



AGENDA

AUDIT COMMITTEE

26 NOVEMBER 2024



SHIRE OF WAGIN
NOTICE OF MEETING

Dear Councillors Blight, Ball, Chilcott, Kilpatrick, Longmuir, O'Brien and West

The next Audit Committee meeting will be held:

ON: Tuesday 26 November 2024

WHERE: Council Chambers

AT: 6.00pm

Dr Kenneth Parker
CHIEF EXECUTIVE OFFICER



DISCLAIMER

No responsibility is implied or accepted by the Shire of Wagin for any act, omission or statement or intimation occurring during Council or committee meetings.

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Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or committee meeting does so at that person's or legal entity's own risk.

In particular and without detracting in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or intimation of approval made by any member or officer of the Shire of Wagin during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Wagin

The Shire of Wagin advises that anyone who has any application lodged with the Shire of Wagin shall obtain and should only rely on **WRITTEN CONFIRMATION** of the outcome of the application, and any conditions attaching to the decision made by the Shire of Wagin in respect of the application.

Dr Kenneth Parker
CHIEF EXECUTIVE OFFICER



SHIRE OF WAGIN

Agenda for the Audit Committee meeting to be held in the Council Chambers,
Wagin on Tuesday, 26 November 2024 commencing at 6.00pm

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1. OFFICIAL OPENING

**2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE
(PREVIOUSLY APPROVED)**

3. DISCLOSURE OF FINANCIAL AND OTHER INTERESTS

4. CONFIRMATION OF PREVIOUS MEETING MINUTES

**4.1 MINUTES FROM THE AUDIT COMMITTEE MEETING HELD 23 JULY
2024**

OFFICER RECOMMENDATION

That the minutes of the Audit Committee meeting held on 23 July 2024 and circulated to all Councillors, be confirmed as a true and accurate record.



5. REPORTS TO COMMITTEE

5.1 2023/2024 INDEPENDENT AUDITOR'S REPORT AND ANNUAL FINANCIAL REPORT

AUTHOR OF REPORT:	Deputy Chief Executive Officer
SENIOR OFFICER:	Chief Executive Officer
DISCLOSURE OF INTEREST:	Nil
FILE REFERENCE:	FM.AD.2
STRATEGIC DOCUMENT REFERENCE:	Nil
ATTACHMENTS:	<ol style="list-style-type: none">1. Independent Auditor's Report;2. Shire of Wagin Annual Financial Report for the year ended 30 June 2024;3. Final Management Letter.

OFFICER RECOMMENDATION

That the Audit Committee:

1. **RECEIVES** and accepts the 2024 Independent Auditor's Report from the Office of the Auditor General.
2. **RECEIVES** the Annual Financial Report for the year ended 30 June 2024 and **RECOMMENDS** to the Council that it be endorsed as part of the 2023/2024 Annual Report.

BRIEF SUMMARY

The independent auditor's report for 2023/2024 is attached to this item as well as the 2023/2024 Annual Financial Report for consideration. The Final Management Letter is also attached for reference.

BACKGROUND/COMMENT

In accordance with Part 7 of the Local Government Act 1995; the Local Government (Audit) Regulations 1996; the Local Government (Financial Management) Regulations 1996; and the Local Government Amendment (Auditing) Act 2017, the Auditor-General is responsible for the annual financial report audit for local governments.

AMD Chartered Accountants ('AMD') have been contracted by the Office of the Auditor General to perform the financial report audit for the financial year ended 30 June 2024.

An audit planning summary was published in April 2024 detailing the audit approach and methodology, providing assurance as to independence and compliance with Australian Auditing Standards. That document also referenced the consideration of materiality and the risk of fraud within the scope of the audit and the Shire's responsibilities in this regard.

The planning summary also detailed planned meetings, including the exit meeting and the planned discussion of the financial report; the independent auditor's report; and the management letter (all attached to this item).

The audit also considered risk and audit issues; activity cycles; significant financial accounts and the audit approach; the management representation letter; reporting protocols and audit evidence.

The unqualified audit opinion for 2023/2024 is attached for information.

An interim audit was conducted June 2024 and the onsite audit was concluded October 2024. The final interim audit letter was provided on 4 July 2024 and dealt with by the Audit Committee at its meeting held on 23 July 2024.

A moderate finding was raised in the final audit relating to the following issues:

- Application of rates discounts after the due date

The auditor pointed out that *'24 rate assessments where the 5% discount available for rates paid by 19 September 2024 was incorrectly applied to rates paid after this date. Total of rates discounts incorrectly applied on the 24 assessments subsequent to 19 September 2024 totalled \$2,265.48.'*

There were two reasons for the discount being applied to these assessments, namely:

1. Synergysoft system not correctly applying discount;
2. Ratepayer paid on time, but not received by Shire until after the due date.

These were not formally signed off by the CEO or Manager of Finance, but were done in line with usual practice by the Rates Officer. Nevertheless, in future any proposals to apply the discount on rates payments after the date set by the budget will be discussed with the Chief Executive Officer and only done if authorised. Supporting documentation and rationale will be attached to the relevant journals.

- Write-off of minor rate balances.

The auditor also noted that *'minor rating amounts receivable (assessments of \$1.50 or less) written-off as part of the month-end process did not have the relevant delegation for the CEO in place. The minor rate write-off related to 76 properties with \$30.33 in rates written off.'*

At the Ordinary Council Meeting held on 22 October 2024, the Council adopted new Delegation No.36 – Small Debts Write Off. This delegates authority and power to the Chief Executive Officer to write off rates and sundry debts where the individual debt is not more than \$10.00. This new delegation has now been integrated into Shire practice.



CONSULTATION/COMMUNICATION

Vignesh Raj, OAG Representative Director; Tim Partridge, Partner AMD; Audit Committee; Officers of the Shire of Wagin.

STATUTORY/LEGAL IMPLICATIONS

Part 7 of the Local Government Act 1995 ('the Act'); Local Government (Audit) Regulations 1996; the Local Government (Financial Management) Regulations 1996; and the Local Government Amendment (Auditing) Act 2017. The Auditor General is responsible for the annual financial report audit for local governments.

The Act requires compliance with accounting standards and the audit process provides assurance as to that compliance.

POLICY IMPLICATIONS

There are a number of relevant policies including the entire 'F.' group of financial and risk policies within Council's Policy Manual. In addition, policies A9 and C9 (Record Keeping); A18 Asset Management; A25 Internal Control; A26 Legislative Compliance; and A28 Use of Information and Communications Technology have relevance.

FINANCIAL IMPLICATIONS

There are no direct financial implication to this item.

STRATEGIC IMPLICATIONS

There are no direct strategic implication to this item.

VOTING REQUIREMENTS

Simple Majority



Auditor General

INDEPENDENT AUDITOR'S REPORT

2024

Shire of Wagin

To the Council of the Shire of Wagin

Opinion

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

- the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of financial activity for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2024 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

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

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

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2024, but not the financial report and my auditor's report.

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

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Wagin for the year ended 30 June 2024 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Mark Ambrose

Mark Ambrose
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
18 November 2024

SHIRE OF WAGIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

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

To have a community where individuals, families and businesses can invest and prosper, preserving the safe, affordable and inclusive country lifestyle and ensuring that Wagin is a place people like to live in and visit.

Principal place of business:
2 Arthur Road
WAGIN, WA, 6315

SHIRE OF WAGIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

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

STATEMENT BY CEO

The accompanying financial report of the Shire of Wagin 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 2024 and the financial position as at 30 June 2024.

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

Signed on the 15 day of November 2024



CEO

Dr Kenneth Parker
Name of CEO



**SHIRE OF WAGIN
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	2024 Actual \$	2024 Budget \$	2023 Actual \$
Revenue				
Rates	2(a),21	2,618,543	2,618,623	2,511,175
Grants, subsidies and contributions	2(a)	2,675,898	768,281	3,028,840
Fees and charges	2(a)	768,505	822,908	807,785
Interest revenue	2(a)	207,745	128,682	109,635
Other revenue	2(a)	474,073	364,315	424,272
		6,744,764	4,702,809	6,881,707
Expenses				
Employee costs	2(b)	(2,918,650)	(2,874,534)	(2,663,417)
Materials and contracts		(1,731,757)	(1,772,310)	(1,463,561)
Utility charges		(360,390)	(359,668)	(335,926)
Depreciation		(3,380,940)	(3,351,231)	(3,458,468)
Finance costs		(21,358)	(20,785)	(23,078)
Insurance		(210,584)	(202,712)	(173,131)
Other expenditure	2(b)	(262,434)	(292,798)	(143,292)
		(8,886,113)	(8,874,038)	(8,260,873)
		(2,141,349)	(4,171,229)	(1,379,166)
Capital grants, subsidies and contributions	2(a)	820,766	974,682	1,845,297
Profit on asset disposals		152,177	90,919	6,872
Loss on asset disposals		(5,118)	(5,396)	0
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	1,681	0	3,684
		969,506	1,060,205	1,855,853
Net result for the period		(1,171,843)	(3,111,024)	476,687
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	15	1,685,011	0	26,370,471
Total other comprehensive income for the period	15	1,685,011	0	26,370,471
Total comprehensive income for the period		513,168	(3,111,024)	26,847,158

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



**SHIRE OF WAGIN
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	NOTE	2024	2023
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	2,358,959	6,043,307
Trade and other receivables	5	247,622	203,917
Other financial assets	4(a)	3,292,250	21,164
Inventories	6	49,128	63,263
Other assets	7	82,825	35,709
TOTAL CURRENT ASSETS		6,030,784	6,367,360
NON-CURRENT ASSETS			
Trade and other receivables	5	98,109	69,937
Other financial assets	4(b)	173,163	137,281
Property, plant and equipment	8	19,736,958	20,446,427
Infrastructure	9	130,377,486	128,965,345
TOTAL NON-CURRENT ASSETS		150,385,716	149,618,990
TOTAL ASSETS		156,416,500	155,986,350
CURRENT LIABILITIES			
Trade and other payables	11	199,754	178,718
Other liabilities	12	113,142	278,098
Borrowings	13	72,505	66,486
Employee related provisions	14	550,278	524,737
TOTAL CURRENT LIABILITIES		935,679	1,048,039
NON-CURRENT LIABILITIES			
Borrowings	13	322,250	336,047
Employee related provisions	14	76,186	33,047
TOTAL NON-CURRENT LIABILITIES		398,436	369,094
TOTAL LIABILITIES		1,334,115	1,417,133
NET ASSETS		155,082,385	154,569,217
EQUITY			
Retained surplus		32,179,660	33,608,012
Reserve accounts	24	3,328,331	3,071,822
Revaluation surplus	15	119,574,394	117,889,383
TOTAL EQUITY		155,082,385	154,569,217

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



**SHIRE OF WAGIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2022		33,914,406	2,288,741	91,518,912	127,722,059
Comprehensive income for the period					
Net result for the period		476,687	0	0	476,687
Other comprehensive income for the period	15	0	0	26,370,471	26,370,471
Total comprehensive income for the period		476,687	0	26,370,471	26,847,158
Transfers to reserve accounts	24	(783,081)	783,081	0	0
Balance as at 30 June 2023		33,608,012	3,071,822	117,889,383	154,569,217
Comprehensive income for the period					
Net result for the period		(1,171,843)	0	0	(1,171,843)
Other comprehensive income for the period	15	0	0	1,685,011	1,685,011
Total comprehensive income for the period		(1,171,843)	0	1,685,011	513,168
Transfers from reserve accounts	24	137,209	(137,209)	0	0
Transfers to reserve accounts	24	(393,718)	393,718	0	0
Balance as at 30 June 2024		32,179,660	3,328,331	119,574,394	155,082,385

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



**SHIRE OF WAGIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	2024 Actual \$	2023 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		2,522,888	2,518,645
Grants, subsidies and contributions		2,684,504	3,014,291
Fees and charges		769,148	811,413
Interest revenue		207,745	109,635
Other revenue		474,073	418,761
		<u>6,658,358</u>	<u>6,872,745</u>
Payments			
Employee costs		(2,849,830)	(2,587,550)
Materials and contracts		(1,730,307)	(1,496,197)
Utility charges		(360,390)	(335,926)
Finance costs		(21,358)	(23,078)
Insurance paid		(210,584)	(173,131)
Other expenditure		(262,434)	(143,292)
		<u>(5,434,903)</u>	<u>(4,759,174)</u>
Net cash provided by operating activities		<u>1,223,455</u>	<u>2,113,571</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for financial assets at amortised cost - self supporting loans		(60,000)	0
Payments for purchase of property, plant & equipment	8(a)	(954,083)	(724,919)
Payments for construction of infrastructure	9(a)	(1,643,323)	(1,585,816)
Capital grants, subsidies and contributions		656,804	1,617,622
Proceeds for financial assets at amortised cost		(3,267,743)	2,000,000
Proceeds from financial assets at amortised cost - self supporting loans		22,455	30,573
Proceeds from sale of property, plant & equipment		345,864	12,718
Net cash provided by (used in) investing activities		<u>(4,900,026)</u>	<u>1,350,178</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	23(a)	(67,777)	(92,808)
Proceeds from new borrowings	23(a)	60,000	0
Net cash (used in) financing activities		<u>(7,777)</u>	<u>(92,808)</u>
Net increase (decrease) in cash held		<u>(3,684,348)</u>	<u>3,370,945</u>
Cash at beginning of year		6,043,307	2,672,362
Cash and cash equivalents at the end of the year		<u><u>2,358,959</u></u>	<u><u>6,043,307</u></u>

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



SHIRE OF WAGIN
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	2024 Actual \$	2024 Budget \$	2023 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	21	2,603,123	2,603,204	2,496,320
Rates excluding general rates	21	15,420	15,419	14,855
Grants, subsidies and contributions		2,675,898	768,281	3,028,840
Fees and charges		768,505	822,908	807,785
Interest revenue		207,745	128,682	109,635
Other revenue		474,073	364,315	424,272
Profit on asset disposals		152,177	90,919	6,872
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	1,681	0	3,684
		<u>6,898,622</u>	<u>4,793,728</u>	<u>6,892,263</u>
Expenditure from operating activities				
Employee costs		(2,918,650)	(2,874,534)	(2,663,417)
Materials and contracts		(1,731,757)	(1,772,310)	(1,463,561)
Utility charges		(360,390)	(359,668)	(335,926)
Depreciation		(3,380,940)	(3,351,231)	(3,458,468)
Finance costs		(21,358)	(20,785)	(23,078)
Insurance		(210,584)	(202,712)	(173,131)
Other expenditure		(262,434)	(292,798)	(143,292)
Loss on asset disposals		(5,118)	(5,396)	0
		<u>(8,891,231)</u>	<u>(8,879,434)</u>	<u>(8,260,873)</u>
Non cash amounts excluded from operating activities	22(a)	3,324,252	3,265,708	3,486,197
Amount attributable to operating activities		<u>1,331,643</u>	<u>(819,998)</u>	<u>2,117,587</u>
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		820,766	974,682	1,845,297
Proceeds from disposal of assets		345,864	275,453	12,718
Proceeds from financial assets at amortised cost - self supporting loans	23(a)	22,455	22,560	30,573
		<u>1,189,085</u>	<u>1,272,695</u>	<u>1,888,588</u>
Outflows from investing activities				
Payments for financial assets at amortised cost - self supporting loans		(60,000)	(60,000)	0
Purchase of property, plant and equipment	8(a)	(954,083)	(1,051,819)	(724,919)
Purchase and construction of infrastructure	9(a)	(1,643,323)	(1,987,470)	(1,585,816)
		<u>(2,657,406)</u>	<u>(3,099,289)</u>	<u>(2,310,735)</u>
Amount attributable to investing activities		<u>(1,468,321)</u>	<u>(1,826,594)</u>	<u>(422,146)</u>
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	23(a)	60,000	60,000	0
Transfers from reserve accounts	24	137,209	143,957	0
		<u>197,209</u>	<u>203,957</u>	<u>0</u>
Outflows from financing activities				
Repayment of borrowings	23(a)	(67,777)	(67,881)	(92,808)
Transfers to reserve accounts	24	(393,718)	(312,405)	(783,081)
		<u>(461,495)</u>	<u>(380,286)</u>	<u>(875,889)</u>
Amount attributable to financing activities		<u>(264,286)</u>	<u>(176,329)</u>	<u>(875,889)</u>
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	22(b)	2,771,184	2,827,597	1,951,632
Amount attributable to operating activities		1,331,643	(819,998)	2,117,587
Amount attributable to investing activities		(1,468,321)	(1,826,594)	(422,146)
Amount attributable to financing activities		(264,286)	(176,329)	(875,889)
Surplus or deficit after imposition of general rates	22(b)	<u>2,370,220</u>	<u>0</u>	<u>2,771,184</u>

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

**SHIRE OF WAGIN
FOR THE YEAR ENDED 30 JUNE 2024
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**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

1. BASIS OF PREPARATION

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

Local Government Act 1995 requirements

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

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

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

The Local Government (Financial Management) Regulations 1996 provide that:

- land and buildings classified as property, plant and equipment; or
 - infrastructure; or
 - vested improvements that the local government controls;
- and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from AASB 116 Property, Plant and Equipment which would have required the Shire to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

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.

Critical accounting estimates and judgements

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 amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
 - Property, plant and equipment - note 8
 - Infrastructure - note 9
 - Expected credit losses on financial assets - note 5
 - Measurement of employee benefits - note 14
- Fair value hierarchy information can be found in note 20

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.

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 2021-2 Amendments to Australian Accounting Standards - *Disclosure of Accounting Policies or Definition of Accounting Estimates*

This standard resulted in terminology changes relating to material accounting policies (formerly referred to as significant accounting policies).

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 2021-7c 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*

These amendments are not expected to have any material impact on the financial report on initial application.

- AASB 2022-10 Amendments to Australian Accounting Standards - *Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

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

- AASB 2023-1 Amendments to Australian Accounting Standards - *Supplier Finance Arrangements*

These amendments may result in additional disclosures in the case of applicable finance arrangements.

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

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 Shire office	None	On payment of the token fee
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 2024

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	2,618,543	0	2,618,543
Grants, subsidies and contributions	120,658	0	0	2,555,240	2,675,898
Fees and charges	696,251	0	40,854	31,400	768,505
Interest revenue	0	0	15,731	192,014	207,745
Other revenue	140,556	0	237,367	96,150	474,073
Capital grants, subsidies and contributions	0	820,766	0	0	820,766
Total	957,465	820,766	2,912,495	2,874,804	7,565,530

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	2,511,175	0	2,511,175
Grants, subsidies and contributions	3,028,840	0	0	0	3,028,840
Fees and charges	0	0	807,785	0	807,785
Interest revenue	0	0	9,778	99,857	109,635
Other revenue	0	0	0	424,272	424,272
Capital grants, subsidies and contributions	0	1,845,297	0	0	1,845,297
Total	3,028,840	1,845,297	3,328,738	524,129	8,727,004



SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Note	2024 Actual \$	2023 Actual \$
Interest revenue		
Financial assets at amortised cost - self supporting loans	4,326	2,809
Interest on reserve account	102,405	58,142
Trade and other receivables overdue interest	15,731	9,778
Other interest revenue	85,283	38,906
	207,745	109,635
The 2024 original budget estimate in relation to: Trade and other receivables overdue interest was \$0.		
Fees and charges relating to rates receivable		
Charges on instalment plan	4,897	4,077
The 2024 original budget estimate in relation to: Charges on instalment plan was \$5,000.		
(b) Expenses		
Auditors remuneration		
- Audit of the Annual Financial Report	23,340	26,250
- Other services – grant acquittals	5,700	2,500
	29,040	28,750
Employee Costs		
Employee benefit costs	2,918,650	2,663,417
	2,918,650	2,663,417
Other expenditure		
Sundry expenses	262,434	143,292
	262,434	143,292

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

3. CASH AND CASH EQUIVALENTS

Note	2024	2023
	\$	\$
Cash at bank and on hand	2,358,959	4,009,833
Term deposits	0	2,033,474
Total cash and cash equivalents	2,358,959	6,043,307
Held as		
- Unrestricted cash and cash equivalents	2,185,229	2,693,387
- Restricted cash and cash equivalents	16 173,730	3,349,920
	2,358,959	6,043,307

MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

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

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

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

Restricted financial assets

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

4. OTHER FINANCIAL ASSETS

(a) Current assets

Note	2024	2023
	\$	\$
Financial assets at amortised cost	3,292,250	21,164
	3,292,250	21,164
Other financial assets at amortised cost		
Self supporting loans receivable	22(b) 24,507	21,164
Term deposits	3,267,743	0
	3,292,250	21,164
Held as		
- Unrestricted other financial assets at amortised cost	24,507	21,164
- Restricted other financial assets at amortised cost	16 3,267,743	0
	3,292,250	21,164

(b) Non-current assets

Financial assets at amortised cost	89,993	55,791
Financial assets at fair value through profit or loss	83,170	81,490
	173,163	137,281
Financial assets at amortised cost		
Self supporting loans receivable	89,993	55,791
	89,993	55,791
Financial assets at fair value through profit or loss		
Units in Local Government House Trust - opening balance	81,489	77,806
Movement attributable to fair value increment	1,681	3,684
Units in Local Government House Trust - closing balance	83,170	81,490

MATERIAL 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 20 (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 WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

5. TRADE AND OTHER RECEIVABLES

	Note	2024	2023
		\$	\$
Current			
Rates and statutory receivables		137,848	66,651
Trade receivables		96,788	159,956
Receivables for employee related provisions	14	47,001	10,682
Allowance for credit losses of rates and statutory receivables		(32,013)	(29,282)
Allowance for credit losses of trade receivables		(2,002)	(4,090)
		<u>247,622</u>	<u>203,917</u>
Non-current			
Rates and statutory receivables		78,653	67,730
Receivables for employee related provisions		19,456	2,207
		<u>98,109</u>	<u>69,937</u>

The carrying amounts of the trade and other receivables include receivables which are subject to a factoring arrangement. Under the factoring arrangement, the Shire of Wagin has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables, late payment and credit risk remains with the Shire of Wagin, therefore the Shire continues to recognise the transferred assets in their entirety. The amount repayable under the factoring arrangement is presented as a secured borrowing under other loans at Note 13. The Shire considers that the held to collect business model remains appropriate for these receivables and continues measuring them at amortised cost.

Disclosure of opening and closing balances related to contracts with customers

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

	Note	30 June 2024 Actual	30 June 2023 Actual	1 July 2022 Actual
		\$	\$	\$
Contract assets	7	25,534	25,534	0
Allowance for credit losses of trade receivables	5	(2,002)	(4,090)	0
Total trade and other receivables from contracts with customers		<u>23,532</u>	<u>21,444</u>	<u>0</u>

MATERIAL 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 or for the construction of recognisable non financial assets as part of the ordinary course of business.

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 WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

6. INVENTORIES

	Note	2024	2023
Current		\$	\$
Fuel and materials		49,128	63,263
		49,128	63,263
The following movements in inventories occurred during the year:			
Balance at beginning of year		63,263	52,102
Inventories expensed during the year		(14,135)	0
Additions to inventory		0	11,161
Balance at end of year		49,128	63,263

MATERIAL ACCOUNTING POLICIES

General

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

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

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

7. OTHER ASSETS

	2024	2023
	\$	\$
Other assets - current		
Accrued income	57,291	10,175
Contract assets	25,534	25,534
	82,825	35,709

Contract Assets

The Shire's contract assets represent work completed, which have not been invoiced at year end. This is due to the Shire not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Shire applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Shire has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

MATERIAL ACCOUNTING POLICIES

Other current assets

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

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Assets not subject to operating lease		Assets subject to operating lease		Total Property		Plant and equipment		Total property, plant and equipment
	Land	Buildings - non-specialised	Land	Buildings - non-specialised	Land	Buildings - non-specialised	Furniture and equipment	Plant and equipment	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	1,683,600	9,135,369	1,631,000	6,540,448	3,314,600	15,675,817	321,050	1,824,723	21,136,189
Additions	0	13,755	0	46,327	0	60,082	93,140	571,697	724,919
Disposals	0	0	0	0	0	0	0	(5,846)	(5,846)
Depreciation	0	(630,009)	0	(430,046)	0	(1,060,054)	(42,732)	(306,048)	(1,408,834)
Balance at 30 June 2023	1,683,600	8,519,115	1,631,000	6,156,729	3,314,600	14,675,844	371,458	2,084,525	20,446,427
Comprises:									
Gross balance amount at 30 June 2023	1,683,600	9,149,124	1,631,000	6,586,775	3,314,600	15,735,899	514,816	3,096,027	22,661,342
Accumulated depreciation at 30 June 2023	0	(630,009)	0	(430,046)	0	(1,060,055)	(143,356)	(1,011,502)	(2,214,915)
Balance at 30 June 2023	1,683,600	8,519,115	1,631,000	6,156,729	3,314,600	14,675,844	371,458	2,084,525	20,446,427
Additions	6,625	206,517	0	33,842	6,625	240,359	0	707,099	954,083
Disposals	(19,000)	0	0	0	(19,000)	0	0	(179,805)	(198,805)
Depreciation	0	(633,517)	0	(437,879)	0	(1,071,396)	(50,677)	(342,674)	(1,464,747)
Balance at 30 June 2024	1,671,225	8,092,115	1,631,000	5,752,692	3,302,225	13,844,807	320,781	2,269,145	19,736,958
Comprises:									
Gross balance amount at 30 June 2024	1,671,225	9,355,640	1,631,000	6,620,617	3,302,225	15,976,257	514,814	3,469,453	23,262,749
Accumulated depreciation at 30 June 2024	0	(1,263,525)	0	(867,925)	0	(2,131,450)	(194,033)	(1,200,308)	(3,525,791)
Balance at 30 June 2024	1,671,225	8,092,115	1,631,000	5,752,692	3,302,225	13,844,807	320,781	2,269,145	19,736,958

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Amount Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value - as determined at the last valuation date					
Land and buildings					
Land	2	Market Approach to determine Fair Value using recent observable market data for similar properties	Independent Registered Valuers	June 2022	Rawlinson cost data & cost indices. Building size, material, type & structure. Condition. Useful Life. Restrictions associated with site. Valuer's judgement.
Buildings - non-specialised	2	Market Approach to determine Fair Value using recent observable market data for similar properties	Independent Registered Valuers	June 2022	Rawlinson cost data & cost indices. Building size, material, type & structure. Condition. Useful Life. Restrictions associated with site. Valuer's judgement.

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. The valuation techniques applied to property subject to lease was the same as that applied to property not subject to lease.

(ii) Cost

Furniture and equipment	N/A	Cost	N/A	N/A
Plant and equipment	N/A	Cost	N/A	N/A

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads \$	Infrastructure - drainage \$	Infrastructure - other \$	Total Infrastructure \$
Balance at 1 July 2022	88,475,530	3,211,599	11,371,564	103,058,693
Additions	1,200,513	0	385,303	1,585,816
Revaluation increments / (decrements) transferred to revaluation surplus	24,763,736	0	1,606,734	26,370,470
Depreciation	(1,542,180)	(68,332)	(439,122)	(2,049,634)
Balance at 30 June 2023	112,897,599	3,143,267	12,924,479	128,965,345
Comprises:				
Gross balance at 30 June 2023	112,897,599	3,416,594	12,924,479	129,238,672
Accumulated depreciation at 30 June 2023	0	(273,327)	0	(273,327)
Balance at 30 June 2023	112,897,599	3,143,267	12,924,479	128,965,345
Additions	1,381,099	0	262,224	1,643,323
Revaluation increments / (decrements) transferred to revaluation surplus	0	1,685,011	0	1,685,011
Depreciation	(1,396,042)	(68,332)	(451,819)	(1,916,193)
Balance at 30 June 2024	112,882,656	4,759,946	12,734,884	130,377,486
Comprises:				
Gross balance at 30 June 2024	114,278,699	8,549,391	13,186,703	136,014,793
Accumulated depreciation at 30 June 2024	(1,396,043)	(3,789,445)	(451,819)	(5,637,307)
Balance at 30 June 2024	112,882,656	4,759,946	12,734,884	130,377,486

SHIRE OF WAGIN
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2024

9. INFRASTRUCTURE (Continued)

(b) Carrying Amount Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value - as determined at the last valuation date					
Infrastructure - roads	3	Cost Approach using current replacement cost	Independent Registered Valuers	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	3	Cost Approach using current replacement cost	Independent Registered Valuers	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - drainage	3	Cost Approach using current replacement cost	Independent Registered Valuers	June 2024	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 WAGIN
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2024**

10. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

Asset Class	Useful life
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

10. FIXED ASSETS (Continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the 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. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

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 *Local Government (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.

Individual assets that are land, buildings and infrastructure 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 reportable value.

Measurement after recognition

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2)*. Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses being their reportable value.

Reportable Value

In accordance with *Local Government (Financial Management) Regulation 17A(2)*, the carrying amount of non-financial assets that are *land and buildings classified as property, plant and equipment*, investment properties, infrastructure or vested improvements that the local government controls.

Reportable value is for the purpose of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

Revaluation

Land and buildings classified as property, plant and equipment, *infrastructure or vested improvements that the local government controls* and measured at reportable value, are only required to be revalued 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 land vested in the Shire.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the Shire to revalue earlier if it chooses to do so.

For land, buildings 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.

Impairment

In accordance with *Local Government (Financial Management) Regulations 17A(4C)*, the Shire is not required to comply with *AASB 136 Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the 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 WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

11. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Prepaid rates	
ATO liabilities	
Bonds and deposits held	
Other payables - Accrued interest on loans	

	2024	2023
	\$	\$
	138,495	99,926
	40,116	53,651
	140	0
	18,731	23,152
	2,272	1,989
	<u>199,754</u>	<u>178,718</u>

MATERIAL ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

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

Prepaid rates

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

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

12. OTHER LIABILITIES

	2024	2023
	\$	\$
Current		
Contract liabilities	16,891	17,885
Capital grant/contributions liabilities	96,251	260,213
	<u>113,142</u>	<u>278,098</u>
Reconciliation of changes in contract liabilities		
Opening balance	17,885	22,000
Additions	16,891	17,885
Revenue from contracts with customers included as a contract liability at the start of the period	(17,885)	(22,000)
	<u>16,891</u>	<u>17,885</u>
<p>The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$55,757 (2023: \$19,908)</p> <p>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.</p>		
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	260,213	487,889
Additions	(163,962)	(227,676)
	<u>96,251</u>	<u>260,213</u>

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.

MATERIAL 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 20(i)) due to the unobservable inputs, including own credit risk.

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

13. BORROWINGS

	Note	2024			2023		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		72,505	322,250	394,755	66,486	336,047	402,533
Total secured borrowings	23(a)	72,505	322,250	394,755	66,486	336,047	402,533

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

The Shire of Wagin has complied with the financial covenants of its borrowing facilities during the 2024 and 2023 years.

MATERIAL 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 20(i)) due to the unobservable inputs, including own credit risk.

Risk

Details of individual borrowings required by regulations are provided at Note 23(a).



SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2024	2023
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	221,490	194,417
Long service leave	267,419	272,389
	488,909	466,806
Employee related other provisions		
Employment on-costs	61,369	57,931
	61,369	57,931
Total current employee related provisions	550,278	524,737
Non-current provisions		
Employee benefit provisions		
Long service leave	68,174	29,890
	68,174	29,890
Employee related other provisions		
Employment on-costs	8,012	3,157
	8,012	3,157
Total non-current employee related provisions	76,186	33,047
Total employee related provisions	626,464	557,784

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.

	Note	2024	2023
		\$	\$
Expected reimbursements of employee related provisions from other WA local governments included within other receivables	5	47,001	10,682

MATERIAL 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 WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

15. REVALUATION SURPLUS

	2024 Opening Balance	Total Movement on Revaluation	2024 Closing Balance	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	2,950,342	0	2,950,342	2,950,342	0	2,950,342
Revaluation surplus - Buildings - non-specialised	10,226,965	0	10,226,965	10,226,965	0	10,226,965
Revaluation surplus - Plant and equipment	106,181	0	106,181	106,181	0	106,181
Revaluation surplus - Infrastructure - roads	89,838,269	0	89,838,269	65,074,532	24,763,737	89,838,269
Revaluation surplus - Infrastructure - drainage	3,416,594	1,685,011	5,101,605	3,416,594	0	3,416,594
Revaluation surplus - Infrastructure - other	11,351,032	0	11,351,032	9,744,298	1,606,734	11,351,032
	117,889,383	1,685,011	119,574,394	91,518,912	26,370,471	117,889,383

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

16. RESTRICTIONS OVER FINANCIAL ASSETS

	Note	2024 Actual \$	2023 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	173,730	3,349,920
- Financial assets at amortised cost	4	3,267,743	0
		3,441,473	3,349,920
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	24	3,328,331	3,071,822
Contract liabilities	12	16,891	17,885
Capital grant liabilities	12	96,251	260,213
Total restricted financial assets		3,441,473	3,349,920

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

Credit card limit		16,000	16,000
Credit card balance at balance date		(1,987)	0
Total amount of credit unused		14,013	16,000
Loan facilities			
Loan facilities - current		72,505	66,486
Loan facilities - non-current		322,250	336,047
Total facilities in use at balance date		394,755	402,533
Unused loan facilities at balance date		Nil	Nil



**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

18. CONTINGENT LIABILITIES

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

- Wagin Airfield
- Wagin Refuse Disposal Site

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with the Department of Water and Environmental Regulation on the need and criteria for remediation of a risk based approach, the Shire is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Water and Environmental Regulation Guidelines.



SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

19. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

Note	2024 Actual	2024 Budget	2023 Actual
	\$	\$	\$
President's annual allowance	15,656	15,656	12,300
President's meeting attendance fees	6,612	6,398	4,320
President's other expenses	0	1,250	0
President's annual allowance for ICT expenses	1,040	755	1,040
President's travel and accommodation expenses	0	100	0
	<u>23,308</u>	<u>24,159</u>	<u>17,660</u>
Deputy President's annual allowance	3,918	3,918	3,075
Deputy President's meeting attendance fees	3,056	3,278	2,002
Deputy President's other expenses	0	1,250	0
Deputy President's annual allowance for ICT expenses	1,040	755	1,040
Deputy President's travel and accommodation expenses	0	100	547
	<u>8,014</u>	<u>9,301</u>	<u>6,664</u>
All other council members' meeting attendance fees	14,152	17,325	14,222
All other council members' other council member expenses	0	6,500	0
All other council members' annual allowance for ICT expenses	5,460	4,035	7,260
All other council members' travel and accommodation expenses	342	0	0
All other council members' annual allowance for travel and accommodation expenses	0	550	0
	<u>19,954</u>	<u>28,410</u>	<u>21,482</u>
19(b)	<u>51,276</u>	<u>61,870</u>	<u>45,806</u>

(b) Key Management Personnel (KMP) Compensation

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

Short-term employee benefits	570,793	511,778
Post-employment benefits	64,059	58,789
Employee - other long-term benefits	9,281	10,403
Employee - termination benefits	30,089	42,647
Council member costs	51,276	45,806
19(a)	<u>725,498</u>	<u>669,423</u>

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 WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

19. 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:

	<u>2024</u> <u>Actual</u> \$	<u>2023</u> <u>Actual</u> \$
Sale of goods and services	10,681	15,766
Purchase of goods and services	22,745	23,652
Short term employee benefits - other related parties	942	0
Payment of council member costs (Refer to Note 19(a))	51,276	45,806
Amounts outstanding from related parties:		
Trade and other receivables	4,094	3,812
Amounts payable to related parties:		
Trade and other payables	85	4

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 Shire, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 19(a) and 19(b).

ii. Other Related Parties

Short-term employee benefits related to an associate person (wife) of the Deputy Chief Executive Officer who was employed by the Shire to cover a staff absence for two weeks on a casual basis 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 WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

20. OTHER MATERIAL 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 *Fair Value Measurement* 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 except for non-financial assets that are:

- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 10.

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 *Property, Plant and Equipment*) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.



SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

21. RATING INFORMATION

(a) General Rates

RATE TYPE Rate Description	Basis of valuation	Rate in \$	Number of Properties	2023/24 Actual		2023/24 Actual Interim Rates \$	2023/24 Actual Revenue	2023/24 Budget Interim Rate \$	2023/24 Budget Total Revenue	2022/23 Actual Total Revenue \$
				Rateable Value*	Rate					
GRV - Non-commercial	Gross rental valuation	8.9977	678	8,752,637	787,536	822	788,358	4,000	791,536	757,274
GRV Commercial	Gross rental valuation	11.9453	66	1,592,995	190,287	209	190,496	0	190,288	183,322
UV	Unimproved valuation	0.4803	300	327,083,073	1,570,980	918	1,571,898	2,000	1,572,980	1,516,627
Total general rates			1,044	337,428,705	2,548,803	1,949	2,550,752	6,000	2,554,804	2,457,222
Minimum payment										
		\$								
GRV - Non-commercial	Gross rental valuation	650	134	200,950	87,100	0	87,100	0	87,100	85,625
GRV Commercial	Gross rental valuation	650	14	37,764	9,100	0	9,100	0	9,100	8,125
UV	Unimproved valuation	650	88	7,337,166	57,200	0	57,200	0	57,200	52,500
Total minimum payments			236	7,575,880	153,400	0	153,400	0	153,400	146,250
Total general rates and minimum payments			1,280	345,004,585	2,702,203	1,949	2,704,152	6,000	2,708,204	2,603,472
Ex-gratia Rates										
CBH					15,420		15,420	0	15,419	14,855
Total amount raised from rates (excluding general rates)			0	0	15,420	0	15,420	0	15,419	14,855
Discounts							(99,698)		(100,000)	(103,144)
Concessions							(1,331)		(5,000)	(4,008)
Total Rates							2,618,543		2,618,623	2,511,175
Rate instalment interest									4,000	4,250
Rate overdue interest									6,000	5,249

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

*Rateable Value at time of raising of rate.

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

22. DETERMINATION OF SURPLUS OR DEFICIT

Note	2023/24 (30 June 2024 Carried Forward) \$	2023/24 Budget (30 June 2024 Carried Forward) \$	2022/23 (30 June 2023 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	(152,177)	(90,919)	(6,872)
Less: Movement in liabilities associated with restricted cash	77,085	0	82,654
Less: Fair value adjustments to financial assets at fair value through profit or loss	(1,681)	0	(3,684)
Add: Loss on disposal of assets	5,118	5,396	0
Add: Depreciation	8(a), 9(a) 3,380,940	3,351,231	3,458,468
Non-cash movements in non-current assets and liabilities:			
Pensioner deferred rates	(10,923)	0	(11,664)
Employee benefit provisions	25,890	0	(32,705)
Non-cash amounts excluded from operating activities	3,324,252	3,265,708	3,486,197
(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	24 (3,328,331)	(3,234,677)	(3,071,822)
Less: Financial assets at amortised cost - self supporting loans	4(a) (24,507)	(21,164)	(21,164)
Less: Financial assets at amortised cost			
Less: Current assets not expected to be received at end of year			
- Rates Receivable	0	(42,115)	0
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	13 72,505	58,605	66,486
- Employee benefit provisions	555,448	494,157	478,362
Total adjustments to net current assets	(2,724,885)	(2,745,194)	(2,548,138)
Net current assets used in the Statement of Financial Activity			
Total current assets	6,030,784	3,501,478	6,367,361
Less: Total current liabilities	(935,679)	(756,284)	(1,048,039)
Less: Total adjustments to net current assets	(2,724,885)	(2,745,194)	(2,548,138)
Surplus or deficit after imposition of general rates	2,370,220	0	2,771,184

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

23. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual						Budget			
		Principal at 30		Principal Repayments		New Loans		Principal at 1 July 2023	New Loans During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024
		June 2023	June 2024	During 2022-23	During 2023-24	During 2023-24	During 2023-24				
Recreation Centre Development		\$ 29,477	\$ 0	\$ (29,477)	\$ 0	\$ 0	\$ 172,538	\$ 0	\$ (16,664)	\$ 155,874	
Swimming Pool Redevelopment		187,284	0	(14,746)	172,538	0	111,044	0	(13,144)	97,900	
Staff Housing		126,737	0	(15,693)	111,044	0	41,995	0	(15,514)	26,482	
Doctor Housing		54,352	0	(12,357)	41,995	0	325,578	0	(45,322)	280,256	
Total		397,850	0	(72,273)	325,577	0	76,956	0	(21,164)	55,792	
Self Supporting Loans		97,491	0	(20,535)	76,955	0	76,956	0	(1,395)	58,605	
Wagin Ag Society		0	0	0	0	0	60,000	60,000	(22,560)	114,397	
Wagin Bowling Club		97,491	0	(20,535)	76,955	0	76,956	60,000	(22,560)	114,397	
Total Self Supporting Loans		97,491	0	(20,535)	76,955	0	76,956	60,000	(22,560)	114,397	
Total Borrowings	13	495,341	0	(92,808)	402,532	60,000	402,534	60,000	(67,881)	394,653	

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

Borrowing Finance Cost Payments

Purpose	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending		Budget for year ending	
					30 June 2024	30 June 2023	30 June 2024	30 June 2023
Recreation Centre Development	131	NAB	6.39%	Repaid	\$ 0	\$ (910)	\$ 0	\$ (910)
Swimming Pool Redevelopment	139	WATC*	5.11%	11/05/2032	(8,437)	(9,291)	(8,523)	(9,291)
Staff Housing	137	WATC*	6.02%	26/03/2029	(6,266)	(7,201)	(6,230)	(7,201)
Doctor Housing	138	WATC*	6.27%	20/04/2026	(2,271)	(3,217)	(2,430)	(3,217)
Total					(16,974)	(20,619)	(17,183)	(20,619)
Self Supporting Loans Finance Cost Payments					(2,132)	(2,809)	(2,180)	(2,809)
Wagin Ag Society	141	WATC*	3.04%	30/11/2026	(2,132)	(2,809)	(2,180)	(2,809)
Wagin Bowling Club	142	WATC*	5.71%	2/11/2038	(2,253)	(1,422)	(1,422)	(1,422)
Total Self Supporting Loans Finance Cost Payments					(4,385)	(3,609)	(3,602)	(3,609)
Total Finance Cost Payments					(21,359)	(23,428)	(20,785)	(23,428)

* WA Treasury Corporation

(b) New Borrowings - 2023/24

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2024 Actual	2024 Budget	2024 Actual	2024 Budget		
Wagin Bowling Club	WATC*	Debenture	15	5.71%	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 30,108	\$ 0
Total					60,000	60,000	60,000	60,000	30,108	0

* WA Treasury Corporation

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

24. RESERVE ACCOUNTS

	2024		2024		2024		2024		2024		2023		2023	
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Actual Closing Balance	
Restricted by council														
(a) Leave Reserve	478,362	77,086	0	555,448	472,769	12,146	0	484,915	395,708	82,654	0	478,362		
(b) Plant Replacement Reserve	742,860	24,155	(77,119)	689,896	742,860	22,269	(143,957)	621,172	459,304	283,556	0	742,860		
(c) Recreation Centre Equipment Reserve	15,113	493	0	15,606	15,113	453	0	15,566	14,751	362	0	15,113		
(d) Aerodrome Maintenance & Development Reserve	32,715	10,831	0	43,546	32,715	10,751	0	43,466	23,740	8,975	0	32,715		
(e) Municipal Buildings Reserve	73,666	2,401	0	76,067	73,666	2,207	0	75,873	71,902	1,764	0	73,666		
(f) Admin Centre Furniture, Equipment & IT Reserve	15,940	520	0	16,460	15,940	478	0	16,418	15,559	381	0	15,940		
(g) Land Development Reserve	11,038	360	0	11,398	11,038	331	0	11,369	10,774	264	0	11,038		
(h) Community Bus Reserve	21,121	2,188	0	23,309	21,121	2,083	0	23,204	19,006	2,115	0	21,121		
(i) Homecare Reserve	110,711	5,844	(60,090)	56,465	110,711	6,977	0	117,688	108,061	2,650	0	110,711		
(j) Recreation Development Reserve	252,506	28,225	0	280,731	252,506	27,566	0	280,072	226,940	25,566	0	252,506		
(k) Refuse Site / Waste Management Reserve	255,411	13,829	0	269,240	255,411	12,821	0	268,232	209,291	46,120	0	255,411		
(l) Water Management Reserve	72,961	2,378	0	75,339	72,961	2,186	0	75,147	71,214	1,747	0	72,961		
(m) Staff Housing Reserve	382,358	87,446	0	469,804	382,358	86,459	0	468,817	300,000	82,358	0	382,358		
(n) Refuse Site Rehabilitation Reserve	162,179	25,281	0	187,460	162,179	24,860	0	187,039	138,775	23,404	0	162,179		
(o) Community Events Reserve	9,239	301	0	9,540	9,239	277	0	9,516	9,017	222	0	9,239		
(p) Electronic Sign Reserve	15,248	496	0	15,744	15,248	457	0	15,705	14,883	365	0	15,248		
(q) Community Gym Reserve	22,960	3,622	0	26,582	22,960	3,540	0	26,500	19,174	3,786	0	22,960		
(r) Sportsground Precinct Redevelopment Reserve	272,707	93,867	0	366,574	272,707	93,174	0	365,881	168,573	104,134	0	272,707		
(s) Emergency/Bushfire Control Reserve	24,727	11,156	0	35,883	24,727	370	0	25,097	12,069	12,658	0	24,727		
(t) Roadwork Reserve	100,000	3,239	0	103,239	100,000	3,000	0	103,000	0	100,000	0	100,000		
	3,071,822	393,718	(137,209)	3,328,331	3,066,229	312,405	(143,957)	3,234,677	2,288,741	783,081	0	3,071,822		

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

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

24. RESERVE ACCOUNTS (Cont'd)

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

Name of reserve account Restricted by council	Purpose of the reserve account
(a) Leave Reserve	Provide provisions to meet Council's Long Service and Accrued Annual Leave liabilities to minimise effect on Council's budget annually.
(b) Plant Replacement Reserve	Provide funds for the ongoing replacement and upgrading of Plant necessary in the performance of Council's core functions.
(c) Recreation Centre Equipment Reserve	Provide funds for the purchase of equipment, fixtures and fittings at the Wagin Community Recreation Centre.
(d) Aerodrome Maintenance & Development Reserve	Provide funds for major maintenance (eg resealing runway area) and development works (eg runway reconstruction) at the Wagin Airstrip.
(e) Municipal Buildings Reserve	Provide for the upgrading, renovating and restoration of existing Council owned buildings as well as construction of new Council owned buildings.
(f) Admin Centre Furniture, Equipment & IT Reserve	Provide for the purchase of furniture, fittings, equipment and IT requirements in relation to the Council Administration Building.
(g) Land Development Reserve	Provide funds for the purchase and development of land within the Wagin Shire as the need arises and Council see fit.
(h) Community Bus Reserve	Provide funds for the maintenance, upgrade and change-over of the Wagin Community Bus.
(i) Homecare Reserve	Provide funds for the Homecare staff leave provisions, replacement of plant and equipment and on-going operations of the Homecare program.
(j) Recreation Development Reserve	Provide funds for the expansion, upgrading and development of Council's recreation and sporting facilities.
(k) Refuse Site / Waste Management Reserve	Provide funds for a new waste site, on-going operation with the Shire's waste management and recycling program and working towards zero waste.
(l) Water Management Reserve	To ensure Council spends the surplus Rural Towns Funds on measures and projects in line with Council's Water Management Plan.
(m) Staff Housing Reserve	Provide funds for future staff housing requirements
(n) Refuse Site Rehabilitation Reserve	Provide funds to rehabilitate the existing refuse site once the site has been decommissioned.
(o) Community Events Reserve	Provide funds for future Community Events.
(p) Electronic Sign Reserve	Provide funds for the purchase and installation of an electronic sign in the Wagin townsite in the future.
(q) Community Gym Reserve	Provide funds for the maintenance, upgrade and change-over of the Wagin Community Gym equipment as required.
(r) Sportsground Precinct Redevelopment Reserve	Provide funds for the future Sportsground Precinct Redevelopment.
(s) Emergency/Bushfire Control Reserve	Provide funds for unexpected times of extreme emergency recovery and provide adequate assistance for bushfire requirements.
(t) Roadwork Reserve	Provide funds for weather events or other circumstances that would have an impact on the road work program.



Our Ref: 8384

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Dear Dr Parker

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2024

The Office has completed the audit of the annual financial report for your Shire. In accordance with section 7.12AD (2) of the *Local Government Act 1995*, we enclose the Auditor General's auditor's report, together with the audited annual financial report.

We have also forwarded the reports to the President and the Minister for Local Government, as required by the Act. You are required to publish the annual report, including the auditor's report and the audited financial report, on your Shire's official website within 14 days after the annual report has been accepted by your Council.

While the result of the audit was generally satisfactory, I would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the audit. These matters have been discussed with management and their comments have been included in the attachment.

Please note that the purpose of our audit was to express an opinion on the financial report. The audit included consideration of internal control relevant to the preparation of the financial report in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

An audit is not designed to identify all internal control deficiencies that may require management attention. The matters being reported are limited to those deficiencies that have been identified during the audit that are of sufficient importance to warrant being reported. It is possible that other irregularities and deficiencies may have occurred and not been identified as a result of our audit.

The date the financial statements submitted by your entity and considered to be of audit ready quality is 4 September 2024. This date will be reported in our local government sector audit results report to be tabled in Parliament. I am providing this date for completeness of our Office's procedural fairness process.

If you have any queries in relation to this date, please contact me on 6557 7605 within 14 days of the date of this letter. If we do not hear from you, we will take this as confirmation of the date.

This letter has been provided for the purposes of the Shire and the Minister for Local Government and may not be suitable for other purposes.

I would like to take this opportunity to thank you, the management and the staff of the Shire for their cooperation with the audit team during our audit.

Yours sincerely



Vignesh Raj
Acting Director
Financial Audit
18 November 2024

Attach

SHIRE OF WAGIN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Rates discount incorrectly applied and write-off of minor rate balances	No		✓		

Key to ratings

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

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

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

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

SHIRE OF WAGIN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Rates discount incorrectly applied and write-off of minor rate balances

Finding

When reviewing rates we found the following:

- 24 rate assessments where the 5% discount available for rates paid by 19 September 2024 was incorrectly applied to rates paid after this date. Total of rates discounts incorrectly applied on the 24 assessments subsequent to 19 September 2024 totalled \$2,265.48; and
- Minor rating amounts receivable (assessments of \$1.50 or less) written-off as part of the month-end process did not have the relevant delegation for the CEO in place. The minor rate write-off related to 76 properties with \$30.33 in rates written off.

Rating: Moderate

Implication

- Understatement of rates income due to rates discounts being incorrectly applied; and
- CEO approving minor rates write-off without relevant delegation of authority in place.

Recommendation

We recommend:

- journals raised to apply the discount after the date set by the budget be authorised and supporting documentation/rationale attached; and
- the delegation for the CEO to approve minor rates write-offs be presented to Council for approval.

Management comment

Action complete

In future, any proposals to apply the discount on rates payments after the date set by the budget will be discussed with the Chief Executive Officer and only done if authorised. Supporting documentation/rationale will be attached to the relevant journals.

At the Ordinary Council Meeting held on 22 October 2024, the Council adopted new Delegation No.36 – Small Debts Write Off. This delegates authority and power to the Chief Executive Officer to write off rates and sundry debts where the individual debt is not more than \$10.00.

This approach and new delegation have now been integrated into Shire practice.

Responsible person: Chief Executive Officer
Completion date: 22 October 2024



6. CLOSURE