



SHIRE OF
MERREDIN
INNOVATING THE WHEATBELT

Unconfirmed copy of Minutes from Audit
Committee Meeting held on
29 November 2024 subject
to confirmation at the Ordinary Council
Meeting to be held
17 December 2024

SHIRE OF MERREDIN

These Minutes were presented to Council at
its Ordinary Council Meeting of

17 December 2024

Donna Crook - Shire President

MINUTES

Audit Committee Meeting

Held in Council Chambers
Corner King & Barrack Street's, Merredin
Friday 29 November 2024
Commencing 3:30pm



Common Acronyms Used in this Document

CEO	Chief Executive Officer
EMSC	Executive Manager Strategy and Community
EMDS	Executive Manager Development Services
EMES	Executive Manager Engineering Services
EMCS	Executive Manager Corporate Services
EO	Executive Officer
GO	Governance Officer
MCS	Manager Corporate Services
SFO	Senior Finance Officer
CBP	Corporate Business Plan
SCP	Strategic Community Plan
OAG	Office of the Auditor General

Shire of Merredin
Audit Committee Meeting
3.30pm Friday 29 November 2024



1. Official Opening

The Presiding Member acknowledged the Traditional Owners of the land on which we meet today, and paid his respects to Elders past, present and emerging. The Presiding Member then welcomed those in attendance and declared the meeting open at 3:33pm.

2. Record of Attendance / Apologies and Leave of Absence

Councillors:

Cr R Manning	Deputy President
Cr M McKenzie	Presiding Member
Cr B Anderson	
Cr M Simmonds	
Cr H Billing	Observer

Staff:

C Watts	CEO
L Boehme	EMCS
M Wyatt	EO

Auditors:

R Hall - Dry Kirkness, S Gunalan - Auditor
General's Office – **3:33pm – 3:58pm**

Members of the Public:

Apologies:

Cr D Crook – President

Approved Leave of Absence:

3. Public Question Time

Nil

4. Disclosure of Interest

Nil

5. Confirmation of Minutes of the Previous Meeting

5.1 Audit Committee Meeting held on 22 October 2024
Attachment 5.1A

Voting Requirements



Simple Majority



Absolute Majority

Resolution

Moved: Cr Anderson

Seconded: Cr Simmonds

83501

That the minutes of the Audit Committee Meeting held on 22 October 2024 be confirmed as a true and accurate record of proceedings.

CARRIED 4/0

For: Cr McKenzie, Cr Manning, Cr Anderson, Cr Simmonds

Against: Nil

6. Officer's Reports

6.1 Annual Financial Statements 2023/24 - Audit

<h1>Corporate Services</h1> 	
Responsible Officer:	Leah Boehme - EMCS
Author:	As above
Legislation:	<i>Local Government Act 1995</i> <i>Local Government (Audit) Regulations 1996</i>
File Reference:	Nil
Disclosure of Interest:	Nil
Attachments:	Attachment 6.1A – Shire of Merredin – AFR – 2023/24 Attachment 6.1B – Final Management Letter Attachment – Shire of Merredin

Purpose of Report

Executive Decision

Legislative Requirement

To review and accept the Shire of Merredin (the Shire) Audited Financials and associated documents, as provided by the Office of the Auditor General (OAG).

Background

According to Section 7.12 (3) of the *Local Government Act 1995*, a local government must

- (aa) examine an audit report received by the local government; and
- (a) determine if any matters raised by the audit report, require action to be taken by the local government; and
- (b) ensure that appropriate action is taken in respect of those matters.

The Annual Financial Statements for the year ended 30 June 2024 have been completed, as has the annual audit of the financial statements by the Shire's Auditors, Dry Kirkness on behalf of the OAG. The Audited Financial Statements and associated audit paperwork is attached.

Comment

Pursuant to its Instrument of Appointment, it is relevant that the Audit Committee considers the 2023/24 Annual Financial Statement, Auditors Report and Management Letter and where appropriate, makes recommendation/s in respect of these reports to Council.

Pursuant to Section 7.9 of the *Local Government Act 1995*, an Auditor is required to examine the accounts and Annual Financial Report submitted by a local government for audit.

The Auditor is also required, by 31 December following the financial year to which the accounts and report relate, to prepare a report thereon and forward a copy of that report to:

1. the President;
2. the Chief Executive Officer; and
3. the Minister for Local Government.

Furthermore, in accordance with Regulation 10(4) of the *Local Government (Audit) Regulations 1996*, where it is considered appropriate to do so, the Auditor may prepare a Management Report to accompany the Auditor's Report, which is also to be forwarded to the persons specified in Section 7.9 of the Act. The Management Report provides an overview of the audit process and outcomes, whilst also identifying any matters that, whilst generally not material in relation to the overall audit of the financial report, are nonetheless considered relevant to the day-to-day operations of Council.

Section 7.12 (4) states; A local government must —

- (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and
- (b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.

The Shire has no significant findings on the 2023/24 Management Report, as per Attachment 6.1B.

The Office of the Auditor General has not provided a draft audit opinion package as they have in previous years. Approval has been given to provide the Audit Committee with a draft copy of the Annual Financial Report for 2023/24 and a draft copy of the final Management Letter.

Discussion with the Auditor

Mr Robert Hall of Dry Kirkness, and Ms Subha Gunalan of the Auditor General's Office will attend the meeting by Teams to provide feedback on the audit and complete the exit meeting.

Policy Implications

Nil

Statutory Implications

As per the *Local Government Act 1995*.

Strategic Implications

➤ Strategic Community Plan

Theme:	4. Communications and Leadership
Service Area Objective:	4.2 Decision Making
Priorities and Strategies for Change:	The Shire is progressive while exercising responsible stewardship of its built, natural and financial resources

➤ Corporate Business Plan

Theme:	4. Communications and Leadership.
Priorities:	Nil
Objectives	4.2 Decision Making

Sustainability Implications

∅ Strategic Resource Plan

Nil

Risk Implications

There is a compliance risk associated with this Item as the Shire would be contravening the *Local Government Act 1995* and *Local Government (Audit) Regulations 1996* if this Item was not presented to the Audit Committee. The risk rating is considered to be moderate (6), which is determined by a likelihood of unlikely (2) and a consequence of moderate (3). This risk will be eliminated by the adoption of the Officer's Recommendation.

Financial Implications

Nil

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

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

*Merredin is the commercial and cultural heart of the eastern Wheatbelt region.
A place people are proud to call home and where visitors are always welcome.*

Principal place of business:
Cnr King & Barrack Streets
MERREDIN WA 6415

**SHIRE OF MERREDIN
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 Merredin 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

Chief Executive Officer

Leslie Craig Watts

Name of Chief Executive Officer

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

	NOTE	2024 Actual \$	2024 Budget \$	2023 Actual \$
Revenue				
Rates	2(a),21	5,299,798	5,292,900	4,850,490
Grants, subsidies and contributions	2(a)	3,863,059	770,400	4,777,148
Fees and charges	2(a)	1,121,353	877,100	955,099
Interest revenue	2(a)	487,976	213,700	249,447
Other revenue	2(a)	302,476	255,200	327,025
		11,074,662	7,409,300	11,159,209
Expenses				
Employee costs	2(b)	(4,405,074)	(4,549,430)	(4,132,657)
Materials and contracts		(2,961,733)	(3,872,367)	(3,215,451)
Utility charges		(481,135)	(504,200)	(448,133)
Depreciation		(5,241,755)	(5,876,500)	(5,875,660)
Finance costs		(47,316)	(52,100)	(20,850)
Insurance		(263,973)	(258,700)	(233,996)
Other expenditure	2(b)	(451,235)	(248,100)	(320,434)
		(13,852,221)	(15,361,397)	(14,247,181)
		(2,777,559)	(7,952,097)	(3,087,972)
Capital grants, subsidies and contributions	2(a)	7,346,037	8,672,800	2,545,283
Profit on asset disposals		77,605	113,800	166,999
Loss on asset disposals		(155,221)	(11,700)	(150,546)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	2,942	0	6,450
		7,271,363	8,774,900	2,568,186
Net result for the period		4,493,804	822,803	(519,786)
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	15	0	0	48,746,061
Total other comprehensive income for the period	15	0	0	48,746,061
Total comprehensive income for the period		4,493,804	822,803	48,226,275

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

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

	NOTE	2024	2023
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	14,087,178	12,218,595
Trade and other receivables	5	1,048,467	973,054
Other financial assets	4(a)	38,677	36,834
Inventories	6	19,816	32,708
Other assets	7	726,255	333,764
TOTAL CURRENT ASSETS		15,920,393	13,594,955
NON-CURRENT ASSETS			
Trade and other receivables	5	121,222	111,077
Other financial assets	4(b)	296,735	332,470
Inventories	6	184,000	184,000
Property, plant and equipment	8	29,927,745	30,598,537
Infrastructure	9	212,071,799	205,789,653
TOTAL NON-CURRENT ASSETS		242,601,501	237,015,737
TOTAL ASSETS		258,521,894	250,610,692
CURRENT LIABILITIES			
Trade and other payables	11	3,560,682	787,649
Other liabilities	12	591,316	1,288,770
Borrowings	13	224,230	99,461
Employee related provisions	14	516,573	571,585
TOTAL CURRENT LIABILITIES		4,892,801	2,747,465
NON-CURRENT LIABILITIES			
Borrowings	13	1,645,759	389,989
Employee related provisions	14	69,271	52,979
TOTAL NON-CURRENT LIABILITIES		1,715,030	442,968
TOTAL LIABILITIES		6,607,831	3,190,433
NET ASSETS		251,914,063	247,420,259
EQUITY			
Retained surplus		60,189,670	55,389,068
Reserve accounts	24	6,669,075	6,975,873
Revaluation surplus	15	185,055,318	185,055,318
TOTAL EQUITY		251,914,063	247,420,259

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

**SHIRE OF MERREDIN
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		55,870,943	7,013,784	136,309,257	199,193,984
Correction of error		0	0	0	0
Restated balance at the beginning of the financial year		55,870,943	7,013,784	136,309,257	199,193,984
Comprehensive income for the period					
Net result for the period		(519,786)	0	0	(519,786)
Other comprehensive income for the period	15	0	0	48,746,061	48,746,061
Total comprehensive income for the period		(519,786)	0	48,746,061	48,226,275
Transfers from reserve accounts	24	687,193	(687,193)	0	0
Transfers to reserve accounts	24	(649,282)	649,282	0	0
Balance as at 30 June 2023		55,389,068	6,975,873	185,055,318	247,420,259
Comprehensive income for the period					
Net result for the period		4,493,804	0	0	4,493,804
Total comprehensive income for the period		4,493,804	0	0	4,493,804
Transfers from reserve accounts	24	910,583	(910,583)	0	0
Transfers to reserve accounts	24	(603,785)	603,785	0	0
Balance as at 30 June 2024		60,189,670	6,669,075	185,055,318	251,914,063

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

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

NOTE	2024 Actual	2023 Actual
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Rates	5,444,120	4,858,156
Grants, subsidies and contributions	3,570,072	4,201,103
Fees and charges	1,121,353	955,099
Interest revenue	487,976	249,447
Goods and services tax received	613,094	259,603
Other revenue	302,476	327,022
	11,539,091	10,850,430
Payments		
Employee costs	(4,416,142)	(4,040,397)
Materials and contracts	(719,636)	(3,369,446)
Utility charges	(381,135)	(448,133)
Finance costs	(47,316)	(20,850)
Insurance paid	(263,973)	(233,996)
Goods and services tax paid	(613,095)	(259,356)
Other expenditure	(451,235)	(320,434)
	(6,892,532)	(8,692,612)
Net cash provided by operating activities	4,646,559	2,157,818
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant & equipment	8(a) (1,352,487)	(1,431,767)
Payments for construction of infrastructure	9(a) (9,704,217)	(2,916,520)
Capital grants, subsidies and contributions	6,735,375	2,796,643
Proceeds from financial assets at amortised cost - self supporting loans	36,834	35,080
Proceeds from sale of property, plant & equipment	125,980	547,448
Net cash (used in) investing activities	(4,158,515)	(969,116)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	23(a) (99,461)	(95,779)
Proceeds from new borrowings	23(a) 1,480,000	0
Net cash provided by (used in) financing activities	1,380,539	(95,779)
Net increase in cash held	1,868,583	1,092,923
Cash at beginning of year	12,218,595	11,125,672
Cash and cash equivalents at the end of the year	14,087,178	12,218,595

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

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

	NOTE	2024 Actual \$	2024 Budget \$	2023 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	21	5,220,607	5,215,600	4,787,289
Rates excluding general rates	21	79,191	77,300	63,201
Grants, subsidies and contributions		3,863,059	770,400	4,777,148
Fees and charges		1,121,353	877,100	955,099
Interest revenue		487,976	213,700	249,447
Other revenue		302,476	255,200	327,025
Profit on asset disposals		77,605	113,800	166,999
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	2,942	0	6,450
		<u>11,155,209</u>	<u>7,523,100</u>	<u>11,332,658</u>
Expenditure from operating activities				
Employee costs		(4,405,074)	(4,549,430)	(4,132,657)
Materials and contracts		(2,961,733)	(3,872,367)	(3,215,451)
Utility charges		(481,135)	(504,200)	(448,133)
Depreciation		(5,241,755)	(5,876,500)	(5,875,660)
Finance costs		(47,316)	(52,100)	(20,850)
Insurance		(263,973)	(258,700)	(233,996)
Other expenditure		(451,235)	(248,100)	(320,434)
Loss on asset disposals		(155,221)	(11,700)	(150,546)
		<u>(14,007,442)</u>	<u>(15,373,097)</u>	<u>(14,397,727)</u>
Non cash amounts excluded from operating activities	22(a)	5,322,576	5,774,400	5,920,898
Amount attributable to operating activities		<u>2,470,343</u>	<u>(2,075,597)</u>	<u>2,855,829</u>
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		7,346,037	8,672,800	2,545,283
Proceeds from disposal of assets		125,980	205,900	547,448
Proceeds from financial assets at amortised cost - self supporting loans	23(a)	36,834	36,800	35,080
		<u>7,508,851</u>	<u>8,915,500</u>	<u>3,127,811</u>
Outflows from investing activities				
Purchase of property, plant and equipment	8(a)	(1,352,487)	(862,700)	(1,431,767)
Purchase and construction of infrastructure	9(a)	(9,704,217)	(11,972,300)	(2,916,520)
		<u>(11,056,704)</u>	<u>(12,835,000)</u>	<u>(4,348,287)</u>
Amount attributable to investing activities		<u>(3,547,853)</u>	<u>(3,919,500)</u>	<u>(1,220,476)</u>
FINANCING ACTIVITIES				
Inflows from financing activities				
Transfers from reserve accounts	24	910,583	1,182,100	687,193
		<u>2,390,583</u>	<u>2,662,100</u>	<u>687,193</u>
Outflows from financing activities				
Repayment of borrowings	23(a)	(99,461)	(154,900)	(95,779)
Transfers to reserve accounts	24	(603,785)	(110,000)	(649,282)
		<u>(703,246)</u>	<u>(264,900)</u>	<u>(745,061)</u>
Amount attributable to financing activities		<u>1,687,337</u>	<u>2,397,200</u>	<u>(57,868)</u>
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	22(b)	3,934,246	3,597,897	2,356,761
Amount attributable to operating activities		2,470,343	(2,075,597)	2,855,829
Amount attributable to investing activities		(3,547,853)	(3,919,500)	(1,220,476)
Amount attributable to financing activities		1,687,337	2,397,200	(57,868)
Surplus or deficit after imposition of general rates	22(b)	<u>4,544,073</u>	<u>0</u>	<u>3,934,246</u>

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

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

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 Merredin 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 were applied where no inconsistencies exist:

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

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

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

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

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

Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expense and various other factors that are believed to be basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

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

- Fair value measurement of assets carried at reportable value including:
 - Property, plant and equipment - note 8
 - Infrastructure - note 9
- Expected credit losses on financial assets - note 5
- Assets held for sale - note 7
- Impairment losses of non-financial assets - note
- Investment property - note 10
- Estimated useful life of intangible assets - note 10
- Measurement of employee benefits - note 14
- Measurement of provisions - note 14

Fair value hierarchy information can be found in note 20

The local government reporting entity

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

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

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

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

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

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

Revenue Recognition

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

For the year ended 30 June 2024

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	5,299,798	0	0	0	5,299,798
Grants, subsidies and contributions	3,852,401	0	0	10,658	3,863,059
Fees and charges	1,121,353	0	0	0	1,121,353
Interest revenue	10,298	0	60,372	417,306	487,976
Other revenue	302,476	0	0	0	302,476
Capital grants, subsidies and contributions	0	7,346,037	0	0	7,346,037
Total	10,586,326	7,346,037	60,372	427,964	18,420,699

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	4,850,490	0	0	0	4,850,490
Grants, subsidies and contributions	4,777,148	0	0	0	4,777,148
Fees and charges	955,099	0	0	0	955,099
Interest revenue	12,075	0	60,632	176,740	249,447
Other revenue	327,025	0	0	0	327,025
Capital grants, subsidies and contributions	0	2,512,864	0	32,419	2,545,283
Total	10,921,837	2,512,864	60,632	209,159	13,704,492

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Note	2024 Actual \$	2023 Actual \$
Interest revenue		
Financial assets at amortised cost - self supporting loans	10,298	12,075
Interest on reserve account	243,287	120,917
Trade and other receivables overdue interest	60,372	60,632
Other interest revenue	174,019	55,823
	487,976	249,447
The 2024 original budget estimate in relation to: Trade and other receivables overdue interest was \$19,000.		
Fees and charges relating to rates receivable		
Charges on instalment plan	15,912	16,774
The 2024 original budget estimate in relation to: Charges on instalment plan was \$16,500.		
(b) Expenses		
Auditors remuneration		
- Audit of the Annual Financial Report	26,340	29,250
- Other services – grant acquittals	3,000	2,850
	29,340	32,100
Employee costs		
Employee benefit costs	4,153,052	3,895,948
Other employee costs	252,022	236,709
	4,405,074	4,132,657
Finance costs		
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	48,265	20,850
	48,265	20,850
Other expenditure		
Impairment losses on rates and statutory receivables	61,955	57,263
Sundry expenses	389,280	263,171
	451,235	320,434

**SHIRE OF MERREDIN
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	14,087,178	12,218,595
Total cash and cash equivalents	14,087,178	12,218,595
Held as		
- Unrestricted cash and cash equivalents	6,057,281	3,953,952
- Restricted cash and cash equivalents	8,029,897	8,264,643
16	14,087,178	12,218,595

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.

Restricted financial assets

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

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Self supporting loans receivable

Held as

- Unrestricted other financial assets at amortised cost

(b) Non-current assets

Financial assets at amortised cost

Financial assets at fair value through profit or loss

Financial assets at amortised cost

Self supporting loans receivable

Financial assets at fair value through profit or loss

Units in Local Government House Trust - opening balance

Movement attributable to fair value increment

Units in Local Government House Trust - closing balance

Note	2024	2023
	\$	\$
	38,677	36,834
	38,677	36,834
22(b)	38,677	36,834
	38,677	36,834
	38,677	36,834
	38,677	36,834
	151,186	189,863
	145,549	142,607
	296,735	332,470
	151,185	189,863
	151,186	189,863
	142,607	136,157
	2,942	6,450
	145,549	142,607

MATERIAL ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 20 (i)) due to the observable market rates).

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

Financial assets at fair value through profit or loss

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

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

**SHIRE OF MERREDIN
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	602,485	733,267
Trade Receivables	245,143	253,215
Allowance for credit losses of other receivables	(70,558)	(24,156)
Other Receivables	12,153	10,712
ATO Liabilities	259,244	16
	1,048,467	973,054
Non-current		
Rates and Statutory Receivables	121,222	111,077
	121,222	111,077

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

6. INVENTORIES

Note	2024	2023
	\$	\$
Current		
Fuel and Materials	19,816	32,708
	19,816	32,708
Non-current		
Land held for resale	184,000	184,000
	184,000	184,000
The following movements in inventories occurred during the year:		
Balance at beginning of year	216,708	254,101
Inventories expensed during the year	(262,715)	(370,882)
Additions to inventory	249,823	333,489
Balance at end of year	203,816	216,708

MATERIAL ACCOUNTING POLICIES

General

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

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

Land held for resale

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

Land held for resale (Continued)

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

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

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

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

7. OTHER ASSETS

Other assets - current

Prepayments
 Accrued income
 Contract assets

2024	2023
\$	\$
40,831	0
54,318	8,472
631,106	325,292
726,255	333,764

MATERIAL ACCOUNTING POLICIES

Other current assets

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

Contract assets

The Shire's contract assets represent work completed, which have not been invoiced at year end. This is due the Shire not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Shire applies the simplified approach to measure expected credit losses which uses a lifetime

expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Shire has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Assets not subject to operating lease			Assets subject to operating lease			Total Property				Plant and equipment		Total property, plant and equipment
	Land	Buildings - non-specialised	Buildings - specialised	Land	Buildings - non-specialised	Buildings - specialised	Land	Buildings - non-specialised	Buildings - specialised	Total Property	Furniture and equipment	Plant and equipment	
	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	2,260,000	3,788,680	22,280,092	0	0	0	2,260,000	3,788,680	22,280,092	28,328,772	153,992	2,920,630	31,403,394
Additions	12,949	46,794	98,682	0	0	0	12,949	46,794	98,682	158,425	0	1,273,342	1,431,767
Disposals	0	0	(106,322)	0	0	0	0	0	(106,322)	(106,322)	0	(424,673)	(530,995)
Depreciation	0	(165,707)	(1,119,713)	0	0	0	0	(165,707)	(1,119,713)	(1,285,420)	(27,703)	(419,171)	(1,732,294)
Transfers				0	0	0	0	0	0	0		26,665	26,665
Balance at 30 June 2023	2,272,949	3,669,767	21,152,739	0	0	0	2,272,949	3,669,767	21,152,739	27,095,455	126,289	3,376,793	30,598,537
Comprises:													
Gross balance amount at 30 June 2023	2,272,949	6,478,386	42,593,682	0	0	0	2,272,949	6,478,386	42,593,682	51,345,017	261,645	5,440,922	57,047,584
Accumulated depreciation at 30 June 2023	0	(2,808,619)	(21,440,943)	0	0	0	0	(2,808,619)	(21,440,943)	(24,249,562)	(135,356)	(2,064,129)	(26,449,047)
Balance at 30 June 2023	2,272,949	3,669,767	21,152,739	0	0	0	2,272,949	3,669,767	21,152,739	27,095,455	126,289	3,376,793	30,598,537
Additions	0	29,846	42,763	0	0	169,344	0	29,846	212,107	241,953	0	1,110,534	1,352,487
Disposals	0	0	(106,218)	0	0	0	0	0	(106,218)	(106,218)	0	(85,662)	(191,880)
Depreciation	0	(167,445)	(1,116,719)	0	0	0	0	(167,445)	(1,116,719)	(1,284,164)	(24,930)	(522,305)	(1,831,399)
Transfers				0	0	0	0	0	0	0	5,334	(5,334)	0
Balance at 30 June 2024	2,272,949	3,532,168	19,972,565	0	0	169,344	2,272,949	3,532,168	20,141,909	25,947,026	106,693	3,874,026	29,927,745
Comprises:													
Gross balance amount at 30 June 2024	2,272,949	6,508,232	42,439,709	0	0	169,344	2,272,949	6,508,232	42,609,053	51,390,234	261,645	6,309,299	57,961,178
Accumulated depreciation at 30 June 2024	0	(2,976,064)	(22,467,144)	0	0	0	0	(2,976,064)	(22,467,144)	(25,443,208)	(154,952)	(2,435,273)	(28,033,433)
Accumulated impairment loss at 30 June 2024	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance at 30 June 2024	2,272,949	3,532,168	19,972,565	0	0	169,344	2,272,949	3,532,168	20,141,909	25,947,026	106,693	3,874,026	29,927,745

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Amount Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value - as determined at the last valuation date					
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2022	Price per hectare / market borrowing rate
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2022	Price per square metre / market borrowing rate
Buildings - specialised	3	Cost approach using current replacement cost	Independent registered valuer	June 2022	Construction costs and current condition, residual values and remaining useful life assessments inputs
<p>Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.</p> <p>During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.</p>					
(ii) Cost					
Furniture and equipment	N/A	Cost	N/A		Purchase cost
Plant and equipment	N/A	Cost	N/A		Purchase cost

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

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - drainage	Infrastructure - Parks & Ovals and Other	Infrastructure - work in progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	130,854,601	6,333,743	10,744,057	10,205,715	132,320	158,270,436
Additions	1,679,121	0	0	939,882	297,517	2,916,520
(Disposals)	0	0	0	0	0	0
Revaluation increments / (decrements) transferred to revaluation surplus	60,079,092	(2,207,141)	(4,266,110)	(4,859,779)	0	48,746,062
Depreciation	(2,699,502)	(292,175)	(631,569)	(520,119)	0	(4,143,365)
Balance at 30 June 2023	189,913,312	3,834,427	5,846,378	5,765,699	429,837	205,789,653
Comprises:						
Gross balance at 30 June 2023	246,853,636	5,327,644	16,163,100	11,662,914	429,837	280,437,131
Accumulated depreciation at 30 June 2023	(56,940,324)	(1,493,217)	(10,316,722)	(5,897,215)	0	(74,647,478)
Accumulated impairment loss at 30 June 2023	0	0	0	0	0	0
Balance at 30 June 2023	189,913,312	3,834,427	5,846,378	5,765,699	429,837	205,789,653
Additions	3,917,959	54,640	10,894	138,542	5,582,182	9,704,217
(Disposals)	0	0	0	(11,716)	0	(11,716)
Depreciation	(2,563,237)	(116,601)	(276,811)	(453,706)	0	(3,410,355)
Balance at 30 June 2024	191,268,034	3,772,466	5,580,461	5,438,819	6,012,019	212,071,799
Comprises:						
Gross balance at 30 June 2024	250,771,595	5,382,284	16,173,994	11,781,046	6,012,019	290,120,938
Accumulated depreciation at 30 June 2024	(59,503,561)	(1,609,818)	(10,593,533)	(6,342,227)	0	(78,049,139)
Balance at 30 June 2024	191,268,034	3,772,466	5,580,461	5,438,819	6,012,019	212,071,799

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

9. INFRASTRUCTURE (Continued)

(b) Carrying Amount Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value - as determined at the last valuation date					
Infrastructure - roads	3	Cost Approach (using current replacement cost)	Independent Registered Valuer	June 2023	Replacement costs, condition rating, fair value and useful like assessments inputs.
Infrastructure - footpaths	3	Cost Approach (using current replacement cost)	Independent Registered Valuer	June 2023	Replacement costs, condition rating, fair value and useful like assessments inputs.
Infrastructure - drainage	3	Cost Approach (using current replacement cost)	Independent Registered Valuer	June 2023	Replacement costs, condition rating, fair value and useful like assessments inputs.
Infrastructure - Parks & Ovals and Other	3	Cost Approach (using current replacement cost)	Independent Registered Valuer	June 2023	Replacement costs, condition rating, fair value and useful like assessments inputs.
Infrastructure - work in progress	N/A	Cost	N/A		Purchase cost

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

10. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

Asset Class	Useful life
Lands	Not depreciated
Buildings - non-specialised	20 to 80 years
Buildings - specialised	20 to 80 years
Furniture and equipment	5 to 10 years
Plant and equipment	5 to 20 years
Infrastructure - Roads - Subgrade	not depreciated
Infrastructure - Roads - Pavement	60 to 120 years
Infrastructure - Roads - Surface	20 to 60 years
Infrastructure - Roads - Kerbing	50 years
Other infrastructure - Footpaths	30 to 60 years
Other infrastructure - Parks & Ovals and Other	10 to 100 years
Other infrastructure - Drainage	60 to 80 years

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

10. FIXED ASSETS (Continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

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

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

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

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

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

Measurement after recognition

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

Reportable Value

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

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

Revaluation

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

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

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

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

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

Depreciation

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

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

Depreciation on revaluation

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

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

Impairment

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

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

Gains or losses on disposal

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

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

11. TRADE AND OTHER PAYABLES

Current

Sundry Creditors
Income in Advance
Accrued Payroll Liabilities
ATO Liabilities
Bonds and Deposits Held
Other Accrued Expenses
Accrued Interest
Other Payables

	2024	2023
	\$	\$
	1,990,991	278,819
	174,193	150,508
	43,484	107,139
	91,307	0
	436,216	121,792
	777,030	122,540
	31,456	6,851
	16,005	0
	3,560,682	787,649

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

12. OTHER LIABILITIES

Current

Contract liabilities
Capital grant/contributions liabilities

Reconciliation of changes in contract liabilities

Opening balance
Additions
Revenue from contracts with customers included as a contract liability at the start of the period

	2024	2023
	\$	\$
	0	86,792
	591,316	1,201,978
	591,316	1,288,770
	86,792	690,949
	0	86,792
	(86,792)	(690,949)
	0	86,792

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

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

MATERIAL ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 20(i)) due to the unobservable inputs, including own credit risk.

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

13. BORROWINGS

	Note	2024			2023		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		224,230	1,645,759	1,869,989	99,461	389,989	489,450
Total secured borrowings	23(a)	224,230	1,645,759	1,869,989	99,461	389,989	489,450

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Merredin.

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

MATERIAL ACCOUNTING POLICIES

Borrowing costs

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

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

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 20(i)) due to the unobservable inputs, including own credit risk.

Risk

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

**SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2024	2023
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	280,664	286,506
Long service leave	179,500	210,773
	<u>460,164</u>	<u>497,279</u>
Employee related other provisions		
Employment on-costs	56,409	74,306
	<u>56,409</u>	<u>74,306</u>
Total current employee related provisions	<u>516,573</u>	<u>571,585</u>
Non-current provisions		
Employee benefit provisions		
Long service leave	64,171	46,092
	<u>64,171</u>	<u>46,092</u>
Employee related other provisions		
Employment on-costs	5,100	6,887
	<u>5,100</u>	<u>6,887</u>
Total non-current employee related provisions	<u>69,271</u>	<u>52,979</u>
Total employee related provisions	<u>585,844</u>	<u>624,564</u>

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

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 MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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15. REVALUATION SURPLUS

	2024 Opening Balance	2024 Change in Accounting Policy	Total Movement on Revaluation	2024 Closing Balance	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance
	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	720,415	0	0	720,415	720,415	0	720,415
Revaluation surplus - Buildings	23,673,318	0	0	23,673,318	23,673,318	0	23,673,318
Revaluation surplus - Furniture and equipment	41,913	0	0	41,913	41,913	0	41,913
Revaluation surplus - Plant and equipment	1,239,408	0	0	1,239,408	1,239,408	0	1,239,408
Revaluation surplus - Infrastructure - roads	126,043,595	0	0	126,043,595	65,964,504	60,079,091	126,043,595
Revaluation surplus - Infrastructure - footpaths	9,408,679	0	0	9,408,679	11,615,820	(2,207,141)	9,408,679
Revaluation surplus - Infrastructure - drainage	26,688,789	0	0	26,688,789	30,954,899	(4,266,110)	26,688,789
Revaluation surplus - Infrastructure - parks and ovals	(2,760,799)	0	0	(2,760,799)	2,098,980	(4,859,779)	(2,760,799)
	185,055,318	0	0	185,055,318	136,309,257	48,746,061	185,055,318

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

16. CONTINGENT LIABILITIES

In accordance with the *Contaminated Sites Act 2003*, Department of Water and Environmental Regulation (DWER) has classified the following site as ‘possibly contaminated – investigation required’:

- Chandler Merredin Road Landfill, Lot 500 On Plan 66111, Merredin

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

17. CAPITAL COMMITMENTS

	2024	2023
	\$	\$
Contracted for:		
- capital expenditure projects	3,166,241	5,926,294
- plant & equipment purchases	0	81,074
	3,166,241	6,007,368
Payable:		
- not later than one year	3,166,241	6,007,368

The capital expenditure at the end of the current reporting period are for the following:

- Town Centre & Apex Park Redevelopment
- Merredin Water Tower Conservation Works

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

18. 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		13,610	13,610	14,794
		13,610	13,610	14,794
Deputy President's annual allowance		3,400	3,400	3,493
		3,400	3,400	3,493
All other council member's meeting attendance fees		62,790	65,360	71,884
		62,790	65,360	71,884
	18(b)	79,800	82,370	90,171

(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		875,249		771,830
Post-employment benefits		104,466		96,820
Employee - other long-term benefits		43,440		13,120
Employee - termination benefits		34,883		0
Council member costs	18(a)	79,800		90,171
		1,137,838		971,941

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.

Council member costs

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

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

18. 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	68
Purchase of goods and services	203,925	104,100
Amounts payable to related parties:		
Trade and other payables	1,222	4,401

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 18(a) and 18(b).

ii. Other Related Parties

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.

iii. Entities subject to significant influence by the Shire

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

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

19. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire is not aware of any matters or circumstances that have arisen since the end of the financial year to the date of this report, which has significantly affected or may significantly affect the activities of the Shire, the results of those activities or the state of affairs of the Shire.

**SHIRE OF MERREDIN
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20. OTHER MATERIAL ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

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

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

**SHIRE OF MERREDIN
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21. 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
Rate Description		\$		\$	\$	\$	\$	\$	\$	\$	\$
(i) General rates											
Gross Rental Valuations	Gross rental valuation	12.5774	1,300	18,669,457	2,348,132	7,404	2,355,536	2,348,126	0	2,348,126	2,112,620
Rural	Unimproved valuation	1.5758	321	138,361,000	2,180,293	(1,120)	2,179,173	2,180,293	0	2,180,293	1,987,626
Urban Rural	Unimproved valuation	3.148	43	4,279,000	134,703	0	134,703	134,703	0	134,703	127,296
Mining	Unimproved valuation	2.300	7	206,694	4,754	(1,773)	2,981	4,754	0	4,754	6,474
Power Generation	Unimproved valuation	2.890	13	6,211,000	179,498	0	179,498	179,498	0	179,498	163,621
Airstrips	Unimproved valuation	2.890	1	267,000	7,716	0	7,716	7,716	0	7,716	7,052
Total general rates			1,685	167,994,151	4,855,096	4,511	4,859,607	4,855,090	0	4,855,090	4,404,689
(ii) Minimum payment											
Gross Rental Valuations	Gross rental valuation	910	188		171,080	0	171,080	169,260	0	169,260	197,470
Rural	Unimproved valuation	1,130	124		140,120	0	140,120	140,120	0	140,120	138,990
Urban Rural	Unimproved valuation	1,130	38		42,940	0	42,940	42,940	0	42,940	39,550
Mining	Unimproved valuation	200	23		4,600	0	4,600	4,800	0	4,800	3,200
Power Generation	Unimproved valuation	1,130	2		2,260	0	2,260	3,390	0	3,390	3,390
Airstrips	Unimproved valuation	1,130	0		0	0	0	0	0	0	0
Total minimum payments			375	0	361,000	0	361,000	360,510	0	360,510	382,600
Total general rates and minimum payments			2,060	167,994,151	5,216,096	4,511	5,220,607	5,215,600	0	5,215,600	4,787,289
(iii) Ex-gratia Rates											
Ex-gratia Rates	Gross rental valuation				79,191	0	79,191	77,300	0	77,300	63,201
Total amount raised from rates (excluding general rates)			0	0	79,191	0	79,191	77,300	0	77,300	63,201
Total Rates							5,299,798			5,292,900	4,850,490
Rate instalment interest							17,603			19,000	18,800
Rate overdue interest							42,799			32,000	42,964

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 MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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22. DETERMINATION OF SURPLUS OR DEFICIT

	2023/24 (30 June 2024 Carried Forward)	2023/24 Budget (30 June 2024 Carried Forward)	2022/23 (30 June 2023 Carried Forward)
Note	\$	\$	\$
(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	(77,605)	(113,800)	(166,999)
Less: Fair value adjustments to financial assets at fair value through profit or loss	(2,942)	0	(6,450)
Add: Loss on disposal of assets	155,221	11,700	150,546
Add: Impairment of Plant and Equipment	0	0	0
Add: Depreciation	5,241,755	5,876,500	5,875,660
Non-cash movements in non-current assets and liabilities:			
Pensioner deferred rates	(10,145)	0	23,305
Employee benefit provisions	16,292	0	(15,164)
Inventory	0	0	60,000
Non-cash amounts excluded from operating activities	5,322,576	5,774,400	5,920,898
(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	(6,669,075)	(5,807,627)	(6,975,873)
Less: Financial assets at amortised cost - self supporting loans	(38,677)	0	(36,834)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	224,230	1,420,879	99,461
- Employee benefit provisions	0	(551,288)	0
Total adjustments to net current assets	(6,483,522)	(4,938,036)	(6,913,246)
Net current assets used in the Statement of Financial Activity			
Total current assets	15,920,393	7,552,861	13,594,955
Less: Total current liabilities	(4,892,798)	(2,614,825)	(2,747,463)
Less: Total adjustments to net current assets	(6,483,522)	(4,938,036)	(6,913,246)
Surplus or deficit after imposition of general rates	4,544,073	0	3,934,246

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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23. 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
Central East Accommodation and Care Alliance		\$ 323,393	\$ 0	\$ (60,699)	\$ 262,694	\$ 0	\$ (62,627)	\$ 200,067	262,694	0	(62,300)	200,394
CBD Revevelopment		0	0	0	0	1,480,000	0	1,480,000	0	1,480,000	(55,800)	1,424,200
Total		323,393	0	(60,699)	262,694	1,480,000	(62,627)	1,680,067	262,694	1,480,000	(118,100)	1,624,594
Self Supporting Loans												
Merritville		261,836	0	(35,080)	226,756	0	(36,834)	189,922	226,756	0	(36,800)	189,956
Total Self Supporting Loans		261,836	0	(35,080)	226,756	0	(36,834)	189,922	226,756	0	(36,800)	189,956
Total Borrowings	13	585,229	0	(95,779)	489,450	1,480,000	(99,461)	1,869,989	489,450	1,480,000	(154,900)	1,814,550

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

Borrowing Finance Cost Payments

Purpose	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023
Central East Accommodation and Care Alliance	217	WATC*	3.17%	3/01/2027	\$ (7,785)	\$ (7,800)	\$ (8,775)
CBD Revevelopment	219	WATC*	4.36%	6/02/2034	(30,182)	(33,600)	0
Total					(37,967)	(41,400)	(8,775)
Self Supporting Loans Finance Cost Payments							
Merritville	215	WATC*	4.94%	1/10/2028	(10,298)	(10,700)	(12,075)
Total Self Supporting Loans Finance Cost Payments					(10,298)	(10,700)	(12,075)
Total Finance Cost Payments					(48,265)	(52,100)	(20,850)

* WA Treasury Corporation

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

23. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2023/24

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2024 Actual	2024 Budget	2024 Actual	2024 Budget		
CBD Revelopment	WATC*	P&I	10	4.36%	\$ 1,480,000	\$ 1,480,000	\$ (710,494)	\$ 1,480,000	\$ 33,600	\$ 769,506
					1,480,000	1,480,000	(710,494)	1,480,000	33,600	769,506

* WA Treasury Corporation

(c) Unspent Borrowings

Particulars	Institution	Date Borrowed	Unspent Balance 1 July 2023	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2024
CBD Revelopment	WATC*	5/02/2024	\$ 0	\$ 1,480,000	\$ (710,494)	\$ 769,506
			0	1,480,000	(710,494)	769,506

* WA Treasury Corporation

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

24. 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 legislation/agreement												
(a) Plant Replacement Reserve	729,127	104,787	(188,200)	645,714	727,408	9,200	(188,200)	548,408	1,171,985	18,966	(461,824)	729,127
(b) Buildings Reserve	1,123,227	25,855	(325,697)	823,385	1,120,580	31,700	(450,000)	702,280	1,034,508	88,719	0	1,123,227
(c) Land & Development Reserve	1,600,696	37,477	0	1,638,173	1,596,923	22,900	0	1,619,823	1,573,763	26,933	0	1,600,696
(d) Apex Park Redevelopment Reserve	304,472	7,129	(247,799)	63,802	303,754	1,600	(253,000)	52,354	402,394	6,639	(104,561)	304,472
(e) ICT Reserve	293,830	6,680	(31,700)	268,810	293,137	4,700	(40,100)	257,737	316,633	5,352	(28,155)	293,830
(f) Declared Disaster Reserve	251,516	5,889	0	257,405	250,923	3,500	0	254,423	247,284	4,232	0	251,516
(g) Cummins Street Units Reserve	46,410	1,626	0	48,036	46,301	900	0	47,201	61,254	843	(15,687)	46,410
(h) Recreation Development Reserve	926,656	21,696	0	948,352	924,472	13,300	0	937,772	911,064	15,592	0	926,656
(i) Waste Management Reserve	381,063	8,922	0	389,985	380,165	5,400	(5,000)	380,565	374,651	6,412	0	381,063
(j) Unspent Grants Reserve	374,882	8,777	0	383,659	373,999	2,900	0	376,899	368,574	6,308	0	374,882
(k) Road Construction Merredin-Narambeen Road Reserve	566,931	366,119	(117,187)	815,863	485,891	8,500	(245,800)	248,591	180,955	462,942	(76,966)	566,931
(l) Employee Entitlements Reserve	377,063	8,828	0	385,891	376,174	5,400	0	381,574	370,719	6,344	0	377,063
	6,975,873	603,785	(910,583)	6,669,075	6,879,727	110,000	(1,182,100)	5,807,627	7,013,784	649,282	(687,193)	6,975,873

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

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

Name of reserve account	Purpose of the reserve account
Restricted by legislation/agreement	
(a) Plant Replacement Reserve	To ensure adequate funds are available to purchase a responsive and modern plant fleet at the optimum replacement point.
(b) Buildings Reserve	To ensure adequate funds are available to finance future building construction and major maintenance of the Shire of Merredin's property portfolio.
(c) Land & Development Reserve	To ensure adequate funds are available to fund major land developments/purchases within the Shire of Merredin, in addition to any feasibility studies or business cases.
(d) Apex Park Redevelopment Reserve	To ensure adequate funds are available to fund future redevelopment and extensions of Apex Park.
(e) ICT Reserve	To be utilised for the continuing upgrade of the Shire's ICT requirements keeping council abreast with modern technology.
(f) Declared Disaster Reserve	To be utilised to contribute to liabilities arising from a declared natural disaster that meets Disaster Recovery Funding Arrangements WA (DRFAWA) eligibility minimum spend.
(g) Cummins Street Units Reserve	To ensure adequate funds are available to meet the Shire's obligation to maintain the Cummings Street Units in accordance with the Joint Venture arrangement with the Department of Communities.
(h) Recreation Development Reserve	To ensure adequate funds are available to fund future developments and major renewals of recreation facilities within the Shire of Merredin.
(i) Waste Management Reserve	To be utilised for the collection, transport, storage, treatment, processing, sorting, recycling or disposal of waste; the provision of receptacles for the temporary deposit of waste; the provision and management of waste facilities, machinery for the disposal of waste and processes for dealing with waste, and rehabilitation.
(j) Unspent Grants Reserve	To be utilised for any unspent grants paid to the Shire of Merredin and remaining unspent as at the 30 June of any year.
(k) Road Construction Merredin-Narambeen Road Reserve	Future maintenance and construction of the Merredin-Narembeen Road.
(l) Employee Entitlements Reserve	To ensure that adequate funds are available to finance the Shire's liability for employee leave entitlements.

SHIRE OF MERREDIN**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024****FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. IT governance, policies and procedures	No		✓		✓
2. Outdated Workforce Plan	No		✓		
3. Excessive Annual Leave Balances	No		✓		

Key to ratings

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

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

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

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

SHIRE OF MERREDIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. IT Governance, Policies and Procedures

Finding

IT policies and procedures

The Shire does not have comprehensive IT and cyber security policies and procedures in place.

IT Strategic Plan

The Shire does not have a structured IT strategic plan to align IT initiatives with the overall business objectives.

These issues were first raised in the 2023 Final Management Letter.

Rating: Moderate (2023: Moderate)

Implication

Without comprehensive IT and cyber security policies and procedures to provide guidance to staff, there is a risk that the Shire is exposed to various cyber security risks, which could lead to data breaches or unauthorised access.

Without an appropriately approved IT Strategic Plan, there is a risk that IT resources will not be aligned to the business strategy and priorities.

Recommendation

We recommend that management:

- develop and implement IT and cyber security policies covering key areas such as data security, access control, password management, backup plans, incident response and system maintenance
- establish a structured IT Strategic Plan that aligns technology initiatives with the Shire's overall business objectives.

Management's comments

Action 1: IT Policies/ Procedures

Though a range of processes are currently in place in relation to backups, physical security, HR security and a number of the other areas listed below, the Shire will formalise/develop documented IT and Cyber Security policies/procedures that include:

- *Access control (including Account management, Account requests and approvals, Account monitoring, User authentication, Account auditing)*
- *Physical security*
- *Backup protocols*
- *Change management*
- *HR security*
- *Information classification*
- *Data loss prevention*

Development of these documents will form part of the Shire's partnership with the Office of Digital Government in the Cyber Security Pilot Project from 23 October 2024 to 30 June 2026.

Responsible person: Executive Manager Corporate Services

Completion date: 31 December 2025

SHIRE OF MERREDIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Action 2: Corporate IT Strategy

Develop a Corporate IT Strategy for the Shire of Merredin that links to the business objectives outlined in the Shire of Merredin Corporate Business Plan.

Development of this document will form part of the Shire's partnership with the Office of Digital Government in the Cyber Security Pilot Project from 23 October 2024 to 30 June 2026.

Responsible person: Executive Manager Corporate Services
Completion date: 31 December 2025

SHIRE OF MERREDIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. Outdated Workforce Plan

Finding

We noted that the Shire's Workforce Plan 2019 – 2023 has not been updated and is outdated.

Rating: Moderate

Implication

The Shire has no current plan to follow in respect of matters relating to employment and the lack of a Workforce Plan represents non-compliance with the Local Government Regulations.

Recommendation

We recommend that the Workforce Plan is reviewed, updated and approved by Council to ensure compliance with the Local Government Regulations.

Management's comments

Action: Review and Update the Shire of Merredin Workforce Plan

Complete a full review of the current document, taking into account planned organisation changes and predicted needs of the organisation in the coming five years.

Responsible person: Executive Manager Strategy and Community

Completion date: 30 June 2025

SHIRE OF MERREDIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. Excessive Annual Leave Balances

Finding

During our testing on employee leave provisions, we noted that five out of 58 employees had annual leave balances in excess of eight weeks (40 days) at year end.

The Local Government Industry Award 2020 deems an employee's annual leave accrual to be excessive if the employee has accrued more than eight weeks (which is approximately 300 hours).

Management has indicated that recruitment challenges had impacted their leave management plans for staff with excessive leave.

Rating: Moderate

Implication:

Excessive annual leave balances may have adverse effects on the Shire including:

- key staff not being rotated, a preventive control against fraud;
- health and safety concerns with staff members not taking their annual leave entitlements;
- an increase in the Council's costs given salary rises and increments over time

Recommendation

The Shire should ensure that employees take leave in a timely manner and excessive leave balances are cleared in accordance with the Shire's policy.

Management comment

Action: Develop Leave Plans

Executive staff will work with any members of their team with around or over 300 hours of annual leave to develop Leave Plans that ensure that excess leave is cleared as soon as possible.

Responsible person: Chief Executive Officer and Executive Managers
Completion date: 28 February 2025

7. Closure

There being no further business, the Presiding Member thanked those in attendance and declared the meeting closed at 4:11pm.

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