA		0	25,688	(2,100)	23,588	0	(8,335)	15,253	23,588	0	(8,335)	15,253
Ford Ranger - 1028WA		0	20,649	(6,230)	14,419	0	(6,873)	7,546	14,419	0	(6,873)	7,546
Shire Firewall Hardware		0	0	0	0	31,444	(10,105)	21,339	0	0	0	0
HP Design Jet XL3600		0	0	0	0	34,528	(4,853)	29,675	0	0	0	0
Various lease renewals		0	0	0	0	0	0	0	0	132,000	(41,604)	90,396
Total Lease Liabilities	11(b)	156,461	137,286	(108,674)	185,073	65,972	(96,354)	154,691	185,073	132,000	(123,000)	194,073

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

26. BORROWING AND LEASE LIABILITIES (Continued)

Lease Finance Cost Payments

Purpose	Note	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022	Lease Term
Fuji Xerox Copiers	120-0395884-002	DLL Financial	2.10%	28/08/2022		\$ (3)	\$ (3)	\$ (229)	36 Months
Copier OCE 500	SHIR000010	PrintSyncBS	2.00%	5/03/2022		0	0	(65)	60 Months
SOPHOS Firewalls	E6N0162564	MAIA	2.10%	9/07/2022		0	0	(143)	36 Months
Network Equipment	E6N0163073	MAIA	2.10%	20/05/2024		(186)	(186)	(317)	48 Months
Switching Equipment ICT	5546295549AUS1	HP Financial	1.10%	31/12/2025		(305)	(305)	(404)	48 Months
Toyota Camry - 1026WA	SG Fleet	SG Fleet	1.60%	7/03/2023		(27)	(27)	(128)	36 Months
Ford Focus - 1027WA	SG Fleet	SG Fleet	2.00%	6/02/2023		(21)	(21)	(121)	36 Months
Switch (MHCC)	E6N0159608	MAIA	2.00%	7/08/2021		0	0	(1)	60 Months
Fuji Xerox Copier	120-0395884-001	DLL Financial	2.10%	28/08/2022		(1)	(1)	(46)	36 Months
Switches Depot & MRAC	E6N0160741	MAIA	2.10%	21/11/2022		(16)	(16)	(142)	60 Months
Ford Ranger - 1030WA	988158	SG Fleet	1.20%	31/03/2024		(131)	(131)	(230)	36 Months
Nutanix Block	5546295549AUS2	HP Financial	2.00%	30/01/2025		(1,237)	(1,237)	(684)	36 Months
Toyota Hilux - 1005WA	998878	SG Fleet	2.30%	25/04/2025		(644)	(644)	(145)	36 Months
Ford Ranger - 1028WA	990366	SG Fleet	1.30%	10/08/2024		(145)	(146)	(204)	36 Months
Shire Firewall Hardware	5546295549AUS4	HP Financial	3.70%	20/06/2025		(975)	0	0	36 Months
HP Design Jet XL3600	52295/0504884	Finlease	3.70%	30/09/2027		(807)	0	0	36 Months
Various lease renewals						0	(2,500)	0	
Total Finance Cost Payments						(4,498)	(5,217)	(2,859)	

SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

27. RESERVE ACCOUNTS	2023	2023	2023	2023	2023	2023	2023	2023	2022	2022	2022	2022
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Leave reserve	504,535	101,378	0	605,913	504,535	0	0	504,535	504,535	0	0	504,535
(b) Airfield construction and maintenance reserve	170,854	20,000	(2,835)	188,019	170,853	20,000	(73,619)	117,234	158,575	20,000	(7,721)	170,854
(c) AquaCentre building reserve	114,166	20,000	0	134,166	114,166	20,000	0	134,166	103,612	20,000	(9,446)	114,166
(d) AquaCentre plant reserve	5,595	20,000	0	25,595	5,595	20,000	0	25,595	20,000	20,000	(34,405)	5,595
(e) Arts and culture reserve	34,735	5,955	(883)	39,807	34,735	5,000	(1,991)	37,744	31,238	5,177	(1,680)	34,735
(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	232,271	0	(44,259)	188,012	232,271	0	(209,711)	22,560	272,560	0	(40,289)	232,271
(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	482,383	0	(1,112)	481,271	482,383	5,000	(29,701)	457,682	488,241	0	(5,858)	482,383
(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	101,727	0	(101,727)	0	101,727	0	(101,727)	0	178,427	0	(76,700)	101,727
(l) MHCC annual and long service leave reserve	225,067	14,984	(1,515)	238,536	225,067	22,650	0	247,717	186,707	38,360	0	225,067
(m) MHCC asset replacement reserve	1,133,909	466,694	(3,528)	1,597,075	1,133,909	125,603	(391,118)	868,394	712,196	455,603	(33,890)	1,133,909
(n) Heritage reserve	34,646	5,000	0	39,646	34,646	5,000	(5,000)	34,646	32,146	2,500	0	34,646
(o) Heritage trail reserve	62,500	15,000	0	77,500	62,500	15,000	0	77,500	55,000	7,500	0	62,500
(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	32,984	0	(8,346)	24,638	32,984	0	(20,000)	12,984	51,666	0	(18,682)	32,984
(r) Medical Professionals Housing Building Renewal Reserve	0	19,526	0	19,526	0	19,526	0	19,526	0	0	0	0
(s) Northcliffe town hall reserve	1,859	0	0	1,859	1,859	0	0	1,859	1,859	0	0	1,859
(t) Occupational health and safety reserve	21,000	0	0	21,000	21,000	0	0	21,000	21,000	0	0	21,000
(u) Plant and equipment replacement reserve	1,042,451	766,123	(891,472)	917,102	1,042,451	858,000	(1,809,000)	91,451	1,209,550	530,237	(697,336)	1,042,451
(v) Playground major repair reserve	70,000	15,000	(14,000)	71,000	70,000	15,000	(43,300)	41,700	61,700	15,000	(6,700)	70,000
(w) Recreation floor reserve	42,671	5,000	0	47,671	42,671	5,000	0	47,671	41,141	7,500	(5,970)	42,671
(x) Recreation ground/facility improvement reserve	656,923	41,540	(343,637)	354,826	656,922	4,558,251	(690,634)	4,524,539	667,423	41,540	(52,040)	656,923
(y) Revaluation reserve	118,988	25,000	0	143,988	118,987	25,000	0	143,987	93,988	25,000	0	118,988
(z) Self insurance reserve	0	15,000	(5,453)	9,547	0	15,000	(15,000)	0	0	15,000	(15,000)	0
{ Solar System Maintenance Reserve	10,000	10,000	(4,252)	15,748	10,000	10,000	(6,000)	14,000	0	10,000	0	10,000
{ Strategic asset and development reserve	0	0	0	0	0	0	0	0	610	0	(610)	0
{ Telecommunications reserve	6,000	0	0	6,000	6,000	0	0	6,000	6,000	0	0	6,000
{~} Waste management and site development reserve	228,380	213,331	(40,272)	401,439	228,382	50,000	(70,709)	207,673	180,238	50,000	(1,858)	228,380

**SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

27. RESERVE ACCOUNTS (Continued)	2023	2023	2023	2023	2023	2023	2023	2023	2022	2022	2022	2022
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual
	Opening	Transfer to	Transfer	Closing	Opening	Transfer to	Transfer	Closing	Opening	Transfer to	Transfer	Closing
	Balance		(from)	Balance	Balance		(from)	Balance	Balance		(from)	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
() Windy Harbour infrastructure reserve	888,019	77,718	(34,286)	931,451	888,019	77,718	(350,774)	614,963	818,737	70,705	(1,423)	888,019
(€) Workers compensation reserve	98,542	0	0	98,542	98,542	0	0	98,542	98,542	0	0	98,542
	6,610,349	1,879,099	(1,519,427)	6,970,021	6,610,349	5,898,598	(3,840,134)	8,668,813	6,285,835	1,355,972	(1,031,458)	6,610,349

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

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

Name of reserve account	Purpose of the reserve account
Restricted by council	
(a) Leave reserve	funding entitlements (other than MHCC) for annual leave and long service.
(b) Airfield construction and maintenance reserve	to be applied upon recommendations from the Airfield Committee.
(c) AquaCentre building reserve	monies for the programmed replacement of the Aqua Centre building, in particular the Hoecker inflated roof component of the building.
(d) AquaCentre plant reserve	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	to foster and support the community at the local level by including the delivery of a diverse range of art and cultural opportunities, an increased awareness of artistic and cultural opportunities, the development of identified infrastructure to support the arts, and skill development and education in respect of the arts.
(f) Bridge reserve	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	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	monies not used during the year, set aside for future maintenance on the bus.
(i) Construction and resource research reserve	monies to be used to fund construction resources.
(j) Future carpark reserve - Manjimup	funding from developer contributions for developments to be applied to specific car parking works in the Shire of Manjimup.
(k) Grants in advance reserve	to set aside grants and contributions paid in advance of the funded projects completion.
(l) MHCC annual and long service leave reserve	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	monies set aside for the purpose of asset replacement, including vehicles, specifically relating to the Home and Community Care Scheme.
(n) Heritage reserve	grant monies allocated to the Shire of Manjimup for heritage building maintenance & general heritage functions.
(o) Heritage trail reserve	funds set aside to promote our unique heritage for residents and visitors.
(p) ICT hardware replacement reserve	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	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) Medical Professionals Housing Building Renewal Reserve	fund renewal maintenance to keep the property suitable for accommodation of Medical Professionals
(s) Northcliffe town hall reserve	monies to be used for the purpose of meeting future maintenance costs associated with the Northcliffe Town Hall.

**SHIRE OF MANJIMUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

27. RESERVE ACCOUNTS (Continued)

Name of reserve account	Purpose of the reserve account
Restricted by council	
(t) Occupational health and safety reserve	for the funding of any unbudgeted issues arising in the area of Occupational Safety and Health
(u) Plant and equipment replacement reserve	monies set aside to offset costs associated with the implementation of the annual plant replacement program, including purchase of new plant. "Plant" means light vehicles, roadworks plant, parks & gardens plant, and tools.
(v) Playground major repair reserve	to set aside fund for future major repairs required for playgrounds within the Shire of Manjimup.
(w) Recreation floor reserve	set aside funds for sealing and line marking of timber courts in the Shire's four indoor recreation facilities.
(x) Recreation ground/facility improvement reserve	for funding the improvement or development of recreation grounds and facilities.
(y) Revaluation reserve	for the funding of future revaluation cycles for GRV valuations (currently four years), and Building revaluations (currently four years).
(z) Self insurance reserve	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.
({) Solar System Maintenance Reserve	funding for preventative and reactive maintenance to Shire solar systems
() Strategic asset and development reserve	to enable Council to capture and address capital and operational strategic issues as opportunities arise.
(}) Telecommunications reserve	replacement of Shire managed television and radio retransmission equipment.
(~) Waste management and site development reserve	funding for the development of waste facility sites upon the expiry of existing landfill sites and the rehabilitation of existing land fill sites.
() Windy Harbour infrastructure reserve	for the development of core infrastructure at Windy Harbour as outlined in the Windy Harbour Management Plan.
(€) Workers compensation reserve	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 2023**

28. TRUST FUNDS

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

	1 July 2022	Amounts Received	Amounts Paid	30 June 2023
	\$	\$	\$	\$
Public open space bond	39,650	0	0	39,650
	39,650	0	0	39,650



Auditor General

INDEPENDENT AUDITOR'S REPORT 2023 Shire of Manjimup

To the Council of the Shire of Manjimup

Opinion

I have audited the financial report of the Shire of Manjimup (Shire) which comprises:

- the Statement of Financial Position as at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity for the year then ended
- notes comprising a summary of 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 2023 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, the 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 2023, but not the financial report and my auditor's report.

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

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

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

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

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

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

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

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Manjimup for the year ended 30 June 2023 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
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
29 November 2023