

A photograph of a stone archway with the word 'MORAWA' in a tan oval. In the background, a tall metal windmill stands against a clear sky, with trees and a street lamp visible.

**MORAWA**

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**SHIRE OF MORAWA**

**ANNUAL REPORT**  
**2021-2022**

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# ACKNOWLEDGEMENT OF COUNTRY

The Shire of Morawa acknowledges the Traditional Custodians, the Yamatji people, and recognises the contribution of Yamatji Elders past, present and future, in working together for the future of Morawa.







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# A MESSAGE FROM THE SHIRE PRESIDENT

I am pleased to present the Shire of Morawa's Annual Report for the 2021-2022 financial year. It has been another huge year as we have navigated several large projects and initiatives, while continuing to manage the impacts of COVID-19.

A huge thanks to all of the Councillors and community volunteers who continue to give their time and energy to make our community so great and make all visitors feel welcome to the Shire and the Mid-West.

This year we successfully drafted a new ten year Strategic Community Plan with the help of our community. This endeavours to be a plan for all and moves away from operational or goals specific to the local government and looks more holistically at what the community aspires to be. The community vision has been revised to emphasise the uniqueness of Morawa. Council and I look forward to working with the whole community to ensure that in 10 years' time:

**“Morawa is a welcoming and inclusive community that embraces what makes it unique, offering livability, variety, and opportunity for all.”**

The year ahead will bring more planning and ideas for our future, along with a suite of infrastructure upgrades to support our community.

We were pleased to see major upgrades this year to the Morawa Golf and Bowling Club and Old Roads Board Building thanks to Federal Grant Funding under the Local Roads and Community Infrastructure Program. These are both great community assets which are much loved by our Town.





# A MESSAGE FROM THE SHIRE PRESIDENT

A large part of our annual budget is spent on road infrastructure and Council has maintained this important focus to ensure that our major assets are kept at an appropriate standard for our community. This year most notably significant upgrades were made to sections of Morawa Yalgoo Road, Nanekine Road, and Koolanooka South Road.

The Shire is proud to support the provision of medical, dental and childcare services as part of its strategy to retain population and to continually improve the wellbeing of our community.

I would like to take this opportunity to thank Mr Scott Wildgoose as CEO and his Executive team Paul Devcic and Jacqueline Hawkins for their outstanding leadership and support over the year, and also thanks to the whole operational team at the Shire of Morawa.

**CR KAREN CHAPPEL JP**  
**SHIRE PRESIDENT**







# A WORD FROM THE CEO

As CEO, I would like to thank Shire staff, Council, volunteers, residents and visitors for their participation and community support over the last year.

The Shire has successfully continued to deliver key services despite increased construction costs and some service interruptions with the COVID-19 illness arriving in the community earlier this year.

The Shire remained focused on recovery efforts following Cyclone Seroja which greatly impacted our community in April 2021, with repairs undertaken and construction in many areas adapted for future proofing of key infrastructure.

Major upgrades were completed this year to the Morawa Golf and Bowling Club and Old Roads Board Building, thanks to Federal grant funding of \$283,699 from the Local Roads and Community Infrastructure Program. The works resulted in significant interior renovations to the Club and increased accessibility of the Old Roads Board Building. The Shire is thrilled to be improving these special places which make our community so great.

Drainage rectification works were also completed adjacent to the Morawa Netball Courts, following issues after resurfacing last year. This was successfully implemented in time for the 2022 season.

The following road program was undertaken to maintain and improve the roads in the Shire. Funding for the roads program comes from Shire rates, the Federal Government Department of Infrastructure, the State Department of Transport, the Grants Commission and Main Roads. The Shire's Road management program is where the largest amount (approx. 35%) of Shire funds is expended. The major expenditure in 2021-2022 occurred in the following areas:

• Morawa Yalgoo Road	\$ 451,082
• Nanekine Road	\$ 145,229
• Koolanooka South Road	\$ 106,566
• Canna North East Road	\$ 14,431
• West Gutha Road	\$ 116,583
• Maintenance of Rural Roads	<u>\$ 715,281</u>
	\$1,549,172

As part of its footpath program to increase the safety of pedestrians and improve liveability throughout the town, the Shire spent \$128,084 to install a dual-use footpath on Manning Road with the co-contribution assistance of grant funding from the Department of Transport.

The Youth Centre remains well activated, with an average weekly attendance of 20 kids during 2021 - 2022. The Morawa Swimming Pool and Community Gym also continued to be well utilised. Council will continue investing in creative activities and implementing community programs where demand is higher than normal.





# A WORD FROM THE CEO

This year we also completed community engagement and drafting of the Shire's new Strategic Community Plan 2022-2032, with drafting of a new Corporate Business Plan now underway. This gives Council and community a distinct vision for the future and a suite of aspirations and focus areas to help us get there together. Alongside this, we also engaged and developed a Strategic Resource Plan, Arts and Culture Plan and Tourism Plan which were adopted early in the 2022 - 2023 financial year.

Looking ahead to 2022-2023, planning and concept design has been scheduled for:

- Evaside Road
- Winfield Street Drainage
- Caravan park
- Townsite Greening
- Critical assets including roads sewerage and landfill

Major infrastructure projects will include:

- Replacement of the Recreation Centre Roof
- Revitalisation of Wildflower Park
- Town Hall storage unit
- Cemetery entry and landscaping
- Solar street lighting

It has been a privilege to be part of the Morawa team and work alongside the community, Council, and stakeholders of the Shire of Morawa over the 2021 - 2022 financial year. I would like to take this opportunity to sincerely thank the Shire President and Councillors for their ongoing support.

In terms of our finances our annual audit, conducted by Nexia on behalf of the Office of the Auditor General (OAG), was carried out in October and came through as unqualified. This means that in accordance with the Local Government (Audit) Regulations 1996: All required information and explanations were provided. All audit procedures were satisfactorily completed.

**SCOTT WILDGOOSE**  
CHIEF EXECUTIVE OFFICER





# SHIRE SERVICES

**Council provides a variety of services for the community under a wide range of legislation, including:**

Community buildings  
Community development  
Environmental Health  
Library services  
Playgrounds  
Parks and gardens  
Recreation facilities and gym  
Swimming pool  
Youth Centre

Bushfire control and prevention  
Building approvals  
Cemetaries  
Dog control  
Planning approvals  
Roads, footpaths and kerbs  
Street lighting  
Waste management

**599**

Properties in the  
Shire of Morawa

**\$650,000**

Annual cost for operation  
of Community Facilities  
including the pool and  
sporting grounds

**14**

Major capital works  
projects completed  
over 2021-2022



# PLANNING FOR OUR FUTURE

The Shire's Strategic Community Plan 2022-2023 commenced development on January 2022. It is a long-term planning document that sets out the community's vision and aspirations for the future, and an overview of the key strategies to be focused on to achieve these aspirations





# STRATEGIC COMMUNITY PLAN

- Provides a vision for the future state we all want to achieve.
- Includes a clear direction for Council to use in decision making.
- Identifies the risks and opportunities for Council.

## OUR STRATEGIES

### Create a sense of place for visitors

- Factor the visitor experience into planning and design decisions
- Develop and Implement a Tourism Plan
- Embrace a commitment to excellent service
- Ensure the townsite and its services are accessible to all

### Activate a vibrant small business sector

- Facilitate and support small business
- Encourage variety and competition
- Maintain strong support systems and services

### Take pride in our community and an aesthetically appealing townsite

- Develop and implement a townsite greening plan
- Enhance the appearance of homes, gardens, businesses, public buildings, and open spaces
- Utilise public art
- Celebrate our wins

### Embrace cultural and social diversity

- Develop and implement an Arts and Culture plan
- Champion inclusion and engagement
- Invest in socialisation and belonging
- Promote positive aging in place across the community

### Cement strong foundations for growth and prosperity

- Safe and suitable road and other transport networks
- Ready to go commercial and industrial facilities
- Enhance partnerships and alliances

### Occupy a Safe and Healthy living space

- Build safer neighbourhoods
- Occupy fit for purpose housing
- Increase active living
- Enhance health service provisions

### Be future focussed in all we do

- Ensure the shire and its assets are well resourced and sustainable
- Embrace recycling and renewable energy
- Foster passion and belief in younger residents



# GOVERNANCE & STATUTORY REPORTING STANDARDS



## Disability Access & Inclusion Plan (DAIP)

The *Disability Services Act* WA 1993 (amended 2004) requires all local governments to develop, maintain and implement a Disability Access and Inclusion Plan (DAIP) each year. DAIP's benefit everyone in the community especially people with disability, the elderly, families and carers, and people from culturally and linguistically diverse backgrounds.

The Act also requires annual reporting on DAIP progress to the Department of Communities and to provide details of activity in annual reports.

The following DAIP strategies have been implemented during the 2021-2022 year.

The Shire of Morawa has held a number of inclusive community events during the 2021-2022 year including:

- Mid-West NAIDOC Week Celebration in July 2021
- Seniors Week with the CRC and Hospital in November 2021
- The Australia Day event including the Auspire Community Citizen of the Year in January 2022
- Tom Curtin Community Day in March 2022
- Astrotourism open days in April 2022
- Thank a Volunteer Day in May 2022
- Reconciliation Breakfast in June 2022
- Preparation for the Bi-annual Community Art show for August 2022, and
- Ngala Parenting workshops

Infrastructure upgrades to improve access to community buildings included:

- The Shire completed safe footpath construction and upgrades, including Manning Road in 2021-2022.



# GOVERNANCE & STATUTORY REPORTING STANDARDS



- Sealing and pothole repair on the football/netball oval carpark and other Shire roads providing a safer and smoother area for people of all abilities to traverse.
- The Roads Board building was renovated to include an access ramp and disabled toilet, with walls removed to widen access.
- The Golf and Bowling Club had a major renovation with new commercial kitchen.

Our Strategic Community Plan was completed in early 2022, where the community were invited to submit feedback through a range of mechanisms including in person discussions.

Our Disability and Inclusion Plan is due for renewal prior to 30 June 2023 and planning has commenced to ensure robust engagement with our community.

Equitable complaints mechanisms are in place to effectively receive and address complaints from all members of the community. The Shire has received no complaints in relation to access and inclusion in the reporting period.

The Shire of Morawa uses a variety of communication methods to provide information to the community, and ensures all information provided can be made available in alternative formats. To promote community events and services the Shire used communication methods including:

- Shire's website and social media channels
- Printed posters and flyers
- Letters to residents
- Morawa Snippets newsletter and
- Media releases to local newspapers & radio stations.

The Shire website has been developed to meet W3C Web Content Accessibility Guidelines 2.0 Level AA. There is a notice on the website with a link to the guidelines and a link to the 'contact us' page should the user encounter any access issues.

All Shire employment advertisement material and employee contracts include an Equal Employment Opportunity statement.



# GOVERNANCE & STATUTORY REPORTING STANDARDS

## Record Keeping Plan

The Shire of Morawa is committed to accessible and efficient record keeping practices and complies with relevant legislation including the *State Records Act 2000*.

The Shire has an established Record Keeping Plan. This plan includes a Records Management Procedure Manual which is designed to adequately address all records management issues and identifies staff roles and responsibilities.

The Shire is committed in maintaining a high standard of record keeping and will continue to review and improve processes.



## Public Interest Disclosure

The *Public Interest Disclosure Code* was established by the Commissioner for Public Sector Standards under Section 20 of the *Public Interest Disclosure Act 2003*.

One of the principles of the Code is not just to provide protection to those who make disclosures, but also to encourage a system of transparency and accountability in the way government officials act and utilise public monies.

Matters that relate to the Shire of Morawa should be referred to the Shire of Morawa's Public Interest Disclosure officer.

Disclosures to the officer can be made not just about officers of the Shire of Morawa but also its elected members.

There is an obligation of the Public Interest Disclosure Officer in the *Public Interest Disclosure Act* to ensure that the disclosure is confidential and that the person making a disclosure is provided adequate protection from reprisals, civil and criminal liability or breach of confidentiality.

The Shire of Morawa had no Public Interest Disclosures during the 2021-2022 reporting year.

# GOVERNANCE & STATUTORY REPORTING STANDARDS



## Freedom of Information Act 1992

The Shire's affairs are governed by seven (7) elected members who represent all sections of the community. The Council meets on the Third Thursday of each month - excluding January. These meetings are open to the public and the dates and times are advertised on Council's website and noticeboards as Public information.

The Council is a legislative body that establishes policies and makes decisions within the requirements of the *Local Government Act 1995* on a wide range of issues affecting the community, and in keeping with the legislative requirements.

The Council governs the Shire's affairs including decisions regarding its activities and functions. Such decisions include the approval of services and facilities to be undertaken, and the allocation of resources and funding to these services and facilities.

Nominated documents can be inspected upon application and payment of a small fee at the Shire office located at 26 Winfield Street, Morawa during normal business hours.

During the year of review any applications received are considered on the basis of not contravening the privacy rights of any individual and are subject to an administrative charge in accordance with the ACT.

The Shire of Morawa has had no Freedom of Information requests during the 2021-2022 reporting year.



# GOVERNANCE & STATUTORY REPORTING STANDARDS

## National Competition Policy

In 1995, the Council of Australian Government entered into agreements known as the National Competition Policy. The Policy is a whole of government approach to bring about reform in the public sector to encourage government to become more competitive.

Local government will mainly be affected where it operates significant business activities (defined as one that generates an annual income from fees and charges exceeding \$200,000) that compete or could compete with private sector business. The Shire of Morawa does not operate any such businesses

A review of the Local Laws found that they had no impact on the competition across the Shire.

## Employee Payments

For the purpose of Regulation 19B of the *Local Government (Administration) Regulations 1996* the following information is required to be included in Council's Annual Report:

The number of employees of the Shire of Morawa (excluding the CEO) entitled to an annual salary:

- Of \$130,000 or more; and
- That falls within each band of \$10,000 over \$130,000

There were no employees entitled to an annual salary of \$130,000 or more during 2021-2022.

The total remuneration paid to the Chief Executive Officer (CEO) during 2021-2022 was \$ 184,603.21.



# GOVERNANCE & STATUTORY REPORTING STANDARDS

## Councillor Information

For the purpose of Regulation 19B (f)(g)(h)(i) of the *Local Government (Administration) Regulations 1996* the following Councillor information is required to be included in Council's Annual Report:

- the number of council and committee meetings attended by each council member during the year
- if available, the gender, linguistic background and country of birth of council members
- if available, the number of council members who are aged -
  - 1) between 18 and 24 years; and
  - 2) between 25 and 34 years; and
  - 3) between 35 and 44 years; and
  - 4) between 45 and 54 years; and
  - 5) between 55 and 64 years; and
  - 6) over the age of 64 years.
- if available, the number of council members who identify as Aboriginal or Torres Strait Islander.

Councillor Information	1	2	3	4	5	6	7
Aged between 18 & 24 years							
Aged between 25 & 34 years							
Aged between 35 & 44 years							
Aged between 45 & 54 years				X		X	X
Aged between 55 & 64 years	X	X					
Aged over 64 years			X				
Identify as Aboriginal or Torres Strait Islander	No	No	No	No		No	No
Gender	M	F	F	F	F	M	F
Linguistic background	E	E	E	E		E	E
Country of birth	A	A	A	A		A	A
Council Meetings Attended	17/17	17/17	14/17	17/17	14/17	14/17	15/17
Committee Meetings Attended	3/3	3/3	2/3	3/3	2/3	3/3	0/3

Linguistic Background : E – English

Country of Birth: A - Australia





## Morawa Golf and Bowling Club

*The Shire successfully completed a major renovation of the clubhouse which featured:*

- *New carpets and blinds*
- *Internal and external painting*
- *New commercial grade kitchen*
- *New air conditioning*

**BEFORE**





## **Morawa Golf and Bowling Club**

*These works complimented the major rebuild of the bowling greens also completed this year, following damage from Cyclone Seroja*

### **AFTER**

*Funded by the LRCIP  
and the  
Shire of Morawa  
Total cost: \$154,003*





## Old Roads Board Building

*The Shire completed a renovation in early 2022 to include an access ramp and disabled toilet, with walls removed to widen access.*

*Other upgrades included a new kitchen, internal painting, lighting and flooring, featuring restoration of the old floorboards.*

# BEFORE





# PROJECTS 2021-2022

## Old Roads Board Building

*The next steps include  
activation of the  
building and surrounds.*

### AFTER

*Funded by the LRCIP  
and the  
Shire of Morawa  
Total cost: \$158,922*





# TOM CURTIN COMMUNITY DAY WEDNESDAY 30 MARCH 2022

*More than 350  
community members  
came together to  
acknowledge the  
1 year anniversary of  
Cyclone Seroja*





## PROJECTS 2021-2022

**\$1,549,172**

Total spend on Shire roads this year of which 45% was from grant funding

**\$128,084**

Total cost of upgrade to Manning Road footpath with \$32,792 of grant funding

**\$715,281**

Maintenance works on the Shire's rural roads carried out during the year.

**\$240,334**

Grant funding received during the year from the Federal Government under LRCIP for Morawa-Yalgoo Road.

**\$451,082**

Total project cost for 3km widening and sealing of Morawa-Yalgoo Road



# PROJECTS 2021-2022



**\$36,360**

Was spent on rectification of drainage issues as part of the Netball Courts Redevelopment

**\$74,819**

Was spent on upgrade of the Caravan Park Ablution Block including fresh paint, and updated plumbing, tiling and painting inside.



**\$86,860**

Was spent on sealing of the Aerodrome Apron





# ANNUAL FINANCIAL REPORT 2021-2022







**SHIRE OF MORAWA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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

***The Shire of Morawa: Breaking New Ground***

***Morawa is a welcoming and inclusive community that embraces what makes it unique, offering liveability, variety, and opportunity for all.***

Principal place of business:  
26 Winfield Street  
Morawa WA 6623

Nexia Perth Audit Services Pty Ltd



**SHIRE OF MORAWA  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

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

Signed on the                      5th    day of            December                      2022



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Chief Executive Officer

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Scott Wildgoose

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Name of Chief Executive Officer



**Nexia Perth Audit Services Pty Ltd**



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

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>Revenue</b>				
Rates	26(a),2(a)	2,115,230	2,117,418	1,981,711
Operating grants, subsidies and contributions	2(a)	3,040,028	1,290,180	1,929,359
Fees and charges	25(c),2(a)	879,305	849,017	736,361
Interest earnings	2(a)	42,533	59,300	58,452
Other revenue	2(a)	534,197	711,735	511,157
		<b>6,611,293</b>	<b>5,027,650</b>	<b>5,217,040</b>
<b>Expenses</b>				
Employee costs		(1,729,140)	(1,957,582)	(1,720,425)
Materials and contracts		(1,692,865)	(2,185,743)	(1,209,255)
Utility charges		(362,266)	(432,192)	(340,711)
Depreciation	10(a)	(1,881,178)	(1,991,517)	(2,009,922)
Finance costs	2(b)	(15,861)	(15,706)	(17,465)
Insurance		(207,716)	(216,872)	(188,931)
Other expenditure	2(b)	(470,099)	(455,750)	(516,110)
		<b>(6,359,125)</b>	<b>(7,255,362)</b>	<b>(6,002,819)</b>
		<b>252,168</b>	<b>(2,227,712)</b>	<b>(785,779)</b>
Capital grants, subsidies and contributions	2(a)	948,411	1,335,970	1,469,848
Profit on asset disposals	10(b)	12,650	10,531	0
Loss on asset disposals	10(b)	0	(92,564)	(17,396)
Fair value adjustments to financial assets at fair value through profit or loss		2,998	0	1,939
		<b>964,059</b>	<b>1,253,937</b>	<b>1,454,391</b>
<b>Net result for the period</b>	<b>25(b)</b>	<b>1,216,227</b>	<b>(973,775)</b>	<b>668,612</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	0	0	4,645,000
<b>Total other comprehensive income for the period</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>4,645,000</b>
<b>Total comprehensive income for the period</b>		<b>1,216,227</b>	<b>(973,775)</b>	<b>5,313,612</b>

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



Nexia Perth Audit Services Pty Ltd

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

	NOTE	2022 \$	2021 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	9,143,287	7,568,204
Trade and other receivables	5	613,313	764,200
Inventories	6	20,965	13,879
Other assets	7	98,056	5,127
<b>TOTAL CURRENT ASSETS</b>		<b>9,875,621</b>	<b>8,351,410</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	5	36,091	26,076
Other financial assets	4	58,353	55,355
Property, plant and equipment	8	24,167,441	24,190,235
Infrastructure	9	50,632,902	50,397,216
Right-of-use assets	11(a)	33,819	91,232
<b>TOTAL NON-CURRENT ASSETS</b>		<b>74,928,606</b>	<b>74,760,114</b>
<b>TOTAL ASSETS</b>		<b>84,804,227</b>	<b>83,111,524</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	718,871	405,548
Other liabilities	13	528,111	203,224
Lease liabilities	11(b)	28,922	57,413
Borrowings	14	27,355	26,580
Employee related provisions	15	357,043	325,811
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,660,302</b>	<b>1,018,576</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	11(b)	0	28,922
Borrowings	14	419,229	446,584
Employee related provisions	15	28,983	137,956
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>448,212</b>	<b>613,462</b>
<b>TOTAL LIABILITIES</b>		<b>2,108,514</b>	<b>1,632,038</b>
<b>NET ASSETS</b>		<b>82,695,713</b>	<b>81,479,486</b>
<b>EQUITY</b>			
Retained surplus		35,619,211	34,994,479
Reserve accounts	29	6,127,967	5,536,472
Revaluation surplus	16	40,948,535	40,948,535
<b>TOTAL EQUITY</b>		<b>82,695,713</b>	<b>81,479,486</b>

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



Nexia Perth Audit Services Pty Ltd



SHIRE OF MORAWA  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2020</b>		<b>34,659,817</b>	<b>5,202,521</b>	<b>36,303,533</b>	<b>76,165,871</b>
Comprehensive income for the period					
Net result for the period		668,612	0	0	668,612
Other comprehensive income for the period	16	0	0	4,645,000	4,645,000
Total comprehensive income for the period		668,612	0	4,645,000	5,313,612
Transfers from reserves	29	363,331	(363,331)	0	0
Transfers to reserves	29	(697,282)	697,282	0	0
<b>Balance as at 30 June 2021</b>		<b>34,994,479</b>	<b>5,536,472</b>	<b>40,948,535</b>	<b>81,479,486</b>
Comprehensive income for the period					
Net result for the period		1,216,227	0	0	1,216,227
Transfers from reserves	29	177,116	(177,116)	0	0
Transfers to reserves	29	(768,611)	768,611	0	0
<b>Balance as at 30 June 2022</b>		<b>35,619,211</b>	<b>6,127,967</b>	<b>40,948,535</b>	<b>82,695,713</b>

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



Nexia Perth Audit Services Pty Ltd

SHIRE OF MORAWA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		2,092,557	2,117,418	1,998,777
Operating grants, subsidies and contributions		3,189,314	1,374,173	1,737,318
Fees and charges		879,305	849,017	745,014
Interest received		42,533	59,300	58,452
Goods and services tax received		458,260	0	267,382
Other revenue		534,197	711,735	511,158
		<u>7,196,166</u>	<u>5,111,643</u>	<u>5,318,101</u>
<b>Payments</b>				
Employee costs		(1,819,858)	(1,957,582)	(1,701,903)
Materials and contracts		(1,471,920)	(2,185,743)	(1,430,514)
Utility charges		(362,266)	(432,192)	(340,711)
Finance costs		(17,620)	(15,706)	(17,465)
Insurance paid		(207,716)	(216,872)	(188,931)
Goods and services tax paid		(436,965)	0	(338,520)
Other expenditure		(470,036)	(455,750)	(425,189)
		<u>(4,786,381)</u>	<u>(5,263,845)</u>	<u>(4,443,233)</u>
<b>Net cash provided by (used in) operating activities</b>	17(b)	<u>2,409,785</u>	<u>(152,202)</u>	<u>874,868</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	8(a)	(786,505)	(1,147,669)	(505,383)
Payments for construction of infrastructure	9(a)	(1,276,501)	(1,762,827)	(1,778,867)
Non-operating grants, subsidies and contributions		1,273,298	1,335,970	1,610,748
Proceeds from sale of property, plant & equipment	10(b)	38,999	36,500	100,706
<b>Net cash provided by (used in) investing activities</b>		<u>(750,709)</u>	<u>(1,538,026)</u>	<u>(572,797)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	28(a)	(26,580)	(26,580)	(19,963)
Payments for principal portion of lease liabilities	28(c)	(57,413)	(57,413)	(28,492)
Proceeds from new borrowings	28(a)	0	0	200,000
<b>Net cash provided by (used in) financing activities</b>		<u>(83,993)</u>	<u>(83,993)</u>	<u>151,545</u>
<b>Net increase (decrease) in cash held</b>		<u>1,575,083</u>	<u>(1,774,221)</u>	<u>453,616</u>
<b>Cash at beginning of year</b>		<u>7,568,204</u>	<u>7,868,846</u>	<u>7,114,588</u>
<b>Cash and cash equivalents at the end of the year</b>	17(a)	<u>9,143,287</u>	<u>6,094,625</u>	<u>7,568,204</u>

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



Nexia Perth Audit Services Pty Ltd



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

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>NET CURRENT ASSETS - At start of financial year - surplus/(deficit)</b>	27(b)	2,110,858	1,986,095	1,692,941
<b>OPERATING ACTIVITIES</b>				
Revenue from operating activities (excluding general rate)				
Rates (excluding general rate)	26(b)	6,412	6,412	6,165
Operating grants, subsidies and contributions		3,040,028	1,290,180	1,929,359
Fees and charges		879,305	849,017	736,361
Interest earnings		42,533	59,300	58,452
Other revenue		534,197	711,735	511,157
Profit on asset disposals	10(b)	12,650	10,531	0
Fair value adjustments to financial assets at fair value through profit or loss		2,998	0	1,939
		4,518,123	2,927,175	3,243,433
Expenditure from operating activities				
Employee costs		(1,729,140)	(1,957,582)	(1,720,425)
Materials and contracts		(1,692,865)	(2,185,743)	(1,188,549)
Utility charges		(362,266)	(432,192)	(340,711)
Depreciation		(1,881,178)	(1,991,517)	(2,009,922)
Finance costs		(15,861)	(15,706)	(17,465)
Insurance		(207,716)	(216,872)	(188,931)
Other expenditure		(470,099)	(455,750)	(516,110)
Loss on asset disposals	10(b)	0	(92,564)	(17,396)
		(6,359,125)	(7,347,926)	(5,999,509)
Non-cash amounts excluded from operating activities	27(a)	1,751,934	2,073,550	2,094,551
<b>Amount attributable to operating activities</b>		(89,068)	(2,347,201)	(661,525)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		948,411	1,335,970	1,469,848
Proceeds from disposal of assets	10(b)	38,999	36,500	100,706
Purchase of property, plant and equipment	8(a)	(786,505)	(1,147,669)	(505,383)
Purchase and construction of infrastructure	9(a)	(1,276,501)	(1,762,827)	(1,778,868)
<b>Amount attributable to investing activities</b>		(1,075,596)	(1,538,026)	(713,697)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	28(a)	(26,580)	(26,580)	(19,963)
Proceeds from borrowings	28(a)	0	0	200,000
Payments for principal portion of lease liabilities	28(c)	(57,413)	(57,413)	(28,492)
Transfers to reserves (restricted assets)	29	(768,611)	(635,533)	(697,282)
Transfers from reserves (restricted assets)	29	177,116	507,652	363,331
<b>Amount attributable to financing activities</b>		(675,488)	(211,874)	(182,406)
<b>Surplus/(deficit) before imposition of general rates</b>		270,706	(2,111,006)	135,312
<b>Total amount raised from general rates</b>	26(a)	2,108,818	2,111,006	1,975,546
<b>Surplus/(deficit) after imposition of general rates</b>	27(b)	2,379,524	0	2,110,858

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

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

**1. BASIS OF PREPARATION**

The financial report comprises general purpose financial statements which have been prepared in accordance with the Local Government Act 1995 and accompanying regulations.

**Local Government Act 1995 Requirements**

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

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

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

**The local government reporting entity**

All funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 30 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

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

## 2. REVENUE AND EXPENSES

### (a) Revenue

#### Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Operating grants, subsidies and contributions with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management	Single point of 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 if time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Grants, subsidies and contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	Output method based on works done.

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

#### Revenue Recognition

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

#### For the year ended 30 June 2022

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	2,108,818	6,412	2,115,230
Operating grants, subsidies and contributions	182,396	0	0	2,857,632	3,040,028
Fees and charges	0	0	8,106	871,199	879,305
Interest earnings	0	0	31,894	10,639	42,533
Other revenue	55,818	0	0	478,379	534,197
Non-operating grants, subsidies and contributions	0	948,411	0	0	948,411
<b>Total</b>	<b>238,214</b>	<b>948,411</b>	<b>2,148,818</b>	<b>4,224,261</b>	<b>7,559,704</b>

#### For the year ended 30 June 2021

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	1,975,546	6,165	1,981,711
Operating grants, subsidies and contributions	47,326	0	0	1,882,033	1,929,359
Fees and charges	0	0	5,697	730,664	736,361
Interest earnings	0	0	31,036	27,416	58,452
Other revenue	34,015	0	0	477,142	511,157
Non-operating grants, subsidies and contributions	0	1,469,848	0	0	1,469,848
<b>Total</b>	<b>81,341</b>	<b>1,469,848</b>	<b>2,012,279</b>	<b>3,123,420</b>	<b>6,686,886</b>



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

2. REVENUE AND EXPENSES (Continued)

	Note.	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>(a) Revenue (Continued)</b>				
<b>Interest earnings</b>				
Interest on reserve funds		7,996	17,300	17,469
Rates instalment and penalty interest (refer Note 26(d))		31,894	32,000	31,036
Other interest earnings		2,643	10,000	9,947
		<u>42,533</u>	<u>59,300</u>	<u>58,452</u>
<b>(b) Expenses</b>				
<b>Auditors remuneration</b>				
- Audit of the Annual Financial Report		38,300	45,000	78,960
- Other services		1,218	10,000	1,655
		<u>39,518</u>	<u>55,000</u>	<u>80,615</u>
<b>Finance costs</b>				
Borrowings	28(a)	15,260	15,105	14,657
Lease liabilities	28(c)	601	601	2,808
		<u>15,861</u>	<u>15,706</u>	<u>17,465</u>
<b>Other expenditure</b>				
Impairment losses on rates receivables		24,949	3,000	114
Impairment losses on receivables from contracts with customers		63	25,012	25,012
Sundry expenses		445,087	427,738	490,984
		<u>470,099</u>	<u>455,750</u>	<u>516,110</u>

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

**3. CASH AND CASH EQUIVALENTS**

Cash at bank and on hand  
Term deposits  
**Total cash and cash equivalents**

Held as

- Unrestricted cash and cash equivalents
- Restricted cash and cash equivalents

Note	2022	2021
	\$	\$
	7,043,287	5,468,204
	2,100,000	2,100,000
17(a)	9,143,287	7,568,204
	2,372,991	1,682,882
17(a)	6,770,296	5,885,322
	9,143,287	7,568,204

**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.

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

**Restricted financial assets**

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

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

**4. OTHER FINANCIAL ASSETS**

**Non-current assets**

**Financial assets at fair value through profit and loss**

**Financial assets at fair value through profit and loss**

Units in Local Government House Trust

	2022	2021
	\$	\$
	58,353	55,355
	58,353	55,355
	58,353	55,355
	58,353	55,355

**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 24 (i)) due to the observable market rates.

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

**Financial assets at fair value through profit and loss**

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

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

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 22.



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

**5. TRADE AND OTHER RECEIVABLES**

**Current**

	Note	2022 \$	2021 \$
Rates receivable		520,882	501,125
Trade and other receivables		45,835	195,184
GST receivable		71,608	92,903
Allowance for credit losses of trade and other receivables	22(b)	(63)	(487)
Allowance for credit losses of rates receivables	22(b)	(24,949)	(24,525)
		<u>613,313</u>	<u>764,200</u>
<b>Non-current</b>			
Pensioner's rates and ESL deferred		36,091	26,076
		<u>36,091</u>	<u>26,076</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other receivables**

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

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

**Impairment and risk exposure**

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 22.

**Classification and subsequent measurement**

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

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

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

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

6. INVENTORIES

	Note	2022	2021
Current		\$	\$
Fuel and materials		20,965	13,879
		<u>20,965</u>	<u>13,879</u>

The following movements in inventories occurred during the year:

Balance at beginning of year	13,879	12,307
Additions to inventory	7,086	1,572
Balance at end of year	<u>20,965</u>	<u>13,879</u>

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 MORAWA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**7. OTHER ASSETS**

**Other assets - current**

Prepayments

Accrued income

	2022	2021
	\$	\$
Prepayments	14,503	0
Accrued income	83,553	5,127
	<b>98,056</b>	<b>5,127</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Accrued Income**

Other non-financial assets include accrued Income which represent Income that should have been received in the current year for services or goods provided by Council.

**Prepayments**

Prepayments represent funds paid in advance of receiving the goods and services to which the payment relates and should not have been paid for in the current year.

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

**8. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Balances**

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

		Buildings -		Buildings -		Total land		Furniture		Plant and		Other		Total	
	Note	Land	specialised	non-specialised	specialised	buildings -	and buildings	and equipment	equipment	equipment	equipment	property, plant and equipment - WIP	property, plant and equipment	property, plant and equipment	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020		1,230,625	4,021,076		14,430,135	19,681,836	53,513	2,582,990		20,699		20,699	22,339,038		
Additions		0	5,460		65,057	70,517	0	392,420		21,747		21,747	484,684		
Disposals		0	0	0	0	0	0	(118,102)		0		0	(118,102)		
Revaluation (loss) / reversals transferred to profit or loss		(344,505)	492,900		2,048,648	2,197,043	0	0		0		0	2,197,043		
Depreciation	10(a)	0	(108,063)		(288,696)	(396,759)	(5,587)	(310,082)		0		0	(712,428)		
Transfers		0	0	0	20,699	20,699	0	0		(20,699)		(20,699)	0		
Balance at 30 June 2021		886,120	4,411,373		16,275,843	21,573,336	47,926	2,547,226		21,747		21,747	24,190,235		
Comprises:															
Gross balance amount at 30 June 2021		886,120	4,411,373		16,275,843	21,573,336	59,100	3,062,728		21,747		21,747	24,716,911		
Accumulated depreciation at 30 June 2021		0	0	0	0	0	(11,174)	(515,502)		0		0	(526,676)		
Balance at 30 June 2021		886,120	4,411,373		16,275,843	21,573,336	47,926	2,547,226		21,747		21,747	24,190,235		
Additions		0	41,675		429,924	471,599	66,647	248,259		0		0	786,505		
Disposals		0	0	0	0	0	0	(26,349)		0		0	(26,349)		
Depreciation	10(a)	0	(174,184)		(306,935)	(481,119)	(5,877)	(286,477)		0		0	(773,473)		
Transfers	9(a)	0	942,152		(900,317)	41,835	(29,565)	0		(21,747)		(21,747)	(9,477)		
Balance at 30 June 2022		886,120	5,221,016		15,498,515	21,605,651	79,131	2,482,659		0		0	24,167,441		
Comprises:															
Gross balance amount at 30 June 2022		886,120	5,395,200		15,805,450	22,086,770	96,182	3,263,987		0		0	25,446,939		
Accumulated depreciation at 30 June 2022		0	(174,184)		(306,935)	(481,119)	(17,051)	(781,328)		0		0	(1,279,498)		
Balance at 30 June 2022		886,120	5,221,016		15,498,515	21,605,651	79,131	2,482,659		0		0	24,167,441		



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

**8. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Carrying Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>(i) Fair Value</b>					
<b>Land and buildings</b>					
Land	2	Market approach using recent observable market data for similar properties	Independent Registered Valuers	June 2021	Price per hectare
Land	3	Improvements to land valued using cost approach using current replacement cost	Independent Registered Valuers	June 2021	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent Registered Valuers	June 2021	Price per square metre
Buildings - specialised	3	Improvements to land valued using cost approach using current replacement cost	Independent Registered Valuers	June 2021	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

<b>(ii) Cost</b>					
<b>Furniture and equipment</b>	N/A	Cost	Not applicable		N/A
<b>Plant and equipment</b>	N/A	Cost	Not applicable		N/A

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

9. INFRASTRUCTURE

(a) Movements in Balances

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

Note	Infrastructure - roads	Infrastructure - Footpaths	Infrastructure - Parks & Ovals	Other Infrastructure - Sewerage	Other Infrastructure - Airfields	Other Infrastructure - Dams	Infrastructure - Playground Equipment	Other Infrastructure - Other	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	38,554,797	361,018	688,674	2,110,962	420,024	547,867	112,725	4,648,225	47,444,292
Additions	1,247,626	73,935	290,969	7,950	11,486	0	0	146,902	1,778,868
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	(30,055)	311,996	267,802	272,161	27,893	1,598,158	2,447,955
Depreciation	(766,442)	(15,829)	(46,119)	(68,759)	(51,325)	(45,128)	(17,318)	(262,979)	(1,273,899)
Balance at 30 June 2021	39,035,981	419,124	903,469	2,362,149	647,987	774,900	123,300	6,130,306	50,397,216
Comprises:									
Gross balance at 30 June 2021	70,967,014	1,186,709	903,469	2,362,149	647,987	774,900	123,300	6,130,306	83,095,834
Accumulated depreciation at 30 June 2021	(31,931,033)	(767,585)	0	0	0	0	0	0	(32,698,618)
Balance at 30 June 2021	39,035,981	419,124	903,469	2,362,149	647,987	774,900	123,300	6,130,306	50,397,216
Additions	1,033,870	49,854	36,359	30,474	86,859	0	0	39,085	1,276,501
Depreciation	(782,268)	(16,351)	(27,664)	(36,980)	(10,336)	(16,742)	(9,194)	(150,757)	(1,050,292)
Transfers	(57,387)	0	0	0	0	0	0	66,864	9,477
Balance at 30 June 2022	39,230,196	452,627	912,164	2,355,643	724,510	758,158	114,106	6,085,498	50,632,902
Comprises:									
Gross balance at 30 June 2022	71,943,496	1,236,563	939,828	2,392,623	734,846	774,900	123,300	6,236,256	84,381,812
Accumulated depreciation at 30 June 2022	(32,713,300)	(783,936)	(27,664)	(36,980)	(10,336)	(16,742)	(9,194)	(150,758)	(33,748,910)
Balance at 30 June 2022	39,230,196	452,627	912,164	2,355,643	724,510	758,158	114,106	6,085,498	50,632,902



**SHIRE OF MORAWA**  
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**9. INFRASTRUCTURE (Continued)**

**(b) Carrying Value Measurements**

Fair Value		Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value						
Infrastructure - roads	3	Cost approach using current replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.	
Infrastructure - Footpaths	3	Cost approach using current replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.	
Other Infrastructure - Parks & Ovals	3	Cost approach using current replacement cost	Independent Registered Valuers	June 2021	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.	
Other Infrastructure - Sewerage	3	Cost approach using current replacement cost	Independent Registered Valuers	June 2021	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.	
Other Infrastructure - Airfields	3	Cost approach using current replacement cost	Independent Registered Valuers	June 2021	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.	
Other Infrastructure - Dams	3	Cost approach using current replacement cost	Independent Registered Valuers	June 2021	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.	
Other Infrastructure - Playground Equipment	3	Cost approach using current replacement cost	Independent Registered Valuers	June 2021	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.	
Other Infrastructure - Other	3	Cost approach using current replacement cost	Independent Registered Valuers	June 2021	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.	

SHIRE OF MORAWA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
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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 MORAWA**  
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**10. FIXED ASSETS**

**(a) Depreciation**

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Buildings - non-specialised	8(a)	174,184	110,673	108,063
Buildings - specialised	8(a)	306,935	302,110	288,696
Furniture and equipment	8(a)	5,877	6,683	5,587
Plant and equipment	8(a)	286,477	256,070	310,082
Infrastructure - roads	9(a)	782,268	786,030	766,442
Infrastructure - Footpaths	9(a)	16,351	16,695	15,829
Other Infrastructure - Parks & Ovals	9(a)	27,664	47,918	46,119
Other Infrastructure - Sewerage	9(a)	36,980	72,447	68,759
Other Infrastructure - Airfields	9(a)	10,336	54,461	51,325
Other Infrastructure - Dams	9(a)	16,742	47,923	45,128
Other Infrastructure - Playground Equipment	9(a)	9,194	13,124	17,318
Other Infrastructure - Other	9(a)	150,757	277,383	262,979
Right-of-use assets - plant and equipment	11(a)	57,413	0	23,595
		1,881,178	1,991,517	2,009,922

**Revision of useful lives of plant and equipment**

No changes were implemented during the annual review of remaining useful life for this financial year.

**Depreciation rates**

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

Asset Class	Useful life
Buildings	40 to 100 years
Furniture and equipment	5 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	20 to 80 years
- clearing and earthworks	not depreciated
Gravel roads	20 to 80 years
- clearing and earthworks	not depreciated
Footpaths	10 to 60 years
Drainage	40 - 100 years
Other infrastructure	10 to 60 years
Parks and ovals	10 to 60 years
Airfields	50 years

SHIRE OF MORAWA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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10. FIXED ASSETS (Continued)

(b) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant and equipment	26,349	38,999	12,650	0	118,533	36,500	10,531	(92,564)	118,102	100,706	0	(17,396)
	26,349	38,999	12,650	0	118,533	36,500	10,531	(92,564)	118,102	100,706	0	(17,396)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
<b>Plant and Equipment</b>				
<b>Transport</b>				
P247 Hilux SMT Workmate	11,401	22,635	11,234	0
<b>Other property and services</b>				
P241 Toyota RAV4 AWD	14,948	16,364	1,416	0
	26,349	38,999	12,650	0

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

**10. FIXED ASSETS (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES**

**Fixed assets**

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

**Initial recognition and measurement for assets held at cost**

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

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

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

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

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

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

**Revaluation**

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

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

**Revaluation (continued)**

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

**Depreciation**

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

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

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

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

**Depreciation on revaluation**

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

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

**Amortisation**

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

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

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



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

**11. LEASES**

**(a) Right-of-Use Assets**

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

	Note	Right-of-use assets - plant and equipment \$	Right-of-use assets Total \$
Balance at 1 July 2020		0	0
Additions		114,827	114,827
Depreciation		(23,595)	(23,595)
Balance at 30 June 2021		91,232	91,232
Depreciation	10(a)	(57,413)	(57,413)
Balance at 30 June 2022		33,819	33,819

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

		2022 Actual \$	2021 Actual \$
Depreciation on right-of-use assets	10(a)	(57,413)	(23,595)
Interest expense on lease liabilities	28(c)	(601)	(2,808)
Total amount recognised in the statement of comprehensive income		(58,014)	(26,403)
Total cash outflow from leases		(58,014)	(31,300)

**(b) Lease Liabilities**

Current		28,922	57,413
Non-current		0	28,922
	28(c)	28,922	86,335

**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 28(c).

**Right-of-use assets - valuation measurement**

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

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

**Right-of-use assets - depreciation**

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

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

**12. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors
Prepaid rates
Accrued payroll liabilities
ATO liabilities
Bonds and deposits held
Accrued interest
Accrued Expenditure

2022	2021
\$	\$
488,233	179,328
56,835	49,736
31,706	28,990
36,532	52,225
24,605	19,653
1,407	3,166
79,553	72,450
718,871	405,548

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services.

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

**Prepaid rates**

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

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

**13. OTHER LIABILITIES**

**Current**

Capital grant/contributions liabilities

	2022	2021
	\$	\$
	528,111	203,224
	<u>528,111</u>	<u>203,224</u>

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

**Reconciliation of changes in capital grant/contribution liabilities**

Opening balance  
Additions  
Revenue from capital grant/contributions held as a liability at the start of the period

	203,224	62,324
	523,456	203,224
	<u>(198,569)</u>	<u>(62,324)</u>
	<u>528,111</u>	<u>203,224</u>

**Expected satisfaction of capital grant/contribution liabilities**

Less than 1 year

	528,111	203,224
	<u>528,111</u>	<u>203,224</u>

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

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

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

**Capital grant/contribution liabilities**

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

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.



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

**14. BORROWINGS**

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
<b>Secured</b>		\$	\$	\$	\$	\$	\$
Borrowings		27,355	419,229	446,584	26,580	446,584	473,164
<b>Total secured borrowings</b>	28(a)	27,355	419,229	446,584	26,580	446,584	473,164

**Secured liabilities and assets pledged as security**

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Morawa.

The Shire of Morawa has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 years.

**SIGNIFICANT ACCOUNTING POLICIES**

**Borrowing costs**

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

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

**Risk**

Information regarding exposure to risk can be found at Note 22.

Details of individual borrowings required by regulations are provided at Note 28(a).

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

**Employee Related Provisions**

**Current provisions**  
**Employee benefit provisions**  
 Annual Leave  
 Long Service Leave

	2022	2021
	\$	\$
	186,070	232,682
	170,973	93,129
	<u>357,043</u>	<u>325,811</u>
	28,983	137,956
	<u>28,983</u>	<u>137,956</u>
	<u>386,026</u>	<u>463,767</u>

**Non-current provisions**  
 Long Service Leave

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  
 Expected reimbursements from other WA local governments

Note	2022	2021
	\$	\$
	81,654	77,741
	286,405	353,119
	<u>17,967</u>	<u>32,907</u>
	<u>386,026</u>	<u>463,767</u>

**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.

## 16. REVALUATION SURPLUS

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



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

**17. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	9,143,287	6,094,625	7,568,204

**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	6,770,296	5,914,161	5,885,322
		6,770,296	5,914,161	5,885,322

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

Restricted reserve accounts	29	6,127,967	5,538,380	5,536,472
Contract liabilities	13	0	0	0
Capital grant/contributions liabilities	13	528,111	375,781	203,224
Bonds and deposits held	12	24,605	0	19,653
Unspent loans	28(b)	89,613	0	125,973
<b>Total restricted financial assets</b>		<b>6,770,296</b>	<b>5,914,161</b>	<b>5,885,322</b>

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

Net result		1,216,227	(973,775)	668,612
Non-cash items:				
Adjustments to fair value of financial assets at fair value through profit and loss		(2,998)	0	(1,939)
Depreciation/amortisation		1,881,178	1,991,517	2,009,922
(Profit)/loss on sale of asset		(12,650)	82,033	17,396
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		140,872	0	(218,186)
(Increase)/decrease in other assets		(92,929)	0	(980)
(Increase)/decrease in inventories		(7,086)	0	(1,573)
Increase/(decrease) in trade and other payables		313,323	0	(145,386)
Increase/(decrease) in employee related provisions		(77,741)	0	16,850
Increase/(decrease) in other liabilities		324,887	83,993	140,900
Non-operating grants, subsidies and contributions		(1,273,298)	(1,335,970)	(1,610,748)
Net cash provided by/(used in) operating activities		<b>2,409,785</b>	<b>(152,202)</b>	<b>874,868</b>

**(c) Undrawn Borrowing Facilities**

**Credit Standby Arrangements**

Credit card limit	15,000	15,000
Credit card balance at balance date	(2,160)	(379)
<b>Total amount of credit unused</b>	<b>12,840</b>	<b>14,621</b>

**Loan facilities**

Loan facilities - current	27,355	26,580
Loan facilities - non-current	419,229	446,584
<b>Total facilities in use at balance date</b>	<b>446,584</b>	<b>473,164</b>

<b>Unused loan facilities at balance date</b>	<b>89,613</b>	<b>125,973</b>
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**SHIRE OF MORAWA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**18. CONTINGENT LIABILITIES**

The Shire of Morawa has, in compliance with the Contaminated Sites Act 2003 s11, listed sites to be possible sources of contamination:

- The Shire of Morawa Works Depot
- The Shire of Morawa Landfill site - Jones Lake Road
- The Shire of Morawa Waste Water Treatment Plant
- The Old Hospital located on Caulfield Road

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk and agree with the DWER the need and criteria for remediation, the Shire is unable to accurately quantify its clean-up liabilities for potentially contaminated sites. The Shire is continuing to monitor the sites and will progressively undertake site investigations and remediation on a risk based approach. This approach is consistent with the DWER guidelines.

**Old Morawa Hospital**

The Shire was granted a management order over Reserve 52057 on 22 April 2015 (the Old Hospital Site). The buildings on the site are in a state of disrepair, and it is assumed, include asbestos containing materials (ACM's) within the building's fabric.

The Shire has the intention to further investigate its options by assessing the asbestos levels in collaboration with expert parties.

The Shire has been working with the Department of Planning Lands and Heritage (the department) regarding the future ownership of the old hospital. The Department will first need to consider whether native title rights and interest have been extinguished over the whole or portion of the subject reserve.

Upon confirming the native title status for Reserve 52057, both the Shire and the Department will consider their options which may include (but are not limited to):

- The subject reserve remains with the Shire with an undertaking that building is demolished; or
- Sold via a divestment with the Department's Land Asset program for divestment.

Other than the matters noted above, the Shire is not aware of any potential contingent liabilities as at 30 June 2022.

**19. CAPITAL COMMITMENTS**

Contracted for:

- plant & equipment purchases

Payable:

- not later than one year

	2022	2021
	\$	\$
	357,930	0
	357,930	0
	357,930	

The capital expenditure commitment at the end of the current reporting period represents the purchase of new truck.

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

20. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>Councillor 1</b>			
President's annual allowance	17,000	17,000	17,000
Meeting attendance fees	16,000	16,000	16,000
Other expenses	981	2,500	300
Travel and accommodation expenses	150	2,200	0
	<u>34,131</u>	<u>37,700</u>	<u>33,300</u>
<b>Councillor 2</b>			
Deputy President's annual allowance	4,250	4,250	4,250
Meeting attendance fees	8,000	8,000	8,000
Other expenses	458	2,000	300
Travel and accommodation expenses	0	2,000	0
	<u>12,708</u>	<u>16,250</u>	<u>12,550</u>
<b>Councillor 3</b>			
Meeting attendance fees	8,000	8,000	8,000
Other expenses	1,176	2,000	497
Travel and accommodation expenses	2,274	2,000	0
	<u>11,449</u>	<u>12,000</u>	<u>8,497</u>
<b>Councillor 4</b>			
Meeting attendance fees	8,000	8,000	8,000
Other expenses	458	2,000	497
Travel and accommodation expenses	2,354	2,000	0
	<u>10,812</u>	<u>12,000</u>	<u>8,497</u>
<b>Councillor 5</b>			
Meeting attendance fees	8,000	8,000	8,000
Other expenses	458	2,000	300
Travel and accommodation expenses	0	2,000	0
	<u>8,458</u>	<u>12,000</u>	<u>8,300</u>
<b>Councillor 6</b>			
Meeting attendance fees	8,000	8,000	8,000
Other expenses	458	2,000	300
Travel and accommodation expenses	0	2,000	0
	<u>8,458</u>	<u>12,000</u>	<u>8,300</u>
<b>Councillor 7</b>			
Meeting attendance fees	667	0	0
	<u>667</u>	<u>0</u>	<u>0</u>
<b>Councillor 8 (Resigned)</b>			
Meeting attendance fees	6,000	8,000	8,000
Other expenses	458	2,000	300
Travel and accommodation expenses	2,290	2,000	0
	<u>8,748</u>	<u>12,000</u>	<u>8,300</u>
	<u>95,431</u>	<u>113,950</u>	<u>87,744</u>
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
	2022 Actual \$	2022 Budget \$	2021 Actual \$
President's annual allowance	17,000	17,000	17,000
Deputy President's annual allowance	4,250	4,250	4,250
Meeting attendance fees	62,667	64,000	64,000
Other expenses	4,447	14,500	2,494
Travel and accommodation expenses	7,067	14,200	0
20(b)	<u>95,431</u>	<u>113,950</u>	<u>87,744</u>



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

**(b) Key Management Personnel (KMP) Compensation**

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

	2022 Actual	2021 Actual
	\$	\$
Short-term employee benefits	442,085	486,786
Post-employment benefits	50,249	47,756
Employee - other long-term benefits	62,557	25,551
Employee - termination benefits	0	18,500
Council member costs	95,431	87,744
20(a)	650,322	666,337

*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 owing during the year.

*Termination benefits*

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

*Council member costs*

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

**SHIRE OF MORAWA**  
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**20. RELATED PARTY TRANSACTIONS**

**(c) Transactions with related parties**

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

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

	2022 Actual \$	2021 Actual \$
Purchase of goods and services	227,626	245,153
<b>Amounts outstanding from related parties:</b>		
Trade and other receivables	0	170
<b>Amounts payable to related parties:</b>		
Trade and other payables	377	0

**(d) Related Parties**

**The Shire's main related parties are as follows:**

*i. Key management personnel*

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

*ii. Other Related Parties*

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

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

*iii. Entities subject to significant influence by the Shire*

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

*iv. Joint venture entities accounted for under the proportionate consolidation method*

The Shire has 2% interest in the supply of single person accommodation with Homewest. The interest in this joint venture (JV) is accounted for in these financial statement using the proportionate consolidation method of accounting. For details please refer to Note 21.

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

**21. JOINT ARRANGEMENTS**

**Share of joint operations**

The Shire of Morawa has entered into a joint arrangement, based on a Deed of Trust, with Homeswest for the construction of 2 x 1 bedroom unit and 1 x 2 bedroom units in Dreghorn Street, Morawa. The provision of this housing aims to provide accommodation to single persons. The Shire of Morawa has a 2% interest in the assets of this joint arrangement. All revenue and expenditure, as well as liabilities, of the joint arrangements are recognised in the relevant financial statements of Council.

**Statement of Financial Position**

Land and Buildings  
 Less accumulated depreciation  
**Total assets**

	<b>2022 Actual</b>	<b>2021 Actual</b>
	<b>\$</b>	<b>\$</b>
Land and Buildings	14,150	3,120
Less accumulated depreciation	(534)	0
<b>Total assets</b>	<b>13,616</b>	<b>3,120</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Joint operations**

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

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



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

## 22. FINANCIAL RISK MANAGEMENT

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

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

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

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

### (a) Interest rate risk

#### Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk.

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
	%	\$	\$	\$	\$
<b>2022</b>					
Cash and cash equivalents	0.08%	9,143,287	2,100,000	7,042,887	400
<b>2021</b>					
Cash and cash equivalents	0.39%	7,568,204	2,100,000	5,463,862	4,342

#### Sensitivity

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

	2022	2021
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	70,429	54,638

\* 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 28(a).

**SHIRE OF MORAWA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**22. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit risk**

**Trade and Other Receivables**

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

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

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

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

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

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

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
<b>30 June 2022</b>						
Rates receivable						
Expected credit loss	0.00%	2.09%	4.98%	11.17%		
Gross carrying amount	191,274	113,560	90,291	161,848	556,973	
Loss allowance	0	2,373	4,496	18,080	24,949	5
<b>30 June 2021</b>						
Rates receivable						
Expected credit loss	2.00%	2.07%	5.20%	9.00%		
Gross carrying amount	164,467	109,121	101,279	152,334	527,201	
Loss allowance	3,289	2,259	5,267	13,710	24,525	5

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

	Less than 1 year past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total	
<b>30 June 2022</b>						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	0.60%	2.65%		
Gross carrying amount	42,324	1,260	8	2,243	45,835	
Loss allowance	0	0	0	63	63	5
<b>30 June 2021</b>						
Trade and other receivables						
Expected credit loss	0.05%	0.06%	0.50%	2.00%		
Gross carrying amount	31,268	92,680	67,130	4,106	195,184	
Loss allowance	16	54	335	82	487	5

SHIRE OF MORAWA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

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

	Rates receivable		Trade and other receivables	
	2022	2021	2022	2021
	Actual	Actual	Actual	Actual
	\$	\$	\$	\$
Opening loss allowance as at 1 July	24,525	24,525	487	487
Increase in loss allowance recognised in profit or loss during the year	24,949	114	63	25,012
Receivables written off during the year as uncollectible	(14,249)	0	(1,617)	0
Unused amount reversed	(10,276)	(114)	1,130	(25,012)
Closing loss allowance at 30 June	24,949	24,525	63	487

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

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

**Contract Assets**

The Shire has no contract assets which have not been invoiced at year end.



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

**22. 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
	\$	\$	\$	\$	\$
<b>2022</b>					
Trade and other payables	662,036	0	0	662,036	662,036
Borrowings	40,510	203,141	303,821	547,472	446,584
Lease liabilities	29,124	0	0	29,124	28,922
	731,670	203,141	303,821	1,238,632	1,137,542
<b>2021</b>					
Trade and other payables	355,812	0	0	355,812	355,812
Borrowings	26,580	114,336	332,248	473,164	473,164
Lease liabilities	57,413	28,922	0	86,335	86,335
	439,805	143,258	332,248	915,311	915,311

SHIRE OF MORAWA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire does not have any subsequent events after the reporting date.

## 24. OTHER SIGNIFICANT ACCOUNTING POLICIES

### a) Goods and services tax (GST)

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

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

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

### b) Current and non-current classification

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

### c) Rounding off figures

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

### d) Comparative figures

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

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

### e) Budget comparative figures

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

### f) Superannuation

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

### g) Fair value of assets and liabilities

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

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

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

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

### h) Interest earnings

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

### i) Fair value hierarchy

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

#### Level 1

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

#### Level 2

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

#### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation techniques

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

#### Market approach

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

#### Income approach

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

#### Cost approach

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

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

### j) Impairment of assets

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

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

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

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

### k) Initial application of accounting standards

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

#### New accounting standards for application in future years

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

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

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



SHIRE OF MORAWA  
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FOR THE YEAR ENDED 30 JUNE 2022

## 25. 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
<b>Governance</b> To manage Councils' Elected Members	Includes Members of Council, Civic Functions and Public Relations, Council Elections, Training/Education of members.
<b>General purpose funding</b> To manage Councils' finances	Includes Rates, Loans Investment and Grants
<b>Law, order, public safety</b> To provide, develop & manage services in response to community needs.	Includes Emergency Services, Fire Services and Animal Control
<b>Health</b> To provide, develop & manage services in response to community needs.	Includes Environmental Health, Medical and Health facilities and providers
<b>Education and welfare</b> To provide, develop & manage services in response to community needs	Includes Education, Welfare & Children's Services, Youth Development
<b>Housing</b> To ensure quality housing and appropriate infrastructure is maintained.	Includes Staff and other housing, including aged care units and Dregghorn Street units.
<b>Community amenities</b> To provide, develop & manage services in response to community needs	Includes Refuse Collection, Sewerage, Cemetery, Building Control and Town Planning
<b>Recreation and culture</b> To ensure the recreational & cultural needs of the community are met.	Includes the Swimming Pool, Halls, Library, Oval, Parks and Gardens and Recreational Facilities
<b>Transport</b> To effectively manage transport infrastructure within the shire.	Includes Roads, Footpaths, Private Works, Plant Operating Costs, Outside Crew wages and maintenance of the Airstrip.
<b>Economic services</b> To foster economic development, tourism & rural services in the district	Includes Tourism, Rural Services, Economic Development & Caravan Park
<b>Other property and services</b> To provide control accounts and reporting facilities for all other operations.	Includes Private Works, Public Works Overheads, Plant Operating Costs, Administrative Overheads and Unclassified items.

**SHIRE OF MORAWA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**25. FUNCTION AND ACTIVITY (Continued)**

**(b) Income and expenses**

**Income excluding grants, subsidies and contributions**

Governance
General purpose funding
Law, order, public safety
Health
Education and welfare
Housing
Community amenities
Recreation and culture
Transport
Economic services
Other property and services

**Grants, subsidies and contributions**

General purpose funding
Law, order, public safety
Health
Education and welfare
Housing
Community amenities
Recreation and culture
Transport
Economic services
Other property and services

**Total Income**

**Expenses**

Governance
General purpose funding
Law, order, public safety
Health
Education and welfare
Housing
Community amenities
Recreation and culture
Transport
Economic services
Other property and services

**Total expenses**

**Net result for the period**

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
	0	50	43
	2,170,874	2,191,018	2,044,462
	4,853	7,450	7,080
	33,039	600	10,664
	3,891	2,500	2,694
	95,331	99,100	78,631
	455,319	449,870	439,293
	57,614	37,000	35,421
	306,090	413,241	364,721
	251,562	152,272	168,263
	208,340	394,900	138,348
	3,586,913	3,748,001	3,289,620
	2,402,613	930,000	1,673,804
	104,856	22,730	21,827
	0	13,500	0
	29,646	3,700	3,499
	0	7,500	0
	20,000	4,750	0
	262,431	381,919	233,750
	976,186	1,196,051	1,379,040
	0	50,000	87,287
	192,707	16,000	0
	3,988,439	2,626,150	3,399,207
	7,575,352	6,374,151	6,688,827
	(384,834)	(509,921)	(425,956)
	(212,799)	(264,844)	(179,332)
	(141,575)	(107,595)	(86,531)
	(156,521)	(196,441)	(198,423)
	(161,666)	(191,041)	(174,151)
	(231,864)	(251,422)	(217,039)
	(591,031)	(717,347)	(516,849)
	(1,358,558)	(1,594,228)	(1,373,387)
	(2,262,198)	(2,249,328)	(1,988,658)
	(586,823)	(788,860)	(658,089)
	(271,256)	(476,899)	(201,800)
	(6,359,125)	(7,347,926)	(6,020,215)
	1,216,227	(973,775)	668,612

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

25. FUNCTION AND ACTIVITY (Continued)

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
<b>(c) Fees and Charges</b>			
Governance	0	25	43
General purpose funding	10,113	14,300	2,360
Law, order, public safety	853	3,450	3,080
Health	930	600	164
Education and welfare	3,890	2,500	2,694
Housing	87,345	99,100	76,670
Community amenities	455,244	449,870	436,178
Recreation and culture	41,714	37,000	19,866
Transport	2,793	50,000	0
Economic services	251,363	152,272	168,306
Other property and services	25,060	39,900	27,000
	879,305	849,017	736,361
<b>(d) Total Assets</b>			
	\$	\$	
Governance	3,134,664	2,496,679	
General purpose funding	805,814	850,759	
Law, order, public safety	246,006	270,200	
Health	768,352	719,700	
Education and welfare	545,064	543,000	
Housing	4,059,921	4,007,269	
Community amenities	3,483,759	3,516,624	
Recreation and culture	14,765,751	14,452,990	
Transport	42,667,976	42,201,825	
Economic services	9,756,742	10,162,646	
Other property and services	4,570,178	3,889,832	
	84,804,227	83,111,524	



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

26. RATING INFORMATION

(a) General Rates

<b>RATE TYPE</b>	<b>Basis of valuation</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>2021/22 Actual Rateable Value *</b>	<b>2021/22 Actual Revenue</b>	<b>2021/22 Interim Rates</b>	<b>2021/22 Actual Rates</b>	<b>2021/22 Actual Revenue</b>	<b>2021/22 Budget Interim Rate</b>	<b>2021/22 Budget Back Rate</b>	<b>2021/22 Budget Total Revenue</b>	<b>2020/21 Actual Total Revenue</b>
GRV Residential /Commercial	Gross rental valuation	0.081287	268	2,799,272	227,544	781	2,997	231,322	0	0	226,851	219,432
UV Rural	Unimproved valuation	0.023499	206	71,392,500	1,677,653	(3,116)	533	1,675,070	0	0	1,677,241	1,581,540
UV Mining	Unimproved valuation	0.301974	31	705,024	212,899	10,970	(3)	223,866	0	0	212,899	190,333
<b>Sub-Total</b>			<b>505</b>	<b>74,896,796</b>	<b>2,118,096</b>	<b>8,635</b>	<b>3,527</b>	<b>2,130,258</b>	<b>0</b>	<b>0</b>	<b>2,116,991</b>	<b>1,991,305</b>
<b>Minimum payment</b>												
GRV Residential /Commercial	Gross rental valuation	312	42	27,013	13,108	0	0	13,108	0	0	13,104	13,332
UV Rural	Unimproved valuation	312	8	65,800	2,497	0	0	2,497	0	0	2,496	2,424
UV Mining	Unimproved valuation	683	7	7,411	4,781	0	0	4,781	0	0	4,781	6,147
<b>Sub-Total</b>			<b>57</b>	<b>100,224</b>	<b>20,386</b>	<b>0</b>	<b>0</b>	<b>20,386</b>	<b>0</b>	<b>0</b>	<b>20,381</b>	<b>21,903</b>
<b>Exempt properties</b>												
Gross rental valuations												
UV Rural	Unimproved valuation			12,318,494	0	0	(3,369)	(3,369)	0	0	0	0
<b>Sub-Total</b>			<b>0</b>	<b>12,318,494</b>	<b>0</b>	<b>0</b>	<b>(3,369)</b>	<b>(3,369)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Discounts on general rates (refer note 26(c))												
Concessions on general rates (Refer note 26(c))												
<b>Total amount raised from general rates</b>			<b>562</b>	<b>87,315,514</b>	<b>2,138,482</b>	<b>8,635</b>	<b>158</b>	<b>2,147,275</b>	<b>2,137,372</b>	<b>0</b>	<b>2,137,372</b>	<b>2,013,208</b>
<b>* Rateable value is based on the value of properties at the time the rate is raised.</b>												
<b>(b) Rates (excluding general rates)</b>												
Ex-gratia Rates												
CBH	Unimproved valuation	0.0418948	0	153,050	6,412	0	0	6,412	6,412	0	6,412	6,165
<b>Sub-Total</b>			<b>0</b>	<b>153,050</b>	<b>6,412</b>	<b>0</b>	<b>0</b>	<b>6,412</b>	<b>6,412</b>	<b>0</b>	<b>6,412</b>	<b>6,165</b>
<b>Total amount raised from rates (excluding general rates)</b>								<b>6,412</b>			<b>6,412</b>	<b>6,165</b>
								<b>2,115,230</b>			<b>2,117,418</b>	<b>1,981,711</b>

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

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

26. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Type	Discount %	Discount \$	2022		2021		Circumstances in which Discount is Granted
				Actual	Budget	Actual		
<b>General Rates</b>	<b>Rate</b>	<b>2.50%</b>	<b>\$</b>	<b>24,208</b>	<b>24,366</b>	<b>37,549</b>	<b>\$</b>	
				24,208	24,366	37,549		

Waivers or Concessions

Rate or Fee and  
Charge to which  
the Waiver or  
Concession is Granted

Type	Waiver/ Concession	Discount %	Discount \$	2022		2021	
				Actual	Budget	Actual	
<b>General Rates</b>	<b>Waiver</b>			<b>14,249</b>	<b>2,000</b>	<b>113</b>	<b>\$</b>
<b>CWA - Sewerage</b>	<b>Fee and charge</b>			<b>994</b>	<b>500</b>	<b>0</b>	
				15,243	2,500	113	
<b>Total discounts/concessions (Note 26)</b>				<b>39,451</b>	<b>26,866</b>	<b>37,662</b>	

Rate or Fee and  
Charge to which  
the Waiver or  
Concession is Granted

Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Minor rounding or write off Request received from CWA	To ensure accurate charges are made To enable CWA to continue to operate	Incorrect charges, rounding etc CWA does not have the funds or the capacity to raise the funds

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

**26. RATING INFORMATION (Continued)**

**(d) Interest Charges & Instalments**

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	10/01/2021	0.0	0.00%	5.50%
<b>Option Two</b>				
First instalment	10/01/2021	0.0	0.00%	5.50%
Second instalment	12/03/2021	5.00	5.50%	5.50%
Third instalment	2/11/2022	5.00	5.50%	5.50%
Fourth instalment	15/04/2022	5.00	5.50%	5.50%

  

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Interest on unpaid rates	28,555	28,000	27,697
Interest on instalment plan	3,339	4,000	3,339
Charges on instalment plan	720	1,000	860
	32,614	33,000	31,896



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

**27. RATE SETTING STATEMENT INFORMATION**

		2021/22	2021/22	2020/21
		(30 June 2022	Budget	(30 June 2021
		Carried	Carried	Carried
Note		Forward)	Forward)	Forward
		\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	10(b)	(12,650)	(10,531)	0
Less: Movement in liabilities associated with restricted cash		5,392	0	5,498
Less: Fair value adjustments to financial assets at fair value through profit and loss		(2,998)	0	(1,939)
Add: Loss on disposal of assets	10(b)	0	92,564	17,396
Add: Depreciation	10(a)	1,881,178	1,991,517	2,009,922
Non-cash movements in non-current assets and liabilities:				
Pensioner deferred rates		(10,015)	0	2,081
Employee benefit provisions (non-current)		(108,973)	0	61,593
<b>Non-cash amounts excluded from operating activities</b>		<b>1,751,934</b>	<b>2,073,550</b>	<b>2,094,551</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
Less: Reserve accounts	29	(6,127,967)	(5,538,380)	(5,536,472)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14	27,355	26,580	26,580
- Current portion of lease liabilities	11(b)	28,922	57,413	57,413
- Employee benefit provisions		235,895	0	230,503
<b>Total adjustments to net current assets</b>		<b>(5,835,795)</b>	<b>(5,454,387)</b>	<b>(5,221,976)</b>
<b>Net current assets used in the Rate Setting Statement</b>				
Total current assets		9,875,621	6,883,131	8,351,410
Less: Total current liabilities		(1,660,302)	(1,428,744)	(1,018,576)
Less: Total adjustments to net current assets		(5,835,795)	(5,454,387)	(5,221,976)
<b>Net current assets used in the Rate Setting Statement</b>		<b>2,379,524</b>	<b>0</b>	<b>2,110,858</b>

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

28. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual					Budget				
		Principal at 1 July 2020	New Loans During 2020-21	Principal Repayments During 2020-21	Principal at 30 June 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 1 July 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Housing</b>											
24 Harley Street		293,127	0	(14,049)	279,078	0	(14,607)	279,078	0	(14,607)	264,471
<b>Recreation and culture</b>											
Netball Courts Redevelopment		0	200,000	(5,914)	194,086	0	(11,973)	194,086	0	(11,973)	182,113
<b>Total Borrowings</b>	14	293,127	200,000	(19,963)	473,164	0	(26,580)	473,164	0	(26,580)	446,584

\* WA Treasury Corporation

All loan repayments were financed by general purpose revenue.

Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021
24 Harley Street		Housing	136	WATC*	3.93%	(11,649)	(12,000)	(11,307)
Netball Courts Redevelopment		Recreation and culture	139	WATC*	2.15%	(3,611)	(3,105)	(3,350)
<b>Total Interest Repayments</b>	2(b)					(15,260)	(15,105)	(14,657)

(b) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance 1 July 2021	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2022
		\$	\$	\$	\$
Netball Courts Redevelopment	1/09/2020	125,973	0	(36,360)	89,613
<b>* WA Treasury Corporation</b>		125,973	0	(36,360)	89,613

(c) Lease Liabilities

g) Lease Liabilities														
Purpose	Note	Actual						Budget						
		Principal Repayments			Principal			Principal at 1 July 2021		Principal Repayments		Principal at 30 June 2022		
		Principal at 1 July 2020	New Leases During 2020-21	During 2020-21	Principal at 30 June 2021	New Leases During 2021-22	During 2021-22	Principal at 30 June 2021	New Leases During 2021-22	During 2021-22	Principal at 30 June 2022	During 2021-22	Principal at 30 June 2022	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Gymnasium Equipment	11(b)	0	114,827	(28,492)	86,335	0	(57,413)	86,335	0	(57,413)	28,922	0	(57,413)	28,922
Total Lease Liabilities		0	114,827	(28,492)	86,335	0	(57,413)	86,335	0	(57,413)	28,922	0	(57,413)	28,922
Lease Interest Repayments														
Purpose	Note	Function and activity	Lease Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021	Lease Term					
						\$	\$	\$						
Gymnasium Equipment	2(b)	Recreation and culture		MAIA Financial	2.00%	(601)	(601)	(2,808)	24 months					
Total Interest Repayments						(601)	(601)	(2,808)						

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

**29. RESERVE ACCOUNTS**

*Restricted by council*

	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave Reserve	230,503	5,392	0	235,895	230,503	5,499	(79,152)	156,850	225,005	5,498	0	230,503
(b) Plant Replacement Reserve	420,976	300,717	(137,396)	584,297	420,976	301,040	(388,500)	333,516	467,291	251,035	(297,350)	420,976
(c) Capital Works Reserve	350,577	50,597	0	401,174	350,578	50,577	0	401,155	260,001	90,576	0	350,577
(d) Sewerage Reserve	273,113	50,466	0	323,579	273,113	50,494	0	323,607	222,621	50,492	0	273,113
(e) Unspent Loans Reserve	125,973	0	(24,334)	101,639	0	0	0	0	0	125,973	0	125,973
(f) Community & Economic Development Reserve	1,262,857	1,923	0	1,264,780	1,262,856	13,121	0	1,275,977	1,258,550	4,307	0	1,262,857
(g) Future Funds (Principal) Reserve	2,035,350	829	0	2,036,179	2,035,350	1,598	0	2,036,948	2,033,955	9,301	(7,906)	2,035,350
(h) Future Funds (Interest) Reserve	206,821	2,259	0	209,080	206,821	12,070	(40,000)	178,891	224,416	8,480	(26,075)	206,821
(i) Emergency Response Reserve	197,455	50,337	0	247,792	197,455	50,326	0	247,781	147,129	50,326	0	197,455
(j) Aged Care Units 1-4 (JVA) Reserve	70,749	121	0	70,870	70,749	157	0	70,906	70,593	156	0	70,749
(k) Aged Care Units (Excl.1-4) Reserve	91,300	163,299	0	254,599	91,300	10,147	0	101,447	66,153	25,147	0	91,300
(l) Swimming Pool Reserve	80,808	20,137	0	100,945	80,808	20,135	0	100,943	60,674	20,134	0	80,808
(m) Legal Fees Reserve	26,151	45	0	26,196	26,151	58	0	26,209	26,093	58	0	26,151
(n) COVID-19 Emergency Response Reserve	108,350	185	(15,386)	93,149	108,350	311	0	108,661	140,040	310	(32,000)	108,350
(o) Jones Lake Road Rehab Reserve	50,000	50,085	0	100,085	50,000	50,000	0	100,000	0	50,000	0	50,000
(p) Morawa-Yalgoo Road Maintenance Reserve	5,489	72,219	0	77,708	5,489	70,000	0	75,489	0	5,489	0	5,489
	5,536,472	768,611	(177,116)	6,127,967	5,410,499	635,533	(507,652)	5,538,380	5,202,521	697,282	(363,331)	5,536,472

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



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

**29. RESERVE ACCOUNTS (CONT'D)**

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:

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
(a) Leave Reserve	In Perpetuity	To be used to fund leave requirements.
(b) Plant Replacement Reserve	In Perpetuity	To be used to upgrade, replace, or purchase of new plant and equipment.
(c) Capital Works Reserve	In Perpetuity	To be used for the Shire to allocate towards expenditure on capital works, specifically the renewal or creation of Shire assets.
(d) Sewerage Reserve	In Perpetuity	To be used to repair, replace, or extend the sewerage facility.
(e) Unspent Loans Reserve	In Perpetuity	To be used to quarantine any unspent loan funds at year end due to incomplete projects.
(f) Community & Economic Development Fund	Until used in full	To fund significant community or economic development projects within the shire.
(g) Future Funds (Principal) Reserve	In Perpetuity	To provide an ongoing conduit for benefits to the people and environment of Morawa in line with Sinosteel Midwest Corporation Future Fund Foundation Memorandum.
(h) Future Funds (Interest) Reserve	Until used in full	To allocate funding to community based projects financed from the interest received on the Future Fund (Principal) Reserve.
(i) Emergency Response Reserve	In Perpetuity	To be used to fund insurance excesses and emergency response activities in relation to unbudgeted events impacting the community or Shire assets outside of Council control.
(j) Aged Care Units 1-4 (JVA) Reserve	In Perpetuity	To fund future repair and maintenance costs associated with the Joint Venture Agreement (JVA) Aged Care Units.
(k) Aged Care Units (Excl.1-4) Reserve	In Perpetuity	To fund capital works expenditure realting to existing or new Aged Care Units.
(l) Swimming Pool Reserve	In Perpetuity	Funds to be used for any renewal/upgrade or maintenance of the Morawa Swimming Pool.
(m) Legal Fees Reserve	In Perpetuity	To be used to fund any unforeseen legal action against the Shire of Morawa.
(n) COVID-19 Emergency Response Reserve	30/06/2023	To invest in activities that promote community wellbeing, aid residents and businesses in financial hardship and other general COVID recovery projects.
(o) Jones Lake Road Rehab Reserve	No longer needed	To fund future closure and rehabilitation of the landfill site at Jones Lake Road.
(p) Morawa-Yalgoo Road Maintenance Reserve	No longer needed	To be used to fund any future maintenance works on the Morawa Yalgoo Road.

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

30. 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 2021	Amounts Received	Amounts Paid	30 June 2022
	\$	\$	\$	\$
Drug Action Group	660	0	0	660
Youth Fundraising	865	0	0	865
BCITF/BSL	113	3,031	0	3,144
Housing Bonds	0	0	0	0
Excess Rent - Daphne Little	1,704	0	(1,704)	0
	3,342	3,031	(1,704)	4,669



## Auditor General

### INDEPENDENT AUDITOR'S REPORT 2022 Shire of Morawa

To the Councillors of the Shire of Morawa

#### Opinion

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

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, and Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2022 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

#### Basis for opinion

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

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

#### Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to



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

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

The Chief Executive Officer of the Shire is responsible for:

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

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

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

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

### **Auditor's responsibilities for the audit of the financial report**

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

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

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

### **My independence and quality control relating to the report on the financial report**

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

### **Matters relating to the electronic publication of the audited financial report**

This auditor's report relates to the financial report of the Shire of Morawa for the year ended 30 June 2022 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.



Patrick Arulsingham  
Senior Director Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
6 December 2022