

SHIRE OF NANNUP
MONTHLY FINANCIAL REPORT
(Containing the Statement of Financial Activity)
For the period ending 31 December 2022

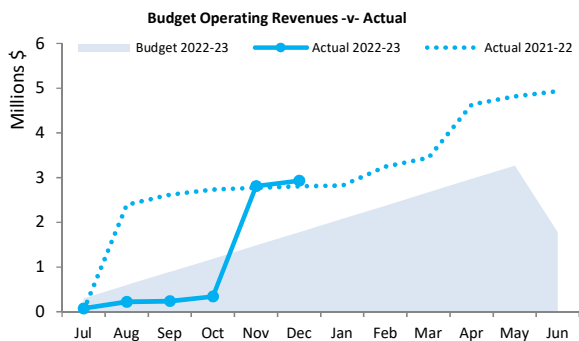
LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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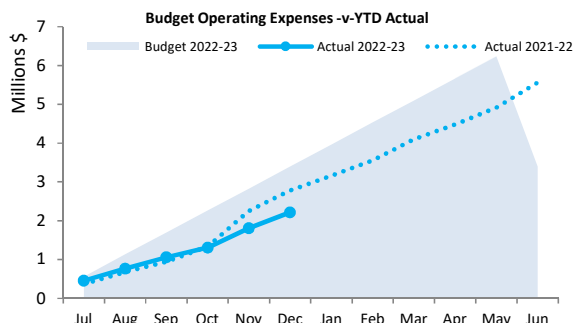
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OPERATING ACTIVITIES

OPERATING REVENUE

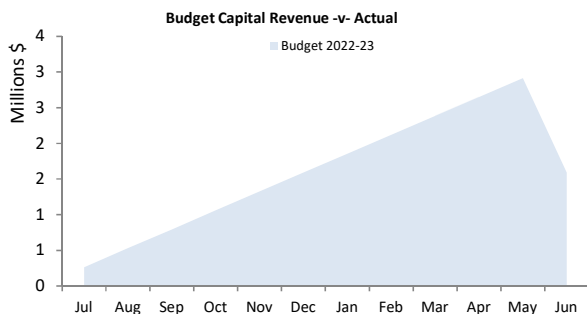


OPERATING EXPENSES

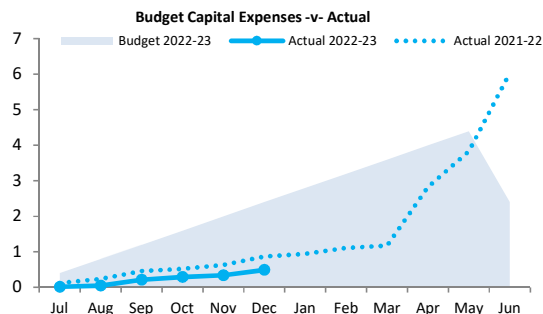


INVESTING ACTIVITIES

CAPITAL REVENUE

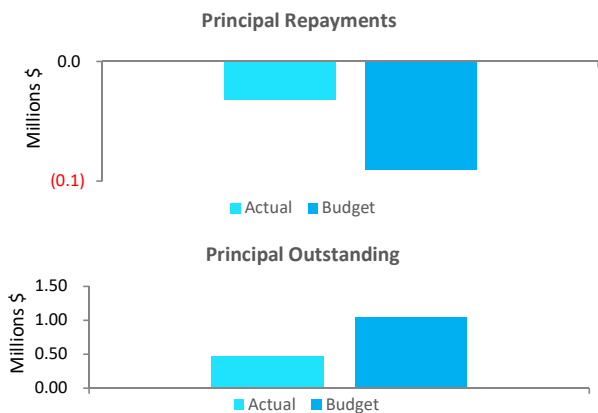


CAPITAL EXPENSES

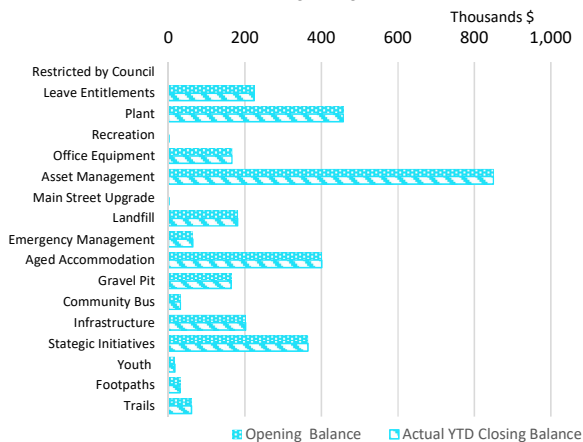


FINANCING ACTIVITIES

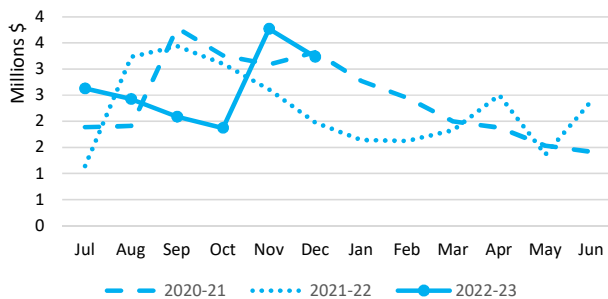
BORROWINGS



RESERVES



Closing funding surplus / (deficit)



This information is to be read in conjunction with the accompanying Financial Statements and Notes.

Funding surplus / (deficit) Components

Funding surplus / (deficit)				
	Adopted Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)
Opening	\$2.39 M	\$2.39 M	\$2.73 M	\$0.35 M
Closing	\$0.02 M	\$0.70 M	\$3.23 M	\$2.53 M

Refer to Statement of Financial Activity

Cash and cash equivalents		
	\$	% of total
Unrestricted Cash	\$5.19 M	38.2%
Restricted Cash	\$3.21 M	61.8%

Refer to Note 2 - Cash and Financial Assets

Payables		
	\$	% Outstanding
Trade Payables	\$0.05 M	
0 to 30 Days		(2.0%)
Over 30 Days		102.0%
Over 90 Days		81%

Refer to Note 5 - Payables

Receivables		
	\$	% Collected
Rates Receivable	\$1.04 M	53%
Trade Receivable	\$0.66 M	% Outstanding
Over 30 Days		93.3%
Over 90 Days		91.7%

Refer to Note 3 - Receivables

Key Operating Activities

Amount attributable to operating activities			
Adopted Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)
(\$1.82 M)	(\$0.89 M)	\$0.71 M	\$1.60 M

Refer to Statement of Financial Activity

Rates Revenue		
	\$	% Variance
YTD Actual	\$2.05 M	
YTD Budget	\$0.99 M	107.23%

Refer to Statement of Financial Activity

Operating Grants and Contributions		
	\$	% Variance
YTD Actual	\$0.42 M	
YTD Budget	\$0.44 M	(4.80%)

Refer to Note 12 - Operating Grants and Contributions

Fees and Charges		
	\$	% Variance
YTD Actual	\$0.40 M	
YTD Budget	\$0.28 M	42.65%

Refer to Statement of Financial Activity

Key Investing Activities

Amount attributable to investing activities			
Adopted Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)
(\$1.67 M)	(\$0.79 M)	(\$0.18 M)	\$0.62 M

Refer to Statement of Financial Activity

Proceeds on sale		
	\$	%
YTD Actual	\$0.00 M	
Adopted Budget	\$0.22 M	0.00%

Refer to Note 6 - Disposal of Assets

Asset Acquisition		
	\$	% Spent
YTD Actual	\$0.49 M	
Adopted Budget	\$4.79 M	(89.8%)

Refer to Note 7 - Capital Acquisitions

Capital Grants		
	\$	% Received
YTD Actual	\$0.30 M	
Adopted Budget	\$3.18 M	9.43%

Refer to Note 7 - Capital Acquisitions

Key Financing Activities

Amount attributable to financing activities			
Adopted Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)
\$1.12 M	\$0.00 M	(\$0.04 M)	(\$0.04 M)

Refer to Statement of Financial Activity

Borrowings	
	\$
Principal repayments	\$0.03 M
Interest expense	\$0.00 M
Principal due	\$0.46 M

Refer to Note 8 - Borrowings

Reserves	
	\$
Reserves balance	\$3.21 M
Interest earned	\$0.00 M

Refer to Note 10 - Cash Reserves

Lease Liability	
	\$
Principal repayments	\$0.01 M
Interest expense	\$0.00 M
Principal due	\$0.02 M

Refer to Note 9 - Lease Liabilities

This information is to be read in conjunction with the accompanying Financial Statements and notes.

KEY TERMS AND DESCRIPTIONS

FOR THE PERIOD ENDED 31 DECEMBER 2022

NATURE OR TYPE DESCRIPTIONS

REVENUE

RATES

All rates levied under the *Local Government Act 1995*. Includes general, differential, specified area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts and concessions offered. Excludes administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Refers to all amounts received as grants, subsidies and contributions that are not non-operating grants.

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Amounts received specifically for the acquisition, construction of new or the upgrading of identifiable non financial assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised when the local government satisfies its performance obligations under the contract.

FEES AND CHARGES

Revenues (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, and other fees and charges.

SERVICE CHARGES

Service charges imposed under *Division 6 of Part 6 of the Local Government Act 1995*. *Regulation 54 of the Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services. Exclude rubbish removal charges.

INTEREST EARNINGS

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates, reimbursements etc.

PROFIT ON ASSET DISPOSAL

Excess of assets received over the net book value for assets on their disposal.

EXPENSES

EMPLOYEE COSTS

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.

MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

UTILITIES (GAS, ELECTRICITY, WATER)

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

INSURANCE

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

LOSS ON ASSET DISPOSAL

Shortfall between the value of assets received over the net book value for assets on their disposal.

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets. Excluding Land.

INTEREST EXPENSES

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

OTHER EXPENDITURE

Statutory fees, taxes, allowance for impairment of assets, member's fees or State taxes. Donations and subsidies made to community groups.

**STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 DECEMBER 2022**

BY NATURE OR TYPE

	Ref	Adopted Budget	YTD Budget	YTD Actual	Variance \$	Variance %	Var.
	Note	(a)	(b)	(c)	(c) - (b)	((c) - (b))/(b)	
		\$	\$	\$	\$	%	
Opening funding surplus / (deficit)	1(c)	2,386,002	2,386,002	2,734,603	348,601	14.61%	▲
Revenue from operating activities							
Rates		1,974,413	987,204	1,983,681	996,477	100.94%	▲
Rates (excluding general rate)		0	0	62,084	62,084	0.00%	▲
Operating grants, subsidies and contributions	12	889,028	444,474	423,120	(21,354)	(4.80%)	
Fees and charges		565,101	282,504	403,003	120,499	42.65%	▲
Interest earnings		41,743	20,862	13,566	(7,296)	(34.97%)	
Other revenue		31,601	15,786	45,735	29,949	189.72%	
Profit on disposal of assets	6	61,499	30,732	0	(30,732)	(100.00%)	▼
		3,563,385	1,781,562	2,931,189	1,149,627	64.53%	
Expenditure from operating activities							
Employee costs		(2,463,211)	(1,231,338)	(1,063,037)	168,301	13.67%	▲
Materials and contracts		(2,352,019)	(1,175,484)	(823,188)	352,296	29.97%	▲
Utility charges		(50,500)	(25,236)	(22,053)	3,183	12.61%	
Depreciation on non-current assets		(1,476,440)	(738,174)	0	738,174	100.00%	▲
Interest expenses		(22,138)	(11,022)	(5,648)	5,374	48.76%	
Insurance expenses		(175,443)	(87,468)	(218,759)	(131,291)	(150.10%)	▼
Other expenditure		(254,917)	(127,404)	(84,544)	42,860	33.64%	▲
Loss on disposal of assets	6	(3,404)	(1,698)	0	1,698	100.00%	
		(6,798,072)	(3,397,824)	(2,217,229)	1,180,595	(34.75%)	
Non-cash amounts excluded from operating activities	1(a)	1,419,393	726,715	0	(726,715)	(100.00%)	▼
Amount attributable to operating activities		(1,815,294)	(889,547)	713,960	1,603,507	(180.26%)	
Investing activities							
Proceeds from non-operating grants, subsidies and contributions	13	3,180,240	1,590,054	299,829	(1,290,225)	(81.14%)	▼
Proceeds from disposal of assets	6	220,000	0	0	0	0.00%	
Proceeds from financial assets at amortised cost - self supporting loans	8	50,699	14,406	14,406	0	0.00%	
Payments for financial assets at amortised cost - self supporting loans	8	(330,000)	0	0	0	0.00%	
Payments for property, plant and equipment and infrastructure	7	(4,792,948)	(2,396,292)	(489,452)	1,906,840	79.57%	▲
Amount attributable to investing activities		(1,672,009)	(791,832)	(175,217)	616,615	(77.87%)	
Financing Activities							
Proceeds from new debentures	8	630,000	0	0	0	0.00%	
Transfer from reserves	10	715,000	0	0	0	0.00%	
Payments for principal portion of lease liabilities	9	(17,002)	0	(8,643)	(8,643)	0.00%	
Repayment of debentures	8	(90,558)	0	(32,276)	(32,276)	0.00%	▼
Transfer to reserves	10	(115,000)	0	0	0	0.00%	
Amount attributable to financing activities		1,122,440	0	(40,919)	(40,919)	0.00%	
Closing funding surplus / (deficit)	1(c)	21,139	704,623	3,232,427	2,527,804	(358.75%)	▲

KEY INFORMATION

▲ ▼ Indicates a variance between Year to Date (YTD) Budget and YTD Actual data as per the adopted materiality threshold.

Refer to Note 2 for an explanation of the reasons for the variance.

This statement is to be read in conjunction with the accompanying Financial Statements and Notes.

BASIS OF PREPARATION

The financial report has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying Regulations.

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 14 to these financial statements.

SIGNIFICANT ACCOUNTING POLICES

CRITICAL ACCOUNTING 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 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 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:

- estimation of fair values of certain financial assets
- estimation of fair values of fixed assets shown at fair value
- impairment of financial assets

GOODS AND SERVICES TAX

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.

ROUNDING OFF FIGURES

All figures shown in this statement are rounded to the nearest dollar.

PREPARATION TIMING AND REVIEW

Date prepared: All known transactions up to 03 February 2023

NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 DECEMBER 2022

NOTE 1
STATEMENT OF FINANCIAL ACTIVITY INFORMATION

(a) Non-cash items excluded from operating activities

The following non-cash revenue and expenditure has been excluded from operating activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

	Notes	Adopted Budget	YTD Budget (a)	YTD Actual (b)
Non-cash items excluded from operating activities				
		\$	\$	\$
Adjustments to operating activities				
Less: Profit on asset disposals	6	(61,499)	(30,732)	0
Movement in employee benefit provisions (non-current)		1,048	17,575	0
Add: Loss on asset disposals	6	3,404	1,698	0
Add: Depreciation on assets		1,476,440	738,174	0
Total non-cash items excluded from operating activities		1,419,393	726,715	0

(b) Adjustments to net current assets in the Statement of Financial Activity

The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

		Adopted Budget Opening 30 June 2022	Last Year Closing 30 June 2022	Year to Date 31 December 2022
Adjustments to net current assets				
Less: Reserves - restricted cash	10	(3,209,514)	(3,209,514)	(3,209,514)
Less: - Financial assets at amortised cost - self supporting loans	4	(29,011)	(29,012)	(14,606)
Add: Borrowings	8	64,860	64,860	32,584
Add: Provisions employee related provisions	11	224,228	224,228	224,228
Add: Lease liabilities	9	17,002	17,002	8,359
Total adjustments to net current assets		(2,932,435)	(2,932,436)	(2,958,949)

(c) Net current assets used in the Statement of Financial Activity

Current assets

Cash and cash equivalents	2	5,934,678	6,281,310	5,190,882
Rates receivables	3	162,417	162,417	1,038,539
Receivables	3	118,327	63,656	655,718
Other current assets	4	831,390	832,652	20,032
Less: Current liabilities				
Payables	5	(1,221,233)	(1,142,652)	(224,570)
Borrowings	8	(64,860)	(64,860)	(32,584)
Lease liabilities	9	(17,002)	(17,002)	(8,359)
Provisions	11	(425,280)	(448,482)	(448,482)
Less: Total adjustments to net current assets	1(b)	(2,932,435)	(2,932,436)	(2,958,949)
Closing funding surplus / (deficit)		2,386,002	2,734,603	3,232,227

CURRENT AND NON-CURRENT CLASSIFICATION

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. Unless otherwise stated assets or liabilities are classified as current if expected to be settled within the next 12 months, being the Council's operational cycle.

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 DECEMBER 2022**

**OPERATING ACTIVITIES
NOTE 2
CASH AND FINANCIAL ASSETS**

Description	Classification	Unrestricted	Restricted	Total Cash	Trust	Institution	Interest Rate	Maturity Date
		\$	\$	\$	\$			
Municipal Cash at Bank	Cash and cash equivalents	1,924,183	0	1,924,183	0	CBA	0.35%	on call
Reserve Cash at Bank	Cash and cash equivalents	57,185	3,209,514	3,266,699	0	Westpac	0.25%	11/03/2023
Total		1,981,368	3,209,514	5,190,882	0			
Comprising								
Cash and cash equivalents		1,981,368	3,209,514	5,190,882	0			
		1,981,368	3,209,514	5,190,882	0			

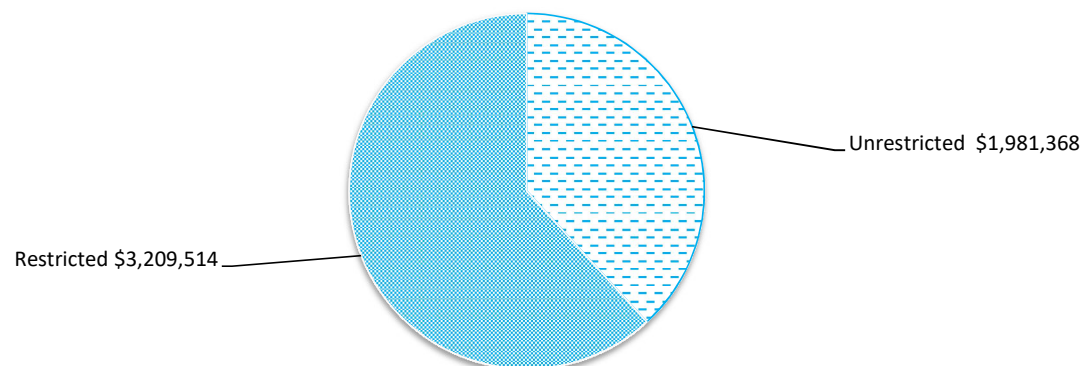
KEY INFORMATION

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 net current assets.

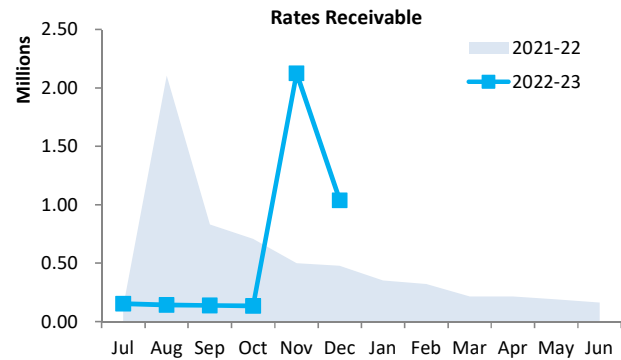
The local government classifies financial assets at amortised cost if both of the following criteria are met:

- 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.

Financial assets at amortised cost held with registered financial institutions are listed in this note other financial assets at amortised cost are provided in Note 4 - Other assets.



Rates receivable	30 Jun 2022	31 Dec 2022
	\$	\$
Opening arrears previous years	144,096	162,417
Levied this year	1,868,737	2,045,765
Less - collections to date	(1,850,416)	(1,169,643)
Gross rates collectable	162,417	1,038,539
Net rates collectable	162,417	1,038,539
% Collected	91.9%	53%



Receivables - general	Credit	Current	30 Days	60 Days	90+ Days	Total
	\$	\$	\$	\$	\$	\$
Receivables - general	(373)	40,286	1,000	8,152	541,627	590,692
Percentage	(0.10%)	6.8%	0.2%	1.4%	91.7%	
Balance per trial balance						
Sundry receivable						590,692
GST receivable						65,026
Total receivables general outstanding						655,718

Amounts shown above include GST (where applicable)

KEY INFORMATION

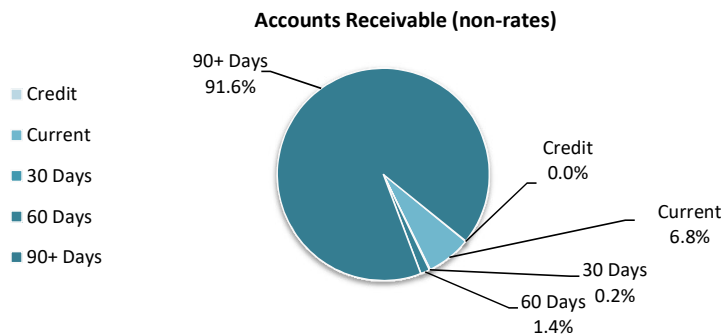
Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Trade receivables are recognised at original invoice amount less any allowances for uncollectable amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

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.



	Opening Balance 1 July 2022	Asset Increase	Asset Reduction	Closing Balance 31 December 2022
	\$	\$	\$	\$
Other current assets				
Other financial assets at amortised cost				
Financial assets at amortised cost - self supporting loans	29,012	0	(14,406)	14,606
Inventory				
Fuel	4,164	0	0	4,164
Accrued income	1,261	0	0	1,261
Contract assets				
Contract assets	798,215	0	(798,214)	1
Total other current assets	832,652	0	(812,620)	20,032
Amounts shown above include GST (where applicable)				

KEY INFORMATION

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.

Inventory

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.

Contract assets

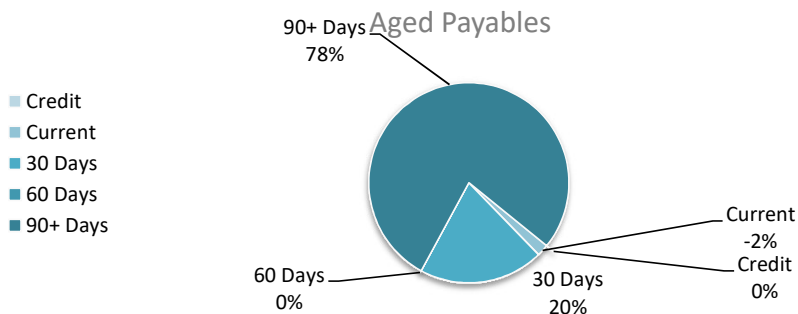
A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

Payables - general	Credit	Current	30 Days	60 Days	90+ Days	Total
	\$	\$	\$	\$	\$	\$
Payables - general	0	(120)	1,261	0	4,873	6,013
Percentage	0%	-2%	21%	0%	81%	
Balance per trial balance						
Sundry creditors						51,839
Accrued salaries and wages						35,122
ATO liabilities						84,560
Bonds & Deposits						(2,683)
Rates in Advance						37,803
Other payables						17,929
Total payables general outstanding						224,570

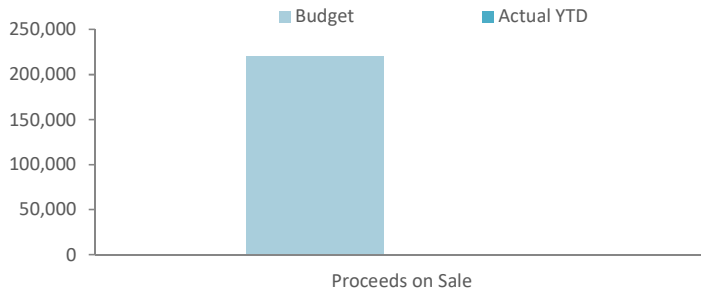
Amounts shown above include GST (where applicable)

KEY INFORMATION

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the period 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 normally 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.



Asset Ref.	Asset description	Budget				YTD Actual			
		Net Book		Profit	(Loss)	Net Book		Profit	(Loss)
		Value	Proceeds			Value	Proceeds		
		\$	\$	\$	\$	\$	\$	\$	
	Plant and equipment								
	Recreation and culture								
	John Deere Mower	7,200	5,000	0	(2,200)	0	0	0	0
	John Deere Mower	6,445	30,000	23,555	0	0	0	0	0
	Transport								
	Hino Crew Cab	20,179	30,000	9,821	0	0	0	0	0
	Toyota Hilux	32,946	40,000	7,054	0	0	0	0	0
	Tri-axle Low Loader	832	15,000	14,168	0	0	0	0	0
	Other property and services								
	Toyota Prado	66,204	65,000	0	(1,204)	0	0	0	0
	Toyota Prado	28,099	35,000	6,901	0	0	0	0	0
		161,905	220,000	61,499	(3,404)	0	0	0	0



Capital acquisitions	Budget	Adopted YTD Budget	YTD Actual	YTD Actual Variance
	\$	\$	\$	\$
Buildings	395,510	197,736	127,727	(70,009)
Furniture and equipment	355,000	177,498	235	(177,263)
Plant and equipment	498,944	249,450	0	(249,450)
Infrastructure - roads	1,529,000	764,424	141,373	(623,051)
Infrastructure - footpaths & cyclepaths	1,146,494	573,222	149,020	(424,202)
Infrastructure - drainage	130,000	64,992	0	(64,992)
Infrastructure - bridges	605,000	302,478	0	(302,478)
Infrastructure - parks & ovals	123,000	61,494	71,097	9,603
Infrastructure - other	10,000	4,998	0	(4,998)
Payments for Capital Acquisitions	4,792,948	2,396,292	489,452	(1,906,840)
Capital Acquisitions Funded By:				
	\$	\$	\$	\$
Capital grants and contributions	3,180,240	1,590,054	299,829	(1,290,225)
Borrowings	630,000	0	0	0
Other (disposals & C/Fwd)	220,000	0	0	0
Cash backed reserves				
Plant	(290,000)	0	0	0
Asset Management	(375,000)	0	0	0
Strategic Initiatives	(50,000)	0	0	0
Contribution - operations	1,477,708	806,238	189,623	(616,615)
Capital funding total	4,792,948	2,396,292	489,452	(1,906,840)

SIGNIFICANT ACCOUNTING POLICIES

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

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.

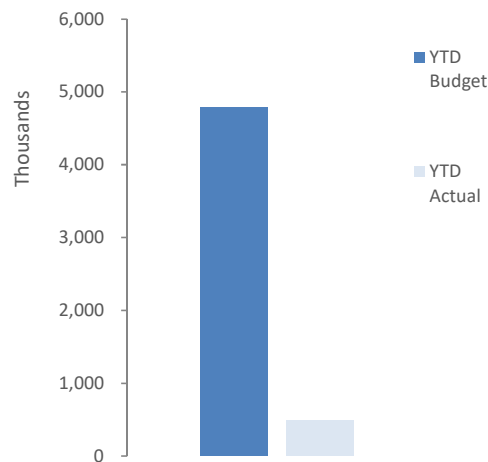
Initial recognition and measurement for assets held at cost

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 recognise at fair value. Assets held at cost are depreciated and assessed for impairment annually.

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

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.

Payments for Capital Acquisitions



INVESTING ACTIVITIES
NOTE 7
CAPITAL ACQUISITIONS (CONTINUED)

Account Description	Adopted		YTD Actual	Variance (Under)/Over
	Budget	YTD Budget		
	\$	\$	\$	\$
Buildings				
4050114 FIRE - Buildings Non Specialised (Capital)	205,510	102,750	0	102,750
BC5101 Ses Fire Shed - Building (Capital)	0	0	127,727	(127,727)
BC9101 House (Lot 234) 30 Dunnett Road - Building (Capital)	15,000	7,500	0	7,500
BC10101 Waste Management Facility - Building (Capital)	10,000	4,998	0	4,998
BC11303 Recreation Centre Nannup - Building (Capital)	25,000	12,498	0	12,498
BC11308 Bowling Club Nannup - Building (Capital)	50,000	24,996	0	24,996
BC11601 Old Road Board Office (1898?) - Building (Capital)	45,000	22,500	0	22,500
4120114 ROADC - Buildings Non Specialised (Capital)	20,000	9,996	0	9,996
4140214 ADMIN - Buildings Non Specialised (Capital)	25,000	12,498	0	12,498
Total Buildings	395,510	197,736	127,727	70,009
Furniture & Equipment				
4140220 ADMIN - Furniture & Equipment (Capital)	355,000	177,498	235	177,263
Total Furniture & Equipment	355,000	177,498	235	177,263
Plant & Equipment				
4050530 ESL BFB - Plant & Equipment (Capital)	13,944	6,972	0	6,972
4100130 SAN - Plant & Equipment (Capital)	70,000	34,998	0	34,998
4110830 REC CENTRE - Plant & Equipment (Capital)	30,000	14,994	0	14,994
4120330 PLANT - Plant & Equipment (Capital)	240,000	119,994	0	119,994
4140230 ADMIN - Plant & Equipment (Capital)	145,000	72,492	0	72,492
Total Plant & Equipment	498,944	249,450	0	249,450
Roads				
RC032 Grange Road (Capital)	443,000	221,490	0	221,490
RC042 Jephson Street (Sealed) (Capital)	180,000	89,988	0	89,988
RC307 Centenary Drive (Capital)	58,000	28,986	0	28,986
RC109 Bridgetown - Nannup Road (Capital)	100,000	49,992	0	49,992
RC045 Jalbarragup Road (Capital)	0	0	5,522	(5,522)
R2R022 Stacey Road (R2R)	313,000	156,492	91,451	65,041
4120149 ROADC - Roads Outside BUA - Sealed - Regional Road Gro	0	0	4,887	(4,887)
RRG094 Cundinup South Road (Rrg)	105,000	52,500	0	52,500
RRG109 Bridgetown - Nannup Road (Rrg)	90,000	45,000	0	45,000
RRG007 Governor Broome Road (Rrg)	120,000	59,988	0	59,988
RRG069 Fouracres Road (Rrg)	120,000	59,988	39,513	20,475
Total Roads	1,529,000	764,424	141,373	623,051
Drainage				
DC039 Brockman Street - Drainage Capital	130,000	64,992	0	64,992
Total Drainage	130,000	64,992	0	64,992
Bridges				
BR000 Bridge Construction General (Budgeting Only)	101,500	50,736	0	50,736
BR3950 Cundinup West Rd - Bridge (Capital)	440,000	219,996	0	219,996
BR4643A Brushtail Rd (F) - Bridge (Capital)	63,500	31,746	0	31,746
Total Bridges	605,000	302,478	0	302,478
Footpaths & Cyclepaths				
4120170 ROADC - Footpaths & Cycleways (Capital)	0	0	55,260	(55,260)
FC000 Footpath Construction General (Budgeting Only)	20,000	9,996	0	9,996
OC12111 Trail Town - Stage 1	541,130	270,558	57,925	212,633
OC12112 Trail Town - Stage 2	316,653	158,316	15,242	143,074
OC12113 Trail Town - Stage 3	268,711	134,352	19,593	114,759
OC12114 Trail Town - Stage 4	0	0	1,000	(1,000)
Total Footpaths & Cyclepaths	1,146,494	573,222	149,020	424,202
Parks & Gardens				
4110370 REC - Infrastructure Parks & Gardens (Capital)	0	0	64,327	(64,327)
PC11323 Marinko Tomas Memorial Park & Play Ground	73,000	36,498	5,370	31,128
PC11327 Marinko Tomas Bicycle Pump Truck	50,000	24,996	1,400	23,596
Total Parks & Gardens	123,000	61,494	71,097	(9,603)
Other Infrastructure				
4100290 SAN OTH - Infrastructure Other (Capital)	10,000	4,998	0	4,998
Total Other Infrastructure	10,000	4,998	0	4,998
TOTAL PPE & INFRASTRUCTURE	4,792,948	2,396,292	489,452	1,906,840

Repayments - borrowings

Particulars	Loan No.	1 July 2022	New Loans		Principal Repayments		Principal Outstanding		Interest Repayments	
			Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Community amenities										
Waste Facility Machine	40	299,613	0	0	(17,870)	(35,851)	281,743	263,762	(1,858)	(3,604)
Other property and services										
Enterprise Resource Training (ERP) System	42	0	0	300,000	0	(12,229)	0	287,771	0	(6,290)
		299,613	0	300,000	(17,870)	(48,080)	281,743	551,533	(1,858)	(9,894)
Self supporting loans										
Community amenities										
Nannup Music Club	39A	193,088	0	0	(14,406)	(29,027)	178,682	164,061	(476)	(12,243)
Nannup Music Club	41	0	0	330,000	0	(13,451)	0	316,549	0	(6,919)
		193,088	0	330,000	(14,406)	(42,478)	178,682	480,610	(476)	(19,162)
Total		492,701	0	630,000	(32,276)	(90,558)	460,425	1,032,143	(2,334)	(29,056)
Current borrowings		90,558					32,584			
Non-current borrowings		402,143					427,841			
		492,701					460,425			

All debenture repayments were financed by general purpose revenue.

Self supporting loans are financed by repayments from third parties.

New borrowings 2022-23

Particulars	Amount Borrowed Actual	Amount Borrowed Budget	Institution	Loan Type	Years	Total Interest & Charges	Interest Rate	Amount (Used)		Balance Unspent
	\$	\$				\$	%	Actual	Budget	\$
Enterprise Resource Training (ERP) System	0	300,000	WATC	Fixed	10	70,375	4.19%	0	300,000	0
Nannup Music Club	0	330,000	WATC	Fixed	10	77,413	4.19%	0	330,000	0
	0	630,000				147,788		0	630,000	0

The Shire has no unspent debenture funds as at 30th June 2022, nor is it expected to have unspent funds as at 30th June 2023.

KEY INFORMATION

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. Non-current borrowings fair values are based on discounted cash flows using a current borrowing rate.

Movement in carrying amounts

Information on leases	Lease No.	1 July 2022	New Leases		Principal Repayments		Principal Outstanding		Interest Repayments	
			Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Particulars		\$	\$	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety										
CESM Vehicle	979823	29,754	0	0	(8,643)	(17,002)	21,111	12,752	(1,858)	(3,604)
Total		29,754	0	0	(8,643)	(17,002)	21,111	12,752	(1,858)	(3,604)
Current lease liabilities		17,002					8,359			
Non-current lease liabilities		12,752					12,752			
		29,754					21,111			

All lease repayments were financed by general purpose revenue.

KEY INFORMATION

At inception of a contract, the Shire assesses if the contract contains or is a lease. A contract is or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement date, a right of use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

All contracts classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 DECEMBER 2022

OPERATING ACTIVITIES
NOTE 10
RESERVE ACCOUNTS

Reserve accounts

Reserve name	Opening Balance	Budget Interest Earned	Actual Interest Earned	Budget Transfers In (+)	Actual Transfers In (+)	Budget Transfers Out (-)	Actual Transfers Out (-)	Budget Closing Balance	Actual YTD Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by Council									
Leave Entitlements	224,228	1,048	0	0	0	0	0	225,276	224,228
Plant	456,981	2,136	0	50,000	0	(290,000)	0	219,117	456,981
Recreation	578	3	0	0	0	0	0	581	578
Office Equipment	166,115	776	0	0	0	0	0	166,891	166,115
Asset Management	849,381	3,968	0	0	0	(375,000)	0	478,349	849,381
Main Street Upgrade	60	0	0	0	0	0	0	60	60
Landfill	180,586	844	0	0	0	0	0	181,430	180,586
Emergency Management	63,742	298	0	0	0	0	0	64,040	63,742
Aged Accommodation	400,423	1,871	0	0	0	0	0	402,294	400,423
Gravel Pit	164,084	767	0	0	0	0	0	164,851	164,084
Community Bus	30,930	145	0	0	0	0	0	31,075	30,930
Infrastructure	201,279	941	0	0	0	0	0	202,220	201,279
Strategic Initiatives	364,367	1,703	0	0	0	(50,000)	0	316,070	364,367
Youth	16,370	77	0	0	0	0	0	16,447	16,370
Footpaths	30,112	141	0	0	0	0	0	30,253	30,112
Trails	60,278	282	0	50,000	0	0	0	110,560	60,278
	3,209,514	15,000	0	100,000	0	(715,000)	0	2,609,514	3,209,514

Other current liabilities	Note	Opening Balance 1 July 2022	Liability transferred from/(to) non current	Liability Increase	Liability Reduction	Closing Balance 31 December 2022
		\$		\$	\$	\$
Employee Related Provisions						
Annual leave		243,375	0	0	0	243,375
Long service leave		205,107	0	0	0	205,107
Total Employee Related Provisions		448,482	0	0	0	448,482
Total other current assets		448,482	0	0	0	448,482
Amounts shown above include GST (where applicable)						

KEY INFORMATION

Provisions

Provisions are recognised when the Shire has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Employee Related Provisions

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 calculation of net current assets.

Other long-term employee benefits

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as employee related provisions in the statement of financial position.

Long-term employee benefits 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.

Provider	Unspent operating grant, subsidies and contributions liability				Operating grants, subsidies and contributions revenue		
	Liability	Increase	Decrease	Liability	Adopted	YTD	YTD
	1 July 2022	in Liability	in Liability	31 Dec 2022	Budget	Budget	Revenue
	\$	\$	\$	\$	\$	\$	\$
Operating grants and subsidies							
General purpose funding							
GEN PUR - Financial Assistance Grant - General	0	0	0	0	319,535	159,762	189,989
GEN PUR - Financial Assistance Grant - Roads	0	0	0	0	120,885	60,438	30,221
GEN PUR - Other Income	0	0	0	0	0	0	64
Law, order, public safety							
FIRE - Grants	0	0	0	0	105,000	52,500	75,986
ESL BFB - Operating Grant	0	0	0	0	188,186	94,092	49,321
ESL SES - Admin Fee/Commission	0	0	0	0	4,000	1,998	0
ESL SES - Operating Grant	0	0	0	0	24,945	12,468	0
Education and welfare							
WELFARE - Contributions & Donations 1	0	0	0	0	7,727	3,858	0
WELFARE - Contributions & Donations 2	0	0	0	0	0	0	(455)
WELFARE - Grants 1	0	0	0	0	33,000	16,494	43,380
WELFARE - Grants 2	0	0	0	0	0	0	227
Community amenities							
PLAN - Contributions & Donations	0	0	0	0	51,750	25,872	0
Recreation and culture							
LIBRARY - Grant - Regional Library Services	0	0	0	0	10,000	4,998	7,760
OTH CUL - Other Income	0	0	0	0	20,000	9,996	0
OTH CUL - Australia Day	0	0	0	0	0	0	24,000
Transport							
ROADM - Direct Road Grant (MRWA)	0	0	0	0	0	0	2,627
	0	0	0	0	885,028	442,476	423,120
Operating contributions							
Economic services							
OTH ECON - Contributions & Donations	0	0	0	0	3,000	1,500	0
OTH ECON - Grants	0	0	0	0	1,000	498	0
	0	0	0	0	4,000	1,998	0
TOTALS	0	0	0	0	889,028	444,474	423,120

Provider	Capital grant/contribution liabilities				Non operating grants, subsidies and contributions revenue		
	Liability in 1 July 2022	Increase in Liability	Decrease in Liability (As revenue)	Liability 31 Dec 2022	Adopted Budget Revenue	YTD Budget	YTD Revenue Actual
	\$	\$	\$	\$	\$	\$	\$
Non-operating grants and subsidies							
Law, order, public safety							
ESL BFB - Capital Grant 1	0	0	0	0	163,944	81,972	0
ESL SES - Capital Grant 2	0	0	0	0	55,510	27,750	0
Recreation and culture							
REC - Grants 1	0	0	0	0	5,000	2,496	0
REC - Grants 2	0	0	0	0	98,000	48,996	0
HERITAGE - Grants	0	0	0	0	45,000	22,500	0
Transport							
ROADC - Regional Road Group Grants (MRWA)	0	0	0	0	290,000	144,990	177,829
ROADC - Roads to Recovery Grant	0	0	0	0	306,800	153,396	0
ROADC - Other Grants - Roads/Streets 1	0	0	0	0	0	0	22,000
ROADC - Other Grants - Roads/Streets 2	0	0	0	0	1,137,415	568,698	0
ROADC - Other Grants - Footpaths & Cycleway	0	0	0	0	758,571	379,260	100,000
ROADC - Other Grants - Bridges	0	0	0	0	320,000	159,996	0
	0	0	0	0	3,180,240	1,590,054	299,829

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 DECEMBER 2022**

**NOTE 14
TRUST FUND**

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

Description	Opening Balance 1 July 2022	Amount Received	Amount Paid	Closing Balance 31 Dec 2022
	\$	\$	\$	\$
Building Services Levy (BSL)	6,474	3,929	(9,185)	1,218
Construction Training Fund (CTF)	176	3,347	(2,385)	1,138
Department of Transport	5,686	94,732	(90,597)	9,821
Key, Facility & Equipment Bonds	0	400	(400)	0
Retention Bonds	0	5,000	0	5,000
Other Bonds	20,358	2,400	(600)	22,158
	32,694	109,808	(103,167)	39,335

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 DECEMBER 2022**

**NOTE 15
BUDGET AMENDMENTS**

Amendments to original budget since budget adoption. Surplus/(Deficit)

GL Code	Description	Council Resolution	Classification	Non Cash Adjustment	Increase in Available Cash	Decrease in Available Cash	Amended Budget Running Balance
				\$	\$	\$	\$
	Budget adoption		Opening Surplus(Deficit)				21,139
	Nil						
				0	0	0	0

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 DECEMBER 2022**

The material variance thresholds are adopted annually by Council as an indicator of whether the actual expenditure or revenue varies from the year to date Actual materially.

The material variance adopted by Council for the 2022-23 year is \$30,000 or 10.00% whichever is the greater.

Nature or type	Var. \$	Var. %		Timing / Permanent	Explanation of variances
	\$	%			
Opening funding surplus / (deficit)	348,601	15%	▲	Timing	Closing position dependant on finalisation of 2021/22 financials
Revenue from operating activities					
Rates	996,477	101%	▲	Timing	Rates billing processed in November
Rates (excluding general rate)	62,084	0%	▲	Permanent	Ex gratia rates
Operating grants, subsidies and contributions	(21,354)	(5%)		Timing	Not Material
Fees and charges	120,499	43%	▲	Timing	Most predominately relating to Waste and Recycling collection
Interest earnings	(7,296)	(35%)			Interest on deposits to be processed
Other revenue	29,949	190%			LGIS & other minor reimbursements
Profit on disposal of assets	(30,732)	(100%)	▼		Plant Replacement Program still to be implemented
Expenditure from operating activities					
Employee costs	168,301	14%	▲	Timing	Mostly due to the allocation of costs for construction and maintenance of roads
Materials and contracts	352,296	30%	▲	Timing	Expenditure relating mostly to fire prevention, road maintenance, and administration
Utility charges	3,183	13%			Not Material
Depreciation on non-current assets	738,174	100%	▲	Timing	New valuations to be processed before depreciation is run
Interest expenses	5,374	49%			Not Material
Insurance expenses	(131,291)	(150%)	▼	Timing	Insurance premiums paid at beginning of financial year
Other expenditure	42,860	34%	▲	Timing	Predominately Elected Member and Governance related costs
Loss on disposal of assets	1,698	100%			Not Material
Non-cash amounts excluded from operating activities	(726,715)	(100%)	▼	Timing	Depreciation still to be processed for 2022/23 financial year
Investing activities					
Proceeds from non-operating grants, subsidies and contributions	(1,290,225)	(81%)	▼	Timing	Road & Capital project funding
Proceeds from disposal of assets	0	0%			Not Material
Payments for financial assets at amortised cost - self supporting loans	0	0%			Not Material
Payments for property, plant and equipment and infrastructure	1,906,840	80%	▲	Timing	Road Replacement Program and other significant capital projects
Financing activities					
Proceeds from new debentures	0	0%			Not Material
Transfer from reserves	0	0%			Not Material
Payments for principal portion of lease liabilities	(8,643)	0%			Not Material
Repayment of debentures	(32,276)	0%	▼		Not Material
Transfer to reserves	0	0%			Not Material
Closing funding surplus / (deficit)	2,527,804	(359%)	▲	Timing	As per the above explanations