



# AGENDA

22<sup>nd</sup> OF NOVEMBER 2023

## AUDIT COMMITTEE MEETING

To be held at the Shires Administration Building situated at Gascoyne Junction  
commencing at 10.30am

### DISCLAIMER

#### Disclaimer

The advice and information contained herein is given by and to the Council without liability or responsibility for its accuracy. Before placing any reliance on this advice or information, a written inquiry should be made to the Council giving entire reasons for seeking the advice or information and how it is proposed to be used.

Please note this agenda contains recommendations which have not yet been adopted by Council.

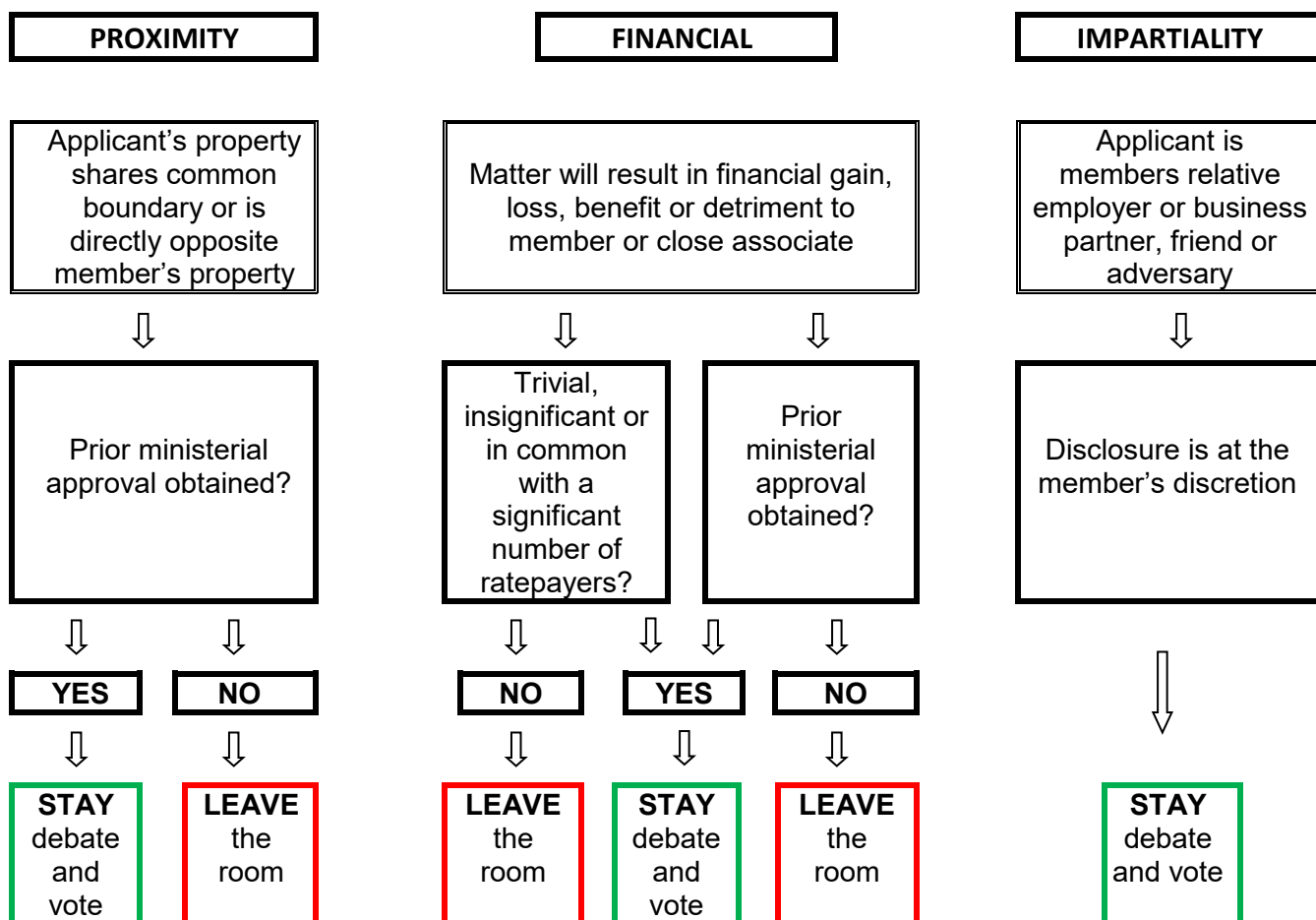
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In particular and without derogating in any way from the broader disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or limitation of approval made by a member or officer of the Shire of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



John McCleary, JP  
CHIEF EXECUTIVE OFFICER

## \* Declaring an Interest



### Local Government Act 1995 - Extract

#### 5.65 - Members' interests in matters to be discussed at meetings to be disclosed.

(1) A member who has an interest in any matter to be discussed at a council or committee meeting that will be attended by the member must disclose the nature of the interest:

(a) in a written notice given to the CEO before the meeting; or (b) at the meeting immediately before the matter is discussed. (Penalties apply).

(2) It is a defense to a prosecution under this section if the member proves that he or she did not know:

(a) that he or she had an interest in the matter; or (b) that the matter in which he or she had an interest would be discussed at the meeting.

(3) This section does not apply to a person who is a member of a committee referred to in section 5.9(2)(f).

#### 5.70 - Employees to disclose interests relating to advice or reports.

(1) In this section: 'employee' includes a person who, under a contract for services with the local government, provides advice or a report on a matter.

(2) An employee who has an interest in any matter in respect of which the employee is providing advice or a report directly to the council or a committee must disclose the nature of the interest when giving the advice or report.

(3) An employee who discloses an interest under this section must, if required to do so by the council or committee, as the case may be, disclose the extent of the interest. (Penalties apply).

#### 5.71 - Employees to disclose interests relating to delegated functions.

If, under Division 4, an employee has been delegated a power or duty relating to a matter and the employee has an interest in the matter, the employee must not exercise the power or discharge the duty and:

(a) in the case of the CEO, must disclose to the mayor or president the nature of the interest as soon as practicable after becoming aware that he or she has the interest in the matter; and (b) in the case of any other employee, must disclose to the CEO the nature of the interest as soon as practicable after becoming aware that he or she has the interest in the matter. (Penalties apply).

### 'Local Government (Administration) Regulations 1996 – Extract

In this clause and in accordance with Regulation 34C of the Local Government (Administration) Regulations 1996:

"Interest" means an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person having the interest and includes an interest arising from kinship, friendship or membership of an association.



## SHIRE OF UPPER GASCOYNE

### AGENDA FOR THE AUDIT MEETING OF COUNCIL TO BE HELD AT GASCOYNE JUNCTION SHIRE OFFICES ON WEDNESDAY THE 22<sup>ND</sup> OF NOVEMBER 2023 COMMENCING AT 10.30AM

#### Table of Contents

<b><u>1.</u></b> DECLARATION OF OPENING/ANNOUNCEMENTS OF VISITORS .....	4
<b><u>2.</u></b> RECORD OF ATTENDANCE, APOLOGIES AND APPROVED LEAVE OF ABSENCE.....	4
<b><u>3.</u></b> APPLICATION FOR LEAVE OF ABSENCE .....	4
<b><u>4.</u></b> PUBLIC QUESTION TIME .....	4
<b><u>5.</u></b> DISCLOSURE OF INTEREST .....	4
<b><u>6.</u></b> PETITIONS/DEPUTATIONS/PRESENTATIONS .....	4
<b><u>7.</u></b> ANNOUNCEMENTS BY THE PERSON PRESIDING WITHOUT DISCUSSION .....	5
<b><u>8.</u></b> MATTERS FOR WHICH THE MEETING MAY GO BEHIND CLOSED DOORS .....	5
<b><u>9.</u></b> CONFIRMATION OF MINUTES FROM PREVIOUS MEETING .....	5
<b><u>10.</u></b> REPORTS OF OFFICERS .....	5
10.1 2022/2023 ANNUAL FINANCIAL REPORT .....	5
<b><u>11.</u></b> MEETING CLOSURE .....	8

**SHIRE OF UPPER GASCOYNE**  
**AGENDA FOR THE AUDIT MEETING OF COUNCIL TO BE HELD AT GASCOYNE JUNCTION SHIRE**  
**OFFICES ON WEDNESDAY THE 22<sup>ND</sup> OF NOVEMBER 2023 COMMENCING AT 10.30AM**

**1. DECLARATION OF OPENING / ANNOUNCEMENTS OF VISITORS**

The Chairperson welcomed those present and declared the meeting

Open at \_\_\_\_ am.

**2. APOLOGIES AND APPROVED LEAVE OF ABSENCE**

**2.1 Councillors**

Cr. B. Walker	Chairperson
Cr. J. Caunt	President
Cr. A McKeough	Councillor
Cr R. Hoseason-Smith	Councillor

Staff

John McCleary JP	Chief Executive Officer
Andrea Pears	Manager of Finance and Corporate Services
Cherie Walker	Senior Administration Officer

Visitors

**2.2 Absentees**

Nil

**2.3 Leave of Absence previously approved**

**3. APPLICATION FOR LEAVE OF ABSENCE**

Nil

**4. PUBLIC QUESTION TIME**

**4.1 Questions on Notice**

Nil

**4.2 Questions without Notice**

Nil

**5. DISCLOSURE OF INTEREST**

Nil

6. PETITIONS/DEPUTATIONS/PRESENTATIONS

Nil

7. ANNOUNCEMENTS BY THE PERSON PRESCIDING WITHOUT DISCUSSION

Nil

8. MATTERS FOR WHICH THE MEETING MAY GO BEHIND CLOSED DOORS

Nil

9. CONFIRMATION OF MINUTES FROM PREVIOUS MEETINGS

Committee Resolution No: AC 01112023			
MOVED:	CR:	SECONDED:	CR:
That the Unconfirmed Minutes from the previous Audit Committee Meeting held on the 25 <sup>th</sup> of October 2023 be confirmed as a true and correct record of proceedings.			
FOR: CR		AGAINST: CR	
F/A: 0/0			

10. REPORTS OF OFFICERS

10.1 2022/2023 ANNUAL FINANCIAL REPORT	
Applicant:	Shire of Upper Gascoyne
Disclosure of Interest:	Nil
Author/s:	Andrea Pears – Manager, Finance & Corporate Services William Buck Auditors & Office of the Auditor General (OAG)
Date:	16 <sup>th</sup> November 2023
Matters for Consideration:	<ul style="list-style-type: none"><li>To accept the Annual Financial Report for the year ended 30 June 2023 containing the Independent Auditors Report from the Office of the Auditor General (OAG), as contained in <a href="#">Appendix 1</a>.</li><li>Management Control Issues – To accept the attached Final Management Letter under <a href="#">Appendix 2</a> and note that these matters have already been discussed with and addressed by Shire management staff.</li></ul>

<p><b>Background:</b></p>	<p>At the previous Audit Committee Meeting held on the 25<sup>th</sup> of October 2023 an Exit Meeting was conducted between the committee, the Office of the Auditor General (OAG) and the Auditors from William Buck to discuss the following matters:</p> <ul style="list-style-type: none"> <li>• The draft Financial Statements for the Year ended 30 June 2023.</li> <li>• The Shire of Upper Gascoyne Report to the Audit Committee from William Buck for the Year ended 30 June 2023.</li> <li>• The Final Management Letter</li> <li>• Other pending audit matters.</li> </ul> <p>The Auditors updated the committee on the progress of the 2022/23 End of Year audit and the finalisation of our Annual Financial Report. The general advice received was that the Auditors were happy with how the audit process was tracking and the recommendation was to issue Council with an Unqualified Opinion.</p> <p>Given the compliance timeframe, it was agreed that staff and the Auditors would work towards having the final draft of the financial report signed off as soon as possible.</p>
<p><b>Comments:</b></p>	<p>I am pleased to advise the Audit Committee that the End of Year Audit for 2022/23 is now complete and the following reports have been finalised –</p> <ul style="list-style-type: none"> <li>• The audited 2022/20232 Annual Financial Report signed by the CEO on the 26<sup>th</sup> October 2023</li> <li>• The OAG’s Independent Auditors Report issued on the 8<sup>th</sup> November 2023</li> </ul> <p>Both reports have been combined to form one document and are attached to this agenda under <a href="#">Appendix 1</a>.</p> <p>Furthermore, a Final copy of the Final Management Letter has been issued by the Auditors and is provided to the Audit Committee for review under <a href="#">Appendix 2</a>. The Management Letter provides best practice recommendations to improve the Shire’s internal processes and procedures.</p> <p>These areas have been discussed at length by staff and the Auditors, and were also raised at the Exit Meeting last month. During these discussions at the Exit Meeting, staff confirmed that the recommendations had been implemented mitigating potential risk.</p> <p>Regulation 51 (2) of Section 6.4 of the Local Government Financial Management Regulations 1996, states that after the Annual Financial Report has been audited in accordance with the Act and is signed by the CEO, a copy of the report is to be provided to the Department of Local Government within 30 days of the Local Government receiving the Auditors Report.</p>

<b>Statutory Environment:</b>		Local Government Act 1995 – Division 3 – Conduct of Audit Local Government (Financial Management) Regulations 1996, Part 4, section 6.4			
<b>Policy Implications:</b>		Nil			
<b>Financial Implications:</b>		Nil			
<b>Strategic Implications:</b>		Civic Leadership – To responsibly manage Council’s financial resources to ensure optimum value for money and sustainable asset management.			
<b>Risk:</b>					
Risk	Risk Likelihood (based on history and with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk	Risk Action Plan (Controls or Treatment proposed)
Not meeting Statutory Compliance	Rare (1)	Moderate (3)	Low (1-4)	Failure to meet Statutory, Regulatory or Compliance Requirements	Accept Officer Recommendation
<b>Consultation:</b>		Various discussions have taken place between the Shire’s Management team, the Principal Accountant from RSM, the Auditors from William Buck and the OAG during the process undertaken for the 2022/23 Audit.			
<b>Voting requirement:</b>		Simple Majority			
<b>Officer’s Recommendation:</b>		<p><i>That the Audit Committee –</i></p> <ol style="list-style-type: none"> <li><i>Receive the audited and signed Annual Financial Report for the year ended 30 June 2023 as contained in <a href="#">Appendix 1</a>.</i></li> <li><i>Receive the Final Management Letter for the year ended 30 June 2023 as contained in <a href="#">Appendix 2</a>.</i></li> <li><i>By way of delegation to the CEO, forwards a copy of the audited and signed 2022/2023 Annual Financial Report, to the Department of Local Government, Sport and Cultural Industries within 30 Days of receiving the report.</i></li> <li><i>Recommends that a copy of the audited and signed 2022/2023 Annual Financial Report be presented and received at the next Ordinary Meeting of Council to be held on the 22<sup>nd</sup> of November 2023.</i></li> </ol>			
<b>Council Resolution No: AC02112023</b>					
<b>MOVED:</b>		<b>SECONED:</b>			

**FOR: CR**

**AGAINST: CR**

**F/A: 0/0**

**11. MEETING CLOSURE**

The Deputy President closed the meeting at \_\_\_\_pm.



# **APPENDIX 1**

**(Annual Financial Statements 22-23)**

**Independent Auditor's Opinion  
2023  
Shire of Upper Gascoyne**

To the Office of the Auditor General

**Report on the audit of the annual financial report for the Shire of  
Upper Gascoyne**

**Opinion**

We have audited the financial report of the Shire of Upper Gascoyne ("the Shire"), which comprises:

- The statement of financial position as at 30 June 2023, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and statement of financial activity for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the statement by the Chief Executive Officer.

In our opinion, the accompanying financial report of the Shire is:

- based on proper accounts and records;
- fairly represents 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; and
- in accordance with the *Local Government Act 1995* ("the Act"), and to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

**Basis for opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Shire in accordance with the auditor independence requirements of the *Auditor General Act 2006* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 our auditor's report.

Our opinion on the financial statements does not cover the other information and, accordingly, we do not express any form of assurance conclusion thereon.

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

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

## Responsibilities of the Chief Executive Officer and the Council for the Financial Report

The Chief Executive Officer of the Shire is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Act, the Regulation and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The Chief Executive Officer is also responsible for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive Officer is responsible for assessing the ability of the Shire to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made policy or funding 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*, our objectives 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 this 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 our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our independent auditor's report.

## **Matters Relating to the Electronic Publication of the Audited Financial Report**

Our auditor's report relates to the financial statements of the Shire for the year ended 30 June 2023 included 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 statements described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial 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 entity to confirm the information contained in the website version of the financial report.

*William Buck*

**William Buck Audit (WA) Pty Ltd**  
ABN 67 125 012 124

*CM*

Conley Manifis  
**Director**

Perth, 26<sup>th</sup> day of October 2023

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

**TABLE OF CONTENTS**

Statement by Chief Executive Officer	2
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Statement of Financial Activity	7
Index of Notes to the Financial Report	8
Independent Auditor's Report	43

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

*The Shire of Upper Gascoyne will be a sustainable service base supporting the pastoral, tourism sector, mining industries and the local community*

Principal place of business:  
4 Scott Street  
Gascoyne Junction, WA 6705

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

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

**STATEMENT BY CEO**

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

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

Signed on the 26th day of October 2023



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Chief Executive Officer

John McCleary

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Name of Chief Executive Officer

**William Buck Audit (WA) Pty Ltd**





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

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
<b>Revenue</b>				
Rates	2(a),24	1,443,374	1,254,149	589,190
Grants, subsidies and contributions	2(a)	13,355,316	14,018,431	19,407,718
Fees and charges	2(a)	47,862	33,582	31,198
Interest revenue	2(a)	99,249	11,000	9,246
Other revenue	2(a)	589,148	176,062	452,448
		15,534,949	15,493,224	20,489,800
<b>Expenses</b>				
Employee costs	2(b)	(1,463,575)	(1,419,413)	(1,416,268)
Materials and contracts		(8,751,313)	(14,607,162)	(14,669,262)
Utility charges		(198,640)	(168,485)	(160,636)
Depreciation		(3,519,492)	(3,233,745)	(3,241,695)
Finance costs	2(b)	(290,975)	(185,672)	(205,918)
Insurance		(244,962)	(280,527)	(245,069)
Other expenditure	2(b)	(98,258)	(82,800)	(54,499)
		(14,567,215)	(19,977,804)	(19,993,347)
		967,734	(4,484,580)	496,453
Capital grants, subsidies and contributions	2(a)	4,757,152	4,214,640	8,598,678
Profit on asset disposals		68,848	1,154	33,000
Loss on asset disposals		-	(22,591)	-
Fair value adjustments to financial assets at fair value through profit or loss	4(a)	1,843	-	3,292
Loss on revaluation of land and buildings	8(a)	-	-	(165,244)
Loss on revaluation of Other infrastructure	9(a)	(758,561)	-	-
		4,069,282	4,193,203	8,469,726
<b>Net result for the period</b>		<b>5,037,016</b>	<b>(291,377)</b>	<b>8,966,179</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	17	(482,509)	-	(405,287)
<b>Total other comprehensive income for the period</b>	17	<b>(482,509)</b>	<b>-</b>	<b>(405,287)</b>
<b>Total comprehensive income for the period</b>		<b>4,554,507</b>	<b>(291,377)</b>	<b>8,560,892</b>

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

**William Buck Audit (WA) Pty Ltd**



**SHIRE OF UPPER GASCOYNE  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2023**

	NOTE	2023	2022
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	8,978,408	9,653,321
Trade and other receivables	5	392,269	476,243
Inventories	6	218,795	135,451
Other assets	7	1,163,898	1,715,110
<b>TOTAL CURRENT ASSETS</b>		<b>10,753,370</b>	<b>11,980,125</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	4(a)	40,745	38,902
Property, plant and equipment	8	11,757,887	10,764,482
Infrastructure	9	89,087,520	87,407,224
Right-of-use assets	11(a)	9,972	16,621
<b>TOTAL NON-CURRENT ASSETS</b>		<b>100,896,124</b>	<b>98,227,229</b>
<b>TOTAL ASSETS</b>		<b>111,649,494</b>	<b>110,207,354</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	484,704	2,125,206
Other liabilities	14	1,548,607	1,820,117
Lease liabilities	11(b)	6,685	6,693
Short term borrowings	13	1,847,661	2,814,946
Borrowings	15	130,829	126,842
Employee related provisions	16	262,689	299,805
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,281,175</b>	<b>7,193,609</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	11(b)	3,369	9,973
Borrowings	15	727,597	858,426
Employee related provisions	16	7,884	70,384
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>738,850</b>	<b>938,783</b>
<b>TOTAL LIABILITIES</b>		<b>5,020,025</b>	<b>8,132,392</b>
<b>NET ASSETS</b>		<b>106,629,469</b>	<b>102,074,962</b>
<b>EQUITY</b>			
Retained surplus		53,464,704	48,013,008
Reserve accounts	27	2,021,805	2,436,485
Revaluation surplus	17	51,142,960	51,625,469
<b>TOTAL EQUITY</b>		<b>106,629,469</b>	<b>102,074,962</b>

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

**William Buck Audit (WA) Pty Ltd**





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

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2021</b>		<b>39,446,185</b>	<b>2,037,129</b>	<b>52,030,756</b>	<b>93,514,070</b>
Comprehensive income for the period					
Net result for the period		8,966,179	-	-	8,966,179
Other comprehensive income for the period	17	-	-	(405,287)	(405,287)
Total comprehensive income for the period		8,966,179	-	(405,287)	8,560,892
Transfers from reserve accounts	27	384,770	(384,770)	-	-
Transfers to reserve accounts	27	(784,126)	784,126	-	-
<b>Balance as at 30 June 2022</b>		<b>48,013,008</b>	<b>2,436,485</b>	<b>51,625,469</b>	<b>102,074,962</b>
Comprehensive income for the period					
Net result for the period		5,037,016	-	-	5,037,016
Other comprehensive income for the period	17	-	-	(482,509)	(482,509)
Total comprehensive income for the period		5,037,016	-	(482,509)	4,554,507
Transfers from reserve accounts	27	873,909	(873,909)	-	-
Transfers to reserve accounts	27	(459,229)	459,229	-	-
<b>Balance as at 30 June 2023</b>		<b>53,464,704</b>	<b>2,021,805</b>	<b>51,142,960</b>	<b>106,629,469</b>

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

**William Buck Audit (WA) Pty Ltd**

**30/06/23**



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

	NOTE	2023 Actual \$	2022 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Rates		1,340,317	603,372
Grants, subsidies and contributions		13,562,192	20,572,561
Fees and charges		42,386	34,637
Interest revenue		99,249	9,246
Goods and services tax received		66	51,319
Other revenue		589,148	452,448
		15,633,358	21,723,583
<b>Payments</b>			
Employee costs		(1,560,838)	(1,353,271)
Materials and contracts		(9,926,300)	(15,112,903)
Utility charges		(198,640)	(160,636)
Finance costs		(290,975)	(205,918)
Insurance paid		(244,962)	(245,069)
Other expenditure		(112,693)	(46,915)
		(12,334,408)	(17,124,712)
<b>Net cash provided by operating activities</b>	18(b)	3,298,950	4,598,871
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of property, plant & equipment	8(a)	(1,566,649)	(816,954)
Payments for construction of infrastructure	9(a)	(6,045,710)	(7,870,776)
Capital grants, subsidies and contributions		4,485,642	7,629,898
Proceeds from sale of property, plant & equipment		253,593	48,000
<b>Net cash (used in) investing activities</b>		(2,873,124)	(1,009,832)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings	26(a)	(126,842)	(133,364)
Payments for principal portion of lease liabilities	26(d)	(6,612)	(3,279)
<b>Net cash (used In) financing activities</b>		(133,454)	(136,643)
<b>Net increase in cash held</b>		292,372	3,452,396
Cash at beginning of year (net)		6,838,375	3,385,979
<b>Cash and cash equivalents at the end of the year (net)</b>	18(a)	7,130,747	6,838,375

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

**William Buck Audit (WA) Pty Ltd**



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

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities</b>				
Rates	24	1,443,374	1,254,149	589,190
Grants, subsidies and contributions		13,355,316	14,018,431	19,407,718
Fees and charges		47,862	33,582	31,198
Interest revenue		99,249	11,000	9,246
Other revenue		589,148	176,062	452,448
Profit on asset disposals		68,848	1,154	33,000
Fair value adjustments to financial assets at fair value through profit	4(a)	1,843	-	3,292
		<u>15,605,640</u>	<u>15,494,378</u>	<u>20,526,092</u>
<b>Expenditure from operating activities</b>				
Employee costs		(1,463,575)	(1,419,413)	(1,416,268)
Materials and contracts		(8,751,313)	(14,607,162)	(14,669,262)
Utility charges		(198,640)	(168,485)	(160,636)
Depreciation		(3,519,492)	(3,233,745)	(3,241,695)
Finance costs		(290,975)	(185,672)	(205,918)
Insurance		(244,962)	(280,527)	(245,069)
Other expenditure		(98,258)	(82,800)	(54,499)
Loss on asset disposals		-	(22,591)	-
Loss on revaluation of non-current assets		(758,561)	-	(165,244)
		<u>(15,325,776)</u>	<u>(20,000,395)</u>	<u>(20,158,591)</u>
Non-cash amounts excluded from operating activities	25(a)	4,144,862	3,348,384	3,377,986
<b>Amount attributable to operating activities</b>		<u>4,424,726</u>	<u>(1,157,633)</u>	<u>3,745,487</u>
<b>INVESTING ACTIVITIES</b>				
<b>Inflows from investing activities</b>				
Capital grants, subsidies and contributions		4,757,152	4,214,640	8,598,678
Proceeds from disposal of assets		253,593	200,000	48,000
		<u>5,010,745</u>	<u>4,414,640</u>	<u>8,646,678</u>
<b>Outflows from investing activities</b>				
Purchase of property, plant and equipment	8(a)	(1,566,649)	(1,575,530)	(816,954)
Purchase and construction of infrastructure	9(a)	(6,045,710)	(4,907,855)	(7,870,776)
		<u>(7,612,359)</u>	<u>(6,483,385)</u>	<u>(8,687,730)</u>
<b>Amount attributable to investing activities</b>		<u>(2,601,614)</u>	<u>(2,068,745)</u>	<u>(41,052)</u>
<b>FINANCING ACTIVITIES</b>				
<b>Inflows from financing activities</b>				
Transfers from reserve accounts	27	873,909	967,728	384,770
		<u>873,909</u>	<u>967,728</u>	<u>384,770</u>
<b>Outflows from financing activities</b>				
Repayment of borrowings	26(a)	(126,842)	(126,841)	(133,364)
Payments for principal portion of lease liabilities	26(d)	(6,612)	(6,791)	(3,279)
Transfers to reserve accounts	27	(459,229)	(396,904)	(784,126)
		<u>(592,683)</u>	<u>(530,536)</u>	<u>(920,769)</u>
<b>Amount attributable to financing activities</b>		<u>281,226</u>	<u>437,192</u>	<u>(535,999)</u>
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>				
<b>Surplus or deficit at the start of the financial year</b>	25(b)	2,591,240	2,789,186	(577,196)
Amount attributable to operating activities		4,424,726	(1,157,633)	3,745,487
Amount attributable to investing activities		(2,601,614)	(2,068,745)	(41,052)
Amount attributable to financing activities		281,226	437,192	(535,999)
<b>Surplus or deficit after imposition of general rates</b>	25(b)	<u><b>4,695,578</b></u>	<u><b>-</b></u>	<u><b>2,591,240</b></u>

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

**William Buck Audit (WA) Pty Ltd**

3220



**SHIRE OF UPPER GASCOYNE  
FOR THE YEAR ENDED 30 JUNE 2023  
INDEX OF NOTES TO THE FINANCIAL REPORT**

Note 1	Basis of Preparation	9
Note 2	Revenue and Expenses	10
Note 3	Cash and Cash Equivalents	12
Note 4	Other Financial Assets	12
Note 5	Trade and Other Receivables	13
Note 6	Inventories	14
Note 7	Other Assets	15
Note 8	Property, Plant and Equipment	16
Note 9	Infrastructure	18
Note 10	Fixed Assets	20
Note 11	Leases	22
Note 12	Trade and Other Payables	24
Note 13	Short-Term Borrowings	25
Note 14	Other Liabilities	26
Note 15	Borrowings	27
Note 16	Employee Related Provisions	28
Note 17	Revaluation Surplus	29
Note 18	Notes to the Statement of Cash Flows	30
Note 19	Undrawn Borrowing Facilities and Credit Standby Arrangements	31
Note 20	Contingent Liabilities	32
Note 21	Capital Commitments	32
Note 22	Related Party Transactions	33
Note 23	Other Significant Accounting Policies	36
<b>Information required by legislation</b>		
Note 24	Rating Information	37
Note 25	Determination of Surplus or Deficit	38
Note 26	Borrowing and Lease Liabilities	39
Note 27	Reserve accounts	41
Note 28	Trust Funds	42

**SHIRE OF UPPER GASCOYNE  
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 monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 28 of the financial report.

**Judgements and estimates**

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.
- 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 2021-7b Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- 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 UPPER GASCOYNE  
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:

<b>Revenue Category</b>	<b>Nature of goods and services</b>	<b>When obligations typically satisfied</b>	<b>Payment terms</b>	<b>Returns/Refunds/ Warranties</b>	<b>Timing of revenue recognition</b>
Rates	General rates.	Over time.	Payment dates adopted by Council during the year.	None.	When rates notice is issued.
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services.	Over time.	Fixed terms transfer of funds based on agreed milestones and reporting.	Contract obligation if project not complete.	Output method based on project milestones and/or completion date matched to performance obligations as inputs
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government.	Over time.	Fixed terms transfer of funds based on agreed milestones and reporting.	Contract obligation if project not complete.	Output method based on project milestones and/or completion date matched to performance obligations as inputs
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment.	No obligations.	Not applicable.	Not applicable.	When assets are controlled.
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time.	Full payment prior to issue.	None.	On payment and issue of the licence, registration or approval.
Other inspections	Regulatory Food, Health and Safety.	Single point in time.	Full payment prior to inspection.	None.	Revenue recognised after inspection event occurs.
Waste management collection	Kerbside collection service.	Over time.	Payment on an annual basis in advance.	None.	Output method based on regular weekly and fortnightly period as proportionate to
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites.	Single point in time.	Payment in advance at gate or on normal trading terms if credit provided.	None.	On entry to facility.
Property hire and entry	Use of halls and facilities.	Single point in time.	In full in advance.	Refund if event cancelled within 7 days.	On entry or at conclusion of hire.
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works.	Single point in time.	Payment in full in advance.	None.	Output method based on provision of service or completion of works.

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

**Revenue Recognition**

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

**For the year ended 30 June 2023**

<b>Nature</b>	<b>Contracts with customers</b>	<b>Capital grant/ contributions</b>	<b>Statutory Requirements</b>	<b>Other</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Rates	-	-	1,443,374	-	1,443,374
Grants, subsidies and contributions	13,355,316	-	-	-	13,355,316
Fees and charges	47,862	-	-	-	47,862
Interest revenue	-	-	11,010	88,239	99,249
Other revenue	589,148	-	-	-	589,148
Capital grants, subsidies and contributions	-	4,757,152	-	-	4,757,152
<b>Total</b>	<b>13,992,326</b>	<b>4,757,152</b>	<b>1,454,384</b>	<b>88,239</b>	<b>20,292,101</b>

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

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

**(a) Revenue (Continued)**

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/ contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	-	-	589,190	-	589,190
Grants, subsidies and contributions	19,407,718	-	-	-	19,407,718
Fees and charges	31,198	-	-	-	31,198
Interest revenue	-	-	3,881	5,365	9,246
Other revenue	452,448	-	-	-	452,448
Capital grants, subsidies and contributions	-	8,598,678	-	-	8,598,678
<b>Total</b>	<b>19,891,364</b>	<b>8,598,678</b>	<b>593,071</b>	<b>5,365</b>	<b>29,088,478</b>

	2023 Actual	2022 Actual
	\$	\$
<b>Assets and services acquired below fair value</b>		
Contributed assets	-	-
Recognised volunteer services	-	-
<b>Interest revenue</b>		
Interest on reserve account funds	3,564	78
Rates instalment and penalty interest	11,010	3,881
Other interest revenue	84,675	5,287
	99,249	9,246
The 2023 original budget estimate in relation to: Rates penalty interest was \$3,000.		
<b>Fees and charges relating to rates receivable</b>		
Charges on instalment plan	261	63
The 2023 original budget estimate in relation to: Charges on instalment plan was \$1,000.		
<b>(b) Expenses</b>		
<b>Auditors remuneration</b>		
- Audit of the Annual Financial Report	39,500	37,700
- Other services – grant acquittals	6,900	3,000
	46,400	40,700
<b>Employee Costs</b>		
Employee benefit costs	1,675,203	1,669,354
Other employee costs	(211,628)	(253,086)
	1,463,575	1,416,268
<b>Finance costs</b>		
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	290,975	205,918
	290,975	205,918
<b>Other expenditure</b>		
Impairment losses / (writeback) on rates and statutory receivables	8,959	(4,145)
Impairment losses on trade receivables	(14,435)	7,584
Sundry expenses	103,734	51,060
	98,258	54,499

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

**3. CASH AND CASH EQUIVALENTS**

Cash at bank and on hand  
Term deposits  
**Total cash and cash equivalents**

Held as  
- Unrestricted cash and cash equivalents  
- Restricted cash and cash equivalents

Note	2023	2022
	\$	\$
	6,956,515	7,216,747
	2,021,893	2,436,574
18(a)	8,978,408	9,653,321
	5,357,354	5,346,077
18(a)	3,621,054	4,307,244
	8,978,408	9,653,321

**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) Non-current assets**

Financial assets at fair value through profit or loss

**Financial assets at fair value through profit or loss**

Units in Local Government House Trust - opening balance  
Movement attributable to fair value increment  
Financial assets at fair value through profit and loss - Units in Local Government House Trust  
Units in Local Government House Trust - closing balance

2023	2022
\$	\$
40,745	38,902
40,745	38,902
38,902	35,610
1,843	3,292
40,745	38,902

Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

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

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

**Financial assets at fair value through profit or loss**

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

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



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

**5. TRADE AND OTHER RECEIVABLES**

	Note	2023 \$	2022 \$
<b>Current</b>			
Rates and statutory receivables		154,980	51,923
Trade receivables		329,607	521,054
GST receivable		-	66
Receivables for employee related provisions	16	22,088	23,082
Allowance for credit losses of rates and statutory receivables		(17,373)	(8,414)
Allowance for credit losses of trade receivables		(97,033)	(111,468)
		392,269	476,243
<b>Rates outstanding</b>			
Past due and not impaired		137,607	43,509
Impaired		17,373	8,414
		154,980	51,923
<b>Sundry debtors</b>			
Past due and not impaired		232,574	409,586
Impaired		97,033	111,468
		329,607	521,054

**Disclosure of opening and closing balances related to contracts with customers**

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

	Note	30 June 2023 Actual \$	30 June 2022 Actual \$	1 July 2021 Actual \$
Trade and other receivables from contracts with customers		329,607	521,054	777,052
Contract assets	7	1,163,898	1,715,110	2,631,539
Allowance for credit losses of trade receivables		(97,033)	(111,468)	(103,884)
Total trade and other receivables from contracts with customers		1,396,472	2,124,696	3,304,707

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates and statutory receivables**

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

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

**Trade receivables**

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

**Other receivables**

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

**Measurement**

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

**Classification and subsequent measurement**

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

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

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

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

**6. INVENTORIES**

<b>Note</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Fuel and materials	214,745	132,951
Land held for resale		
Cost of acquisition	2,500	2,500
Development costs	1,550	-
	<b>218,795</b>	<b>135,451</b>
The following movements in inventories occurred during the year:		
<b>Balance at beginning of year</b>	135,451	102,670
Inventories expensed during the year	(10,521)	(16,339)
Additions to inventory	93,865	49,120
<b>Balance at end of year</b>	<b>218,795</b>	<b>135,451</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

**Land held for resale**

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

**Land held for resale (Continued)**

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

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

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

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

**7. OTHER ASSETS**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Other assets - current</b>		
Contract assets	1,163,898	1,715,110
	<b>1,163,898</b>	<b>1,715,110</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Other current assets**

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

**Non-current assets held for sale**

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

**Contract assets**

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

Impairment of assets associated with contracts with customers are detailed at Note 2(b).

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

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

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

**8. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Balances**

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

	Land	Buildings - non-specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$		\$	\$	\$
<b>Balance at 1 July 2021</b>	834,000	1,724,125	6,402,393	8,960,518	45,841	2,278,289	11,284,648
Additions	-	403,729	177,577	581,306	6,645	229,003	816,954
Disposals	-	-	-	-	-	(15,000)	(15,000)
Revaluation increments / (decrements) transferred to revaluation surplus	(283,000)	(602,881)	480,594	(405,287)	-	-	(405,287)
Revaluation (loss) / reversals transferred to profit or loss		(165,244)		(165,244)			(165,244)
Depreciation	-	(7,229)	(138,215)	(145,444)	(20,346)	(395,360)	(561,150)
Transfers	-	-	(190,439)	(190,439)	-	-	(190,439)
<b>Balance at 30 June 2022</b>	551,000	1,352,500	6,731,910	8,635,410	32,140	2,096,932	10,764,482
<b>Comprises:</b>							
Gross balance amount at 30 June 2022	551,000	1,352,893	6,731,910	8,635,803	112,528	3,530,953	12,279,284
Accumulated depreciation at 30 June 2022	-	(393)	-	(393)	(80,388)	(1,434,021)	(1,514,802)
<b>Balance at 30 June 2022</b>	551,000	1,352,500	6,731,910	8,635,410	32,140	2,096,932	10,764,482
Additions	-	92,733	135,107	227,840	23,588	1,315,221	1,566,649
Disposals	-	-	-	-	-	(184,745)	(184,745)
Depreciation	-	(19,660)	(124,972)	(144,632)	(19,136)	(444,363)	(608,131)
Transfers	-	-	-	-	-	219,632	219,632
<b>Balance at 30 June 2023</b>	551,000	1,425,573	6,742,045	8,718,618	36,592	3,002,677	11,757,887
<b>Comprises:</b>							
Gross balance amount at 30 June 2023	551,000	1,445,626	6,867,017	8,863,643	136,116	4,709,584	13,709,343
Accumulated depreciation at 30 June 2023	-	(20,053)	(124,972)	(145,025)	(99,524)	(1,706,907)	(1,951,456)
<b>Balance at 30 June 2023</b>	551,000	1,425,573	6,742,045	8,718,618	36,592	3,002,677	11,757,887

\* Asset additions included additions received at substantially less than fair value:

During the year ended 30 June 2022	-	-	-	-	-	-	-
During the year ended 30 June 2023	-	-	-	-	-	-	-

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

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

**(b) Carrying Value Measurements**

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

**SHIRE OF UPPER GASCOYNE  
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.

	Infrastructure - roads	Other infrastructure	Work in progress	Total Infrastructure
	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	75,747,126	6,153,173	122,931	82,023,230
Additions	6,218,952	1,651,824	-	7,870,776
Depreciation	(2,458,579)	(218,642)	-	(2,677,221)
Transfers	-	190,439	-	190,439
<b>Balance at 30 June 2022</b>	79,507,499	7,776,794	122,931	87,407,224
<b>Comprises:</b>				
Gross balance at 30 June 2022	130,339,067	8,439,058	122,931	138,901,056
Accumulated depreciation at 30 June 2022	(50,831,568)	(662,264)	-	(51,493,832)
<b>Balance at 30 June 2022</b>	79,507,499	7,776,794	122,931	87,407,224
Additions	4,349,420	1,696,290	-	6,045,710
Revaluation increments / (decrements) transferred to revaluation surplus	-	(482,509)	-	(482,509)
Revaluation (loss) / reversals transferred to profit or loss	-	(758,561)	-	(758,561)
Depreciation	(2,545,330)	(359,382)	-	(2,904,712)
Transfers	-	(219,632)	-	(219,632)
<b>Balance at 30 June 2023</b>	81,311,589	7,653,000	122,931	89,087,520
<b>Comprises:</b>				
Gross balance at 30 June 2023	134,688,487	11,006,400	122,931	145,817,818
Accumulated depreciation at 30 June 2023	(53,376,898)	(3,353,400)	-	(56,730,298)
<b>Balance at 30 June 2023</b>	81,311,589	7,653,000	122,931	89,087,520

\* Asset additions included additions received at substantially less than fair value:

During the year ended 30 June 2022	-	-	-	-
During the year ended 30 June 2023	-	-	-	-

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

**9. INFRASTRUCTURE (Continued)**

**(b) Carrying Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>(i) Fair Value</b>					
<b>Infrastructure - roads</b>	3	Cost approach using depreciated replacement cost (gross valuation method)	Management valuation	2020	Construction costs and current condition, residual values and remaining useful life assessments inputs
<b>Other infrastructure</b>	3	Cost approach using depreciated replacement cost (gross valuation method)	Independent registered valuer	2023	Construction costs and current condition, residual values and remaining useful life assessments inputs

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

During the period, the cost of siteworks has been excluded from the 2023 valuation of other infrastructure. There were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

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

**10. FIXED ASSETS**

**(a) Depreciation**

**Depreciation rates**

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

<b>Asset Class</b>	<b>Useful life</b>
Buildings	3 to 80 years
Furniture and equipment	1 to 20 years
Plant and equipment	1 to 25 years
Other infrastructure	5 to 50 years
Sealed roads and streets	
formation	not depreciated
pavement	39 years
seal	20 years
Formed subgrade	not depreciated
Unformed subgrade	not depreciated
Gravel roads	
formation	not depreciated
pavement	28 years
Footpaths - slab	40 years
Drainage	30 - 108 years
Bridges	100 years



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

**10. FIXED ASSETS (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES**

**Fixed assets**

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

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

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

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

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

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

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

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

**Revaluation**

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

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

**Revaluation (continued)**

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

**Depreciation**

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

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

**Depreciation on revaluation**

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

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

**Amortisation**

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

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

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

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

**11. LEASES**

**(a) Right-of-Use Assets**

	Note	Right-of-use assets - plant and equipment \$	Right-of-use assets Total \$
Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.			
<b>Balance at 1 July 2021</b>		19,945	19,945
Additions		-	-
Depreciation		(3,324)	(3,324)
<b>Balance at 30 June 2022</b>		16,621	16,621
Gross balance amount at 30 June 2022		19,945	19,945
Accumulated depreciation at 30 June 2022		(3,324)	(3,324)
<b>Balance at 30 June 2022</b>		16,621	16,621
Depreciation		(6,649)	(6,649)
<b>Balance at 30 June 2023</b>		9,972	9,972
Gross balance amount at 30 June 2023		19,945	19,945
Accumulated depreciation at 30 June 2023		(9,973)	(9,973)
<b>Balance at 30 June 2023</b>		9,972	9,972

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

	2023 Actual \$	2022 Actual \$
Depreciation on right-of-use assets	(6,649)	(3,324)
Finance charge on lease liabilities	(148)	(101)
<b>Total amount recognised in the statement of comprehensive income</b>	(6,797)	(3,425)
Total cash outflow from leases	(6,760)	(3,380)
<b>(b) Lease Liabilities</b>		
Current	6,685	6,693
Non-current	3,369	9,973
	26(d) 10,054	16,666

**Secured liabilities and assets pledged as security**

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

The Shire has a lease relating to plant and equipment. The lease term is 3 years. The measurement of lease liabilities does not include variable lease payments and any future cash outflows associated with leases not yet commenced to which the Shire is committed. Refer to Note 26(d) for details of lease liabilities.

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

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

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

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

**Leases (continued)**

Details of individual lease liabilities required by regulations are provided at Note 26(d).

**Right-of-use assets - measurement**

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

Refer to Note 10 under revaluation for details on the significant accounting policies applying to vested improvements.

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

**11. LEASES (Continued)**

**Right-of-use assets - depreciation**

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

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

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

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

	<b>2023 Actual</b>	<b>2022 Actual</b>
	\$	\$
	10,403	10,100
	10,715	10,403
	11,037	10,715
	11,368	11,037
	11,709	11,368
	20,259	31,968
	<u>75,491</u>	<u>85,591</u>
<b>Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease</b>		
Rental income	10,100	53,333

The Shire leases the tourist park with rental payable by six equal instalments per annum. The lease is classified as an operating lease as it does not transfer substantially all of the risks and rewards incidental to ownership of the assets. The tourist park is not considered investment property as it is leased for use in the supply of services to the community.

The lease payments include annual increases in accordance with the lease agreement. Although the Shire is exposed to changes in the residual value at the end of the current lease, the Shire typically entered into a new operating lease and therefore will not immediately realise any reduction in residual value at the end of the lease.

Expectations about the future residual value is reflected in the fair value of the property.

**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.

**The Shire as Lessor (conitnued)**

Initial direct costs incurred in entering into an operating lease (e.g. 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 UPPER GASCOYNE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**12. TRADE AND OTHER PAYABLES**

	2023	2022
	\$	\$
<b>Current</b>		
Sundry creditors	262,276	1,050,824
Accrued payroll liabilities	39,692	37,339
Bonds and deposits held	50,642	50,642
Retentions held for the Gascoyne River Bridge Project	6,171	6,171
Accrued expenses	125,923	980,230
	484,704	2,125,206

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Trade and other payables**

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

**Prepaid rates**

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

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

**13. SHORT-TERM BORROWINGS**

	2023	2022
	\$	\$
<b>Unsecured</b>		
Bank overdraft	1,847,661	2,814,946
Represented by:		
Unrestricted – WANDRRA* overdraft <sup>(a)</sup>	1,847,661	2,814,946
Restricted funds held		
	1,847,661	2,814,946
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Unspent Grants	-	-
Unspent Loans	-	-
	-	-

\* Western Australia Natural Disaster Relief and Recovery

(a) The bank overdraft is repayable on demand and forms an integral part of the Shire's cash management. The overdraft was established for the purpose of managing cash flow for road flood damage repairs in 2017. The amount of the overdraft brought forward on 1 July 2022 was \$2,814,946. The overdraft has decreased by \$967,285 during the financial year. At 30 June 2023 the balance of the overdraft was \$1,847,661. The interest rate on the overdraft at 30 June 2023 was 10.53% (2022: 7.28%).

**Sensitivity analysis**

Profit or loss is sensitive to higher/lower interest income from overdrafts as a result of changes in interest rates.

	2023	2022
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	18,477	28,149

\* Holding all other variables constant

**SIGNIFICANT ACCOUNTING POLICIES** Bank overdrafts that form an integral part of the Shire's cash management are included as a component of cash and cash equivalents. Cash flows exclude movements between items that constitute cash or cash equivalents because these components are part of the cash management of the Shire rather than part of its operating, investing and financing activities. The reconciliation of cash and cash equivalents is outlined in Note 18.

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

**14. OTHER LIABILITIES**

	2023	2022
	\$	\$
<b>Current</b>		
Capital grant/contributions liabilities	1,548,607	1,820,117
	1,548,607	1,820,117
<p>The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$1,548,607 (2022: \$1,820,117)</p> <p>The Shire expects to satisfy the performance obligations, from contracts with customers unsatisfied at the end of the reporting period, within the next 12 months.</p>		
<b>Reconciliation of changes in capital grant/contribution liabilities</b>		
Opening balance	1,820,117	2,788,897
Additions	(2,091,627)	1,820,117
Revenue from capital grant/contributions held as a liability at the start of the period	1,820,117	(2,788,897)
	1,548,607	1,820,117
<b>Expected satisfaction of capital grant/contribution liabilities</b>		
Less than 1 year	1,548,607	1,820,117
	1,548,607	1,820,117

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

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

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

**Capital grant/contribution liabilities**

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

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

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

**15. BORROWINGS**

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
<b>Secured</b>		\$	\$	\$	\$	\$	\$
Long term borrowings		130,829	727,597	858,426	126,842	858,426	985,268
<b>Total secured borrowings</b>	26(a)	130,829	727,597	858,426	126,842	858,426	985,268

**Secured liabilities and assets pledged as security**

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

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Borrowing costs**

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

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

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

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

**16. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

**Current provisions**

**Employee benefit provisions**

Annual leave

Long service leave

**Employee related other provisions**

Employment on-costs

**Total current employee related provisions**

**Non-current provisions**

**Employee benefit provisions**

Long service leave

**Employee related other provisions**

Employment on-costs

**Total non-current employee related provisions**

**Total employee related provisions**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
	158,230	130,101
	75,567	145,284
	<u>233,797</u>	<u>275,385</u>
	28,892	24,420
	<u>28,892</u>	<u>24,420</u>
	<u>262,689</u>	<u>299,805</u>
	5,928	52,177
	<u>5,928</u>	<u>52,177</u>
	1,956	18,207
	<u>1,956</u>	<u>18,207</u>
	<u>7,884</u>	<u>70,384</u>
	<u>270,573</u>	<u>370,189</u>

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

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end 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 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 UPPER GASCOYNE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**17. REVALUATION SURPLUS**

	<b>2023 Opening Balance</b>	<b>Total Movement on Revaluation</b>	<b>2023 Closing Balance</b>	<b>2022 Opening Balance</b>	<b>Total Movement on Revaluation</b>	<b>2022 Closing Balance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Land - freehold land	10,272	-	10,272	293,272	(283,000)	10,272
Revaluation surplus - Buildings - non-specialised	-	-	-	122,287	(122,287)	-
Infrastructure - roads	51,132,688	-	51,132,688	51,132,688	-	51,132,688
Other infrastructure	482,509	(482,509)	-	482,509	-	482,509
	<b>51,625,469</b>	<b>(482,509)</b>	<b>51,142,960</b>	<b>52,030,756</b>	<b>(405,287)</b>	<b>51,625,469</b>

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

**18. 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	8,978,408	9,653,321
Short-term borrowings - bank overdraft		(1,847,661)	(2,814,946)
		7,130,747	6,838,375

**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	3,621,054	4,307,244
		3,621,054	4,307,244

The restricted financial assets are a result of the following specific purposes to which the assets may be used:

Restricted reserve accounts	27	2,021,805	2,436,485
Bonds and deposits held	12	50,642	50,642
Capital grant liabilities	14	1,548,607	1,820,117
<b>Total restricted financial assets</b>		3,621,054	4,307,244

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

Net result		5,037,016	8,966,179
Non-cash items:			
Adjustments to fair value of financial assets at fair value through profit or loss		(1,843)	(3,292)
Depreciation/amortisation		3,519,492	3,241,695
(Profit)/loss on sale of asset		(68,848)	(33,000)
Loss on revaluation of fixed assets		758,561	165,244
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		83,974	325,150
(Increase)/decrease in other assets		551,212	916,429
(Increase)/decrease in inventories		(83,344)	(32,781)
Increase/(decrease) in trade and other payables		(1,640,502)	(424,189)
Increase/(decrease) in employee related provisions		(99,616)	76,114
Increase/(decrease) in other liabilities		(271,510)	(968,780)
Capital grants, subsidies and contributions		(4,485,642)	(7,629,898)
Net cash provided by/(used in) operating activities		3,298,950	4,598,871

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

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

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Bank overdraft limit	4,200,000	4,200,000
Bank overdraft at balance date	(1,847,661)	(2,814,946)
WATC short term lending facility limit	3,000,000	3,000,000
WATCH short term lending facility at balance date	-	-
Credit card limit	10,000	10,000
Credit card balance at balance date	(8,047)	-
<b>Total amount of credit unused</b>	<b>5,354,292</b>	<b>4,395,054</b>
<b>Loan facilities</b>		
Loan facilities - current	130,829	126,842
Loan facilities - non-current	727,597	858,426
<b>Total facilities in use at balance date</b>	<b>858,426</b>	<b>985,268</b>
<b>Unused loan facilities at balance date</b>	<b>NIL</b>	<b>NIL</b>

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

**20. CONTINGENT LIABILITIES**

The Shire does not have any contingent liabilities.

**21. CAPITAL COMMITMENTS**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Contracted for:		
- capital expenditure projects	2,825,287	849,974
- plant & equipment purchases	-	96,525
	<b>2,825,287</b>	<b>946,499</b>
Payable:		
- not later than one year	2,825,287	946,499

The capital expenditure projects outstanding at the end of the current reporting period represent the construction of roads and connection and commissioning of plumbing on a mobile accommodation unit.

The prior year commitment was for the construction of roads and the Gascoyne Junction Tourist Stop and the purchase of a trailer.

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

**22. 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	18,851	20,565	20,063
Deputy President's annual allowance	17,994	5,141	5,015
Meeting attendance fees	85,373	78,474	76,558
Other council member expenses	1,955	2,000	6,585
Annual allowance for ICT expenses	24,208	24,500	24,500
Travel and accommodation expenses	6,392	15,500	6,687
Annual allowance for travel and accommodation expenses	15,480	21,000	15,965
22(b)	170,253	167,180	155,373

**(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	631,303	504,403
Post-employment benefits	68,554	56,213
Employee - other long-term benefits	10,207	38,887
Council member costs	170,253	155,373
22(a)	880,317	754,876

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

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

*Termination benefits*

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

*Council member costs*

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

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

**22. RELATED PARTY TRANSACTIONS (Continued)**

**Transactions with related parties**

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

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

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

	<b>2023 Actual</b>	<b>2022 Actual</b>
	<b>\$</b>	<b>\$</b>
Sale of goods and services		
- Other related parties	3,196	579
Purchase of goods and services		
- Other related parties	125,542	114,722
<b>Amounts outstanding from related parties:</b>		
Trade and other receivables	1,870	-
<b>Amounts payable to related parties:</b>		
Trade and other payables		
- Other related parties	20,991	13,621

Purchases of goods and services from other related parties, relate to four (2022: five) companies controlled by related parties of elected members contracted on terms and conditions equivalent for those that prevail in arm's length transactions under the Shire's procurement processes. Details in relation to these transactions are as follows:

A company controlled by a related party of an elected member was awarded a contract under a tender process for bull dozer services and plant hire with a value of \$100,330 (2022: \$35,862).

A company controlled by a related party of an elected member provided emergency works and maintenance grading services with a value of \$12,383 (2022: \$31,883).

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

**22. RELATED PARTY TRANSACTIONS (Continued)**

A company controlled by a related party of an elected member provided accommodation and catering with a value of \$12,789 (2022: \$5,260).

A Councillor provided craft products with a value of \$40 (2022: nil).

A company controlled by a related party of an elected member provided catering service with a value of \$2,970 in 2022. No services were provided in 2023.

**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 22(a) and 22(b)

*ii. Other Related Parties*

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

**23. OTHER SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

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

**c) Rounding off figures**

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

**d) Comparative figures**

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

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

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

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

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

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

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

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

**h) Interest revenue**

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

**i) Fair value hierarchy**

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

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

**Market approach**

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

**Income approach**

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

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

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

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

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

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



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

24. RATING INFORMATION

(a) General Rates

RATE TYPE		2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2021/22	
Rate Description	Basis of valuation	Rate in \$	Number of Properties	Actual Rateable Value*	Actual Rate Revenue	Actual Reassessed Rates	Actual Total Revenue	Budget Rate Revenue	Budget Reassessed Rate	Budget Total Revenue	Actual Total Revenue
		\$		\$	\$	\$	\$	\$	\$	\$	\$
<b>Gross rental valuations</b>											
GRV - Gascoyne Junction	Gross rental valuation	0.10500	14	120,703	12,673	-	12,673	12,674	-	12,674	13,096
<b>Unimproved valuations</b>											
UV - Pastoral	Unimproved valuation	0.07000	25	1,628,876	114,021	-	114,021	114,021	-	114,021	81,376
UV - Mining	Unimproved valuation	0.29800	223	3,454,712	1,029,504	191,926	1,221,430	1,029,504	-	1,029,504	392,408
<b>Total general rates</b>			262	5,204,291	1,156,198	191,926	1,348,124	1,156,199	-	1,156,199	486,880
<b>Minimum payment</b>											
<b>Gross rental valuations</b>											
GRV - Gascoyne Junction	Gross rental valuation	500	12	27,762	6,000	-	6,000	6,000	-	6,000	824
<b>Unimproved valuations</b>											
UV - Pastoral	Unimproved valuation	900	13	33,910	11,700	-	11,700	11,700	-	11,700	4,944
UV - Mining	Unimproved valuation	950	75	1,018,989	71,250	-	71,250	71,250	-	71,250	28,800
<b>Total minimum payments</b>			100	1,080,661	88,950	-	88,950	88,950	-	88,950	34,568
<b>Total general rates and minimum payments</b>			362	6,284,952	1,245,148	191,926	1,437,074	1,245,149	-	1,245,149	521,448
<b>Ex-gratia Rates</b>											
Ex-gratia Rates							6,300	3,000	-	3,000	2,884
Rates written-off							-	(5,000)	-	(5,000)	(221)
Interim and back rates							-	11,000	-	11,000	65,079
<b>Total amount raised from rates (excluding general rates)</b>							6,300	9,000	-	9,000	67,742
<b>Total Rates</b>							1,443,374			1,254,149	589,190
Rate instalment interest							1,049			1,000	68
Rate overdue interest							9,961			3,000	3,814

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

25. DETERMINATION OF SURPLUS OR DEFICIT

		2022/23	2022/23	2021/22
		Budget	Budget	
		(30 June 2023	(30 June 2023	(30 June 2022
		Carried	Carried	Carried
Note	Forward)	Forward)	Brought	Forward
	\$	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
		(68,848)	(1,154)	(33,000)
		(1,843)		(3,292)
		-	22,591	-
		758,561	-	165,244
8(a)9(a)		3,519,492	3,233,745	3,241,695
		(62,500)	93,202	7,339
		4,144,862	3,348,384	3,377,986
<b>(b) Surplus or deficit after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
		(2,021,805)	(1,865,665)	(2,436,485)
		(2,500)	(2,500)	(2,500)
		130,829	130,829	126,842
		79,902	190,676	97,474
		6,685	6,690	6,693
		30,272	-	12,700
		(1,776,617)	(1,539,970)	(2,195,276)
<b>Net current assets used in the Statement of Financial Activity</b>				
		10,753,370	5,692,322	11,980,125
		(4,281,175)	(4,152,352)	(7,193,609)
		(1,776,617)	(1,539,970)	(2,195,276)
		4,695,578	-	2,591,240

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

26. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual									Budget			
		Principal at	New Loans	Principal	Actual	Actual	Principal at	New Loans	Principal	Principal at	Principal at	New Loans	Principal	Principal at
		1 July 2021	During 2021-	Repayments	Interest	Interest	30 June	During 2022-	Repayments	at	1 July 2022	During 2022-	Repayments	30 June
		\$	\$	\$	22	22	\$	\$	\$	\$	\$	\$	\$	\$
<b>Housing</b>														
Staff Housing		245,268	-	(34,337)	4,265	(6,997)	208,199	-	(35,371)	172,828	208,200	-	(35,371)	172,829
Staff Housing		429,381	-	(43,069)	3,803	(4,544)	385,571	-	(43,538)	342,033	385,571	-	(43,538)	342,033
<b>Economic services</b>														
Tourism precinct		443,983	-	(45,605)	14,582	(21,462)	391,498	-	(47,933)	343,565	401,851	-	(47,932)	353,919
<b>Total Borrowings</b>	15	1,118,632	-	(123,011)	22,650	(33,003)	985,268	-	(126,842)	858,426	995,622	-	(126,841)	868,781

Borrowing Finance Cost Payments

Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for	Budget for	Actual for
						year ending 30 June 2023	year ending 30 June 2023	year ending 30 June 2022
						\$	\$	\$
<b>Housing</b>								
Staff Housing		29	WATC	2.99%	13-Aug-27	2,850	5,963	4,265
Staff Housing		30	WATC	1.09%	02-Nov-30	5,208	4,074	3,803
<b>Economic services</b>								
Tourism precinct		28	WATC	5.04%	07-Mar-29	21,113	25,635	14,582
<b>Total Finance Cost Payments</b>						29,171	35,672	22,650

\* WA Treasury Corporation

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

**26. BORROWING AND LEASE LIABILITIES (Continued)**

**(b) New Borrowings - 2022/23**

The Shire had no new borrowings in the 2022/23 financial year.

**(c) Unspent Borrowings**

The Shire had no unspent borrowings at 30 June 2023.

**(d) Lease Liabilities**

Purpose	Note	Actual						Budget				
		Principal			Principal at 30 June 2022	Principal			Principal at 1 July 2022	Principal		
		Principal at 1 July 2021	New Leases During 2021- 22	Repayments During 2021- 22		New Leases During 2022- 23	Repayments During 2022- 23	Principal at 30 June 2023		New Leases During 2022- 23	Repayments During 2022- 23	Principal at 30 June 2023
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			
Fuel bowser		-	19,945	(3,279)	16,666	-	(6,612)	10,054	15,686	-	(6,791)	8,895
<b>Total Lease Liabilities</b>	11(b)	-	19,945	(3,279)	16,666	-	(6,612)	10,054	15,686	-	(6,791)	8,895

**Lease Finance Cost Payments**

Purpose	Note	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for	Budget for	Actual for	Lease Term
						year ending 30 June 2023	year ending 30 June 2023	year ending 30 June 2022	
						\$	\$	\$	
Fuel bowser		1	Refuel Australi	1.10%	08-Dec-24	148	142	101	3 years
<b>Total Finance Cost Payments</b>						148	142	101	

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

27. RESERVE ACCOUNTS	2023	2023	2023	2023	2023	2023	2023	2022	2022	2022	2022	
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Restricted by council</b>												
(a) Leave reserve	97,474	156	(17,728)	79,902	97,474	110,930	(17,728)	190,676	110,174	5	(12,705)	97,474
(b) Plant replacement reserve	999,553	112,954	(600,000)	512,507	999,553	160,874	(600,000)	560,427	567,262	582,291	(150,000)	999,553
(c) Airport reserve	41,068	65	-	41,133	41,069	34	-	41,103	41,067	1	-	41,068
(d) Tourism precinct reserve	84,314	147	-	84,461	84,315	69	-	84,384	280,360	15	(196,061)	84,314
(e) Building reserve	127,886	220,389	-	348,275	127,887	105	-	127,992	153,885	5	(26,004)	127,886
(f) Works reserve	244,946	203	-	245,149	244,946	201	-	245,147	244,941	5	-	244,946
(g) Economic development reserve	618,563	100,964	(256,181)	463,346	618,563	100,508	(250,000)	469,071	440,767	177,796	-	618,563
(h) Roads flood damage reserve	153,002	243	-	153,245	153,002	126	(100,000)	53,128	152,995	7	-	153,002
(i) Bridge maintenance reserve	69,679	24,108	-	93,787	69,680	24,057	-	93,737	45,678	24,001	-	69,679
	2,436,485	459,229	(873,909)	2,021,805	2,436,489	396,904	(967,728)	1,865,665	2,037,129	784,126	(384,770)	2,436,485

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
<b>Restricted by council</b>	
(a) Leave reserve	to be used to fund annual and long service leave requirements.
(b) Plant replacement reserve	to be used to be used for the purchase of major plant and also to fund major mechanical breakdowns.
(c) Airport reserve	to fund the resealing of the Gascoyne Junction Airport.
(d) Tourism precinct reserve	to be used for future significant repairs or upgrades on an as required basis.
(e) Building reserve	to be used for new buildings, future repairs or upgrades on an as required basis (excluding the Tourism Precinct).
(f) Works reserve	to be used to support funding of major infrastructure projects.
(g) Economic development reserve	to set aside funds for economic development initiatives.
(h) Roads flood damage reserve	to be used towards the required Shire contribution for Western Australia Natural Disaster Relief funding.
(i) Bridge maintenance reserve	to be used for repairs and maintenance of Kilili Bridge as required.

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

**28. TRUST FUNDS**

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

	<b>1 July 2022</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>30 June 2023</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Yangibana - RUA Security Deposit	-	100,970	-	100,970
	-	100,970	-	100,970



# Auditor General

## INDEPENDENT AUDITOR'S REPORT 2023 Shire of Upper Gascoyne

To the Council of the Shire of Upper Gascoyne

### Opinion

I have audited the financial report of the Shire of Upper Gascoyne (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 have nothing to report in this regard.

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

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

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

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

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

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

## **Auditor's responsibilities for the audit of the financial report**

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

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

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

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

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



## **Matters relating to the electronic publication of the audited financial report**

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



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

# **APPENDIX 2**

**(Management Letter)**

**SHIRE OF UPPER GASCOYNE**  
**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023**  
**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

Index of findings Potential impact on audit opinion	Rating			Prior year finding
	Significant	Moderate	Minor	
1. Accounts payable suspense accounts		✓		✓
2. Bank signatory not removed		✓		
3. GST not recorded appropriately			✓	

**Key to ratings**

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

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

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

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

**SHIRE OF UPPER GASCOYNE**  
**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023**  
**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

**1. Accounts payable suspense accounts**

**Finding**

As at 30 June 2023, the Shire had numerous suspense accounts amounted to \$6,687.91 which arose mainly from miscellaneous payments to be refunded unreconciled rates and/or other collection received. The suspense accounts have yet to be reconciled as at 8 September 2023 due to timing around confirming payment details with recipients.

A similar finding was identified for 30 June 2022 balance, whereby the delay for the reconciliation of the suspense accounts amounted to \$13,081 were due mainly to staff vacancies.

**Rating:** Moderate

**Implication**

The suspense account balance (if not reconciled on a timely basis) will continue to grow and there is an increased risk that the reconciliation will become onerous. Consequently, the payments owed will be further delayed if the reconciliation is not performed.

**Recommendation**

We recommend that the reconciliation of accounts payable suspense account be performed on a timely basis.

**Management comment**

*All suspense accounts have been cleared and reconciled and this process is already incorporated into the end of month procedure.*

**Responsible person:** Andrea Pears  
**Completion date:** 30 September 2023

**SHIRE OF UPPER GASCOYNE**  
**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023**  
**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

**2. Bank signatory not removed**

**Finding**

We noted in our bank confirmation obtained from Commonwealth Bank of Australia that a previous Shire Councillor was still included as an authorised signatory to the bank account. Management have since requested the bank update its authorised signatory listing on the 11 September 2023.

**Rating:** Moderate

**Implication**

If the Shire's list of bank account signatories is not kept up to date, there is a risk of unapproved funds transfer and/or unauthorised access to the Shire's bank accounts and transactions by personal no longer employed or given the authority to do so by the Shire.

**Recommendation**

We recommend that the Shire review its processes for updating its systems and records for changes to personnel or members of the Council, with a view to ensure that all necessary updates are made on a timely basis. The Shire's list of authorised bank account signatories should be reviewed regularly and updates made as soon as practicable to ensure no unauthorised transactions are made from the Shire's bank accounts.

**Management comment**

*The exit strategy for all councillors and staff incorporates removal of bank signatory authority should it be in effect during their tenure. The Shire will ensure that this occurs within a timely manner.*

**Responsible person:** Andrea Pears  
**Completion date:** 31 October 2023

## SHIRE OF UPPER GASCOYNE

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

### FINDINGS IDENTIFIED DURING THE FINAL AUDIT

#### 3. GST not recorded appropriately

##### **Finding**

We noted that that 1 out of 41 samples tested for expenses were incorrectly recorded due to the inclusion of inclusion of Goods and Services Tax ("GST").

**Rating:** Minor

##### **Implication**

There is a risk that GST amounts reported to the Australian Tax Office (ATO) are incorrect and the expenses may be misstated.

##### **Recommendation**

We recommend that management considers implementing a more robust review process to ensure that GST is recorded separately from expenditure.

##### **Management comment**

*Our creditor's process incorporates having a second officer check invoices thoroughly for amount, date, purchase order and Goods and Services Tax (GST) at the batching stage. Corrections are made at this stage, as the tax invoice provides the detail on whether GST is applicable, and each invoice and batch report is signed by both parties. We will continue to have all batches checked against invoice details to ensure accuracy.*

**Responsible person:** Andrea Pears  
**Completion date:** 30 September 2023