



## CONFIRMED MINUTES

Shire of West Arthur  
Audit & Risk Committee Meeting  
Tuesday 12 December 2023

These Minutes were confirmed at the Ordinary council meeting on: 22 February 2024

Signed:

Presiding Member at the meeting at which the Minutes were Confirmed.

**DISCLAIMER**

*No responsibility whatsoever is implied or accepted by the Shire of West Arthur for any act, omission or statement or intimation occurring during Council or Committee meetings or during formal/informal conversations with staff. The Shire of West Arthur disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee meetings or discussions. Any person or legal entity that act or fails to act in reliance upon any statement does so at the person's or legal entity's own risk.*

*The purpose of this council meeting is to discuss and, where possible, make resolutions about items appearing on the agenda. Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on basis of such decision or on any advice or information provided by a member or officer, or on the content of any discussion occurring, during the course of the meeting.*

*In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or limitation of approval made by a member or officer of the Shire of West Arthur during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of West Arthur. The Shire of West Arthur warns that anyone who has an application lodged with the Shire of West Arthur must obtain and only should rely on WRITTEN CONFIRMATION of the outcome of the application, and any conditions attaching to the decision made by the Shire of West Arthur in respect of the application.*

*Persons should be aware that the provisions of the Local Government Act 1995 (section 5.25 (e)) establish procedures for revocation or rescission of a Council decision.*

*The Shire of West Arthur expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any resolution of Council, or any advice or information provided by a member or officer, or the content of any discussion occurring, during the course of the Council meeting*

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**MINUTES OF SHIRE OF WEST ARTHUR  
AUDIT & RISK COMMITTEE MEETING  
HELD IN THE COUNCIL CHAMBERS  
ON TUESDAY, 12 DECEMBER 2023 AT 3.00PM**

**1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS**

The previous Presiding Member declared the meeting open at 3.03pm.

Cr Morrell nominated Cr Harrington as the new Presiding Member of the Audit and Risk Committee. Cr Harrington accepted the nomination.

**MOTION FOR THE POSITION OF PRESIDING MEMBER**

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**COMMITTEE RESOLUTION ARC-2023-007**

Moved: Cr Neil Morrell

Seconded: Cr Lucy Hall

That Cr Harrington is appointed as the Presiding Member of the Audit and Risk Committee.

In Favour: Crs Karen Harrington, Neil Morrell and Lucy Hall

Against: Nil

**CARRIED 3/0**

Cr Harrington nominated Cr Morrell as the new Deputy Presiding Member of the Audit and Risk Committee. Cr Morrell accepted the nomination.

**MOTION FOR THE POSITION OF DEPUTY PRESIDING MEMBER**

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**COMMITTEE RESOLUTION ARC-2023-008**

Moved: Cr Karen Harrington

Seconded: Cr Lucy Hall

That Cr Morrell is appointed as the Deputy Presiding Member of the Audit and Risk Committee.

In Favour: Crs Karen Harrington, Neil Morrell and Lucy Hall

Against: Nil

**CARRIED 3/0**

Cr Harrington assumed the role of Presiding Member and took over the meeting proceedings.

**2 ATTENDANCE/APOLOGIES**

COUNCILLORS:	Cr Karen Harrington	(Presiding Member)
	Cr Neil Morrell	(Deputy Presiding Member)
	Cr Lucy Hall - remotely	
STAFF:	Vin Fordham Lamont	(Chief Executive Officer)
	Rajinder Sunner	(Manager Corporate Services)
	Melinda King	(Manager Financial Reporting)
APOLOGIES:	Nil	
ON LEAVE OF ABSENCE:	Nil	
ABSENT:	Nil	
MEMBER OF THE PUBLIC:	Nil	

**3 PUBLIC QUESTION TIME**

Nil

**4 DISCLOSURES OF INTEREST**

Nil

**5 CONFIRMATION OF MINUTES OF PREVIOUS MEETING HELD****5.1 AUDIT & RISK COMMITTEE MEETING 16 MARCH 2023****Statutory Environment:**

Section 5.22 of the *Local Government Act* provides that minutes of all meetings are to be kept and submitted to the next ordinary meeting of the council or the committee, as the case requires, for confirmation.

**Voting Requirements:**

Simple Majority

**COMMITTEE RESOLUTION ARC-2023-009**

Moved: Cr Neil Morrell

Seconded: Cr Lucy Hall

That the Minutes of the Audit & Risk Committee Meeting held in Council Chambers on 16 March 2023 be confirmed as true and correct.

In Favour: Crs Karen Harrington, Neil Morrell and Lucy Hall

Against: Nil

**CARRIED 3/0**

## 6 REPORTS

### 6.1 ACCEPTANCE OF AUDITED ANNUAL FINANCIAL STATEMENT AND AUDIT REPORT 2022-23

<b>File Reference:</b>	<b>ADM133</b>
<b>Location:</b>	<b>N/A</b>
<b>Applicant:</b>	<b>N/A</b>
<b>Author:</b>	<b>Rajinder Sunner, Manager Corporate Services</b>
<b>Authorising Officer:</b>	<b>Vin Fordham Lamont, Chief Executive Officer</b>
<b>Date:</b>	<b>8/12/2023</b>
<b>Disclosure of Interest:</b>	<b>Nil</b>
<b>Attachments:</b>	<ol style="list-style-type: none"><li><b>Audited Annual Financial Report 2022-2023</b> <a href="#">↓</a></li><li><b>Auditor Opinion 2022-23</b> <a href="#">↓</a></li><li><b>Transmittal Letter to CEO - Shire of West Arthur 30 June 2023</b> <a href="#">↓</a></li><li><b>Final Management Letter</b> <a href="#">↓</a></li></ol>

#### SUMMARY:

That the Audit & Risk Committee recommends that Council:

1. Adopt the Shire of West Arthur Audited Annual Financial Report for 2022-23.
2. Accept the Auditor's Opinion and Transmittal Letter to CEO for 2022-23.
3. Endorse the actions and strategies determined by the management in response to the Final Audit Management Letter.

#### BACKGROUND:

Section 5.54, "Acceptance of Annual Reports" of the *Local Government Act 1995* (LGA), requires an Annual Report to be accepted by the Council by 31 December each year unless the Auditor's Report is not available in time. Section 5.54(2) of the LGA requires that if the Annual Report is not accepted by the Local Government by 31 December then it must be presented within two (2) months of the Auditors Report becoming available.

Section 6.4 of the LGA states that, "A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed."

The annual financial report is incorporated into the Annual Report which is presented to Council for adoption.

Following the proclamation of the Local Government Amendment (Auditing) Act 2017, the Auditor General was made responsible for the local government's financial and performance auditing.

#### COMMENT:

On 7 December 2023, AMD Chartered Accountants (the Shire's auditor), and the Office of the Auditor General conducted an audit exit meeting with Cr. Morrell (Shire President), Cr Harrington (Deputy Shire President), Cr. Hall, Chief Executive Officer, Manager of Corporate Services and Manager of Financial Reporting.

As per the LGA, the Council must accept the Audit Report and Management Report and set the date for the Annual Electors Meeting.

There were three findings identified during the final audit for the year ending 30 June 2023.

The auditor's comment is clearly identified below (the black text being the finding from the audit, and the blue text being the Shire Management's response).

## 1. Fair Value Assessment Finding

The Shire has not performed a robust assessment to determine whether its land and buildings assets, and infrastructure roads and other assets represent fair value.

### Rating: Moderate (2022: Significant) Implication

Without a robust assessment of fair value of the Shire's land and buildings, and road and other infrastructure assets, there is a risk that the fair value of those assets may not have been assessed adequately and in compliance with *AASB 13 Fair Value Measurement*, as well as Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 (the Regulations).

### Recommendation

The Shire should consider implementing as part of the preparation of financial statements each year a formal robust process to determine whether indicators exist annually, that would trigger a requirement to perform a formal revaluation of the Assets. Where indicators exist a robust fair value assessment should be performed capturing the requirements of *AASB 13 Fair Value Measurement*. This process is to ensure that the Shire's land and buildings, and infrastructure assets are recorded at fair value in compliance with *AASB 13 Fair Value Measurement* and the Regulations.

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

### Management comment

*Your comments are noted. We will undertake a robust assessment of asset values prior to preparing the financial statements for 2023-2024.*

**Responsible person:** Rajinder Sunner, Manager of Corporate Services  
Melinda King, Manager of Finance Operation

**Completion date:** 30 June 2024

## 2. Landfill Provisions Finding

A post-closure plan for both the Darkan and Duranillin landfill sites was established in January 2023. The Shire has not performed an estimate of the costs required to rehabilitate their landfill sites, including one which is currently categorised as possibly contaminated – investigation required. As such the Shire is unable to determine and or reliably estimate the need to account for a provision for the rehabilitation of these sites.

We accept that the site recently classified as possibly contaminated - investigation required is currently subject to appeal and that the Shire has not had sufficient time to quantify the costs for rehabilitation for both landfill sites outlined within the post closure plan.

Both have been appropriately recognised as contingent liabilities within the financial statements as at 30 June 2023.

### Rating: Significant Implication

Without a robust and reliable estimate to recognise a provision for remediating the Shire's landfills, there is an increased risk of the Shire's liability being understated in the Statement of financial position.

### Recommendation

We recommend that the Shire continues to reassess this position each financial year, that the costs of rehabilitation are assessed and that a provision is recognised when it meets the recognition criteria set out in *AASB 137 Provisions, contingent liabilities and contingent assets*.



**Management comment**

*Your comments are noted. We will work with DWER to achieve a mutually acceptable outcome in relation to the potentially contaminated site and prepare an action plan prior to June 2024.*

**Responsible person:** Vin Fordham Lamont, Chief Executive Officer.

**Completion date:** 30 April 2024.

**3. Trust Funds Finding**

A trust bank account held in the name of the Shire is used to process receipts on behalf of third parties, this account is not currently recorded in the Shire's accounting records. The balance as at 30 June 2023 was \$73,710.

Funds should only be held in trust where the requirements of s6.9(1) of the Local Government Act 1995 are met.

**Rating: Moderate Implication**

There is an increased risk of misstatement or omission within the accounting records.

**Recommendation**

We recommend all bank accounts in the name of the Shire are accounted for correctly and reported in Shire's accounting records where arrangements do not meet the requirements of the Act.

**Management comment**

*Your comments are noted. We will transfer all funds from the Trust account to our Municipal Account and hold in reserves on behalf of the corresponding community groups.*

**Responsible person:** Rajinder Sunner, Manager of Corporate Services,  
Melinda King, Manager of Finance Operation

**Completion date:** 30 June 2024

**CONSULTATION:**

AMD

Office of Auditor General

Chief Executive Officer

Manager of Corporate Services

Manager of Financial Reporting

**STATUTORY ENVIRONMENT:**

*Local Government Act 1995*

**6.4 Financial Report**

- (1) *A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.*

**7.9. Audit to be conducted.**

- (1) *An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —*

- (a) the mayor or president; and*
- (b) the CEO of the local government; and*
- (c) the Minister.*

*Local Government Financial Management Regulation 1996**Part 4 – Financial Reports**Local Government (Audit) Regulations 1996*9. *Performance of Audit*10. *Report by auditor*

(1) *An auditor’s report is to be forwarded to the persons specified in section 7.9(1) within 30 days of completing the audit.*

- (a) *The report is to give the auditor’s opinion on*
- (b) *the financial position of the local government; and*
- (c) *the results of the operations of the local government.*

(2) *The report must include a report on the conduct of the audit. [(4A) deleted]*

(3) *Where it is considered by the auditor to be appropriate to do so, the auditor is to prepare a management report to accompany the auditor’s report and to forward a copy of the management report to the persons specified in section 7.9(1) with the auditor’s report.”*

16. *Functions of Audit Committee***POLICY IMPLICATIONS:**

Nil

**FINANCIAL IMPLICATIONS:**

Nil

**STRATEGIC IMPLICATIONS:**

Shire of West Arthur Community Strategic Plan 2021-2031

Theme: Leadership and Management – Inspirational, dynamic, transparent.

Outcome: Establish and maintain sound business and governance structure.

Strategy: Comply with regulations and best practice standards to drive good decision-making by Council and Staff.

**RISK IMPLICATIONS:**

***Risk management is the removal of uncertainty from business decisions. Risk is expressed in terms of likelihood it may occur and the consequences that may flow from it.*** The consequences may be positive or negative or simply a deviation from the expected. The risk or consequence may be related to health and safety; financial; business or service interruption; compliance; reputation; or the environment. ***Reference to the risk matrix below will generate a risk rating by assessing the likelihood and consequence and multiplying these scores by each other.*** The greater the risk rating, the greater the risk and the higher the need for specific plans to be developed. All items with a risk rating greater than 10 should be added to the Risk Register and specific controls developed.

**Risk Themes:**

A risk theme is the categorising of risk. For example, the collection of risks that represent compliance failure. The risk themes in the shire Risk Register include:

- Business Disruption
- Community Disruption
- IT or Communications Failure
- External Threat or Fraud
- Misconduct

- Inadequate safety or security practices
- Inadequate project or change management.
- Errors Omissions or Delays
- Inadequate Document Management Processes
- Inadequate supplier / contract management
- Providing inaccurate advice / information
- Ineffective Employment practices
- Compliance failure
- Inadequate asset management
- Inadequate engagement practices
- Ineffective facility or event management
- Inadequate environmental management

**Risk Matrix:**

Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (25)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

Description of Key Risk	Failing to comply with legislation and regulations may result in penalties and reputational damages.
Risk Likelihood (based on history and with existing controls)	Possible (3)
Risk Consequence	Moderate (3)
Risk Rating (Prior to Treatment or Control): Likelihood x Consequence	Medium (9)
Principal Risk Theme	Compliance Failure
Risk Action Plan (Controls or Treatment Proposed)	Accept Audited Annual Financial Statements and notes and endorse actions and strategies determined by the management.

**VOTING REQUIREMENTS:**

Simple Majority

**COMMITTEE RESOLUTION ARC-2023-010**

Moved: Cr Neil Morrell

Seconded: Cr Lucy Hall

That the Audit &amp; Risk Committee recommends that Council:

1. Adopt the Shire of West Arthur Audited Annual Financial Report for 2022-23.
2. Accept the Auditor's Opinion and Transmittal Letter to CEO for 2022-23.
3. Endorse the actions and strategies determined by the management in response to the Final Audit Management Letter.

In Favour: Crs Karen Harrington, Neil Morrell and Lucy HallAgainst: Nil**CARRIED 3/0**

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

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Principal place of business: 31 Burrowes Street  
Darkan WA 6392

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

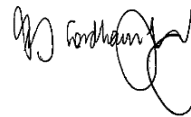
*Local Government Act 1995  
Local Government (Financial Management) Regulations 1996*

**STATEMENT BY CEO**

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

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

Signed on the 7th day of December 2023



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Vin Fordham Lamont  
Chief Executive Officer



**SHIRE OF WEST ARTHUR  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
<b>Revenue</b>				
Rates	2(a),24	1,887,578	1,885,423	1,778,616
Grants, subsidies and contributions	2(a)	2,003,251	550,100	1,843,480
Fees and charges	2(a)	308,302	295,450	333,377
Interest revenue	2(a)	155,727	118,897	42,090
Other revenue	2(a)	127,565	68,353	120,016
		4,482,423	2,918,223	4,117,579
<b>Expenses</b>				
Employee costs	2(b)	(1,863,920)	(1,996,848)	(1,734,553)
Materials and contracts		(1,102,930)	(1,131,500)	(710,197)
Utility charges		(109,655)	(90,405)	(82,856)
Depreciation		(3,077,886)	(2,217,441)	(2,203,410)
Finance costs	2(b)	(26,499)	(25,062)	(25,232)
Insurance		(116,509)	(117,423)	(103,527)
Other expenditure	2(b)	(43,631)	(48,000)	(51,795)
		(6,341,030)	(5,626,679)	(4,911,570)
		(1,858,607)	(2,708,456)	(793,991)
Capital grants, subsidies and contributions	2(a)	1,257,166	1,200,962	1,630,953
Profit on asset disposals		81,548	20,676	43,505
Loss on asset disposals		0	(17,355)	(5,241)
		1,338,714	1,204,283	1,669,217
<b>Net result for the period</b>		<b>(519,893)</b>	<b>(1,504,173)</b>	<b>875,226</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	10,023,205	0	24,796,610
<b>Total other comprehensive income for the period</b>	16	<b>10,023,205</b>	<b>0</b>	<b>24,796,610</b>
<b>Total comprehensive income for the period</b>		<b>9,503,312</b>	<b>(1,504,173)</b>	<b>25,671,836</b>

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



**SHIRE OF WEST ARTHUR  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2023**

	NOTE	2023 \$	2022 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	4,257,269	4,677,550
Trade and other receivables	5	296,858	261,739
Other financial assets	4(a)	30,007	29,031
Inventories	6	84,985	17,256
Other assets	7	61,689	63,166
Assets classified as held for sale	7	65,107	0
<b>TOTAL CURRENT ASSETS</b>		<b>4,795,915</b>	<b>5,048,742</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	4(b)	340,484	367,728
Property, plant and equipment	8	19,680,290	19,758,117
Infrastructure	9	115,289,607	105,753,934
<b>TOTAL NON-CURRENT ASSETS</b>		<b>135,310,381</b>	<b>125,879,779</b>
<b>TOTAL ASSETS</b>		<b>140,106,296</b>	<b>130,928,521</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	235,168	231,069
Other liabilities	13	7,336	512,197
Borrowings	14	125,119	89,815
Employee related provisions	15	310,426	257,665
<b>TOTAL CURRENT LIABILITIES</b>		<b>678,049</b>	<b>1,090,746</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14	561,137	433,511
Employee related provisions	15	11,941	52,407
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>573,078</b>	<b>485,918</b>
<b>TOTAL LIABILITIES</b>		<b>1,251,127</b>	<b>1,576,664</b>
<b>NET ASSETS</b>		<b>138,855,169</b>	<b>129,351,857</b>
<b>EQUITY</b>			
Retained surplus		10,500,426	10,941,177
Reserve accounts	27	2,754,878	2,834,020
Revaluation surplus	16	125,599,865	115,576,660
<b>TOTAL EQUITY</b>		<b>138,855,169</b>	<b>129,351,857</b>

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





**SHIRE OF WEST ARTHUR  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2021</b>		<b>10,007,504</b>	<b>2,892,467</b>	<b>90,780,050</b>	<b>103,680,021</b>
Comprehensive income for the period					
Net result for the period		875,226	0	0	875,226
Other comprehensive income for the period	16	0	0	24,796,610	24,796,610
Total comprehensive income for the period		875,226	0	24,796,610	25,671,836
Transfers from reserve accounts	27	644,367	(644,367)	0	0
Transfers to reserve accounts	27	(585,920)	585,920	0	0
<b>Balance as at 30 June 2022</b>		<b>10,941,177</b>	<b>2,834,020</b>	<b>115,576,660</b>	<b>129,351,857</b>
Comprehensive income for the period					
Net result for the period		(519,893)	0	0	(519,893)
Other comprehensive income for the period	16	0	0	10,023,205	10,023,205
Total comprehensive income for the period		(519,893)	0	10,023,205	9,503,312
Transfers from reserve accounts	27	574,523	(574,523)	0	0
Transfers to reserve accounts	27	(495,381)	495,381	0	0
<b>Balance as at 30 June 2023</b>		<b>10,500,426</b>	<b>2,754,878</b>	<b>125,599,865</b>	<b>138,855,169</b>

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



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

	NOTE	2023 Actual \$	2022 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Rates		1,852,136	1,817,319
Grants, subsidies and contributions		2,039,860	1,858,262
Fees and charges		308,302	333,377
Interest revenue		155,727	42,090
Goods and services tax received		249,203	286,468
Other revenue		127,565	120,016
		<u>4,732,793</u>	<u>4,457,532</u>
<b>Payments</b>			
Employee costs		(1,835,017)	(1,861,680)
Materials and contracts		(1,116,712)	(1,005,256)
Utility charges		(109,655)	(82,856)
Finance costs		(26,499)	(25,232)
Insurance paid		(116,509)	(103,527)
Goods and services tax paid		(273,132)	(276,454)
Other expenditure		(43,631)	(51,795)
		<u>(3,521,155)</u>	<u>(3,406,800)</u>
<b>Net cash provided by (used in) operating activities</b>		<u>1,211,638</u>	<u>1,050,732</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of property, plant & equipment	8(a)	(803,050)	(583,698)
Payments for construction of infrastructure	9(a)	(1,958,036)	(1,600,189)
Capital grants, subsidies and contributions		744,969	1,310,115
Proceeds from financial assets at amortised cost - self supporting loans		29,032	28,087
Proceeds from financial assets at fair values through profit and loss		(2,764)	(4,937)
Proceeds from sale of property, plant & equipment		195,000	124,062
		<u>(1,794,849)</u>	<u>(726,560)</u>
<b>Net cash provided by (used in) investing activities</b>		<u>(1,794,849)</u>	<u>(726,560)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings	26(a)	(107,070)	(96,883)
Proceeds from new borrowings	26(a)	270,000	0
		<u>162,930</u>	<u>(96,883)</u>
<b>Net cash provided by (used in) financing activities</b>		<u>162,930</u>	<u>(96,883)</u>
<b>Net increase (decrease) in cash held</b>		<u>(420,281)</u>	<u>227,289</u>
Cash at beginning of year		4,677,550	4,450,261
<b>Cash and cash equivalents at the end of the year</b>	3	<u>4,257,269</u>	<u>4,677,550</u>

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

**SHIRE OF WEST ARTHUR  
STATEMENT OF FINANCIAL ACTIVITY  
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
<b>OPERATING ACTIVITIES</b>			
<b>Revenue from operating activities</b>			
General rates	1,795,847	1,795,429	1,696,592
Rates excluding general rates	91,731	89,994	82,024
Grants, subsidies and contributions	2,003,251	550,100	1,843,480
Fees and charges	308,302	295,450	333,377
Interest revenue	155,727	118,897	42,090
Other revenue	127,565	68,353	120,016
Profit on asset disposals	81,548	20,676	43,505
	4,563,971	2,938,899	4,161,084
<b>Expenditure from operating activities</b>			
Employee costs	(1,863,920)	(1,996,848)	(1,734,553)
Materials and contracts	(1,102,930)	(1,131,500)	(710,197)
Utility charges	(109,655)	(90,405)	(82,856)
Depreciation	(3,077,886)	(2,217,441)	(2,203,410)
Finance costs	(26,499)	(25,062)	(25,232)
Insurance	(116,509)	(117,423)	(103,527)
Other expenditure	(43,631)	(48,000)	(51,795)
Loss on asset disposals	0	(17,355)	(5,241)
	(6,341,030)	(5,644,034)	(4,916,811)
Non-cash amounts excluded from operating activities	3,087,582	2,214,120	2,039,056
<b>Amount attributable to operating activities</b>	<b>1,310,523</b>	<b>(491,015)</b>	<b>1,283,329</b>
<b>INVESTING ACTIVITIES</b>			
<b>Inflows from investing activities</b>			
Capital grants, subsidies and contributions	1,257,166	1,200,962	1,630,953
Proceeds from disposal of assets	195,000	144,050	124,062
Proceeds from financial assets at amortised cost - self supporting loans	29,032	29,031	28,087
	1,481,198	1,374,043	1,783,102
<b>Outflows from investing activities</b>			
Purchase of property, plant and equipment	(803,050)	(1,370,445)	(1,109,058)
Purchase and construction of infrastructure	(1,958,036)	(1,710,877)	(1,600,189)
	(2,761,086)	(3,081,322)	(2,709,247)
<b>Amount attributable to investing activities</b>	<b>(1,279,888)</b>	<b>(1,707,279)</b>	<b>(926,145)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Inflows from financing activities</b>			
Proceeds from borrowings	270,000	270,000	0
Transfers from reserve accounts	574,523	993,650	644,367
	844,523	1,263,650	644,367
<b>Outflows from financing activities</b>			
Repayment of borrowings	(107,070)	(101,198)	(96,883)
Transfers to reserve accounts	(495,381)	(445,499)	(585,920)
	(602,451)	(546,697)	(682,803)
<b>Amount attributable to financing activities</b>	<b>242,072</b>	<b>716,953</b>	<b>(38,436)</b>
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>			
<b>Surplus or deficit at the start of the financial year</b>	1,481,232	1,481,341	1,162,484
Amount attributable to operating activities	1,310,523	(491,015)	1,283,329
Amount attributable to investing activities	(1,279,888)	(1,707,279)	(926,145)
Amount attributable to financing activities	242,072	716,953	(38,436)
<b>Surplus or deficit after imposition of general rates</b>	<b>1,753,939</b>	<b>0</b>	<b>1,481,232</b>

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

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

**1. BASIS OF PREPARATION**

The financial report of the Shire of West Arthur 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 Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied except for disclosure requirements of:

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

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

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

**The local government reporting entity**

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 28 of the financial report.

**Judgements and estimates**

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.
- lease accounting.

**Initial application of accounting standards**

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

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

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

**New accounting standards for application in future years**

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

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

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified. Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

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

**2. REVENUE AND EXPENSES**

**(a) Revenue**

**Contracts with customers**

Recognition of revenue is dependent 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
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contractual commitments	General appropriations and contributions with no specific contractual commitments	No obligations	Not applicable	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	On payment and issue of the licence, registration or approval
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Output method based on regular weekly and fortnightly period as proportionate to collection service
Fees and charges for other goods and services	Cemetery services, reinstatements and private works	Single point in time	Payment in full in advance	None	Output method based on provision of service or completion of works

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

**Revenue Recognition**

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

**For the year ended 30 June 2023**

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	1,887,431	147	1,887,578
Grants, subsidies and contributions	202,808	0	0	1,800,443	2,003,251
Fees and charges	298,432	0	9,870	0	308,302
Interest revenue	0	0	18,198	137,529	155,727
Other revenue	100,821	0	0	26,744	127,565
Capital grants, subsidies and contributions	0	1,257,166	0	0	1,257,166
<b>Total</b>	<b>602,061</b>	<b>1,257,166</b>	<b>1,915,499</b>	<b>1,964,863</b>	<b>5,739,589</b>

**For the year ended 30 June 2022**

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	1,778,616	0	1,778,616
Grants, subsidies and contributions	66,907	0	0	1,776,573	1,843,480
Fees and charges	324,362	0	9,015	0	333,377
Interest revenue	0	0	18,545	23,545	42,090
Other revenue	54,145	0	0	65,871	120,016
Capital grants, subsidies and contributions	0	1,630,953	0	0	1,630,953
<b>Total</b>	<b>445,414</b>	<b>1,630,953</b>	<b>1,806,176</b>	<b>1,865,989</b>	<b>5,748,532</b>

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

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

Note	2023 Actual \$	2022 Actual \$
<b>Assets and services acquired below fair value</b>		
Contributed assets	0	525,360
	0	525,360
<b>Interest revenue</b>		
Financial assets at amortised cost - self supporting loans	10,876	11,820
Interest on reserve account funds	91,410	9,050
Trade and other receivables overdue interest	18,198	18,545
Other interest revenue	35,243	2,675
	155,727	42,090
The 2023 original budget estimate in relation to: Trade and other receivables overdue interest was \$18,800.		
<b>Fees and charges relating to rates receivable</b>		
Charges on instalment plan	724	835
The 2023 original budget estimate in relation to: Charges on instalment plan was \$800.		
<b>(b) Expenses</b>		
<b>Auditors remuneration</b>		
- Audit of the Annual Financial Report	30,500	29,900
- Other services – grant acquittals	1,600	2,100
	32,100	32,000
<b>Employee Costs</b>		
Employee benefit costs	1,863,920	1,734,553
	1,863,920	1,734,553
<b>Finance costs</b>		
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	26,499	25,232
	26,499	25,232
Sundry expenses	43,631	51,795
	43,631	51,795

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

**3. CASH AND CASH EQUIVALENTS**

Note	2023	2022
	\$	\$
Cash at bank and on hand	4,257,269	4,677,550
<b>Total cash and cash equivalents</b>	<b>4,257,269</b>	<b>4,677,550</b>
Held as		
- Unrestricted cash and cash equivalents	1,495,055	1,331,333
- Restricted cash and cash equivalents	17 2,762,214	3,346,217
	<b>4,257,269</b>	<b>4,677,550</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

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

**Restricted financial assets**

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

**4. OTHER FINANCIAL ASSETS**

	2023	2022
	\$	\$
<b>(a) Current assets</b>		
Financial assets at amortised cost	30,007	29,031
	30,007	29,031
<b>Other financial assets at amortised cost</b>		
Self supporting loans receivable	25(c) 30,007	29,031
	30,007	29,031
Held as		
- Unrestricted other financial assets at amortised cost	30,007	29,031
	30,007	29,031
<b>(b) Non-current assets</b>		
Financial assets at amortised cost	279,368	309,376
Financial assets at fair value through profit or loss	61,116	58,352
	340,484	367,728
<b>Financial assets at amortised cost</b>		
Self supporting loans receivable	279,368	309,376
	279,368	309,376
<b>Financial assets at fair value through profit or loss</b>		
Units in Local Government House Trust - opening balance	58,352	53,415
Movement attributable to fair value increment	2,764	4,937
Units in Local Government House Trust - closing balance	61,116	58,352

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 26(a) as self supporting loans. Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 23 (i)) due to the observable market rates).

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

**Financial assets at fair value through profit 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 WEST ARTHUR  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**5. TRADE AND OTHER RECEIVABLES**

Note	2023	2022	
	\$	\$	
<b>Current</b>			
Rates and statutory receivables	254,835	200,216	
Allowance for credit losses of rates receivables	(83,341)	(69,185)	
Trade receivables	81,912	111,185	
GST receivable	43,452	19,523	
	<u>296,858</u>	<u>261,739</u>	
<b>Disclosure of opening and closing balances related to contracts with customers</b>			
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:	<b>30 June 2023 Actual</b>	<b>30 June 2022 Actual</b>	<b>1 July 2021 Actual</b>
	\$	\$	\$
Contract assets	7 61,689	63,166	36,669
Total trade and other receivables from contracts with customers	<u>61,689</u>	<u>63,166</u>	<u>36,669</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates and statutory receivables**

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

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

**Trade receivables**

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

**Other receivables**

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

**Measurement**

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

**Classification and subsequent measurement**

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

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

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

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

**6. INVENTORIES**

Note	2023	2022
	\$	\$
<b>Current</b>		
Fuel and materials	14,985	17,256
Land held for resale		
Cost of acquisition	70,000	0
	84,985	17,256
The following movements in inventories occurred during the year:		
<b>Balance at beginning of year</b>	17,256	23,433
Inventories expensed during the year	(263,191)	(223,908)
Additions to inventory	330,920	217,731
<b>Balance at end of year</b>	84,985	17,256

**Land classified as held for sale**

During the year council elected to dispose of industrial land on Growden Place. The land is currently being marketed for sale.

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

**Land held for resale**

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

**Land held for resale (Continued)**

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

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

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

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

**7. OTHER ASSETS**

	2023	2022
	\$	\$
<b>Other assets - current</b>		
Contract assets	61,689	63,166
	61,689	63,166
<b>Non-current assets held for sale</b>		
Land and buildings	65,107	0
	65,107	0

**Land classified as held for sale**

During the year council elected to dispose of joint properties held with the Department of Communities.

**SIGNIFICANT ACCOUNTING POLICIES**

**Other current assets**

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

**Non-current assets held for sale**

Assets are classified as held for sale where the carrying amount will be recovered through a sale rather than continuing use and the asset is available for immediate sale with a sale being highly probable.

**Contract assets**

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

**Non-current assets held for sale (Continued)**

Non-current assets classified as held for sale are valued at the lower of the carrying amount and fair value less costs to sell.

The fair value of land and buildings was determined using the sales comparison approach using comparable properties in the area. This is a level 2 measurement as per the fair value heirachy set out in Note 23(i).

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

**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.

	Land	Buildings - non-specialised	Buildings - specialised	Total land and buildings not subject to operating lease	Land and buildings subject to operating lease	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$		\$	\$	\$
<b>Balance at 1 July 2021</b>	664,696	0	8,370,678	9,035,374	4,352,618	13,387,992	14,043	2,372,911	15,774,946
Additions	11,556	4,547	73,288	89,391	0	89,391	11,952	1,007,715	1,109,058
Disposals	0	0	0	0		0		(85,798)	(85,798)
Revaluation increments / (decrements) transferred to revaluation surplus	54,148	6,398	1,769,182	1,829,728	1,681,843	3,511,571	0	0	3,511,571
Depreciation	0	0	(130,548)	(130,548)	(76,961)	(207,509)	(4,803)	(326,088)	(538,400)
Transfers	0	0	0	0	0	0	0	(13,260)	(13,260)
<b>Balance at 30 June 2022</b>	730,400	10,945	10,082,600	10,823,945	5,957,500	16,781,445	21,192	2,955,480	19,758,117
<b>Comprises:</b>									
Gross balance amount at 30 June 2022	730,400	10,945	10,082,600	10,823,945	5,957,500	16,781,445	43,129	4,520,165	21,344,739
Accumulated depreciation at 30 June 2022	0	0	0	0	0	0	(21,937)	(1,564,685)	(1,586,622)
<b>Balance at 30 June 2022</b>	730,400	10,945	10,082,600	10,823,945	5,957,500	16,781,445	21,192	2,955,480	19,758,117
Additions	0	28,823	50,257	79,080	71,468	150,548	11,068	641,434	803,050
Disposals	0	0	0	0	0	0		(113,452)	(113,452)
Depreciation	0	(194)	(156,529)	(156,723)	(94,124)	(250,847)	(6,373)	(375,098)	(632,318)
Transfers	(70,000)	0	0	(70,000)	(65,107)	(135,107)	0	0	(135,107)
<b>Balance at 30 June 2023</b>	660,400	39,574	9,976,328	10,676,302	5,869,737	16,546,039	25,887	3,108,364	19,680,290
<b>Comprises:</b>									
Gross balance amount at 30 June 2023	660,400	39,768	10,132,857	10,833,025	5,962,968	16,795,993	54,198	4,993,041	21,843,232
Accumulated depreciation at 30 June 2023	0	(194)	(156,529)	(156,723)	(93,231)	(249,954)	(28,311)	(1,884,677)	(2,162,942)
<b>Balance at 30 June 2023</b>	660,400	39,574	9,976,328	10,676,302	5,869,737	16,546,039	25,887	3,108,364	19,680,290

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

**8. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Carrying Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>(i) Fair Value</b>					
<b>Land and buildings</b>					
Land	2	Market approach using recent observable market data for similar properties.	Registered Valuer	June 2022	Price per hectare or m2
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties.	Registered Valuer	June 2022	Market data/improvements to land using construction costs and current market conditions (Level 2)
Buildings - specialised	2 & 3	Cost approach using depreciated replacement cost	Registered Valuer	June 2022	Improvements to land using construction costs and current conditions (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<p>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.</p> <p>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.</p>					
<b>(ii) Cost</b>					
<b>Furniture and equipment</b>		N/A	Cost	NA	N/A
<b>Plant and equipment</b>		N/A	Cost	NA	N/A

**SHIRE OF WEST ARTHUR  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**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 - Other	Infrastructure - bridges	Total Infrastructure
	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	63,544,544	3,377,435	17,598,477	84,520,456
Additions	1,299,034	301,155	0	1,600,189
Revaluation increments / (decrements) transferred to revaluation surplus	21,276,371	8,668	0	21,285,039
Depreciation	(1,003,051)	(162,118)	(499,841)	(1,665,010)
Transfers		13,260		13,260
<b>Balance at 30 June 2022</b>	85,116,898	3,538,400	17,098,636	105,753,934
<b>Comprises:</b>				
Gross balance at 30 June 2022	85,116,898	3,538,400	19,098,000	107,753,298
Accumulated depreciation at 30 June 2022	0	0	(1,999,364)	(1,999,364)
<b>Balance at 30 June 2022</b>	85,116,898	3,538,400	17,098,636	105,753,934
Additions	1,180,207	777,829	0	1,958,036
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	10,023,205	10,023,205
Depreciation	(1,763,490)	(182,237)	(499,841)	(2,445,568)
<b>Balance at 30 June 2023</b>	84,533,615	4,133,992	26,622,000	115,289,607
<b>Comprises:</b>				
Gross balance at 30 June 2023	86,297,105	4,316,229	26,622,000	117,235,334
Accumulated depreciation at 30 June 2023	(1,763,490)	(182,237)	0	(1,945,727)
<b>Balance at 30 June 2023</b>	84,533,615	4,133,992	26,622,000	115,289,607

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

**9. INFRASTRUCTURE (Continued)**

**(b) Carrying Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>(i) Fair Value</b>					
<b>Infrastructure - roads</b>	2 & 3	Cost approach using depreciated replacement cost	Registered Valuer	June 2022	Costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Other</b>	2 & 3	Cost approach using depreciated replacement cost	Registered Valuer	June 2022	Costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - bridges</b>	2 & 3	Cost approach using depreciated replacement cost	Registered Valuer	June 2023	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 WEST ARTHUR  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**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:

<b>Asset Class</b>	<b>Useful life</b>
Buildings	30 to 100 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	70 years
seal	
bituminous seals	15 to 25 years
asphalt surfaces	15 to 25 years
Gravel roads	
formation	not depreciated
pavement	50 years
gravel sheeting	10 to 15 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years
Bridges	60 to 90 years



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

**10. FIXED ASSETS (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES**

**Fixed assets**

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

**Initial recognition and measurement for assets held at cost**

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

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

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

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

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

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

**Revaluation**

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

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

**Revaluation (continued)**

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

**Depreciation**

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

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

**Depreciation on revaluation**

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

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

**Amortisation**

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

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

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 10(a).

**Impairment**

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

**Gains or losses on disposal**

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

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

**11 LEASES**

**(a) Lessor - Property, Plant and Equipment Subject to Lease**

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

	2023 Actual \$	2022 Actual \$
Less than 1 year	43,097	34,040
1 to 2 years	3,400	17,680
2 to 3 years	0	3,400
	46,497	55,120
<b>Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease</b>		
Rental income	92,475	110,744

**Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease**

The Shire leases houses to staff and community members with rentals payable monthly. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The staff houses are not considered investment property as they are leased for use in the supply of services to the community. The community housing units are considered a joint operation and are not considered investment property as the primary purpose is provision of community housing.

Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Although the Shire is exposed to changes in the residual value at the end of the current leases, the shire typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases.

Expectations about the future residual values are reflected in the fair value of the properties.

**SIGNIFICANT ACCOUNTING POLICIES**

**The Shire as Lessor**

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

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

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

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

**SHIRE OF WEST ARTHUR  
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**12 TRADE AND OTHER PAYABLES**

	2023	2022
	\$	\$
<b>Current</b>		
Sundry creditors	151,469	168,771
Prepaid rates	10,484	5,463
Accrued payroll liabilities	55,414	38,806
Bonds and deposits held	17,801	18,029
	235,168	231,069

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Trade and other payables**

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

**Prepaid rates**

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

**SHIRE OF WEST ARTHUR  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**13. OTHER LIABILITIES**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Contract liabilities	7,336	0
Capital grant/contributions liabilities	0	512,197
	<u>7,336</u>	<u>512,197</u>
<b>Reconciliation of changes in contract liabilities</b>		
Additions	7,336	0
	<u>7,336</u>	<u>0</u>
<p>The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$7,336 (2022: \$NIL)</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>		
<b>Reconciliation of changes in capital grant/contribution liabilities</b>		
Opening balance	512,197	307,675
Additions	0	512,197
Revenue from capital grant/contributions held as a liability at the start of the period	(512,197)	(307,675)
	<u>0</u>	<u>512,197</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.

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

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

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

**Capital grant/contribution liabilities**

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

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

**SHIRE OF WEST ARTHUR  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**14. BORROWINGS**

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
<b>Secured</b>		\$	\$	\$	\$	\$	\$
Debentures		125,119	561,137	686,256	89,815	433,511	523,326
<b>Total secured borrowings</b>	26(a)	125,119	561,137	686,256	89,815	433,511	523,326

**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 West Arthur.

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Borrowing costs**

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

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

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

Details of individual borrowings required by regulations are provided at Note 26(a).

**SHIRE OF WEST ARTHUR  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**15. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Current provisions</b>		
<b>Employee benefit provisions</b>		
Annual leave	122,354	118,899
Long service leave	188,072	138,766
	<u>310,426</u>	<u>257,665</u>
<b>Total current employee related provisions</b>	310,426	257,665
<b>Non-current provisions</b>		
<b>Employee benefit provisions</b>		
Long service leave	11,941	52,407
	<u>11,941</u>	<u>52,407</u>
<b>Total non-current employee related provisions</b>	11,941	52,407
<b>Total employee related provisions</b>	<u>322,367</u>	<u>310,072</u>

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

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

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

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

**SHIRE OF WEST ARTHUR  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**16. REVALUATION SURPLUS**

	<b>2023 Opening Balance</b>	<b>Total Movement on Revaluation</b>	<b>2023 Closing Balance</b>	<b>2022 Opening Balance</b>	<b>Total Movement on Revaluation</b>	<b>2022 Closing Balance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revaluation surplus - Land - freehold land	472,399	0	472,399	613,871	(141,472)	472,399
Revaluation surplus - Buildings - non-specialised	6,723,325	0	6,723,325	6,960,184	(236,859)	6,723,325
Revaluation surplus - Buildings - specialised	3,889,902	0	3,889,902	0	3,889,902	3,889,902
Revaluation surplus - Furniture and equipment	10,206	0	10,206	10,206	0	10,206
Revaluation surplus - Infrastructure - roads	82,924,457	0	82,924,457	61,648,086	21,276,371	82,924,457
Revaluation surplus - Infrastructure - Other	1,711,767	0	1,711,767	1,703,099	8,668	1,711,767
Revaluation surplus - Infrastructure - bridges	19,844,604	10,023,205	29,867,809	19,844,604	0	19,844,604
	115,576,660	10,023,205	125,599,865	90,780,050	24,796,610	115,576,660

**SHIRE OF WEST ARTHUR  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**17. RESTRICTIONS OVER FINANCIAL ASSETS**

	Note	2023 Actual \$	2022 Actual \$
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	2,762,214	3,346,217
		<u>2,762,214</u>	<u>3,346,217</u>
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	27	2,754,878	2,834,020
Contract liabilities	13	7,336	0
Capital grant liabilities	13	0	512,197
<b>Total restricted financial assets</b>		<u>2,762,214</u>	<u>3,346,217</u>

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

Bank overdraft limit		150,000	150,000
Bank overdraft at balance date		0	0
Credit card limit		15,000	5,000
Credit card balance at balance date		(6,089)	0
<b>Total amount of credit unused</b>		<u>158,911</u>	<u>155,000</u>
<b>Loan facilities</b>			
Loan facilities - current		125,119	89,815
Loan facilities - non-current		561,137	433,511
<b>Total facilities in use at balance date</b>		<u>686,256</u>	<u>523,326</u>
<b>Unused loan facilities at balance date</b>		0	0



**SHIRE OF WEST ARTHUR  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**19. CONTINGENT LIABILITIES**

The Shire of West Arthur has identified the following site, after year end, in relation to land owned, vested or leased, that is possibly contaminated with investigation required.

Darkan Landfill Site - Reserve 31890 Coalfields Road, Darkan.

Until the Shire conducts an investigation to determine the presence and scope of contamination, assesses the risk, and agrees 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 this site. This approach is consistent with the Department of Water and Environmental Regulation Guidelines.

**20. CAPITAL COMMITMENTS**

	2023	2022
	\$	\$
Contracted for:		
- capital expenditure projects	453,575	165,195
	453,575	165,195
Payable:		
- not later than one year	453,575	165,195

The capital expenditure project outstanding at the end of the current reporting period represents the construction of a new staff house in King Street, Darkan (the prior year commitment was for the construction of a shade shelter in the Darkan Railway Reserve).

**SHIRE OF WEST ARTHUR  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**21. RELATED PARTY TRANSACTIONS**

**(a) Elected Member Remuneration**

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

Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
President's annual allowance	4,000	4,000	3,977
President's meeting attendance fees	3,300	5,200	6,440
President's annual allowance for ICT expenses	500	500	500
President's travel and accommodation expenses	1,202	2,350	2,220
	9,002	12,050	13,137
Deputy President's annual allowance	1,000	1,000	1,000
Deputy President's meeting attendance fees	2,540	5,100	4,540
Deputy President's annual allowance for ICT expenses	500	500	500
Deputy President's travel and accommodation expenses	688	1,450	1,376
	4,728	8,050	7,416
All other council member's meeting attendance fees	11,490	18,200	17,310
All other council member's annual allowance for ICT expenses	2,500	2,500	2,491
All other council member's travel and accommodation expenses	1,518	4,200	3,436
	15,508	24,900	23,237
21(b)	29,238	45,000	43,790

**(b) Key Management Personnel (KMP) Compensation**

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

Note	2023 Actual \$	2022 Actual \$
Short-term employee benefits	377,259	337,509
Post-employment benefits	47,919	42,026
Employee - other long-term benefits	29,968	6,678
Employee - termination benefits	0	80,063
Council member costs	29,238	43,790
21(a)	484,384	510,066

*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 WEST ARTHUR  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**21. RELATED PARTY TRANSACTIONS (continued)**

**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:

	<b>2023 Actual</b>	<b>2022 Actual</b>
	<b>\$</b>	<b>\$</b>
Short term employee benefits - other related parties	275,655	161,379
Payment of council member costs (Refer to Note 21(a))	29,238	43,790

**Related Parties**

**The Shire's main related parties are as follows:**

*i. Key management personnel*

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

*ii. Other Related Parties*

Short-term employee benefits related to associates of the Manager of Works and Services and Councillors and who were employed by the Shire under normal employment terms and conditions.

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

*iii. Entities subject to significant influence by the Shire*

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

**SHIRE OF WEST ARTHUR  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**22 JOINT ARRANGEMENTS**

**Share of joint operations**

The Shire has a joint arrangement with the Department of Communities which provides housing for the community. The only assets are land and housing units of which the Shire owns a percentage share.

**Statement of Financial Position**

	<b>2023 Actual</b>	<b>2022 Actual</b>
	\$	\$
Cash and cash equivalents	191,208	169,135
Land - 10 Hillman Street	5,400	5,400
Land - 12 Hillman Street	3,500	3,500
Land - 18 Gibbs St/25 Nangip Cres	2,200	2,200
Building - 10 Hillman Street	91,800	91,800
Building - 12 Hillman Street	59,500	59,500
Building - 18 Gibbs Street	31,900	31,900
Building - 25 Nangip Cres	31,900	31,900
(less accumulated depreciation)	(2,892)	0
<b>Total assets</b>	<b>414,516</b>	<b>395,335</b>
Reserve accounts	191,208	169,135
<b>Total equity</b>	<b>191,208</b>	<b>169,135</b>

**Statement of Comprehensive Income**

Rental Income	37,859	44,401
Depreciation	(2,892)	(2,895)
Other expense	(23,559)	(39,436)
<b>Profit/(loss) for the period</b>	<b>11,408</b>	<b>2,070</b>
<b>Total comprehensive income for the period</b>	<b>11,408</b>	<b>2,070</b>

**Statement of Cash Flows**

Rental Income	37,859	44,401
Other expense	(23,559)	(39,436)
<b>Net cash provided by (used in) operating activities</b>	<b>14,300</b>	<b>4,965</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Joint operations**

A joint operation is a joint arrangement where the Shire has joint control with two or more parties to the joint arrangement. All parties to joint arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement.

Assets, liabilities, revenues and expenses relating to the Shire's interest in the joint operation are accounted for in accordance with the relevant Australian Accounting Standard.

**SHIRE OF WEST ARTHUR  
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**23. OTHER SIGNIFICANT ACCOUNTING POLICIES**

**a) Goods and services tax (GST)**

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

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

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

**b) Current and non-current classification**

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

**c) Rounding off figures**

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

**d) Comparative figures**

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

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

**e) Budget comparative figures**

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

**f) Superannuation**

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

**g) Fair value of assets and liabilities**

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

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

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

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

**h) Interest revenue**

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

**i) Fair value hierarchy**

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

**Valuation techniques**

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

**j) Impairment of assets**

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

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

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

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**24. RATING INFORMATION**

(a) General Rates

<b>RATE TYPE</b>	<b>Basis of valuation</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>2022/23 Actual Rateable Value*</b>	<b>2022/23 Actual Rate Revenue</b>	<b>2022/23 Actual Interim Rates</b>	<b>2022/23 Actual Total Revenue</b>	<b>2022/23 Budget Rate Revenue</b>	<b>2022/23 Budget Interim Rate</b>	<b>2022/23 Budget Total Revenue</b>	<b>2021/22 Actual Total Revenue</b>
GRV Townsite		0.07857	85	744,156	58,468	0	58,468	58,468		58,468	55,157
GRV Commercial		0.07857	13	239,564	18,823	0	18,823	18,823		18,823	17,757
GRV Industrial		0.07857	7	112,580	8,845	0	8,845	8,845		8,845	8,344
GRV Other Townsite		0.07857	15	95,888	7,534	0	7,534	7,534		7,534	6,637
UV Rural		0.004623	371	368,107,000	1,701,759	418	1,702,177	1,701,759		1,701,759	1,608,697
<b>Total general rates</b>			491	369,299,188	1,795,429	418	1,795,847	1,795,429	0	1,795,429	1,696,592
<b>Minimum Payment</b>											
<b>Minimum payment</b>		\$									
GRV Townsite		563	46	178,882	25,898	563	26,461	25,898		25,898	20,303
GRV Commercial		563	9	22,440	5,067	0	5,067	5,067		5,067	4,779
GRV Industrial		563	3	9,690	1,689	743	2,432	1,689		1,689	2,035
GRV Other Townsite		393	19	20,820	7,467	0	7,467	7,467		7,467	7,049
UV Rural, Industrial & Mining		563	82	5,738,018	46,166	430	46,596	46,166		46,166	44,360
<b>Total minimum payments</b>			159	5,969,850	86,287	1,736	88,023	86,287	0	86,287	78,526
<b>Total general rates and minimum payments</b>			650	375,269,038	1,881,716	2,154	1,883,870	1,881,716	0	1,881,716	1,775,118
<b>Ex-gratia Rates</b>											
Ex-gratia rates			0	0	3,708	0	3,708	3,707		3,707	3,498
<b>Total amount raised from rates (excluding general rates)</b>			0	0	3,708	0	3,708	3,707	0	3,707	3,498
<b>Total Rates</b>							1,887,578			1,885,423	1,778,616
Rate instalment interest							1,239			1,800	1,489
Rate overdue interest							16,959			16,200	17,056

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 WEST ARTHUR  
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**25. DETERMINATION OF SURPLUS OR DEFICIT**

Note	2022/23	2022/23	2021/22
	(30 June 2023 Carried Forward)	Budget (30 June 2023 Carried Forward)	(30 June 2022 Carried Forward)
	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>			
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> .			
<b>Adjustments to operating activities</b>			
Less: Profit on asset disposals	(81,548)	(20,676)	(43,505)
Add: Loss on disposal of assets	0	17,355	5,241
Add: Depreciation	3,077,886	2,217,441	2,203,410
Non-cash movements in non-current assets and liabilities:			
Financial assets at amortised cost	(2,764)	0	(4,937)
Assets held for sale	65,107	0	0
Employee benefit provisions	12,293	0	(127,127)
Movement in accrued wages	16,608	0	5,974
<b>Non-cash amounts excluded from operating activities</b>	<b>3,087,582</b>	<b>2,214,120</b>	<b>2,039,056</b>
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
<b>(b) Adjustments to investing activities</b>			
Property, plant and equipment received for substantially less than fair value	0	0	525,360
Non cash Capital grants, subsidies and contributions	0	0	(525,360)
<b>Non-cash amounts excluded from investing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(c) Surplus or deficit after imposition of general rates</b>			
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.			
<b>Adjustments to net current assets</b>			
Less: Reserve accounts	27 (2,754,878)	(2,285,869)	(2,834,020)
Less: Financial assets at amortised cost - self supporting loans	4(a) (30,007)	(30,007)	(29,031)
Less: Current assets not expected to be received at end of year			
Less: Land held for resale	6 (70,000)	0	0
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	14 125,119	117,887	89,815
- Employee benefit provisions	365,839	244,682	296,472
<b>Total adjustments to net current assets</b>	<b>(2,363,927)</b>	<b>(1,953,307)</b>	<b>(2,476,764)</b>
<b>Net current assets used in the Statement of Financial Activity</b>			
Total current assets	4,795,915	2,513,029	5,048,742
Less: Total current liabilities	(678,049)	(559,722)	(1,090,746)
Less: Total adjustments to net current assets	(2,363,927)	(1,953,307)	(2,476,764)
<b>Surplus or deficit after imposition of general rates</b>	<b>1,753,939</b>	<b>0</b>	<b>1,481,232</b>

**SHIRE OF WEST ARTHUR  
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**26. BORROWING AND LEASE LIABILITIES**

(a) Borrowings

Purpose	Note	Actual				Budget						
		Principal at 1 July 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2022	New Loans During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023			
GROH housing		\$ 193,286	\$ 0	\$ (47,024)	\$ 146,262	\$ 0	\$ (50,184)	\$ 96,078	\$ 146,263	\$ 0	\$ (50,184)	\$ 96,079
Industrial land		48,917	0	(10,260)	38,657	0	(10,599)	28,058	38,658	0	(10,599)	28,059
Staff Housing - L30 Hillman Street		11,512	0	(11,512)	0	0	0	0	0	0	0	0
Loader		0			0	270,000	(17,255)	252,745	0	270,000	(11,384)	258,616
<b>Total</b>		<b>253,715</b>	<b>0</b>	<b>(68,796)</b>	<b>184,919</b>	<b>270,000</b>	<b>(78,038)</b>	<b>376,881</b>	<b>184,921</b>	<b>270,000</b>	<b>(72,167)</b>	<b>382,754</b>
<b>Self Supporting Loans</b>												
WA Cottage Homes		366,494	0	(28,087)	338,407	0	(29,032)	309,375	338,406	0	(29,031)	309,375
<b>Total Self Supporting Loans</b>		<b>366,494</b>	<b>0</b>	<b>(28,087)</b>	<b>338,407</b>	<b>0</b>	<b>(29,032)</b>	<b>309,375</b>	<b>338,406</b>	<b>0</b>	<b>(29,031)</b>	<b>309,375</b>
<b>Total Borrowings</b>	14	<b>620,209</b>	<b>0</b>	<b>(96,883)</b>	<b>523,326</b>	<b>270,000</b>	<b>(107,070)</b>	<b>686,256</b>	<b>523,327</b>	<b>270,000</b>	<b>(101,198)</b>	<b>692,129</b>

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

**Borrowing Finance Cost Payments**

Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
GROH housing		70	WATC *	6.60%	31/03/2025	\$ (8,377)	\$ (8,377)	\$ (11,539)
Industrial land		72	WATC *	3.30%	31/12/2025	(1,135)	(1,135)	(1,475)
Staff Housing - L30 Hillman Street		69	WATC *	6.90%	31/03/2022	0	0	(398)
Loader		74	WATC *	4.00%	30/09/2032	(6,111)	(4,674)	0
<b>Total</b>						<b>(15,623)</b>	<b>(14,186)</b>	<b>(13,412)</b>
<b>Self Supporting Loans Finance Cost Payments</b>								
WA Cottage Homes		73	WATC *	3.30%	30/06/2032	(10,876)	(10,876)	(11,820)
<b>Total Self Supporting Loans Finance Cost Payments</b>						<b>(10,876)</b>	<b>(10,876)</b>	<b>(11,820)</b>
<b>Total Finance Cost Payments</b>						<b>(26,499)</b>	<b>(25,062)</b>	<b>(25,232)</b>

\* WA Treasury Corporation



SHIRE OF WEST ARTHUR  
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26. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2022/23

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2023 Actual	2023 Budget	2023 Actual	2023 Budget		
Loader	WATC *	Fixed	10	4.00%	\$ 270,000	\$ 270,000	\$ (270,000)	\$ (270,000)	\$ 57,119	\$ 0
					270,000	270,000	(270,000)	(270,000)	57,119	0

\* WA Treasury Corporation

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27. RESERVE ACCOUNTS	2023	2023	2023	2023	2023	2023	2023	2023	2022	2022	2022	2022
	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Restricted by council</b>												
(a) Leave Reserve	121,150	3,957	0	125,107	121,149	3,634	0	124,783	210,491	659	(90,000)	121,150
(b) Plant Reserve	454,017	351,723	(248,989)	556,751	454,017	303,798	(194,650)	563,165	522,877	311,636	(380,496)	454,017
(c) Building Reserve	734,309	23,982	(66,532)	691,759	734,309	22,029	(565,000)	191,338	677,641	87,770	(31,102)	734,309
(d) Town Development Reserve	1,529	50	0	1,579	1,528	46	0	1,574	71,306	223	(70,000)	1,529
(e) Recreation Reserve	163,285	5,333	0	168,618	163,285	4,899	0	168,184	162,776	509	0	163,285
(f) Heritage Reserve	6,091	472	0	6,563	6,091	483	0	6,574	5,755	336	0	6,091
(g) Community Housing Reserve	169,135	22,073	0	191,208	169,135	25,074	(50,000)	144,209	153,767	41,563	(26,195)	169,135
(h) Waste Management Reserve	122,753	4,009	(9,760)	117,002	122,753	3,683	(100,000)	26,436	122,370	383	0	122,753
(i) Darkan Swimming Pool Reserve	49,219	6,607	0	55,826	49,219	6,477	0	55,696	44,081	5,138	0	49,219
(j) Information Technology Reserve	66,548	5,173	(14,000)	57,721	66,549	4,996	(14,000)	57,545	50,305	42,657	(26,414)	66,548
(k) Darkan Sport and Community Centre Reserve	325,421	39,482	(180,028)	184,875	325,422	39,763	0	365,185	289,515	35,906	0	325,421
(l) Arthur River Country Club Reserve	40,151	7,311	0	47,462	40,150	7,205	0	47,355	34,044	6,107	0	40,151
(m) Museum Reserve	128,701	4,203	0	132,904	128,701	3,861	(5,000)	127,562	128,155	546	0	128,701
(n) Moodiarup Sports Club Reserve	17,581	4,574	0	22,155	17,581	5,527	0	23,108	13,539	4,042	0	17,581
(o) Landcare Reserve	32,987	1,077	(5,000)	29,064	32,989	990	(5,000)	28,979	37,869	118	(5,000)	32,987
(p) Corporate Planning and Valuation Reserve	19,945	651	(16,000)	4,596	19,945	598	(16,000)	4,543	34,836	109	(15,000)	19,945
(q) Kids Central Reserve	7,156	234	(302)	7,088	7,156	215	0	7,371	1,607	5,709	(160)	7,156
(r) The Shed Reserve	12,824	419	(140)	13,103	12,824	385	0	13,209	12,258	566	0	12,824
(s) Recreation Trails Reserve	1,218	40	0	1,258	1,217	37	0	1,254	1,214	4	0	1,218
(t) Community Gym Reserve	12,004	2,646	(6,092)	8,558	12,004	1,360	(9,000)	4,364	11,026	978	0	12,004
(u) Economic Development Reserve	113,847	3,718	(27,680)	89,885	113,847	3,415	(35,000)	82,262	73,617	40,230	0	113,847
(u) Road Reserve	234,149	7,647	0	241,796	234,149	7,024	0	241,173	233,418	731	0	234,149
	2,834,020	495,381	(574,523)	2,754,878	2,834,020	445,499	(993,650)	2,285,869	2,892,467	585,920	(644,367)	2,834,020

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

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

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**27. RESERVE ACCOUNTS (continued)**

<b>Name of reserve account</b>	<b>Purpose of the reserve account</b>
<b>Restricted by council</b>	
(a) Leave Reserve	To be used to fund long service leave and annual leave requirements
(b) Plant Reserve	To be used for the purchase of major plant
(c) Building Reserve	To be used for the construction and maintenance of Council buildings
(d) Town Development Reserve	To be used to enhance town infrastructure
(e) Recreation Reserve	To be used to enhance recreation infrastructure
(f) Heritage Reserve	To be used to maintain and improve the heritage buildings of the Shire
(g) Community Housing Reserve	To be used for the maintenance and provision of housing within the Shire
(h) Waste Management Reserve	To be used to assist with funding future infrastructure requirements for waste management
(i) Darkan Swimming Pool Reserve	To be used to assist with funding works at the Darkan swimming pool
(j) Information Technology Reserve	To be used for upgrades to computers and office equipment
(k) Darkan Sport and Community Centre Reserve	To be used to maintain and improve the Darkan Sport and Community Centre
(l) Arthur River Country Club Reserve	To be used to maintain and improve the Arthur River Country Club
(m) Museum Reserve	To be used to maintain and to provide new displays in the Museum
(n) Moodiarup Sports Club Reserve	To be used to maintain and improve the Moodiarup Sports Club Reserve
(o) Landcare Reserve	To be used to fund the landcare expenditure of the Shire
(p) Corporate Planning and Valuation Reserve	To be used to fund the corporate planning and valuation expenditure of the Shire
(q) Kids Central Reserve	To be used to fund the renewal of equipment and infrastructure
(r) The Shed Reserve	To be used to fund the renewal of equipment and infrastructure
(s) Recreation Trails Reserve	To be used for the construction and maintenance of recreation trails
(t) Community Gym Reserve	To be used for the renewal of gym equipment and activities
(u) Economic Development Reserve	To be used for economic development initiatives that benefit the Shire
(u) Road Reserve	To be used to fund road improvements or urgent repairs

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

**28. TRUST FUNDS**

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

	<b>1 July 2022</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>30 June 2023</b>
	\$	\$	\$	\$
Westcare	42,706	1,116	0	43,822
Seniors Luncheon	1,574	137	(199)	1,512
Arthur River Development	2,695	424	(350)	2,769
RSL Trust Fund	4,036	105	0	4,141
Darkan Arts Council	8,001	203	(200)	8,004
Arthur River Hall	2,417	423	0	2,840
Arthur River Restoration	10,352	270	0	10,622
	<b>71,781</b>	<b>2,678</b>	<b>(749)</b>	<b>73,710</b>



## Auditor General

### INDEPENDENT AUDITOR'S REPORT 2023 Shire of West Arthur

To the Council of the Shire of West Arthur

#### Opinion

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

- the Statement of Financial Position as at 30 June 2023, and 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 significant 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 2023 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, the 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 2023, 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

Page 1 of 3

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 and, to the extent that they are not inconsistent with the Act, the 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](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 West Arthur for the year ended 30 June 2023 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.



Nayna Raniga  
Senior Director Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
07 December 2023



Our Ref: 7964

7th Floor, Albert Facey House  
469 Wellington Street, Perth

Mr Vincent Fordham Lamont  
Chief Executive Officer  
Shire of West Arthur  
31 Burrowes Street  
DARKAN WA 6392

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PERTH WA 6849

**Tel:** 08 6557 7500  
**Email:** [info@audit.wa.gov.au](mailto:info@audit.wa.gov.au)

Email: [ceo@westarthur.wa.gov.au](mailto:ceo@westarthur.wa.gov.au)

Dear Mr Lamont

### **ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023**

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.

#### **Management control issues**

While the result of the audit was 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.



**Unresolved matters from prior audits**

We also draw your attention to the Matters Outstanding from Prior Audits issues set out in the attachment. We would appreciate your attention to these matters before next year's audit.

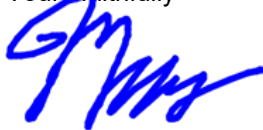
The date that entities provided their annual financial report to the Office has been recorded for purposes of reporting to Parliament. The date recorded for the receipt of your financial statements was 29 September 2023.

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.

Feel free to contact me on 6557 7747 if you would like to discuss these matters further.

Yours faithfully



Tamara McCarthy  
Assistant Director  
Financial Audit  
07 December 2023

Attach

## ATTACHMENT

## SHIRE OF WEST ARTHUR

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
	Yes/No – Financial/Control/KP I				
1. Fair Value Assessment	Yes – Financial		✓		✓
2. Landfill Provisions	Yes – Financial	✓			
3. Trust Funds	Yes – Financial		✓		

**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.

**ATTACHMENT****SHIRE OF WEST ARTHUR****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****1. Fair Value Assessment****Finding**

The Shire has not performed a robust assessment to determine whether its land and buildings assets, and infrastructure roads and other assets represent fair value.

**Rating: Moderate (2022: Significant)****Implication**

Without a robust assessment of fair value of the Shire's land and buildings, and road and other infrastructure assets, there is a risk that the fair value of those assets may not have been assessed adequately and in compliance with *AASB 13 Fair Value Measurement*, as well as Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 (the Regulations).

**Recommendation**

The Shire should consider implementing as part of the preparation of financial statements each year a formal robust process to determine whether indicators exist annually, that would trigger a requirement to perform a formal revaluation of the Assets. Where indicators exist a robust fair value assessment should be performed capturing the requirements of *AASB 13 Fair Value Measurement*. This process is to ensure that the Shire's land and buildings, and infrastructure assets are recorded at fair value in compliance with *AASB 13 Fair Value Measurement* and the Regulations.

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

**Management comment**

*Your comments are noted. We will undertake a robust assessment of asset values prior to preparing the financial statements for 2023-2024.*

**Responsible person:** Rajinder Sunner, Manager Corporate Services,  
Melinda King, Manager Finance Operation

**Completion date:** 30 June 2024

**ATTACHMENT****SHIRE OF WEST ARTHUR****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****2. Landfill Provisions****Finding**

A post closure plan for both the Darkan and Duranillin landfill sites was established in January 2023. The Shire has not performed an estimate of the costs required to rehabilitate their landfill sites, including one which is currently categorised as possibly contaminated – investigation required. As such the Shire is unable to determine and or reliably estimate the need to account for a provision for the rehabilitation of these sites.

We accept that the site recently classified as possibly contaminated - investigation required is currently subject to appeal and that the Shire has not had sufficient time to quantify the costs for rehabilitation for both landfill sites outlined within the post closure plan.

Both have been appropriately recognised as contingent liabilities within the financial statements as at 30 June 2023.

**Rating: Significant****Implication**

Without a robust and reliable estimate to recognise a provision for remediating the Shire's landfills, there is an increased risk of the Shire's liability being understated in the Statement of financial position.

**Recommendation**

We recommend that the Shire continues to reassess this position each financial year, that the costs of rehabilitation are assessed and that a provision is recognised when it meets the recognition criteria set out in *AASB 137 Provisions, contingent liabilities and contingent assets*.

**Management comment**

*Your comments are noted. We will work with DWER to achieve a mutually acceptable outcome in relation to the potentially contaminated site and prepare an action plan prior to June 2024.*

**Responsible person:** Vin Fordham Lamont, Chief Executive Officer.

**Completion date:** 30 April 2024.

**ATTACHMENT****SHIRE OF WEST ARTHUR****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****3. Trust Funds****Finding**

A trust bank account held in the name of the Shire is used to process receipts on behalf of third parties, this account is not currently recorded in the Shire's accounting records. The balance as at 30 June 2023 was \$73,710.

Funds should only be held in trust where the requirements of s6.9(1) of the Local Government Act 1995 are met.

**Rating: Moderate****Implication**

There is an increased risk of misstatement or omission within the accounting records.

**Recommendation**

We recommend all bank accounts in the name of the Shire are accounted for correctly and reported in the Shire's accounting records where arrangements do not meet the requirements of the Act.

**Management comment**

*Your comments are noted. We will transfer all funds from the Trust account to our Municipal Account and hold in reserves on behalf of the corresponding community groups.*

**Responsible person:** Rajinder Sunner, Manager Corporate Services,  
Melinda King, Manager Finance Operation

**Completion date:** 30 June 2024

**7 NEW OR URGENT BUSINESS INTRODUCED BY DECISION OF THE MEETING**

Nil

**8 CLOSURE OF MEETING**

The Presiding Member declared the meeting closed at 3.15pm.