

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

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

A dynamic, diverse and desirable region delivering sustainable growth and socially connected communities.

Principal place of business:
69 Bashford Street
JURIEN BAY WA 6516

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

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

STATEMENT BY CEO

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

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

Signed on the 14th Day of December 2023



Chief Executive Officer

Brent Bailey

Name of Chief Executive Officer



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

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Revenue				
Rates	2(a),21	7,043,329	7,103,855	6,631,882
Grants, subsidies and contributions	2(a)	3,339,655	710,253	3,297,119
Fees and charges	2(a)	2,722,393	2,570,718	2,566,695
Interest revenue	2(a)	37,007	36,430	44,767
Other revenue	2(a)	53,087	120,933	106,479
		13,195,471	10,542,189	12,646,942
Expenses				
Employee costs	2(b)	(4,624,970)	(4,545,587)	(4,088,975)
Materials and contracts		(4,037,167)	(3,979,082)	(3,783,268)
Utility charges		(427,716)	(395,881)	(402,287)
Depreciation		(8,036,041)	(5,925,282)	(5,813,113)
Finance costs	2(b)	(52,512)	(53,186)	(40,141)
Insurance		(304,931)	(329,132)	(359,271)
Other expenditure	2(b)	(750,718)	(748,329)	(741,173)
		(18,234,055)	(15,976,479)	(15,228,228)
		(5,038,584)	(5,434,290)	(2,581,286)
Capital grants, subsidies and contributions	2(a)	3,350,403	9,151,263	4,654,138
Profit on asset disposals		62,447	42,563	213,565
Loss on asset disposals		(123,766)	(50,615)	(76,206)
		3,289,084	9,143,211	4,791,497
Net result for the period		(1,749,500)	3,708,921	2,210,211
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	38,014,215
Total other comprehensive income for the period		0	0	38,014,215
Total comprehensive (loss) / income for the period		(1,749,500)	3,708,921	40,224,426

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



**SHIRE OF DANDARAGAN
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	NOTE	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	3	8,937,592	10,475,021
Trade and other receivables	5	2,369,979	728,334
Other financial assets	4(a)	21,478	20,648
Inventories	6	54,945	28,503
TOTAL CURRENT ASSETS		11,383,994	11,252,506
NON-CURRENT ASSETS			
Trade and other receivables	5	69,285	68,365
Other financial assets	4(b)	138,034	157,733
Property, plant and equipment	7	36,019,634	36,701,283
Infrastructure	8	291,704,272	291,944,334
Right-of-use assets	10(a)	34,869	72,403
TOTAL NON-CURRENT ASSETS		327,966,094	328,944,118
TOTAL ASSETS		339,350,088	340,196,624
CURRENT LIABILITIES			
Trade and other payables	11	603,345	1,626,826
Other liabilities	12	3,572,360	1,530,729
Lease liabilities	10(b)	31,335	33,971
Borrowings	13	166,295	163,019
Employee related provisions	14	672,709	616,380
TOTAL CURRENT LIABILITIES		5,046,044	3,970,925
NON-CURRENT LIABILITIES			
Lease liabilities	10(b)	4,000	38,990
Borrowings	13	2,074,727	2,241,022
Employee related provisions	14	142,761	113,631
TOTAL NON-CURRENT LIABILITIES		2,221,488	2,393,643
TOTAL LIABILITIES		7,267,532	6,364,568
NET ASSETS		332,082,556	333,832,056
EQUITY			
Retained surplus		200,667,835	202,620,965
Reserve accounts	24	4,753,481	4,549,851
Revaluation surplus	15	126,661,240	126,661,240
TOTAL EQUITY		332,082,556	333,832,056

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



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

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2021		199,933,268	5,027,337	88,647,025	293,607,630
Comprehensive income for the period					
Net result for the period		2,210,211	0	0	2,210,211
Other comprehensive income for the period	15	0	0	38,014,215	38,014,215
Total comprehensive income for the period		2,210,211	0	38,014,215	40,224,426
Transfers from reserve accounts	24	1,103,022	(1,103,022)	0	0
Transfers to reserve accounts	24	(625,536)	625,536	0	0
Balance as at 30 June 2022		202,620,965	4,549,851	126,661,240	333,832,056
Comprehensive loss for the period					
Net result for the period		(1,749,500)	0	0	(1,749,500)
Total comprehensive loss for the period		(1,749,500)	0	0	(1,749,500)
Transfers from reserve accounts	24	201,437	(201,437)	0	0
Transfers to reserve accounts	24	(405,067)	405,067	0	0
Balance as at 30 June 2023		200,667,835	4,753,481	126,661,240	332,082,556

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

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

NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Rates	6,991,459	6,781,655
Grants, subsidies and contributions	3,437,084	3,346,119
Fees and charges	1,037,452	3,592,204
Interest revenue	37,007	44,767
Goods and services tax received	1,190,437	788,443
Other revenue	53,087	106,479
	<u>12,746,526</u>	<u>14,659,667</u>
Payments		
Employee costs	(4,559,198)	(4,106,076)
Materials and contracts	(5,051,544)	(3,146,948)
Utility charges	(427,716)	(402,287)
Finance costs	(52,512)	(33,215)
Insurance paid	(304,931)	(359,271)
Goods and services tax paid	(1,104,270)	(876,487)
Other expenditure	(750,718)	(741,172)
	<u>(12,250,889)</u>	<u>(9,665,456)</u>
Net cash provided by operating activities	<u>495,637</u>	<u>4,994,211</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant & equipment	7(a) (1,369,034)	(3,321,713)
Payments for construction of infrastructure	8(a) (5,888,552)	(6,415,830)
Capital grants, subsidies and contributions	5,286,825	5,381,280
Proceeds from financial assets at amortised cost - self supporting loans	18,869	45,032
Proceeds from sale of property, plant & equipment	115,302	551,139
Proceeds from sale of infrastructure	0	105,000
Net cash (used in) investing activities	<u>(1,836,590)</u>	<u>(3,655,092)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	23(a) (163,019)	(191,043)
Payments for principal portion of lease liabilities	(33,457)	(32,934)
Proceeds from new borrowings	23(a) 0	2,393,000
Net cash provided by (used in) financing activities	<u>(196,476)</u>	<u>2,169,023</u>
Net increase (decrease) in cash held	<u>(1,537,429)</u>	<u>3,508,142</u>
Cash at beginning of year	10,475,021	6,966,879
Cash and cash equivalents at the end of the year	<u>8,937,592</u>	<u>10,475,021</u>

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

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

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	21	5,895,010	5,921,439	5,514,384
Rates excluding general rates		1,148,319	1,182,416	1,117,498
Grants, subsidies and contributions		3,339,655	710,253	3,297,119
Fees and charges		2,722,393	2,570,718	2,566,695
Interest revenue		37,007	36,430	44,767
Other revenue		53,087	120,933	106,479
Profit on asset disposals		62,447	42,563	213,565
		13,257,918	10,584,752	12,860,507
Expenditure from operating activities				
Employee costs		(4,624,970)	(4,545,587)	(4,088,975)
Materials and contracts		(4,037,167)	(3,979,082)	(3,783,268)
Utility charges		(427,716)	(395,881)	(402,287)
Depreciation		(8,036,041)	(5,925,282)	(5,813,113)
Finance costs		(52,512)	(53,186)	(40,141)
Insurance		(304,931)	(329,132)	(359,271)
Other expenditure		(750,718)	(748,329)	(741,173)
Loss on asset disposals		(123,766)	(50,615)	(76,206)
		(18,357,821)	(16,027,094)	(15,304,434)
Non-cash amounts excluded from operating activities	22(a)	8,125,570	5,933,334	5,677,912
Amount attributable to operating activities		3,025,667	490,992	3,233,985
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		3,350,403	9,151,263	4,654,138
Proceeds from disposal of assets		115,302	157,000	656,139
Proceeds from financial assets at amortised cost - self supporting loans		18,869	20,648	45,032
		3,484,574	9,328,911	5,355,309
Outflows from investing activities				
Purchase of property, plant and equipment	7(a)	(1,369,034)	(3,450,159)	(3,321,713)
Purchase and construction of infrastructure	8(a)	(5,888,552)	(10,135,304)	(6,415,830)
		(7,257,586)	(13,585,463)	(9,737,543)
Amount attributable to investing activities		(3,773,012)	(4,256,552)	(4,382,234)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	23(a)	0	0	2,393,000
Transfers from reserve accounts	24	201,437	727,755	1,103,022
		201,437	727,755	3,496,022
Outflows from financing activities				
Repayment of borrowings	23(a)	(163,019)	(163,019)	(191,043)
Payments for principal portion of lease liabilities		(33,457)	(33,971)	(32,934)
Transfers to reserve accounts	24	(405,067)	(397,195)	(625,536)
		(601,543)	(594,185)	(849,513)
Amount attributable to financing activities		(400,106)	133,570	2,646,509
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	22(b)	2,908,072	3,631,990	1,409,809
Amount attributable to operating activities		3,025,667	490,992	3,233,985
Amount attributable to investing activities		(3,773,012)	(4,256,552)	(4,382,234)
Amount attributable to financing activities		(400,106)	133,570	2,646,509
Surplus or deficit after imposition of general rates	22(b)	1,760,621	0	2,908,069

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

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

1. BASIS OF PREPARATION

The financial report of the Shire of Dandaragan 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, except for disclosure requirements of:

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

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

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

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 25 of the financial report.

Judgements and estimates

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

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

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

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

Initial application of accounting standards

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

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

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

New accounting standards for application in future years

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

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

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

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

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

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

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

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

Revenue Recognition

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

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	7,043,329	0	7,043,329
Grants, subsidies and contributions	0	511,132	0	2,828,523	3,339,655
Fees and charges	2,237,415	0	7,463	477,515	2,722,393
Interest revenue	0	0	35,997	1,010	37,007
Other revenue	0	0	0	53,087	53,087
Capital grants, subsidies and contributions	0	3,350,403	0	0	3,350,403
Total	2,237,415	3,861,535	7,086,789	3,360,135	16,545,874

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	6,631,882	0	6,631,882
Grants, subsidies and contributions	0	294,496	0	3,002,623	3,297,119
Fees and charges	2,014,500	0	5,076	547,119	2,566,695
Interest revenue	0	0	42,459	2,308	44,767
Other revenue	0	0	0	106,479	106,479
Capital grants, subsidies and contributions	0	4,310,880	0	343,258	4,654,138
Total	2,014,500	4,605,376	6,679,417	4,001,787	17,301,080

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Note	2023 Actual \$	2022 Actual \$
Interest revenue		
Financial assets at amortised cost - self supporting loans	1,010	2,308
Interest on reserve account funds	4,679	5,095
Trade and other receivables overdue interest	30,420	35,706
Other interest revenue	898	1,658
	37,007	44,767

The 2023 original budget estimate in relation to:
Trade and other receivables overdue interest was \$31,420.

Fees and charges relating to rates receivable

Charges on instalment plan	11,442	10,652
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The 2023 original budget estimate in relation to:
Charges on instalment plan was \$13,000.

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report	41,900	38,280
- Other services – grant acquittals	1,000	5,575
	42,900	43,855

Employee Costs

Employee benefit costs	4,443,481	3,951,200
Other employee costs	181,489	137,775
	4,624,970	4,088,975

Finance costs

Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	52,512	39,200
Lease liabilities	0	941
	52,512	40,141

Other expenditure

Sundry expenses	750,718	741,173
	750,718	741,173

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

3. CASH AND CASH EQUIVALENTS

Note	2023	2022
	\$	\$
Cash at bank and on hand	8,937,592	10,475,021
Total cash and cash equivalents	8,937,592	10,475,021
Held as		
- Unrestricted cash and cash equivalents	611,751	4,394,441
- Restricted cash and cash equivalents	8,325,841	6,080,580
	8,937,592	10,475,021

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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

Restricted financial assets

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

4. OTHER FINANCIAL ASSETS

(a) Current assets

	2023	2022
	\$	\$
Financial assets at amortised cost	21,478	20,648
	21,478	20,648
Other financial assets at amortised cost		
Self supporting loans receivable	21,478	20,648
	21,478	20,648

Held as

- Unrestricted other financial assets at amortised cost	21,478	20,648
	21,478	20,648

(b) Non-current assets

Financial assets at amortised cost	40,779	60,478
Financial assets at fair value through profit or loss	97,255	97,255
	138,034	157,733
Financial assets at amortised cost		
Self supporting loans receivable	39,000	60,478
Term deposits	1,779	0
	40,779	60,478
Financial assets at fair value through profit or loss		
Units in Local Government House Trust	97,255	97,255

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 23(a) as self supporting loans. Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 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 DANDARAGAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

5. TRADE AND OTHER RECEIVABLES

Note	2023 \$	2022 \$
Current		
Rates and statutory receivables	273,096	238,005
Trade receivables	2,090,521	405,580
Other receivables	7,780	0
GST receivable	0	86,167
Allowance for credit losses of trade receivables	(1,418)	(1,418)
	2,369,979	728,334
Non-current		
Rates and statutory receivables	69,285	68,365
	69,285	68,365

Disclosure of opening and closing balances related to contracts with customers

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

Note	30 June 2023 Actual \$	30 June 2022 Actual \$	1 July 2021 Actual \$
Allowance for credit losses of trade receivables	5	(1,418)	(1,418)
Total trade and other receivables from contracts with customers	(1,418)	(1,418)	(1,418)

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

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

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

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations 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 DANDARAGAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

6. INVENTORIES

Note	2023	2022
	\$	\$
Current		
Fuel and materials	54,945	28,503
	54,945	28,503
The following movements in inventories occurred during the year:		
Balance at beginning of year	28,503	25,612
Inventories expensed during the year	(796,435)	(351,092)
Additions to inventory	822,877	353,983
Balance at end of year	54,945	28,503

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

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

7. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Work in progress	Total property, plant and equipment
	\$	\$		\$	\$	\$	\$
Balance at 1 July 2021	2,884,000	28,797,958	31,681,958	734,490	3,029,675	259,202	35,705,325
Additions	0	409,019	409,019	397,239	759,828	1,755,627	3,321,713
Disposals	(210,000)	(128,806)	(338,806)	0	(160,209)	0	(499,015)
Depreciation	0	(1,138,609)	(1,138,609)	(131,365)	(556,766)	0	(1,826,740)
Transfers	0	113,106	113,106	146,096	0	(259,202)	0
Balance at 30 June 2022	2,674,000	28,052,668	30,726,668	1,146,460	3,072,528	1,755,627	36,701,283
Comprises:							
Gross balance amount at 30 June 2022	2,674,000	57,605,075	60,279,075	3,561,243	9,263,519	1,755,627	74,859,464
Accumulated depreciation at 30 June 2022	0	(29,552,407)	(29,552,407)	(2,414,783)	(6,190,991)	0	(38,158,181)
Balance at 30 June 2022	2,674,000	28,052,668	30,726,668	1,146,460	3,072,528	1,755,627	36,701,283
Additions	0	0	0	12,579	323,010	1,033,445	1,369,034
Disposals	0	(122,941)	(122,941)	(2,351)	(51,329)	0	(176,621)
Depreciation	0	(1,155,747)	(1,155,747)	(143,105)	(575,210)	0	(1,874,062)
Transfers	0	2,580,393	2,580,393	0	0	(2,580,393)	0
Balance at 30 June 2023	2,674,000	29,354,373	32,028,373	1,013,583	2,768,999	208,679	36,019,634
Comprises:							
Gross balance amount at 30 June 2023	2,674,000	59,966,468	62,640,468	3,558,823	9,073,528	208,679	75,481,498
Accumulated depreciation at 30 June 2023	0	(30,612,095)	(30,612,095)	(2,545,240)	(6,304,529)	0	(39,461,864)
Balance at 30 June 2023	2,674,000	29,354,373	32,028,373	1,013,583	2,768,999	208,679	36,019,634

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent registered valuer	June 2020	Price per hectare/market borrowing rate
Buildings	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent registered valuer	June 2020	Price per square meter/market borrowing rate
Buildings - specialised	3	Cost approach using current replacement cost	Independent registered valuer	June 2020	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		Cost	Cost		Purchase cost
Plant and equipment		Cost	Cost		Purchase cost

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

8. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks and reserves	Infrastructure - Other	Work in progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	225,274,486	8,637,827	4,861,382	1,735,851	10,891,577	86,479	251,487,602
Additions	3,231,391	471,267	0	395,093	564,579	1,753,500	6,415,830
(Disposals)	0	0	0	(19,808)	0	0	(19,808)
Revaluation increments / (decrements) transferred to revaluation surplus	35,714,547	1,739,728	(1,359,605)	1,634	1,917,912	0	38,014,216
Depreciation	(2,733,417)	(272,655)	(121,596)	(180,070)	(645,768)	0	(3,953,506)
Transfers	0	86,479	0	0	0	(86,479)	0
Balance at 30 June 2022	261,487,007	10,662,646	3,380,181	1,932,700	12,728,300	1,753,500	291,944,334
Comprises:							
Gross balance at 30 June 2022	339,627,820	12,884,602	6,307,547	3,744,500	22,144,200	1,753,500	386,462,169
Accumulated depreciation at 30 June 2022	(78,140,813)	(2,221,956)	(2,927,366)	(1,811,800)	(9,415,900)	0	(94,517,835)
Balance at 30 June 2022	261,487,007	10,662,646	3,380,181	1,932,700	12,728,300	1,753,500	291,944,334
Additions	0	0	0	0	0	5,888,552	5,888,552
Depreciation	(4,892,844)	(309,611)	(80,736)	(157,363)	(688,060)	0	(6,128,614)
Transfers	1,545,475	212,812	356,452	1,004,856	(3,119,595)	0	0
Balance at 30 June 2023	258,139,638	10,565,847	3,299,445	2,131,789	13,045,096	4,522,457	291,704,272
Comprises:							
Gross balance at 30 June 2023	341,173,295	13,097,414	6,307,547	4,100,952	23,149,056	4,522,457	392,350,721
Accumulated depreciation at 30 June 2023	(83,033,657)	(2,531,567)	(3,008,102)	(1,969,163)	(10,103,960)	0	(100,646,449)
Balance at 30 June 2023	258,139,638	10,565,847	3,299,445	2,131,789	13,045,096	4,522,457	291,704,272

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

8. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - Roads	3	Cost approach using current replacement cost	Independent registered valuer	June 2022	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Footpaths	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
Infrastructure - Drainage	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
Infrastructure - Parks and reserves	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
Infrastructure - Other	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

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

9. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

Asset Class	Useful life
Buildings	25 - 50 years
Furniture and equipment	5 - 20 years
Plant and equipment	2 - 20 years
Infrastructure - Roads	
Formation – All roads	Perpetual life
Pavement – Thin Surfaced Flexible Rural	100 years
Pavement – Thin Surfaced Flexible Urban	100 years
Pavement – Unsealed Rural	50 years
Pavement – Unsealed Urban	50 years
Surface – Asphalt	100 years
Surface – Brick	60 years
Surface – Chip seal	60 years
Surface – Concrete	100 years
Surface – Slurry Seal	100 years
Infrastructure - Footpaths	
Black Asphalt	36 years
Brick Paving	36 years
Concrete Slabs	36 years
Gravel	12 years
In-situ Concrete	48 years
Red Asphalt	36 years
Sand	12 years
Timber	36 years
Other	48 years
Infrastructure - Drainage	60 years
Infrastructure - Other	5 - 80 years
Infrastructure - Parks and reserves	10 - 45 years

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

9. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

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

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

Revaluation

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

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

Revaluation (continued)

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 the following way:

- The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.

Amortisation

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

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

Amortisation is included within depreciation in the Statement of Comprehensive Income.

Impairment

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

Gains or losses on disposal

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

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

10. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.	Note	Right-of-use assets - plant and equipment	Right-of-use assets Total
		\$	\$
Balance at 1 July 2021		48,951	48,951
Additions		59,068	59,068
Gains/(losses) from sale and leaseback transactions		(2,749)	(2,749)
Depreciation		(32,867)	(32,867)
Balance at 30 June 2022		72,403	72,403
Gains/(losses) from sale and leaseback transactions		(4,169)	(4,169)
Depreciation		(33,365)	(33,365)
Balance at 30 June 2023		34,869	34,869

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

		2023 Actual	2022 Actual
		\$	\$
Depreciation on right-of-use assets		(33,365)	(32,867)
Finance charge on lease liabilities	23(b)	(633)	(941)
Short-term lease payments recognised as expense		0	(9,819)
Gains/(losses) from sale and leaseback transactions		0	43
Total amount recognised in the statement of comprehensive income		(33,998)	(43,584)
Total cash outflow from leases		(38,259)	(33,875)

(b) Lease Liabilities

Current		31,335	33,971
Non-current		4,000	38,990
	23(b)	35,335	72,961

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

Details of individual lease liabilities required by regulations are provided at Note 23(b).

Right-of-use assets - measurement

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

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

Right-of-use assets - depreciation

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

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

10. LEASES (Continued)

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

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

Less than 1 year
1 to 2 years
2 to 3 years
3 to 4 years
4 to 5 years
> 5 years

	2023	2022
	Actual	Actual
	\$	\$
	152,153	152,155
	135,317	152,153
	117,740	135,317
	111,336	117,740
	110,506	111,336
	2,288,052	2,398,558
	2,915,104	3,067,259

SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

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

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

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

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

**SHIRE OF DANDARAGAN
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11. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Prepaid rates	
Accrued payroll liabilities	
ATO liabilities	
Bonds and deposits held	
Accrued interest on borrowings	
Accrued expenses	

2023	2022
\$	\$
219,147	1,205,304
76,584	92,443
70,282	92,787
2,818	0
225,755	183,592
8,759	9,370
0	43,330
603,345	1,626,826

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

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

Prepaid rates

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

**SHIRE OF DANDARAGAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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12. OTHER LIABILITIES

	2023	2022
	\$	\$
Current		
Contract liabilities	154,209	49,000
Capital grant/contributions liabilities	3,418,151	1,481,729
	3,572,360	1,530,729
Reconciliation of changes in contract liabilities		
Opening balance	49,000	754,587
Additions	154,209	(705,587)
Revenue from contracts with customers included as a contract liability at the start of the period	(49,000)	0
	154,209	49,000
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	1,481,729	0
Additions	1,936,422	1,481,729
	3,418,151	1,481,729
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	3,418,151	1,481,729

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

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

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

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

13. BORROWINGS

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		166,295	2,074,727	2,241,022	163,019	2,241,022	2,404,041
Total secured borrowings	23(a)	166,295	2,074,727	2,241,022	163,019	2,241,022	2,404,041

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 Dandaragan.

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

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

The Shire has elected to recognise borrowing costs as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

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.

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

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

Employee Related Provisions

	2023	2022
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	347,710	317,293
Long service leave	324,999	299,087
	<u>672,709</u>	<u>616,380</u>
Total current employee related provisions	672,709	616,380
Non-current provisions		
Employee benefit provisions		
Long service leave	142,761	113,631
	<u>142,761</u>	<u>113,631</u>
Total non-current employee related provisions	142,761	113,631
Total employee related provisions	<u>815,470</u>	<u>730,011</u>

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

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

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

15. REVALUATION SURPLUS

	2023 Opening Balance	2023 Closing Balance	2022 Opening Balance	Total Movement on Revaluation	2022 Closing Balance
	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	2,278,204	2,278,204	2,278,204	0	2,278,204
Revaluation surplus - Buildings	15,310,678	15,310,678	15,310,678	0	15,310,678
Revaluation surplus - Furniture and equipment	773,202	773,202	773,202	0	773,202
Revaluation surplus - Plant and equipment	1,270,905	1,270,905	1,270,905	0	1,270,905
Revaluation surplus - Infrastructure - Roads	87,470,378	87,470,378	51,755,832	35,714,546	87,470,378
Revaluation surplus - Infrastructure - Footpaths	6,900,003	6,900,003	5,160,275	1,739,728	6,900,003
Revaluation surplus - Infrastructure - Drainage	2,523,697	2,523,697	3,883,302	(1,359,605)	2,523,697
Revaluation surplus - Infrastructure - Parks and reserves	1,634	1,634	0	1,634	1,634
Revaluation surplus - Infrastructure - Other	10,132,539	10,132,539	8,214,627	1,917,912	10,132,539
	126,661,240	126,661,240	88,647,025	38,014,215	126,661,240

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

16. RESTRICTIONS OVER FINANCIAL ASSETS

	Note	2023 Actual \$	2022 Actual \$
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	8,325,841	6,080,580
		8,325,841	6,080,580
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	24	4,753,481	4,549,851
Contract liabilities	12	154,209	49,000
Capital grant liabilities	12	3,418,151	1,481,729
Total restricted financial assets		8,325,841	6,080,580

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

Bank overdraft limit		0	0
Bank overdraft at balance date		0	0
Credit card limit		21,000	21,000
Credit card balance at balance date		(9,208)	(5,086)
Total amount of credit unused		11,792	15,914
Loan facilities			
Loan facilities - current		166,295	163,019
Loan facilities - non-current		2,074,727	2,241,022
Total facilities in use at balance date		2,241,022	2,404,041
Unused loan facilities at balance date		0	0

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

18. CAPITAL COMMITMENTS

	2023	2022
	\$	\$
Contracted for:		
- capital expenditure projects	24,647	1,730,460
- plant & equipment purchases	645,623	106,177
	670,270	1,836,637
Payable:		
- not later than one year	670,270	1,836,637

The Shire has had on order a number of major plant items which were ordered in the 2022/23 financial year, but not delivered in that financial year. This includes a replacement Prime Mover and a Tip Truck.

The prior year commitment was associated with the completion of grant funded civil works projects. In particular, projects associated with the Wheatbelt Secondary Freight Route which were delivered over multiple years.

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

19. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
President's annual allowance	16,000	16,000	16,000
President's meeting attendance fees	24,720	24,720	24,720
President's other expenses	1,205	1,444	2,083
President's annual allowance for ICT expenses	3,500	3,500	3,500
President's travel and accommodation expenses	173	2,675	4,099
	45,598	48,339	50,402
Deputy President's annual allowance	4,000	4,000	4,000
Deputy President's meeting attendance fees	0	15,965	15,965
Deputy President's other expenses	1,335	1,444	505
Deputy President's annual allowance for ICT expenses	3,500	3,500	3,500
Deputy President's travel and accommodation expenses	0	2,675	0
Deputy President's annual allowance for travel and accommodation expenses	0	0	821
	8,835	27,584	24,791
All other council member's meeting attendance fees	127,720	111,755	106,976
All other council member's All other council member expenses	9,131	11,552	5,144
All other council member's annual allowance for ICT expenses	24,500	24,500	23,452
All other council member's travel and accommodation expenses	5,770	18,725	7,855
	167,121	166,532	143,427
19(b)	221,554	242,455	218,620

(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	1,014,440	853,727
Post-employment benefits	116,641	98,672
Employee - other long-term benefits	100,470	86,169
Council member costs	221,554	218,620
19(a)	1,453,105	1,257,188

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.

Council member costs

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

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

19. RELATED PARTY TRANSACTIONS

Transactions with related parties

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

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

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

	2023 Actual	2022 Actual
	\$	\$
Purchase of goods and services	6,412	903

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 19(a) and 19(b).

ii. Other Related Parties

During the year, the Shire conducted business transactions with Jason Clarke Civil works \$4,400 and Peter Sharpe \$2,012 as per returned related party disclosure forms.

iii. Entities subject to significant influence by the Shire

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

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

20. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

AASB 13 *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.

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

22. DETERMINATION OF SURPLUS OR DEFICIT

		2022/23	2022/23	2021/22
	2022/23	Budget	Budget	2021/22
	(30 June 2023	(30 June 2023	(30 June 2023	(30 June 2022
Note	Carried	Carried	Carried	Carried
	Forward)	Forward)	Forward)	Forward)
	\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
		(62,447)	(42,563)	(213,565)
		123,766	50,615	76,206
		8,036,041	5,925,282	5,813,113
Non-cash movements in non-current assets and liabilities:				
		(920)	0	(11,659)
		29,130	0	13,817
		8,125,570	5,933,334	5,677,912
(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				
	24	(4,753,481)	(4,219,291)	(4,549,851)
	4(a)	(21,478)	(20,938)	(20,648)
Add: Current liabilities not expected to be cleared at end of year				
	13	166,295	166,295	163,019
	10(b)	31,335	33,955	33,971
		0	616,380	0
		(4,577,329)	(3,423,599)	(4,373,509)
Net current assets used in the Statement of Financial Activity				
		11,383,994	5,637,273	11,252,506
		(5,046,044)	(2,213,674)	(3,970,925)
		(4,577,329)	(3,423,599)	(4,373,509)
		1,760,621	0	2,908,072

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

23. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual							Budget				
		Principal			Principal at 30 June 2022	Principal			Principal at 1 July 2022	Principal			
		Principal at 1 July 2021	New Loans During 2021-22	Repayments During 2021-22		New Loans During 2022-23	Repayments During 2022-23	Principal at 30 June 2023		Principal at 1 July 2022	New Loans During 2022-23	Repayments During 2022-23	Principal at 30 June 2023
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Dandaragan residential house - GROH		0	643,000	(29,512)	613,488	0	(59,816)	553,672	613,488	0	(59,816)	553,672	
Jurien Bay foreshore redevelopment		0	1,500,000	(29,099)	1,470,901	0	(59,298)	1,411,603	1,470,901	0	(59,298)	1,411,603	
Jurien Bay depot building		0	250,000	(11,474)	238,526	0	(23,257)	215,269	238,526	0	(23,257)	215,269	
Jurien Bay Administration Centre		75,925	0	(75,925)	0	0	0	0	0	0	0	0	
Total		75,925	2,393,000	(146,010)	2,322,915	0	(142,371)	2,180,544	2,322,915	0	(142,371)	2,180,544	
Self Supporting Loans													
Jurien Bay Progress Association - Shed		36,584	0	(6,962)	29,622	0	(7,134)	22,488	29,623	0	(7,134)	22,489	
Jurien Bay Mens Shed - Shed		19,835	0	(3,500)	16,335	0	(3,547)	12,788	16,335	0	(3,547)	12,788	
Badgingarra Bowling Club - Synthetic surface		45,072	0	(9,903)	35,169	0	(9,967)	25,202	35,169	0	(9,967)	25,202	
Jurien Bay Bowling Club - Club renovations		24,668	0	(24,668)	0	0	0	0	0	0	0	0	
Total Self Supporting Loans		126,159	0	(45,033)	81,126	0	(20,648)	60,478	81,127	0	(20,648)	60,479	
Total Borrowings	13	202,084	2,393,000	(191,043)	2,404,041	0	(163,019)	2,241,022	2,404,042	0	(163,019)	2,241,023	

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

Borrowing Finance Cost Payments

Purpose	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending	Budget for year ending	Actual for year ending
					30 June 2023	30 June 2023	30 June 2022
					\$	\$	\$
Dandaragan residential house - GROH	136	WATC	1.78%	29/10/2031	(10,487)	(10,670)	(5,731)
Jurien Bay foreshore redevelopment	137	WATC	2.51%	29/10/2041	(36,308)	(36,564)	(18,833)
Jurien Bay depot building	138	WATC	1.78%	29/10/2031	(4,077)	(4,149)	(2,228)
Jurien Bay Administration Centre	127	WATC	0.00%	n/a	0	0	(3,175)
Total					(50,872)	(51,383)	(29,967)
Self Supporting Loans Finance Cost Payments							
Jurien Bay Progress Association - Shed	133	WATC	2.48%	1/02/2026	(617)	(691)	0
Jurien Bay Mens Shed - Shed	134	WATC	1.32%	10/12/2026	(201)	(204)	(250)
Badgingarra Bowling Club - Synthetic surface	135	WATC	0.65%	21/08/2025	(189)	(212)	(276)
Jurien Bay Bowling Club - Club renovations	130	WATC	0.00%	n/a	0	0	(918)
Jurien Bay Bowling Club - renewal	131	WATC	0.00%	n/a	0	0	(864)
Total Self Supporting Loans Finance Cost Payments					(1,007)	(1,107)	(2,308)
Total Finance Cost Payments					(51,879)	(52,490)	(32,275)

* WA Treasury Corporation

SHIRE OF DANDARAGAN
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FOR THE YEAR ENDED 30 JUNE 2023

23. BORROWING AND LEASE LIABILITIES (Continued)

(b) Lease Liabilities

Purpose	Note	Actual									Budget			
		Break Lease			Principal		Principal at 30 June 2022	Principal			Principal at 1 July 2022	Principal		
		Principal at 1 July 2021	New Leases During 2021-22	During 2021-22	Repayments During 2021-22	New Leases During 2022-23		Repayments During 2022-23	Principal at 30 June 2023	New Leases During 2022-23		Repayments During 2022-23	Principal at 30 June 2023	
Multi function copies		42,637	2,939	0	(14,815)	30,761	0	(15,279)	15,482	30,761	0	(15,279)	15,482	
Drinking water devices		6,982	0	(2,792)	(4,190)	0	0	0	0	0	0	0	0	
Drinking water devices		0	56,129	0	(13,929)	42,200	0	(22,347)	19,853	42,200	0	(18,692)	23,508	
Total Lease Liabilities	10(b)	49,619	59,068	(2,792)	(32,934)	72,961	0	(37,626)	35,335	72,961	0	(33,971)	38,990	

*Non cash amount of \$4,169 included in principal repayments during 2022-23, in relation to the termination of the Ice machine lease agreement.

Lease Finance Cost Payments

Purpose	Note	Lease Number	Institution	Interest Rate	Lease Term	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
Multi function copies		O881825045	Ricoh Finance	1.33%	60 months	8/06/2024	\$ (426)	\$ (410)	\$ (599)
Drinking water devices		WLA RA 11100	Waterlogic	0.51%	29 months	25/10/2024	0	0	(57)
Drinking water devices		WLA RA 11825	Waterlogic	0.51%	36 months	25/10/2024	(207)	(287)	(285)
Total Finance Cost Payments							(633)	(697)	(941)

SHIRE OF DANDARAGAN
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FOR THE YEAR ENDED 30 JUNE 2023

24. RESERVE ACCOUNTS

	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance	2023 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Leave reserve	181,285	182	0	181,467	181,285	914	0	182,199	261,411	261	(80,387)	181,285
(b) Plant reserve	360,893	362	0	361,255	360,893	894	(283,696)	78,091	255,578	255,315	(150,000)	360,893
(c) Building reserve	706,736	7,218	(115,000)	598,954	706,736	9,295	(325,000)	391,031	656,958	211,727	(161,949)	706,736
(d) Rubbish reserve	436,804	439	0	437,243	436,804	1,525	0	438,329	499,506	495	(63,197)	436,804
(e) Community Centre reserve	401,682	6,405	0	408,087	401,682	7,361	0	409,043	395,291	6,391	0	401,682
(f) Television Services reserve	53,077	53	0	53,130	53,077	343	0	53,420	98,182	97	(45,202)	53,077
(g) Information Technology reserve	57,339	58	0	57,397	57,339	200	0	57,539	57,282	57	0	57,339
(h) Land Development reserve	71,059	72	0	71,131	71,060	248	0	71,308	70,989	70	0	71,059
(i) Parking Requirements (Lot 1154 Sandpiper Street) reserve	11,469	12	0	11,481	11,469	40	0	11,509	11,458	11	0	11,469
(j) Parks and Recreation Grounds Development (Seagate) reserve	150,903	152	0	151,055	150,903	1,322	0	152,225	353,053	350	(202,500)	150,903
(k) Sport and Recreation reserve	163,599	157	(67,407)	96,349	163,599	1,091	(99,059)	65,631	163,437	162	0	163,599
(l) Landscaping reserve	2,662	2	0	2,664	2,662	10	0	2,672	2,659	3	0	2,662
(m) Aerodrome reserve	174,811	22,619	(19,030)	178,400	174,811	22,896	(20,000)	177,707	152,218	22,593	0	174,811
(n) Public Open Space renewal reserve	212,439	213	0	212,652	212,439	1,961	0	214,400	454,639	450	(242,650)	212,439
(o) Infrastructure renewal reserve	679,419	23,883	0	703,302	679,419	2,853	0	682,272	710,752	704	(32,037)	679,419
(p) Public Open Space construction reserve	9,437	10	0	9,447	9,437	397	0	9,834	9,428	9	0	9,437
(q) Infrastructure construction reserve	146,534	147	0	146,681	146,534	219	0	146,753	55,604	126,030	(35,100)	146,534
(r) Building construction reserve	26,846	26	0	26,872	26,845	408	0	27,253	116,730	116	(90,000)	26,846
(s) Economic Development Initiatives reserve	648,291	651	0	648,942	648,291	2,789	0	651,080	647,650	641	0	648,291
(t) Turquoise Way Path reserve	52,058	52	0	52,110	52,057	182	0	52,239	52,006	52	0	52,058
(u) Cash in lieu of landscaping (Lot 1146 Sandpiper Street) reserve	2,508	3	0	2,511	2,509	10	0	2,519	2,506	2	0	2,508
(v) WALGGC Roads Component Overpayment	0	73,711	0	73,711	0	73,686	0	73,686	0	0	0	0
(w) Cervantes Community Infrastructure Development	0	268,640	0	268,640	0	268,551	0	268,551	0	0	0	0
	4,549,851	405,067	(201,437)	4,753,481	4,549,851	397,195	(727,755)	4,219,291	5,027,337	625,536	(1,103,022)	4,549,851

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

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

24. RESERVE ACCOUNTS (Continued)

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 council	
(a) Leave reserve	to fund annual leave and long service leave entitlements.
(b) Plant reserve	to be used in order to assist in the purchase of major items of plant.
(c) Building reserve	to fund capital renewal of buildings and associated assets as guided by the Building Asset Management Plan.
(d) Rubbish reserve	to be used to fund establishing, enhancing, rehabilitation or any other activities associated with new and existing landfill or waste site
(e) Community Centre reserve	to be used to fund capital construction costs and major maintenance restoration / preservation costs to the community recreation centres located in the four towns.
(f) Television Services reserve	to be used to fund the provision of new or improved television rebroadcasting facilities throughout the shire.
(g) Information Technology reserve	to be used for purchase of hardware, software, licensing, contract labour and cloud transitioning costs related to information technology.
(h) Land Development reserve	for the purpose of funding land development in the townsites of Dandaragan and Badgingarra.
(i) Parking Requirements (Lot 1154 Sandpiper Street) reserve	to fund future parking requirements in the Shire of Dandaragan in the vicinity of Lot 1154 Sandpiper Street, Jurien Bay as separately identified.
(j) Parks and Recreation Grounds Development (Seagate) reserve	to fund the future purchase of land or development of parks and recreation grounds in the locality of Seagate Estates as separately identified or with Ministerial approval, for the improvement or development of parks and recreation.
(k) Sport and Recreation reserve	to fund community sporting groups requests in accordance with the Shire of Dandaragan's Recreation Plan.
(l) Landscaping reserve	to fund future landscaping requirements in the Shire of Dandaragan in the vicinity of Lot 1154 Sandpiper Street, Jurien Bay as separately identified.
(m) Aerodrome reserve	to be used for renewal, major maintenance, expansion or relocation of the Shire of Dandaragan's airstrips and aerodromes.
(n) Public Open Space renewal reserve	to fund capital renewal of public open space and associated assets as guided by the Public Open Space Asset Management Plan.
(o) Infrastructure renewal reserve	to fund capital renewal of infrastructure and associated assets as guided by the Infrastructure Asset Management Plan.
(p) Public Open Space construction reserve	to fund capital construction and/or purchase of public open space and associated assets.
(q) Infrastructure construction reserve	to fund capital construction and/or purchase of buildings and other associated assets.
(r) Building construction reserve	to fund annual leave and long service leave entitlements.
(s) Economic Development Initiatives reserve	to be used for the planning, development and implementation of economic development initiatives with the Shire of Dandaragan.
(t) Turquoise Way Path reserve	to be used for the renewal, major maintenance, improvements, promotion, inspection equipment / surveillance, extension or relocation of the Turquoise Way Path and associated infrastructure within the Turquoise Way Path corridor.
(u) Cash in lieu of landscaping (Lot 1146 Sandpiper Street) reserve	to be used for purposes allowable under the planning consent granted to I I & J B A Kelly Superannuation Fund for the commercial development at Lot 1146 Sandpiper Street, Jurien Bay.
(v) WALGGC Roads Component Overpayment	to quarantine estimated overpayment of WA Local Government Grants Commission (WALGGC) Roads Component for use in the 2023/2024 financial year.
(w) Cervantes Community Infrastructure Development	funds derived from the sale of 11 Gazeley Way Cervantes, for community infrastructure development projects in Cervantes.

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

25. TRUST FUNDS

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

	1 July 2022	Amounts Received	Amounts Paid	30 June 2023
	\$	\$	\$	\$
Cash in lieu Public open space - L9000 Valencia	200,277	0	0	200,277
	200,277	0	0	200,277



Auditor General

INDEPENDENT AUDITOR'S REPORT 2023 Shire of Dandaragan

To the Council of the Shire of Dandaragan

Opinion

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

- the Statement of Financial Position as at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2023 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Basis for opinion

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

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

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial report and my auditor's report.

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

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

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

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

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

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Dandaragan for the year ended 30 June 2023 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Jordan Langford-Smith
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
15 December 2023



Our Ref: 7927-002

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President
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Dear President

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

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

We have also forwarded the reports to the CEO and the Minister for Local Government, as required by the Act.

The CEO is required to publish the annual report, including the auditor’s report and the audited financial report, on your Shires official website within 14 days after the annual report has been accepted by your Council.

Management control issues

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

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

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

The date that entities provided their annual financial report to the Office has been recorded for purposes of reporting to Parliament. The date recorded for the receipt of your financial statements was 2 October 2023.

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

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

Feel free to contact me on 6557 7509 if you would like to discuss these matters further.

Yours faithfully

Ann Ang
Director
Financial Audit
15 December 2023

Attach

SHIRE OF DANDARAGAN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDING IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Annual leave discrepancies	No		✓		
2. Fixed assets reconciliation	No		✓		
3. Annual leave and long service leave calculation	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 DANDARAGAN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDING IDENTIFIED DURING THE FINAL AUDIT

1. Annual leave discrepancies

Our review of the leave entitlements identified discrepancies between the accounting system and annual leave entitlement listing. A recalculation of a sample of 17 employees' leave balances identified a projected error of \$34,274 which is not material.

Rating: Moderate

Implication

There is a risk that inaccurate recording of leave balances could result in misstatements to the leave provisions balance.

Recommendation

Although the projected error is immaterial, we recommend that management perform an internal review of all the employees' leave balances to ensure their accuracy.

Management comment

Management notes the matters identified with respect to the calculation of leave accruals. Staff are currently resolving these issues with the Shire's accounting system provider as a matter of priority to ensure accurate calculation of leave accruals is recorded within the payroll system. It should be noted that finance staff validate and manually calculate leave balances during staff termination processes to address any miscalculations of the leave accruals generated by the accounting system.

Responsible person: Executive Manager Corporate and Community Services
Completion date: 31 March 2024

SHIRE OF DANDARAGAN
PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023
FINDING IDENTIFIED DURING THE FINAL AUDIT

2. Fixed assets reconciliation

Management has not prepared a clear reconciliation of the asset register and general ledger as at 30 June 2023 that reconciles the movements through work in progress. We have checked during our audit that there were no material discrepancies between the asset register and general ledger at year end.

Rating: Moderate

Implication

Without regular reconciliations, there is an increased risk that errors or omissions may not be detected and resolved promptly.

Recommendation

We recommend that management ensure monthly reconciliations between the fixed asset register and general ledger are performed to ensure that work in progress transfers, additions, disposals and depreciation are monitored for financial reporting purposes. We recommend the reconciliation is prepared and reviewed by an independent senior officer, and evidence of the review retained.

Management comment

Management notes the matters identified with respect to the reconciliation of movements through Work in Progress accounts. Progress has already been made to amend the reports generated within our accounting system to facilitate addressing this matter.

Responsible person: Executive Manager Corporate and Community Services
Completion date: 30 June 2024

SHIRE OF DANDARAGAN
PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023
FINDING IDENTIFIED DURING THE FINAL AUDIT

3. Annual leave and long service leave calculation

From our testing of the leave provision calculations, we identified the following:

- The annual leave (AL) provision was not measured at present value (discounted basis). It was measured at nominal value with no discounting. As the accrued AL is not expected to be wholly settled before the end of the next annual reporting period, it would need to be measured at present value (in line with AASB 116 *Employee Benefits*). We noted the difference between the two calculation methods is not material.
- The probability factors used for the long service leave (LSL) calculation have not been reviewed by management since 2018-19 to reflect the use of recent historical separation rates. The probability factors are disclosed in the Shire's *Employee Benefits Accounting Policy*.

Rating: Minor

Implication

There is a risk of non-compliance with the requirements of the AASB 116 and the accuracy of the leave provisions balance in the financial report.

Recommendation

We recommend that management:

- ensure leave provisions are measured in accordance with the requirements of AASB 119
- regularly review and update the probability factors used in the calculation of leave provisions, and reflect the updated information in the Shire's *Employee Benefits Accounting Policy* accordingly.

Management comment

Management notes the matters identified with respect to the calculation of leave provisions. The recommendations will be implemented.

Responsible person: Executive Manager Corporate and Community Services
Completion date: 31 July 2024