

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

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

Katanning is a safe, sustainable, and prosperous community. We respect and celebrate our diverse culture.

Principal place of business:
52 Austral Terrace
Katanning 6317

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

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

STATEMENT BY CEO

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

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

Signed on the

12th day of

December 2023



Acting Chief Executive Officer

Dale Putland

Name of Acting Chief Executive Officer



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

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Revenue				
Rates	2(a),23	4,653,561	4,677,379	4,405,051
Grants, subsidies and contributions	2(a)	3,995,834	2,112,415	4,545,187
Fees and charges	2(a)	1,990,760	1,861,766	1,753,714
Interest revenue	2(a)	379,390	98,500	82,692
Other revenue	2(a)	516,646	433,174	328,590
		11,536,191	9,183,234	11,115,234
Expenses				
Employee costs	2(b)	(4,097,889)	(4,544,829)	(4,014,132)
Materials and contracts		(3,463,587)	(4,181,222)	(3,402,363)
Utility charges		(521,861)	(528,015)	(482,583)
Depreciation		(5,347,988)	(6,125,895)	(6,132,001)
Finance costs	2(b)	(123,991)	(118,046)	(122,207)
Insurance		(407,681)	(406,146)	(394,137)
Other expenditure	2(b)	(333,323)	(352,813)	(446,131)
		(14,296,320)	(16,256,966)	(14,993,554)
		(2,760,129)	(7,073,732)	(3,878,320)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	17,970	0	0
Loss on revaluation of infrastructure - parks and gardens	8(a)	0	0	0
Capital grants, subsidies and contributions	2(a)	1,220,141	892,744	1,561,068
Profit on asset disposals		37,247	174,214	110,877
Loss on asset disposals		0	(59,016)	(815,454)
		1,275,358	1,007,942	856,491
Net result for the period		(1,484,771)	(6,065,790)	(3,021,829)
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	0	0	5,717,461
Total other comprehensive income for the period	16	0	0	5,717,461
Total comprehensive income for the period		(1,484,771)	(6,065,790)	2,695,632

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



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

	NOTE	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	3	15,311,940	9,714,690
Trade and other receivables	5	1,394,727	1,681,158
Other financial assets	4(a)	21,042	4,303,578
Inventories	6	20,508	4,439
Other assets	6	0	0
Assets classified as held for sale	6	0	0
TOTAL CURRENT ASSETS		16,748,217	15,703,865
NON-CURRENT ASSETS			
Trade and other receivables	5	268,323	253,149
Other financial assets	4(b)	366,435	124,637
Inventories	6	0	0
Investment in associate	21(a)	0	0
Property, plant and equipment	7	58,915,944	59,454,714
Infrastructure	8	159,205,524	161,193,702
Right-of-use assets	11(a)	15,319	29,523
Investment property	11	0	0
Intangible assets	11	0	0
TOTAL NON-CURRENT ASSETS		218,771,545	221,055,725
TOTAL ASSETS		235,519,762	236,759,590
CURRENT LIABILITIES			
Trade and other payables	10	1,987,185	1,910,304
Other liabilities	12	103,112	491,580
Lease liabilities	11(b)	15,095	14,578
Borrowings	13	284,958	184,158
Employee related provisions	14	630,441	640,705
Other provisions	15	0	0
TOTAL CURRENT LIABILITIES		3,020,791	3,241,325
NON-CURRENT LIABILITIES			
Trade and other payables	10	0	0
Other liabilities	12	4,336,743	4,211,469
Lease liabilities	11(b)	955	14,933
Borrowings	13	3,300,081	2,958,508
Employee related provisions	14	100,850	120,211
Other provisions	15	573,804	541,835
TOTAL NON-CURRENT LIABILITIES		8,312,433	7,846,956
TOTAL LIABILITIES		11,333,224	11,088,281
NET ASSETS		224,186,538	225,671,309
EQUITY			
Retained surplus		96,162,073	97,758,487
Reserve accounts	26	7,733,796	7,622,153
Revaluation surplus	16	120,290,669	120,290,669
TOTAL EQUITY		224,186,538	225,671,309

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



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

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2021		99,866,518	8,535,951	114,573,208	222,975,677
Comprehensive income for the period					
Net result for the period		(3,021,829)	0	0	(3,021,829)
Other comprehensive income for the period	16	0	0	5,717,461	5,717,461
Total comprehensive income for the period		(3,021,829)	0	5,717,461	2,695,632
Transfers from reserve accounts	26	1,462,553	(1,462,553)	0	0
Transfers to reserve accounts	26	(548,755)	548,755	0	0
Balance as at 30 June 2022		97,758,487	7,622,153	120,290,669	225,671,309
Comprehensive income for the period					
Net result for the period		(1,484,771)	0	0	(1,484,771)
Total comprehensive income for the period		(1,484,771)	0	0	(1,484,771)
Transfers from reserve accounts	26	657,418	(657,418)	0	0
Transfers to reserve accounts	26	(769,061)	769,061	0	0
Balance as at 30 June 2023		96,162,073	7,733,796	120,290,669	224,186,538

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

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

	NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		4,651,919	4,099,450
Grants, subsidies and contributions		3,732,640	4,283,503
Fees and charges		2,250,244	3,113,894
Interest revenue		379,390	82,692
Goods and services tax received		934,026	919,289
Other revenue		513,704	329,953
		12,461,923	12,828,781
Payments			
Employee costs		(4,118,461)	(4,027,942)
Materials and contracts		(3,287,761)	(3,900,049)
Utility charges		(625,724)	(482,583)
Finance costs		(121,883)	(122,953)
Insurance paid		(407,681)	(394,137)
Goods and services tax paid		(908,027)	(799,059)
Other expenditure		(333,301)	(414,978)
		(9,802,838)	(10,141,701)
Net cash provided by (used in) operating activities		2,659,085	2,687,080
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for financial assets at amortised cost		0	177,527
Payments for financial assets at amortised cost - self supporting loans		5,133	0
Payments for purchase of property, plant & equipment	7(a)	(1,178,490)	(1,362,702)
Payments for construction of infrastructure	8(a)	(1,661,154)	(2,799,963)
Capital grants, subsidies and contributions		1,220,141	1,561,068
Proceeds for financial assets at amortised cost		4,303,578	0
Proceeds from financial assets at fair values through profit and loss		(250,000)	0
Proceeds from sale of property, plant & equipment		70,045	201,528
Net cash provided by (used in) investing activities		2,509,253	(2,222,542)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	25(a)	(207,627)	(280,754)
Payments for principal portion of lease liabilities	25(c)	(13,461)	(19,672)
Proceeds from new borrowings	25(a)	650,000	0
Net cash provided by (used in) financing activities		428,912	(300,426)
Net increase (decrease) in cash held		5,597,250	164,112
Cash at beginning of year		9,714,690	9,550,578
Cash and cash equivalents at the end of the year		15,311,940	9,714,690

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

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

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	23	4,648,762	4,672,709	4,400,519
Rates excluding general rates	23	4,799	4,670	4,532
Grants, subsidies and contributions		3,995,834	2,112,415	4,545,187
Fees and charges		1,990,760	1,861,766	1,753,714
Interest revenue		379,390	98,500	82,692
Other revenue		516,646	433,674	328,590
Profit on asset disposals		37,247	174,214	110,877
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	17,970	0	0
		11,591,408	9,357,948	11,226,111
Expenditure from operating activities				
Employee costs		(4,097,889)	(4,544,829)	(4,014,132)
Materials and contracts		(3,463,587)	(4,181,722)	(3,402,363)
Utility charges		(521,861)	(528,015)	(482,583)
Depreciation		(5,347,988)	(6,125,895)	(6,132,001)
Finance costs		(123,991)	(118,046)	(122,207)
Insurance		(407,681)	(406,146)	(394,137)
Other expenditure		(333,323)	(352,813)	(446,131)
Loss on asset disposals		0	(59,016)	(815,454)
		(14,296,320)	(16,316,482)	(15,809,008)
Non-cash amounts excluded from operating activities	24(a)	5,095,503	6,105,687	6,756,886
Amount attributable to operating activities		2,390,591	(852,847)	2,173,989
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		1,220,141	892,744	1,561,068
Proceeds from disposal of assets		70,045	424,773	201,528
		1,290,186	1,317,517	1,762,596
Outflows from investing activities				
Purchase of property, plant and equipment	7(a)	(1,178,490)	(3,593,263)	(1,362,702)
Purchase and construction of infrastructure	8(a)	(1,661,154)	(2,299,756)	(2,799,963)
		(2,839,644)	(5,893,019)	(4,162,665)
Amount attributable to investing activities		(1,549,458)	(4,575,502)	(2,400,069)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	25(a)	650,000	650,000	0
Transfers from reserve accounts	26	657,418	2,503,012	1,462,553
		1,307,418	3,153,012	1,462,553
Outflows from financing activities				
Repayment of borrowings	25(a)	(207,627)	(195,158)	(280,754)
Payments for principal portion of lease liabilities	25(c)	(13,461)	(11,503)	(19,672)
Transfers to reserve accounts	26	(769,061)	(658,000)	(548,755)
		(990,149)	(864,661)	(849,181)
Amount attributable to financing activities		317,269	2,288,351	613,372
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	24(b)	7,021,219	3,139,998	6,633,927
Amount attributable to operating activities		2,390,591	(852,847)	2,173,989
Amount attributable to investing activities		(1,549,458)	(4,575,502)	(2,400,069)
Amount attributable to financing activities		317,269	2,288,351	613,372
Surplus or deficit after imposition of general rates	24(b)	8,179,621	0	7,021,219

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

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

1. BASIS OF PREPARATION

The financial report of the Shire of Katanning which is a class 3 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

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

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

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

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

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements.

Judgements and estimates

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

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

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

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

Initial application of accounting standards

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

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

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

New accounting standards for application in future years

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

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

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

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

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

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Rates	General Rates	Single point in time	Payment dates adopted by Council during the year	None	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 contract commitments	General appropriations and contributions with no reciprocal commitment	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	When rates notice is issued
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in arrears at gate or on normal trading terms if credit provided	None	On exit of the 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 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 stock	Single point in time	Payment in full in advance	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 KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

2 REVENUE AND EXPENSES (Continued)

Revenue Recognition

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

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	4,653,561	0	4,653,561
Grants, subsidies and contributions	731,102	0	3,264,732	0	3,995,834
Fees and charges	1,990,760	0	0	0	1,990,760
Interest revenue	297,113	0	82,277	0	379,390
Other revenue	372,736	0	143,910	0	516,646
Capital grants, subsidies and contributions	0	822,407	0	397,734	1,220,141
Total	3,391,711	822,407	8,144,480	397,734	12,756,332

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	4,405,051	0	4,405,051
Grants, subsidies and contributions	1,652,308	0	2,892,879	0	4,545,187
Fees and charges	1,753,714	0	0	0	1,753,714
Interest revenue	11,177	0	71,515	0	82,692
Other revenue	200,182	0	128,408	0	328,590
Capital grants, subsidies and contributions	0	1,561,068	0	0	1,561,068
Total	3,617,381	1,561,068	7,497,853	0	12,676,302

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

	Note	2023 Actual \$	2022 Actual \$
Interest revenue			
Financial assets at amortised cost - self supporting loans		4,269	0
Interest on reserve account funds		257,062	10,695
Trade and other receivables overdue interest		78,009	71,515
Other interest revenue		40,050	482
		379,390	82,692
The 2023 original budget estimate in relation to:			
Trade and other receivables overdue interest was \$92,000			
The 2023 original budget estimate in relation to:			
Charges on instalment plan was \$9,500			

(b) Expenses

Auditors remuneration			
- Audit of the Annual Financial Report		65,900	56,100
- Other services – grant acquittals		14,265	30,430
		80,165	86,530
Employee Costs			
Employee benefit costs		4,063,698	3,755,973
Other employee costs		34,191	258,159
		4,097,889	4,014,132
Finance costs			
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss		122,983	120,631
Lease liabilities		1,008	1,576
		123,991	122,207
Sundry expenses		333,323	446,131
		333,323	446,131

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

3. CASH AND CASH EQUIVALENTS

Note	2023 \$	2022 \$
Cash at bank and on hand	7,578,144	2,705,419
Term deposits	7,733,796	7,009,271
Total cash and cash equivalents	15,311,940	9,714,690
Held as		
- Unrestricted cash and cash equivalents	3,064,879	1,910,340
- Restricted cash and cash equivalents	12,247,061	7,804,350
	15,311,940	9,714,690

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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

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

Restricted financial assets

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

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Self supporting loans receivable

Term deposits

Held as

- Unrestricted other financial assets at amortised cost

- Restricted other financial assets at amortised cost

(b) Non-current assets

Financial assets at amortised cost

Financial assets at fair value through profit or loss

Financial assets at amortised cost

Self supporting loans receivable

Financial assets at fair value through profit or loss

Units in Local Government House Trust-Opening balance

Movement attributable to fair value increment

Units in Local Government House Trust-Opening balance

2023 \$	2022 \$
21,042	4,303,578
21,042	4,303,578
21,042	0
0	4,303,578
21,042	4,303,578
21,042	0
0	4,303,578
21,042	4,303,578
223,828	0
142,607	124,637
366,435	124,637
223,827	0
223,827	0
124,637	124,637
17,970	0
142,607	124,637

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 25(a) as self supporting loans. Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 22 (i)) due to the observable market rates).

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

Financial assets at fair value through profit or loss

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

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

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

5. TRADE AND OTHER RECEIVABLES

Current

Note	2023 \$	2022 \$
Rates and statutory receivables	1,181,930	1,207,909
Trade receivables	497,773	849,259
Other receivables	29,276	0
GST receivable	330	1,298
Allowance for credit losses of other receivables	(314,582)	(377,308)
	1,394,727	1,681,158
Non-current		
Rates and statutory receivables	268,323	253,149
	268,323	253,149

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

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

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

Trade receivables

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

Other receivables

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

Measurement

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

Classification and subsequent measurement

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

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

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

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

6. INVENTORIES

	Note	2023	2022
Current		\$	\$
Fuel and materials		20,508	4,439
		20,508	4,439
The following movements in inventories occurred during the year:			
Balance at beginning of year		4,439	11,442
Inventories expensed during the year		0	(201,332)
Additions to inventory		16,069	194,329
Balance at end of year		20,508	4,439

SIGNIFICANT ACCOUNTING POLICIES

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

7. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - non- specialised	Buildings - specialised	Total land and buildings not subject to operating lease	Total land and buildings	Furniture and equipment	Plant	Motor Vehicles	Buildings - work in progress	Equipment	Paintings and Sculptures	Total property, plant and equipment
	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	3,431,600	4,917,051	45,834,673	54,183,324	54,183,324	216,372	3,288,898	397,452	1,074	574,661	253,400	58,915,181
Additions	0	133,958	486,456	620,414	620,414	0	370,756	167,816	(1,074)	204,790	0	1,362,702
Disposals	(16,000)	0	(805,186)	(821,186)	(821,186)	0	(66,199)	(18,720)	0	0	0	(906,105)
Revaluation increments / (decrements) transferred to revaluation surplus	2,316,300	(1,043,677)	4,444,838	5,717,461	5,717,461	0	0	0	0	0	0	5,717,461
Depreciation	0	(82,332)	(1,707,390)	(1,789,722)	(1,789,722)	(43,391)	(518,984)	(66,537)	0	(86,756)	(946)	(2,506,336)
Transfers	0	0	(3,188,900)	(3,188,900)	(3,188,900)	4,995	0	0	0	0	55,716	(3,128,189)
Balance at 30 June 2022	5,731,900	3,925,000	45,064,491	54,721,391	54,721,391	177,976	3,074,471	480,011	0	692,695	308,170	59,454,714
Comprises:												
Gross balance amount at 30 June 2022	5,731,900	3,925,000	45,064,491	54,721,391	54,721,391	295,017	5,210,677	714,244	0	1,372,261	312,900	62,626,490
Accumulated depreciation at 30 June 2022	0	0	0	0	0	(117,041)	(2,136,206)	(234,233)	0	(679,566)	(4,730)	(3,171,776)
Balance at 30 June 2022	5,731,900	3,925,000	45,064,491	54,721,391	54,721,391	177,976	3,074,471	480,011	0	692,695	308,170	59,454,714
Additions	0	106,898	250,993	357,891	357,891	0	304,704	91,715	0	414,750	9,430	1,178,490
Disposals	0	0	0	0	0	0	(4,788)	(28,011)	0	0	0	(32,799)
Depreciation	0	(81,773)	(934,317)	(1,016,090)	(1,016,090)	(43,557)	(523,990)	(59,178)	0	(174,771)	(2,649)	(1,820,235)
Transfers	0	0	0	0	0	0	0	0	0	12,046	123,728	135,774
Balance at 30 June 2023	5,731,900	3,950,125	44,381,167	54,063,192	54,063,192	134,419	2,850,397	484,537	0	944,720	438,679	58,915,944
Comprises:												
Gross balance amount at 30 June 2023	5,731,900	4,031,898	45,315,484	55,079,282	55,079,282	295,017	5,510,593	777,948	0	1,799,057	446,058	63,907,955
Accumulated depreciation at 30 June 2023	0	(81,773)	(934,317)	(1,016,090)	(1,016,090)	(160,598)	(2,660,196)	(293,411)	0	(854,337)	(7,379)	(4,992,011)
Balance at 30 June 2023	5,731,900	3,950,125	44,381,167	54,063,192	54,063,192	134,419	2,850,397	484,537	0	944,720	438,679	58,915,944

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2 & 3	Cost approach using current replacement cost	External Valuer	June 2022	Improvements to land using construction costs and current condition, residual values and remaining useful life assessment
Buildings - non-specialised	2	Market approach using recent or estimated observable market data for similar properties	External Valuer	June 2022	Open market values of similar items adjusted for condition and comparability
Buildings - specialised	2 & 3	Cost approach using current replacement cost	External Valuer	June 2022	Construction cost 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 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		Not Applicable	Cost	Not Applicable	Not Applicable
Plant and equipment		Not Applicable	Cost	Not Applicable	Not Applicable
Equipment		Not Applicable	Cost	Not Applicable	Not Applicable
Paintings and Sculptures		Not Applicable	Cost	Not Applicable	Not Applicable

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

8. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Other infrastructure - footpaths	Other infrastructure - drainage	Other infrastructure - parks & ovals	Other infrastructure - other	Other infrastructure - bridges	Rehabilitation Assets	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	119,290,513	2,019,785	9,817,364	15,157,700	12,187,664	334,105	66,335	158,873,466
Additions	1,437,571	343,972	0	548,532	394,888	75,000	0	2,799,963
Depreciation	(2,155,170)	(123,190)	(179,210)	(648,105)	(487,474)	(10,029)	(4,738)	(3,607,916)
Transfers	56,687	0	0	149,792	2,921,710	0		3,128,189
Balance at 30 June 2022	118,629,601	2,240,567	9,638,154	15,207,919	15,016,788	399,076	61,597	161,193,702
Comprises:								
Gross balance at 30 June 2022	126,892,367	2,743,100	10,353,779	17,425,842	16,372,669	439,192	317,460	174,544,409
Accumulated depreciation at 30 June 2022	(8,262,766)	(502,533)	(715,625)	(2,217,923)	(1,355,881)	(40,116)	(255,863)	(13,350,707)
Balance at 30 June 2022	118,629,601	2,240,567	9,638,154	15,207,919	15,016,788	399,076	61,597	161,193,702
Additions	1,364,695	143,352	0	0	114,584	38,523	0	1,661,154
Revaluation loss transferred to profit or loss	0	0	0	0	0	0	0	0
Depreciation	(1,997,009)	(137,155)	(202,872)	(575,207)	(582,445)	(14,112)	(4,758)	(3,513,558)
Transfers	0	0	0	(53,424)	(82,350)	0	0	(135,774)
Balance at 30 June 2023	117,997,287	2,246,764	9,435,282	14,579,288	14,466,577	423,487	56,839	159,205,524
Comprises:								
Gross balance at 30 June 2023	128,257,062	2,886,452	10,353,779	17,372,418	16,404,903	477,715	317,460	176,069,789
Accumulated depreciation at 30 June 2023	(10,259,775)	(639,688)	(918,497)	(2,793,130)	(1,938,326)	(54,228)	(260,621)	(16,864,265)
Balance at 30 June 2023	117,997,287	2,246,764	9,435,282	14,579,288	14,466,577	423,487	56,839	159,205,524

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

8. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	3	Cost approach using current replacement cost	Management Valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure - footpaths	3	Cost approach using current replacement cost	Management Valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure - drainage	3	Cost approach using current replacement cost	Management Valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure - parks & ovals	3	Cost approach using current replacement cost	Management Valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure - other	3	Cost approach using current replacement cost	Management Valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure - bridges	3	Cost approach using current replacement cost	Management Valuation	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 KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

9. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

Asset Class	Useful life
Land - freehold land	Not depreciated
Buildings - non-specialised	30 to 50 years
Buildings - specialised	50 to 80 years
Furniture and equipment	4 to 20 years
Plant	5 to 15 years
Motor Vehicles	5 to 10 years
Equipment	5 to 50 years
Paintings and Sculptures	Not depreciated
Infrastructure - roads	8 to 85 years
Other infrastructure - footpaths	20 years
Other infrastructure - drainage	25 to 80 years
Other infrastructure - parks & ovals	30 to 75 years
Other infrastructure - other	10 to 100 years
Other infrastructure - bridges	25 to 60 years
Other infrastructure - rehabilitation assets	67 years

Revision of useful lives of plant and equipment

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

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

9. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

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

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

Revaluation

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

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

Revaluation (continued)

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

Depreciation

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

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

Depreciation on revaluation

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

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.

Impairment

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

Gains or losses on disposal

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

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

10. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued payroll liabilities
 ATO liabilities
 Bonds and deposits held
 Accrued interest on loans
 Amherst refund deposits

2023	2022
\$	\$
577,861	417,919
80,947	93,396
92,679	83,625
32,280	7,249
73,410	76,352
17,118	15,010
1,112,890	1,216,753
1,987,185	1,910,304

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

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

Prepaid rates

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

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

11. LEASES

(a) Right-of-Use Assets

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

	Note	Right-of-use assets - Parks & Gardens	Right-of-use assets Total
		\$	\$
Balance at 1 July 2021		50,954	50,954
Revaluation (loss) / reversals transferred to profit or loss		(3,682)	(3,682)
Depreciation		(17,749)	(17,749)
Balance at 30 June 2022		29,523	29,523
Gross balance amount at 30 June 2022		47,272	47,272
Accumulated depreciation at 30 June 2022		(17,749)	(17,749)
Balance at 30 June 2022		29,523	29,523
Depreciation		(14,221)	(14,221)
Balance at 30 June 2023		15,302	15,302
Gross balance amount at 30 June 2023		47,289	47,289
Accumulated depreciation at 30 June 2023		(31,970)	(31,970)
Balance at 30 June 2023		15,319	15,319

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

		2023 Actual	2022 Actual
		\$	\$
Depreciation on right-of-use assets		(14,221)	(17,749)
Finance charge on lease liabilities	25(c)	(1,015)	(1,576)
Short-term lease payments recognised as expense		0	(20,599)
Total amount recognised in the statement of comprehensive income		(15,236)	(39,924)
Total cash outflow from leases		(14,476)	(21,248)
(b) Lease Liabilities			
Current		15,095	14,578
Non-current		955	14,933
	25(c)	16,050	29,511

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

SIGNIFICANT ACCOUNTING POLICIES

Leases

At inception of a contract, the Shire assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

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

Details of individual lease liabilities required by regulations are provided at Note 25(c).

Right-of-use assets - measurement

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

Refer to Note 9 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

SHIRE OF KATANNING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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12. OTHER LIABILITIES

Current

Capital grant/contributions liabilities

Non-current

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 aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$103,112 (2022: \$399,471)

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

Expected satisfaction of capital grant/contribution liabilities

Less than 1 year

1 to 2 years

2 to 3 years

2023	2022
\$	\$
103,112	491,580
103,112	491,580
4,336,743	4,211,469
4,336,743	4,211,469
4,703,049	4,671,105
170,571	574,820
(451,592)	(542,876)
4,422,028	4,703,049
103,112	491,580
4,336,743	3,211,469
0	1,000,000
4,439,855	4,703,049

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

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

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

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

13. BORROWINGS

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Bank loans		284,958	3,300,081	3,585,039	184,158	2,958,508	3,142,666
Total secured borrowings	25(a)	284,958	3,300,081	3,585,039	184,158	2,958,508	3,142,666

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 Katanning. Other loans relate to transferred receivables. Refer to Note 5.

The Shire of Katanning has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 years.

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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 0(i)) due to the unobservable inputs, including own credit risk.

Risk

Details of individual borrowings required by regulations are provided at Note 25(a).

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

14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions

Employee benefit provisions

Annual leave

Long service leave

Total current employee related provisions

Non-current provisions

Employee benefit provisions

Long service leave

Total non-current employee related provisions

Total employee related provisions

	2023	2022
	\$	\$
Annual leave	297,782	330,951
Long service leave	332,659	309,754
	630,441	640,705
Total current employee related provisions	630,441	640,705
Long service leave	100,850	120,211
	100,850	120,211
Total non-current employee related provisions	100,850	120,211
Total employee related provisions	731,291	760,916

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

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

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

15. OTHER PROVISIONS

	Make good provisions	Total
	\$	\$
Opening balance at 1 July 2022		
Non-current provisions	541,835	541,835
	541,835	541,835
Additional provision	31,969	31,969
Balance at 30 June 2023	573,804	573,804
Comprises		
Non-current	573,804	573,804
	573,804	573,804

Other provisions

Amounts which are expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

Make good provisions Katanning Landfill Site

Under the licence for the operation of the Katanning landfill site, the Shire has a legal obligation to restore the site.

The estimated future obligations include the costs of restoring the affected areas and continued monitoring of the site.

The provision for future remediation costs is the best estimate of the present value of the expenditure required to settle the remediation obligation at the reporting date. Future remediation costs are reviewed annually and any changes in the estimate are reflected in the present value of the remediation provision at each reporting date.

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.

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

16. REVALUATION SURPLUS

	2023 Opening Balance	2023 Closing Balance	2022 Opening Balance	Total Movement on Revaluation	2022 Closing Balance
	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	8,181,336	8,181,336	5,865,036	2,316,300	8,181,336
Revaluation surplus - Buildings - non-specialised	5,403,411	5,403,411	6,447,088	(1,043,677)	5,403,411
Revaluation surplus - Buildings - specialised	4,744,578	4,744,578	299,740	4,444,838	4,744,578
Revaluation surplus - Furniture and equipment	1,773	1,773	1,773	0	1,773
Revaluation surplus - Plant	1,011,022	1,011,022	1,011,022	0	1,011,022
Revaluation surplus - Motor Vehicles	160,555	160,555	160,555	0	160,555
Revaluation surplus - Equipment	579,346	579,346	579,346	0	579,346
Revaluation surplus - Paintings and Sculptures	240,066	240,066	240,066	0	240,066
Revaluation surplus - Infrastructure - roads	82,408,244	82,408,244	82,408,244	0	82,408,244
Revaluation surplus - Other infrastructure - footpaths	1,480,269	1,480,269	1,480,269	0	1,480,269
Revaluation surplus - Other infrastructure - drainage	10,454,103	10,454,103	10,454,103	0	10,454,103
Revaluation surplus - Other infrastructure - parks & ovals	1,487,166	1,487,166	1,487,166	0	1,487,166
Revaluation surplus - Other infrastructure - other	4,078,974	4,078,974	4,078,974	0	4,078,974
Revaluation surplus - Other infrastructure - bridges	59,826	59,826	59,826	0	59,826
	120,290,669	120,290,669	114,573,208	5,717,461	120,290,669

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

17. RESTRICTIONS OVER FINANCIAL ASSETS

	Note	2023 Actual \$	2022 Actual \$
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	12,247,061	7,804,349
- Financial assets at amortised cost	4	0	4,303,578
		12,247,061	12,107,927
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	26	7,733,796	7,622,153
Contract liabilities	12	4,439,855	4,409,422
Bonds & Deposits Held	11	73,410	76,352
Total restricted financial assets		12,247,061	12,107,927

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

Bank overdraft limit	250,000	250,000
Bank overdraft at balance date	0	0
Credit card limit	65,000	65,000
Credit card balance at balance date	0	(633)
Total amount of credit unused	315,000	314,367
Loan facilities		
Loan facilities - current	284,958	184,158
Loan facilities - non-current	3,300,081	2,958,508
Total facilities in use at balance date	3,585,039	3,142,666
Unused loan facilities at balance date	0	0

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

19. CONTINGENT LIABILITIES

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

1. Katanning Landfill Site - Crown Reserve 6044, Lot 9241 Katanning.
This site is suspected of being contaminated but has not been assessed at this time.

2. Shire Depot - Lots 727 to 732, and Lot 996 Cullen Street, Katanning
This site is suspected of being contaminated but has not been assessed at this time.

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 on the need and criteria for remediation on a risk based approach, the Shire is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Water and Environmental Regulation Guidelines.

20. CAPITAL COMMITMENTS

Contracted for:

- capital expenditure projects

2023	2022
\$	\$
0	175,069
0	175,069

The prior year commitment was for the construction of the Piesse Lake Residential Development, the Saleyard Energy Improvements and Great Southern Aged Accommodation Project.

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

21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

Note	2023 Actual	2023 Budget	2022 Actual
	\$	\$	\$
President's annual allowance	30,000	30,000	30,000
President's meeting attendance fees	15,000	15,000	15,000
President's ICT expenses	1,100	1,100	1,100
	46,100	46,100	46,100
Deputy President's annual allowance	7,500	7,500	7,500
Deputy President's meeting attendance fees	15,000	15,000	15,000
Deputy President's ICT expenses	1,100	1,100	1,100
	23,600	23,600	23,600
All other council member's meeting attendance fees	66,155	75,000	83,794
All other council member's ICT expenses	4,871	7,500	6,144
	71,026	82,500	89,938
21(b)	140,726	152,200	159,638

(b) Key Management Personnel (KMP) Compensation

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

Note	2023 Actual	2022 Actual
	\$	\$
Short-term employee benefits	520,061	570,505
Post-employment benefits	61,668	64,907
Employee - other long-term benefits	68,505	64,067
Employee - termination benefits	0	22,533
Council member costs	140,726	159,638
21(a)	790,960	881,650

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

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

Council member costs

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

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

21. RELATED PARTY TRANSACTIONS

Transactions with related parties

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

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

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

	2023 Actual \$	2022 Actual \$
Sale of goods and services	20,364	19,955
Purchase of goods and services	25,480	70,121
Amounts outstanding from related parties:		
Trade and other receivables	0	1,297

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

During the previous year, a company controlled by a related party of a council member, was awarded a contract under the selective tender process on terms and conditions equivalent for those that prevail in arm's length transactions under the Shire's procurement process.

The contract involved roadworks in the Shire, and amounted to \$265,941 in the prior year.

iii. Entities subject to significant influence by the Shire

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

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

22. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

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

23. RATING INFORMATION

(a) General Rates

RATE TYPE		Rate in	Number of Properties	2022/23 Actual Rateable Value*	2022/23 Actual Rate Revenue	2022/23 Actual Interim Rates	2022/23 Actual Total Revenue	2022/23 Budget Rate Revenue	2022/23 Budget Interim Rate	2022/23 Budget Total Revenue	2021/22 Actual Total Revenue
Rate Description	Basis of valuation	\$		\$	\$	\$	\$	\$	\$	\$	\$
Gross Rental Value	Gross rental valuation	0.115650	1,200	20,303,639	2,265,175	(27,306)	2,237,869	2,265,175	1,000	2,266,175	2,135,151
Unimproved Value	Unimproved valuation	0.008667	202	185,874,000	1,610,970	7,459	1,618,429	1,610,970	2,000	1,612,970	1,516,606
Total general rates			1,402	206,177,639	3,876,145	(19,847)	3,856,298	3,876,145	3,000	3,879,145	3,651,757
Minimum payment											
Minimum payment											
Gross Rental Value	Gross rental valuation	1,078	607	3,897,537	654,346	0	654,346	654,346	0	654,346	626,070
Unimproved Value	Unimproved valuation	1,078	131	8,386,480	141,218	0	141,218	141,218	0	141,218	132,340
Total minimum payments			738	12,284,017	795,564	0	795,564	795,564	0	795,564	758,410
Total general rates and minimum payments			2,140	218,461,656	4,671,709	(19,847)	4,651,862	4,671,709	3,000	4,674,709	4,410,167
Ex-gratia Rates											
CBH	Unimproved valuation		1	0	0	0	4,799	4,670	0	4,670	4,532
Total amount raised from rates (excluding general rates)			1	0	0	0	4,799	4,670	0	4,670	4,532
Discounts							(3,100)			(2,000)	(9,106)
Concessions											(542)
Total Rates							4,653,561			4,677,379	4,405,051
Rate instalment interest							11,789			0	11,716
Rate overdue interest							70,488			0	59,799

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

*Rateable Value at time of raising of rate.

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

24. DETERMINATION OF SURPLUS OR DEFICIT

Note	2022/23 (30 June 2023 Carried Forward)	2022/23 Budget (30 June 2023 Carried Forward)	2022/23 (1 July 2022 Brought Forward)	2021/22 (30 June 2022 Carried Forward)
	\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
	(37,247)	(174,214)	(110,877)	(110,877)
Less: Profit on asset disposals				
Less: Fair value adjustments to financial assets at fair value through profit or loss	4(a) 0	94,990	0	0
Add: Loss on disposal of assets	0	59,016	815,454	815,454
Add: Depreciation	5,347,988	6,125,895	6,132,001	6,132,001
Less: Movement in Amherst deposits	(103,854)	0	0	34,597
Add: Termination of rights of use assets	0	0	0	3,683
Less: Movement in employee benefits provisions	(10,264)	0	0	(30,692)
Non-cash movements in non-current assets and liabilities:	0	0	0	0
Financial assets at amortised cost - self supporting loan	(223,828)	0	0	0
Pensioner deferred rates	(15,174)	0	(26,008)	(26,008)
Loss on revaluation of non-current assets	0	0	0	0
Employee benefit provisions	(19,361)	0	6,651	6,651
Other provisions	31,969	0	31,152	31,152
Contract liabilities	125,274	0	(89,075)	(89,075)
Trade and other payables	0	0	(10,000)	(10,000)
Non-cash amounts excluded from operating activities	5,095,503	6,105,687	6,749,298	6,756,886
(b) Surplus or deficit after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	26 (7,733,796)	(5,777,140)	(7,622,153)	(7,622,153)
Less: Financial assets at amortised cost - self supporting loans	4(a) 0	250,000	0	0
Less: Current assets not expected to be received at end of year				
- Amherst deposits	10 1,112,890	0	1,216,754	1,216,754
- Local Government House Equity	4(b) 142,607	0	124,637	124,637
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	13 284,958	639,000	184,158	184,158
- Current portion of lease liabilities	11(b) 15,095	7,054	14,578	14,578
- Employee benefit provisions	14 630,441	640,705	640,705	640,705
Total adjustments to net current assets	(5,547,805)	(4,240,381)	(5,441,321)	(5,441,321)
Net current assets used in the Statement of Financial Activity				
Total current assets	16,748,217	10,688,805	15,703,865	15,703,865
Less: Total current liabilities	(3,020,791)	(7,586,218)	(3,241,325)	(3,241,325)
Less: Total adjustments to net current assets	(5,547,805)	(4,240,381)	(5,441,321)	(5,441,321)
Surplus or deficit after imposition of general rates	8,179,621	(1,137,794)	7,021,219	7,021,219

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

25. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual							Budget			
		Principal at	New Loans	Principal	Principal at 30	New Loans	Principal	Principal at	Principal at 1	New Loans	Principal	Principal at
		1 July 2021	During 2021-22	Repayments During 2021-22	June 2022	During 2022-23	Repayments During 2022-23	30 June 2023	July 2022	During 2022-23	Repayments During 2022-23	30 June 2023
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
158 Administration Building		2,233,870	0	(95,601)	2,138,269	0	(99,268)	2,039,001	2,138,269	0	(99,268)	2,039,001
159 Aged & Key Worker Accom		688,506	0	(43,411)	645,095	0	(43,982)	601,113	645,095	0	(43,982)	601,113
156 Road Sweeper		61,243	0	(61,243)	0	0	0	0	0	0	0	0
157 Tipping Truck		39,946	0	(39,946)	0	0	0	0	0	0	0	0
160 Water Cart		161,846	0	(16,415)	145,431	0	(16,558)	128,873	145,431	0	(16,558)	128,873
161 CAT Grader		238,009	0	(24,138)	213,871	0	(24,350)	189,521	213,871	0	(24,350)	189,521
163 Road Sweeper		0	0	0	0	210,000	(9,626)	200,374	0	210,000	0	210,000
164 Prime Mover		0	0	0	0	190,000	(8,710)	181,290	0	190,000	0	190,000
Total		3,423,420	0	(280,754)	3,142,666	400,000	(202,494)	3,340,172	3,142,666	400,000	(184,158)	3,358,508
Self Supporting Loans												
162 Katanning Country Club		0	0	0	0	250,000	(5,133)	244,867	0	250,000	(11,000)	239,000
Total Self Supporting Loans		0	0	0	0	250,000	(5,133)	244,867	0	250,000	(11,000)	239,000
Total Borrowings	13	3,423,420	0	(280,754)	3,142,666	650,000	(207,627)	3,585,039	3,142,666	650,000	(195,158)	3,597,508

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 Finance Cost Payments

Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
						\$	\$	\$
158 Administration Building		158	WATC	3.80%	2/05/2038	(94,388)	(95,003)	(98,758)
159 Aged & Key Worker Accom		159	WATC	1.31%	6/11/2035	(12,617)	(12,704)	(13,494)
156 Road Sweeper		156	WATC	2.42%	29/12/2021	0	0	(1,426)
157 Tipping Truck		157	WATC	2.42%	29/06/2022	0	0	(930)
160 Water Cart		160	WATC	0.87%	6/11/2030	(3,317)	(2,202)	(2,438)
161 CAT Grader		161	WATC	0.87%	6/11/2030	(3,001)	(3,237)	(3,585)
163 Road Sweeper		163	WATC	3.62%	17/02/2028	(2,179)	0	
164 Prime Mover		164	WATC	3.62%	17/02/2028	(3,205)	0	
Total						(118,707)	(113,146)	(120,631)
Self Supporting Loans Finance Cost Payments								
162 Katanning Country Club		162	WATC	3.93%	17/02/2033	(4,269)	(4,900)	
Total Self Supporting Loans Finance Cost Payments						(4,269)	(4,900)	0
Total Finance Cost Payments						(122,976)	(118,046)	(120,631)

* WA Treasury Corporation

SHIRE OF KATANNING
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25. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2022/23

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2023 Actual	2023 Budget	2023 Actual	2023 Budget		
				%	\$	\$	\$	\$	\$	\$
162 - Katanning Country Club	WATC	Debenture	10	3.93%	250,000	250,000	(250,000)	(250,000)	100,540	0
163 - Road Sweeper	WATC	Debenture	5	3.62%	210,000	210,000	(210,000)	(210,000)	101,560	0
164 - Prime Mover	WATC	Debenture	5	3.62%	190,000	190,000	(190,000)	(190,000)	101,570	0
					650,000	650,000	(650,000)	(650,000)	303,670	0

* WA Treasury Corporation

(c) Lease Liabilities

Purpose	Note	Actual							Budget			
		Principal at 1 July 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023
CESM Vehicle 1HCG001		40,208	0	(14,956)	25,252	0	(9,202)	16,050	43,306	0	(11,503)	31,803
CESM Vehicle 1GBH581		3,151	0	0	3,151	0	(3,151)	0	0	0	0	0
LCDC Vehicle		310	0	(310)	0	0	0	0	310	0	0	310
Matric Spin Bicycles		5,514	0	(4,406)	1,108	0	(1,108)	0	5,567	0	0	5,567
Total Lease Liabilities	11(b)	49,183	0	(19,672)	29,511	0	(13,461)	16,050	49,183	0	(11,503)	37,680

Lease Finance Cost Payments

Purpose	Note	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022	Lease Term
						\$	\$	\$	
CESM Vehicle 1HCG001		491912/001	SG Fleet Australia P/L	26.70%	11/08/2024	(1,008)	0	(1,436)	48 months
LCDC Vehicle		1706081/1	Custom Service Leasing Ltd	25.00%		0	0	(1)	24 months
			Maia Financial Pty Ltd T/A All Leasing	n/a					
Matric Spin Bicycles		41				(7)	0	(139)	60 months
Total Finance Cost Payments						(1,015)	0	(1,576)	

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

26. RESERVE ACCOUNTS

	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance	2023 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Leave reserve	745,770	25,051	(26,798)	744,023	745,770	595	0	746,365	775,181	1,064	(30,475)	745,770
(b) Plant Replacement Reserve	393,787	117,799	0	511,586	393,788	103,890	(300,000)	197,678	729,638	740	(336,591)	393,787
(c) Amherst Village Building Maintenance Reserve	23,348	158,408	0	181,756	23,348	156,020	(40,000)	139,368	53,310	38	(30,000)	23,348
(d) Amherst Village Refundable Deposit Reserve	1,292,805	42,233	(156,000)	1,179,038	1,292,804	990	(156,000)	1,137,794	1,211,050	81,755	0	1,292,805
(e) Old Saleyards Reserve	964,277	31,975	(80,365)	915,887	964,277	790	(470,365)	494,702	1,049,033	1,410	(86,166)	964,277
(f) Waste Management Reserve	424,260	14,390	0	438,650	424,260	325	(44,000)	380,585	433,677	583	(10,000)	424,260
(g) Land & Building Reserve	1,659,553	105,352	(157,287)	1,607,621	1,659,556	51,325	(1,194,122)	516,759	2,276,547	192,799	(809,793)	1,659,553
(h) Land & Building Facilities for Seniors Reserve	339,310	25,018	0	364,328	339,310	260	0	339,570	398,768	477	(59,935)	339,310
(i) Regional Sheep Saleyards Reserve	765,926	11,509	(92,705)	684,730	765,925	140,515	(92,525)	813,915	750,533	100,930	(85,537)	765,926
(j) Christmas Decoration Reserve	50,990	11,821	0	62,811	50,990	10,040	(50,000)	11,030	40,922	10,068	0	50,990
(k) GRV Revaluation Reserve	51,531	11,839	0	63,370	51,530	10,040	0	61,570	41,462	10,069	0	51,531
(l) Quartermaine Oval Reserve	247,190	58,840	0	306,030	247,190	50,190	0	297,380	196,861	50,329	0	247,190
(m) KLC Facilities Reserve	256,896	58,286	(89,394)	225,788	256,896	50,200	(101,000)	206,096	206,554	50,342	0	256,896
(n) Election Reserve	23,355	10,883	0	34,238	23,354	10,020	0	33,374	19,880	10,031	(6,556)	23,355
(o) Library Building Reserve	14,860	3,027	0	17,887	14,859	2,510	0	17,369	12,340	2,520	0	14,860
(p) Community & Economic Development Reserve	261,887	8,883	0	270,770	261,887	200	0	262,087	269,027	360	(7,500)	261,887
(q) Lake Ewlyamartup Facilities Reserve	15,020	5,555	0	20,575	15,020	5,010	0	20,030	10,000	5,020	0	15,020
(r) Parks & Playgrounds Reserve	45,644	16,685	0	62,329	45,644	15,035	0	60,679	30,584	15,060	0	45,644
(s) Katanning Aquatic Centre Reserve	45,644	16,185	(54,869)	6,960	45,644	15,035	(55,000)	5,679	30,584	15,060	0	45,644
(t) Housing Reserve	100	35,322	0	35,422	100	35,010	0	35,110	0	100	0	100
	7,622,153	769,061	(657,418)	7,733,796	7,622,152	658,000	(2,503,012)	5,777,140	8,535,951	548,755	(1,462,553)	7,622,153
	7,622,153	769,061	(657,418)	7,733,796	7,622,152	658,000	(2,503,012)	5,777,140	8,535,951	548,755	(1,462,553)	7,622,153

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

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

26. RESERVE ACCOUNTS (Cont'd)

Name of reserve account	Purpose of the Reserve account
Restricted by council	
(a) Leave reserve	To be used to fund accrued employee leave entitlements.
(b) Plant Replacement Reserve	To be used for future plant purchases.
(c) Amherst Village Building Maintenance Reserve	To be used for maintenance of Amherst Village.
(d) Amherst Village Refundable Deposit Reserve	To be used to fund refundable deposits at Amherst Village.
(e) Old Saleyards Reserve	To be used for future capital and maintenance works.
(f) Waste Management Reserve	To be used for capital and maintenance works.
(g) Land & Building Reserve	To provide for construction and maintenance of council owned buildings.
(h) Land & Building Facilities for Seniors Reserve	To be used for construction and maintenance of land and buildings for the use of seniors.
(i) Regional Sheep Saleyards Reserve	To be used for capital and maintenance works.
(j) Christmas Decoration Reserve	To be used to fund significant Christmas decoration purchases.
(k) GRV Revaluation Reserve	To be used to fund quinquennial gross rental value revaluations.
(l) Quartermaine Oval Reserve	To be used to fund future maintenance and upgrades of Quartermaine Oval.
(m) KLC Facilities Reserve	To be used to fund future maintenance and upgrades to the KLC buildings and grounds.
(n) Election Reserve	To be used for biannual councillor elections.
(o) Library Building Reserve	To be used to fund future maintenance and upgrades to the library building.
(p) Community & Economic Development Reserve	To be used for Community and Economic Development Projects.
(q) Lake Ewlyamartup Facilities Reserve	To be used to fund facilities at Lake Ewlyamartup.
(r) Parks & Playgrounds Reserve	To be used to fund future maintenance and upgrades.
(s) Katanning Aquatic Centre Reserve	To be used to fund future maintenance and upgrades to the KLC Aquatic Centre.
(t) Housing Reserve	To be used to fund future housing maintenance and upgrades