



Shire of Wyalkatchem Audit and Risk Committee (ARC)

Notice of Special Meeting and Agenda –

To be held on Thursday 17 August 2023,

commencing at 3:50pm in the Council Chambers,

Honour Avenue, Wyalkatchem

Regulation 16 of the Local Government (Audit) Regulations 1996 states that:

“An audit committee –

- a)** is to provide guidance and assistance to the local government –
 - i.** as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and*
 - ii.** as to the development of a process to be used to select and appoint a person to be an auditor; and**

- b)** may provide guidance and assistance to the local government as to –
 - i.** matters to be audited; and*
 - ii.** the scope of audits; and*
 - iii.** its functions under Part 6 of the Act; and*
 - iv.** the carrying out of its functions relating to other audits and other matters related to financial management; and**

- c)** is to review a report given to it by the CEO under regulation 17(3) (the CEO’s report) and is to –
 - i.** report to the council the results of that review; and*
 - ii.** give a copy of the CEO’s report to the council.”**

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1. **DECLARATION OF OPENING**
2. **PUBLIC QUESTION TIME**
3. **ATTENDANCE /APOLOGIES/LEAVE OF ABSENCE**
4. **PETITIONS, DEPUTATIONS, PRESENTATIONS**
5. **DECLARATIONS OF INTEREST**

6. **CONFIRMATION AND RECEIPT OF MINUTES**

6.1. **AUDIT AND RISK COMMITTEE MEETING AUDIT AND RISK COMMITTEE MEETING – 20 July 2023**

Minutes of the Shire of Wyalkatchem’s Audit and Risk Committee Meeting held on the 20 July 2023 ([Attachment 6.1](#))

COMMITTEE RECOMMENDATION

That the minutes of the Wyalkatchem Audit and Risk Committee Meeting held on the 20 July 2023 (Attachment 6.1) be confirmed as a true and correct record.

7. **MATTERS ARISING FROM THE MINUTES**
8. **ANNOUNCEMENT BY THE PRESIDING PERSON WITHOUT DISCUSSION**
9. **MATTERS FOR WHICH THE MEETING MAY BE CLOSED**

Nil

10. MATTERS REQUIRING A COMMITTEE DECISION

10.1. CORPORATE SERVICES REPORTS

10.1.1. DRAFT FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Applicant:	Shire of Wyalkatchem
Location:	Shire of Wyalkatchem
Date:	16 August 2023
Reporting Officer:	Claire Trenorden, Manager Corporate Services
Disclosure of Interest:	No interests to disclose
File Number:	12.10.01
Attachment Reference:	Attachment 10.1.1 – Draft Financial Report for the year ended 30 June 2023

VOTING REQUIREMENT

Simple Majority

COMMITTEE RECOMMENDATION

That the Audit and Risk Management Committee:

- 1. Notes the draft Financial Report for year ended 30 June 2023;*
- 2. Notes that the CEO will issue the report to the auditor (Macri Partners) stating:*
 - a) he is satisfied that the draft report has been through appropriate internal due diligence and*
 - b) he is satisfied the draft report has been prepared with all due care.*

SUMMARY

Council is required to note the draft Financial Report prior to the report being provided to the Auditors.

BACKGROUND

As per Section 5.53(1) of the *Local Government Act 1995* the Local Government is required to prepare an Annual Report for each financial year and as per section 5.53(2)(f). This is to contain the Financial Report for the financial year.

The draft Financial Report is required to be sent to the Auditors, who have been appointed by the Office of the Auditor General, at least two weeks prior to the date of the Annual Audit. The Office of the Auditor General have requested that the Audit Committee note the draft Financial Report prior to it being provided to the Auditors.

COMMENT

The Shire's annual audit for year ended 30 June 2023 is scheduled for the 4-5 September 2023. The Office of the Auditor General have requested that the Audit Committee note the draft Financial Report prior to it being provided to the Auditors.

It is noted that the Shire is yet to receive its infrastructure revaluations for year ended 30 June 2023, so these haven't been incorporated into the report. It is expected that the revaluation report will be received around the end of August 2023.

STATUTORY ENVIRONMENT

Local Government Act 1995, s.5.53 to 5.56; Local Government (Financial Management) Regulations 1996, s.36; Australian Accounting Standards.

POLICY IMPLICATIONS

There are no direct policy implications in relation to this item.

FINANCIAL IMPLICATIONS

There are no direct financial implications in relation to this item.

COMMUNITY & STRATEGIC OBJECTIVES

This matter promotes the following Strategic Community Plan goal.

GOAL 10

Outcome No.	Outcome
Transparent, accountable and effective governance	<ul style="list-style-type: none">• Ensuring a well-informed Council makes good decisions for the community• Ensuring sound financial management and plans for the Shire’s long-term financial sustainability• High quality corporate governance, accountability and compliance Maintaining Integrated Strategic and Operational plans

10.2. RISK MANAGEMENT

Nil

11. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

12. QUESTIONS BY MEMBER OF WHICH DUE NOTICE HAS BEEN GIVEN

13. URGENT BUSINESS APPROVED BY THE PERSON PRESIDING OR BY DECISION

14. MATTERS BEHIND CLOSED DOORS

15. CLOSURE OF THE MEETING



Shire of Wyalkatchem Audit and Risk Committee (ARC)

Meeting Minutes–

Thursday 20 July 2023,

commencing at 3pm in the Council Chambers,

Honour Avenue, Wyalkatchem

Regulation 16 of the Local Government (Audit) Regulations 1996 states that:

“An audit committee —

- a)** is to provide guidance and assistance to the local government —
 - i.** as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and*
 - ii.** as to the development of a process to be used to select and appoint a person to be an auditor; and**

- b)** may provide guidance and assistance to the local government as to —
 - i.** matters to be audited; and*
 - ii.** the scope of audits; and*
 - iii.** its functions under Part 6 of the Act; and*
 - iv.** the carrying out of its functions relating to other audits and other matters related to financial management; and**

- c)** is to review a report given to it by the CEO under regulation 17(3) (the CEO’s report) and is to —
 - i.** report to the council the results of that review; and*
 - ii.** give a copy of the CEO’s report to the council.”**

Preface

When the Chief Executive Officer approved these Minutes for distribution they are in essence “*Unconfirmed*” until the following Audit and Risk Management Meeting where the minutes will be confirmed subject to any amendments.

The “*Confirmed*” Minutes are then signed off by the Presiding Member

Unconfirmed Minutes

These minutes were approved for distribution on 21 July 2023.

Claire Trenorden

Acting Chief Executive Officer

Shire of Wyalkatchem

Disclaimer

No responsibility whatsoever is implied or accepted by the Shire of Wyalkatchem for any act, omission or statement or intimation occurring during this meeting. It is strongly advised that persons do not act on what is heard at this meeting and should only rely on written confirmation of Council’s decisions, which will be provided within ten days of this meeting

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1. DECLARATION OF OPENING

The Chairperson, Cr Owen Garner, opened the meeting at 3:05pm.

2. PUBLIC QUESTION TIME

Public question time opened at 3:05pm.

There were no members of the public.

Public question time closed at 3:05pm.

3. ATTENDANCE /APOLOGIES/LEAVE OF ABSENCE

Members:	Cr Owen Garner	Chair
	Cr. Quentin Davies	
	Cr. Stephen Gamble	
	Cr. Mischa Stratford	
	Cr. Christy Petchell	
Apoloiges:	Cr. Christopher Loton	
	Cr. Emma Holdsworth	
Staff:	Claire Trenorden	Manager of Corporate Services
	Stephanie Elvidge	Governance Executive Officer
Leave of Absence:	Peter Klein	Chief Executive Officer
	Terence Delane	Manager of Works

4. PETITIONS, DEPUTATIONS, PRESENTATIONS

Nil

5. DECLARATIONS OF INTEREST

Nil

6. CONFIRMATION AND RECEIPT OF MINUTES

6.1. AUDIT AND RISK COMMITTEE MEETING AUDIT AND RISK COMMITTEE MEETING – 20 April 2023

Minutes of the Shire of Wyalkatchem’s Audit and Risk Committee Meeting held on the 20 April 2023 (Attachment 6.1)

COMMITTEE RECOMMENDATION / RESOLUTION

(02/2023) Moved: Cr Petchell

Seconded: Cr Stratford

That the minutes of the Wyalkatchem Audit and Risk Committee Meeting held on the 20 April 2023 (Attachment 6.1) be confirmed as a true and correct record.

CARRIED 5/0

7. MATTERS ARISING FROM THE MINUTES

Nil

8. ANNOUNCEMENT BY THE PRESIDING PERSON WITHOUT DISCUSSION

Nil

9. MATTERS FOR WHICH THE MEETING MAY BE CLOSED

Nil

10. MATTERS REQUIRING A COMMITTEE DECISION

10.1. CORPORATE SERVICES REPORTS

10.1.1. INTERIM AUDIT MANAGEMENT LETTER

Applicant:	Shire of Wyalkatchem
Location:	Shire of Wyalkatchem
Date:	13 July 2023
Reporting Officer:	Claire Trenorden, Manager Corporate Services
Disclosure of Interest:	No interests to disclose
File Number:	12.02.01
Attachment Reference:	Attachment 10.1.1.1 – Office of Auditor General – Management Letter Attachment 10.1.1.2 – Audit Findings Report Attachment 10.1.1.3 – Report on Significant Matters

SUMMARY

Council is required to accept the Management Letter prepared by the Office of the Auditor General.

BACKGROUND

Council is required to have an Interim Audit which is undertaken by an Auditor approved by the OAG.

The focus of the interim audit is to evaluate the Shire of Wyalkatchem's overall control environment, but not for the purpose of expressing an opinion on the effectiveness of internal control, and to obtain an understanding of the key business processes, risks and internal controls relevant to the audit of the annual financial report.

COMMENT

The Officer of Auditor General Management Letter has identified ten management control issues which are detailed in attachment 10.1.1.2 Office of Auditor General – Audit findings Report.

A Report on Significant Matters, attachment 10.1.1.3 has been prepared which is to be presented to the Minister within 3 months of the Auditors Report being received by the Local Government as per the requirement of s.7.12A (4) *Local Government Act 1995* (the Act).

It is recommended that the Audit and Risk Committee Audit endorse this report and recommends the endorsement by Council.

Once endorsed, the report will be provided to the Minister and published on the Shire's website.

An action plan will be developed to ensure all matters are addressed by the Shire in a timely manner.

STATUTORY ENVIRONMENT

Local Government Act 1995 section 7.12A – Duties of local government with respect to audits.

The requirements of this response are:

- a. Upon receipt of the auditor’s report, the local government must prepare a report for its Audit Committee to address the significant matters raised and outline what action(s) the local government has taken or intends to take in respect of each of the matters raised.
- b. The Audit Committee minutes and the report to the Minister are referred to Council for proper review and endorsement of any proposed actions.
- c. Within 3 months of receipt of the auditor’s report, a copy of the Council-endorsed report must be provided to the Minister.
- d. Within 14 days of providing a copy of the report to the Minister, a copy must be published on the local government’s website.

A local government is not considered compliant with its statutory obligations until all of the above actions have been completed.

POLICY IMPLICATIONS

There are no direct policy implications in relation to this item.

FINANCIAL IMPLICATIONS

There are no direct financial implications in relation to this item.

COMMUNITY & STRATEGIC OBJECTIVES

This matter promotes the following Strategic Community Plan goal.

GOAL 10

Outcome No.	Outcome
Transparent, accountable and effective governance	<ul style="list-style-type: none">• Ensuring a well-informed Council makes good decisions for the community• Ensuring sound financial management and plans for the Shire’s long-term financial sustainability• High quality corporate governance, accountability and compliance Maintaining Integrated Strategic and Operational plans

VOTING REQUIREMENT

Simple Majority

COMMITTEE RECOMMENDATION / RESOLUTION

(03/2023) Moved: Cr Stratford

Seconded: Cr Petchell

- ***That the Audit and Risk Management Committee:***
 1. ***Accepts the 2022/2023 Management Letter prepared by Office of Auditor General (Attachment 10.1.1.1) and accepts management comments and actions in relation to the audit outcomes (attachment 10.1.1.2.)***
 2. ***That, in accordance with the s7.12A (4)(b) accepts the Report on Significant Matters for the financial year 30 June 2023 (Attachment 10.1.1.3).***
 3. ***Advises Council that it has met with the Auditor and discharged its obligations, in accordance with Section 7.12A (2)) of the Local Government Act.***
- ***That the Audit and Risk Committee recommends that that Council;***
 1. ***Accepts the 2022/2023 Management Letter prepared by Office of Auditor General and accepts management comments and actions in relation to the audit outcomes and recommendations.***
 2. ***Accepts and endorse the Report on Significant Matters for the financial year ended 30 June 2023.***
 3. ***Acknowledge that the Audit and Risk Management Committee has met with the Auditors and has discharges its obligations, in accordance with Section 7.12A (2)) of the Local Government Act.***

CARRIED 5/0

10.2. RISK MANAGEMENT

10.2.1. COMPLIANCE AUDIT RETURN STATUS REPORT

Applicant:	Shire of Wyalkatchem
Location:	Shire of Wyalkatchem
Date:	13 July 2023
Reporting Officer:	Claire Trenorden, Manager of Corporate Services
Disclosure of Interest:	No interests to disclose
File Number:	12.02.02, 13.11, 12.19.01
Attachment Reference:	Attachment 10.2.1 – Compliance Audit Return Action Plan

BACKGROUND

Compliance Audit Return

WA local governments are required to complete an annual Compliance Audit Return (CAR) in accordance with Regulation 13 of the *Local Government (Audit) Regulations 1996* (Regulations).

The period examined by this audit is 1 January to 31 December 2022 which has some outstanding actions – see attachment 10.2.1 Compliance Audit Return Action Plan.

For Committee review and discussion.

STATUTORY ENVIRONMENT

Local Government (Financial Management) Regulations 1996 s.5 (2)(c)

Local Government (Audit) Regulations 1996 s.17

Local Government Act 1995

STATUTORY ENVIRONMENT

Local Government (Audit) Regulations 1996 section 14 – Compliance Audits by Local Governments.

POLICY IMPLICATIONS

There are no direct policy implications in relation to this item.

FINANCIAL IMPLICATIONS

There are no direct financial implications in relation to this item.

COMMUNITY & STRATEGIC OBJECTIVES

This matter promotes the following Strategic Community Plan goal.

GOAL 10

Outcome No.	Outcome
Transparent, accountable and effective governance	<ul style="list-style-type: none">• Ensuring a well-informed Council makes good decisions for the community• Ensuring sound financial management and plans for the Shire’s long-term financial sustainability• High quality corporate governance, accountability and compliance Maintaining Integrated Strategic and Operational plans

VOTING REQUIREMENT

Simple Majority

COMMITTEE RECOMMENDATION / RESOLUTION

(04/2023) Moved: Cr Davies

Seconded: Cr Petchell

That the Audit and Risk Committee notes the Compliance Audit Return Action plan.

CARRIED 5/0

11. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

12. QUESTIONS BY MEMBER OF WHICH DUE NOTICE HAS BEEN GIVEN

Nil

13. URGENT BUSINESS APPROVED BY THE PERSON PRESIDING OR BY DECISION

Nil

14. MATTERS BEHIND CLOSED DOORS

Nil

15. CLOSURE OF THE MEETING

There being no further business to discuss, the meeting closed at 3:17pm.





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

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

In 2024 Wyalkatchem will be sustainable with growth in population, supporting businesses, services and infrastructure: residents will be healthy, safe and caring, surrounded by welcoming public places and a valued natural and built environment.

Principal place of business:
 27 Flint Street
 Wyalkatchem WA 6485

**SHIRE OF WYALKATCHEM
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 Wyalkatchem 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

day of

2023

Chief Executive Officer

Peter Klein

Name of Chief Executive Officer

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

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Revenue				
Rates	2(a),23	1,409,058	1,403,239	1,348,125
Grants, subsidies and contributions	2(a)	2,938,260	701,555	2,550,270
Fees and charges	2(a)	270,788	225,234	245,981
Interest revenue	2(a)	139,642	14,450	13,823
Other revenue	2(a)	77	1,550	4,075
		4,757,825	2,346,028	4,162,274
Expenses				
Employee costs	2(b)	(1,417,082)	(1,588,104)	(1,279,564)
Materials and contracts		(1,299,057)	(1,180,264)	(1,471,641)
Utility charges		(175,131)	(182,962)	(172,262)
Depreciation		(1,429,743)	(1,480,574)	(1,474,840)
Finance costs	2(b)	(4,341)	(10,894)	(9,153)
Insurance		(155,323)	(170,786)	(153,450)
Other expenditure	2(b)	(50,103)	(51,047)	(42,309)
		(4,530,780)	(4,664,631)	(4,603,219)
		227,045	(2,318,603)	(440,945)
Capital grants, subsidies and contributions	2(a)	1,253,719	1,964,480	1,156,158
Profit on asset disposals		0	136,670	49,505
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	0	0	2,998
		1,253,719	2,101,150	1,208,661
Net result for the period	22(b)	1,480,764	(217,453)	767,716
Total comprehensive income for the period		1,480,764	(217,453)	767,716

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

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

	NOTE	2023	2022
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	2,581,555	2,704,077
Trade and other receivables	5	297,105	316,549
Other financial assets	4(a)	3,230,306	2,958,155
Inventories	6	45,767	1,375
TOTAL CURRENT ASSETS		6,154,733	5,980,156
NON-CURRENT ASSETS			
Trade and other receivables	5	24,632	24,632
Other financial assets	4(b)	58,353	58,353
Property, plant and equipment	7	13,480,596	13,628,012
Infrastructure	8	51,668,400	51,067,594
Right-of-use assets	10(a)	0	1,701
TOTAL NON-CURRENT ASSETS		65,231,981	64,780,292
TOTAL ASSETS		71,386,714	70,760,448
CURRENT LIABILITIES			
Trade and other payables	11	364,170	1,081,911
Other liabilities	12	236,238	358,178
Lease liabilities	10(b)	0	1,723
Borrowings	13	53,126	50,192
Employee related provisions	14	88,414	64,992
TOTAL CURRENT LIABILITIES		741,948	1,556,996
NON-CURRENT LIABILITIES			
Borrowings	13	0	53,126
Employee related provisions	14	40,032	26,356
TOTAL NON-CURRENT LIABILITIES		40,032	79,482
TOTAL LIABILITIES		781,980	1,636,478
NET ASSETS		70,604,734	69,123,970
EQUITY			
Retained surplus		26,328,045	25,119,432
Reserve accounts	26	3,230,306	2,958,155
Revaluation surplus	15	41,046,383	41,046,383
TOTAL EQUITY		70,604,734	69,123,970

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

**SHIRE OF WYALKATCHEM
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		24,751,838	2,558,033	41,046,383	68,356,254
Comprehensive income for the period					
Net result for the period		767,716	0	0	767,716
Total comprehensive income for the period		767,716	0	0	767,716
Transfers from reserve accounts	26	273,800	(273,800)	0	0
Transfers to reserve accounts	26	(673,922)	673,922	0	0
Balance as at 30 June 2022		25,119,432	2,958,155	41,046,383	69,123,970
Comprehensive income for the period					
Net result for the period		1,480,764	0	0	1,480,764
Total comprehensive income for the period		1,480,764	0	0	1,480,764
Transfers from reserve accounts	26	22,500	(22,500)	0	0
Transfers to reserve accounts	26	(294,651)	294,651	0	0
Balance as at 30 June 2023		26,328,045	3,230,306	41,046,383	70,604,734

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

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

	NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		1,392,411	1,344,386
Grants, subsidies and contributions		2,735,487	2,383,441
Fees and charges		270,788	277,125
Interest revenue		139,642	13,823
Goods and services tax received		0	115,776
Other revenue		77	5,253
		4,538,405	4,139,804
Payments			
Employee costs		(1,375,541)	(1,046,691)
Materials and contracts		(2,047,281)	(674,650)
Utility charges		(175,131)	(172,262)
Finance costs		(4,341)	(8,056)
Insurance paid		(155,323)	(153,432)
Goods and services tax paid		98,572	(426,889)
Other expenditure		(50,103)	(21,538)
		(3,709,148)	(2,503,518)
Net cash provided by (used in) operating activities	15(b)	829,257	1,636,286
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for financial assets at amortised cost		0	(2,958,155)
Payments for purchase of property, plant & equipment	7(a)	(353,122)	(542,750)
Payments for construction of infrastructure	8(a)	(1,528,310)	(1,608,220)
Capital grants, subsidies and contributions		1,253,719	1,316,761
Proceeds for financial assets at amortised cost		(272,151)	
Proceeds from sale of property, plant & equipment		0	139,546
Net cash provided by (used in) investing activities		(899,864)	(3,652,818)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	25(a)	(50,192)	(47,440)
Payments for principal portion of lease liabilities	25(b)	(1,723)	(3,412)
Net cash provided by (used In) financing activities		(51,915)	(50,852)
Net increase (decrease) in cash held		(122,522)	(2,067,384)
Cash at beginning of year		2,704,077	4,771,461
Cash and cash equivalents at the end of the year	15(a)	2,581,555	2,704,077

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

SHIRE OF WYALKATCHEM
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	1,398,670	1,394,462	1,339,701
Rates excluding general rates	23	10,388	8,777	8,424
Grants, subsidies and contributions		2,938,260	701,555	2,550,270
Fees and charges		270,788	225,234	245,981
Interest revenue		139,642	14,450	13,823
Other revenue		77	1,550	4,075
Profit on asset disposals		0	136,670	49,505
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	0	0	2,998
		4,757,825	2,482,698	4,214,777
Expenditure from operating activities				
Employee costs		(1,417,082)	(1,588,104)	(1,279,564)
Materials and contracts		(1,299,057)	(1,180,264)	(1,471,641)
Utility charges		(175,131)	(182,962)	(172,262)
Depreciation		(1,429,743)	(1,480,574)	(1,474,840)
Finance costs		(4,341)	(10,894)	(9,153)
Insurance		(155,323)	(170,786)	(153,450)
Other expenditure		(50,103)	(51,047)	(42,309)
		(4,530,780)	(4,664,631)	(4,603,219)
Non-cash amounts excluded from operating activities	24(a)	1,443,419	1,343,904	1,402,493
Amount attributable to operating activities		1,670,464	(838,029)	1,014,051
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		1,253,719	1,964,480	1,156,158
Proceeds from disposal of assets		0	176,500	139,546
		1,253,719	2,140,980	1,295,704
Outflows from investing activities				
Purchase of property, plant and equipment	7(a)	(353,122)	(925,355)	(542,750)
Purchase and construction of infrastructure	8(a)	(1,528,310)	(2,116,174)	(1,608,220)
		(1,881,432)	(3,041,529)	(2,150,970)
Amount attributable to investing activities		(627,713)	(900,549)	(855,266)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	25(a)	0	310,000	0
Transfers from reserve accounts	26	22,500	195,000	273,800
		22,500	505,000	273,800
Outflows from financing activities				
Repayment of borrowings	25(a)	(50,192)	(78,737)	(47,440)
Payments for principal portion of lease liabilities	25(b)	(1,723)	(1,722)	(3,412)
Transfers to reserve accounts	26	(294,651)	(206,000)	(673,922)
		(346,566)	(286,459)	(724,774)
Amount attributable to financing activities		(324,066)	218,541	(450,974)
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	24(b)	1,516,920	1,520,037	1,809,109
Amount attributable to operating activities		1,670,464	(838,029)	1,014,051
Amount attributable to investing activities		(627,713)	(900,549)	(855,266)
Amount attributable to financing activities		(324,066)	218,541	(450,974)
Surplus or deficit after imposition of general rates	24(b)	2,235,605	0	1,516,920

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

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

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

1. BASIS OF PREPARATION

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

Local Government Act 1995 requirements

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

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

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

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

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 26 of the financial report.

Judgements and estimates

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

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

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

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

Initial application of accounting standards

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

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

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

New accounting standards for application in future years

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

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

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

SHIRE OF WYALKATCHEM
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
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Fees and charges - sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

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

Revenue Recognition

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

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	1,409,058	0	1,409,058
Grants, subsidies and contributions	2,938,260	0	0	0	2,938,260
Fees and charges	270,788	0	0	0	270,788
Interest revenue	0	0	0	139,642	139,642
Other revenue	77	0	0	0	77
Capital grants, subsidies and contributions	0	1,253,719	0	0	1,253,719
Total	3,209,125	1,253,719	1,409,058	139,642	6,011,544

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	1,348,125	0	1,348,125
Grants, subsidies and contributions	2,550,270	0	0	0	2,550,270
Fees and charges	245,981	0	0	0	245,981
Interest revenue	0	0	0	13,823	13,823
Other revenue	4,075	0	0	0	4,075
Capital grants, subsidies and contributions	0	1,156,158	0	0	1,156,158
Total	2,800,326	1,156,158	1,348,125	13,823	5,318,432

SHIRE OF WYALKATCHEM
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		
Interest on reserve account funds	94,650	4,671
Trade and other receivables overdue interest	44,992	8,578
Other interest revenue	0	574
	<u>139,642</u>	<u>13,823</u>

The 2023 original budget estimate in relation to:
Trade and other receivables overdue interest was \$8,250.

Fees and charges relating to rates receivable

Charges on instalment plan	900	950
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The 2023 original budget estimate in relation to:
Charges on instalment plan was \$950.

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report	30,400	27,100
- Other services – grant acquittals	2,000	700
	<u>32,400</u>	<u>27,800</u>

Employee Costs

Employee benefit costs	1,258,787	1,169,656
Other employee costs	158,295	109,908
	<u>1,417,082</u>	<u>1,279,564</u>

Finance costs

Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	4,341	9,153
	<u>4,341</u>	<u>9,153</u>

Sundry expenses	50,103	42,309
	<u>50,103</u>	<u>42,309</u>

SHIRE OF WYALKATCHEM
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	2,581,555	2,704,077
Total cash and cash equivalents	2,581,555	2,704,077
Held as		
- Unrestricted cash and cash equivalents	2,345,317	2,345,899
- Restricted cash and cash equivalents	236,238	358,178
	2,581,555	2,704,077

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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

Restricted financial assets

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

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

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 fair value through profit or loss

Financial assets at fair value through profit or loss

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

	2023	2022
	\$	\$
Financial assets at amortised cost	3,230,306	2,958,155
	3,230,306	2,958,155
Other financial assets at amortised cost		
Term deposits	3,230,306	2,958,155
	3,230,306	2,958,155
Held as		
- Unrestricted other financial assets at amortised cost	0	2,958,155
- Restricted other financial assets at amortised cost	3,230,306	0
	3,230,306	2,958,155
Financial assets at fair value through profit or loss	58,353	58,353
	58,353	58,353
Financial assets at fair value through profit or loss		
Units in Local Government House Trust - opening balance	58,353	55,355
Movement attributable to fair value increment		2,998
Units in Local Government House Trust - closing balance	58,353	58,353

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

5. TRADE AND OTHER RECEIVABLES

Note	2023	2022
	\$	\$
Current		
Rates and statutory receivables	69,312	71,017
Trade receivables	229,123	148,290
GST receivable	27,355	125,927
Allowance for credit losses of other receivables	20(b) (28,685)	(28,685)
	297,105	316,549
Non-current		
Rates and statutory receivables	24,632	24,632
	24,632	24,632

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 WYALKATCHEM
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	45,767	1,375
	45,767	1,375
The following movements in inventories occurred during the year:		
Balance at beginning of year	1,375	1,375
Additions to inventory	44,392	
Balance at end of year	45,767	1,375

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

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

Land held for resale (Continued)

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

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

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

**SHIRE OF WYALKATCHEM
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	Total land and buildings not subject to operating lease	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$		\$	\$	\$
Balance at 1 July 2021	300,000	12,410,008	12,710,008	12,710,008	75	1,041,398	13,751,481
Additions	187,085	160,859	347,944	347,944	19,094	175,712	542,750
Disposals			0	0		(90,041)	(90,041)
Depreciation		(337,094)	(337,094)	(337,094)	(75)	(239,009)	(576,178)
Balance at 30 June 2022	487,085	12,233,773	12,720,858	12,720,858	19,094	888,060	13,628,012
Comprises:							
Gross balance amount at 30 June 2022	487,085	12,570,867	13,057,952	13,057,952	58,667	2,010,041	15,126,660
Accumulated depreciation at 30 June 2022	0	(337,094)	(337,094)	(337,094)	(39,573)	(1,121,981)	(1,498,648)
Balance at 30 June 2022	487,085	12,233,773	12,720,858	12,720,858	19,094	888,060	13,628,012
Additions	6,709	184,650	191,359	191,359	7,763	154,000	353,122
Assets classified as held for sale			0	0			0
Depreciation	0	(337,159)	(337,159)	(337,159)	0	(163,379)	(500,538)
Balance at 30 June 2023	493,794	12,081,264	12,575,058	12,575,058	26,857	878,681	13,480,596
Comprises:							
Gross balance amount at 30 June 2023	493,794	12,755,517	13,249,311	13,249,311	66,430	2,164,040	15,479,781
Accumulated depreciation at 30 June 2023	0	(674,253)	(674,253)	(674,253)	(39,573)	(1,285,359)	(1,999,185)
Balance at 30 June 2023	493,794	12,081,264	12,575,058	12,575,058	26,857	878,681	13,480,596

**SHIRE OF WYALKATCHEM
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	Market approach using recent or estimated observable market data for similar properties	Independent Valuation	June 2021	Price per hectare/market borrowing rate
Buildings - non-specialised	2 & 3	Cost approach using current replacement cost (Net Revaluation method)	Independent Valuation	June 2021	Improvements to buildings using construction costs (Level 2) and current condition, residual values and remaining useful life assessments (Level 3) inputs
Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.					
During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.					
(ii) Cost					
Furniture and equipment	N/A	Cost	Not Applicable		N/A
Plant and equipment	N/A	Cost	Not Applicable		N/A

SHIRE OF WYALKATCHEM
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	Infrastructure - drainage	Infrastructure - footpaths	Infrastructure - parks and ovals	Infrastructure - other	Infrastructure - airport	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	44,374,511	2,234,620	358,856	273,817	1,719,879	1,392,978	50,354,661
Additions	787,686	493,985			13,740	312,809	1,608,220
Depreciation	(525,028)	(47,368)	(16,312)	(48,414)	(111,554)	(146,611)	(895,287)
Balance at 30 June 2022	44,637,169	2,681,237	342,544	225,403	1,622,065	1,559,176	51,067,594
Comprises:							
Gross balance at 30 June 2022	46,642,175	2,870,709	407,791	418,300	2,217,655	2,004,503	54,561,133
Accumulated depreciation at 30 June 2022	(2,005,006)	(189,472)	(65,247)	(192,897)	(595,590)	(445,327)	(3,493,539)
Balance at 30 June 2022	44,637,169	2,681,237	342,544	225,403	1,622,065	1,559,176	51,067,594
Additions	1,213,414	56,550	0	14,746	243,600	0	1,528,310
Depreciation	(540,782)	(57,414)	(16,312)	(48,414)	(152,753)	(111,829)	(927,504)
Balance at 30 June 2023	45,309,801	2,680,373	326,232	191,735	1,712,912	1,447,347	51,668,400
Comprises:							
Gross balance at 30 June 2023	47,855,589	2,927,259	407,790	433,046	2,461,255	2,004,502	56,089,441
Accumulated depreciation at 30 June 2023	(2,545,788)	(246,886)	(81,558)	(241,311)	(748,343)	(557,155)	(4,421,041)
Balance at 30 June 2023	45,309,801	2,680,373	326,232	191,735	1,712,912	1,447,347	51,668,400

**SHIRE OF WYALKATCHEM
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	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - drainage	3	Cost approach using current replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	3	Cost approach using current replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - parks and ovals	3	Cost approach using current replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - other	3	Cost approach using current replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - airport	3	Cost approach using current replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

**SHIRE OF WYALKATCHEM
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
Buildings - non-specialised	12 to 50 years
Furniture and equipment	2 to 5 years
Plant and equipment	3 to 16 years
Infrastructure - roads	15 to 50 years
Infrastructure - drainage	50 years
Infrastructure - footpaths	25 years
Infrastructure - parks and ovals	6 to 12 years
Infrastructure - other	15 to 50 years
Infrastructure - kerbing	30 years

SHIRE OF WYALKATCHEM
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 value. They are subject to subsequent revaluation at the next revaluation consistent with *Financial Management Regulation 17A(4)*.

Revaluation

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

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

Revaluation (continued)

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

Depreciation

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

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

Depreciation on revaluation

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

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

Amortisation

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

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

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 9(a).

Impairment

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

Gains or losses on disposal

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

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

10. 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 - furniture and equipment \$	Right-of-use assets Total \$
Balance at 1 July 2021	5,076	5,076
Depreciation	(3,375)	(3,375)
Balance at 30 June 2022	1,701	1,701
Gross balance amount at 30 June 2022	11,826	11,826
Accumulated depreciation at 30 June 2022	(10,125)	(10,125)
Balance at 30 June 2022	1,701	1,701
Depreciation	(1,701)	(1,701)
Balance at 30 June 2023	3,402	0
Gross balance amount at 30 June 2023	11,826	11,826
Accumulated depreciation at 30 June 2023	(11,826)	(11,826)

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	(1,701)	(3,375)
Finance charge on lease liabilities	(7)	(47)
Total amount recognised in the statement of comprehensive income	(1,708)	(3,422)
Total cash outflow from leases	(1,730)	(3,459)

(b) Lease Liabilities

Current	0	1,723
25(b)	0	1,723

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(b).

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

11. TRADE AND OTHER PAYABLES

Current

	2023	2022
	\$	\$
Sundry creditors	250,838	985,349
Prepaid rates	14,671	33,023
Accrued payroll liabilities	36,508	22,863
ATO liabilities	21,940	31,142
Bonds and deposits held	8,909	7,928
Accrued interest on loans	959	1,870
Licensing	(335)	(264)
GST payable	30,680	0
	364,170	1,081,911

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

12. OTHER LIABILITIES

Current

Contract 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

	2023	2022
	\$	\$
	236,238	358,178
	236,238	358,178
	358,178	218,089
	59,573	358,178
	(181,513)	(218,089)
	236,238	358,178

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.

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 WYALKATCHEM
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		53,126	0	53,126	50,192	53,126	103,318
Total secured borrowings	25(a)	53,126	0	53,126	50,192	53,126	103,318

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

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

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

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

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 22(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 WYALKATCHEM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2023	2022
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	88,414	48,976
Long service leave	0	16,016
	88,414	64,992
Total current employee related provisions	88,414	64,992
Non-current provisions		
Employee benefit provisions		
Long service leave	40,032	26,356
	40,032	26,356
Total non-current employee related provisions	40,032	26,356
Total employee related provisions	128,446	91,348

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

15. REVALUATION SURPLUS

	2023 Opening Balance	2023 Closing Balance	2022 Opening Balance	2022 Closing Balance
	\$	\$	\$	\$
Revaluation surplus - Buildings - non-specialised	7,592,300	7,592,300	7,592,300	7,592,300
Revaluation surplus - Furniture and equipment	1,825	1,825	1,825	1,825
Revaluation surplus - Plant and equipment	77,020	77,020	77,020	77,020
Revaluation surplus - Infrastructure - roads	29,108,543	29,108,543	29,108,543	29,108,543
Revaluation surplus - Infrastructure - drainage	2,272,115	2,272,115	2,272,115	2,272,115
Revaluation surplus - Infrastructure - footpaths	233,186	233,186	233,186	233,186
Revaluation surplus - Infrastructure - parks and ovals	344,502	344,502	344,502	344,502
Revaluation surplus - Infrastructure - other	1,416,892	1,416,892	1,416,892	1,416,892
	41,046,383	41,046,383	41,046,383	41,046,383

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

16. 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	236,238	3,316,333
- Financial assets at amortised cost	4	3,230,306	
		3,466,544	3,316,333
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	26	3,230,306	2,958,155
Contract liabilities	12	236,238	358,178
Total restricted financial assets		3,466,544	3,316,333
17. UNDRAWN BORROWING FACILITIES AND CREDIT STANDBY ARRANGEMENTS			
Bank overdraft limit		250,000	250,000
Bank overdraft at balance date		0	0
Credit card limit		13,000	13,000
Credit card balance at balance date		(10,589)	(2,688)
Total amount of credit unused		252,411	260,312
Loan facilities			
Loan facilities - current		53,126	50,192
Loan facilities - non-current		0	53,126
Total facilities in use at balance date		53,126	103,318
Unused loan facilities at balance date		0	0

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

18. CONTINGENT LIABILITIES

The Shire operates a single landfill in Cemetery Road, Wyalkatchem, which receives all of the kerbside and general waste generated by the community. This site was registered with the Department of Environment Protection, Water and Rivers Commission on 10 June 2003. The closest property to the landfill is 2.5km away.

The landfill site covers a total area of 35ha and the current use space is about 8,000m² with approximately 50,000m² available for future expansion.

At the current rate of waste disposal the site has a remaining life of 25 years.

The Shire is currently drafting its landfill closure plan which, once complete, will inform the scale of the Council's rehabilitation liability and annual allocation to its Waste Management Reserve.

The Shire is currently unaware of the extent of contamination, if any, at the site.

The Waste Management Reserve (Note 29) currently has a balance of \$111.395 with a further \$207 budgeted to be transferred into this reserve in financial year 2024.

19. CAPITAL COMMITMENTS

	2023	2022
	\$	\$
Contracted for:		
- capital expenditure projects	345,054	397,981
- plant & equipment purchases	193,463	18,709
	538,516	416,690
Payable:		
- not later than one year	538,516	416,690

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

20. 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	6,303	6,303	6,090
President's meeting attendance fees	4,961	4,961	4,793
President's other expenses	1,291	1,429	0
President's annual allowance for ICT expenses	563	563	544
President's travel and accommodation expenses	776	286	
	13,894	13,542	11,427
Deputy President's annual allowance	1,576	1,576	1,523
Deputy President's meeting attendance fees	4,961	4,961	4,793
Deputy President's other expenses	1,491	1,429	0
Deputy President's annual allowance for ICT expenses	563	563	544
Deputy President's travel and accommodation expenses	399	286	
	8,990	8,815	6,860
All other council member's meeting attendance fees	24,805	24,805	19,172
All other council member's All other council member expenses	4,218	7,142	0
All other council member's annual allowance for ICT expenses	2,815	2,815	2,176
All other council member's travel and accommodation expenses	1,982	1,428	
	33,820	36,190	21,348
20(b)	56,704	58,547	39,635

(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	366,517	386,468
Post-employment benefits	42,081	42,716
Employee - other long-term benefits	5,975	3,648
Employee - termination benefits	0	8,574
Council member costs	56,704	39,635
20(a)	471,277	481,041

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

20. 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
	\$	\$
Purchase of goods and services	53,355	25,483

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 20(a) and 20(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 current year (\$369,871 in the prior year).

Short-term employee benefits related to an associate person of the CEO who was employed by the Shire under normal employment terms and conditions.

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

iii. Entities subject to significant influence by the Shire

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

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

21. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There have been no material events after the reporting period which would affect the financial report of the Shire for the year ended 30th June 2023 or which would require a separate disclosure.

**SHIRE OF WYALKATCHEM
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 WYALKATCHEM
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23. RATING INFORMATION

(a) General Rates

RATE TYPE		2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2021/22		
Rate Description	Basis of valuation	Rate in \$	Number of Properties	Actual Rateable Value*	Actual Rate Revenue	Actual Interim Rates	Actual Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Total Revenue	Actual Total Revenue
		\$		\$	\$	\$	\$	\$	\$	\$	\$
Wyalkatchem - Town	Gross rental valuation	0.11334	194	1,340,466	151,932	109	152,041	151,932	0	151,932	147,284
Rural	Unimproved valuation	0.01295	208	96,119,500	1,244,267	(647)	1,243,620	1,244,267	0	1,244,267	1,194,662
Mining	Unimproved valuation	0.01295	0	0	0	0	0	0	0	0	0
Total general rates			402	97,459,966	1,396,199	(538)	1,395,661	1,396,199	0	1,396,199	1,341,946
Minimum payment											
		\$									
Wyalkatchem - Town	Gross rental valuation	515	53	68,337	27,295	0	27,295	27,295	0	27,295	26,235
Rural	Unimproved valuation	573	18	419,000	10,314	0	10,314	10,314	0	10,314	9,900
Mining	Unimproved valuation	573	13	46,823	7,449	2,225	9,674	7,449	0	7,449	6,530
Total minimum payments			84	534,160	45,058	2,225	47,283	45,058	0	45,058	42,665
Total general rates and minimum payments			486	97,994,126	1,441,257	1,687	1,442,944	1,441,257	0	1,441,257	1,384,611
Ex-gratia Rates											
CBH					10,388	0	10,388	8,777	0	8,777	8,424
Total amount raised from rates (excluding general rates)			0	0	10,388	0	10,388	8,777	0	8,777	8,424
Discounts							(44,274)			(46,795)	(44,910)
Total Rates							1,409,058			1,403,239	1,348,125
Rate instalment interest							3,322			3,000	3,019
Rate overdue interest							3,779			5,000	5,773

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.

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24. DETERMINATION OF SURPLUS OR DEFICIT

	Note	2022/23	2022/23	2021/22
		(30 June 2023 Carried Forward)	Budget (30 June 2023 Carried Forward)	(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				
Less: Profit on asset disposals		0	(136,670)	(49,505)
Less: Fair value adjustments to financial assets at fair value through profit or loss		0		(2,998)
Add: Depreciation	9(a)	1,429,743	1,480,574	1,474,840
Non-cash movements in non-current assets and liabilities:				
Financial assets at amortised cost		0		
Pensioner deferred rates		0		(5,910)
Assets held for sale	6	0		
Employee benefit provisions		13,676		(13,934)
Non-cash amounts excluded from operating activities		1,443,419	1,343,904	1,402,493
(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	(3,230,306)	(2,969,155)	(2,958,155)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	13	53,126	(1,287)	50,192
- Current portion of lease liabilities	10(b)	0	0	1,723
Total adjustments to net current assets		(3,177,180)	(2,970,442)	(2,906,240)
Net current assets used in the Statement of Financial Activity				
Total current assets		6,154,733	4,301,072	5,980,156
Less: Total current liabilities		(741,948)	(1,330,630)	(1,556,996)
Less: Total adjustments to net current assets		(3,177,180)	(2,970,442)	(2,906,240)
Surplus or deficit after imposition of general rates		2,235,605	0	1,516,920

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25. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual							Budget			
		Principal		Principal at 30 June 2022	Principal		Principal at 30 June 2023	Principal at 1 July 2022	Principal		Principal at 30 June 2023	
		Principal at 1 July 2021	New Loans During 2021-22		Repayments During 2021-22	New Loans During 2022-23			Repayments During 2022-23	New Loans During 2022-23		Repayments During 2022-23
43 & 45 Wilson Street		\$ 81,319	\$ 0	\$ (25,300)	\$ 56,019	\$ 0	\$ (27,061)	\$ 28,958	\$ 56,631	\$ 0	\$ (27,061)	\$ 29,570
CRC Building		69,439	0	(22,140)	47,299	0	(23,131)	24,168	46,005	0	(23,131)	22,874
8 wheel prime mover		0	0	0	0	0	0	0	0	310,000	(28,545)	281,455
Total		150,758	0	(47,440)	103,318	0	(50,192)	53,126	102,636	310,000	(78,737)	333,899
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				
43 & 45 Wilson Street		68	NAB	6.89%	23/02/2024	\$ (2,750)	\$ (3,403)	\$ (6,528)				
CRC Building		73	WATC*	4.43%	02/04/2024	(1,584)	(1,842)	(2,578)				
8 wheel prime mover			WATC*	1.91%	N/A	0	(5,642)	0				
Total						(4,334)	(10,887)	(9,106)				
Total Finance Cost Payments						(4,334)	(10,887)	(9,106)				

* WA Treasury Corporation

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

(b) Lease Liabilities

Purpose	Note	Actual						Budget				
		Principal			Principal at 30 June 2022	Principal		Principal at 1 July 2022	Principal			
		Principal at 1 July 2021	New Leases During 2021-22	Repayments During 2021-22		New Leases During 2022-23	Repayments During 2022-23		Principal at 30 June 2023	New Leases During 2022-23	Repayments During 2022-23	Principal at 30 June 2023
Fuji Photocopier	10(b)	5,135	0	(3,412)	1,723	0	(1,723)	0	1,722	0	(1,722)	0
Total Lease Liabilities	10(b)	5,135	0	(3,412)	1,723	0	(1,723)	0	1,722	0	(1,722)	0

Lease Finance Cost Payments

Purpose	Note	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022	Lease Term
Fuji Photocopier			Fuji Xerox	3.00%		\$ (7)	\$ (6)	\$ (47)	60 months
Total Finance Cost Payments						(7)	(6)	(47)	

**SHIRE OF WYALKATCHEM
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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	20,000	640	0	20,640	20,000	41	0	20,041	0	20,000	0	20,000
(b) Building Reserve	321,275	10,280	0	331,555	321,275	651	0	321,926	300,659	20,616	0	321,275
(c) Waste Management Reserve	107,941	3,454	0	111,395	107,941	219	0	108,160	57,555	50,386	0	107,941
(d) Plant & Equipment Reserve	455,568	214,576	(22,500)	647,644	455,568	200,924	(195,000)	461,492	225,425	230,143	0	455,568
(e) Community Bus Reserve	83,165	2,661	0	85,826	83,165	169	0	83,334	82,611	554	0	83,165
(f) Government Joint Venture Housing Reserve	11	0	0	11	0	0	0	0	18,508	33	(18,530)	11
(g) Sport & Recreation Facilities Reserve	327,872	10,491	0	338,363	327,883	665	0	328,548	176,686	151,186	0	327,872
(h) Community Development Reserve	513,283	16,423	0	529,706	513,440	1,041	0	514,481	320,272	193,011	0	513,283
(i) Community Health Reserve	1,085,443	34,731	0	1,120,174	1,085,443	2,202	0	1,087,645	1,078,205	7,238	0	1,085,443
(j) Airport Development Reserve	43,440	1,390	0	44,830	43,440	88	0	43,528	43,150	290	0	43,440
(k) Depot Reserve	157	5	0	162	0	0	0	0	254,962	465	(255,270)	157
	2,958,155	294,651	(22,500)	3,230,306	2,958,155	206,000	(195,000)	2,969,155	2,558,033	673,922	(273,800)	2,958,155

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:

Name of reserve account	Anticipated date of use	Purpose of the reserve account
Restricted by council		
(a) Leave reserve	Ongoing	To be used to fund annual and long service leave requirements
(b) Building Reserve	Ongoing	To be used for the continual upgrade and maintenance of council's buildings within the Shire of Wyalkatchem
(c) Waste Management Reserve	Ongoing	To be used for the continual upgrade and expansion of the Wyalkatchem Waste Disposal Site
(d) Plant & Equipment Reserve	Ongoing	To be used for the continual purchase of Major Plant items
(e) Community Bus Reserve	Ongoing	To be used to fund the continual purchase of a community bus
(f) Government Joint Venture Housing Reserve	Ongoing	To be used for the long term maintenance and upgrades of the joint venture housing
(g) Sport & Recreation Facilities Reserve	Ongoing	To be used for the continual upgrade and/or maintenance of various Sport & Recreation facilities in Wyalkatchem
(h) Community Development Reserve	Ongoing	To be used for the continual upgrade and/or development of various community facilities in Wyalkatchem
(i) Community Health Reserve	Ongoing	To be used for the continual upgrade of medical facilities and funding of health services within the Shire of Wyalkatchem
(j) Airport Development Reserve	Ongoing	To be used for the long term maintenance, upgrades, development and/or expansion of the Wyalkatchem Airport
(k) Depot Reserve	Ongoing	To be used for the continual upgrade and expansion of the Wyalkatchem Depot

