



**SHIRE OF MORAWA**

**AUDIT & RISK COMMITTEE MEETING**

**ATTACHMENTS**

**Monday, 18 December 2023**



# Agenda Attachments

Shire of Morawa

Audit and Risk Management Committee Meeting

18 December 2023

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## List of Attachments

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### **10.1 Acceptance of Annual Financial Statements and Audit Report**

*Attachment 1 – 10.1a Annual Report including the 2022-2023 Annual Financial Report*

*Attachment 2 – 10.1b Management Letter*

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## Audit & Risk Committee Meeting

**18 December 2023**

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***Attachment 1***      *10.1a Annual Report including the 2022-2023 Annual Financial Report*

***Attachment 2***      *10. 1b Management Letter*

***Item 10.1***            **Acceptance of Annual Financial Statements and Audit Report**

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# SHIRE OF MORAWA

## ANNUAL REPORT 2022-2023

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# Welcome

Welcome to the 2022-2023 Shire of Morawa Annual Report. This report provides an overview of the activities undertaken in the 2022-2023 financial year as we work to achieve the community vision and aspirations for Morawa.

Driven by our Shire's Strategic Community Plan encompassing our seven Community Aspirations with supporting strategic focus areas. This report showcases our achievements, looking at all elements of the Shire's operations, financial performance, and compliance against the governance and statutory regulations under which we operate.

## 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 2022-2023 financial year. Industry and Tourism had a very positive start to the 2022-2023 financial year, however the first half of 2023 had the beginnings of a less than favourable season.

As always our community has thrived through the commitment of many volunteers who continue to give their time and energy to make Morawa great and make all visitors feel welcome to the Shire and the Mid-West.

This year we successfully drafted a new ten year Business Plan, which is a more internal focused strategic document that ascertains how the Shire will utilise its resources to deliver outcomes that align with the longer-term aspirations as outlined in the Strategic Community Plan 2022-2032. We also adopted the Shire of Morawa Tourism Plan, and the Arts and Culture Plan with both of these documents acting as a useable “action plan” for the Shire to support the development of a sustainable tourism, and arts and culture sector.

The last year has seen an increase in costs across all sectors flowing through to projects causing them to run over budget or be reduced in scope to match the funding available. This has been exacerbated by shortages in the labour market with a lack of skilled labour across the nation, expected to continue to impact Shire projects and recruitment in the coming year as well.

This won't stop ongoing consultation, project planning, and the continued delivery of outcomes with the help of grant funding, when available.

During the financial year we constructed a new storage facility at the Town Hall which will be used to store the tables and chairs that are used for events, and started construction of the cemetery entrance road and carpark. These projects were possible thanks to Federal Grant funding under the Local Roads and Community Infrastructure Program.



# A MESSAGE FROM THE SHIRE PRESIDENT

While a large part of our annual budget will continue to be spent on road infrastructure, Council are not forgetting the need for infrastructure renewal and new installations with an Electric Vehicle Charging Station being installed at Jubilee Park, upgrades to Jubilee Park, a new playground, basketball court and shade sails installed at Wildflower Park and footpaths on Granville and Dregghorn Streets.

The Shire is working hard to support the provision of 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 all Councillors, Mr Scott Wildgoose as CEO and his Executive team Jackie Hawkins and prior employee Paul Devcic for their outstanding leadership, tireless hard work and support over the past year. I would also like to thank the whole operational team as without their support the Shire would not be able to have the achievements that it does.

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







# A WORD FROM THE CEO

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

The Shire placed a heavy emphasis on future planning and community engagement during the 2022-2023 financial year. This followed on from the engagement efforts related to the Strategic Community Plan conducted in early 2022 that resulted in the adoption of the Strategic Community Plan 2022-2032 in August 2022, which was a fantastic way to start the 2022-2023 financial year. The Shire then finalised the development of its Arts and Culture Plan, Tourism Plan, and Workforce Plan, with these three plans all adopted before Christmas 2022.

Considerable work was also put into the formation of the Shire's first Bushfire Risk Management Plan that was endorsed in March 2023. This plan has already helped the Shire secure bushfire mitigation activity funding through the State Government.

After the adoption of the new Strategic Community Plan, the administration and Council worked closely together to reimagine the Shire's Corporate Business Plan to develop a realistic and resource aligned plan that provides a 5-10-year overview of the Shire's planned operations within the context of a strategic and financially integrated planning framework. The new plan was adopted in April 2023 and provided the basis for the development of the 2023-2024 annual budget.

The Shire also undertook a major community engagement and visioning exercise, in relation to the re-imagining of the Solomon Terrace Public Open Space. The Shire thanks the community for all their inputs and feedback during the development of the masterplan for this space. The masterplan was adopted early in the new financial year and provides a long-term plan for the space that will hopefully work to create a useable community precinct over the next 10-15-years.

The 2022-2023 financial year also saw the development of a 10 year footpath plan, caravan park masterplan, and the delivery of the 8th Biennial Morawa Art Show and Exhibition, with over 300 pieces of art from more than 150 artists making the event another great success.

As well as these strategic projects, planning, and events, the Shire had an outstanding year in 2022-2023 in relation to the delivery of its core services and projects.

The Shire's Community Development Officer worked to deliver several outstanding events and activities in 2022-2023. With the 2023 Australia Day family fun day at the pool being noted as a major success and other smaller events such as the Astro exploration event at Gutha Hall, and the Bike Week obstacle courses proving popular across the community. The Youth Centre was well activated throughout the year with weekly attendance numbers consistent at around 20 participants on each opening day. The Morawa Swimming Pool and Community Gym also saw an increase in attendance numbers.

As part of its footpath program the Shire oversaw the installation of dual use footpaths on Dreghorn Street and Granville Street, with the co-contribution assistance of grant funding from the Department of Transport. The introduction of new footpaths continues to increase the safety of pedestrians and improve liveability throughout the town.



# A WORD FROM THE CEO

Throughout the year the Shire made significant progress on a number of projects including the upgrade to the Cemetery entrance road and car park, the revitalisation of wildflower park, improvements to the chalet bathrooms at the caravan park, and the construction of a new storage unit at the Town Hall.

We have also continued our emphasis on maintaining and improving the road network with road expenditure in 2022-2023 increasing by 38% compared to 2021-2022 expenditure. The Shire road team worked tirelessly in 2022-2023 to complete all of the major road projects in the annual budget on time and on budget, with the major expenditure in 2022-2023 occurring on the following areas:

·Morawa Yalgoo Road	\$ 479,644
·Nanekine Road	\$ 490,948
·White Road	\$ 95,691
·Canna North East Road	\$ 116,991
·West Gutha Road	\$ 150,620
·Maintenance Rural Roads	\$ 803,434
	\$ 2,137,328

The Shire is grateful to the Federal and State Government for their considerable grant funding that allows such a significant road program to be undertaken by the Shire.

The Shire has been faced with challenging labour market and economic conditions throughout 2022-2023. As CEO, I am proud of our accomplishments during this period and am especially proud of the committed workforce that continues to pull together to deliver outcomes even when the national trends continue to throw obstacles and challenges into the mix.

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 2023 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
- Cemeteries
- Dog control
- Planning approvals
- Roads, footpaths and kerbs
- Street lighting
- Waste management

**599**

Dwellings in the Shire of Morawa

**\$628,330**

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

**19**

Major capital works projects completed over 2022-2023

# Planning for our Future



## Vision

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

## Aspirations

The Strategic Community Plan's overarching vision can only be achieved by all groups, organisations, and community members contributing towards its success. To focus energy and efforts the vision has been separated into seven clear Community Aspirations with supporting strategic focus areas.

Create a sense of place for visitors

Activate a vibrant small business sector

Take pride in our community and an aesthetically appealing townsite

Embrace cultural and social diversity

Occupy a safe and healthy living space

Be future focused in all we do

Cement strong foundations for growth and prosperity

# 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

### 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

### 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

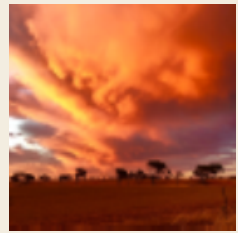
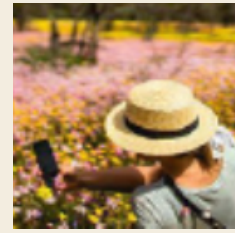
## Create a sense of place for visitors

**Factor the visitor experience into planning and design decisions-** Jubilee Park design is visually appealing to visitors.

**Develop and implement a Tourism Plan-**Adopted Sept 2022.

**Embrace a commitment to excellent service**

**Ensure the Townsite and its services are accessible to all-** New dual use path added on Granville and Dreghorn Street, scoped addition of accessible toilet block at the Caravan Park.



## Activate a vibrant small business sector

**Shire supported & granted approvals for small business-** We are delighted to have had the opportunity to offer assistance to the Coffee Lounge 6623, Delve Aesthetic, Midmech, Align Studio, and Whoop Whoop Coffee. It brings us great pleasure to witness the rise of these new small businesses and we hope they all continue to grow.

**Encourage variety and competition-** We collaborated with Desert Blue Connect for the Morawa Community Connection expo; it was a huge success, many local businesses and groups were present.

**Maintain strong support systems and services-**Shire continues to advocate for improvements to basic utilities and services at the State & Federal level.



# Take Pride in our Community and an aesthetically appealing townsite

**Develop and implement a townsite greening plan-** Under development.

**Enhance the appearance of homes, gardens, businesses, public buildings, and open spaces-** Jubilee and Wildflower Park revitalisation projects have been a great success.

**Utilise public art-** As part of our public art initiative, we arranged a variety of events including an art show, a rock painting event, and other public art exhibits.

**Celebrate our wins-** Shire President Cr Karen Chappel has been appointed a member of the Order of Australia (AM). This well deserved accolade has been awarded to the Shire of Morawa President for her significant services to local government and to the town of Morawa.



## Embrace cultural and social diversity

**Develop and implement an Arts and Culture Plan-** (Plan adopted Sept 2022)

The Shire organized a Paint and Sip series event exclusively for women, which has been a great success. Additionally, several art programs for young people have also been conducted.

**Champion inclusion and engagement -**

In Morawa, we strive to promote a society that celebrates diversity. To further this goal, we organized a Harmony Week event and also collaborated with United in Diversity to facilitate a cultural exchange and migrant employment program.

**Invest in socialisation and belonging**

**Promote positive aging in place across the community-** We have organized a senior's week with various activities, events at the pool for our elderly community members and thank a volunteer ceremonies.



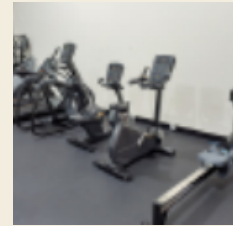
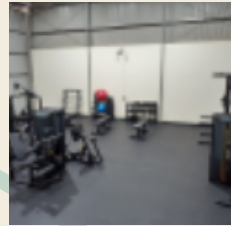
# Occupy a Safe and Healthy living space

**Build safer neighborhoods**-Expanded the townsite CCTV network.

**Occupy fit for purpose housing**

**Increase active living**-Gym is now part of normal operations.

**Enhance health services provisions**-Recruited a new GP.



## Be future focused in all we do

**Ensure the shire and its assets are well resourced and sustainable** -We have completed the Town Hall storage area, Standpipe Swipe card upgrade and renewal works at the golf and bowling club.

**Embrace recycling and renewable energy**-Electric Vehicle Charging Stations ready for install.

**Foster passion and belief in younger residents**-At the youth centre, the most popular programs among young people this year have been the skateboard clinic, arts and crafts workshops, and cooking workshops. These activities were designed with the aim of promoting resilience, social interaction skills, and life skills, as well as encouraging young people to lead an active lifestyle by participating in activities such as skateboarding, laser tag, Fairgame visits and cooking classes. Also Council authorised the CEO to submit a grant application for an Early Childhood Education and Family centre in Morawa.





## Cement strong foundations for growth and prosperity



**Safe and suitable road and other transport networks-** We have successfully finished several road projects in 2022-2023, such as Nanekine Road, Morawa Yalgoo Road, White Road, Canna North East Road and Gutha West Road.

**Ready to go commercial and industrial facilities-** The Industrial Units have seen a new tenant, Midmech, take up a lease.

**Enhance partnerships and alliances**





# 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 2022-2023 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 2022-2023 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 entitled to an annual salary:

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

There was one employee entitled to an annual salary of \$130,000 or more during 2022-2023. This salary range was between \$200,000 and \$209,999.





## President Cr Karen Chappel

Elected Member since - 2005  
President since - 2009  
Term Expires - 2025  
Email: karen.chappel@morawa.wa.gov.au

### Meeting Attendance:

Ordinary Council Meetings: 11/11  
Special Council Meeting: 4/4  
Audit & Risk Management Committee: 1/2  
Electors Meeting: 1/1

### Committees / Boards / Advisory Groups

Audit & Risk Management Committee  
President WALGA  
Morawa Sinosteel Future Fund  
Committee  
Northern Country Zone Committee  
LG House Trust  
LG Insurance Scheme  
ALGA  
State Bushfire Advisory Council  
Midwest Development Commission -  
Audit & Risk Management Committee  
State Roads Fund to LG Advisory  
Committee



## Deputy President Cr Ken Stokes

Elected Member since - 2009  
Deputy President since - 2022  
Term Expires - 2025  
Email: ken.stokes@morawa.wa.gov.au

### Meeting Attendance:

Ordinary Council Meetings: 10/11  
Special Council Meetings: 4/4  
Audit & Risk Management Committee: 1/2  
Electors Meeting: 1/1

### Committees / Boards / Advisory Groups

Audit & Risk Management Committee  
Regional Road Group - North Midlands  
Morawa Sinosteel Future Fund  
Committee



### Cr Debra Collins

Elected Member since – 2013  
Term Expires – 2025  
Email: [debra.collins@morawa.wa.gov.au](mailto:debra.collins@morawa.wa.gov.au)

**Meeting Attendance:**  
Ordinary Council Meetings: 8/11  
Special Council Meetings: 1/4  
Audit & Risk Management Committee: 2/2  
Electors Meeting: 0/1

**Committees / Boards / Advisory Groups**  
Audit & Risk Management Committee



### Cr Mark Coaker

Elected Member since – 2022  
Term Expires – 2025  
Email: [mark.coaker@morawa.wa.gov.au](mailto:mark.coaker@morawa.wa.gov.au)

**Meeting Attendance:**  
Ordinary Council Meetings: 8/11  
Special Council Meeting: 2/4  
Audit & Risk Management Committee: 1/2  
Electors Meeting: 0/1

**Committees / Boards / Advisory Groups**  
Audit & Risk Management Committee





### Cr Shirley Katona

Elected Member since – 2018  
Term Expires – 2023  
Email: [admin@morawa.wa.gov.au](mailto:admin@morawa.wa.gov.au)

#### Meeting Attendance:

Ordinary Council Meetings: 10/11  
Special Council Meeting: 3/4  
Audit & Risk Management Committee: 2/2  
Electors Meeting: 1/1

#### Committees / Boards / Advisory Groups

Audit & Risk Management Committee

#### Retired:

October 2023



### Cr Yvette Harris

Elected Member since – 2019  
Term Expires – 2023  
Email: [admin@morawa.wa.gov.au](mailto:admin@morawa.wa.gov.au)

#### Meeting Attendance:

Ordinary Council Meetings: 9/11  
Special Council Meetings: 3/4  
Audit & Risk Management Committee: 2/2  
Electors Meeting: 1/1

#### Committees / Boards / Advisory Groups

Audit & Risk Management Committee

#### Retired:

October 2023



## Cr Jane Coaker

Elected Member since – 2015  
Term Expires – 2023  
Email: [admin@morawa.wa.gov.au](mailto:admin@morawa.wa.gov.au)

### Meeting Attendance:

Ordinary Council Meetings: 10/11  
Special Council Meeting: 2/4  
Audit & Risk Management Committee: 1/2  
Electors Meeting: 0/1

### Committees / Boards / Advisory Groups

Audit & Risk Management Committee

### Retired:

October 2023



# Expenditure Snapshot



## SNAPSHOT

The below list provides a snapshot of some of the capital and operating expenditures and initiatives that the Shire delivered during 2022 - 2023



Resheeting rural roads/renewal of rural & urban roads and road maintenance\*

**\$3.7M**



Caravan Park and Tourism\*

**\$303K**



Beautifying parks, gardens, open spaces and the Wildflower Park Playground

**\$645K**



Fire and Ranger Services\*

**\$298K**



Landfill, sewerage facilities and rubbish collection

**\$429K**



Youth Centre and Community Events\*

**\$248K**



Maintaining our sport and leisure facilities

**\$415K**



Granville and Dreghorn Street dual use paths\*

**\$123K**

*\*Includes funding from Federal/State Government*



# Financial Performance



## Expenditure:

Operating Expenditure was \$7.2M an increase of \$847K compared to the previous year and \$43K less than budgeted. Most categories of expenditure were less than budget with the most significant savings in salaries of \$161K and \$44K in materials and contracts, with depreciation going over budget by \$223K.

## Major areas of Capital Expenditure included:

	2023 Actuals	2022 Actuals
Footpaths and Cycleways	\$122K	\$50K
Land and Buildings	\$391K	\$472K
Other Infrastructure	\$402K	\$156K
Parks and Gardens	\$113K	\$36K
Plant and Equipment	\$841K	\$248K
Roads	\$1.38M	\$1.03M

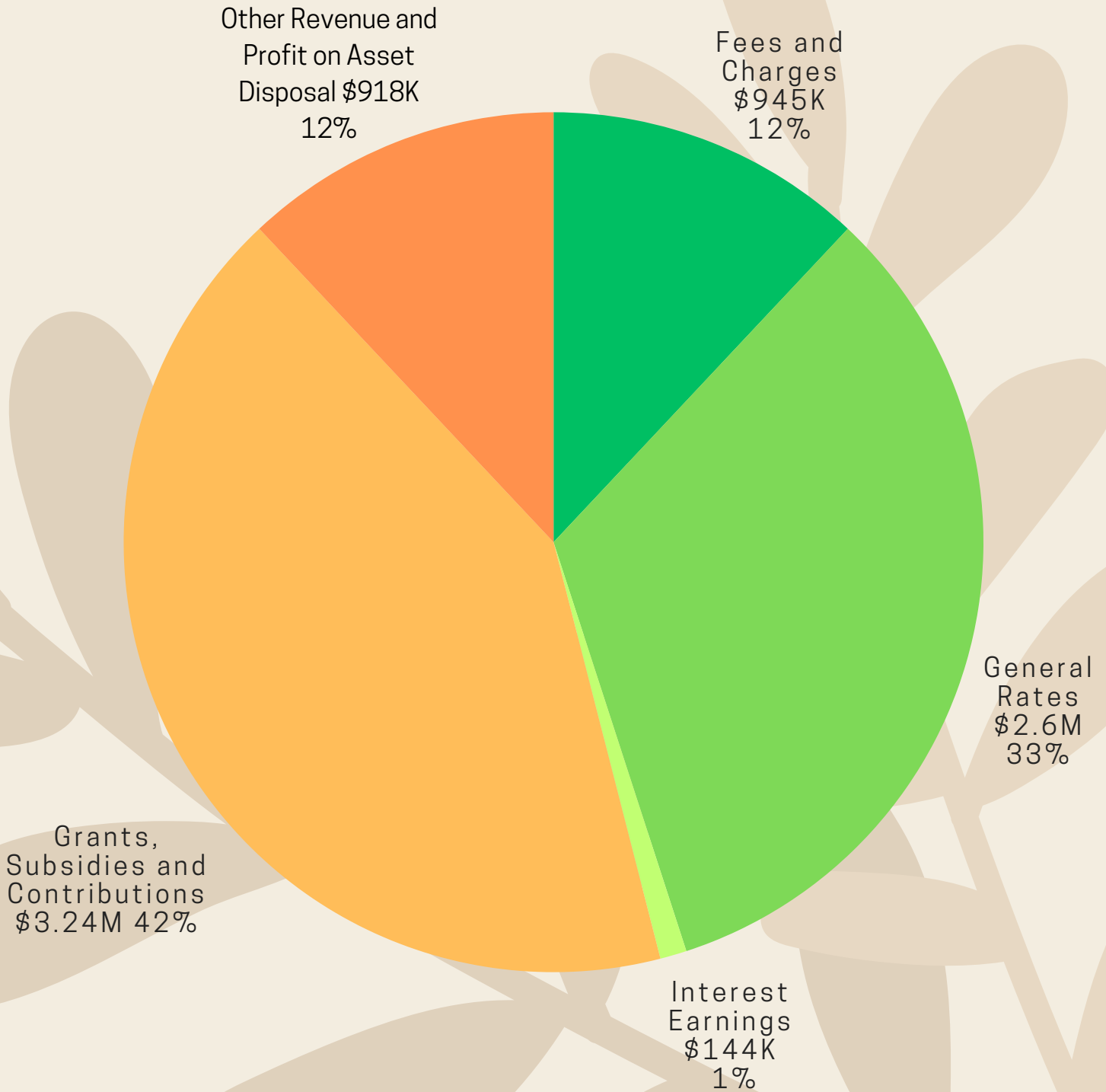


# Financial Highlights



## Revenue:

Operating Revenue generated for 2022-2023 year was \$7.8M. The operating revenue included receipt of the advanced payment of the 2023-2024 Federal Assistance Grants, which was 100% of the amount allocated for 2022-2023. Operating revenue was \$1.9M (31.6%) over budget and \$1.18M (17.9%) allocation increase over the prior year.



# Financial Summary



## 2022/2023 Financial Year

## 2021/2022 Financial Year

**Total Assets**  
\$101,621,077



**Total Assets**  
\$84,804,227

**Total Liabilities**  
\$1,699,895



**Total Liabilities**  
\$2,108,514

**Equity/Net Assets**  
\$100,121,183



**Equity/Net Assets**  
\$82,695,713

**Operating Revenue**  
\$7,811,013



**Operating Revenue**  
\$6,626,941

**Operating Expenditure**  
\$7,206,141



**Operating Expenditure**  
\$6,359,125

**Operating Surplus/(Deficit)**  
\$2,481,614



**Operating Surplus/(Deficit)**  
\$2,379,524

**Non-Operating Revenue**  
\$1,664,982



**Non-Operating Revenue**  
\$987,410

**Capital Expenditure**  
\$3,308,426



**Capital Expenditure**  
\$2,063,006

**Cash Backed Reserves**  
\$6,732,381



**Cash Backed Reserves**  
\$6,127,967

### Financial Position:

2022 - 2023 was a tough year for council with high inflation and supply chain issues forcing costs up. This meant that the budgeted projects for 2022 - 2023 were either not started, the scope of the project reduced to meet budget expectation or the projects went ahead knowing that they could go over budget.

The final operating result of a surplus of \$2.48M was largely contributed to by the advanced payment of the Financial Assistance Grants for 2023 - 2024.



# Annual Financial Report 2022-2023





**SHIRE OF MORAWA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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

***The Shire's vision is to be a welcoming and inclusive community that embraces what makes it unique, offering livability, 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 2023

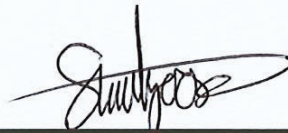
*Local Government Act 1995*  
*Local Government (Financial Management) Regulations 1996*

STATEMENT BY CEO

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

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

Signed on the 5th day of December 2023



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Chief Executive Officer

Scott Wildgoose  

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Name of Chief Executive Officer



Nexia Perth Audit Services Pty Ltd

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

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
<b>Revenue</b>				
Rates	2(a),25	2,564,344	2,556,796	2,115,230
Grants, subsidies and contributions	2(a)	3,239,967	1,852,491	3,040,028
Fees and charges	2(a)	945,076	915,031	879,305
Interest revenue	2(a)	143,618	63,564	42,533
Other revenue	2(a)	877,443	517,557	534,197
		7,770,448	5,905,439	6,611,293
<b>Expenses</b>				
Employee costs	2(b)	(1,971,178)	(2,131,849)	(1,729,140)
Materials and contracts		(2,290,385)	(2,334,596)	(1,692,865)
Utility charges		(404,791)	(437,311)	(362,266)
Depreciation		(1,806,162)	(1,582,699)	(1,881,178)
Finance costs	2(b)	(16,339)	(16,757)	(15,861)
Insurance		(244,154)	(244,498)	(207,716)
Other expenditure	2(b)	(473,132)	(458,718)	(470,099)
		(7,206,141)	(7,206,428)	(6,359,125)
		564,307	(1,300,989)	252,168
Capital grants, subsidies and contributions	2(a)	1,472,782	2,083,602	948,411
Profit on asset disposals		37,873	30,126	12,650
Loss on asset disposals		0	(42,671)	0
Fair value adjustments to financial assets at fair value through profit or loss	4(a)	2,764	0	2,998
		1,513,419	2,071,057	964,059
<b>Net result for the period</b>		<b>2,077,726</b>	<b>770,068</b>	<b>1,216,227</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	15,347,744	0	0
<b>Total other comprehensive income for the period</b>	16	<b>15,347,744</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>17,425,470</b>	<b>770,068</b>	<b>1,216,227</b>

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

**SHIRE OF MORAWA  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2023**

	NOTE	2023 \$	2022 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	9,687,208	9,143,287
Trade and other receivables	5	499,237	613,313
Inventories	6	8,639	20,965
Other assets	7	20,750	98,056
<b>TOTAL CURRENT ASSETS</b>		<b>10,215,834</b>	<b>9,875,621</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	5	14,282	36,091
Other financial assets	4(a)	61,117	58,353
Property, plant and equipment	8	30,108,789	24,167,441
Infrastructure	9	61,421,056	50,632,902
Right-of-use assets	11(a)	0	33,819
<b>TOTAL NON-CURRENT ASSETS</b>		<b>91,605,244</b>	<b>74,928,606</b>
<b>TOTAL ASSETS</b>		<b>101,821,078</b>	<b>84,804,227</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	653,659	718,871
Other liabilities	13	274,221	528,111
Lease liabilities	11(b)	0	28,922
Borrowings	14	28,156	27,355
Employee related provisions	15	313,931	357,043
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,269,967</b>	<b>1,660,302</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14	391,073	419,229
Employee related provisions	15	38,855	28,983
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>429,928</b>	<b>448,212</b>
<b>TOTAL LIABILITIES</b>		<b>1,699,895</b>	<b>2,108,514</b>
<b>NET ASSETS</b>		<b>100,121,183</b>	<b>82,695,713</b>
<b>EQUITY</b>			
Retained surplus		37,092,523	35,619,211
Reserve accounts	28	6,732,381	6,127,967
Revaluation surplus	16	56,296,279	40,948,535
<b>TOTAL EQUITY</b>		<b>100,121,183</b>	<b>82,695,713</b>

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

**SHIRE OF MORAWA  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2023**

	<b>NOTE</b>	<b>RETAINED SURPLUS</b>	<b>RESERVE ACCOUNTS</b>	<b>REVALUATION SURPLUS</b>	<b>TOTAL EQUITY</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance as at 1 July 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
Total comprehensive income for the period		1,216,227	0	0	1,216,227
Transfers from reserve accounts	28	177,116	(177,116)	0	0
Transfers to reserve accounts	28	(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>
Comprehensive income for the period					
Net result for the period		2,077,726	0	0	2,077,726
Other comprehensive income for the period	16	0	0	15,347,744	15,347,744
Total comprehensive income for the period		2,077,726	0	15,347,744	17,425,470
Transfers from reserve accounts	28	350,000	(350,000)	0	0
Transfers to reserve accounts	28	(954,414)	954,414	0	0
<b>Balance as at 30 June 2023</b>		<b>37,092,523</b>	<b>6,732,381</b>	<b>56,296,279</b>	<b>100,121,183</b>

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

**SHIRE OF MORAWA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE	2023 Actual \$	2022 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Receipts</b>		
Rates	2,647,068	2,092,557
Grants, subsidies and contributions	3,266,868	3,189,314
Fees and charges	945,077	879,305
Interest revenue	143,618	42,533
Goods and services tax received	521,832	458,260
Other revenue	877,443	534,197
	<u>8,401,906</u>	<u>7,196,166</u>
<b>Payments</b>		
Employee costs	(1,968,134)	(1,819,858)
Materials and contracts	(2,285,891)	(1,471,920)
Utility charges	(404,791)	(362,266)
Finance costs	(16,339)	(17,620)
Insurance paid	(244,154)	(207,716)
Goods and services tax paid	(514,176)	(436,965)
Other expenditure	(470,889)	(470,036)
	<u>(5,904,374)</u>	<u>(4,786,381)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>2,497,532</u>	<u>2,409,785</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for purchase of property, plant & equipment	8(a) (1,281,376)	(786,505)
Payments for construction of infrastructure	9(a) (2,027,050)	(1,276,501)
Capital grants, subsidies and contributions	1,218,892	1,273,298
Proceeds from sale of property, plant & equipment	192,200	38,999
<b>Net cash provided by (used in) investing activities</b>	<u>(1,897,334)</u>	<u>(750,709)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	27(a) (27,355)	(26,580)
Payments for principal portion of lease liabilities	27(c) (28,922)	(57,413)
<b>Net cash provided by (used in) financing activities</b>	<u>(56,277)</u>	<u>(83,993)</u>
<b>Net increase (decrease) in cash held</b>	543,921	1,575,083
Cash at beginning of year	9,143,287	7,568,204
<b>Cash and cash equivalents at the end of the year</b>	3 <u>9,687,208</u>	<u>9,143,287</u>

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

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

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities</b>				
General rates	24(a)	2,554,578	2,551,128	2,108,818
Rates excluding general rates	24(a)	9,766	5,668	6,412
Grants, subsidies and contributions		3,239,967	1,852,491	3,040,028
Fees and charges		945,076	915,031	879,305
Interest revenue		143,618	63,564	42,533
Other revenue		877,443	517,557	534,197
Profit on asset disposals		37,873	30,126	12,650
Fair value adjustments to financial assets at fair value through profit or loss	4(a)	2,764	0	2,998
		<b>7,811,083</b>	<b>5,935,565</b>	<b>6,626,941</b>
<b>Expenditure from operating activities</b>				
Employee costs		(1,971,178)	(2,131,849)	(1,729,140)
Materials and contracts		(2,290,385)	(2,334,594)	(1,692,865)
Utility charges		(404,791)	(437,311)	(362,266)
Depreciation		(1,806,162)	(1,582,699)	(1,881,178)
Finance costs		(16,339)	(16,757)	(15,861)
Insurance		(244,154)	(244,498)	(207,716)
Other expenditure		(473,132)	(458,718)	(470,099)
Loss on asset disposals		0	(42,671)	0
		<b>(7,206,141)</b>	<b>(7,249,097)</b>	<b>(6,359,125)</b>
Non-cash amounts excluded from operating activities	26(a)	1,801,283	1,601,191	1,751,934
<b>Amount attributable to operating activities</b>		<b>2,406,225</b>	<b>287,659</b>	<b>2,019,750</b>
<b>INVESTING ACTIVITIES</b>				
<b>Inflows from investing activities</b>				
Capital grants, subsidies and contributions		1,472,782	2,083,602	948,411
Proceeds from disposal of assets		192,200	178,200	38,999
		<b>1,664,982</b>	<b>2,261,802</b>	<b>987,410</b>
<b>Outflows from investing activities</b>				
Purchase of property, plant and equipment	8(a)	(1,281,376)	(1,774,867)	(786,505)
Purchase and construction of infrastructure	9(a)	(2,027,050)	(2,529,370)	(1,276,501)
		<b>(3,308,426)</b>	<b>(4,304,237)</b>	<b>(2,063,006)</b>
<b>Amount attributable to investing activities</b>		<b>(1,643,444)</b>	<b>(2,042,435)</b>	<b>(1,075,596)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Inflows from financing activities</b>				
Transfers from reserve accounts	28	350,000	441,640	177,116
		<b>350,000</b>	<b>441,640</b>	<b>177,116</b>
<b>Outflows from financing activities</b>				
Repayment of borrowings	27(a)	(27,355)	(27,355)	(26,580)
Payments for principal portion of lease liabilities	27(c)	(28,922)	(28,922)	(57,413)
Transfers to reserve accounts	28	(954,414)	(656,564)	(768,611)
		<b>(1,010,691)</b>	<b>(712,841)</b>	<b>(852,604)</b>
<b>Amount attributable to financing activities</b>		<b>(660,691)</b>	<b>(271,201)</b>	<b>(675,488)</b>
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>				
<b>Surplus or deficit at the start of the financial year</b>	26(b)	2,379,524	2,025,977	2,110,858
Amount attributable to operating activities		2,406,225	287,659	2,019,750
Amount attributable to investing activities		(1,643,444)	(2,042,435)	(1,075,596)
Amount attributable to financing activities		(660,691)	(271,201)	(675,488)
<b>Surplus or deficit after imposition of general rates</b>	26(b)	<b>2,481,614</b>	<b>0</b>	<b>2,379,524</b>

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





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

**1. BASIS OF PREPARATION**

The financial report of the Shire of Morawa which is a Band 4 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

**Local Government Act 1995 requirements**

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

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

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 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 29 of the financial report.

**Judgements and estimates**

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.
- estimation uncertainties made in relation to lease accounting

**Initial application of accounting standards**

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

- *AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- *AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date*
- *AASB 2021-7a Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]*
- *AASB 2022-3 Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15*

These amendments have no material impact on the current annual financial report

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

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

- *AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- *AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- *AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*  
This standard will result in a terminology change for significant accounting policies
- *AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- *AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback*
- *AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*
- *AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*
- *AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified. Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

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

**2. REVENUE AND EXPENSES**

**(a) Revenue**

**Contracts with customers**

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Operating grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Operating grants, subsidies and contributions	General appropriations and contributions with no specific contractual commitments	No Obligations	Not applicable	Not applicable	When asset are controlled
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
Fees and charges - licences, registrations, approvals, inspections	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Fees and charges - sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
Other revenue	Contracted private works, insurance claim reimbursements, general reimbursements	Single point in time	Monthly in arrears	None	At point of service or when claim is agreed

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

**Revenue Recognition**

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

**For the year ended 30 June 2023**

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates			2,554,578	9,766	2,564,344
Grants, subsidies and contributions	188,043			3,051,924	3,239,967
Fees and charges			8,721	936,355	945,076
Interest revenue			33,620	109,998	143,618
Other revenue	26,369			851,074	877,443
Capital grants, subsidies and contributions		1,472,782		0	1,472,782
<b>Total</b>	<b>214,412</b>	<b>1,472,782</b>	<b>2,596,919</b>	<b>4,959,117</b>	<b>9,243,230</b>

**For the year ended 30 June 2022**

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates			2,108,818	6,412	2,115,230
Grants, subsidies and contributions	182,396			2,857,632	3,040,028
Fees and charges			8,106	871,199	879,305
Interest revenue			31,894	10,639	42,533
Other revenue	55,818			478,379	534,197
Capital grants, subsidies and contributions		948,411		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>

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

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

Note	2023 Actual \$	2022 Actual \$
<b>Interest revenue</b>		
Interest on reserve account funds	92,414	7,996
Trade and other receivables overdue interest	33,620	31,894
Other interest revenue	17,584	2,643
	143,618	42,533
The 2023 original budget estimate in relation to: Trade and other receivables overdue interest was \$32,000		

**Fees and charges relating to rates receivable**

Charges on instalment plan	1,185	720
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The 2023 original budget estimate in relation to:  
Charges on instalment plan was \$1,000

**(b) Expenses**

**Auditors remuneration**

- Audit of the Annual Financial Report	37,000	38,300
- Other services – grant acquittals	2,400	1,218
	39,400	39,518

**Employee Costs**

Employee benefit costs	1,971,178	1,729,140
	1,971,178	1,729,140

**Finance costs**

Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	16,339	15,861
	16,339	15,861

Impairment losses on rates and statutory receivables	22,769	24,949
Impairment losses on trade receivables	2,243	63
Sundry expenses	448,120	445,087
	473,132	470,099

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

**3. CASH AND CASH EQUIVALENTS**

Note	2023	2022
	\$	\$
Cash at bank and on hand	7,587,208	7,043,287
Term deposits	2,100,000	2,100,000
<b>Total cash and cash equivalents</b>	<b>9,687,208</b>	<b>9,143,287</b>
Held as		
- Unrestricted cash and cash equivalents	2,558,531	2,372,991
- Restricted cash and cash equivalents	17 7,128,677	6,770,296
	<b>9,687,208</b>	<b>9,143,287</b>

**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.

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

**Restricted financial assets**

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

**4. OTHER FINANCIAL ASSETS**

**(a) Non-current assets**

Financial assets at fair value through profit or loss

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

Units in Local Government House Trust - opening balance  
 Movement attributable to fair value increment  
 Units in Local Government House Trust - closing balance

2023	2022
\$	\$
61,117	58,353
<b>61,117</b>	<b>58,353</b>
58,353	55,355
2,764	2,998
<b>61,117</b>	<b>58,353</b>

Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

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

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

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

**SHIRE OF MORAWA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**5. TRADE AND OTHER RECEIVABLES**

Note	2023	2022
	\$	\$
<b>Current</b>		
Rates and statutory receivables	443,606	520,882
Trade receivables	16,691	45,835
GST receivable	63,952	71,608
Allowance for credit losses of rates and statutory receivables	(22,769)	(24,949)
Allowance for credit losses of trade receivables	(2,243)	(63)
	499,237	613,313
<b>Non-current</b>		
Rates and statutory receivables	14,282	36,091
	14,282	36,091

**Disclosure of opening and closing balances related to contracts with customers**

Information about receivables from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

Note	30 June 2023 Actual	30 June 2022 Actual
	\$	\$
Allowance for credit losses of trade receivables	2,243	63
Total trade and other receivables from contracts with customers	2,243	63

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates and statutory receivables**

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

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

**Trade receivables**

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

**Other receivables**

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

**Measurement**

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

**Classification and subsequent measurement**

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

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

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

**SHIRE OF MORAWA  
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**6. INVENTORIES**

Note	2023	2022
<b>Current</b>	<b>\$</b>	<b>\$</b>
Fuel and materials	8,639	20,965
	8,639	20,965
The following movements in inventories occurred during the year:		
<b>Balance at beginning of year</b>	20,965	13,879
Additions to/(consumption of) inventory	(12,326)	7,086
<b>Balance at end of year</b>	8,639	20,965

**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  
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**7. OTHER ASSETS**

**Other assets - current**

Prepayments  
 Accrued income

2023	2022
\$	\$
0	14,503
20,750	83,553
20,750	98,056

**SIGNIFICANT ACCOUNTING POLICIES**

**Other current assets**

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

**Accrued Income**

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

**SHIRE OF MORAWA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**8. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Balances**

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

	Land	Buildings - non- specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Other property, plant and equipment - WIP	Total property, plant and equipment
	\$	\$	\$		\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	886,120	4,411,373	16,275,843	21,573,336	47,926	2,547,226	21,747	24,190,235
Additions	0	41,675	429,924	471,599	66,647	248,259	0	786,505
Disposals	0	0	0	0	0	(26,349)	0	(26,349)
Depreciation	0	(174,184)	(306,935)	(481,119)	(5,877)	(286,477)	0	(773,473)
Transfers	0	942,152	(900,317)	41,835	(29,565)	0	(21,747)	(9,477)
<b>Balance at 30 June 2022</b>	886,120	5,221,016	15,498,515	21,605,651	79,131	2,482,659	0	24,167,441
<b>Comprises:</b>								
Gross balance amount at 30 June 2022	886,120	5,395,200	15,805,450	22,086,770	96,182	3,263,987	0	25,446,939
Accumulated depreciation at 30 June 2022	0	(174,184)	(306,935)	(481,119)	(17,051)	(781,328)	0	(1,279,498)
<b>Balance at 30 June 2022</b>	886,120	5,221,016	15,498,515	21,605,651	79,131	2,482,659	0	24,167,441
Additions	0	187,553	202,393	389,946	50,000	841,430	0	1,281,376
Disposals	0	0	0	0	0	(154,327)	0	(154,327)
Revaluation increments / (decrements) transferred to revaluation surplus	127,480	1,054,908	4,355,221	5,537,609	0	0	0	5,537,609
Depreciation	0	(106,284)	(302,336)	(408,620)	(10,166)	(304,525)	0	(723,311)
<b>Balance at 30 June 2023</b>	1,013,600	6,357,194	19,753,793	27,124,587	118,965	2,865,237	0	30,108,789
Gross balance amount at 30 June 2023	1,013,600	6,357,194	19,753,793	27,124,587	146,182	3,876,416	0	31,147,185
Accumulated depreciation at 30 June 2023	0	0	0	0	(27,217)	(1,011,179)	0	(1,038,396)
<b>Balance at 30 June 2023</b>	1,013,600	6,357,194	19,753,793	27,124,587	118,965	2,865,237	0	30,108,789

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

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

**(b) Carrying Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<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 2023	Price per hectare
Land	3	Improvements to land valued using cost approach using current replacement cost	Independent Registered Valuers	June 2023	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 2023	Price per square metre
Buildings - specialised	3	Improvements to land valued using cost approach using current replacement cost	Independent Registered Valuers	June 2023	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.

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

(a) Movements in Balances

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

	Infrastructure - Roads	Infrastructure - Footpaths	Other infrastructure- Parks & Ovals	Other infrastructure - Sewerage	Other infrastructure - Airfields	Other infrastructure - Dams	Other infrastructure - Playground Equipment	Other infrastructure - Other	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	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
<b>Balance at 30 June 2022</b>	39,230,196	452,627	912,164	2,355,643	724,510	758,158	114,106	6,085,498	50,632,902
<b>Comprises:</b>									
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)
<b>Balance at 30 June 2022</b>	39,230,196	452,627	912,164	2,355,643	724,510	758,158	114,106	6,085,498	50,632,902
Additions	1,389,997	122,007	17,799	21,603	0	0	94,955	380,689	2,027,050
Revaluation increments / (decrements) transferred to revaluation surplus	7,665,712	22,703	37,464	315,578	(83,400)	229,052	4,209	1,618,817	9,810,135
Depreciation	(784,576)	(17,496)	(29,328)	(35,421)	(10,610)	(16,710)	(9,115)	(145,775)	(1,049,031)
<b>Balance at 30 June 2023</b>	47,501,329	579,841	938,099	2,657,403	630,500	970,500	204,155	7,939,229	61,421,056
<b>Comprises:</b>									
Gross balance at 30 June 2023	85,385,855	1,501,567	938,099	2,657,403	630,500	970,500	204,155	7,939,229	100,227,308
Accumulated depreciation at 30 June 2023	(37,884,526)	(921,726)	0	0	0	0	0	0	(38,806,252)
<b>Balance at 30 June 2023</b>	47,501,329	579,841	938,099	2,657,403	630,500	970,500	204,155	7,939,229	61,421,056

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

**(b) Carrying Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>(i) Fair Value</b>					
<b>Infrastructure - Roads</b>	3	Cost approach using current replacement cost	Management Valuation	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Infrastructure - Footpaths</b>	3	Cost approach using current replacement cost	Management Valuation	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Other infrastructure- Parks &amp; Ovals</b>	3	Cost approach using current replacement cost	Independent Registered Valuers	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Other infrastructure - Sewerage</b>	3	Cost approach using current replacement cost	Independent Registered Valuers	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Other infrastructure - Airfields</b>	3	Cost approach using current replacement cost	Independent Registered Valuers	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Other infrastructure - Dams</b>	3	Cost approach using current replacement cost	Independent Registered Valuers	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Other infrastructure - Playground Equipment</b>	3	Cost approach using current replacement cost	Independent Registered Valuers	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Other infrastructure - Other</b>	3	Cost approach using current replacement cost	Independent Registered Valuers	June 2023	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 to determine the fair value of infrastructure using level 3 inputs.

**SHIRE OF MORAWA  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**10. FIXED ASSETS**

**(a) Depreciation**

**Depreciation rates**

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

<b>Asset Class</b>	<b>Useful life</b>
Buildings - non-specialised	40 to 100 years
Buildings - specialised	40 to 100 years
Furniture and equipment	5 to 10 years
Plant and equipment	5 to 15 years
Infrastructure - Roads	20 to 80 years
Infrastructure - Footpaths	50 years
Other infrastructure- Parks & Ovals	10 to 60 years
Other infrastructure - Sewerage	30 to 75 years
Other infrastructure - Airfields	50 years
Other infrastructure - Dams	40 - 100 years
Other infrastructure - Playground Equipment	5 to 15 years
Other infrastructure - Other	10 to 60 years

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Fixed assets**

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

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

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

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

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

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

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

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair. They are subject to subsequent revaluation at the next revaluation consistent with *Financial Management Regulation 17A(4)*.

**Revaluation**

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

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

**Revaluation (continued)**

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

**Depreciation**

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

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

**Depreciation on revaluation**

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

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

**Amortisation**

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

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

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

**Impairment**

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

**Gains or losses on disposal**

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

**SHIRE OF MORAWA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**11. LEASES**

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

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

	Note	Right-of-use assets - plant and equipment \$	Right-of-use assets Total \$
<b>Balance at 1 July 2021</b>		91,232	91,232
Depreciation		(57,413)	(57,413)
<b>Balance at 30 June 2022</b>		33,819	33,819
Gross balance amount at 30 June 2022		33,819	33,819
<b>Balance at 30 June 2022</b>		33,819	33,819
Depreciation		(33,819)	(33,819)
<b>Balance at 30 June 2023</b>		0	0

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

		2023 Actual \$	2022 Actual \$
Depreciation on right-of-use assets		(33,819)	(57,413)
Finance charge on lease liabilities	27(c)	(84)	(601)
<b>Total amount recognised in the statement of comprehensive income</b>		(33,903)	(58,014)
Total cash outflow from leases		(29,006)	(58,014)
<b>(b) Lease Liabilities</b>			
Current		0	28,922
	27(c)	0	28,922

**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 27(c).

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

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

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

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

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



**SHIRE OF MORAWA  
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**12. TRADE AND OTHER PAYABLES**

**Current**

	<b>2023</b>	<b>2022</b>
	\$	\$
Sundry creditors	334,220	488,233
Prepaid rates	40,474	56,835
Accrued payroll liabilities	44,110	31,706
ATO liabilities	60,414	36,532
Bonds and deposits held	32,462	24,605
Accrued Interest	2,803	1,407
Accrued Expenditure	139,176	79,553
	<b>653,659</b>	<b>718,871</b>

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

**Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**Prepaid rates**

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

**SHIRE OF MORAWA**  
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**13. OTHER LIABILITIES**

**Current**

Capital grant/contributions liabilities

	2023	2022
	\$	\$
Capital grant/contributions liabilities	274,221	528,111
	<u>274,221</u>	<u>528,111</u>
<b>Reconciliation of changes in capital grant/contribution liabilities</b>		
Opening balance	528,111	203,224
Additions	54,701	523,456
Revenue from capital grant/contributions held as a liability at the start of the period	<u>(308,591)</u>	<u>(198,569)</u>
	274,221	528,111
<b>Expected satisfaction of capital grant/contribution liabilities</b>		
Less than 1 year	274,221	528,111

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

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

Opening balance

Additions

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

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

Less than 1 year

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

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

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

**Capital grant/contribution liabilities**

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

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**14. BORROWINGS**

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
<b>Secured</b>		\$	\$	\$	\$	\$	\$
Long Term Borrowings		28,156	391,073	419,229	27,355	419,229	446,584
<b>Total secured borrowings</b>	27(a)	28,156	391,073	419,229	27,355	419,229	446,584

**SIGNIFICANT ACCOUNTING POLICIES**

**Borrowing costs**

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

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

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

**Risk**

Details of individual borrowings required by regulations are provided at Note 27(a).

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

**15. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

**Current provisions**

**Employee benefit provisions**

Annual leave

Long service leave

**Employee related other provisions**

Employment on-costs

**Total current employee related provisions**

**Non-current provisions**

**Employee benefit provisions**

Long service leave

**Employee related other provisions**

Employment on-costs

**Total non-current employee related provisions**

**Total employee related provisions**

	2023	2022
	\$	\$
	139,169	186,070
	139,490	170,973
	278,659	357,043
	35,272	0
	35,272	0
	313,931	357,043
	37,288	28,983
	37,288	28,983
	1,567	0
	1,567	0
	38,855	28,983
	352,786	386,026

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.

**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

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

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

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

**16. REVALUATION SURPLUS**

	<b>2023 Opening Balance</b>	<b>Total Movement on Revaluation</b>	<b>2023 Closing Balance</b>	<b>2022 Opening Balance</b>	<b>2022 Closing Balance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revaluation surplus - Land & Buildings	12,213,453	5,537,609	17,751,062	12,213,453	12,213,453
Revaluation surplus - Furniture and equipment	36,213	0	36,213	36,213	36,213
Revaluation surplus - Plant and equipment	1,052,296	0	1,052,296	1,052,296	1,052,296
Revaluation surplus - Infrastructure - Roads	21,696,026	7,665,712	29,361,738	21,696,026	21,696,026
Revaluation surplus - Infrastructure - Footpaths	52,807	22,703	75,510	52,807	52,807
Revaluation surplus - Other infrastructure- Parks & Ovals	137,677	37,464	175,141	137,677	137,677
Revaluation surplus - Other infrastructure - Sewerage	1,719,326	315,578	2,034,904	1,719,326	1,719,326
Revaluation surplus - Other infrastructure - Airfields	578,944	(83,400)	495,544	578,944	578,944
Revaluation surplus - Other infrastructure - Dams	937,032	229,052	1,166,084	937,032	937,032
Revaluation surplus - Other infrastructure - Playground Equipment	114,763	4,209	118,972	114,763	114,763
Revaluation surplus - Other Infrastructure	2,409,998	1,618,817	4,028,815	2,409,998	2,409,998
	<b>40,948,535</b>	<b>15,347,744</b>	<b>56,296,279</b>	<b>40,948,535</b>	<b>40,948,535</b>

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

**17. RESTRICTIONS OVER FINANCIAL ASSETS**

	Note	2023 Actual \$	2022 Actual \$
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	7,128,677	6,770,296
		7,128,677	6,770,296
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	28	6,732,381	6,127,967
Bonds & Deposits Held	12	32,462	24,605
Capital grant liabilities	13	274,221	528,111
Unspent loans	27(b)	89,613	89,613
<b>Total restricted financial assets</b>		7,128,677	6,770,296

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

Credit card limit		15,000	15,000
Credit card balance at balance date		(1,159)	(2,160)
<b>Total amount of credit unused</b>		13,841	12,840
<b>Loan facilities</b>			
Loan facilities - current		28,156	27,355
Loan facilities - non-current		391,073	419,229
<b>Total facilities in use at balance date</b>		419,229	446,584
<b>Unused loan facilities at balance date</b>		89,613	89,613

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

**19. CONTINGENT LIABILITIES**

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

- The Shire of Morawa Works Depot
- The Shire of Morawa Landfill site - Jones Lake Road
- The Shire of Morawa Waste Water Treatment Plant
- The Shire fo Morawa Landfill site - Canna
- The Shire fo Morawa Landfill site - Gutha
- 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.

An aerial survey has been conducted on the Landfill Site on Jones Lake Road and consultants are scoping detail related to closure and rehabilitation.

**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 2023.

**20. CAPITAL COMMITMENTS**

	<b>2023</b>	<b>2022</b>
	\$	\$
Contracted for:		
- capital expenditure projects	66,249	
- plant & equipment purchases	61,505	357,930
	<b>127,754</b>	<b>357,930</b>
Payable:		
- not later than one year	127,754	357,930

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

**21. RELATED PARTY TRANSACTIONS**

**(a) Elected Member Remuneration**

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

Note	2023 Actual	2023 Budget	2022 Actual
	\$	\$	\$
President's annual allowance	17,428	17,428	17,000
President's meeting attendance fees	16,400	16,400	16,000
President's other expenses	0	1,800	981
President's travel and accommodation expenses	0	2,220	150
	<b>33,828</b>	<b>37,848</b>	<b>34,131</b>
Deputy President's annual allowance	4,360	4,360	4,250
Deputy President's meeting attendance fees	8,200	8,200	8,000
Deputy President's other expenses	0	1,700	458
Deputy President's travel and accommodation expenses	1,291	2,330	0
	<b>13,851</b>	<b>16,590</b>	<b>12,708</b>
All other council member's meeting attendance fees	41,000	41,000	38,667
All other council member's All other council member expenses	0	8,500	3,008
All other council member's travel and accommodation expenses	1,734	11,650	6,917
	<b>42,734</b>	<b>61,150</b>	<b>48,592</b>
21(b)	<b>90,413</b>	<b>115,588</b>	<b>95,431</b>

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

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

Note	2023 Actual	2022 Actual
	\$	\$
Short-term employee benefits	539,621	442,085
Post-employment benefits	71,226	50,249
Employee - other long-term benefits	72,907	62,557
Employee - termination benefits	12,741	0
Council member costs	90,413	95,431
21(a)	<b>786,908</b>	<b>650,322</b>

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

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

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

**21. RELATED PARTY TRANSACTIONS**

**Transactions with related parties**

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

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

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

	<b>2023 Actual</b>	<b>2022 Actual</b>
	\$	\$
Purchase of goods and services	335,078	227,626
<b>Amounts payable to related parties:</b>		
Trade and other payables	11,824	377

**Related Parties**

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

*i. Key management personnel*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 21(a) and 21(b)

*ii. Other Related Parties*

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

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

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

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

**22. 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.

<b>Statement of Financial Position</b>	<b>2023 Actual</b>	<b>2022 Actual</b>
	\$	\$
Land & Buildings	3,440	14,150
Less Accumulted Depreciation	0	(534)
<b>Total assets</b>	<b>3,440</b>	<b>13,616</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Joint operations**

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

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

**23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

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

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

**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 report is presented.

**e) Budget comparative figures**

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

**f) Superannuation**

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

**g) Fair value of assets and liabilities**

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

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

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

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

**h) Interest revenue**

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

**i) Fair value hierarchy**

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

**Valuation techniques**

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

**j) Impairment of assets**

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

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

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

SHIRE OF MORAWA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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25. RATING INFORMATION

(a) General Rates

RATE TYPE Rate Description	Basis of valuation	Rate in \$	Number of Properties	2022/23 Actual Rateable Value*	2022/23 Actual Rate Revenue	2022/23 Actual Interim Rates	2022/23 Actual Total Revenue	2022/23 Budget Rate Revenue	2022/23 Budget Interim Rate	2022/23 Budget Total Revenue	2021/22 Actual Total Revenue
				\$	\$	\$	\$	\$	\$	\$	\$
GRV Residential /Commercial	Gross rental valuation	0.084538	268	2,799,272	236,645	0	236,645	236,645	0	236,645	231,322
UV Rural	Unimproved valuation	0.024439	207	85,452,000	2,088,362	0	2,088,362	2,088,313	0	2,088,313	1,671,701
UV Mining	Unimproved valuation	0.301974	31	827,575	249,906	0	249,906	231,376	0	231,376	223,866
<b>Total general rates</b>			506	89,078,847	2,574,913	0	2,574,913	2,556,334	0	2,556,334	2,126,889
<b>Minimum payment</b>											
<b>Minimum payment</b>											
		\$									
GRV Residential /Commercial	Gross rental valuation	324.50	46	27,993	14,927	0	14,927	14,927	0	14,927	13,108
UV Rural	Unimproved valuation	324.50	9	54,070	2,921	264	3,185	2,920	0	2,920	2,497
UV Mining	Unimproved valuation	683	9	9,082	6,147	(4,330)	1,817	6,147	0	6,147	4,781
<b>Total minimum payments</b>			64	91,145	23,995	(4,066)	19,929	23,994	0	23,994	20,386
<b>Total general rates and minimum payments</b>			570	89,169,992	2,598,908	(4,066)	2,594,842	2,580,328	0	2,580,328	2,147,275
<b>Ex-gratia Rates</b>											
CBH					9,766		9,766	6,668		6,668	6,412
<b>Total amount raised from rates (excluding general rates)</b>			0	0	9,766	0	9,766	6,668	0	6,668	6,412
Discounts							(31,610)			(29,200)	(24,208)
Concessions							(8,654)			(1,000)	(14,249)
<b>Total Rates</b>							2,564,344			2,556,796	2,115,230
Rate instalment interest							4,215			4,000	3,339
Rate overdue interest							29,405			28,000	28,555

ensure the information in the record was current and correct.

\*Rateable Value at time of raising of rate.

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

**26. DETERMINATION OF SURPLUS OR DEFICIT**

	2022/23 (30 June 2023)	2022/23 Budget (30 June 2023)	2021/22 (30 June 2022)
Note	Carried Forward) \$	Carried Forward) \$	Carried 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 Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
<b>Adjustments to operating activities</b>			
	(37,873)	(30,126)	(12,650)
	4,077	5,947	5,392
	(2,764)	0	(2,998)
	0	42,671	0
10(a)	1,806,162	1,582,699	1,881,178
Non-cash movements in non-current assets and liabilities:			
	21,809		(10,015)
	9,872		(108,973)
	<b>1,801,283</b>	<b>1,601,191</b>	<b>1,751,934</b>
<b>(b) Surplus or deficit after imposition of general rates</b>			
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
<b>Adjustments to net current assets</b>			
	(6,732,381)	(6,343,152)	(6,127,967)
Add: Current liabilities not expected to be cleared at end of year			
	28,156	27,355	27,355
	0	28,922	28,922
	239,972	241,861	235,895
	<b>(6,464,253)</b>	<b>(6,045,014)</b>	<b>(5,835,795)</b>
<b>Net current assets used in the Statement of Financial Activity</b>			
	10,215,834	7,987,778	9,875,621
	(1,269,967)	(1,942,764)	(1,660,302)
	(6,464,253)	(6,045,014)	(5,835,795)
	<b>2,481,614</b>	<b>0</b>	<b>2,379,524</b>

SHIRE OF MORAWA  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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27. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual							Budget			
		Principal at 1 July 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	New Loans During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022	New Loans During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Housing</b>												
24 Harley Street	136	279,078	0	(14,607)	264,471	0	(15,186)	249,285	264,471	0	(15,186)	249,285
								0				0
<b>Recreation and culture</b>												
Netball Courts Redevelopment	139	194,086	0	(11,973)	182,113	0	(12,169)	169,944	182,113	0	(12,169)	169,944
<b>Total</b>		473,164	0	(26,580)	446,584	0	(27,355)	419,229	446,584	0	(27,355)	419,229

All other loan repayments were financed by general purpose revenue.

**Borrowing Finance Cost Payments**

Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
						\$	\$	\$
<b>Housing</b>								
24 Harley Street		136	WATC*	3.93%	16/12/2035	(12,128)	(12,046)	(11,649)
<b>Recreation and culture</b>								
Netball Courts Redevelopment		139	WATC*	2.15%	1/09/2035	(4,127)	(4,509)	(3,611)
<b>Total</b>						(16,255)	(16,555)	(15,260)
<b>Total Finance Cost Payments</b>						(16,255)	(16,555)	(15,260)

\* WA Treasury Corporation

SHIRE OF MORAWA  
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27. BORROWING AND LEASE LIABILITIES (Continued)

(b) Unspent Borrowings

Particulars	Institution	Date Borrowed	Unspent Balance	Borrowed	Expended	Unspent
			1 July 2022	During Year	During Year	Balance 30 June 2023
			\$	\$	\$	\$
Netball Courts Redevelopment	WATC*	1/09/2020	89,613	0	0	89,613
			89,613	0	0	89,613

\* WA Treasury Corporation

(c) Lease Liabilities

Purpose	Note	Actual						Budget				
		Principal		Principal at 30 June 2022	Principal		Principal at 30 June 2023	Principal		Principal at 30 June 2023		
		Principal at 1 July 2021	New Leases During 2021-22		Repayments During 2021-22	Repayments During 2022-23		New Leases During 2022-23	Repayments During 2022-23			
Gymnasium Equipment		86,335	0	(57,413)	28,922	0	(28,922)	0	28,922	0	(28,922)	0
<b>Total Lease Liabilities</b>	11(b)	86,335	0	(57,413)	28,922	0	(28,922)	0	28,922	0	(28,922)	0

Lease Finance Cost Payments

Purpose	Note	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022	Lease Term
Gymnasium Equipment			MAIA Financial	2.00%	1/02/2023	\$ (84)	\$ (202)	\$ (601)	24 Months
<b>Total Finance Cost Payments</b>						(84)	(202)	(601)	

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

**28. RESERVE ACCOUNTS**

	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance	2023 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Restricted by council</b>												
(a) Leave Reserve Account	235,895	4,077	0	239,972	235,913	5,948	0	241,861	230,503	5,392	0	235,895
(b) Future Fund Grant (Interest) Reserve	209,080	21,199	0	230,279	209,099	6,660	(40,000)	175,759	206,821	2,259	0	209,080
(c) Swimming Pool Reserve	100,945	21,770	0	122,715	100,952	20,333	0	121,285	80,808	20,137	0	100,945
(d) Plant Replacement Reserve	584,297	310,098	(300,000)	594,395	584,330	301,734	(300,000)	586,064	420,976	300,717	(137,396)	584,297
(e) Capital Works Reserve	401,174	89,035	0	490,209	401,202	101,912	0	503,114	350,577	50,597	0	401,174
(f) Sewerage Reserve	323,579	65,667	0	389,246	323,600	61,125	0	384,725	273,113	50,466	0	323,579
(g) Unspent Loans Reserve	101,639	0	0	101,639	101,640	0	(101,640)	0	125,973	0	(24,334)	101,639
(h) Community & Economic Development Reserve	1,264,780	19,737	0	1,284,517	1,264,840	5,010	0	1,269,850	1,262,857	1,923	0	1,264,780
(i) Future Funds (Principal) Reserve	2,036,179	10,642	0	2,046,821	2,036,211	2,049	0	2,038,260	2,035,350	829	0	2,036,179
(j) Legal Reserve	26,196	10,465	0	36,661	26,198	10,107	0	36,305	26,151	45	0	26,196
(k) Emergency Response Reserve	247,792	14,295	0	262,087	247,807	10,813	0	258,620	197,455	50,337	0	247,792
(l) Aged Care Units 1-4 (JVA) Reserve	70,870	1,225	0	72,095	70,875	291	0	71,166	70,749	121	0	70,870
(m) Aged Care Units (Excl. 1-4) Reserve	254,599	14,412	0	269,011	254,606	10,375	0	264,981	91,300	163,299	0	254,599
(n) COVID-19 Emergency Response Reserve	93,149	0	(50,000)	43,149	93,157	0	0	93,157	108,350	185	(15,386)	93,149
(o) Jones Lake Road Rehab Reserve	100,085	51,792	0	151,877	100,089	50,207	0	150,296	50,000	50,085	0	100,085
(p) Morawa-Yalgoo Road Maintenance Reserve	77,708	70,000	0	147,708	77,709	70,000	0	147,709	5,489	72,219	0	77,708
(q) Insurance Works Reserve	0	250,000	0	250,000	0	0	0	0	0	0	0	0
	6,127,967	954,414	(350,000)	6,732,381	6,128,228	656,564	(441,640)	6,343,152	5,536,472	768,611	(177,116)	6,127,967

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



**SHIRE OF MORAWA  
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FOR THE YEAR ENDED 30 JUNE 2023**

**28. 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 account Restricted by Council</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve account</b>
(a)	Leave Reserve Account	In Perpetuity	To be used to fund leave requirements.
(b)	Future Fund Grant (Interest) Reserve	Until used in full	To allocate funding to community based projects financed from the interest received on the Future Fund (Principal) Reserve.
(c)	Swimming Pool Reserve	In Perpetuity	Funds to be used for any renewal/upgrade or maintenance of the Morawa Swimming Pool.
(d)	Plant Replacement Reserve	In Perpetuity	To be used to upgrade, replace, or purchase of new plant and equipment.
(e)	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.
(f)	Sewerage Reserve	In Perpetuity	To be used to repair, replace, or extend the sewerage facility.
(g)	Unspent Loans Reserve	In Perpetuity	To be used to quarantine any unspent loan funds at year end due to incomplete projects.
(h)	Community & Economic Development Reserve	Until used in full	To fund significant community or economic development projects within the shire.
(i)	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.
(j)	Legal Reserve	In Perpetuity	To be used to fund any unforeseen legal action against the Shire of Morawa.
(k)	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.
(l)	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.
(m)	Aged Care Units (Excl. 1-4) Reserve	In Perpetuity	To fund capital works expenditure relating to existing or new Aged Care Units.
(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	Until No longer needed	To fund future closure and rehabilitation of the landfill site at Jones Lake Road.
(p)	Morawa-Yalgoo Road Maintenance Reserve	Until No longer needed	To be used to fund any future maintenance works on the Morawa Yalgoo Road.
(q)	Insurance Works Reserve	In Perpetuity	To be used to repair assets that have received an insurance payout but works were not completed by year end.

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

**29. 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:

	<b>1 July 2022</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>30 June 2023</b>
	\$	\$	\$	\$
Drug Action Group	660	0	0	660
Youth Fundraising	865	0	0	865
BCITF/BSL	3,144	4,276	(7,248)	172
	<u>4,669</u>	<u>4,276</u>	<u>(7,248)</u>	<u>1,697</u>





# Auditor General

## INDEPENDENT AUDITOR'S REPORT 2023 Shire of Morawa

To the Council 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 as at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2023 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

### Basis for opinion

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

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

### Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial report and my auditor's report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

This auditor's report relates to the financial report of the Shire of Morawa for the year ended 30 June 2023 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Patrick Arulsingham  
Senior Director Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
5 December 2023

NAME OF ENTITY: SHIRE OF MORAWA

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Formal review of depreciation rates	No		✓		NA
2. Back posting of bank payments	No	✓			✓

**Key to ratings**

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

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

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

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

**NAME OF ENTITY: SHIRE OF MORAWA**

**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2023**

**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

**1. Formal review of depreciation rates**

**Finding**

The Shire has no formal procedures in place to periodically review the fixed assets register, including a review of depreciation rates used for different asset classes.

In practice however, subsequent to the assets revaluation performed in June 2023, the remaining useful lives of assets have been re-estimated, depreciation rates were adjusted and the assets register was updated accordingly for the year commencing 1 July 2023.

**Rating:** Moderate

**Implication**

Without a formal policy outlining the process of periodic review and update of depreciation rates, there is a risk that assets could be depreciated at the rates inconsistent with the Shire's expectation.

**Recommendation**

Management should establish a formal procedure documenting its current process of reviewing the asset register, appropriateness of the useful lives and update them post revaluation (if required). This will ensure that the current practice is supported by a documented procedure and also provide necessary guidance an employee undertaking this role first time.

**Management comment**

*The Shire's finance team has reviewed depreciation rates over the last couple of years, as well as rates being reviewed and adopted during the revaluation process and during the development of the Strategic Resource Plan 2022-2037.*

*It was noted in the Shire's recent Financial Management Review that procedures and documentation regarding the management of fixed assets and depreciation required more formality.*

*As such it is already on the Shire's agenda to develop an Executive Policy and enhanced procedures in this area. However, given depreciation of fixed assets has minimal impact on operations and the Shire is limited in terms of its financial resources and personnel, it has yet to be completed. The documentation will be undertaken when practical considering resource availability and the management responsibility to manage higher level risks and deliver community outcomes.*

**Responsible person:** Chief Executive Officer

**Completion date:** December 2024



**NAME OF ENTITY: SHIRE OF MORAWA**  
**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2023**  
**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

**2. Back posting of bank payments**

**Finding**

We noted during our testing of the year end reconciliation for the Muni bank account, bank payments totalling \$195,935.01 made on 5 July 2023 were back posted to financial year ended 30 June 2023.

This issue and similar issues around bank reconciliations have been raised in FY2021 and FY2022.

The cut off error was identified by management and subsequently rectified to adjust the year end bank balance to the correct amount.

**Rating:** Significant

**Implication**

The cut off error would have understated cash and cash equivalents and creditors' account balances at 30 June 2023. This can distort the users' perceptions and understanding of the Shire's financial position.

**Recommendation**

Management should not back post bank payments to prevent misstatements in the financial statements.

As the issue and similar issues have persisted in three consecutive years, we recommend that management should implement an improvement to the payment process, such as the implementation of a checklist or procedural enhancement to ensure bank posting periods are checked for every payment batch.

**NAME OF ENTITY: SHIRE OF MORAWA**

**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2023**

**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

**Management comment**

*Unfortunately, the Shire's financial system does not allow the creditors posting period to be kept open only for posting invoices. As such there is a risk that whilst ever the period is open for correctly posting invoices that a human error may occur and the incorrect posting period for the bank transaction may be chosen.*

*Management accepts that the officer creating the batch and the officers approving the payment both missed the incorrect posting date. However, the third layer of detective control being the bank reconciliation process identified the issue and it was subsequently resolved before the financial statements were finalised.*

*Management challenges the significant rating of this finding on the basis that the actual impact on the financial statements was zero and at the time the error was made it only created an imbalance in assets and liabilities not cash flow or payment to the wrong suppliers or fraudulent transactions, thus the risk to the entity was minimal not significant. The Shire has controls in place to detect incorrect postings within Synergy at bank reconciliation time and these controls were effective. The invoices were entered into the correct period, and the payment left the bank on the correct date and for the correct amount, thus the error was a posting error on the system only, and whilst frustrating and warranting remediation and a tightening of controls, the significant rating seems excessive.*

*Management agree that the preventative/earlier detective controls can be tightened to identify errors sooner or prevent them from occurring.*

**Responsible person:** Chief Executive Officer  
**Completion date:** June 2024