

Annual Report

2022-23



OUR VISION

A healthy, harmonious and progressive community where all people are willing to contribute and enjoy opportunities to be successful.

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ABOUT THE SHIRE OF KULIN

The progressive and vibrant community of Kulin is located 280km South East of Perth in the Central Wheatbelt. The Kulin Region comprises of four townsites, Kulin, Pingaring, Dudinin and Holt Rock.



The Shire of Kulin has excellent accessibility through its high standard of transport infrastructure including 225km of sealed road and 1217km of unsealed roads. Local industry is based on broad acre farming, particularly wheat, barley, canola, oats and lupins and sheep and cattle production.

The Shire of Kulin offers quality community services through Doctor and Health Centre services and Child Care Services. Modern sporting facilities provide access to numerous sporting opportunities including indoor netball and basketball courts, well maintained football, hockey and cricket ovals, competition sized bowling rink, tennis courts and 18 hole golf course. Kulin also boasts first class recreation facilities including an Aquatic Centre with the largest slide in regional Australia, a modern gymnasium with 24 hour access and a newly installed pump track, skate park and ninja warrior course.



In addition to all the facilities and services that are provided by the Shire of Kulin there is also Kulin Community Bank, Kulin District High School, various visiting primary health specialists, Commonwealth Home Support Program, Police Station, supermarket, hotel, cafe, mechanics, tyre service, hardware stores, Post Office, Library, beauty therapist and hairdressers. You will find many sporting groups, personal interest and hobby groups and service organisations. Shire of Kulin welcomes all tourists and visitors to our region.



The Tin Horse Highway is an open air art gallery for all to enjoy. Shire of Kulin provides high quality tourist amenity including 'You set the price' Caravan Park, 72 hour RV stop in Kulin, RV stops in Holt Rock and Pingaring, clean visitor amenities and RV Dump Point in Kulin. Our accredited Visitor Centre and Community Resource Centre offers information to explore the Kulin Region and events to connect with the community. Significant annual events in Kulin include the Kulin Bush Races and Blazing Swan.



Kulin-Kondinin Football Club



Kulin Childcare Centre

PRESIDENT'S REPORT

It is with pleasure that I provide this Annual Report to the Kulin Region which represents the 2022-23 financial year. As I reflect on a year that brought a range of achievements, opportunities and complexities, it is encouraging to see Kulin Shire Council continues to deliver strong governance and financial management for the community.

Key components of the 2022-23 Budget included investments in improved roads including Fence Road and Kulin-Holt Rock Road, new and improved footpaths, major maintenance of the Slide at the Kulin Aquatic Centre, installation of an accessible toilet block at the Kulin Caravan Park, CCTV upgrades at the FRC and Aquatic Centre, procurement of the Kulin Depot Crib Room and oval lighting upgrades at the Hockey Oval.



Council also continues to carry out its core functions, including maintaining and improving our road assets, sport and recreation amenity, tourism development, childcare services and medical services. These are just some of the activities undertaken to affirm our commitment to the communities we serve. Investment in our plant and equipment including new truck, side tipper, dolly and a maintenance tractor supports our large works program.

Projects like the slide refurbishment, road upgrades and facility and infrastructure development are often complimented by external grants, and we acknowledge this is an important funding source for Council. Without assistance, the delivery of the large number of projects – large and small – would not be possible.

I would like to thank Councillor Brad Smoker, Deputy Shire President and my fellow Councillors who work hard in our community to ensure we remain aware of issues and the needs of our community. I would also like to thank our Chief Executive Officer, Alan Leeson and our dedicated team of staff who are to be commended for their ongoing commitment and the work they do to look after so many assets and services in our community that support the Kulin Region.

Grant Robins,
Shire President

CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to provide this report for 2022-23, which has been another busy period for Council. Council has maintained its focus to provide community services and infrastructure in the most effective and efficient manner possible and ensured it meets the needs and expectations of our community.

It has been an extremely rewarding year built on the strengths of partnerships within our community. Success in local government relies on all parties working together and understanding the joint value of delivering great projects. I would like to draw attention to the fantastic relationship we share with our volunteers. Kulin has an amazing volunteer base who add so much depth and strength to the community. Through involvement in Kulin Bush Races, Volunteer Fire and Rescue, St John Ambulance, Cultivating Kulin Committee, sporting clubs, organisations and committees, you are the backbone of the Kulin Region.

We have again been allocated significant funding through the Local Roads and Community Infrastructure Program and Wheatbelt Secondary Freight Network. This injection of funds has enabled us to deliver on major road and infrastructure projects, over and above our normal budget commitments. While the additional funding is a welcome boost, I must congratulate the workforce in being able to deliver on these additional projects.

Council continues to be in a strong financial position and operate in a financially sustainable manner. A key factor to this is Council's hard working staff who always maintain a high degree of diligence and enthusiasm for the wide range of tasks expected of a Council. I wish to thank the managers and all staff for their ongoing efforts. I take the opportunity to thank President Grant Robins, Deputy President Brad Smoker and Councillors for their support and thank them for the job they do representing the community. Kulin Shire Council has had a successful year and enjoyed working on a large number of projects and initiatives for the benefit of our communities.

Alan Leeson,
Chief Executive Officer



ELECTED MEMBERS



Grant Robins
President

Portfolio: Roads & Transport, WALGA Central Country Zone
Committees: Audit, Regional Road, Local Government Week, WALGA Central Country Zone, RoeROC.



Robbie Bowey
Councillor

Portfolio: Health, Tourism, Housing and Buildings
Committees: Australia Day, Audit, Roe Tourism



Brad Smoker
Deputy President

Portfolio: Business Development, Town Planning, Townscape, Tidy Towns, Housing and Buildings
Committees: Audit, RoeROC, Local Government Week



Michael Lucchesi
Councillor

Portfolio: Roads & Transport
Committees: Audit, KCCC, Regional Road Group, CKC



Lucia Varone
Councillor

Portfolio: Health, Tourism
Committees: Audit



Jarron Noble
Councillor

Portfolio: Sport & Recreation, Emergency Services
Committees: Freebairn Recreation Centre, Audit, LEMCS



Troy Gangell
Councillor

Portfolio: Agriculture, Business Development
Committees: Audit, Central Ag Care



Clinton Mullan
Councillor

Portfolio: Agriculture, Emergency Services
Committees: Australia Day, Eastern Wheatbelt Biosecurity, LEMC



Barry West
Councillor

Portfolio: Sport & Recreation, Town Planning, Townscape, Tidy Towns, WALGA Central Country Zone
Committees: Audit, Freebairn Recreation Centre, DAP, WALGA Central Country Zone.

MANAGEMENT TEAM



Alan Leeson

Chief Executive Officer
ceo@kulin.wa.gov.au



Taryn Scadding

Executive Manager Community Services
emcs@kulin.wa.gov.au



Fiona Murphy

Executive Manager Financial Services
emfs@kulin.wa.gov.au



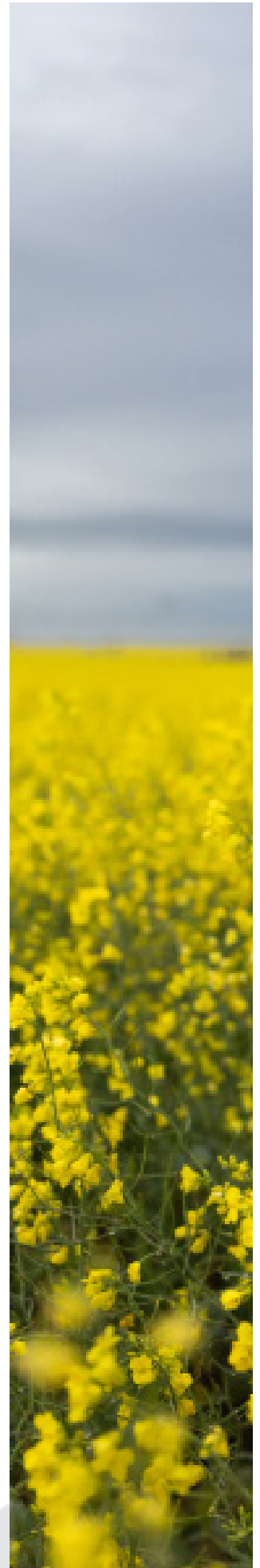
Cassi Lewis

Executive Manager Governance and Risk
emgr@kulin.wa.gov.au



Judd Hobson

Executive Manager Works
works@kulin.wa.gov.au





PLANNING



FOR THE



FUTURE

Strategic Community Plan

The Shire of Kulin’s Strategic Community Plan 2021-2031 was the overarching strategy document for 2022-23 which reflects the long-term aspirations and goals of the Kulin Community and reinforces our commitment to the people who live, work and visit the Kulin Region.

The Strategic Community Plan 2021-2031 focuses on the following five themes

- RECREATION & CULTURE
- INFRASTRUCTURE
- COMMUNITY
- REGULATORY
- CORPORATE

A minor desktop review of the Strategic Community Plan was undertaken in June 2023.

Corporate Business Plan

The Shire of Kulin Corporate Business Plan 2021-2025 defines five years of priorities, services, projects and actions to be implemented in order to fulfil the Strategic Community Plan.

SCP25- STRATEGIC PRIORITIES

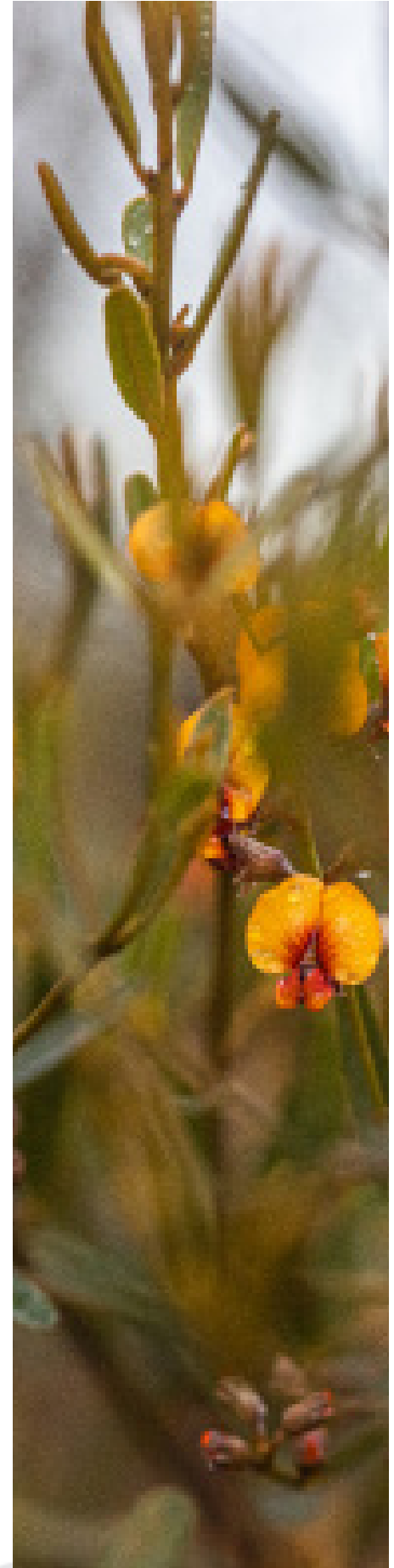
Governance	Transport	Community Development	Planning	Recreation Facilities
KULIN Shire Council provides good strategic decision making, governance, leadership, and professional management.	KULIN has connected communities through a safe and efficient transport network throughout the Shire.	KULIN is a strong and supportive community with a recognisable identity of being proactive, inclusive, resilient and welcoming.	KULIN will continue to deliver services that meet the current and future needs and expectations of the community, whilst maintaining statutory compliance.	KULIN offers a variety of high-quality recreation and sporting facilities that provide accessible infrastructure meeting the changing needs of the growing and active communities.
Finance KULIN Shire Council manages the organisation in a responsible, accountable and consultative manner ensure Council decision making supports fair allocation of resources, services and facilities across the Shire.	Water KULIN ensures quality, long term water supply to meet the demands of existing industry requirements, future growth and challenging climatic conditions.	Economic Development KULIN has a thriving, diverse and growing economy that provides commercial and industrial infrastructure aligned to economic needs and growth, offering a diverse range of job opportunities to actively support, develop and attract local as well as new businesses and new services to Kulin.	Building KULIN will ensure effective and efficient development and building services	Aquatic Centre The KULIN Shire Council will work with the community to maintain the Aquatic Centre and water slide.
Communication and Customer Service A range of effective communication tools engage the KULIN community to support transparent and accountable decision making and high standard customer service.	Waste KULIN is committed to sustainable waste management focusing on waste minimisation and resource recovery.	Tourism KULIN offers a positive visitor experience founded on iconic major events, distinct local attractions and a collaborative approach to heritage, our stories and tourism.	Public Health KULIN will provide environmental health and safety services.	Community Facilities KULIN provides a variety of community facilities to meet the current and future needs and expectations of the community.
Information Technology KULIN advocates and lobbies for telecommunications infrastructure that is progressive and facilitates business growth and meets the needs of our community.	Housing KULIN will facilitate diverse, inclusive housing options via encouraging the provision of affordable housing stock and investigating incentive or joint venture partnership arrangements to create private/community investment in quality housing.	Education KULIN is focused on lifelong learning with improved access to education, training and leadership development via opportunities to network, learn and share skills and experience through a range of local training and education pathways.	Ranger Services KULIN is a liveable and safe community where people are safe in their homes and in public.	Public Open Space KULIN offers a functional mix of open space and invites and promote the community to take a proactive role in improving the aesthetics of each town site.
Human Resources KULIN Shire Council provides a safe, healthy and inclusive work environment that supports and enhances the productivity of Shire staff via provision of regular training opportunities and implementation of collaborative partnerships that support efficient use of resources.	Environment KULIN is an environmentally aware community that endeavours to protect and value the natural environment and investigate sustainable alternative energy solutions.	Health KULIN provides access to a high standard of health and family support services to address the needs of all sectors of the community whilst embracing and providing for older residents.	Emergency Services KULIN has a community wide emergency management and recovery plan and encourages community participation in emergency service organisations.	Arts & Culture KULIN support access to cultural and artistic activities and facilities in the community.

STRATEGIC ACTIVITIES

Corporate Governance	Infrastructure Transport	Community Development	Regulatory Planning	Recreation & Culture Recreation Facilities
Communications	Transport Tin Horse Highway Town Street Lights Footpaths and Trails Car Parks Fuel Facility	Tin Horse Highway Commercial Buildings Town Street Lighting Recreation Precinct Signage Childcare Training Communications Public Art	Takeaway Food Outlet Mobile Phone Towers Accommodation Housing Aged Care Facility Public Art	Footpaths and Trails Water Non-potable Recreation Precinct Aquatic Centre Signage Playgrounds
Finance	Water	Economic Development	Building	Aquatic Centre
Accommodation Commercial Buildings Aquatic Centre Childcare Centre Fuel Facility	Water Non-potable	Takeaway Food Outlet Mobile Phone Towers Internet Transport Accommodation Commercial Buildings Signage Housing Recycling Fuel Facility	Takeaway Food Outlet Accommodation Commercial Buildings Aquatic Centre Housing	Aquatic Centre Signage
Communication and Customer Service	Waste	Tourism	Public Health	Community Facilities
Communications	Recycling	Takeaway Food Outlets Mobile Towers Transport Accommodation Tin Horse Highway Tourist Amenities Footpaths and Trails Aquatic Centre Signage Fuel Facility Communications Public Art	Tourist Amenities Aquatic Centre Playgrounds	Tourist Amenities Town Street Lighting Footpaths and Trails Recreation Precinct Aquatic Centre Signage Childcare Aged Care Playgrounds
Information Technology	Housing	Education	Ranger Services	Public Open Space
Mobile Phone Towers Internet Communications	Housing	Childcare Training Playgrounds		Tourist Amenities Footpaths Signage Aged Care Public Art Playgrounds
Human Resources	Environment	Health	Emergency Services	Arts & Culture
Housing Childcare	Tourist Amenities Footpaths and Trails Recycling	Medical Aged Care	Mobile Phone Towers Internet Water Non-potable Training	Tin Horse Highway Footpaths and Trails Public Art

2022-23 PROJECT PROGRESS

Project	Details	Description	Actions/Status
CORPORATE			
Internet	Wireless Internet – Kulin Townsite	Work with CRISP Wireless to install wireless internet tower within Kulin townsite	CRISP Wireless has installed tower for Kulin townsite and continues to roll out towers in the regional areas
Accommodation	Workers Style	Investigation and planning of "Workers Style" accommodation	2023-24
INFRASTRUCTURE			
Footpaths and Trails	Improved Network	Progressively implement modifications subject to available funding.	New footpaths installed on McInnes and Gordon Street. Upgrades to Bull Street
Footpaths and Trails	Pram/Gopher Ramps	Ensure adequate pram ramps are installed	New ramps installed on new/upgraded footpaths. All ramps have been identified and will be upgraded in future budgets
Housing	Staff Housing – Long term housing plan	Develop a 25-year plan that identifies regular renewal of housing stock on a planned basis.	Ongoing
COMMUNITY			
Medical	GP	Undertake appropriate recruitment process for GP to ensure continuity of service.	Complete. SoK continues to work with Shire of Kondinin on business model
Playgrounds	All Ages Precinct	Construct All Ages Precinct as per designs for Stage 1 and Stage 2.	Complete
REGULATORY			
Mobile Phone Towers	Fix Black Spots	Facilitate discussion with relevant State and Federal elected. Commence lobbying for installation of new towers on a case-by-case basis.	Ongoing
RECREATION AND CULTURE			
Recreation Precinct	Sports Lighting Upgrade	Investigate, plan and improve sports lighting against relevant standards.	Installation of lighting towers on hockey oval completed. Master plan for oval, bowls and tennis lighting to be developed
Aquatic Centre	Recreation Amenities	Improvement of recreation amenities as identified in Master Plan.	Budget 2023-24
Aquatic Centre	Slide Structure Repairs	Undertake on-going slide structure renewal in accordance with OHS requirements.	Major restoration works completed on structure. More repairs to be completed in 2023-24 budget
Playgrounds	Oval Playground	Investigate and determine potential options and costs for improvements to playground at Kulin Oval.	Playground to remain. Shades to be installed in the 2023-24 budget



MAJOR PROJECTS 2023-24

Major Road Projects

- Fence Road
- Kulin Holt Rock Road
- Muller Road

Major Infrastructure Projects

- Shade at Kulin Aquatic Centre
- Old Administration Building Development - Consultancy budget allowance to prepare concept & costings
- Transfer Station - Improve staff facility, flooring, toilet, electricity etc.
- FRC Changeroom Upgrades
- FRC Generator (funded by Reserve)
- Short Stay Accommodation - Investigate, plan and cost design/concept for tourist accommodation
- Footpaths – Improved Network and Pram & Gopher Ramps
- Workforce Accommodation - Investigate, plan and cost design/concept for tourist accommodation
- Tennis Court Resurfacing, reduced court capacity in existing location
- Childcare Centre Operations & Expansion
- Town Circuit Walk & Bike Trails – Develop a master plan creating an around town of a circuit walk and bike trail.
- Signage –Develop updated Kulin Town Entry Statements, wayfinding signage and tourism signage



Butler's Garage



STATUTORY STATEMENTS

DISABILITY ACCESS AND INCLUSION PLAN (DAIP)

Under the Disability Services Act 1993, all Western Australian Local Governments are required to have a Disability Access and Inclusion Plan (DAIP) to improve access to their services for people with disability. The Shire lodged their latest DAIP for 2020 - 2025 in May 2020. This plan will run until May 2025 and is available on the Shire's website. The Shire DAIP meets the requirements of the Disability Services Act 1993.

Since the adoption of the initial plan in 2007, the Shire has implemented many initiatives and made significant progress towards ensuring the community is accessible and inclusive for people of all ages and abilities and continues with this commitment. In 2022/23 the Shire made the following improvements in line with the DAIP: new footpaths and pram ramps were installed in various locations around the Kulin townsite and a disabled ablution block was installed at the Kulin Caravan Park.

COMPLAINTS REPORT

There were no complaints recorded in the Register of Complaints during the 2022/23 financial year.

PAYMENTS MADE TO EMPLOYEES

In accordance with the Local Government (Administration) Regulations 1996 19B, the Shire of Kulin is required to disclosure in bands of \$10,000 the number of employees entitled to an annual salary package of \$130,000 or more. The following table is based on the amount each employee actually received over the 2022/23 financial year, whether employed for a full year or not. The remuneration includes cash, superannuation, allowances, housing, motor vehicles and termination payments.

SALARY RANGE	TOTAL EMPLOYEES
\$160,000-169,000	1
\$190,000-199,000	1
\$350,000-359,000	1

REMUNERATION PAID OR PROVIDED THE CHIEF EXECUTIVE OFFICERS

The Shire of Kulin Chief Executive Officers were paid a total reward package of \$411,756 in the 2022/23 financial year. The total reward package is comprised of base salary, superannuation, housing, personal benefit value of motor vehicles, allowances, fringe benefits tax and memberships.

FREEDOM OF INFORMATION

In complying with the freedom of Information Act 1992, the Shire of Kulin is required to prepare and publish an information statement. The information statement is reviewed annually and is available on the Shire's website. During the year ended 30 June 2023, no Freedom of Information Applications were received.

RECORD KEEPING

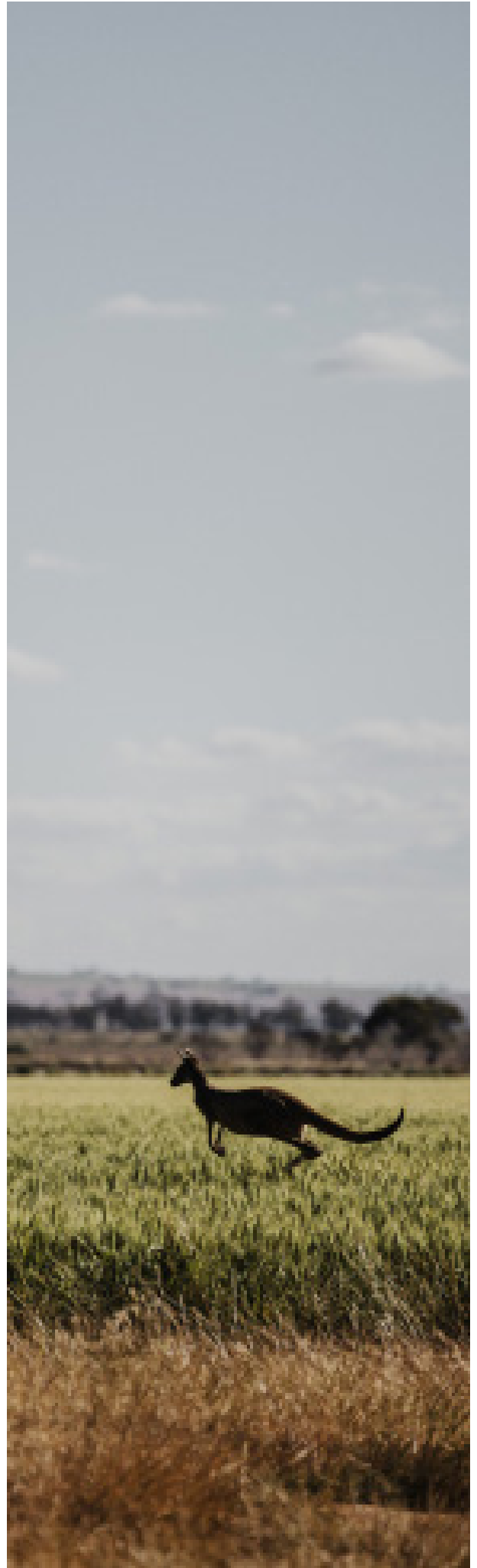
In accordance with the State Records Act 2000, the Shire of Kulin is required to have an approved Record Keeping Plan. The plan sets out how records are created and retained. The Shire's Record Keeping Plan was adopted by State Records Commission in 2018 and will be reviewed in 2023. The review will include updating the Shire's induction and training procedures to ensure all employees are aware of their record keeping responsibilities.

NATIONAL COMPETITION POLICY

The National Competition Policy was introduced by the Commonwealth Government in 1995, to promote competition for the benefit of business, consumers and the economy by removing unnecessary protection of monopolies of markets where competition can be enhanced. It affects local governments because factors such as exemption from company and income tax or possible local regulations and laws may give local government a potential advantage over private contractors.

The Shire is required to comply with certain policies contained with the National Competition Policy Statement, and report on the progress in connection with the National Competitive Neutrality Principles and review of Local Laws. During the financial year the Shire met its obligations under the National Competition Policy. The Shire continues to monitor Council policies and local laws for anticompetitive practices.

The Shire does not operate significant business activities which compete or could compete with private business sector business.



COUNCILLOR MEETING ATTENDANCE

Ordinary Council Meetings

	JULY 22	AUG 22	SEPT 22	OCT 22	NOV 22	DEC 22	FEB 23	MAR 23	APR 23	MAY 23	JUN 23	Special Council Meetings	Audit & Risk Committee
CR. GRANT ROBINS	●	●	●	●	●	●	●	●	●	●	●	1	1
CR. BRAD SMOKER	●	●	●	●	●	●	●	●	●	●	●	1	1
CR. ROBBIE BOWEY	●	●	●	●	●	●	●	●	●	●	●	1	1
CR. TROY GANGELL	●	●	●	●	●	●	●	●	●	●	●	1	1
CR. CLINTON MULLAN	●	●	●	●	●	●	●	●	●	●	●	1	1
CR. BARRY WEST	●	●	●	●	●	●	●	●	●	●	●	1	1
CR. LUCIA VARONE	●	●	●	●	●	●	●	●	●	●	●	1	1
CR. MICHAEL LUCCESI	●	●	●	●	●	●	●	●	●	●	●	1	1
CR. JARRON NOBLE	●	●	●	●	●	●	●	●	●	●	●	1	1

● Attended ● Apology ● Leave of Absence

Elected member demographics is detailed below (regulation 19B(2)(h) Local Government (Administration) Regulations 1996).







Financial Report

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

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

A healthy, harmonious and progressive community where all people are willing to contribute and enjoy opportunities to be successful.

Principal place of business:
38 Johnston Street
Kulin WA 6365

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

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Revenue				
Rates	2(a),25	2,174,104	2,176,094	2,085,092
Grants, subsidies and contributions	2(a)	1,294,953	993,437	3,382,305
Fees and charges	2(a)	1,865,561	2,024,018	1,880,309
Interest revenue	2(a)	140,248	78,344	16,345
Other revenue	2(a)	240,154	147,344	439,229
		5,715,020	5,419,237	7,803,280
Expenses				
Employee costs	2(b)	(2,441,788)	(2,259,943)	(2,333,434)
Materials and contracts		(2,777,940)	(2,803,809)	(2,102,302)
Utility charges		(284,764)	(328,412)	(293,859)
Depreciation		(3,203,930)	(3,102,295)	(2,976,932)
Finance costs	2(b)	(35,995)	(36,259)	(41,702)
Insurance		(314,561)	(309,419)	(295,563)
Other expenditure	2(b)	(37,895)	0	0
		(9,096,853)	(8,639,937)	(8,043,792)
		(3,381,833)	(3,220,700)	(240,512)
Capital grants, subsidies and contributions	2(a)	5,048,857	6,210,263	4,990,138
Profit on asset disposals		66,221	62,480	73,546
Loss on asset disposals		(72,222)	(32,100)	(31,051)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	3,686	0	6,583
Share of net loss of associates accounted for using the equity method	22	(5,898)	0	48,097
		5,040,644	6,240,643	5,087,313
Net result for the period		1,658,811	3,019,943	4,846,801
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	(39,621,050)	0	0
Total other comprehensive income for the period		(39,621,050)	0	0
Total comprehensive income for the period		(37,962,239)	3,019,943	4,846,801

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



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

	NOTE	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	3	3,211,692	2,137,903
Trade and other receivables	5	782,308	742,325
Other financial assets	4(a)	0	2,283,327
Inventories	6	64,574	56,786
Other assets	7	368,697	876,757
Assets classified as held for sale	7	0	687,000
TOTAL CURRENT ASSETS		4,427,271	6,784,098
NON-CURRENT ASSETS			
Other financial assets	4(b)	86,490	82,804
Investment in associate	22(a)	42,199	48,097
Assets classified as held for sale	7	651,000	0
Property, plant and equipment	8	27,423,505	25,368,495
Infrastructure	9	73,644,309	111,830,884
TOTAL NON-CURRENT ASSETS		101,847,503	137,330,280
TOTAL ASSETS		106,274,774	144,114,378
CURRENT LIABILITIES			
Trade and other payables	12	858,475	513,247
Other liabilities	13	199,690	326,996
Borrowings	14	99,144	96,179
Employee related provisions	15	429,989	458,598
TOTAL CURRENT LIABILITIES		1,587,298	1,395,020
NON-CURRENT LIABILITIES			
Borrowings	14	784,558	883,702
Employee related provisions	15	44,928	49,951
TOTAL NON-CURRENT LIABILITIES		829,486	933,653
TOTAL LIABILITIES		2,416,784	2,328,673
NET ASSETS		103,857,990	141,785,705
EQUITY			
Retained surplus		48,088,149	45,983,791
Reserve accounts	28	1,872,304	2,283,327
Revaluation surplus	16	53,897,537	93,518,587
TOTAL EQUITY		103,857,990	141,785,705

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



**SHIRE OF KULIN
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		41,296,253	2,124,064	93,518,587	136,938,904
Comprehensive income for the period					
Net result for the period		4,846,801	0	0	4,846,801
Total comprehensive income for the period		4,846,801	0	0	4,846,801
Transfers from reserve accounts	28	370,000	(370,000)	0	0
Transfers to reserve accounts	28	(529,263)	529,263	0	0
Balance as at 30 June 2022		45,983,791	2,283,327	93,518,587	141,785,705
Comprehensive income for the period					
Net result for the period		1,658,811	0	0	1,658,811
Other comprehensive income for the period	16	34,524	0	(39,621,050)	(39,586,526)
Total comprehensive income for the period		1,693,335	0	(39,621,050)	(37,927,715)
Transfers from reserve accounts	28	610,700	(610,700)	0	0
Transfers to reserve accounts	28	(199,677)	199,677	0	0
Balance as at 30 June 2023		48,088,149	1,872,304	53,897,537	103,857,990

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

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

NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Rates	2,217,106	2,054,071
Grants, subsidies and contributions	1,294,953	3,186,102
Fees and charges	1,950,028	1,878,975
Interest revenue	137,943	16,345
Goods and services tax received	599,467	474,221
Other revenue	265,471	439,230
	6,464,968	8,048,944
Payments		
Employee costs	(2,470,113)	(2,285,109)
Materials and contracts	(2,445,292)	(3,005,175)
Utility charges	(284,764)	(293,859)
Finance costs	(36,490)	(41,702)
Insurance paid	(314,561)	(295,563)
Goods and services tax paid	(592,079)	(457,915)
Other expenditure	(37,895)	
	(6,181,194)	(6,379,323)
Net cash provided by (used in) operating activities	283,774	1,669,621
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant & equipment	8(a) (1,553,700)	(1,628,700)
Payments for construction of infrastructure	9(a) (5,355,311)	(5,377,278)
Capital grants, subsidies and contributions	5,231,760	4,990,138
Proceeds/(payments) for financial assets at amortised cost	2,283,327	(159,263)
Proceeds from sale of property, plant & equipment	280,118	308,001
Net cash provided by (used in) investing activities	886,194	(1,867,102)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	27 (96,179)	(93,302)
Net cash provided by (used in) financing activities	(96,179)	(93,302)
Net increase (decrease) in cash held	1,073,789	(290,783)
Cash at beginning of year	2,137,903	2,428,686
Cash and cash equivalents at the end of the year	3,211,692	2,137,903

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

**SHIRE OF KULIN
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	25	2,148,471	2,150,461	2,060,680
Rates excluding general rates	25	25,633	25,633	24,412
Grants, subsidies and contributions		1,294,953	993,437	3,382,305
Fees and charges		1,865,561	2,024,017	1,880,309
Interest revenue		140,248	78,344	16,345
Other revenue		240,154	147,344	439,229
Profit on asset disposals		66,221	62,480	73,546
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	3,686	0	6,583
Share of net profit of associates accounted for using the equity method		0	0	48,097
		5,784,927	5,481,716	7,931,506
Expenditure from operating activities				
Employee costs		(2,441,768)	(2,259,942)	(2,333,434)
Materials and contracts		(2,777,939)	(2,603,608)	(2,102,302)
Utility charges		(284,764)	(328,412)	(293,859)
Depreciation		(3,203,930)	(3,102,295)	(2,976,932)
Finance costs		(35,995)	(36,259)	(41,702)
Insurance		(314,561)	(309,418)	(295,563)
Other expenditure		(37,895)	0	0
Loss on asset disposals		(72,222)	(32,100)	(31,051)
Share of net loss of associates accounted for using the equity method	22(b)	(5,898)	0	0
		(9,174,972)	(8,672,034)	(8,074,843)
Non-cash amounts excluded from operating activities	26(a)	3,207,120	3,071,915	2,872,855
Amount attributable to operating activities		(182,925)	(118,403)	2,729,518
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		5,048,857	6,210,263	4,990,138
Proceeds from disposal of assets		280,118	367,450	308,001
		5,328,975	6,577,713	5,298,139
Outflows from investing activities				
Purchase of property, plant and equipment	8(a)	(1,553,700)	(2,971,549)	(1,628,700)
Purchase and construction of infrastructure	9(a)	(5,355,311)	(6,921,524)	(5,377,278)
		(6,909,011)	(9,893,073)	(7,005,978)
Amount attributable to investing activities		(1,580,036)	(3,315,360)	(1,707,839)
FINANCING ACTIVITIES				
Inflows from financing activities				
Transfers from reserve accounts	28	610,700	1,138,000	370,000
		610,700	1,138,000	370,000
Outflows from financing activities				
Repayment of borrowings	27	(96,179)	(96,179)	(93,302)
Transfers to reserve accounts	28	(199,677)	(69,744)	(529,263)
		(295,856)	(165,923)	(622,565)
Amount attributable to financing activities		314,844	972,077	(252,565)
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	26(b)	2,514,930	2,526,120	1,745,816
Amount attributable to operating activities		(182,925)	(118,403)	2,729,518
Amount attributable to investing activities		(1,580,036)	(3,315,360)	(1,707,839)
Amount attributable to financing activities		314,844	972,077	(252,565)
Surplus or deficit after imposition of general rates	26(b)	1,066,813	64,434	2,514,930

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

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

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

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

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

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

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

The local government reporting entity

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

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 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

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 KULIN
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
Rates	General rates	Over time	As adopted by Council	None	When rates notice is issued
Grants, subsidies and contributions	Bush Fire Brigade, Childcare & Community Resource Centre Operating Grants	Over time	Quarterly or biannual instalments	Contract obligation if service not provided	When payment received
Fees and charges - childcare fees	Childcare services	Over time	Payment within 14 days	None	When payment received
Fees and charges - waste management collections	Kerbside collection services	Over time	Payment on an annual basis in advance	None	When rates notice issued
Fees and charges - property hire and entry	Use of facilities	Single point in time	Payment in advance	None	When payment received
Fees and charges - memberships	Recreation centre, aquatic centre and community resource centre memberships	Over time	Payment in advance	None	When payment received
Fees and charges - rental income	Housing and office space rental	Over time	Payment in advance	None	When payment received
Fees and charges - sale of stock	Fuel, standpipe water, merchandise and bar stock	Single point in time	Full payment prior to issue or for account sales 14 days in arrears	None	When payment received or when invoice raised
Fees & charges - private works	Private works	Single point in time	14 days in arrears	None	When invoice raised

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			2,174,104	0	2,174,104
Grants, subsidies and contributions	239,305			1,055,648	1,294,953
Fees and charges	1,844,104		21,457	0	1,865,561
Interest revenue			4,450	135,798	140,248
Other revenue				240,154	240,154
Capital grants, subsidies and contributions		5,048,857		0	5,048,857
Total	2,083,409	5,048,857	2,200,011	1,431,600	10,763,877

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates			2,085,092	0	2,085,092
Grants, subsidies and contributions	217,697	3,164,608		0	3,382,305
Fees and charges	1,875,308		5,001	0	1,880,309
Interest revenue			5,805	10,540	16,345
Other revenue				439,229	439,229
Capital grants, subsidies and contributions		4,990,138		0	4,990,138
Total	2,093,005	8,154,746	2,095,898	449,769	12,793,418

**SHIRE OF KULIN
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			
Interest on reserve account funds		70,313	8,010
Trade and other receivables overdue interest		4,450	5,805
Other interest revenue		65,485	2,530
		140,248	16,345
The 2023 original budget estimate in relation to: Trade and other receivables overdue interest was \$4,600.			
Fees and charges relating to rates receivable			
Charges on instalment plan		539	581
The 2023 original budget estimate in relation to: Charges on instalment plan was \$650.			
(b) Expenses			
Auditors remuneration			
- Audit of the Annual Financial Report		30,000	32,000
- Other services – grant acquittals		4,000	7,200
		34,000	39,200
Employee Costs		2,441,768	2,333,434
Finance costs			
Borrowings		35,764	41,186
Other minor interest charges		231	516
		35,995	41,702
Sundry expenses		37,895	
		37,895	0

**SHIRE OF KULIN
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	1,339,388	2,137,903
Term deposits	1,872,304	0
Total cash and cash equivalents	3,211,692	2,137,903
Held as		
- Unrestricted cash and cash equivalents	1,042,423	1,723,462
- Restricted cash and cash equivalents	2,169,269	414,441
17	3,211,692	2,137,903

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.

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

Restricted financial assets

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

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

2023	2022
\$	\$
0	2,283,327
0	2,283,327

Other financial assets at amortised cost

Term deposits

0	2,283,327
0	2,283,327

Held as

- Restricted other financial assets at amortised cost

17	0	2,283,327
	0	2,283,327

(b) Non-current assets

Financial assets at fair value through profit or loss

86,490	82,804
86,490	82,804

Financial assets at fair value through profit or loss

Units in Local Government House Trust - opening balance

77,804	71,221
--------	--------

Movement attributable to fair value increment

3,686	6,583
-------	-------

Units in Local Government House Trust - closing balance

81,490	77,804
--------	--------

Shares in Kulin Community Financial Services

5,000	5,000
86,490	82,804

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 24 (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 KULIN
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	45,423	88,425
Trade receivables	689,503	608,580
Other receivables	7,098	0
GST receivable	55,264	62,652
Allowance for credit losses of rates and statutory receivables	(14,980)	(17,332)
	<u>782,308</u>	<u>742,325</u>

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

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

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

Trade receivables

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

Other receivables

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

Measurement

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

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets.

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.

6. INVENTORIES

Note	2023	2022
	\$	\$
Current		
Fuel	46,261	39,933
Freebairn Recreation Centre Bar Stock	18,313	16,853
	<u>64,574</u>	<u>56,786</u>
The following movements in inventories occurred during the year:		
Balance at beginning of year	56,786	60,711
Inventories expensed during the year	(1,570,205)	(1,179,880)
Additions to inventory	1,577,993	1,175,955
Balance at end of year	<u>64,574</u>	<u>56,786</u>

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

7. OTHER ASSETS

Other assets - current

Accrued income

Contract assets

Non-current assets held for sale

Land

	2023	2022
	\$	\$
	16,232	19,240
	352,465	857,517
	<u>368,697</u>	<u>876,757</u>
	651,000	687,000
	<u>651,000</u>	<u>687,000</u>

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

Contract assets

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

Non-current assets held for sale

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

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

The fair value of land was determined using the sales comparison approach using comparable properties in the area. This is a level 2 measurement as per the fair value hierarchy set out in Note 24(i).

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Motor vehicles	Work in progress	Construction other than buildings	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	604,000	19,472,320	20,076,320	209,729	3,023,513	1,299,567	0	603,833	25,212,962
Additions	0	378,197	378,197	68,120	848,144	243,573	90,666	0	1,628,700
Disposals	0	0	0	0	(169,033)	(96,473)	0	0	(265,506)
Depreciation	0	(398,379)	(398,379)	(23,651)	(360,022)	(172,683)	0	0	(954,735)
Transfers		137,988	137,988	0	212,919	0	0	(603,833)	(252,926)
Balance at 30 June 2022	604,000	19,590,126	20,194,126	254,198	3,555,521	1,273,984	90,666	0	25,368,495
Comprises:									
Gross balance amount at 30 June 2022	604,000	20,383,653	20,987,653	288,171	4,210,032	1,604,084	90,666	0	27,180,606
Accumulated depreciation at 30 June 2022	0	(793,527)	(793,527)	(33,973)	(654,511)	(330,100)	0	0	(1,812,111)
Balance at 30 June 2022	604,000	19,590,126	20,194,126	254,198	3,555,521	1,273,984	90,666	0	25,368,495
Additions		249,448	249,448	14,551	411,396	572,498	305,807		1,553,700
Disposals		0	0		(52,979)	(233,140)			(286,119)
Revaluation increments / (decrements) transferred to revaluation surplus	33,000	1,696,291	1,729,291						1,729,291
Assets reclassified in from held for sale	92,000		92,000						92,000
Depreciation		(409,031)	(409,031)	(36,884)	(385,422)	(202,525)			(1,033,862)
Transfers		90,666	90,666				(90,666)		0
Balance at 30 June 2023	729,000	21,217,500	21,946,500	231,865	3,528,516	1,410,817	305,807	0	27,423,505
Comprises:									
Gross balance amount at 30 June 2023	729,000	21,217,500	21,946,500	302,722	4,552,428	1,883,029	305,807	0	28,990,486
Accumulated depreciation at 30 June 2023	0	0	0	(70,857)	(1,023,912)	(472,212)	0	0	(1,566,981)
Balance at 30 June 2023	729,000	21,217,500	21,946,500	231,865	3,528,516	1,410,817	305,807	0	27,423,505

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings						
	Land	2	Observable open market values of similar assets	Independent Valuer	June 2023	Market & sales data
	Buildings	2	Observable open market values of similar assets	Independent Valuer	June 2023	Market & sales data
	Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2023	Construction costs and current conditions (Level 2) residual values and remaining useful life assessments (Level 3) inputs

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

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

(ii) Cost

Furniture and equipment	Cost	Cost	Purchase cost
Plant and equipment	Cost	Cost	Purchase cost
Motor vehicles	Cost	Cost	Purchase cost

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

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Roads	Footpaths	Recreation infrastructure	Other infrastructure	Total Infrastructure
	\$	\$	\$	\$	\$
Balance at 1 July 2021	102,867,973	716,906	4,044,262	593,736	108,222,877
Additions	4,259,051	95,054	997,870	25,303	5,377,278
Depreciation	(1,881,504)	(23,461)	(87,159)	(30,073)	(2,022,197)
Transfers			158,017	94,909	252,926
Balance at 30 June 2022	105,245,520	788,499	5,112,990	683,875	111,830,884
Comprises:					
Gross balance at 30 June 2022	108,972,416	831,765	5,283,944	929,014	116,017,139
Accumulated depreciation at 30 June 2022	(3,726,896)	(43,266)	(170,954)	(245,139)	(4,186,255)
Balance at 30 June 2022	105,245,520	788,499	5,112,990	683,875	111,830,884
Additions	5,137,933	172,132	45,246		5,355,311
Revaluation increments / (decrements) transferred to revaluation surplus *	(42,124,894)	(324,313)	510,775	566,614	(41,371,818)
Depreciation	(1,968,135)	(25,891)	(144,611)	(31,431)	(2,170,068)
Transfers	(185,365)			185,365	0
Balance at 30 June 2023	66,105,059	610,427	5,524,400	1,404,423	73,644,309
Comprises:					
Gross balance at 30 June 2023	66,105,059	610,427	5,524,400	1,404,423	73,644,309
Balance at 30 June 2023	66,105,059	610,427	5,524,400	1,404,423	73,644,309

* The Shire's road and footpath assets were independently revalued as at 30 June 2023 in line with AASB 13 Fair Value Measurement and the Local Government (Financial Management) Regulations 1996. The revaluation resulted in a material decrease in the fair value of the Shire's road and footpath assets.

The independent valuation involved a visual road condition survey of the Shire's entire road and footpath network, which resulted in many roads being reclassified and their useful lives being adjusted. A detailed review of standard unit replacement costs was also undertaken, with the final unit costs used in the valuation reflecting the Shire's actual cost to construct roads and footpaths.

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

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
	Roads	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments.
	Footpaths	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments.
	Recreation infrastructure	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments.
	Other infrastructure	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments.

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

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

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

10. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

Asset Class	Useful life
Buildings	15 to 50 years
Furniture and Equipment	5 to 15 years
Plant and Equipment	5 to 20 years
Motor Vehicles	5 to 20 years
Sealed roads and streets	
formation	not depreciated
pavement	80 years
seal - bituminous	40 years
seal - asphalt surfaces	50 years
Gravel roads	
formation	not depreciated
pavement	80 years
Footpaths	20 to 50 years
Sewerage Piping	100 years
Water supply piping and drainage systems	40 to 80 years
Recreation infrastructure	20 to 50 years
Other infrastructure	20 to 100 years

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

10. FIXED ASSETS (Continued)

(b) SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

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

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair. They are subject to subsequent revaluation at the next revaluation 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 infrastructure and vested improvements to be shown at fair value.

Revaluation (continued)

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

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use.

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

Depreciation on revaluation

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

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

Impairment

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

11. LEASES

(a) Right-of-Use Assets

The Shire of Kulin does not hold any Right of Use Assets at balance date.

(b) 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

	2023 Actual	2022 Actual
	\$	\$
	40,720	40,720
	26,000	26,000
	3,000	26,000
	0	3,000
	69,720	95,720
Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease		
Rental income	139,244	145,828

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

Rental income

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

Lease payments for some contracts include CPI increases, but there are not other variable lease payments that depend on an index or rate. Although the Shire is exposed to changes in the residual value at the end of the current leases, the Shire typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

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

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

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

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

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

12. TRADE AND OTHER PAYABLES

Current

	2023	2022
	\$	\$
Sundry creditors	394,800	154,332
Accrued payroll liabilities	61,101	48,005
ATO liabilities	160,959	127,078
Bonds and deposits held	97,275	87,445
Accrued expenses	142,498	96,387
ESL Payable	1,842	0
	858,475	513,247

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.

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

13. OTHER LIABILITIES

	2023	2022
	\$	\$
Current		
Capital grant/contributions liabilities	199,690	326,996
	<u>199,690</u>	<u>326,996</u>
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	326,996	250,000
Additions	84,513	326,996
Revenue from capital grant/contributions held as a liability at the start of the period	(211,819)	(250,000)
	<u>199,690</u>	<u>326,996</u>

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

SIGNIFICANT ACCOUNTING POLICIES

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

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

14. BORROWINGS

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Bank loans		99,144	784,558	883,702	96,179	883,702	979,881
Total secured borrowings	27	99,144	784,558	883,702	96,179	883,702	979,881

Secured liabilities and assets pledged as security

Bank loans are secured by a floating charge over the general funds of the Shire of Kulin.

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

Risk

Details of individual borrowings required by regulations are provided at Note 27.

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

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2023	2022
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	186,096	181,222
Long service leave	243,893	277,376
Total current employee related provisions	429,989	458,598
Non-current provisions		
Employee benefit provisions		
Long service leave	44,928	49,951
Total non-current employee related provisions	44,928	49,951
Total employee related provisions	474,917	508,549

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

16. REVALUATION SURPLUS

	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance	2022 Opening Balance	Total Movement on Revaluation	2022 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land & buildings	12,162,205	2,591,673	14,753,878	12,162,205	0	12,162,205
Revaluation surplus - Plant & equipment	1,677,638	(80,139)	1,597,499	1,677,638	0	1,677,638
Revaluation surplus - Infrastructure roads, footpaths, recreation & other infrastructure	79,678,744	(42,132,584)	37,546,160	79,678,744	0	79,678,744
	93,518,587	(39,621,050)	53,897,537	93,518,587	0	93,518,587

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

17. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	Note	2023 Actual \$	2022 Actual \$
Cash and cash equivalents	3	3,211,692	2,137,903
Restrictions			
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	2,169,269	414,441
- Financial assets at amortised cost	4	0	2,283,327
		2,169,269	2,697,768
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	28	1,872,304	2,283,327
Capital grant liabilities	13	199,690	326,996
Bonds & deposits held	12	97,275	87,445
Total restricted financial assets		2,169,269	2,697,768

(b) Reconciliation of Net Result to Net Cash Provided By Operating Activities

Net result		1,658,811	4,846,801
Non-cash items:			
Adjustments to fair value of financial assets at fair value through profit or loss		(3,686)	(6,583)
Depreciation/amortisation		3,203,930	2,976,932
(Profit)/loss on sale of asset		6,001	(42,495)
Share of profits of associates		5,898	(48,097)
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		(39,983)	(289,247)
(Increase)/decrease in other assets		508,060	(719,584)
(Increase)/decrease in inventories		(7,788)	3,925
Increase/(decrease) in trade and other payables		345,228	(141,940)
Increase/(decrease) in employee related provisions		(33,632)	3,051
Increase/(decrease) in other liabilities		(127,306)	76,996
Capital grants, subsidies and contributions		(5,231,760)	(4,990,138)
Net cash provided by/(used in) operating activities		283,773	1,669,621

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit			
Bank overdraft at balance date			
Credit card limit		10,000	10,000
Credit card balance at balance date		(5,162)	(4,427)
Total amount of credit unused		4,838	5,573

Loan facilities

Loan facilities - current		99,144	96,179
Loan facilities - non-current		784,558	883,702
Total facilities in use at balance date		883,702	979,881

Unused loan facilities at balance date		0	0
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SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

18. CONTINGENT LIABILITIES

The Department of Water and Environmental Regulation (DWER) issued a Category 64 licence for a putrescible landfill in 1997. The burial of putrescible waste ceased in 2009 and the Shire requested an amendment to the licence to replace the Category 64 licence with a Category 63 (Class I inert waste) licence. The Category 63 licence currently has an expiry date of the 18th of July 2026. The Shire is required to provide DWER with a Closure and Rehabilitation Plan when the premises is nearing closure or cessation of prescribed activities. As the Shire is not closing or ceasing the prescribed activities there is no requirement to provide DWER with a Closure and Rehabilitation Plan. At the time the Shire determines that the premises will close and/or cease prescribed activities, notification will be provided to DWER through a licence amendment application or licence surrender application. At that time, the specific circumstances surrounding the closure and rehabilitation of the landfill are reviewed by DWER, and as required, the submission of Closure and Rehabilitation Plan, to ensure that the premises is suitably managed and rehabilitated to prevent impacts to the environment post closure.

As disclosed in Note 22, the Shire of Kulin has a 25% interest in the Bendering Landfill Site (the Site). The Site has been registered as a Category 89 Prescribed Premises under Part V of the Environmental Protection Act 1986 (EPA). The Environmental Protection (Rural Landfill) Regulations 2002 (WA Rural Landfill Regulations) apply to Category 89 Prescribed Premises in Schedule 1 Part 2 of the Environmental Protection Regulations 1987, for a putrescible landfill site that accepts between 20 and 5,000 tonnes of waste per year. These regulations outline requirements for the Site including a post-closure plan. A Landfill Management Plan (Plan) was prepared by Talis Consultants outlining the post-closure rehabilitation plan for the Site. The Plan was received by the members of the Roe Regional Organisation of Councils (RoeROC) at their meeting in July 2022. The Plan estimates the remaining life of Stage 1 of the Site to be approximately four years and that the closure cost for Stage 1 will be \$514,337. An amount of \$128,584 was transferred into a new reserve account (see Note 28) in 2022/23 to cover the cost of the Shire of Kulin's 25% share of the Stage 1 closure costs.

19. CAPITAL COMMITMENTS

	2023	2022
	\$	\$
Contracted for:		
- capital expenditure projects	167,484	0
- plant & equipment purchases	19,594	58,266
	187,078	58,266
Payable:		
- not later than one year	187,078	58,266

A purchase order was written for the purchase of a Toyota Hilux utility in November 2021. This utility was purchased in 2022/23. At 30 June 2023 the Shire had committed to \$117,240 in structural repairs to the Kulin Aquatic Centre Slide and \$50,244 for the purchase of playground shades. The Shire had also written a purchase order in July 2022 for a new Toyota Hilux utility with a changeover value after trade of \$19,594. This vehicle had not been delivered at 30 June 2023.

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

20. 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	7,000	7,000	7,075
President's meeting attendance fees	5,040	4,620	5,670
President's travel and accommodation expenses	0	0	71
	12,040	11,620	12,816
Deputy President's annual allowance	1,750	1,750	1,775
Deputy President's meeting attendance fees	2,520	2,310	2,520
	4,270	4,060	4,295
All other council member's meeting attendance fees	17,010	16,170	15,120
All other council member's travel and accommodation expenses	4,485	3,573	3,091
	21,495	19,743	18,211
20(b)	37,805	35,423	35,322

(b) Key Management Personnel (KMP) Compensation

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

Note	2023 Actual	2022 Actual
	\$	\$
Short-term employee benefits	472,648	432,425
Post-employment benefits	65,834	60,841
Employee - other long-term benefits	52,722	66,080
Employee - termination benefits	244,321	0
Council member costs	37,805	35,322
20(a)	873,330	594,668

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

These amounts represent termination benefits paid to KMP.

Council member costs

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

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

20. RELATED PARTY TRANSACTIONS

Transactions with related parties

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

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

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

	2023 Actual	2022 Actual
	\$	\$
Purchase of goods and services	526,689	441,120
Amounts payable to related parties:		
Trade and other payables	27,177	20,010

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 20(a) and 20(b)

ii. Other Related Parties

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

During the year, two entities controlled by council members were awarded work under the selective tender and request for quote processes on terms and conditions equivalent for those that prevail in arms length transactions under the Shire's procurement process. Both companies provided services related to roadworks in the Shire with amounts totalling \$271,659 in the current year (total for previous year was \$341,522).

The remaining purchases of goods and services from related parties, were from local businesses controlled by KMP or close family members of KMP, for ordinary activities of the Shire. These transactions were all subject to the Shire's procurement policy.

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

iii. Entities subject to significant influence by the Shire

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

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

21. JOINT ARRANGEMENTS

(a) Share of joint operations - Department of Housing

The Shire of Kulin has joint venture agreements with the Department of Housing for the provision of housing at 25 Johnston Street, 19 Wright Street and 3 Bull Street, Kulin. Ownership of the assets is determined by the property title which includes the percentage of each parties equitable interest. The Shire contributed land, site works and some landscaping and the Department of Housing contributed the funds to construct the buildings. The Shire manages the properties and all rental income and housing expenditure are recorded in the respective line items of the financial statements.

	2023	2022
	Actual	Actual
	\$	\$
Statement of Financial Position		
Land and Buildings	283,000	295,541
Less Accumulated Depreciation	0	(10,368)
Total assets	283,000	285,173
Statement of Comprehensive Income		
Rental income	41,540	51,014
Expenditure on Joint Venture Housing	(56,777)	(41,480)
Profit/(loss) for the period	(15,237)	9,534
Total comprehensive income for the period	(15,237)	9,534
Statement of Cash Flows		
Rental income	41,540	51,014
Expenditure on Joint Venture Housing	(56,777)	(41,480)
Net cash provided by (used in) operating activities	(15,237)	9,534

(b) Share of joint operations - Roe Environmental Health Service

The Shire, together with the Shires of Corrigin, Kondinin, Narembeen & Lake Grace have a joint operation arrangement with regard to the provision of Environmental Health Services. The Shire's interest in the revenue and expenses have been included in the respective line items of the financial statements.

	2023	2022
	Actual	Actual
	\$	\$
Statement of Comprehensive Income		
Contribution to Roe EHS	(34,198)	(31,335)
Profit/(loss) for the period	(34,198)	(31,335)
Total comprehensive income for the period	(34,198)	(31,335)
Statement of Cash Flows		
Contribution to Roe EHS	(41,036)	(31,335)
Net cash provided by (used in) operating activities	(41,036)	(31,335)

SIGNIFICANT ACCOUNTING POLICIES

Joint operations

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

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

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

22. INVESTMENT IN ASSOCIATES

(a) Investment in associates

Set out in the table below are the associates of the Shire. All associates are measured using the equity method. Western Australia is the principal place of business for all associates.

Name of entity	% of ownership interest		2023	2022
	2023	2022	Actual	Actual
Roe Regional Organisation of Councils (RoeROC) (Refer to Note 22(b))	25.00%	25.00%	\$ 42,199	\$ 48,097
Total equity-accounted investments			42,199	48,097

(b) Share of investment in RoeROC

The Shire has a 25% interest in RoeROC assets at the Bendinger Landfill Site. The 25% interest was recognised of the Statement of Financial Position of the Shire of Kulin for the first time at 30 June 2022.

Note	2023 Actual	2022 Actual
Summarised statement of comprehensive income	\$	\$
Depreciation	(23,590)	
Profit/(loss) for the period	(23,590)	0
Total comprehensive income for the period	(23,590)	0
Summarised statement of financial position		
Non-current assets		
Plant & equipment	70,000	70,000
Less accumulated depreciation	(32,682)	(28,014)
	37,318	41,986
Land	80,000	80,000
Other infrastructure	138,400	138,400
Less accumulated depreciation	(86,922)	(68,000)
	51,478	70,400
Total non-current assets	168,796	192,386
Net assets	168,796	192,386
Reconciliation to carrying amounts		
Opening net assets 1 July	192,386	0
Profit/(Loss) for the period	(23,590)	0
Closing net assets 1 July	168,796	0
Carrying amount at 1 July	48,097	0
- Share of associates net profit/(loss) for the period	(5,898)	0
- Contribution to equity in associate	0	48,097
Carrying amount at 30 June (Refer to Note 22(a))	42,199	48,097

SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

An associate is an entity over which the Shire has significant influence, that is it has the power to participate in the financial and operating policy decisions of the investee but not control or joint control of those policies.

Investments in associates are accounted for using the equity method. The equity method of accounting, is whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

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

23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no events occurring after the end of thereporting period that require adjustments to or disclosure in the financial report.

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

24. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

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

25. RATING INFORMATION

(a) General Rates

RATE TYPE Rate Description	Basis of valuation	Rate in \$	Number of Properties	2022/23 Actual		2022/23 Actual Interim		2022/23 Budget Interim		2022/23 Budget Total		2021/22 Actual Total	
				Rateable Value*	Rate Revenue	Rate Revenue	Rate Revenue	Rate Revenue	Rate Revenue	Rate Revenue	Rate Revenue		
Residential	Gross rental valuation	0.100855	136	1,370,046	138,176	532	138,176	138,176	138,176	131,405			
Industrial	Gross rental valuation	0.100855	12	115,443	11,643	(714)	11,643	11,643	11,643	12,402			
Commercial	Gross rental valuation	0.100855	28	441,634	44,541		44,541	44,541	44,541	47,685			
Rural	Gross rental valuation	0.100855	11	101,710	10,258		10,258	10,258	10,258	9,443			
Rural	Unimproved valuation	0.00838	342	240,282,458	2,013,567		2,013,567	2,013,567	2,013,567	1,927,725			
Mining	Unimproved valuation	0.00838	1	59,095	495		495	495	495	545			
Total general rates			530	242,370,386	2,218,680	(182)	2,218,498	0	2,218,680	2,129,205			
Minimum payment		\$											
Residential	Gross rental valuation	489.38	9	11,172	4,404		4,404	4,404	4,404	3,729			
Industrial	Gross rental valuation	489.38	6	11,902	2,936		2,936	2,936	2,936	2,330			
Commercial	Gross rental valuation	489.38	4	8,280	1,958		1,958	1,958	1,958	1,864			
Rural	Gross rental valuation	489.38	16	8,127	3,426		3,426	3,426	3,426	3,263			
Rural	Unimproved valuation	489.38	31	528,142	7,830		7,830	7,830	7,830	6,525			
Mining	Unimproved valuation	489.38	7	268,592	15,171	1,365	16,536	15,171	15,171	13,755			
Total minimum payments			73	836,215	35,725	1,365	37,090	0	35,725	31,466			
Total general rates and minimum payments			603	243,206,601	2,254,405	1,183	2,255,588	0	2,254,405	2,160,671			
Ex-gratia Rates													
CBH					25,633		25,633		25,633	24,412			
Total amount raised from rates (excluding general rates)			0	0	25,633	0	25,633	0	25,633	24,412			
Discounts					(95,866)		(95,866)		(94,120)	(89,638)			
Concessions					(11,251)		(11,251)		(9,824)	(10,353)			
Total Rates					2,174,104		2,174,104		2,176,094	2,085,092			
Rate instalment interest					922		922		1,100	1,012			
Rate overdue interest					3,528		3,528		3,500	4,793			

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

*Rateable Value at time of raising of rate.

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

26. DETERMINATION OF SURPLUS OR DEFICIT

	Note	2022/23	2022/23	2021/22
		(30 June 2023 Carried Forward)	Budget (30 June 2023 Carried Forward)	(30 June 2022 Carried Forward)
		\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals		(66,221)	(62,480)	(73,546)
Less: Fair value adjustments to financial assets at fair value through profit or loss		(3,686)	0	(6,583)
Less: Share of net profit of associates and joint ventures accounted for using the equity method		5,898	0	(48,097)
Add: Loss on disposal of assets		72,222	32,100	31,051
Add: Depreciation		3,203,930	3,102,295	2,976,932
Non-cash movements in non-current assets and liabilities:				
Employee benefit provisions		(5,023)	0	(6,902)
Non-cash amounts excluded from operating activities		3,207,120	3,071,915	2,872,855
(b) Surplus or deficit after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	28	(1,872,304)	(1,215,070)	(2,283,327)
Less: Current assets not expected to be received at end of year				
- Land held for resale	6	0	0	(687,000)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14	99,144	99,144	96,179
Total adjustments to net current assets		(1,773,160)	(1,115,926)	(2,874,148)
Net current assets used in the Statement of Financial Activity				
Total current assets		4,427,271	2,025,726	6,784,098
Less: Total current liabilities		(1,587,298)	(845,366)	(1,395,020)
Less: Total adjustments to net current assets		(1,773,160)	(1,115,926)	(2,874,148)
Surplus or deficit after imposition of general rates		1,066,813	64,434	2,514,930

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

27. ADDITIONAL BORROWING INFORMATION

Purpose	Note	Actual				Budget			
		Principal at 1 July 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	New Loans During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	
Administration Building		\$ 1,073,183	\$ 0	\$ (93,302)	\$ 979,881	\$ 0	\$ (96,179)	\$ 883,702	
Total		1,073,183	0	(93,302)	979,881	0	(96,179)	883,702	
Borrowing Finance Cost Payments									
Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2022	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022	Budget for year ending 30 June 2023
Administration Building		1	WA Treasury Corporation	3.06%	10-Jun-31	\$ (41,186)	\$ (36,259)	\$ (41,186)	\$ (36,259)
Total						(41,186)	(36,259)	(41,186)	(36,259)
Total Finance Cost Payments									

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

28. RESERVE ACCOUNTS

	2023		2023		2023		2023		2023		2022		2022	
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance		
Restricted by council														
(a) Leave reserve	439,796	14,539	(90,000)	364,335	439,796	13,588	(50,000)	403,384	388,591	51,205	0	439,796		
(b) Plant reserve	351,725	9,146	(315,700)	45,171	351,725	10,867	(355,000)	7,592	550,341	1,384	(200,000)	351,725		
(c) Building reserve	535,537	17,704	(160,000)	393,241	535,537	16,546	(400,000)	152,083	334,501	201,036	0	535,537		
(d) Admin Equipment reserve	29,411	972		30,383	29,411	909	0	30,320	29,320	91	0	29,411		
(e) Natural Disaster reserve	143,614	4,748		148,362	143,614	4,437	(40,000)	108,051	143,170	444	0	143,614		
(f) Joint Venture Housing reserve	76,614	2,533		79,147	76,614	2,367	0	78,981	76,377	237	0	76,614		
(g) FRC Surface & Equipment reserve	43,147	1,426		44,573	43,147	1,333	0	44,480	182,581	566	(140,000)	43,147		
(h) Medical Services reserve	116,019	3,836		119,855	116,019	3,584	0	119,603	115,660	359	0	116,019		
(i) Fuel Facility reserve	52,525	1,736	(45,000)	9,261	52,525	823	(20,000)	33,348	82,270	255	(30,000)	52,525		
(j) Sportsperson Scholarship reserve	13,745	454		14,199	13,744	424	0	14,168	13,703	42	0	13,745		
(k) Freebairn Recreation reserve	208,194	6,882		215,076	208,194	6,432	0	214,626	207,550	644	0	208,194		
(l) Short Stay Accommodation reserve	273,000	7,117		280,117	273,000	8,434	(273,000)	8,434	0	273,000	0	273,000		
(m) Bendering Tip Rehabilitation reserve	0	128,584		128,584					0	0		0		
	2,283,327	199,677	(610,700)	1,872,304	2,283,326	69,744	(1,138,000)	1,215,070	2,124,064	529,263	(370,000)	2,283,327		

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

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

Name of reserve account	Purpose of the reserve account
Restricted by council	
(a) Leave reserve	to fund annual and long service leave requirements
(b) Plant reserve	to fund the purchase of plant
(c) Building reserve	to fund the construction of staff housing
(d) Admin Equipment reserve	to fund the purchase of administration equipment
(e) Natural Disaster reserve	to assist in the funding of preparations following a natural disaster
(f) Joint Venture Housing reserve	to fund the upkeep of JV housing with the Department of Housing
(g) FRC Surface & Equipment reserve	to fund the replacement of equipment and court surface at the FRC
(h) Medical Services reserve	to fund the recruitment of a local doctor
(i) Fuel Facility reserve	to fund the replacement of the fuel facility
(j) Sportsperson Scholarship reserve	to fund scholarships for local sportspersons
(k) Freebairn Recreation reserve	to fund the ongoing asset management of the FRC
(l) Short Stay Accommodation reserve	to fund the construction of short stay accommodation units at the caravan park
(m) Bendering Tip Rehabilitation reserve	to fund the rehabilitation of the Bendering Tip site



Auditor General

INDEPENDENT AUDITOR'S REPORT 2023 Shire of Kulin

To the Council of the Shire of Kulin

Opinion

I have audited the financial report of the Shire of Kulin (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.auas.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 Kulin 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.

Mark Ambrose

Mark Ambrose
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
30 November 2023



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