

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

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

A vibrant, affordable Regional Centre with a growing, caring community.

Principal place of business:

34 Padbury Street
 MOORA
 WA 6510

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the Sixth day of April 2023



Chief Executive Officer

Gavin Robins

Name of Chief Executive Officer

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

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
Revenue				
Rates	25(a),2(a)	4,371,607	4,357,036	4,145,417
Operating grants, subsidies and contributions	2(a)	2,956,076	1,464,300	2,101,405
Fees and charges	24(c),2(a)	2,967,040	2,784,659	2,641,473
Interest earnings	2(a)	45,610	61,621	55,075
Other revenue	2(a)	267,195	125,580	194,244
		10,607,528	8,793,196	9,137,614
Expenses				
Employee costs		(4,448,235)	(4,086,682)	(3,836,476)
Materials and contracts		(1,738,673)	(2,771,609)	(1,537,599)
Utility charges		(433,388)	(414,010)	(387,515)
Depreciation	10(a)	(4,525,715)	(4,444,368)	(4,426,003)
Finance costs	2(b)	(24,717)	(25,427)	(29,486)
Insurance		(221,323)	(205,422)	(208,415)
Other expenditure	2(b)	(482,445)	(412,165)	(303,212)
		(11,874,496)	(12,359,683)	(10,728,706)
		(1,266,968)	(3,566,487)	(1,591,092)
Capital grants, subsidies and contributions	2(a)	3,555,091	8,236,405	2,468,342
Profit on asset disposals	10(b)	104,779	0	0
Loss on asset disposals	10(b)	(174,345)	(32,000)	(4,976)
Fair value adjustments to financial assets at fair value through profit or loss		4,996	0	3,232
Fair value adjustments to investment property	12	262,387	0	0
		3,752,908	8,204,405	2,466,598
Net result for the period	24(b)	2,485,940	4,637,918	875,506
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	17	8,024,940	0	0
Total other comprehensive income for the period		8,024,940	0	0
Total comprehensive income for the period		10,510,880	4,637,918	875,506

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

**SHIRE OF MOORA
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	NOTE	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	3	10,039,985	8,636,154
Trade and other receivables	5	788,211	623,116
Other financial assets	4(a)	14,659	19,482
Inventories	6	97,837	28,093
Other assets	7	194,119	198,189
TOTAL CURRENT ASSETS		11,134,811	9,505,034
NON-CURRENT ASSETS			
Trade and other receivables	5	41,495	32,178
Other financial assets	4(b)	130,878	183,572
Inventories	6	286,000	332,500
Property, plant and equipment	8	31,429,863	22,876,838
Infrastructure	9	163,327,333	161,980,692
Investment property	12	711,000	1,091,305
TOTAL NON-CURRENT ASSETS		195,926,569	186,497,085
TOTAL ASSETS		207,061,380	196,002,119
CURRENT LIABILITIES			
Trade and other payables	13	815,980	777,085
Other liabilities	14	1,996,027	1,300,755
Borrowings	15	100,999	128,444
Employee related provisions	16	762,181	837,289
TOTAL CURRENT LIABILITIES		3,675,187	3,043,573
NON-CURRENT LIABILITIES			
Borrowings	15	597,999	698,999
Employee related provisions	16	62,122	44,355
TOTAL NON-CURRENT LIABILITIES		660,121	743,354
TOTAL LIABILITIES		4,335,308	3,786,927
NET ASSETS		202,726,072	192,215,192
EQUITY			
Retained surplus		86,383,941	84,369,312
Reserve accounts	28	4,040,604	3,569,293
Revaluation surplus	17	112,301,527	104,276,587
TOTAL EQUITY		202,726,072	192,215,192

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

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

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2020		84,603,425	2,459,674	104,276,587	191,339,686
Comprehensive income for the period					
Net result for the period		875,506	0	0	875,506
Total comprehensive income for the period		875,506	0	0	875,506
Transfers from reserves	28	10,000	(10,000)	0	0
Transfers to reserves	28	(1,119,619)	1,119,619	0	0
Balance as at 30 June 2021		84,369,312	3,569,293	104,276,587	192,215,192
Comprehensive income for the period					
Net result for the period		2,485,940	0	0	2,485,940
Other comprehensive income for the period	17	0	0	8,024,940	8,024,940
Total comprehensive income for the period		2,485,940	0	8,024,940	10,510,880
Transfers from reserves	28	115,000	(115,000)	0	0
Transfers to reserves	28	(586,311)	586,311	0	0
Balance as at 30 June 2022		86,383,941	4,040,604	112,301,527	202,726,072

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

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

NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	4,412,547	4,357,036	4,190,881
Operating grants, subsidies and contributions	2,675,838	1,322,244	2,156,956
Fees and charges	2,971,471	2,784,659	2,629,483
Interest received	45,610	61,621	55,075
Goods and services tax received	814,042	0	0
Other revenue	267,195	125,580	194,244
	11,186,703	8,651,140	9,226,639
Payments			
Employee costs	(4,514,838)	(4,086,682)	(3,706,067)
Materials and contracts	(1,814,925)	(2,771,610)	(1,415,510)
Utility charges	(433,388)	(414,010)	(387,515)
Goods and services tax paid	(726,481)	0	(196,035)
Interest expenses	(25,427)	(25,427)	(30,189)
Insurance expenses	(221,323)	(205,422)	(208,415)
Other expenditure	(470,039)	(412,165)	(260,712)
	(8,206,421)	(7,915,316)	(6,204,443)
Net cash provided by (used in) operating activities	18(b) 2,980,282	735,824	3,022,196
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	8(a) (1,621,248)	(5,873,000)	(666,395)
Payments for construction of infrastructure	9(a) (4,702,055)	(6,851,945)	(2,778,601)
Payments for investment property	12 0	0	(15,623)
Non-operating grants, subsidies and contributions	4,285,296	7,049,627	3,574,477
Proceeds from financial assets at amortised cost - community loans	54,290	11,259	13,874
Proceeds from financial assets at amortised cost - self supporting loans	8,223	8,223	7,967
Proceeds from sale of land held for sale	10(b) 29,950	0	0
Proceeds from sale of property, plant & equipment	10(b) 497,538	539,500	34,545
Net cash provided by (used in) investing activities	(1,448,006)	(5,116,336)	170,244
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	27(a) (128,445)	(128,445)	(123,684)
Net cash provided by (used in) financing activities	(128,445)	(128,445)	(123,684)
Net increase (decrease) in cash held	1,403,831	(4,508,957)	3,068,756
Cash at beginning of year	8,636,154	8,636,154	5,567,398
Cash and cash equivalents at the end of the year	18(a) 10,039,985	4,127,197	8,636,154

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

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

	NOTE	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
NET CURRENT ASSETS - At start of financial year - surplus/(deficit)	26(b)	3,296,929	3,743,877	2,656,706
OPERATING ACTIVITIES				
Revenue from operating activities (excluding general rate)				
Rates (excluding general rate)	25(b)	25,223	25,223	24,022
Operating grants, subsidies and contributions		2,956,076	1,464,300	2,101,405
Fees and charges		2,967,040	2,784,659	2,641,473
Interest earnings		45,610	61,621	55,075
Other revenue		267,195	125,580	194,244
Profit on asset disposals	10(b)	104,779	0	0
Fair value adjustments to financial assets at fair value through profit or loss		4,996	0	3,232
Fair value adjustments to investment property		262,387	0	0
		6,633,306	4,461,383	5,019,451
Expenditure from operating activities				
Employee costs		(4,448,235)	(4,086,682)	(3,836,476)
Materials and contracts		(1,738,673)	(2,771,609)	(1,537,599)
Utility charges		(433,388)	(414,010)	(387,515)
Depreciation		(4,525,715)	(4,444,368)	(4,426,003)
Finance costs		(24,717)	(25,427)	(29,486)
Insurance		(221,323)	(205,422)	(208,415)
Other expenditure		(482,445)	(412,165)	(303,212)
Loss on asset disposals	10(b)	(174,345)	(32,000)	(4,976)
		(12,048,841)	(12,391,683)	(10,733,682)
Non-cash amounts excluded from operating activities	26(a)	4,238,114	4,362,613	4,402,253
Amount attributable to operating activities		(1,177,421)	(3,567,687)	(1,311,978)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		3,555,091	8,236,405	2,468,342
Proceeds from disposal of assets - Land held for sale	10(b)	29,950	0	0
Proceeds from disposal of assets - property, plant and equipment	10(b)	497,538	539,500	34,545
Proceeds from financial assets at amortised cost - self supporting loans	27(a)	8,223	8,223	7,967
Proceeds on financial assets at amortised cost - community loans		54,290	11,259	13,874
Purchase of property, plant and equipment	8(a)	(1,621,248)	(5,873,000)	(666,395)
Purchase and construction of infrastructure	9(a)	(4,702,055)	(6,851,945)	(2,778,601)
Purchase of investment property	12	0	0	(15,623)
Amount attributable to investing activities		(2,178,211)	(3,929,558)	(935,891)
FINANCING ACTIVITIES				
Repayment of borrowings	27(a)	(128,445)	(128,445)	(123,684)
Transfers to reserves (restricted assets)	28	(586,311)	(565,000)	(1,119,619)
Transfers from reserves (restricted assets)	28	115,000	115,000	10,000
Amount attributable to financing activities		(599,756)	(578,445)	(1,233,303)
Surplus/(deficit) before imposition of general rates		(658,459)	(4,331,813)	(824,466)
Total amount raised from general rates	25(a)	4,346,384	4,331,813	4,121,395
Surplus/(deficit) after imposition of general rates	26(b)	3,687,925	0	3,296,929

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

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

1. BASIS OF PREPARATION

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

Local Government Act 1995 requirements

Section 6.4(2) of the Local Government Act 1995 read with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

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

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

The local government reporting entity

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

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, infrastructure and investment property

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

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contractual commitments	General appropriations and contributions with no specific contractual commitments	No obligations	Not applicable	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Output method based on regular weekly and fortnightly period as proportionate to collection service
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
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Output method based on provision of service or completion of works
Sale of stock	Kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	When claim is agreed

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

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

2. REVENUE AND EXPENSES (Continued)

Revenue Recognition

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

For the year ended 30 June 2022

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	4,371,607	0	4,371,607
Operating grants, subsidies and contributions	163,054	0	0	2,793,022	2,956,076
Fees and charges	2,902,931	0	64,109	0	2,967,040
Interest earnings	0	0	32,546	13,064	45,610
Other revenue	0	0	0	267,195	267,195
Non-operating grants, subsidies and contributions	0	3,555,091	0	0	3,555,091
Total	3,065,985	3,555,091	4,468,262	3,073,281	14,162,619

For the year ended 30 June 2021

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	4,145,417	0	4,145,417
Operating grants, subsidies and contributions	64,848	0	0	2,036,557	2,101,405
Fees and charges	2,636,865	0	4,608	0	2,641,473
Interest earnings	0	0	45,348	9,727	55,075
Other revenue	0	0	194,244	0	194,244
Non-operating grants, subsidies and contributions	0	2,468,342	0	0	2,468,342
Total	2,701,713	2,468,342	4,389,617	2,046,284	11,605,956

	Note	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
(a) Revenue				
Interest earnings				
Financial assets at amortised cost - self supporting loans		1,099	0	2,547
Interest on reserve funds		8,918	15,000	6,056
Rates instalment and penalty interest (refer Note 25(d))		25,141	29,500	29,335
Other interest earnings		10,452	17,121	17,137
		45,610	61,621	55,075
(b) Expenses				
Auditors remuneration				
- Audit of the Annual Financial Report		43,800	60,000	38,800
- Other assurance services		16,670	10,000	4,000
		60,470	70,000	42,800
Finance costs				
Borrowings	27(a)	24,717	25,427	29,486
		24,717	25,427	29,486
Other expenditure				
Impairment losses on rates receivables		7,025	0	0
Reversal of impairment losses on receivables from contracts with customers		(2,594)	0	(11,990)
Write down of inventories to net realisable value	6	15,000		42,500
Sundry expenses		463,014	412,165	272,702
		482,445	412,165	303,212

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

3. CASH AND CASH EQUIVALENTS

Cash at bank and on hand
Total cash and cash equivalents

Held as

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

Note	2022	2021
	\$	\$
	10,039,985	8,636,154
18(a)	10,039,985	8,636,154
	3,956,518	3,727,816
18(a)	6,083,467	4,908,338
	10,039,985	8,636,154

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

Details of restrictions on financial assets can be found at Note 18.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Self supporting loans
Community loans

Held as

- Unrestricted other financial assets at amortised cost

(b) Non-current assets

Financial assets at amortised cost
Financial assets at fair value through profit and loss

Financial assets at amortised cost

Self supporting loans
Community loan

Financial assets at fair value through profit and loss

Units in Local Government House Trust
CMC Pty Ltd - 100,000 B Class Shares

	2022	2021
	\$	\$
	14,659	19,482
	14,659	19,482
26(b)	8,487	8,223
	6,172	11,259
	14,659	19,482
	14,659	19,482
	14,659	19,482
	22,433	80,123
	108,445	103,449
	130,878	183,572
	22,433	30,920
	0	49,203
	22,433	80,123
	97,255	92,259
	11,190	11,190
	108,445	103,449

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 23 (i)) due to the observable market rates.

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

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

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

5. TRADE AND OTHER RECEIVABLES

	Note	2022 \$	2021 \$
Current			
Rates receivable		372,810	364,733
Trade and other receivables		337,903	88,893
GST receivable		119,987	207,548
Allowance for credit losses of trade and other receivables	22(b)	(1,920)	(4,514)
Allowance for credit losses of rates receivables	22(b)	(40,569)	(33,544)
		788,211	623,116
Non-current			
Pensioner's rates and ESL deferred		40,107	29,679
Moora Lifestyle Village Relocation Loans		1,388	2,499
		41,495	32,178

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

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

Classification and subsequent measurement

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

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

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

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

6. INVENTORIES

	Note	2022	2021
Current		\$	\$
Fuel and materials		97,837	28,093
		97,837	28,093
Non-current			
Land held for resale			
Cost of acquisition		286,000	332,500
		286,000	332,500

Note: Land held for resale figures along with comparatives has been reclassified as inventories from Other Assets in the annual financial statements

The following movements in inventories occurred during the year:

Balance at beginning of year		360,593	420,145
Inventories expensed during the year		(366,135)	(17,052)
Write down of inventories to net realisable value	2(b)	(15,000)	(42,500)
Disposal of land held for resale		(31,500)	0
Additions to inventory		435,879	0
Balance at end of year		383,837	360,593

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.

Land held for resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Land held for resale (Continued)

Borrowing costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed onto the buyer at this point.

Land held for resale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

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

7. OTHER ASSETS

Other assets - current

Prepayments

Accrued income

Contract assets

2022	2021
\$	\$
2,564	1,298
1,658	0
189,897	196,891
194,119	198,189

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

Contract assets

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at the end of the period 30 June 2022.

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

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

Note	Land	Buildings - specialised	Buildings - non- specialised	Total land and buildings	Furniture and equipment	Plant and equipment	PPE work in progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	2,899,002	980,169	14,475,887	18,355,058	113,649	4,529,329	0	22,998,036
Additions	0	0	199,949	199,949	14,391	452,055	0	666,395
Disposals	0	0	0	0	0	(39,521)	0	(39,521)
Depreciation	0	(30,559)	(646,012)	(676,571)	(30,368)	(430,768)	0	(1,137,707)
Transfers from Non-current assets held for sale	129,650	259,985	0	389,635	0	0	0	389,635
Balance at 30 June 2021	3,028,652	1,209,595	14,029,824	18,268,071	97,672	4,511,095	0	22,876,838
Comprises:								
Gross balance amount at 30 June 2021	3,028,652	2,026,510	32,477,724	37,532,886	191,420	6,115,127	0	43,839,433
Accumulated depreciation at 30 June 2021	0	(816,915)	(18,447,900)	(19,264,815)	(93,748)	(1,604,032)	0	(20,962,595)
Balance at 30 June 2021	3,028,652	1,209,595	14,029,824	18,268,071	97,672	4,511,095	0	22,876,838
Additions	0	0	31,640	31,640	0	1,316,237	273,371	1,621,248
Disposals	0	(47,000)	(70,178)	(117,178)	0	(448,376)	0	(565,554)
Revaluation increments / (decrements) transferred to revaluation surplus	5,116,348	172,404	2,736,188	8,024,940	0	0	0	8,024,940
Depreciation	0	(40,530)	(648,235)	(688,765)	(27,442)	(485,592)	0	(1,201,799)
Transfers from investment properties	118,000	524,692	0	642,692	0	0	0	642,692
Transfers - other	0	(112,161)	112,161	0	0	31,498	0	31,498
Balance at 30 June 2022	8,263,000	1,707,000	16,191,400	26,161,400	70,230	4,924,862	273,371	31,429,863
Comprises:								
Gross balance amount at 30 June 2022	8,263,000	1,707,000	16,191,400	26,161,400	191,420	6,788,187	273,371	33,414,378
Accumulated depreciation at 30 June 2022	0	0	0	0	(121,190)	(1,863,325)	0	(1,984,515)
Balance at 30 June 2022	8,263,000	1,707,000	16,191,400	26,161,400	70,230	4,924,862	273,371	31,429,863

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties, where land has no restrictions to use and/or sale	Independent registered valuer	June 2022	Price per hectare
Land	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuer	June 2022	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 open market values of similar assets, adjusted for condition and comparability, at their highest and best use	Independent registered valuer	June 2022	Price per square metre
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2022	Observable and unobservable inputs being construction costs based on recent contract prices, current condition, residual values and remaining useful life assessments

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.

(ii) Cost					
Furniture and equipment	N/A	Cost	Cost	N/A	Purchase Cost
Plant and equipment	N/A	Cost	Cost	N/A	Purchase Cost

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change was effective from 1 July 2019 and represented a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

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

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Note	Infrastructure - Roads	Infrastructure Footpaths	Infrastructure Drainage	Infrastructure Bridges	Infrastructure Street Lighting & Furniture	Infrastructure Parks & Ovals	Infrastructure Sewerage	Infrastructure work in progress	Total Infrastructure
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020		128,889,700	938,355	5,772,441	7,310,256	1,503,235	3,791,520	16,284,880	0	162,490,387
Additions		2,463,201	190,321	0	0	27,118	0	97,961	0	2,778,601
Depreciation		(2,055,276)	(20,930)	(208,536)	(121,964)	(99,305)	(303,662)	(478,623)	0	(3,288,296)
Balance at 30 June 2021	10(a)	127,297,625	1,107,746	5,563,905	7,188,292	1,431,048	3,487,858	15,904,218	0	161,980,692
Comprises:										
Gross balance at 30 June 2021		159,540,182	2,070,595	15,236,053	11,123,841	2,298,356	7,730,014	33,775,024	0	231,774,065
Accumulated depreciation at 30 June 2021		(32,242,557)	(962,849)	(9,672,148)	(3,935,549)	(867,308)	(4,242,156)	(17,870,806)	0	(69,793,373)
Balance at 30 June 2021		127,297,625	1,107,746	5,563,905	7,188,292	1,431,048	3,487,858	15,904,218	0	161,980,692
Additions		3,843,543	188,614	0	0	0	0	261,548	408,350	4,702,055
Depreciation	10(a)	(2,092,060)	(17,563)	(208,537)	(121,964)	(99,622)	(303,662)	(480,508)	0	(3,323,916)
Transfers		(31,498)								(31,498)
Balance at 30 June 2022		129,017,610	1,278,797	5,355,368	7,066,328	1,331,426	3,184,196	15,685,258	408,350	163,327,333
Comprises:										
Gross balance at 30 June 2022		163,352,227	2,259,210	15,236,052	11,123,841	2,298,356	7,730,014	34,036,573	408,350	236,444,623
Accumulated depreciation at 30 June 2022		(34,334,617)	(980,413)	(9,880,684)	(4,057,513)	(966,930)	(4,545,818)	(18,351,315)	0	(73,117,290)
Balance at 30 June 2022		129,017,610	1,278,797	5,355,368	7,066,328	1,331,426	3,184,196	15,685,258	408,350	163,327,333

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

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value		Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
	Infrastructure - Roads		3	Cost approach using depreciated replacement cost	Independent	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
	Infrastructure Footpaths		3	Cost approach using depreciated replacement cost	Independent	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
	Infrastructure Drainage		3	Cost approach using depreciated replacement cost	Independent	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
	Infrastructure Bridges		3	Cost approach using depreciated replacement cost	Independent	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
	Infrastructure Street Lighting & Furniture		3	Cost approach using depreciated replacement cost	Independent	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
	Infrastructure Parks & Ovals		3	Cost approach using depreciated replacement cost	Independent	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
	Infrastructure Sewerage		3	Cost approach using depreciated replacement cost	Independent	June 2018	Construction costs and current condition, residual values and remaining useful life assessments

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

10. FIXED ASSETS

(a) Depreciation

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Buildings - non-specialised	8(a)	40,530	30,560	30,559
Buildings - specialised	8(a)	648,235	640,000	646,012
Furniture and equipment	8(a)	27,442	30,000	30,368
Plant and equipment	8(a)	485,592	425,000	430,768
Infrastructure - Roads	9(a)	2,092,060	2,085,844	2,055,276
Infrastructure Footpaths	9(a)	17,563	21,000	20,930
Infrastructure Drainage	9(a)	208,537	208,500	208,536
Infrastructure Bridges	9(a)	121,964	121,964	121,964
Infrastructure Street Lighting & Furniture	9(a)	99,622	99,000	99,305
Infrastructure Parks & Ovals	9(a)	303,662	302,500	303,662
Infrastructure Sewerage	9(a)	480,508	480,000	478,623
		4,525,715	4,444,368	4,426,003

Depreciation rates

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

Asset Class	Useful life
Buildings	50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Infrastructure - Roads	20 to 80 Years
Infrastructure - Footpaths	50 to 80 Years
Infrastructure - Drainage	20 to 80 Years
Infrastructure - Parks and Ovals	30 to 50 Years
Infrastructure - Bridges	80 to 100 Years
Infrastructure - Street Furniture & Lighting	15 - 80 Years
Infrastructure - Sewerage	80 to 100 Years
Infrastructure - WIP	not depreciated

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

10. FIXED ASSETS (Continued)

(b) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land held for resale	31,500	29,950	0	(1,550)	0	0	0	0	0	0	0	0
Buildings - non-specialised	47,000	0	0	(47,000)	0	0	0	0	0	0	0	0
Buildings - specialised	70,178	0	0	(70,178)	0	0	0	0	0	0	0	0
Plant and equipment	448,376	497,538	104,779	(55,617)	571,500	539,500	0	(32,000)	39,521	34,545	0	(4,976)
	597,054	527,488	104,779	(174,345)	571,500	539,500	0	(32,000)	39,521	34,545	0	(4,976)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
Plant and Equipment				
Governance	\$	\$	\$	\$
Ford Ranger Double Cab XLT 3.2L - 2019	34,817	37,273	2,456	0
Holden Calais-V 3.6L AWD Hatch - 2018	25,793	27,272	1,479	0
Ford Everest Titanium 2.0L Bi-Turbo	48,453	45,454	0	(2,999)
Law, order, public safety				
Ford Ranger 4x4 Dual Cab (DFES)	70,949	77,000	6,051	0
Community amenities				
2013 Toyota Hilux Single Cab Chassis 3.0L	9,490	12,273	2,783	0
Recreation and culture				
Grandstand Pavilion & Servery Moora Sports	70,178	0	0	(70,178)
Transport				
Side Tipper 40FT Trailer	11,154	47,629	36,475	0
2011 Caterpillar 938H Wheel Loader - 107M	58,974	85,000	26,026	0
Fuso FEC81CR4SFAC Cab Chassis Truck	20,893	25,454	4,561	0
2014 Mack Granite 6x4 MP8 Prime Mover	100,800	48,182	0	(52,618)
Toyota Hilux 4x4 2.8L Single Cab	15,949	25,455	9,506	0
Ford PX MK11 Ranger XL Single Cab	18,285	24,546	6,261	0
2008 Bomag Vib Roller BW211D-4 (M11577)	32,819	42,000	9,181	0
Economic services				
Lot 169 Ranfurly Street Moora, Industrial Block	31,500	29,950	0	(1,550)
	550,054	527,488	104,779	(127,345)
Buildings - non-specialised				
Housing				
24 Padbury Street (Demolished)	47,000	0	0	(47,000)
	47,000	0	0	(47,000)
	597,054	527,488	104,779	(174,345)

**SHIRE OF MOORA
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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, where applicable, any accumulated depreciation and impairment losses.

Initial recognition and measurement for assets held at cost

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

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

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

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

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

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

Revaluation

The fair value of land, buildings, 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. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

Revaluation (continued)

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

Depreciation

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

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

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

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

Depreciation on revaluation

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

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

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

Lessor - Property, Plant and Equipment Subject to Lease

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

Less than 1 year

1 to 2 years

2 to 3 years

3 to 4 years

4 to 5 years

2022 Actual \$	2021 Actual \$
43,655	27,560
51,480	43,655
50,619	51,480
14,626	50,519
0	14,626
160,380	187,840

SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

Upon entering into each contract as a lessor, the Shire assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Shire applies AASB 15 to allocate the consideration under the contract to each component.

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

12. INVESTMENT PROPERTY

Non-current assets - at fair value

	2022 Actual \$	2021 Actual \$
Carrying balance at 1 July	1,091,305	1,075,682
Acquisitions	0	15,623
Re-classified as land and buildings	(642,692)	0
Net gain/(loss) from fair value adjustment	262,387	0
Closing balance at 30 June	711,000	1,091,305

Amounts recognised in profit or loss for investment properties

Rental income	0	146,170
Direct operating expenses from property that generated rental income	(13,439)	(22,614)

Leasing arrangements

Investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

Less than 1 year	20,000	69,391
1 to 2 years	20,000	27,765
2 to 3 years	20,000	0
3 to 4 years	20,000	0
4 to 5 years	6,667	0
	86,667	97,156

SIGNIFICANT ACCOUNTING POLICIES

Investment properties

Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the Shire. Investment properties are carried at fair value. In accordance with the significant accounting policies disclosed at Note 10.

Fair value of investment properties

A management valuation was performed to determine the fair value of investment properties. The main Level 3 inputs used in the valuation were discount rates, terminal yields, expected vacancy rates and rental growth rates estimated by management based on comparable transactions and industry data.

**SHIRE OF MOORA
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FOR THE YEAR ENDED 30 JUNE 2022**

13. TRADE AND OTHER PAYABLES

Current

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

2022	2021
\$	\$
188,434	415,793
201,501	142,056
107,917	65,343
57,430	109,266
46,836	38,290
5,627	6,337
208,235	0
815,980	777,085

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

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

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

Prepaid rates

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

SHIRE OF MOORA
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14. OTHER LIABILITIES

Current

Contract liabilities

Capital grant/contributions liabilities

Reconciliation of changes in contract liabilities

Opening balance

Additions

Revenue from contracts with customers included as a contract liability at the start of the period

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

Reconciliation of changes in capital grant/contribution liabilities

Opening balance

Additions

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

Expected satisfaction of capital grant/contribution liabilities

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.

	2022	2021
	\$	\$
Contract liabilities	159,687	194,620
Capital grant/contributions liabilities	1,836,340	1,106,135
	1,996,027	1,300,755
Reconciliation of changes in contract liabilities		
Opening balance	194,620	0
Additions	159,687	194,620
Revenue from contracts with customers included as a contract liability at the start of the period	(194,620)	0
	159,687	194,620
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	1,106,135	0
Additions	1,836,340	1,106,135
Revenue from capital grant/contributions held as a liability at the start of the period	(1,106,135)	0
	1,836,340	1,106,135
Expected satisfaction of capital grant/contribution liabilities		
	1,836,340	1,106,135

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

SHIRE OF MOORA
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15. BORROWINGS

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		100,999	597,999	698,998	128,444	698,999	827,443
Total secured borrowings	27(a)	100,999	597,999	698,998	128,444	698,999	827,443

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Moora. Other loans relate to transferred receivables. Refer to Note 5.

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

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

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

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

Risk

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

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

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

16. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions

Employee benefit provisions

Annual Leave

Long Service Leave

Non-current provisions

Long Service Leave

	2022	2021
	\$	\$
Annual Leave	388,268	421,333
Long Service Leave	373,913	415,956
	762,181	837,289
Long Service Leave	62,122	44,355
	62,122	44,355
	824,303	881,644

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

Note	2022	2021
	\$	\$
Less than 12 months after the reporting date	243,904	346,987
More than 12 months from reporting date	580,399	534,657
	824,303	881,644

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

17. REVALUATION SURPLUS

	2022 Opening Balance	2022 Change in Accounting Policy	2022 Revaluation Increment	2022 Revaluation (Decrement)	2022 Total Movement on Revaluation	2022 Closing Balance	2021 Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)	2021 Total Movement on Revaluation	2021 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	1,895,520	0	5,116,348	0	5,116,348	7,011,868	1,895,520	0	0	0	1,895,520
Revaluation surplus - Buildings - non-specialised	473,103	0	172,404	0	172,404	645,507	473,103	0	0	0	473,103
Revaluation surplus - Buildings - specialised	6,159,088	0	2,736,188	0	2,736,188	8,895,276	6,159,088	0	0	0	6,159,088
Revaluation surplus - Infrastructure - Roads	66,541,398	0	0	0	0	66,541,398	66,541,398	0	0	0	66,541,398
Revaluation surplus - Infrastructure Drainage	4,237,509	0	0	0	0	4,237,509	4,237,509	0	0	0	4,237,509
Revaluation surplus - Infrastructure Bridges	5,770,938	0	0	0	0	5,770,938	5,770,938	0	0	0	5,770,938
Revaluation surplus - Infrastructure Street Lighting & Furniture	851,837	0	0	0	0	851,837	851,837	0	0	0	851,837
Revaluation surplus - Infrastructure Parks & Ovals	2,085,971	0	0	0	0	2,085,971	2,085,971	0	0	0	2,085,971
Revaluation surplus - Infrastructure Sewerage	16,261,223	0	0	0	0	16,261,223	16,261,223	0	0	0	16,261,223
	104,276,587	0	8,024,940	0	8,024,940	112,301,527	104,276,587	0	0	0	104,276,587

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

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

18. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	10,039,985	4,127,197	8,636,154
Restrictions				
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:				
- Cash and cash equivalents	3	6,083,467	4,019,293	4,908,338
		6,083,467	4,019,293	4,908,338
The restricted financial assets are a result of the following specific purposes to which the assets may be used:				
Restricted reserve accounts	28	4,040,604	4,019,293	3,569,293
Contract liabilities	14	159,687	0	194,620
Capital grant/contributions liabilities	14	1,836,340	0	1,106,135
Bonds and deposits held	13	46,836	0	38,290
Total restricted financial assets		6,083,467	4,019,293	4,908,338
(b) Reconciliation of Net Result to Net Cash Provided By Operating Activities				
Net result		2,485,940	4,637,918	875,506
Non-cash items:				
Adjustments to fair value of financial assets at fair value through profit and loss		(4,996)	0	(3,232)
Adjustments to fair value of investment property		(262,387)	0	0
Depreciation/amortisation		4,525,715	4,444,368	4,426,003
(Profit)/loss on sale of asset		69,566	32,000	4,976
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		(174,412)	0	(83,187)
(Increase)/decrease in other assets		4,070	0	(168,229)
(Increase)/decrease in inventories		(54,744)	0	59,552
Increase/(decrease) in trade and other payables		38,895	0	345,350
Increase/(decrease) in employee related provisions		(57,341)	0	67,375
Increase/(decrease) in other liabilities		695,272	(142,056)	1,072,559
Non-operating grants, subsidies and contributions		(4,285,296)	(8,236,406)	(3,574,477)
Net cash provided by/(used in) operating activities		2,980,282	735,824	3,022,196
(c) Undrawn Borrowing Facilities				
Credit Standby Arrangements				
Bank overdraft limit		1,000,000		1,000,000
Bank overdraft at balance date		0		0
Credit card limit		38,750		38,750
Credit card balance at balance date		(5,654)		(18,380)
Total amount of credit unused		1,033,096		1,020,370
Loan facilities				
Loan facilities - current		100,999		128,444
Loan facilities - non-current		597,999		698,999
Total facilities in use at balance date		698,998		827,443
Unused loan facilities at balance date		Nil		Nil

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FOR THE YEAR ENDED 30 JUNE 2022

19. CONTINGENT LIABILITIES

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

Roberts Street Road Reserve
 Lot 43 (16) Roberts Street (Lifestyle Village and former Main Roads WA depot)
 Lot 101 Lefroy Street (Worker's Camp)
 Lot 370 (18) Drummond Street (Water Corporation Depot)
 45 Drummond Street (Council Depot)

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk and agree with the Department of Water and Environmental Regulation (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.

No other contingent liabilities noted.

20. CAPITAL COMMITMENTS

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year

2022	2021
\$	\$
241,229	0
238,084	0
479,313	0
479,313	0

SHIRE OF MOORA
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21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Note	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Councillor 1 - Cr Tracy Lefroy			
President's annual allowance	16,800	16,800	11,113
Deputy President's annual allowance	0	0	1,262
Meeting attendance fees	6,240	3,751	4,530
Travel and accommodation expenses	7,206	1,200	5,942
	30,246	21,751	22,847
Councillor 2 - Cr Steven Gilbert			
Deputy President's annual allowance	4,200	4,200	2,800
Meeting attendance fees	5,220	3,751	4,350
Travel and accommodation expenses	0	1,200	0
	9,420	9,151	7,150
Councillor 3 - Cr Ken Seymour			
President's annual allowance	0	0	4,910
Meeting attendance fees	3,470	3,751	2,100
Travel and accommodation expenses	1,118	1,200	3,898
	4,588	4,951	10,908
Councillor 4 - Cr Tracy Humphry			
Meeting attendance fees	635	3,751	4,050
Travel and accommodation expenses	268	1,200	1,575
	903	4,951	5,625
Councillor 5 - Cr Clydesdale-Gebert			
Meeting attendance fees	5,220	3,751	4,350
Travel and accommodation expenses	0	1,200	0
	5,220	4,951	4,350
Councillor 6 - Lyn Hamilton			
Meeting attendance fees	4,905	3,751	3,750
Travel and accommodation expenses	0	1,200	0
	4,905	4,951	3,750
Councillor 7 - Peter Nixon			
Meeting attendance fees	950	3,751	4,350
Travel and accommodation expenses	191	1,200	1,194
	1,141	4,951	5,544
Councillor 8 - Julie Thomas			
Meeting attendance fees	1,265	3,751	4,350
Travel and accommodation expenses	0	1,200	0
	1,265	4,951	4,350
Councillor 9 - Marcus Holliday			
Meeting attendance fees	0	0	2,850
Travel and accommodation expenses	0	0	900
	0	0	3,750
Councillor 10 - Sheryl Byran			
Meeting attendance fees	3,640	3,751	0
Travel and accommodation expenses	0	1,200	0
	3,640	4,951	0
Councillor 11 - Tracey Errington			
Meeting attendance fees	3,165	3,751	0
Travel and accommodation expenses	0	1,200	0
	3,165	4,951	0
	64,493	70,510	68,274

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

21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration (Continued)

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

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
President's annual allowance	16,800	16,800	16,023
Deputy President's annual allowance	4,200	4,200	4,062
Meeting attendance fees	34,710	37,510	34,680
Travel and accommodation expenses	8,783	12,000	13,509
21(b)	64,493	70,510	68,274

(b) Key Management Personnel (KMP) Compensation

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

	2022 Actual	2021 Actual
	\$	\$
Short-term employee benefits	758,505	540,317
Post-employment benefits	87,873	71,208
Employee - other long-term benefits	60,544	67,121
Employee - termination benefits	97,466	0
Council member costs	64,493	68,274
21(a)	1,068,881	746,920

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.

There are no other related parties transactions during the year (Nil in 2021).

(c) Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

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

iii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence.

Significant influence may be gained by share ownership, statute or agreement.

SHIRE OF MOORA
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22. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2022					
Cash and cash equivalents	0.65%	10,039,985	0	10,038,796	1,189
2021					
Cash and cash equivalents	0.10%	8,636,154	0	8,634,965	1,189

Sensitivity

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

	2022 \$	2021 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	100,388	86,350

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 27(a).

SHIRE OF MOORA
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22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

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

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

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
30 June 2022						
Rates receivable						
Expected credit loss	1.52%	0.42%	4.58%	20.09%		
Gross carrying amount	1,640	163,082	64,482	183,713	412,917	
Loss allowance	25	687	2,955	36,902	40,569	5
30 June 2021						
Rates receivable						
Expected credit loss	0.06%	4.62%	4.46%	19.86%		
Gross carrying amount	143,985	12,815	92,926	144,686	394,412	
Loss allowance	69	592	4,144	28,739	33,544	5

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

	Less than 1 year past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total	
30 June 2022						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	0.00%	21.17%		
Gross carrying amount	318,402	10,044	1,778	9,067	339,291	
Loss allowance	0	0	0	1,920	1,920	5
30 June 2021						
Trade and other receivables						
Expected credit loss	0.11%	1.70%	1.17%	1.17%		
Gross carrying amount	69,843	9,195	1,145	8,710	88,893	
Loss allowance	80	156	13	4,265	4,514	5

SHIRE OF MOORA
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22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

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

	Rates receivable		Trade and other receivables	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual
Opening loss allowance as at 1 July	\$ 33,544	\$ 45,152	\$ 4,514	\$ 4,896
Increase in loss allowance recognised in profit or loss during the year	7,025	0	(2,594)	0
Unused amount reversed	0	(11,608)	0	(382)
Closing loss allowance at 30 June	40,569	33,544	1,920	4,514

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

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

SHIRE OF MOORA
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22. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 18(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
2022	\$	\$	\$	\$	\$
Trade and other payables	557,049	0	0	557,049	815,980
Borrowings	121,993	404,194	321,895	848,082	698,998
	679,042	404,194	321,895	1,405,131	1,514,978
2021					
Trade and other payables	525,763	0	0	525,763	777,085
Borrowings	153,871	483,268	321,895	959,034	827,443
	679,634	483,268	321,895	1,484,797	1,604,528

**SHIRE OF MOORA
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23. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest earnings

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

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

k) Initial application of accounting standards

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

New accounting standards for application in future years

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

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

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

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

24. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

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

Objective	Description
Governance To provide a decision making process for the efficient allocation of scarce resources.	All aspects relating to elected members expenses incurred in governing the Council. Other costs relating to administration and assisting elected members and ratepayers on matters which do not concern specific Council services.
General purpose funding To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
Law, order, public safety To provide services to ensure a safer community.	Supervision of various by-laws, fire prevention and animal control. Provision of premises and support for State Emergency Services.
Health To provide an operational framework for good community health.	Provision of child health care facilities, food control, pest control, podiatry services, provision of dental care surgery and premises and assistance to local medical practice.
Education and welfare To meet the needs of the community in these areas.	Provision of premises and support for child care centre and play groups. Provision of services for youth and aged care.
Housing Help ensure adequate housing at a high standard.	Provision and maintenance of staff and rental housing.
Community amenities Provide services required by the community.	Rubbish collection services and operation of tips. Town sewerage scheme, drainage works, litter control, cemetery administration and administration of the Town Planning Scheme.
Recreation and culture To establish and manage efficiently infrastructure and resources which will help the social well being of the community.	Provision of swimming pool, public library, community halls, performing arts centre, recreation centre, parks and gardens, tennis courts, sporting pavilions and ovals.
Transport To provide effective and efficient transport services to the community.	Construction and maintenance of streets, roads, bridges, cleaning and lighting of streets, depot maintenance and airstrip maintenance.
Economic services To help promote the Shire and improve its economic wellbeing.	The regulation and provision of tourism, area promotion, enterprise development, building control, noxious weeds, vermin control, standpipes and a lifestyle village.
Other property and services To provide effective and efficient administration, works operations and plant and fleet services.	Private works operations, plant repairs and operations costs.

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

24. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Income excluding grants, subsidies and contributions			
Governance	16,755	10,380	37,907
General purpose funding	4,438,882	4,467,157	4,242,005
Law, order, public safety	153,330	144,250	142,584
Health	3,209	5,500	7,570
Education and welfare	419,173	350,000	329,222
Housing	171,630	138,736	146,170
Community amenities	1,390,524	1,288,809	1,244,204
Recreation and culture	71,047	89,750	57,416
Transport	97,250	0	0
Economic services	966,495	694,314	648,326
Other property and services	295,319	140,000	184,037
	8,023,614	7,328,896	7,039,441
Grants, subsidies and contributions			
General purpose funding	2,422,895	3,701,911	1,653,534
Law, order, public safety	299,781	268,651	241,319
Health	0	250	0
Education and welfare	(64,390)	860,146	387,757
Community amenities	28,711	2,000	1,640
Recreation and culture	269,408	697,157	0
Transport	3,552,251	4,170,590	2,276,406
Other property and services	2,511	0	9,091
	6,511,167	9,700,705	4,569,747
Total Income	14,534,781	17,029,601	11,609,188
Expenses			
Governance	(1,598,074)	(1,446,024)	(1,254,447)
General purpose funding	(151,483)	(228,942)	(144,970)
Law, order, public safety	(792,440)	(703,057)	(677,659)
Health	(148,392)	(136,871)	(82,437)
Education and welfare	(863,752)	(1,019,613)	(736,916)
Housing	(127,346)	(115,035)	(60,218)
Community amenities	(1,831,679)	(1,776,795)	(1,616,599)
Recreation and culture	(2,062,661)	(2,262,596)	(1,864,532)
Transport	(3,564,225)	(3,645,860)	(3,523,395)
Economic services	(891,609)	(1,024,725)	(752,722)
Other property and services	(17,180)	(32,165)	(19,787)
Total expenses	(12,048,841)	(12,391,683)	(10,733,682)
Net result for the period	2,485,940	4,637,918	875,506

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

24. FUNCTION AND ACTIVITY (Continued)

	2022 Actual	2022 Budget	2021 Actual
(c) Fees and Charges	\$	\$	\$
Governance	102	100	4,822
General purpose funding	14,181	23,500	21,258
Law, order, public safety	147,280	144,250	142,584
Health	3,209	5,500	7,570
Education and welfare	419,173	350,000	329,222
Housing	171,630	138,736	146,170
Community amenities	1,390,524	1,288,809	1,244,204
Recreation and culture	71,047	89,750	57,370
Economic services	704,186	694,014	648,103
Other property and services	45,708	50,000	40,170
	2,967,040	2,784,659	2,641,473
(d) Total Assets	2022	2021	
	\$	\$	
Governance	1,094,251	1,586,759	
General purpose funding	4,369,435	5,442,741	
Law, order, public safety	1,637,933	1,504,760	
Health	12,660	21,748	
Education and welfare	1,920,884	3,479,786	
Housing	2,772,612	2,312,416	
Community amenities	19,227,918	18,890,139	
Recreation and culture	16,101,544	12,662,939	
Transport	151,315,154	146,242,548	
Economic services	7,098,107	3,707,488	
Other property and services	753,413	150,795	
Unallocated	757,469	0	
	207,061,380	196,002,119	

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

25. RATING INFORMATION

(a) General Rates

RATE TYPE	Basis of valuation	Rate in \$	Number of Properties	2021/22 Actual Rateable Value *	2021/22 Actual Rate	2021/22 Interim Rates	2021/22 Actual Rates	2021/22 Budget Rate	2021/22 Budget Interim Rate	2021/22 Budget Back Rate	2021/22 Budget Total Revenue	2020/21 Actual Total Revenue
GRV Residential - Moora Townsite		0.099053	632	8,326,498	\$ 824,765	\$ 167	\$ 40	\$ 824,765	\$ 0	\$ 0	\$ 824,765	\$ 783,544
GRV Commercial/Industrial - Moora Townsite		0.099053	86	3,058,525	302,956	0	0	302,956	0	0	302,956	286,212
GRV Residential - Other Townsite		0.099053	28	247,936	24,559	45	0	24,559	0	0	24,559	22,836
GRV Commercial/Industrial - Other Townsite		0.099053	5	117,160	11,605	0	0	11,605	0	0	11,605	11,078
UV Rural		0.008590	335	337,527,008	2,899,357	5,819	360	2,906,960	0	0	2,906,960	2,784,409
UV Urban Farmland		0.008590	48	6,162,001	52,932	0	0	52,930	0	0	52,930	67,679
UV Mining		0.008590	1	402,000	3,453	1,239	444	0	0	0	0	0
Sub-Total		Minimum	1,135	355,841,128	4,119,627	7,270	844	4,123,775	0	0	4,123,775	3,935,758
Minimum payment		\$ 710										
GRV Residential - Moora Townsite		710	69	131,645	48,990			50,396	0	0	50,396	48,672
GRV Commercial/Industrial - Moora Townsite		710	20	40,081	14,200			14,196	0	0	14,196	14,196
GRV Residential - Other Townsite		710	93	344,318	66,030			66,011	0	0	66,011	62,868
GRV Commercial/Industrial - Other Townsite		710	10	31,146	7,100			7,098	0	0	7,098	6,760
UV Rural		710	57	2,265,392	40,470			39,749	0	0	39,749	54,756
UV Urban Farmland		710	23	1,593,729	16,330			8,518	0	0	8,518	8,112
UV Mining		710	50	448,182	35,500			34,070	0	0	34,070	
Sub-Total			322	4,854,493	228,620	0	0	220,038	0	0	220,038	195,364
Discounts on general rates (Refer note 25(c))			1,457	360,695,621	4,348,247	7,270	844	4,343,813	0	0	4,343,813	4,131,122
Total amount raised from general rates								(12,000)			(12,000)	(9,727)
								4,331,813			4,331,813	4,121,395
* Rateable value is based on the value of properties at the time the rate is raised.												
(b) Rates (excluding general rates)												
Ex-gratia Rates												
Co-operative Bulk Handling			5	744,500	25,223	0	0	25,223	0	0	25,223	24,022
Sub-Total			5	744,500	25,223	0	0	25,223	0	0	25,223	24,022
Total amount raised from rates (excluding general rates)												
Total Rates											25,223	24,022
											4,357,036	4,145,417

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

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

25. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Type	Discount %	Discount \$	2022 Actual	2022 Budget	2021 Actual	Circumstances in which Discount is Granted
General Rates - Staff				\$ 9,977	\$ 10,000	\$ 9,727	Full time employees & pro-rata for part-time
General Rates - Rate Payer				0	600	0	Cash prize randomly selected. Valid for all rate
General Rates - Other				0	1,400	0	Provision for rates discount at discretion of Council
				9,977	12,000	9,727	
Total discounts/concessions (Note 25(a))				9,977	12,000	9,727	

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

25. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	24/09/2021	7.7	3.00%	5.50%
Option Two				
First instalment	24/09/2021	7.7	3.00%	5.50%
Second instalment	26/11/2021	7.7	3.00%	5.50%
Option Three				
First instalment	24/09/2021	7.7	3.00%	5.50%
Second instalment	26/11/2021	7.7	3.00%	5.50%
Third instalment	28/01/2022	7.7	3.00%	5.50%
Fourth instalment	31/03/2021	7.7	3.00%	5.50%

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Interest on unpaid rates	17,588	22,500	22,774
Interest on instalment plan	7,553	7,000	6,561
Charges on instalment plan	7,405	17,500	16,013
	32,546	47,000	45,348

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

26. RATE SETTING STATEMENT INFORMATION

		2021/22 (30 June 2022 Carried Forward)	2021/22 Budget (30 June 2022 Carried Forward)	2021/22 (1 July 2021 Brought Forward)	2020/21 (30 June 2021 Carried Forward)
Note		\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities					
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .					
Adjustments to operating activities					
Less: Profit on asset disposals	10(b)	(104,779)	0	0	0
Less: Reversal of prior year loss on revaluation of fixed assets		0	0	0	0
Less: Non-cash grants and contributions for assets		0	0	0	
Less: Movement in liabilities associated with restricted cash		(113,234)	0	727	727
Less: Fair value adjustments to financial assets at fair value through profit and loss		(4,996)	0	(3,232)	(3,232)
Add: Loss on disposal of assets	10(b)	174,345	32,000	4,976	4,976
Add: Loss on revaluation of fixed assets	9(a)	0	0	0	0
Add: Depreciation	10(a)	4,525,715	4,444,368	4,426,003	4,426,003
Non-cash movements in non-current assets and liabilities:					
Financial assets at amortised cost		0	0	0	0
Investment property	12	(262,387)	0	0	0
Pensioner deferred rates		(10,428)	0	0	0
Assets held for sale	7	0	0	0	42,500
Movement in receivables (non-current)		1,111	0	969	969
Employee benefit provisions		17,767	(113,755)	(69,690)	(69,690)
Inventory		15,000		42,500	0
Non-cash amounts excluded from operating activities		4,238,114	4,362,613	4,402,253	4,402,253
(b) Surplus/(deficit) after imposition of general rates					
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.					
Adjustments to net current assets					
Less: Reserve accounts	28	(4,040,604)	(4,019,293)	(3,569,293)	(3,569,293)
Less: Financial assets at amortised cost - self supporting loans	4(a)	(8,487)	(8,223)	(8,223)	(8,223)
Less: Financial assets at amortised cost - community loans		(6,172)	(11,695)	(11,259)	(11,259)
Less: Current assets not expected to be received at end of year					
- Land held for resale	6	0	0	0	0
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings	15	100,999	100,999	128,444	128,444
- Employee benefit provisions		182,565	182,009	295,799	295,799
Total adjustments to net current assets		(3,771,699)	(3,756,203)	(3,164,532)	(3,164,532)
Net current assets used in the Rate Setting Statement					
Total current assets		11,134,811	5,106,039	9,505,034	9,505,034
Less: Total current liabilities		(3,675,187)	(1,349,836)	(3,043,573)	(3,043,573)
Less: Total adjustments to net current assets		(3,771,699)	(3,756,203)	(3,164,532)	(3,164,532)
Net current assets used in the Rate Setting Statement		3,687,925	0	3,296,929	3,296,929

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

27. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual				Budget			
		Principal at 1 July 2020	New Loans During 2020-21	Principal at 30 June 2021	Principal Repayments During 2020-21	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 1 July 2021	Principal at 30 June 2022
Hydrotherapy Pool		460,679	0	(27,351)	0	433,328	(28,297)	433,328	405,031
Housing Executive Loan		58,616	0	(28,314)	0	30,302	(30,302)	30,302	0
92 Roberts Street		126,138	0	(19,689)	0	106,449	(20,204)	106,449	86,245
Industrial Lots - Roberts Street		258,583	0	(40,363)	0	218,220	(41,419)	218,220	176,801
Total		904,016	0	(115,717)	0	788,299	(120,222)	788,299	668,077
Self Supporting Loans									
Moora Bowling Club SSL		47,111	0	(7,967)	0	39,144	(8,223)	39,144	30,921
Total Self Supporting Loans		47,111	0	(7,967)	0	39,144	(8,223)	39,144	30,921
Total Borrowings	15	951,127	0	(123,684)	0	827,443	(128,445)	827,443	698,998

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021
Hydrotherapy Pool			327	WATC	3.40%	(14,340)	(14,623)	(15,286)
Housing Executive Loan			317	WATC	6.90%	(1,459)	(1,577)	(3,455)
92 Roberts Street			326	WATC	2.60%	(2,586)	(2,637)	(3,055)
Industrial Lots - Roberts Street			325	WATC	2.60%	(5,233)	(5,406)	(6,334)
Total						(23,618)	(24,243)	(28,130)
Self Supporting Loans Interest Repayments								
Moora Bowling Club SSL			324	WATC	0.03%	(1,099)	(1,184)	(1,356)
Total Self Supporting Loans Interest Repayments						(1,099)	(1,184)	(1,356)
Total Interest Repayments	2(b)					(24,717)	(25,427)	(29,486)

* WA Treasury Corporation

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

28. RESERVE ACCOUNTS

	2022			2022			2022			2022			2021			2021		
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	Opening	Transfer to	Transfer (from)	Closing	Opening	Budget	Budget	Budget	Budget	Transfer to	Transfer (from)	Closing	Opening	Transfer to	Transfer (from)	Closing	Balance	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council																		
(a) Leave Reserve	295,799	1,766	(115,000)	182,555	295,764	1,245	(115,000)	182,009	295,072	727	0	295,799	295,072	727	0	295,799	0	295,799
(b) Plant Reserve	146,314	863		147,177	144,613	608		145,221	145,955	359		146,314	145,955	359		146,314	0	146,314
(c) Administration Building Reserve	651,673	3,903		655,576	653,739	2,751		656,490	650,072	1,601		651,673	650,072	1,601		651,673	0	651,673
(d) Community Facilities Reserve	128,830	768		129,598	128,564	541		129,105	128,514	316		128,830	128,514	316		128,830	0	128,830
(e) Waste Management Reserve	139,922	835		140,757	139,904	589		140,493	139,578	344		139,922	139,578	344		139,922	0	139,922
(f) Bridge Reserve	74,968	448		75,416	74,958	315		75,273	74,784	184		74,968	74,784	184		74,968	0	74,968
(g) Community Bus Reserve	7,349	44		7,393	7,348	31		7,379	7,331	18		7,349	7,331	18		7,349	0	7,349
(h) Sewerage Reserve	1,020,845	6,095		1,026,940	1,020,831	4,293		1,025,124	855,176	165,669		1,020,845	855,176	165,669		1,020,845	0	1,020,845
(i) Economic Development Reserve	142,674	852		143,526	142,656	600		143,256	142,324	350		142,674	142,324	350		142,674	0	142,674
(j) Emergency Relief Reserve	10,919	65		10,984	10,916	46		10,962	20,868	51		10,919	20,868	51		10,919	(10,000)	10,919
(k) Infrastructure Renewal Reserve	950,000	570,672		1,520,672	950,000	553,981		1,503,981	0	950,000		950,000	0	950,000		950,000	0	950,000
	3,569,293	586,311	(115,000)	4,040,604	3,569,293	555,000	(115,000)	4,019,293	2,459,674	1,119,619	(10,000)	3,569,293	2,459,674	1,119,619	(10,000)	3,569,293	0	3,569,293

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave Reserve	Ongoing	To be used to fund outstanding annual and long service leave requirements
(b) Plant Reserve	Ongoing	To be used for the purchase of items of plant and equipment.
(c) Administration Building Reserve	Ongoing	To be used for major projects relating to Council buildings including renovations and constructions of new facilities.
(d) Community Facilities Reserve	Ongoing	To provide funds to eligible community organisations for approved projects.
(e) Waste Management Reserve	Ongoing	To be used for major projects relating to waste management including future rubbish site development and waste management plant items.
(f) Bridge Reserve	Ongoing	Funds held for funding bridge work maintenance.
(g) Community Bus Reserve	Ongoing	To provide for repairs and upgrade of community bus.
(h) Sewerage Reserve	Ongoing	To be used for sewerage infrastructure works.
(i) Economic Development Reserve	Ongoing	To be used for future economic development services within the Shire of Moora, including land development relating to residential, commercial and industrial use.
(j) Emergency Relief Reserve	Ongoing	To be used for emergency disaster relief
(k) Infrastructure Renewal Reserve	Ongoing	To be used for renewal of various infrastructure.



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 Shire of Moora

To the Councillors of the Shire of Moora

Opinion

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

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

In my opinion, the financial report:

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

Basis for opinion

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

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

Other information

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

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

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

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

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

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

The Chief Executive Officer of the Shire is responsible for:

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

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Matters relating to the electronic publication of the audited financial report

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



Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
13 April 2023

SHIRE OF MOORA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
Findings identified in current year			
1. Journal entries not independently approved.	✓		
2. Supplier masterfile amendments	✓		
3. Review of bank reconciliations and long outstanding reconciling items	✓		
4. Fair value of infrastructure assets - frequency of valuations	✓		
5. Payroll error		✓	
6. Employee contract		✓	
7. Employee documents		✓	
8. Information and Communication Technology (ICT) controls		✓	
Findings identified in prior year			
9. Inadequate procurement practices	✓		
10. Credit card controls	✓		
11. Excessive annual leave balances		✓	
12. Assets under \$5,000		✓	
13. Purchase orders dated after invoice dates		✓	

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 report, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

SHIRE OF MOORA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Journal Entries not independently approved

Finding

We noted 18 instances out of 25 general journals tested, that there was no evidence of review by a senior staff member independent of preparation.

We however acknowledge that the 18 instances were related to business transactions.

Rating: Significant

Implication

If journals are not independently reviewed and approved, there is a risk that erroneous or fraudulent transactions may pass undetected. Accounting journals can represent significant adjustments to previously approved accounting transactions and should therefore be appropriately reviewed and approved.

Recommendation

To help maintain the integrity of the accounting information a senior staff member should authorise all journal entries to be processed in the system and review the correctness of posting after being processed by the preparer. The authoriser/reviewer should sign and date on the journals as evidence of approval and review.

Management comment

Management notes the finding and risks associated with the failure to independently approve journal entries.

Management will examine the practicality of establishing a register for journal entries that is reconciled and verified at the end of each month.

Responsible Person: *Manager, Financial Services*

Completion Date: *Process established and implemented by 30 June 2023*

SHIRE OF MOORA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. Supplier masterfile amendments

Finding

The Shire has not implemented sufficient and adequate internal controls around the supplier master files. We noted the following issues:

- Unrestricted access to employees to make changes to suppliers' records in the accounting system.
- Audit trail are not generated and reviewed monthly to identify all the changes made to Supplier Masterfile.
- Amendments to suppliers' records is not subject to an independent review.

We however acknowledge that our testing to validate suppliers' information in the system did not identify any discrepancies. Our testing also included comparing staff bank account details to the suppliers' bank details.

Rating: Significant

Implication

There is an increased risk that unauthorised changes may be made resulting in errors or funds being inappropriately transferred.

Recommendation

Management should review all the changes to supplier master files by generating an audit trail report to confirm that they were valid. In addition, access privileges to the master file should be restricted to only authorised staff, and any changes to suppliers' records should be independently reviewed.

Management comment

Management notes the finding and risks associated with unauthorised changes to the supplier master file.

Management will examine the potential to make amendments to the Masterfile system permissions to restrict master file changes to one or two authorised officers.

Responsible Person: *Financial Services Manager and Corporate Services Manager*

Completion Date: *System changes reviewed and implemented by 30 June 2023*

SHIRE OF MOORA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. Review of bank reconciliations and long outstanding reconciling items

Finding

We noted that bank reconciliations for the months of August 2021, October 2021, February 2022 and June 2022 were signed by the preparer but there was no evidence of review.

During our review of municipal, reserve and trust bank reconciliations, we noted many outstanding transactions dated back to 2018.

Rating: Significant

Implication

Bank reconciliation is a fundamental internal control in accounting to ensure that there are no transactions that have been misstated. The timely review of bank reconciliations ensure that any misstatements are detected as soon as possible.

Long outstanding reconciling items past their expiry dates are reflected on bank reconciliations without any possibility of being honoured and thus affect the accuracy of the bank balance. Review of bank reconciliations represent a key control and if not performed adequately may result in errors or omissions in the accounting records going undetected.

Recommendation

We recommend that bank reconciliations are to be signed and dated by the reviewer to evidence that these are being performed and reviewed in a timely manner.

We further recommend that the identification of stale cheques and long outstanding transactions for follow up be prioritized as part of the review of monthly bank reconciliations. Where cheques have become stale, they should be cancelled, reversed and re-issued with correct details when these become known.

Management comment

Management notes the finding and risks arising from incomplete and unreconciled bank reconciliations. Management also not the elevated risks associated with unverified bank reconciliations.

Management will change the procedure to incorporate into the month end processes, the requirement that with the Chief Executive Officer or Manager, Corporate Services verify the month end bank reconciliation.

Responsible Person: Manager, Corporate Services

Completion Date: *Processes amended and change implemented by 31 May 2023*

SHIRE OF MOORA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

4. Fair value of Infrastructure assets - Frequency of valuations

Finding

The Shire has not performed an assessment to determine whether its infrastructure assets – roads, drainage and footpaths represent fair value at the end of the reporting period.

AASB 116 'Property, plant and equipment' requires asset revaluations to be made with sufficient regularity to ensure the carrying amount does not differ materially from the fair value at the end of the reporting period. When the fair value differs materially from the carrying amount, a further revaluation is required.

Regulations 17A(4)(a) and (b) of the Local Government (Financial Management) Regulations 1996 (the Regulations) require a local government to revalue its revalued assets when it is of the opinion that the fair value is likely to be materially different from the carrying amount, and in any event, no more than 5 years from the last revaluation.

Rating: Significant

Implication

Without a robust assessment of fair value of the Shire's infrastructure assets, there is a risk that the fair value of these assets may not have been assessed adequately and in compliance with *AASB 13 'Fair Value Measurement'*, as well as Regulation 17A(4)(a) of the Regulations.

Recommendation

We recommend that the Shire consider implementing, as part of the preparation of its financial statements, a formal robust process to determine whether indicators exist annually, which would trigger a requirement to perform a formal revaluation of the infrastructure assets. Where indicators exist, a robust fair value assessment should be performed capturing the requirements of AASB 13 and AASB 116. This process is to ensure that the Shire's Property, Plant and Equipment and infrastructure assets are recorded at fair value in compliance with the Australian accounting standards and the Regulations.

This may entail obtaining relevant input from an independent valuer as to whether or not they consider there are any prevailing market factors, which may indicate that the fair value of the relevant assets are likely to have been impacted to any significant / material extent from the prior year. Where a fair value assessment has been performed internally, the Shire may consider having this assessment peer reviewed by an independent valuer to obtain assurance over the valuation methodology applied, inputs and the reasonableness of the valuation model applied.

Management comment

Management notes the finding and risks associated with not performing an assessment to determine whether the value of infrastructure assets (roads, footpaths, drains etc) is accurately and fairly valued at the end of the reporting period.

Responsible Person: *Manager, Engineering Services*

Completion Date: *Review process implemented by 30 June 2023*

SHIRE OF MOORA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

5. Payroll Error

Finding

We noted that 1 employee out of a sample of 24 employees sampled in a selected pay run, was paid on a rate different to the pay rate as per the employment contract or incremental letter.

Rating: Moderate

Implication

Without accurate recording of hourly rates, there is an increased the risk of employees being paid incorrectly.

Recommendation

Management should rectify the error and review current process to ensure that adequate controls are in place to prevent errors being made in the payroll preparation process.

Management comment

The need to pay employees at the correct rate is noted and agreed. The Shire will review the process of checking and validating pay rates by a second person following the loading of new pay rates.

Responsible Person: *Manager, Corporate Services*

Completion Date: *31 May 2023*

SHIRE OF MOORA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

6. Employee contract

Finding

We noted one instance out of a sample of 24 employee transactions tested where an employee contract was not prepared and signed by the employee on commencement of employment.

Rating: Moderate

Implication

Ineffective management of employment contracts increase the risk of inappropriate appointments and potential future employment liabilities.

Recommendation

Management should ensure that all employment contracts are prepared, authorized and retained appropriately. Management should prepare the employment contract for the employee and present a copy thereof for audit inspection.

Management comment

The need for employees to sign their employment contract is noted and agreed. The Shire will review the induction process and ensure the execution of employment contracts is part of the checking and validation process when employee data is loaded on to the payroll and relevant systems.

Responsible Person: *Manager, Corporate Services*

Completion Date: *31 May 2023*

SHIRE OF MOORA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

7. Employee documents

Finding

We noted two instances out of a sample of 24 employees tested where a TFN Declaration or other identification document were unable to be provided to confirm the existence of employees.

Rating: Moderate

Implication

Ineffective management of employee information increase the risk of inappropriate appointments and an increased risk that errors may occur within payroll transactions which could go undetected.

Recommendation

Management should ensure that all employment documents are obtained and retained appropriately. Management should ensure a TFN Declaration and other identification documentation is obtained and presented for audit inspection.

Management comment

The need for employee identification via a TFN Declaration and other identification documents is agreed by the Shire. The Shire will implement procedures that ensure adequate identity documents are collected and safely secured with the employee's records.

Responsible Person: *Manager, Corporate Services*

Completion Date: *31 May 2023*

SHIRE OF MOORA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

8. Information and Communication Technology (ICT) controls

Finding

We noted the following on review of the Information and Communication Technology (ICT) Controls:

- The Shire does not have an ICT Disaster Recovery Plan in place
- The server cabinet is not locked and the key stored in a safe location under the custody of senior management
- No Cyber Security Response Plan and no documented process for the Shire to follow should a cyber-attack occur.

Rating: Moderate

Implication

Without an ICT Disaster Recovery Plan in place, key risks to electronic data is not identified and safeguards are not put in place to minimise the risks. This will ultimately lead to loss of electronic data through cyber threats, damage to backed up data and/or damage to equipment.

The server and records could be accessed by unauthorised persons and sensitive or confidential information could be compromised.

Without an appropriate plan in place, the Shire may not be sufficiently prepared to act in the event of a cyber security threat or staff may not be aware of processes that should be followed. This may lead to the Shire's system being compromised, impacts on service delivery, unauthorised access to sensitive information, and potentially financial loss to the Shire.

Recommendation

The Shire should develop an ICT Disaster Recovery Strategy Plan identifying and documenting key ICT risks along with the treatments to reduce the risk to an acceptable level. The Shire should test the plan to ensure its effectiveness if an emergency or crisis situation occurs.

We recommend that the server cabinet is locked and access is restricted to key employees and the key stored in a safe location under the custody of senior management.

A Cyber Security Response Plan should be developed, including (but not limited to) covering the following key areas:

- Risk assessment of the Shire's IT security control environment
- Identification of safeguards and protections in place
- Action plan in the event of a cyber security event, including outlining the roles and responsibilities of staff during such an event.

Management comment

The Shire notes and agrees that;

- an ICT Recovery Strategy Plan should be implemented to address technological risks; and*
- the server cabinet should be appropriately secured and a senior manager given custody of the key; and*
- a Cyber Security Response Plan should be developed and implemented.*

SHIRE OF MOORA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Appropriate action will be implemented immediately

Responsible Person: *Chief Executive Officer, Manager, Corporate Services, Manager Financial Services*

Completion Date: (i) *31 August 2023*
(ii) *30 April 2023*
(iii) *31 August 2023*

SHIRE OF MOORA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Prior Year Issues

9. Inadequate procurement practices

Finding

2022

We noted that 19 purchases out of a sample of 60 tested were not supported by the number of quotations as required by the Shire's Purchasing Policy. The purchases were in the following ranges:

Threshold	Requirement as per Shire's Purchasing Policy	Number of Quotes obtained	Number of Instances
\$40,001 to \$249,999	3 written quotes	2 written quotes	1
\$40,001 to \$249,999	3 written quotes	1 written quote	4
\$40,001 to \$249,999	3 written quotes	3 verbal quotes	1
\$40,001 to \$249,999	3 written quotes	None obtained	2
\$20,001 to \$40,000	2 written quotes	1 written quote	1
\$20,001 to \$40,000	2 written quotes	None obtained	1
\$5,001 to \$20,000	Up to 3 verbal quotes	1 written quote	2
\$5,001 to \$20,000	Up to 3 verbal quotes	1 verbal quote	1
\$5,001 to \$20,000	Up to 3 verbal quotes	None obtained	6

2021

We noted 16 out of 60 samples selected where the minimum number of quotations were not obtained in accordance with the Shire's *Purchasing and Tender Policy*.

2020

Section 12.8 of the Shire's Purchasing and Tender Policy provides the minimum quotation requirements for various purchasing threshold amounts.

During our procurement testing, from a sample of 34 purchases made during the period 1 July 2019 to 31 March 2020, we noted three (9%) instances where there was insufficient documentation to indicate that the requisite number of quotations had been obtained and evaluated.

Rating: Significant (2021: Significant)

Implication

The Shire has not adhered to the Purchasing Policy and as a result may commit to expenditure which has not been appropriately procured by management, in line with the budget representing a competitive price and value for money to the Shire. This may potentially result in financial loss to the Shire.

SHIRE OF MOORA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Recommendation

Management should ensure that the Purchasing Policy is adhered to and the necessary quotes are obtained before a decision is made to contract a supplier to ensure that a competitive price representing value for money is obtained.

If instances arise where it is impractical to obtain the requisite number of quotations, the reasons should be recorded and attached to the purchase order at the time of the purchase being made.

Management comment

Management acknowledges the failure of the Shire to always follow the detail of the Purchasing Policy and the need to document reasons for the difficulty experienced quotations are not available to support procurement in accordance with the purchasing policy.

Existing policies will be strengthened through the creditor management officer and the possible withdrawal of delegations where managers fail to comply with the prevailing policy.

Responsible Person: *Creditor Management Officer and Functional Managers*

Completion Date: *30 April 2023*

SHIRE OF MOORA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

10. Credit card controls

Finding

2022

We noted multiple instances where the credit card statements were not signed by either the card holder or the authorising officer.

No supporting invoices were provided for 2 out of a sample of 37 transactions selected.

2021

We noted the credit card statements for an employee for the month of December 2021 and May 2022 were not signed by the employee or reviewed and approved by management.

No supporting invoices were provided for 5 out of a sample of 34 transactions selected.

Rating: Significant (2021: Significant)

Implication

Where credit card statements are not reviewed and approved and transactions are not supported with invoices, there is an increased risk that unauthorised purchases are made on credit cards.

Recommendation

Credit card statements and invoices should be signed by the cardholders and submitted for review and approval on a monthly basis and where invoices are not provided the employee is held accountable for non-compliance with the Shire's policy and procedures.

Management comment

Management accepts the finding and the recommendation.

Responsible Person: *Creditor Management Officer, Functional Managers and credit Cardholders*

Completion Date: *30 April 2023*

SHIRE OF MOORA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

11. Excessive Annual Leave Balances

Finding

2022

During our testing on employee leave provisions, we noted 8 employees had annual leave balances in excess of 8 weeks (40 days) at year end.

The Local Government Industry Award 2020 stipulates that an employee has excessive leave accrual if the employee has accrued more than 8 weeks.

2021

During our testing on employee leave provisions, we noted 5 employees had annual leave balances in excess of 8 weeks (40 days) at year end.

The Local Government Industry Award 2020 stipulates that an employee has excessive leave accrual if the employee has accrued more than 8 weeks.

2020

During our audit we identified eight (8) instances where employees have annual leave accrued balances in excess of 300 hours each and three (3) employees with accrued long service leave balance in excess of 13 weeks.

Rating: Moderate (2021: Moderate)

Implication

Excessive annual leave balances may have adverse effects on the Shire which includes:

- key staff not being rotated, a preventive control against fraud;
- health and safety concerns with staff members not taking their annual leave entitlements;
- increases the Shire's costs given salary rises and increments over time.

Recommendation

The Shire should manage employees' leave to ensure that employees take leave in a timely manner and excessive leave balances are reduced in agreement with the employee.

Management comment

Management notes the finding and accepts the recommendation. Managers will agree plans to reduce leave balances with all staff falling into the excessive leave category.

Responsible Person: *Manager, Corporate Services and Chief Executive Officer*

Completion Date: *30 April 2023*

SHIRE OF MOORA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

12. Assets Under \$5,000

Finding

2022

We reviewed the Shire's fixed asset register as at 30 June 2022 and identified 25 individual assets with a cost below \$5,000 were recorded on the register. The carrying amount of these assets at year end is \$63,862.

2021

We reviewed the Shire's fixed asset register as at 30 June 2021 and identified 22 individual assets with a cost below \$5,000 were recorded on the register. The carrying amount of these assets at year end is \$52,374.

2020

From 1 July 2018, regulation 17A(5) of the Local Government (Financial Management) Regulations 1996 requires assets with a fair value at the date of acquisition under \$5,000 to be excluded from the assets of a local government entity.

We reviewed the Shire's fixed asset register as at 30 June 2020 and identified seven individual assets with a cost below \$5,000 were recorded on the register.

Rating: Moderate (2021: Moderate)

Implication

Failure to exclude from the assets of the Shire those assets with a fair value at the date of acquisition under \$5,000 is a breach of regulation 17A(5). In addition, there is an increased risk of overstating assets in the financial statements.

Recommendation

Management should review the asset register and ensure that all assets acquired with a fair value under \$5,000 are excluded from the register.

Management Comment

Management notes the finding and accepts the recommendation.

Responsible Person: *Manager, Financial Services*

Completion Date: *30 June 2023*

SHIRE OF MOORA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

13. Purchase orders dated after invoice dates

Finding

2022

During our sample testing of payments made throughout the year, we noted 19 instances out of 60 purchases sampled where the authorised purchase orders were dated after the dates of the corresponding supplier invoices.

2021

During our sample testing of payments made throughout the year, we noted 15 instances out of 60 purchases sampled where the authorised purchase orders were dated after the dates of the corresponding supplier invoices.

Rating: Moderate (2021: Moderate)

Implication

There is no evidence that the ordering of goods was approved prior to ordering, which increases the risk of inappropriate purchases being made.

Recommendation

Purchase orders should be approved for all applicable items prior to ordering.

Management comment

Management notes and accepts the recommendation.

Responsible Person: *All delegated managers and Creditor Management Officer*

Completion Date: *30 April 2023*



Moora – Compliance Audit Return

Commercial Enterprises by Local Governments				
No	Reference	Question	Response	Comments
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2022?	N/A	The Shire does not operate trading undertakings
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2022?	N/A	
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2022?	N/A	
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2022?	N/A	
5	s3.59(5)	During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A	

Delegation of Power/Duty				
No	Reference	Question	Response	Comments
1	s5.16	Were all delegations to committees resolved by absolute majority?	N/A	Council has not delegated authorities to committees
2	s5.16	Were all delegations to committees in writing?	N/A	
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?	N/A	
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A	
5	s5.18	Has council reviewed delegations to its committees in the 2021/2022 financial year?	N/A	



6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995?	Yes	
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority?	Yes	
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2021/2022 financial year?	No	
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19?	No	

Disclosure of Interest

No	Reference	Question	Response	Comments
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	Yes	
3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made?	Yes	
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes	
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022?	Yes	



6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes	
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local Government Act 1995?	Yes	
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Yes	
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person?	Yes	
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	Yes	
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	
13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people?	Yes	
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	
15	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes	
16	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the Local Government	N/A	



		Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?		
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under section 5.71B(6) of the Local Government Act 1995, recorded in the minutes of the council meeting at which the decision was considered?	Yes	
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)?	Yes	
19	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995?	No	
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website?	Yes	
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employee of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	

Disposal of Property

No	Reference	Question	Response	Comments
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)?	N/A	
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4) of the Act, in the required local public notice for each disposal of property?	N/A	



Elections				
No	Reference	Question	Response	Comments
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997?	Yes	
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?	N/A	
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997?	Yes	

Finance				
No	Reference	Question	Response	Comments
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995?	Yes	
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority?	Yes	
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2022 received by the local government by 31 December 2022?	No	The Auditor's report has not yet been received; exit meeting and provision of final



				accounts and audit letter is planned for mid-April 2023
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A	
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A	
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website?	N/A	
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2022 received by the local government within 30 days of completion of the audit?	N/A	

Local Government Employees				
No	Reference	Question	Response	Comments
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A?	Yes	
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	Yes	
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the Local Government Act 1995?	Yes	
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	Yes	
5	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A	



Official Conduct				
No	Reference	Question	Response	Comments
1	s5.120	Has the local government designated an employee to be its complaints officer?	Yes	
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the Local Government Act 1995?	Yes	
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995?	Yes	
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes	

Tenders for Providing Goods and Services				
No	Reference	Question	Response	Comments
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes	
2	s3.57 F&G Reg 11	Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?	Yes	
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	Yes	



4	F&G Reg 12	Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	N/A	
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents, or each acceptable tenderer notice of the variation?	N/A	
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?	Yes	
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes	
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A	
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	N/A	
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes	
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?	N/A	
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A	



14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24?	N/A	
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions & General) Regulations 1996 regulations 24AD(4) and 24AE?	No	
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A	
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG?	N/A	
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A	
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A	
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	Yes	
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?	Yes	



Integrated Planning and Reporting				
No	Reference	Question	Response	Comments
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	15/05/2019 The strategic community plan is currently under consultation with the community.
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	18/09/2019 The corporate business plan is currently under review
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	Yes	

Optional Questions				
No	Reference	Question	Response	Comments
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2022? If yes, please provide the date of council's resolution to accept the report.	Yes	21/03/2022
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2022? If yes, please provide date of council's resolution to accept the report.	Yes	28/02/2022
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, were the disclosures made within 10 days after receipt	Yes	



		of the gift? Did the disclosure include the information required by section 5.87C of the Act?		
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?	No	
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the Local Government Act 1995?	Yes	
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	No	Councillor PD and requirements are subject to an active review.
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2021/2022 financial year and publish it on the local government's official website by 31 July 2022?	Yes	
8	s6.4(3)	By 30 September 2022, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2022?	Yes	
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	

We certify this Compliance Audit Return has been adopted by Council at its meeting on _____

Chief Executive Officer

Mayor/President