

AUDIT CONCLUDING REPORT

Shire of Katanning

Audit for the year ended 30 June 2024



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Executive Summary

The key purpose of this report is to communicate the results of the audit with those charged with governance.

We have performed an audit of the financial report of the Shire of Katanning (the Shire) for the year ended 30 June 2024 in accordance with Australian Auditing Standards ('ASAs').

The purpose of the audit is to express an opinion as to whether the Shire's financial report fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2024 and its financial position at the end of the year in accordance with the Local Government Act 1995 (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

We request management and those charged with governance review this document to ensure that the Shire concurs with the matters raised, and there are no further significant considerations or matters that could impact the audit and the financial report.

Key Audit Risks or Focus Areas

As part of our risk assessment, we identified key risks based on our knowledge of the industry and experience. This risk assessment process is designed to ensure that we focused our audit work on the areas of highest risk.

This risk assessment and our responses were updated throughout the engagement to ensure that all areas of material risk are addressed.

We are pleased to advise we have satisfactorily completed our audit procedures designed to address these risks and meet our audit objectives.

Set out below, are what we have identified as the key risks and focus areas for the audit:

- Valuation of property, plant and equipment and infrastructure assets
- Accounting for employee related provisions
- Revenue recognition
- Accounting for rehabilitation costs
- Completeness of liabilities and expenses
- Disclosures in the financial report
- Fraud risk and management override of controls
- Review of the System of Internal Control (including IT General Controls)

Audit Opinion

We will recommend to the OAG to issue an unmodified opinion on the audit of the Shire's financial report. However, we will include an "Emphasis of Matter" Paragraph in relation to correction of error made to the prior year depreciation expenses and the carrying amount of infrastructure assets.

Certification of Financial Report

The date that entities provided their annual financial report to the auditor has been recorded for purposes of reporting to Parliament. The date recorded for the receipts of the Shire's financial report was 27 September 2024. The financial report received on this date were deemed to be audit ready.

Significant Audit and Accounting Issues

Particulars of the significant audit and accounting issues which arose, are included in this section of the report for further consideration, where appropriate. Appropriate action has been taken by management to resolve any issues and there is no further action that we are aware of that needs to be taken prior to the submission of the financial report for tabling in parliament.

Accounting Policies

The 30 June 2024 financial report has been prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Australian Accounting Standards. The accounting policies are consistent with those applied in the financial report for the 30 June 2023 year.

We are not aware of any other material changes in accounting policies applied during the financial year. In addition, we are not aware of any significant unusual transactions in controversial or emerging areas.

Our audit procedures included a review of the accounting policies to ensure that they were consistently applied throughout the period.

Adoption of changes to The Act and Accounting Standards

We have also considered changes that have occurred in Australian Accounting Standards and other relevant parts of the regulatory framework as part of our audit. There are no significant changes that impacted on the accounting results and disclosure requirements of the Shire for the year ended 30 June 2024.

No other major accounting standards are coming into force over the next year that have the potential to significantly impact the financial report.

Judgmental Matters and Estimations

The preparation of the financial report requires the use of management judgments and accounting estimates or assumptions, which affect the reported amounts of assets, liabilities, income and expenses, and disclosure of contingent assets and contingent liabilities. Certain estimates can be particularly sensitive because of their significance to the financial report and the possibility that actual future events affecting them may differ significantly from management's current assumptions and expectations.

In relation to the Shire, our assessment is that the following account balances are critically affected by management judgments or accounting estimates. Given the nature of the Shire's revenue, expenses, assets and liabilities - accounting for them is not overly complex nor affected by contentious accounting practices.

Major accounts affected by management judgments or accounting estimates are:

- Accounting for employee related provisions
- Accounting for rehabilitation provisions
- Depreciation rates of non-current assets
- Fair value of Infrastructure assets and Property, plant and equipment

Where necessary we have challenged the judgments of management based on our examination of evidential matter relating to those estimates. We are satisfied that the accounting estimates for the current financial period are reasonable considering known circumstances. In our view a prudent approach has been adopted by management in applying judgments and in making estimates.

Key Audit Risks and Focus Areas

Valuation of Property, Plant and Equipment and Infrastructure Assets

These are the biggest classes of non-financial assets reported in the Shire's statement of financial position where there is a mix of cost (for plant and equipment) and fair value (for land, buildings and infrastructure assets – revalued every 5 years) accounting involved.

There is an inherent risk given the large balances and nature of assets, and the judgement applied in determining revaluation of land, buildings and infrastructure, depreciation expense including impairment.

Key audit procedures performed were:

- Reviewed the design and implementation of internal controls by performing walkthroughs of key financial controls around property, plant and equipment and infrastructure balances;

- Assessed accounting policies to ensure they were in accordance with AASB 116 *Property, Plant and Equipment*, AASB 13 *Fair Value Measurement* and AASB 136 *Impairment of Assets*;
- Reviewed the fair value report for the infrastructure valuation that was performed last year, including a review of valuation techniques and assumptions applied. We also assessed the valuer's qualifications and expertise
- Sample tested asset additions, disposals and depreciation; and
- Reviewed management's impairment assessment against the Shire's circumstances.

The Shire's land and buildings and infrastructure assets were last revalued as at 30 June 2022 and 30 June 2023 respectively. As a result of the change in FM Regulation 17A effective from 1 July 2023, the next revaluation is required for the year ended 30 June 2027 for land and buildings and other infrastructure assets for the year ended 30 June 2028.

Based on testing performed, we are satisfied that the Shire's property, plant and equipment and infrastructure assets are fairly stated and disclosed in the 2024 financial report.

Accounting for employee related provisions

A major part of the Shire's liabilities pertains to employee-related annual leave and long service leave provisions. As at 30 June 2024 the annual leave and long service leave provision value is \$247,524 and \$443,779 respectively. Provisions involve a degree of management estimation and uncertainty in their calculation in respect of present value inputs (inflation rates and discount factors), timing and probabilities of settlement.

Key audit procedures performed were:

- Substantive test of details on the calculation of the provisions to the payroll records (employment contracts and approved leave applications) utilising our sampling methodology as well as year-end analytical review to obtain the required level of audit assurance.
- Reviewed inflations, discount rates, and probability factors to ensure they are in line with the Shire's circumstances and industry standards.
- Reviewed the disclosure of the provisions to ensure they are consistent with AASB 119.

Based on procedures performed, we are satisfied that the provisions for annual leave and long service leave as at 30 June 2024 are reasonable and fairly stated.

Accounting for Rehabilitation Costs

The Shire operates the Regional Landfill Facility. There is a present obligation to investigate and determine the scope and presence of contamination. As at 30 June 2024, the Shire reported a provision of \$608K.

Accounting for rehabilitation costs involves a degree of management estimation and uncertainty in their calculation in respect of inflation rate, discount factor and work costs. There is a risk that the asset and related liability may not be recognised in accordance with *AASB 116: Property, Plant, and Equipment* and *AASB 137: Provisions, Contingent Liabilities and Contingent Assets*.

To address this risk we:

- Enquired of management if there was a change in circumstances regarding the Shire's present obligation to make good the landfill site and verified the representation to relevant agreements;
- Reviewed the Shire's rehabilitation costs worksheet to ensure cost estimates relating to the asset and liability were calculated using a reasonable approach in accordance with AASB 116 and AASB 137;
- Ensured the reasonableness of CPI rates used to calculate the increase in the provision from last year; and
- Assessed the adequacy of the required disclosures in the financial report.

Based on procedures performed, we are satisfied that the provision for rehabilitation costs as at 30 June 2024 is reasonable and fairly stated.

Revenue recognition

Revenue is being recognised in accordance with AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*. The Shire's main sources of revenue are government grants, rates, and other fee for service revenue streams. Given the different revenue streams, there is a risk that revenue may not be recognised as required.

Key audit procedures performed were:

- Reviewed the appropriateness of the Shire's revenue recognition policies for each material revenue streams in accordance with AASB 15.
- Performed a walkthrough of the revenue cycles to gain an understanding of the process;
- On sample basis, tested revenue streams to supporting grant agreements, tax invoices and bank statement receipts; and
- On sample basis, tested the recognition of contract liabilities to ensure proper accounting in accordance with AASB 15.

Based on procedures performed, we are satisfied that revenue has been recognised appropriately for the year ended 30 June 2024.

Completeness and Accuracy of Liabilities and Expenses

There is an inherent risk that expenditure, and corresponding liabilities (creditors, payroll accruals and expense accruals), are not brought to account in the correct accounting period. Most of the Shire's expenses relate to employee benefits expenses, materials and contracts and depreciation. To address the risk of underreporting we:

- Obtained post period end bank statements up until the time of our audit testing and agreed a sample of bank payments to supporting documentation (e.g. tax invoices, payroll reports) to ensure no material unrecorded liabilities at reporting date;
- Supporting documentation was traced to posted expenditure accounting transactions to check if transactions were recorded in the correct accounting period;
- Ensured classification of expenditure transactions have been coded appropriately to their function and activities;
- Ensured GST has been properly accounted for; and
- Reviewed the fixed asset register for capital transactions that were operational in nature that should have been expensed as repairs and maintenance rather than being capitalised.

From the work performed, we are satisfied that transactions have been recognised in the correct accounting periods and therefore expenditure is accurately recorded for the year ended 30 June 2024.

Disclosures in the Financial Report

The Shire is required to disclose information in relation to:

- Contingent assets and liabilities;
- Post balance date events;
- Key management personnel remuneration;
- Related party transactions;
- Auditor remuneration and
- Information required by legislation

Our procedures indicate that appropriate and adequate disclosures have been made in respect of the above.

As at this date we are not aware of any significant post balance date events that need to be disclosed in the financial report, however we seek to reconfirm this position just prior to signing of the audit report.

Fraud Risk and Management Override of Controls

Management is involved in day-to-day operations and monitoring of the Shire, which gives them the ability to manipulate accounting records and prepare fraudulent financial reports by overriding controls in place. Due to the unpredictable way in which such override could occur, this leads to potential fraud risk and is always assessed as a significant risk.

To address the risk of management override, the following procedures were performed:

- Reviewed journal entries and other adjustments for evidence of possible material misstatements due to fraud;
- Reviewed accounting estimates and application of accounting policies for evidence of bias or aggressive accounting practices; and
- For significant or unusual transactions, evaluated the business rationale (or the lack thereof) for evidence of fraudulent financial reporting or misappropriation of assets.

Based on testing performed, we are satisfied that the risk of fraud from management override has been reduced to an acceptable level.

Review of the System of Internal Control (including IT General Controls)

The integrity of financial information relies on the integrity and reliability of the Shire’s system of internal controls and its information technology environment. As part of our planned audit approach, we have evaluated the Shire’s system of internal controls primarily to enable us to determine the appropriate nature and extent of our procedures.

In addition, we conducted a high level ITGC review, including the assessment of the key controls relating to:

- System Security;
- Technology Framework;
- Service Management, Operations and Change Control;
- Security Governance and Reporting; and
- Security Training.

This, however, does not constitute a comprehensive review. Accordingly, the Audit Committee may wish to discuss with management any matters they may have raised with respect to particular systems, which may necessitate a more comprehensive review.

It should be appreciated that our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not bring to light all weaknesses in systems and procedures which may exist. However, we aim to use our knowledge of the Shire gained during our work to make comments and suggestions which, we hope, will be useful to you.

The following matters were noted during the final audit:

Findings	Rating	Update
Trust bank reconciliation not performed regularly	Moderate	Resolved
Borrowings reconciliation not performed	Moderate	Unresolved
No independent review of month end reconciliation	Moderate	Unresolved
Non-compliance with purchasing policy (prior year finding)	Moderate	Unresolved
No cyber security strategic plan and policy in place	Moderate	Unresolved

The previous period management letter had identified findings to be actioned by the Shire. Below is an update on the findings based on our follow up during the current year audit.

Findings	Rating	Update
Fuel inventory reconciliation not performed	Moderate	Resolved

Depreciation on buildings not calculated properly	Significant	Resolved
Fair value of infrastructure assets	Significant	Resolved

Significant Representations by Management

Both our and the OAG's representation letters have been provided and a signed copy is to be returned to us prior to our submission of the signed reporting pack to the OAG.

There are no significant representations (other than the ones referred to in our and the OAG's standard representation letters) made by management for which we and OAG are relying on in forming our audit opinions.

Audit Adjustments

We are required by the auditing standards to communicate all unadjusted differences (other than clearly trivial) that we noted during the audit.

The table below summarises the adjusted audit differences arising from the audit:

ACCOUNT	NATURE	DEBIT (\$)	CREDIT (\$)
Reserve - Plant Replacement		18,192	
Interest - Reserves (GPI)			18,192
(Being interest on reserves not recognised at year end)			
Audit fees		82,800	
Accrue expenses			82,800
(Being audit fees for the year not accrued)			
Provisions - Current - Long Service Leave		19,286	
Provisions - Non-Current - Long Service Leave		8,644	
Salary Costs (PWO)			27,930
(Being provision for employee benefits overstated for the year)			

There are no material unadjusted audit differences noted from the audit.

Other Key Matters

Non-Compliance with Laws and Regulations or Fraudulent Activity

We confirm no matters have come to our attention that indicate material misstatement in the financial report due to non-compliance with laws and regulations or fraudulent activity. Management has confirmed that they are unaware of any fraudulent activity.

Auditor's Responsibility to Consider Fraud

As auditors, we obtain reasonable assurance that the financial report is free from material misstatements due to fraud or error.

Accordingly, certain procedures were performed as part of our audit by way of enquiry, evaluation and review as required by the Australian Auditing Standards on fraud, ASA 240.

We have enquired with management regarding the existence of fraud and/or non-compliance with laws and regulations. We have also reviewed the general ledger and minutes for evidence of these.

Based on representations obtained from management and the work performed, we are confident that the risk of fraud in relation to financial reporting and non-compliance with laws and regulations is low and we have not identified any reportable matters for your attention.

Liaison with Management

We had no disagreements with management about significant audit, accounting or disclosures matters.

We identified no errors or irregularities that would cause the financial report to contain a material misstatement and noted no apparent illegal acts.

There were no difficulties encountered in dealing with management related to the performance of the audit.

There was no correspondence between us and management relating to any significant audit and accounting issues during the period other than those discussed under the [Significant Audit and Accounting Issues](#) section above.

Independence

We have established policies and procedures designed to ensure our independence, including policies on holding financial interests in the Shire and other related parties, business relationships, employment relationships, and the provision of non-audit services.

We have assessed our audit independence at the planning stage and to the best of our knowledge and belief, we are of the opinion that each engagement team member and partners of all Moore network firms in Australia are not in contravention of the auditor independence and ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* that are relevant to our audit of the financial report in Australia.

We have also fulfilled our other ethical responsibilities with the Code. We have further considered the safeguards the Moore Australia network has in place, and we are not aware of any services being provided that would compromise our independence as external auditor.

Confidentiality

This document is strictly confidential and although it has been made available to management and those charged with governance to facilitate discussions, it may not be taken as altering our responsibilities to the Shire arising under our audit contract with the OAG.

The information contained in this document is confidential and cannot be conveyed to any party other than the party to which it is directed.

Conflicts of Interest

The firm is not aware of any existing or potential relationship, transaction or holding that would compromise its objectivity in the conduct of the services provided. Should the possibility of a perceived or actual conflict arise the matter would be raised with the Shire immediately and activities suspended until the issue was resolved to your satisfaction.

Outstanding items

The following items remain outstanding at the time of writing:

- Final OAG review of the audit working papers
- Final review of the latest financial report
- OAG internal technical clearance for the Emphasis of Matter
- Signed management representation letter; and
- Signed financial report.

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HELPING YOU THRIVE IN A CHANGING WORLD

SHIRE OF KATANNING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Trust bank account reconciliation not performed regularly	No		✓		
2. Borrowings reconciliation not performed	No		✓		
3. No independent review of month-end reconciliations	No		✓		
4. Non-compliance with purchasing policy	No		✓		✓
5. No cyber security strategic plan and policy in place	No		✓		

Key to ratings

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

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

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

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

The ratings included are preliminary ratings and could be modified pending other findings being identified, rated and the consideration of them collectively on the ratings and any potential impact on the audit opinion.

SHIRE OF KATANNING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE AUDIT

1. Trust bank account reconciliation not performed regularly

Finding

We noted that trust bank account reconciliations have not been performed for the month of July 2023 through to March 2024.

Rating: Moderate

Implication

Reconciliations are a key control for ensuring the completeness and accuracy of financial data within the general ledger from which financial statements are derived. Without the above reconciliations being performed on a regular basis, there is an increased risk of fraud and/or errors going undetected and not be identified in a timely manner.

Recommendation

The trust bank account reconciliation should be performed every month. The reconciliation should also be reviewed by a senior staff member independent of preparation, with evidence of review retained.

Management comment

Monthly reconciliations of trust bank account are now being performed and reviewed by Management.

Responsible person: Pat Kennedy

Completion date: April 2024

Auditors' response **(exception only)**

SHIRE OF KATANNING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE AUDIT

2. Borrowings reconciliation not performed

Finding

Reconciliation between the borrowings register and the corresponding general ledger account was not performed during the year.

Rating: Moderate

Implication

Reconciliations are a key control for ensuring the completeness and accuracy of financial data within the general ledger from which financial statements are derived. Without this reconciliation being performed on a regular basis, there is an increased risk for fraud and/or errors going undetected and not be identified in a timely manner.

Recommendation

To help ensure loan transactions are complete and correctly posted into the general ledger, we recommend they are reconciled every month and evidenced as reviewed by a senior staff member independent of their preparation.

Management comment

Monthly Borrowing reconciliations have been completed from September 2024 following identification at interim audit. The reconciliation is reviewed by Finance Manager.

Responsible person: Pat Kennedy
Completion date: September 2024

Auditors' response **(exception only)**

SHIRE OF KATANNING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE AUDIT

3. No independent review of month-end reconciliations**Finding**

We noted that the following reconciliations have not been reviewed by an independent person for the year:

- Fixed assets' reconciliation between the fixed asset registers and the general ledger control accounts; and
- Rate debtors' reconciliation between the rates debtor's ledger and the general ledger control accounts.

Rating: Moderate**Implication**

There is an increased risk of unauthorised entries going undetected when reconciliations are not reviewed in a timely manner every month.

Recommendation

To help ensure these reconciliations are complete and correctly posted into the general ledger control account, they should be reviewed by a senior staff member independent of their preparation. This review should seek to confirm the accuracy of the reconciliations and should be evidenced accordingly.

Management comment

Fixed asset reconciliation will be reviewed independently once the 2024 Annual Financial Report is finalised.

Rates debtors reconciliation is now being independently reviewed (November 2024).

Responsible person: Pat Kennedy
Completion date: November 2024

Auditors' response **(exception only)**

SHIRE OF KATANNING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE AUDIT

4. Non-compliance with purchasing policy**Finding**

Our sample testing of 10 payment transactions noted:

- 2 instances where the purchase order was raised after the supplier's invoice was received; and
- 3 instances where the purchase order did not contain any value.

This finding was raised in the 2023 financial year. All officers were reminded by management of their obligations to raise purchase orders prior to obtaining goods and services, with continuous education. Continued breaches would lead to suspension of the purchasing authority.

Rating: Moderate (2023: Moderate)

Implication

Purchases made without proper purchase orders increase the risk of unauthorised expenditure occurring and going undetected. Furthermore, it is more difficult to track whether expenditure incurred is in line with budgets or expectations and is dependent on the later receipt of a tax invoice.

Recommendation

All authorised officers should be reminded of the need to ensure purchase orders are raised and authorised prior to approving works/services or ordering goods. All details in the purchase orders should be complete. This will provide a key control to ensure payment transactions as detailed in tax invoices are in line with authorised expenditure. Further this will assist the Shire in managing its budget responsibility.

Management comment

Management will discuss and develop a plan on how to address this issue moving forward.

Responsible person: David Blurton

Completion date: March 2025

Auditors' response (exception only)

SHIRE OF KATANNING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE AUDIT

5. No cyber security strategic plan and policy in place

Finding

We noted that the Shire did not have an ICT Strategy Plan and a documented cyber security policy in place.

Rating: Moderate

Implication

Without such a policy being in place, staff will have no written procedures to follow which may jeopardise a timely recovery should a cyber-attack occur.

In addition, lack of an ICT Strategy Plan increases the risk of the IT resources not being aligned to the business strategy and priorities. There may be key risks to electronic data not being identified and safeguards not put in place to minimise the risks posed by cyber threats. This could ultimately lead to loss of electronic data.

Recommendation

Management should develop an ICT Strategy Plan identifying and documenting key ICT risks to electronic data along with the treatments or safeguards to reduce the risk to an acceptable level. This plan should be regularly reviewed and tested to ensure its validity.

In addition, to help ensure continuity of operations in the event of a cyber-attack, a policy should be drafted, adopted and implemented. This will map out a process for the Shire to follow should a cyber-attack occur to reduce risk to an acceptable level.

Management comment

A draft policy has been developed and is awaiting consideration by Executive.

Responsible person: David Blurton

Completion date: March 2025

Auditors' response (exception only)

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

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

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

Principal place of business:
52 Austral Terrace
KATANNING 6317

**SHIRE OF KATANNING
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

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

STATEMENT BY CEO

The accompanying financial report of the Shire of Katanning has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2024 and the financial position as at 30 June 2024.

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

Signed on the _____ day of _____ 2024

CEO

Peter Klein

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

	NOTE	2024 Actual \$	2024 Budget \$	2023 Restated \$
Revenue				
Rates	2(a),22	5,016,764	5,020,494	4,653,561
Grants, subsidies and contributions	2(a)	3,278,705	1,820,827	3,995,834
Fees and charges	2(a)	2,153,742	1,889,732	1,990,760
Interest revenue	2(a)	535,953	384,000	379,390
Other revenue	2(a)	339,235	261,707	516,646
		11,324,399	9,376,760	11,536,191
Expenses				
Employee costs	2(b)	(4,607,368)	(4,776,332)	(4,097,889)
Materials and contracts		(3,471,073)	(4,517,078)	(3,463,587)
Utility charges		(528,272)	(508,844)	(521,861)
Depreciation		(9,028,003)	(5,342,903)	(6,499,289)
Finance costs		(120,411)	(133,326)	(123,991)
Insurance		(477,713)	(460,713)	(407,681)
Other expenditure	2(b)	(369,487)	(365,151)	(333,323)
		(18,602,327)	(16,104,347)	(15,447,621)
		(7,277,928)	(6,727,587)	(3,911,430)
Capital grants, subsidies and contributions	2(a)	601,261	471,593	1,220,141
Profit on asset disposals		104,831	195,378	37,247
Loss on asset disposals		0	(34,996)	0
Loss on revaluation of Infrastructure - parks and ovals		0	0	(2,986,069)
Fair value adjustments at fair value through profit or loss	4(b)	0	0	17,970
		706,092	631,975	(1,710,711)
Net result for the period		(6,571,836)	(6,095,612)	(5,622,141)
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	0	0	65,468,602
Total other comprehensive income for the period		0	0	65,468,602
Total comprehensive income for the period		(6,571,836)	(6,095,612)	59,846,461

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

SHIRE OF KATANNING
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	NOTE	2024	2023	Restated 2023
		\$	\$	\$
CURRENT ASSETS				
Cash and cash equivalents	3	15,635,259	15,311,940	15,311,940
Trade and other receivables	5	1,453,023	1,394,727	1,394,727
Other financial assets	4(a)	21,880	21,042	21,042
Inventories	6	14,684	20,508	20,508
TOTAL CURRENT ASSETS		17,124,846	16,748,217	16,748,217
NON-CURRENT ASSETS				
Trade and other receivables	5	268,323	268,323	268,323
Other financial assets	4(b)	344,554	366,435	366,435
Property, plant and equipment	7	58,275,262	58,915,944	60,346,177
Infrastructure	8	213,799,542	159,205,524	219,106,523
Right-of-use assets	10(a)	2,120	15,319	15,319
TOTAL NON-CURRENT ASSETS		272,689,801	218,771,545	280,102,777
TOTAL ASSETS		289,814,647	235,519,762	296,850,994
CURRENT LIABILITIES				
Trade and other payables	11	1,412,437	1,987,185	1,987,185
Other liabilities	12	4,855,782	103,112	103,112
Lease liabilities	10(b)	878	15,095	15,095
Borrowings	13	293,447	284,958	284,958
Employee related provisions	14	582,279	630,441	630,441
TOTAL CURRENT LIABILITIES		7,144,823	3,020,791	3,020,791
NON-CURRENT LIABILITIES				
Other liabilities	12	0	4,336,743	4,336,743
Lease liabilities	10(b)	0	955	955
Borrowings	13	3,006,633	3,300,081	3,300,081
Employee related provisions	14	109,024	100,850	100,850
Other provisions	15	608,233	573,804	573,804
TOTAL NON-CURRENT LIABILITIES		3,723,890	8,312,433	8,312,433
TOTAL LIABILITIES		10,868,713	11,333,224	11,333,224
NET ASSETS		278,945,934	224,186,538	285,517,770
EQUITY				
Retained surplus		85,391,968	96,162,073	92,024,703
Reserve accounts	25	7,794,695	7,733,796	7,733,796
Revaluation surplus	16	185,759,271	120,290,669	185,759,271
TOTAL EQUITY		278,945,934	224,186,538	285,517,770

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

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

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2022		97,758,487	7,622,153	120,290,669	225,671,309
Comprehensive income for the period					
Net result for the period (restated)		(5,622,141)	0	0	(5,622,141)
Other comprehensive income for the period		0	0	65,468,602	65,468,602
Total comprehensive income for the period		(5,622,141)	0	65,468,602	59,846,461
Transfers from reserve accounts	25	657,418	(657,418)	0	0
Transfers to reserve accounts	25	(769,061)	769,061	0	0
Balance as at 30 June 2023		92,024,703	7,733,796	185,759,271	285,517,770
Comprehensive income for the period					
Net result for the period		(6,571,836)	0	0	(6,571,836)
Total comprehensive income for the period		(6,571,836)	0	0	(6,571,836)
Transfers from reserve accounts	25	657,301	(657,301)	0	0
Transfers to reserve accounts	25	(718,200)	718,200	0	0
Balance as at 30 June 2024		85,391,968	7,794,695	185,759,271	278,945,934

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

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

NOTE	2024 Actual \$	2023 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Rates	4,939,220	4,651,919
Grants, subsidies and contributions	3,790,807	3,732,640
Fees and charges	2,153,742	2,250,244
Interest revenue	535,953	379,390
Goods and services tax received	612,543	934,026
Other revenue	339,233	513,704
	<u>12,371,498</u>	<u>12,461,923</u>
Payments		
Employee costs	(4,674,728)	(4,118,461)
Materials and contracts	(4,055,454)	(3,287,761)
Utility charges	(528,272)	(625,724)
Finance costs	(120,411)	(121,883)
Insurance paid	(477,713)	(407,681)
Goods and services tax paid	(612,213)	(908,027)
Other expenditure	(369,487)	(333,301)
	<u>(10,838,278)</u>	<u>(9,802,838)</u>
Net cash provided by operating activities	1,533,220	2,659,085
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant & equipment	7(a) (1,284,619)	(1,178,490)
Payments for construction of infrastructure	8(a) (534,507)	(1,661,154)
Capital grants, subsidies and contributions	601,261	1,220,141
Proceeds for financial assets at amortised cost	0	4,303,578
Proceeds from financial assets at amortised cost - self supporting loans	21,043	5,133
Proceeds from financial assets at fair values through other comprehensive income	0	(250,000)
Proceeds from sale of property, plant & equipment	287,052	70,045
Net cash provided by (used in) investing activities	(909,770)	2,509,253
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	24(a) (284,959)	(207,627)
Payments for principal portion of lease liabilities	24(b) (15,172)	(13,461)
Proceeds from new borrowings	24(a) 0	650,000
Net cash provided by (used in) financing activities	(300,131)	428,912
Net increase in cash held	323,319	5,597,250
Cash at beginning of year	15,311,940	9,714,690
Cash and cash equivalents at the end of the year	15,635,259	15,311,940

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

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

	NOTE	2024 Actual \$	2024 Budget \$	2023 Restated \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	22	5,011,922	5,015,344	4,648,762
Rates excluding general rates	22	4,842	5,150	4,799
Grants, subsidies and contributions		3,278,705	1,820,827	3,995,834
Fees and charges		2,153,742	1,889,732	1,990,760
Interest revenue		535,953	384,000	379,390
Other revenue		339,235	261,707	516,646
Profit on asset disposals		104,831	195,377	37,247
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	0	0	17,970
		11,429,230	9,572,137	11,591,408
Expenditure from operating activities				
Employee costs		(4,607,368)	(4,776,331)	(4,097,889)
Materials and contracts		(3,471,073)	(4,517,078)	(3,463,587)
Utility charges		(528,272)	(508,844)	(521,861)
Depreciation (restated)		(9,028,003)	(5,342,903)	(6,499,289)
Finance costs		(120,411)	(133,326)	(123,991)
Insurance		(477,713)	(460,713)	(407,681)
Other expenditure		(369,487)	(365,151)	(333,323)
Loss on asset disposals		0	(34,996)	0
		(18,602,327)	(16,139,342)	(15,447,621)
Non cash amounts excluded from operating activities	23(a)	4,397,568	5,182,521	6,246,804
Amount attributable to operating activities		(2,775,529)	(1,384,684)	2,390,591
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		601,261	471,593	1,220,141
Proceeds from disposal of assets		287,052	434,500	70,045
Proceeds from financial assets at amortised cost - self supporting loans	24(a)	21,043	15,910	0
		909,356	922,003	1,290,186
Outflows from investing activities				
Payments for financial assets at amortised cost - self supporting loans		(21,043)	(21,041)	0
Purchase of property, plant and equipment	7(a)	(1,284,619)	(2,985,072)	(1,178,490)
Purchase and construction of infrastructure	8(a)	(534,507)	(1,311,811)	(1,661,154)
		(1,840,169)	(4,317,924)	(2,839,644)
Amount attributable to investing activities		(930,813)	(3,395,921)	(1,549,458)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	24(a)	0	0	650,000
Transfers from reserve accounts	25	657,301	2,163,356	657,418
		657,301	2,163,356	1,307,418
Outflows from financing activities				
Repayment of borrowings	24(a)	(284,959)	(279,827)	(207,627)
Payments for principal portion of lease liabilities	24(b)	(15,172)	(15,095)	(13,461)
Transfers to reserve accounts	25	(718,200)	(732,497)	(769,061)
		(1,018,331)	(1,027,419)	(990,149)
Amount attributable to financing activities		(361,030)	1,135,937	317,269
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	23(b)	8,179,621	3,644,668	7,021,219
Amount attributable to operating activities		(2,775,529)	(1,384,684)	2,390,591
Amount attributable to investing activities		(930,813)	(3,395,921)	(1,549,458)
Amount attributable to financing activities		(361,030)	1,135,937	317,269
Surplus or deficit after imposition of general rates	23(b)	4,112,249	0	8,179,621

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

**SHIRE OF KATANNING
FOR THE YEAR ENDED 30 JUNE 2024
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SHIRE OF KATANNING

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

1. BASIS OF PREPARATION

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

Local Government Act 1995 requirements

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

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

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

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

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

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

Critical accounting estimates and judgements

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

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

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report. The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
 - Property, plant and equipment - note 7
 - Infrastructure - note 8
 - Measurement of employee benefits - note 14
 - Measurement of provisions - note 15

Fair value heirarchy information can be found in note 21

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.

Initial application of accounting standards

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

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

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

New accounting standards for application in future years

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

- AASB 2014-10 Amendments to Australian Accounting Standards - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2020-1 Amendments to Australian Accounting Standards - *Classification of Liabilities as Current or Non-Current*
- AASB 2021-7c Amendments to Australian Accounting Standards - *Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- AASB 2022-5 Amendments to Australian Accounting Standards - *Lease Liability in a Sale and Leaseback*
- AASB 2022-6 Amendments to Australian Accounting Standards - *Non-current Liabilities with Covenants*

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

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

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

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

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

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

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal site	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - sale of stock	KLC stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

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

Revenue Recognition

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

For the year ended 30 June 2024

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	5,016,764	0	5,016,764
Grants, subsidies and contributions	332,029	0	2,946,676	0	3,278,705
Fees and charges	2,153,742	0	0	0	2,153,742
Interest revenue	439,512	0	78,249	18,192	535,953
Other revenue	164,517	0	137,218	37,500	339,235
Capital grants, subsidies and contributions	0	411,638	0	189,623	601,261
Total	3,089,800	411,638	8,178,907	245,315	11,925,660

For the year ended 30 June 2023

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

The Shire utilises volunteer services at its bush fire brigade facility
All other volunteer services are not recognised as revenue as
the fair value of the services cannot be reliably estimated.

Interest revenue

Financial assets at amortised cost - self supporting loans
Interest on reserve account
Trade and other receivables overdue interest
Other interest revenue

The 2024 original budget estimate in relation to:
Trade and other receivables overdue interest was \$75,000

Fees and charges relating to rates receivable

Charges on instalment plan

The 2024 original budget estimate in relation to:
Charges on instalment plan was \$9,500

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services – grant acquittals

Employee Costs

Employee benefit costs
Other employee costs

Other expenditure

Sundry expenses

	2024 Actual	2023 Actual
	\$	\$
	9,310	4,269
	356,585	257,062
	68,938	78,009
	101,120	40,050
	<u>535,953</u>	<u>379,390</u>
	9,810	9,360
	82,800	65,900
	11,220	13,615
	<u>94,020</u>	<u>79,515</u>
	3,996,224	3,711,057
	611,143	386,832
	<u>4,607,367</u>	<u>4,097,889</u>
	369,487	333,323
	<u>369,487</u>	<u>333,323</u>

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

3. CASH AND CASH EQUIVALENTS

Note	2024	2023
	\$	\$
Cash at bank and on hand	7,840,564	7,578,144
Term deposits	7,794,695	7,733,796
Total cash and cash equivalents	15,635,259	15,311,940
Held as		
- Unrestricted cash and cash equivalents	2,984,781	3,064,879
- Restricted cash and cash equivalents	17 12,650,478	12,247,061
	15,635,259	15,311,940

MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

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

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

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

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Note	2024	2023
	\$	\$
Financial assets at amortised cost	21,880	21,042
	21,880	21,042
Other financial assets at amortised cost		
Self supporting loans receivable	24(a) 21,880	21,042
	21,880	21,042
Held as		
- Unrestricted other financial assets at amortised cost	21,880	21,042
	21,880	21,042
(b) Non-current assets		
Financial assets at amortised cost	201,947	223,828
Financial assets at fair values through other comprehensive income	142,607	142,607
	344,554	366,435
Financial assets at amortised cost		
Self supporting loans receivable	180,905	223,825
	180,905	223,825
Financial assets at fair values through profit or loss		
Financial assets at fair values through profit or loss	142,607	142,607
	142,607	142,607
Financial assets at fair value through profit or loss		
Units in Local Government House Trust - opening balance	142,607	124,637
Movement attributable to fair value increment	0	17,970
Units in Local Government House Trust - closing balance	142,607	142,607

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 24(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 21) 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 values 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 profit or loss.
- equity investments which the Shire has elected to recognise as fair value gains and losses through other comprehensive income.

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

5. TRADE AND OTHER RECEIVABLES

Note	2024	2023
	\$	\$
Current		
Rates and statutory receivables	1,302,300	1,181,930
Trade receivables	427,232	497,773
Other receivables	58,480	29,276
GST receivable	27,273	330
Allowance for credit losses of other receivables	(362,262)	(314,582)
	1,453,023	1,394,727
Non-current		
Rates and statutory receivables	268,323	268,323
	268,323	268,323

Disclosure of opening and closing balances related to contracts with customers

Note	30 June 2024	30 June 2023	1 July 2022	
	Actual	Actual	Actual	
	\$	\$	\$	
Allowance for credit losses of other receivables	5	(362,262)	(314,582)	(377,308)
	(362,262)	(314,582)	(377,308)	

MATERIAL ACCOUNTING POLICIES

Rates and statutory receivables

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

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

Trade receivables

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

Other receivables

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

Measurement

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

Classification and subsequent measurement

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

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

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

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

6. INVENTORIES

	2024	2023
Current	\$	\$
Fuel and materials	14,684	20,508
	14,684	20,508
The following movements in inventories occurred during the year:		
Balance at beginning of year	20,508	20,508
Adjustments to inventory	(5,824)	0
Balance at end of year	14,684	20,508

MATERIAL ACCOUNTING POLICIES

General

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

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

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

7. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Total Property (Assets not subject to operating lease)				Plant and equipment					Total property, plant and equipment
	Land	Buildings - non-specialised	Buildings - specialised	Total Property	Furniture and equipment	Plant and equipment	Other property, plant and equipment - motor vehicles	Other property, plant and equipment - equipment	Other property, plant and equipment - paintings & sculptures	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	5,731,900	3,925,000	45,064,491	54,721,391	177,976	3,074,471	480,011	692,695	308,170	59,454,714
Additions	0	106,898	250,993	357,891	0	304,704	91,715	414,750	9,430	1,178,490
Disposals	0	0	0	0	0	(4,788)	(28,011)	0	0	(32,799)
Depreciation (Restated)	0	(183,351)	(1,984,042)	(2,167,393)	(43,557)	(523,990)	(59,178)	(174,771)	(2,649)	(2,971,538)
Transfers (See Note 8(a))	0	0	2,581,535	2,581,535	0	0	0	12,046	123,728	2,717,309
Balance at 30 June 2023	5,731,900	3,848,547	45,912,977	55,493,424	134,419	2,850,397	484,537	944,720	438,679	60,346,176
Comprises:										
Gross balance amount at 30 June 2023	5,731,900	4,031,898	48,066,412	57,830,210	295,016	5,510,591	777,948	1,799,057	446,058	66,658,880
Accumulated depreciation at 30 June 2023	0	(183,351)	(2,153,435)	(2,336,786)	(160,597)	(2,660,194)	(293,411)	(854,337)	(7,379)	(6,312,704)
Balance at 30 June 2023	5,731,900	3,848,547	45,912,977	55,493,424	134,419	2,850,397	484,537	944,720	438,679	60,346,176
Additions	0	0	159,155	159,155	0	1,070,907	44,057	0	10,500	1,284,619
Disposals	(64,000)	0	0	(64,000)	0	(118,221)	0	0	0	(182,221)
Depreciation	0	(185,467)	(1,989,381)	(2,174,848)	(43,590)	(608,360)	(135,202)	(208,745)	(2,567)	(3,173,312)
Balance at 30 June 2024	5,667,900	3,663,080	44,082,751	53,413,731	90,829	3,194,723	393,392	735,975	446,612	58,275,262
Comprises:										
Gross balance amount at 30 June 2024	5,667,900	4,031,898	48,225,567	57,925,365	295,016	5,942,179	822,005	1,799,057	456,558	67,240,180
Accumulated depreciation at 30 June 2024	0	(368,818)	(4,142,816)	(4,511,634)	(204,187)	(2,747,456)	(428,613)	(1,063,082)	(9,946)	(8,964,918)
Balance at 30 June 2024	5,667,900	3,663,080	44,082,751	53,413,731	90,829	3,194,723	393,392	735,975	446,612	58,275,262

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Fair Value Land and Buildings					
Land	2	Market approach using recent observable market for similar properties	Independent Registered Valuer	June 2022	Price per square metre
Buildings - Non Specialised	2	Market approach using recent observable market data for similar properties	Independent Registered Valuer	June 2022	Price per square metre
Buildings - Specialised	2 & 3	Cost approach using current replacement cost	Independent Registered Valuer	June 2022	Construction cost and current condition, residual values and remaining useful life assessments

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

During the period there were no changes in valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or 3 inputs.

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

8. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - drainage	Infrastructure - parks and ovals	Infrastructure - other	Infrastructure - landfill assets	Other infrastructure - bridges	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	118,629,601	2,240,567	9,638,154	15,207,919	15,016,788	61,597	399,076	161,193,702
Additions	1,364,695	143,352	0	0	114,584	0	38,523	1,661,154
Revaluation increments / (decrements) transferred to revaluation surplus (Restated)	54,264,836	853,394	9,713,716	(4,473,235)	1,792,053	0	331,769	62,482,533
Impairment (losses) / reversals								0
Depreciation	(1,997,009)	(137,155)	(202,872)	(575,206)	(582,445)	(4,758)	(14,112)	(3,513,557)
Transfers (see note 7(a))				(53,425)	(2,663,884)	0	0	(2,717,309)
Balance at 30 June 2023	172,262,123	3,100,158	19,148,998	10,106,053	13,677,096	56,839	755,256	219,106,523
Comprises:								
Gross balance at 30 June 2023	172,262,123	3,100,158	19,148,998	10,106,053	13,677,096	317,460	755,256	219,367,144
Accumulated depreciation at 30 June 2023	0	0	0	0	0	(260,621)	0	(260,621)
Balance at 30 June 2023	172,262,123	3,100,158	19,148,998	10,106,053	13,677,096	56,839	755,256	219,106,523
Additions	395,259	0	0	97,800	25,607	0	15,841	534,507
Depreciation	(4,525,506)	(93,152)	(301,188)	(420,165)	(442,113)	(4,762)	(54,602)	(5,841,488)
Balance at 30 June 2024	168,131,876	3,007,006	18,847,810	9,783,688	13,260,590	52,077	716,495	213,799,542
Comprises:								
Gross balance at 30 June 2024	172,657,382	3,100,158	19,148,998	10,203,853	13,702,703	317,460	771,097	219,901,651
Accumulated depreciation at 30 June 2024	(4,525,506)	(93,152)	(301,188)	(420,165)	(442,113)	(265,383)	(54,602)	(6,102,109)
Balance at 30 June 2024	168,131,876	3,007,006	18,847,810	9,783,688	13,260,590	52,077	716,495	213,799,542

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

8. INFRASTRUCTURE (Continued)

(b) Carrying Amount Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Fair Value - as determined at the last valuation date					
Infrastructure - roads	3	Cost approach using current replacement cost	Management Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments
Infrastructure - footpaths	3	Cost approach using current replacement cost	Management Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments
Infrastructure - drainage	3	Cost approach using current replacement cost	Management Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments
Infrastructure - parks and ovals	3	Cost approach using current replacement cost	Management Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments
Infrastructure - other	3	Cost approach using current replacement cost	Management Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure - bridges	3	Cost approach using current replacement cost	Management Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments

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

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

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

9. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

Asset Class	Useful life
Buildings	4 to 50 years
Furniture and equipment	4 to 20 years
Plant	5 to 15 years
Motor Vehicles	5 to 10 years
Equipment	5 to 50 years
Painting and Sculptures	not depreciated
Sealed roads and streets	
formation	not depreciated
pavement	2.5 to 72 years
seal	
- bituminous seals	2 to 18 years
- asphalt surfaces	9 to 27 years
Gravel roads	
formation	not depreciated
pavement	5 to 63 years
Footpaths - slab	7 to 80 years
Water supply piping and drainage systems	80 to 100 years
Landfill assets	6 to 34 years
Right-of-use (plant and equipment)	Based on the remaining lease term

Revision of useful lives of plant and equipment

During the year, the estimated total useful lives of all infrastructure assets were revised following the revaluation of infrastructure in previous year.

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

9. FIXED ASSETS (Continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

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

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

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

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

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at reportable value.

Measurement after recognition

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

Reportable Value

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

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

Revaluation

Land and buildings classified as property, plant and equipment, *infrastructure or vested improvements that the local government controls* and measured at reportable value, are only required to be revalued every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on land vested in the Shire.

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

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity.

Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

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

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

Depreciation on revaluation

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

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

Impairment

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

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposal

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

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

10. LEASES

(a) Right-of-Use Assets

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

Note	Right-of-use assets \$	Right-of-use assets Total \$
Balance at 1 July 2022	29,523	29,523
Depreciation	(14,221)	(14,221)
Balance at 30 June 2023	15,302	15,302
Gross balance amount at 30 June 2023	47,289	47,289
Accumulated depreciation at 30 June 2023	(31,970)	(31,970)
Balance at 30 June 2023	15,319	15,319
Depreciation	(13,199)	(13,199)
Balance at 30 June 2024	2,120	2,120
Gross balance amount at 30 June 2024	52,767	52,767
Accumulated depreciation at 30 June 2024	(50,647)	(50,647)
Balance at 30 June 2024	2,120	2,120

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

	2024 Actual \$	2023 Actual \$
Depreciation on right-of-use assets	(13,199)	(14,221)
Finance charge on lease liabilities	(400)	(1,008)
Total amount recognised in the statement of comprehensive income	(13,599)	(15,229)
Total cash outflow from leases	(15,572)	(14,469)
(b) Lease Liabilities		
Current	878	15,095
Non-current	0	955
	24(b) 878	16,050

MATERIAL ACCOUNTING POLICIES

Leases

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

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

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

Details of individual lease liabilities required by regulations are provided at Note 24(b).

Right-of-use assets - measurement

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

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

Right-of-use assets - depreciation

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

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

11. TRADE AND OTHER PAYABLES

Current

Sundry creditors	92,188	577,861
Prepaid rates	123,775	80,947
Accrued payroll liabilities	97,587	92,679
ATO liabilities	0	32,280
Bonds and deposits held	70,464	73,410
Other payables - accrued expenditure	82,800	0
Accrued interest on loans	16,033	17,118
Other payables - Amherst Village Refundable Capital Deposits	929,590	1,112,890

	2024	2023
	\$	\$
Sundry creditors	92,188	577,861
Prepaid rates	123,775	80,947
Accrued payroll liabilities	97,587	92,679
ATO liabilities	0	32,280
Bonds and deposits held	70,464	73,410
Other payables - accrued expenditure	82,800	0
Accrued interest on loans	16,033	17,118
Other payables - Amherst Village Refundable Capital Deposits	929,590	1,112,890
	1,412,437	1,987,185

MATERIAL ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

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

Prepaid rates

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

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

12. OTHER LIABILITIES

	2024	2023
	\$	\$
Current		
Contract liabilities	348,255	103,112
Capital grant/contributions liabilities	4,507,527	0
	4,855,782	103,112
Non-current		
Capital grant/contributions liabilities	0	4,336,743
	0	4,336,743
Reconciliation of changes in contract liabilities		
Opening balance	4,422,028	4,703,049
Additions	433,754	170,571
Revenue from contracts with customers included as a contract liability at the start of the period	0	(451,592)
	4,855,782	4,422,028
<p>The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$348,255 (2023: \$103,112)</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>		
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	4,855,782	103,112
1 to 2 years	0	4,336,743
2 to 3 years	0	0
3 to 4 years	0	0
4 to 5 years	0	0
> 5 years	0	0
	4,855,782	4,439,855

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

MATERIAL ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 21(i)) due to the unobservable inputs, including own credit risk.

**SHIRE OF KATANNING
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FOR THE YEAR ENDED 30 JUNE 2024**

13. BORROWINGS

	Note	2024			2023		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Bank loans		293,447	3,006,633	3,300,080	284,958	3,300,081	3,585,039
Total secured borrowings	24(a)	293,447	3,006,633	3,300,080	284,958	3,300,081	3,585,039

Risk

Details of individual borrowings required by regulations are provided at note 24(a)

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

14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2024	2023
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	247,524	297,782
Long service leave	334,755	332,659
	582,279	630,441
Total current employee related provisions	582,279	630,441
Non-current provisions		
Employee benefit provisions		
Long service leave	109,024	100,850
	109,024	100,850
Total non-current employee related provisions	109,024	100,850
Total employee related provisions	691,303	731,291

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.

MATERIAL ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

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

15. OTHER PROVISIONS

	Make good provisions	Total
	\$	\$
Opening balance at 1 July 2023		
Non-current provisions	573,804	573,804
	<u>573,804</u>	<u>573,804</u>
Additional provision	34,429	34,429
Balance at 30 June 2024	<u>608,233</u>	<u>608,233</u>
Comprises		
Non-current	608,233	608,233
	<u>608,233</u>	<u>608,233</u>

Other provisions

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

Make good provisions Katanning Landfill Site

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

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

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

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

16. REVALUATION SURPLUS

	2024 Opening Balance	2024 Closing Balance	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance
	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	8,181,336	8,181,336	8,181,336	0	8,181,336
Revaluation surplus - Buildings - non-specialised	5,403,411	5,403,411	5,403,411	0	5,403,411
Revaluation surplus - Buildings - specialised	4,744,578	4,744,578	4,744,578	0	4,744,578
Revaluation surplus - Furniture and equipment	1,773	1,773	1,773	0	1,773
Revaluation surplus - Plant and equipment	1,011,022	1,011,022	1,011,022	0	1,011,022
Revaluation surplus - Other property, plant and equipment - motor vehicles	160,555	160,555	160,555	0	160,555
Revaluation surplus - Other property, plant and equipment - equipment	579,346	579,346	579,346	0	579,346
Revaluation surplus - Other property, plant and equipment - paintings & sculptures	240,066	240,066	240,066	0	240,066
Revaluation surplus - Infrastructure - roads	136,673,080	136,673,080	82,408,244	54,264,836	136,673,080
Revaluation surplus - Infrastructure - footpaths	2,333,663	2,333,663	1,480,269	853,394	2,333,663
Revaluation surplus - Infrastructure - drainage	20,167,819	20,167,819	10,454,103	9,713,716	20,167,819
Revaluation surplus - Infrastructure - parks and ovals	0	0	1,487,166	(1,487,166)	0
Revaluation surplus - Infrastructure - other	5,871,027	5,871,027	4,078,974	1,792,053	5,871,027
Revaluation surplus - Other infrastructure - bridges	391,595	391,595	59,826	331,769	391,595
	185,759,271	185,759,271	120,290,669	65,468,602	185,759,271

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

17. RESTRICTIONS OVER FINANCIAL ASSETS

	Note	2024 Actual \$	2023 Actual \$
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	12,650,478	12,247,061
		12,650,478	12,247,061
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	25	7,794,695	7,733,796
Contract liabilities	12	4,855,783	4,439,855
Bonds and Deposits held		0	73,410
Total restricted financial assets		12,650,478	12,247,061
18. UNDRAWN BORROWING FACILITIES AND CREDIT STANDBY ARRANGEMENTS			
Bank overdraft limit		250,000	250,000
Bank overdraft at balance date		0	0
Credit card limit		65,000	65,000
Credit card balance at balance date		0	0
Total amount of credit unused		315,000	315,000
Loan facilities			
Loan facilities - current		293,447	284,958
Loan facilities - non-current		3,006,633	3,300,081
Total facilities in use at balance date		3,300,080	3,585,039
Unused loan facilities at balance date		0	0

**SHIRE OF KATANNING
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19. CONTINGENT LIABILITIES

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

1. Katanning Regional Sheep Saleyard - Crown Reserve 50922, Lot 500 Katanning-Nyabing Road, Katanning. This site is suspected of being contaminated but has not been assessed at this time.

2. Shire Depot - Lot 996 Cullen Street, Katanning

This site is suspected of being contaminated but has not been assessed at this time.

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

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

20. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
President's annual allowance	29,375	30,000	30,000
President's meeting attendance fees	15,000	15,000	15,000
President's ICT expenses	1,100	1,100	1,100
	<u>45,475</u>	<u>46,100</u>	<u>46,100</u>
Deputy President's annual allowance	8,125	7,500	7,500
Deputy President's meeting attendance fees	15,000	15,000	15,000
Deputy President's annual allowance for ICT expenses	1,100	1,100	1,100
	<u>24,225</u>	<u>23,600</u>	<u>23,600</u>
All other council member's meeting attendance fees	72,500	75,000	66,155
All other council member's annual allowance for ICT expenses	5,317	7,500	4,871
	<u>77,817</u>	<u>82,500</u>	<u>71,026</u>
20(b)	<u>147,517</u>	<u>152,200</u>	<u>140,726</u>

(b) Key Management Personnel (KMP) Compensation

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

Short-term employee benefits	554,711	520,061
Post-employment benefits	65,304	61,668
Employee - other long-term benefits	33,396	68,505
Employee - termination benefits	80,417	0
Council member costs	147,517	140,726
20(a)	<u>881,345</u>	<u>790,960</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

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

Council member costs

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

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

20. RELATED PARTY TRANSACTIONS

Transactions with related parties

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

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

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

	2024 Actual	2023 Actual
	\$	\$
Sale of goods and services	0	20,364
Purchase of goods and services	39,307	25,480

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Shire, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 20(a) and 20(b).

ii. Other Related Parties

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

The purchase of goods involved materials for plant maintenance and tourism services, being \$39,307 in the current year (\$25,480 in prior year).

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

21. OTHER MATERIAL ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount except for non-financial assets that are:

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

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 9.

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

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

22. RATING INFORMATION

(a) General Rates

RATE TYPE	Basis of valuation	Rate in \$	Number of Properties	2023/24 Actual Rateable Value*	2023/24 Actual Rate Revenue	2023/24 Actual Interim Rates	2023/24 Actual Total Revenue	2023/24 Budget Rate Revenue	2023/24 Budget Interim Rate	2023/24 Budget Total Revenue	2022/23 Actual Total Revenue
GRV	Gross rental valuation	0.119201	1,201	20,289,339	2,418,509	(4,133)	2,414,376	2,418,509	1,000	2,419,509	2,237,869
UV	Unimproved valuation	0.00754	203	228,209,000	1,720,696	(974)	1,719,722	1,720,696		1,720,696	1,618,429
Total general rates			1,404	248,498,339	4,139,205	(5,107)	4,134,098	4,139,205	1,000	4,140,205	3,856,298
Minimum Payment \$											
GRV	Gross rental valuation	1,152	609	3,903,900	701,568	0	701,568	701,568		701,568	654,346
UV	Unimproved valuation	1,152	153	10,332,181	176,256	0	176,256	176,256		176,256	141,218
Total minimum payments			762	14,236,081	877,824	0	877,824	877,824	0	877,824	795,564
Total general rates and minimum payments			2,166	262,734,420	5,017,029	(5,107)	5,011,922	5,017,029	1,000	5,018,029	4,651,862
Ex-gratia Rates											
CBH			1	0	4,842	0	4,842	5,150		5,150	4,799
Total amount raised from rates (excluding general rates)			1	0	4,842	0	4,842	5,150	0	5,150	4,799
Discounts										(2,685)	(3,100)
Total Rates							5,016,764			5,020,494	4,653,561
Rate instalment interest							12,638			12,000	11,789
Rate overdue interest							65,611			75,000	70,488

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

*Rateable Value at time of raising of rate.

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

23. DETERMINATION OF SURPLUS OR DEFICIT

Note	2023/24 (30 June 2024 Carried Forward) \$	2023/24 Budget (30 June 2024 Carried Forward) \$	2023/24 (1 July 2023 Brought Forward) \$	2022/23 Restated (30 June 2023 Carried Forward) \$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	(104,831)	(195,378)	(37,247)	(37,247)
Add: Loss on disposal of assets	0	34,996	0	0
Movement in Amherst deposits	(183,301)	0	0	(103,854)
Employee benefit provisions (current)	8,174	0	0	(19,361)
Add: Depreciation	9,028,003	5,342,903	5,347,988	6,499,289
Non-cash movements in non-current assets and liabilities:				
Employee benefit provisions	(48,163)	0	(10,264)	(10,264)
Financial assets at amortised cost-self supporting loan	0	0	0	(223,828)
Pensioner deferred rates	0	0	0	(15,174)
Other provisions	34,429	0	(330,248)	31,969
Contract liabilities	(4,336,743)	0	125,274	125,274
Non-cash amounts excluded from operating activities	4,397,568	5,182,521	5,095,503	6,246,804
(b) Surplus or deficit after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	25 (7,794,695)	(6,302,936)	(7,733,796)	(7,733,796)
Less: Financial assets at amortised cost - self supporting loans	4(a) (21,880)	0	0	0
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	13 293,447	0	284,958	284,958
- Amherst deposits	11 929,590	1,116,238	1,112,890	1,112,890
- Local Government House Equity	4(b) 142,607	0	142,607	142,607
- Current portion of lease liabilities	10(b) 878	0	15,095	15,095
- Employee benefit provisions	14 582,279	630,441	630,441	630,441
Total adjustments to net current assets	(5,867,774)	(4,556,257)	(5,547,805)	(5,547,805)
Net current assets used in the Statement of Financial Activity				
Total current assets	17,124,846	11,580,847	12,240,689	16,748,217
Less: Total current liabilities	(7,144,823)	(7,024,590)	(3,020,791)	(3,020,791)
Less: Total adjustments to net current assets	(5,867,774)	(4,556,257)	(5,547,805)	(5,547,805)
Surplus or deficit after imposition of general rates	4,112,249	0	3,672,093	8,179,621

SHIRE OF KATANNING
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24. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual						Budget				
		Principal at 1 July 2022	New Loans During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	New Loans During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024	Principal at 1 July 2023	New Loans During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024
158 Administration Building		\$ 2,138,269	\$ 0	\$ (99,268)	\$ 2,039,001	\$ 0	\$ (103,074)	\$ 1,935,927	\$ 2,039,001	\$ 0	\$ (103,074)	\$ 1,935,927
159 Aged & Key Worker Accom		645,095	0	(43,982)	601,113	0	(44,561)	556,552	601,113	0	(44,561)	556,552
160 Water Cart		145,431	0	(16,558)	128,873	0	(16,702)	112,171	128,873	0	(16,702)	112,171
161 CAT Grader		213,871	0	(24,350)	189,521	0	(24,562)	164,959	189,521	0	(24,562)	164,959
163 Road Sweeper		0	210,000	(9,626)	200,374	0	(39,384)	160,990	200,374	0	(39,384)	160,990
164 Prime Mover		0	190,000	(8,710)	181,290	0	(35,633)	145,657	181,290	0	(35,633)	145,657
Total		3,142,666	400,000	(202,494)	3,340,172	0	(263,916)	3,076,256	3,340,172	0	(263,916)	3,076,256
Self Supporting Loans												
162 Katanning Country Club		0	250,000	(5,133)	244,867	0	(21,043)	223,824	244,867	0	(15,910)	228,957
Total Self Supporting Loans		0	250,000	(5,133)	244,867	0	(21,043)	223,824	244,867	0	(15,910)	228,957
Total Borrowings	13	3,142,666	650,000	(207,627)	3,585,039	0	(284,959)	3,300,080	3,585,039	0	(279,826)	3,305,213

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

Borrowing Finance Cost Payments

Purpose	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023
158 Administration Building	158	WATC	3.80%	2/05/2038	\$ (76,512)	\$ (90,527)	\$ (94,388)
159 Aged & Key Worker Accom	159	WATC	1.31%	6/11/2035	(7,733)	(11,827)	(12,617)
160 Water Cart	160	WATC	0.87%	6/11/2030	(1,084)	(1,942)	(3,317)
161 CAT Grader	161	WATC	0.87%	6/11/2030	(1,595)	(2,856)	(3,001)
163 Road Sweeper	163	WATC	3.62%	17/02/2028	(6,718)	(7,989)	(2,179)
164 Prime Mover	164	WATC	3.62%	17/02/2028	(6,078)	(7,228)	(3,205)
Total					(99,720)	(122,369)	(118,707)
Self Supporting Loans Finance Cost Payments							
162 Katanning Country Club	162	WATC	3.93%	17/02/2033	(9,310)	(10,957)	(4,269)
Total Self Supporting Loans Finance Cost Payments					(9,310)	(10,957)	(4,269)
Total Finance Cost Payments					(109,030)	(133,326)	(122,976)

* WA Treasury Corporation

SHIRE OF KATANNING
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FOR THE YEAR ENDED 30 JUNE 2024

24. BORROWING AND LEASE LIABILITIES (Continued)

(b) Lease Liabilities

Purpose	Note	Actual							Budget			
		Principal at 1 July 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	New Leases During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024	Principal at 1 July 2023	New Leases During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CESM Vehicle 1HCG001		28,403	0	(12,353)	16,050	0	(15,172)	878	16,050	0	(15,095)	955
Matric Spin Bicycles		1,108	0	(1,108)	0	0	0	0	0	0	0	0
Total Lease Liabilities	10(b)	29,511	0	(13,461)	16,050	0	(15,172)	878	16,050	0	(15,095)	955

Lease Finance Cost Payments

Purpose	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023	Lease Term
					\$	\$	\$	
CESM Vehicle 1HCG001	491912/001	SG Fleet Australia P/L	26.70%	11/08/2024	(400)	0	(1,008)	48 Months
Total Finance Cost Payments					(400)	0	(1,008)	

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25. RESERVE ACCOUNTS

	2024 Actual Opening Balance	2024 Actual Transfer to	2024 Actual Transfer (from)	2024 Actual Closing Balance	2024 Budget Opening Balance	2024 Budget Transfer to	2024 Budget Transfer (from)	2024 Budget Closing Balance	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Leave reserve	744,023	32,563	0	776,586	744,023	25,050	0	769,073	745,770	25,051	(26,798)	744,023
(b) Plant Replacement Reserve	511,586	17,301	(315,346)	213,541	511,587	64,987	(300,000)	276,574	393,787	117,799	0	511,586
(c) Amherst Village Building Maintenance Reserve	181,756	17,955	0	199,711	181,757	12,400	(40,000)	154,157	23,348	158,408	0	181,756
(d) Amherst Village Refundable Deposit Reserve	1,179,038	51,591	(142,800)	1,087,829	1,179,038	42,200	(105,000)	1,116,238	1,292,805	42,233	(156,000)	1,179,038
(e) Old Saleyards Reserve	915,887	40,085	0	955,972	915,887	32,000	(350,000)	597,887	964,277	31,975	(80,365)	915,887
(f) Waste Management Reserve	438,650	19,198	0	457,848	438,651	14,400	0	453,051	424,260	14,390	0	438,650
(g) Land & Building Reserve	1,607,618	70,348	(159,155)	1,518,811	1,607,621	65,350	(1,081,506)	591,465	1,659,550	105,352	(157,287)	1,607,618
(h) Land & Building Facilities for Seniors Reserve	364,328	15,354	0	379,682	350,819	11,500	(60,000)	302,319	339,310	25,018	0	364,328
(i) Regional Sheep Saleyards Reserve	684,730	170,569	0	855,299	698,238	165,000	(96,850)	766,388	765,926	11,509	(92,705)	684,730
(j) Christmas Decoration Reserve	62,811	2,749	0	65,560	62,810	11,820	(50,000)	24,630	50,990	11,821	0	62,811
(k) GRV Revaluation Reserve	63,370	2,771	(40,000)	26,141	63,369	11,830	(50,000)	25,199	51,531	11,839	0	63,370
(l) Quartermaine Oval Reserve	306,030	63,397	0	369,427	306,030	58,840	0	364,870	247,190	58,840	0	306,030
(m) KLC Facilities Reserve	225,788	112,199	0	337,987	225,788	110,590	0	336,378	256,896	58,286	(89,394)	225,788
(n) Election Reserve	34,238	1,498	0	35,736	34,237	10,890	(30,000)	15,127	23,355	10,883	0	34,238
(o) Library Building Reserve	17,887	3,283	0	21,170	17,886	3,030	0	20,916	14,860	3,027	0	17,887
(p) Community & Economic Development Reserve	270,770	11,850	0	282,620	270,770	8,900	0	279,670	261,887	8,883	0	270,770
(q) Lake Ewlyamartup Facilities Reserve	20,575	5,901	0	26,476	20,575	5,550	0	26,125	15,020	5,555	0	20,575
(r) Parks & Playgrounds Reserve	62,329	17,729	0	80,058	62,328	16,680	0	79,008	45,644	16,685	0	62,329
(s) Katanning Aquatic Centre Reserve	6,960	15,306	0	22,266	6,959	16,180	0	23,139	45,644	16,185	(54,869)	6,960
(t) Housing Reserve	35,422	46,553	0	81,975	35,422	45,300	0	80,722	100	35,322	0	35,422
	7,733,796	718,200	(657,301)	7,794,695	7,733,795	732,497	(2,163,356)	6,302,936	7,622,150	769,061	(657,418)	7,733,796

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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25. RESERVE ACCOUNTS (Cont'd)

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

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26. CORRECTION OF ERROR

Balances relating to the 2023/2024 comparative year have been amended due to the correction of prior period errors. These errors have been adjusted as shown below, and in accordance with the requirements of AASB101.

(a) The infrastructure has now been reviewed to reflect the fair value balances to comply with Regulation 17(4)(b) of the Local Government (Financial Management) Regulations 1996.

This has resulted in an increase in Infrastructure by \$59m and Revaluation Surplus by \$65m.

(b) The depreciation rates on buildings has now been reviewed after they have been revalued in 2021/22.

This has resulted in an increase in depreciation by \$1.1m in the Statement of Financial Position and the Statement of Comprehensive Income.

Overall the net result and retained earnings have decreased by \$4m.

The changes in comparative figures have been reported below:-

	Previous Balance 2023	Increase/ (Decrease)	Restated Balance 2023
	\$	\$	\$
Statement of Financial Position			
(Extract)			
Property, plant and equipment	58,915,944	1,430,233	60,346,177
Infrastructure	159,205,524	59,900,999	219,106,523
Retained earnings	96,162,073	(4,137,370)	92,024,703
Revaluation reserves	120,290,669	65,468,602	185,759,271
Statement of Comprehensive Income			
(Extract)			
Depreciation	5,347,988	1,151,301	6,499,289
Loss on revaluation of infrastructure - parks and ovals	0	(2,986,069)	(2,986,069)
Net result for the period	(1,484,771)	(4,137,370)	(5,622,141)
Changes in asset revaluation surplus	0	65,468,602	65,468,602
Statement of Changes in Equity			
(Extract)			
Net result	(1,484,771)	(4,137,370)	(5,622,141)
Other comprehensive income	0	65,468,602	65,468,602
Statement of Financial Activity			
(Extract)			
Depreciation	(5,347,988)	(1,151,301)	(6,499,289)
Note 7(a) - Property, Plant and Equipment			
(Extract)			
Depreciation	(1,820,235)	(1,151,303)	(2,971,538)
Transfer	0	2,717,309	2,717,309
Note 8(a) - Infrastructure			
(Extract)			
Revaluation Increments	0	62,482,533	62,482,533
Transfer	0	(2,717,309)	(2,717,309)
Note 16 - Revaluation Surplus			
(Extract)			
Revaluation surplus - Infrastructure - roads	82,408,244	54,264,836	136,673,080
Revaluation surplus - Infrastructure - footpaths	1,480,269	853,394	2,333,663
Revaluation surplus - Infrastructure - drainage	10,454,103	9,713,716	20,167,819
Revaluation surplus - Infrastructure - parks and ovals	1,487,166	(1,487,166)	0
Revaluation surplus - Infrastructure - other	4,078,974	1,792,053	5,871,027
Revaluation surplus - Other infrastructure - bridges	59,826	331,769	391,595