



2021/22

SHIRE OF KULIN

ANNUAL REPORT



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CONTENTS

About The Shire of Kulin	3
President's Report	4
Councillors & Management Team	5
Strategic Community Plan	6
Strategic Priorities	7
Strategic Activities 2022/23	8
Statutory Statements	9 - 13
Annual Financial Report for Year Ended 30 June 2022	14 - 61
Independent Auditor's Report	62 - 64



ABOUT THE SHIRE OF KULIN

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

The Shire of Kulin has excellent accessibility through its high standard of transport infrastructure including 312km of sealed road and 1292km of unsealed roads.

Local industry is based on broad acre farming, particularly wheat, barley, canola, oats and lupins and sheep and cattle production.

The Shire of Kulin offers quality community services through Doctor and Health Centre services and Child Care Services.

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

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

Shire of Kulin welcome all tourists and visitors to our region.

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

Significant annual events in Kulin include the Kulin Bush Races and Blazing Swan and the bi-annual Gen Ag conference.



PRESIDENT'S REPORT

Welcome to the Annual Report for the 2021/22 financial year.

The Shire budget was passed by council with continuing significant capital investment in roads and infrastructure. This is funded by general revenue as well as State and Federal Grants.

Shire of Kulin received significant funding through the Local Roads and Community Infrastructure Fund which provided an avenue to undertake a variety of projects that support our community vibrancy. Major projects included Fence Road (Dudinin Townsite) Reconstruction, Jilakin Street asphaltting, Kulin Aquatic Centre Slide refurbishment, installation of Audio Visual equipment at the Freebairn Recreation Centre and CCTV and Wi-Fi in the main street precinct.

Funding received through the Drought Communities Fund enabled us to complete the Freebairn Recreation Centre Court Replacement Project, install Disabled Ablutions at the Caravan Park and upgrades at the Pingaring Golf Club and Dudinin Tennis Club. The Shire was also successful in securing funding through Lotterywest to complete Stage 3 of the All-Ages Precinct. Special mention must go to the Cultivating Kulin Committee and Kulin Bush Races Committee who supported this project and assisted the All Ages Precinct to come to fruition.

The Shire continues to operate all our facilities at a very high level, and we are the envy of all. It doesn't matter if you are talking to sporting groups, tourists or anyone that is traveling through or within our shire boundaries, everyone comments on how good our roads and facilities are, and the fact that everything is clean and tidy. Congratulations and thank you to all our staff who contribute to ensuring our community is so well presented.

Council adopted the Shire of Kulin Strategic Community Plan 2021 – 2031 in February 2022 and are working towards finalising the Corporate Business Plan. It has been good to see the community input at our community meetings and online forums. Thank you to everyone who provided their input.

Thank you to all Shire of Kulin Councillors. Thank you for your support and commitment serving our community. I would also like to acknowledge Rodney Duckworth for his 18 years of service to the Shire of Kulin. Over the years Rodney offered Kulin Shire Council a great deal of stability during times of change. Rodney was recognised for his contribution in 2021, being awarded WALGA's Long and Loyal Service Award.

Thank you to all the staff and employees for their hard work. It was a busy year completing a number of capital projects and continuing to operate the day-to-day operations smoothly. These efforts do not go unnoticed.

Lastly, I would like to thank the community. The Shire of Kulin has an amazing group of hardworking and selfless volunteers who are the heartbeat of our community including: Emergency Services; services groups and event organisations. We thank everyone for their contribution during the year.

Cr Grant Robins
Shire President

COUNCILLORS & MANAGEMENT TEAM

SHIRE OF KULIN COUNCILLORS

GRANT ROBINS

President

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Councillor

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CLINTON MULLAN

Councillor

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SHIRE OF KULIN MANAGEMENT TEAM

ALAN LEESON

Acting Chief Executive Officer

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FIONA MURPHY

Deputy Chief Executive Officer

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JUDD HOBSON

Works Manager

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TARYN SCADDING

Community Services Manager

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STRATEGIC COMMUNITY PLAN

Local Governments are required to adopt Community Strategic Plans under S5.56 (1) of the Local Government Act 1995. Regulations made under S5.56 (2) require local governments to review the plans every 4 years, and that process of review is to include community engagement and consultation.

The modified Community Strategic Plan was adopted at the Shire of Kulin Ordinary Meeting held 16th February 2022.

Under the Local Government (Administration) Regulations 1996 19D, Shire of Kulin advise that the modified Strategic Community Plan applies to the Shire of Kulin for the period 2021 – 2031.

The Kulin Strategic Community Plan 2025 (KulinSCP25) is based on a shared vision between the Shire's communities (Kulin, Dudinin, Holt Rock and Pingaring) and Council for the Shire of Kulin local government area.

It focuses on a 4-year period from 2021 to 2025, as well as a long term plan (2021-2031) that sets out the communities vision and Council's strategies to achieve it. The terminology Kulin SCP25 focuses on 2025 being the final year of this plan with 25 being the recurring theme throughout the IPR documents.

Kulin SCP25 is the culmination of a process of identifying current and emerging issues facing the communities within the Shire, as well as making approaches to improve the overall wellbeing of the Council area. It is a collective community vision that focuses not only on the physical infrastructure but also on the ideals of the community, way of living, doing business and the sense of community and wellbeing. The aim of the Kulin SCP25 process was to allow the whole community to share in their vision for the Shire of Kulin, by outlining the strategic priorities, community captured initiatives, endorse projects and broad strategies related to their achievement. The Kulin SCP25 document belongs to the community and the community engagement process provided opportunities to participate in determining the Kulin SCP25 - Strategic Priorities.



KULIN SCP25 - STRATEGIC PRIORITIES

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

STRATEGIC ACTIVITIES FOR 2022/23

The following are the key activities funded in the 2022/23 Annual Budget and these projects will contribute in achieving the strategic vision, goals and outcomes detailed in the Shire's Strategic Community Plan.

STRATEGIC ACTIVITIES	PLANNED WORKS	TIMELINE
Transport	Footpath Upgrades and access ramps (Price, McInnes, Gordon, High Streets)	February/March 2023
Recreation Facilities and Aquatic Centre	FRC & Aquatic Centre CCTV	November 2022
Community Facilities	All Ages Precinct Fencing	December 2022
Aquatic Centre	Kulin Aquatic Centre Slide refurbishment	August - November 2022
Community Facilities	Old Shire Admin Building Roof	February 2023
Recreation Facilities	Kulin Oval Hockey Training Lights	January 2023
Transport	Fence Road South and Fence Road North	July 2022 - June 2023
Transport	Holt Rock Road	January - June 2023
Housing	12 Bowey Way - internal and external upgrades	October 2022 - June 2023

STATUTORY STATEMENTS

LEGISLATIVE REVIEW

During the year the Shire of Kulin Public Health and Wellbeing Plan 2022-2026 was adopted. The purpose of the plan is to provide direction in public health, healthy lifestyles and recreational pursuits. The Plan will provide a direction for Council to provide for the citizens of the Shire of Kulin for the next 4 years. The plan is intended to support all members of the community, through various life stages to enable good health and wellbeing to be enjoyed across a range of identified health issues.

NATIONAL COMPETITION POLICY

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

The Shire is required to comply with certain policies contained with the National Competition Policy Statement, and report on the progress in connection with the National Competitive Neutrality Principles and review of Local Laws. During the 2021/2022 financial year the Shire met its obligations under the National Competition Policy. The Shire continues to monitor Council policies and local laws for anti-competitive practices. The Shire does not operate significant business activities which compete or could compete with private business sector business.

FREEDOM OF INFORMATION

In complying with the Freedom of Information Act 1992, the Shire of Kulin is required to prepare and publish an information statement. The information statement is reviewed annually and is available on the Shire's website or at the Shire administration office.

During the year ended 30 June 2022, no Freedom of Information Application were received.

DISABILITY ACCESS AND INCLUSION PLAN (DAIP)

Since 1995 it has been a requirement under the *Disability Services Act 1993*, that all Western Australian Local Governments develop and implement a Disability Access and Inclusion Plan (DAIP) to improve access to their services for people with disability. The Act requires public authorities to lodge a DAIP to the Disability Services Commission.

The Shire lodged their latest DAIP for 2020 - 2025 in May 2020. The plan will run until 31st May 2025. A copy of the Shire of Kulin's DAIP 2020-2025 is available on the Shire's website or at the Shire administration office. The Shire DIAP meets the requirements of the Disability Services Act 1993.

Since the adoption of the initial plan in 2007, the Shire has implemented many initiatives and made significant progress towards ensuring the community is accessible and inclusive for people of all ages and abilities and continues with this commitment.

During the 2021/22 reporting period a disabled accessible ablution block was installed at the Kulin Caravan Park, numerous access ramps on footpaths in the Kulin were installed and a new Shire of Kulin and Visit Kulin website was developed.

RECORDS MANAGEMENT

The *State Records Act 2000* requires that the Shire maintains and disposes of all records in the prescribed manner.

In accordance with the *State Records Act 2000* the Shire of Kulin is required to have an approved Record Keeping Plan. The plan sets out matters about how records are created and how the Shire retains its records. The Shire's Record Keeping Plan was adopted by State Records Commission in 2018 and will be reviewed every five years.

New employees were informed of their responsibilities as part of the Induction Program and were given training on the appropriate handling of records.

PUBLIC INTEREST DISCLOSURES

In accordance with the *Public Interest Disclosure Act 2003*, procedures have been implemented to facilitate reporting and action on public interest disclosures. During the 2021/22 reporting period, no public interest disclosures were lodged.

REGISTER OF COMPLAINTS - CONDUCT OF COUNCIL MEMBERS

There were no complaints that resulted in action against Elected Members under section 5.121 of the *Local Government Act 1995* for the 2021/22 financial year.

EMPLOYEE REMUNERATION DISCLOSURE

Regulation 19B of the *Local Government (Administration) Regulations 1996* requires the Shire to include the following information in its Annual Report.

- The number of employees of the Shire entitled to an annual salary of \$130,000 or more
- The number of those employees with an annual salary entitlement that falls within each band.

Set out below, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$130,000 or more for 21/22:

SALARY RANGE	2021/22
\$130,000 - \$139,000	1

REMUNERATION PAID OR PROVIDED THE CHIEF EXECUTIVE OFFICER

The Shire of Kulin Chief Executive Officer was paid a total reward package of \$206,296 in the 2021/22 financial year. The Total Reward Package is comprised of base salary, association membership fees, personal benefit value of motor vehicle, fringe benefits tax, clothing allowance, superannuation and utilities.

COUNCILLOR MEETING ATTENDANCE

COUNCILLOR	Council Meeting Ordinary	Council Meeting Special	Annual Elector Meeting	Audit & Risk Committee	Sitting Fees, Travel & Other Allowances
CR ROBINS Shire President October 21 - June 22 Deputy Shire President July 21 - September 21	11	1	1	1	\$10,148
CR WEST Shire President October 21 - June 22	9	1	1	1	\$4,731
CR SMOKER Deputy Shire President July 21 - September 21	11	1	1	1	\$3,845
CR VARONE	11		1	1	\$4,050
CR LUCCHESI	9	1	1	1	\$2,337
CR GANGELL	7	1		1	\$1,680
CR BOWEY	11	1	1	1	\$2,857
CR NOBLE	11	1	1	1	\$2,626
CR MULLAN	8	1	1		\$2,316
CR DUCKWORTH	3			1	\$732



COUNCILLOR DIVERISTY DATA

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

Gender	7 Male 2 Female
Linguistic background	9 English
Country of Birth	9 Australia
Identifying as Aboriginal or Torres Strait Islander	Nil
Ages	
18-24	0
25-34	0
35-44	3
45-54	3
55-64	0
OVER 64	3



2021/22 COUNCILLOR TRAINING REPORT

All newly elected and re-elected Councillors are required to complete Council Member Essentials training within 12 months of being elected. WALGA's Council Member Essentials encompasses all five of the required training courses. This training has been specially developed to deliver the essential skills and knowledge required by an Elected Member to perform their role as defined in the Local Government Act 1995.

Elected Member	Elected to Council	Training Course	Status	Mandatory	Completion Date
President Grant Robins	October 2021	Understanding Local Government		Yes	
		Conflicts of Interest		Yes	
		Serving on Council		Yes	
		Meeting Procedures		Yes	
		Understanding Financial Reports & Budgets		Yes	
Deputy President Brad Smoker	October 2021	Understanding Local Government	Completed	Yes	24 March 2022
		Conflicts of Interest	Completed	Yes	24 March 2022
		Serving on Council	Completed	Yes	24 March 2022
		Meeting Procedures	Completed	Yes	19 August 2020
		Understanding Financial Reports & Budgets	Completed	Yes	24 March 2022
Cr Michael Lucchesi	October 2021	Understanding Local Government	Completed	Yes	24 March 2022
		Conflicts of Interest	Completed	Yes	24 March 2022
		Serving on Council	Completed	Yes	24 March 2022
		Meeting Procedures	Completed	Yes	21 March 2022
		Understanding Financial Reports & Budgets	Completed	Yes	24 March 2022
Cr Troy Gangell	October 2021	Understanding Local Government	Completed	Yes	24 March 2022
		Conflicts of Interest	Completed	Yes	24 March 2022
		Serving on Council	Completed	Yes	24 March 2022
		Meeting Procedures	Completed	Yes	24 March 2022
		Understanding Financial Reports & Budgets	Completed	Yes	24 March 2022
Cr Clinton Mullan	October 2021	Understanding Local Government	Completed	Yes	24 March 2022
		Conflicts of Interest	Completed	Yes	24 March 2022
		Serving on Council	Completed	Yes	24 March 2022
		Meeting Procedures	Completed	Yes	24 March 2022
		Understanding Financial Reports & Budgets	Completed	Yes	24 March 2022
Cr Barry West	October 2019	Mandatory Training Completed in 2019/2020 financial Year	Completed	Yes	7 October 2020
Cr Robbie Bowey	October 2019	Mandatory Training Completed in 2019/2020 financial Year	Completed	Yes	16 April 2020
Cr Jarron Noble	October 2019	Mandatory Training Completed in 2019/2020 financial Year	Completed	Yes	7 October 2020
Cr Lucia Varone	October 2019	Mandatory Training Completed in 2019/2020 financial Year	Completed	Yes	17 October 2020



SHIRE OF KULIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

Certification of Financial Report	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Rate Setting Statement	7
Index of Notes to the Financial Report	8
Independent Auditor's Report	49

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

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

Principal place of business:
38 Johnston Street
Kulin WA 6365

SHIRE OF KULIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

The attached financial report of the Shire of Kulin for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Kulin at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 20th day of December 2022



Chief Executive Officer

Alan James Leeson

Name of Chief Executive Officer



SHIRE OF KULIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
Revenue				
Rates	27(a),2(a)	2,085,092	2,076,206	2,035,401
Operating grants, subsidies and contributions	2(a)	3,382,305	1,534,180	2,762,426
Fees and charges	26(c),2(a)	1,880,309	1,322,391	1,526,555
Interest earnings	2(a)	16,345	14,642	19,723
Other revenue	2(a)	439,229	131,361	222,411
		7,803,280	5,078,780	6,566,516
Expenses				
Employee costs		(2,333,434)	(2,165,558)	(2,180,160)
Materials and contracts		(2,102,302)	(1,549,219)	(1,747,948)
Utility charges		(293,859)	(332,958)	(318,538)
Depreciation	10(a)	(2,976,932)	(2,973,728)	(2,883,569)
Finance costs	2(b)	(41,702)	(39,464)	(44,732)
Insurance		(295,563)	(285,126)	(294,217)
		(8,043,792)	(7,346,053)	(7,469,164)
		(240,512)	(2,267,273)	(902,648)
Capital grants, subsidies and contributions	2(a)	4,990,138	5,883,701	2,173,090
Profit on asset disposals	10(b)	73,546	88,376	34,049
Loss on asset disposals	10(b)	(31,051)	(88,924)	(75,666)
Fair value adjustments to financial assets at fair value through profit or loss		6,583	0	0
Share of net profit of associates accounted for using the equity method	22	48,097	0	0
		5,087,313	5,883,153	2,131,473
Net result for the period	26(b)	4,846,801	3,615,880	1,228,825
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		4,846,801	3,615,880	1,228,825

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

SHIRE OF KULIN
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	NOTE	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	3	2,137,903	2,428,686
Trade and other receivables	5	742,324	453,077
Other financial assets	4(a)	2,283,327	2,124,064
Inventories	6	56,786	60,711
Other assets	7	876,757	157,173
Assets classified as held for sale	7	687,000	687,000
TOTAL CURRENT ASSETS		6,784,097	5,910,711
NON-CURRENT ASSETS			
Other financial assets	4(b)	82,804	76,221
Investment in associate	22(a)	48,097	0
Property, plant and equipment	8	25,368,495	25,212,962
Infrastructure	9	111,830,884	108,222,877
TOTAL NON-CURRENT ASSETS		137,330,280	133,512,060
TOTAL ASSETS		144,114,377	139,422,771
CURRENT LIABILITIES			
Trade and other payables	12	513,246	655,186
Other liabilities	13	326,996	250,000
Borrowings	14	96,179	93,302
Employee related provisions	15	458,598	448,645
TOTAL CURRENT LIABILITIES		1,395,019	1,447,133
NON-CURRENT LIABILITIES			
Borrowings	14	883,702	979,881
Employee related provisions	15	49,951	56,853
TOTAL NON-CURRENT LIABILITIES		933,653	1,036,734
TOTAL LIABILITIES		2,328,672	2,483,867
NET ASSETS		141,785,705	136,938,904
EQUITY			
Retained surplus		45,983,791	41,296,253
Reserve accounts	30	2,283,327	2,124,064
Revaluation surplus	16	93,518,587	93,518,587
TOTAL EQUITY		141,785,705	136,938,904

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



SHIRE OF KULIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2020		40,319,652	1,871,840	93,518,587	135,710,079
Comprehensive income for the period					
Net result for the period		1,228,825	0	0	1,228,825
Total comprehensive income for the period		1,228,825	0	0	1,228,825
Transfers from reserves	30	58,723	(58,723)	0	0
Transfers to reserves	30	(310,947)	310,947	0	0
Balance as at 30 June 2021		41,296,253	2,124,064	93,518,587	136,938,904
Comprehensive income for the period					
Net result for the period		4,846,801	0	0	4,846,801
Total comprehensive income for the period		4,846,801	0	0	4,846,801
Transfers from reserves	30	370,000	(370,000)	0	0
Transfers to reserves	30	(529,263)	529,263	0	0
Balance as at 30 June 2022		45,983,791	2,283,327	93,518,587	141,785,705

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

SHIRE OF KULIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,054,071	2,076,206	2,047,124
Operating grants, subsidies and contributions		3,186,102	1,366,014	2,951,728
Fees and charges		1,878,975	1,322,391	1,370,857
Interest received		16,345	14,642	19,723
Goods and services tax received		474,221	0	238,357
Other revenue		439,230	131,361	222,411
		8,048,944	4,910,614	6,850,200
Payments				
Employee costs		(2,285,109)	(2,165,558)	(2,183,614)
Materials and contracts		(3,005,175)	(1,549,219)	(1,583,292)
Utility charges		(293,859)	(332,958)	(318,538)
Finance costs		(41,702)	(39,464)	(44,732)
Insurance paid		(295,563)	(285,126)	(294,217)
Goods and services tax paid		(457,915)	0	(261,571)
Other expenditure		(0)	0	0
		(6,379,323)	(4,372,325)	(4,685,964)
Net cash provided by (used in) operating activities	17(b)	1,669,621	538,289	2,164,236
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(1,628,700)	(3,384,748)	(994,236)
Payments for construction of infrastructure	9(a)	(5,377,278)	(5,333,339)	(2,924,809)
Non-operating grants, subsidies and contributions		4,990,138	5,883,701	2,173,090
Proceeds from financial assets at amortised cost		(159,263)	280,600	(1,724,064)
Proceeds from sale of property, plant & equipment	10(b)	308,001	324,000	214,385
Net cash provided by (used in) investing activities		(1,867,102)	(2,229,786)	(3,255,634)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	29(a)	(93,302)	(93,302)	(90,511)
Net cash provided by (used in) financing activities		(93,302)	(93,302)	(90,511)
Net increase (decrease) in cash held		(290,783)	(1,784,799)	(1,181,909)
Cash at beginning of year		2,428,686	2,335,912	3,610,595
Cash and cash equivalents at the end of the year	17(a)	2,137,903	551,113	2,428,686

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

SHIRE OF KULIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
NET CURRENT ASSETS - At start of financial year - surplus/(deficit)	28(b)	1,745,816	1,667,682	1,657,224
OPERATING ACTIVITIES				
Revenue from operating activities (excluding general rates)				
Rates (excluding general rates)	27(b)	24,412	24,412	23,701
Operating grants, subsidies and contributions		3,382,305	1,534,180	2,762,426
Fees and charges		1,880,309	1,322,391	1,526,555
Interest earnings		16,345	14,642	19,723
Other revenue		439,229	131,361	222,411
Profit on asset disposals	10(b)	73,546	88,376	34,049
Fair value adjustments to financial assets at fair value through profit or loss		6,583	0	0
Share of net profit of associates and joint ventures accounted for using the equity method		48,097	0	0
		5,870,826	3,115,362	4,588,865
Expenditure from operating activities				
Employee costs		(2,333,434)	(2,165,558)	(2,180,160)
Materials and contracts		(2,102,302)	(1,549,219)	(1,747,948)
Utility charges		(293,859)	(332,958)	(318,538)
Depreciation		(2,976,932)	(2,973,728)	(2,883,569)
Finance costs		(41,702)	(39,464)	(44,732)
Insurance		(295,563)	(285,126)	(294,217)
Loss on asset disposals	10(b)	(31,051)	(88,924)	(75,666)
		(8,074,843)	(7,434,977)	(7,544,830)
Non-cash amounts excluded from operating activities	28(a)	2,872,855	2,974,276	2,907,162
Amount attributable to operating activities		668,838	(1,345,339)	(48,803)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		4,990,138	5,883,701	2,173,090
Proceeds from disposal of assets	10(b)	308,001	324,000	214,385
Purchase of property, plant and equipment	8(a)	(1,628,700)	(3,384,748)	(994,236)
Purchase and construction of infrastructure	9(a)	(5,377,278)	(5,333,339)	(2,924,809)
		(1,707,839)	(2,510,386)	(1,531,570)
Amount attributable to investing activities		(1,707,839)	(2,510,386)	(1,531,570)
FINANCING ACTIVITIES				
Repayment of borrowings	29(a)	(93,302)	(93,302)	(90,511)
Transfers to reserves (restricted assets)	30	(529,263)	(279,400)	(310,947)
Transfers from reserves (restricted assets)	30	370,000	560,000	58,723
Amount attributable to financing activities		(252,565)	187,298	(342,735)
Surplus/(deficit) before imposition of general rates		454,250	(2,000,745)	(265,884)
Total amount raised from general rates	27(a)	2,060,680	2,051,794	2,011,700
Surplus/(deficit) after imposition of general rates	28(b)	2,514,930	51,049	1,745,816

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

SHIRE OF KULIN
FOR THE YEAR ENDED 30 JUNE 2022
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	13
Note 7	Other Assets	14
Note 8	Property, Plant and Equipment	15
Note 9	Infrastructure	17
Note 10	Fixed Assets	19
Note 11	Leases	22
Note 12	Trade and Other Payables	23
Note 13	Other Liabilities	24
Note 14	Borrowings	25
Note 15	Employee Related Provisions	26
Note 16	Revaluation Surplus	27
Note 17	Notes to the Statement of Cash Flows	28
Note 18	Contingent Liabilities	29
Note 19	Capital Commitments	29
Note 20	Related Party Transactions	30
Note 21	Joint Arrangements	32
Note 22	Investment in Associates	33
Note 23	Financial Risk Management	34
Note 24	Events Occurring After the End of the Reporting Period	38
Note 25	Other Significant Accounting Policies	39
Note 26	Function and Activity	40
Information required by legislation		
Note 27	Rating Information	43
Note 28	Rate Setting Statement Information	46
Note 29	Borrowing and Lease Liabilities	47
Note 30	Reserve accounts	48

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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 Account Standards Board were applied where no inconsistencies exist.

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.

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

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Rates - general rates	General Rates	Over time	As adopted by Council	None	When rates notice is issued
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
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligations	NA	None	When assets are controlled
Fees & Charges - licences, registrations and 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 of the licence, registration or approval
Fees & Charges - waste management collections	Kerbside collection services	Over time	Payment on an annual basis in advance	None	When rates notice is issued
Fees & Charges - rental income	Housing and office space rental	Over time	Payment in advance	None	When payment received
Fees & Charges - property hire and entry	Use of facilities	Single point in time	In full in advance	None	On payment
Fees & Charges - memberships	Gym & Pool Memberships	Over time	In full in advance	None	On payment of the membership
Fees & Charges for other goods and services	Cemetery services and private works	Single point in time	Payment in arrears	None	Output method based on provision of service or completion of works
Other revenue - reimbursements & recoveries	Insurance claims & other reimbursements	Single point in time	Payment in arrears for claimable event	None	When claim is agreed or cost is incurred

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 or types of goods or services is provided in the table below.

For the year ended 30 June 2022

Nature or type	Contracts with customers	Capital grant / contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates			2,085,092		2,085,092
Operating grants, subsidies and contributions	217,697	3,164,608			3,382,305
Fees and charges	1,875,308		5,001		1,880,309
Interest earnings			5,805	10,540	16,345
Other revenue				439,229	439,229
Non-operating grants, subsidies and contributions		4,990,138			4,990,138
Total	2,093,005	8,154,746	2,095,898	449,768	12,793,418

For the year ended 30 June 2021

Nature or type	Contracts with customers	Capital grant / contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates			2,035,401		2,035,401
Operating grants, subsidies and contributions	185,142	2,577,284			2,762,426
Fees and charges	1,518,018		8,537		1,526,555
Interest earnings			4,440	15,283	19,723
Other revenue				222,411	222,411
Non-operating grants, subsidies and contributions		2,173,090			2,173,090
Total	1,703,160	4,750,374	2,048,378	237,694	8,739,606

SHIRE OF KULIN
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES (Continued)

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
(a) Revenue (Continued)				
Interest earnings				
Interest on reserve funds		8,010	6,400	10,975
Rates instalment and penalty interest (refer Note 27(d))		5,805	4,242	4,440
Other interest earnings		2,530	4,000	4,308
		16,345	14,642	19,723
(b) Expenses				
Auditors remuneration				
- Audit of the Annual Financial Report		32,000	30,000	29,600
- Other services		7,200		
		39,200	30,000	29,600
Finance costs				
Borrowings	29(a)	41,186	39,464	42,895
Other Minor Interest Charges (GIC)		516	0	1,837
		41,702	39,464	44,732
Other expenditure				
Impairment losses on rates receivables		0	0	4,118
		0	0	4,118

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

3. CASH AND CASH EQUIVALENTS

Cash at bank and on hand
Total cash and cash equivalents

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

Note	2022	2021
	\$	\$
	2,137,903	2,428,686
17(a)	2,137,903	2,428,686
	2,050,458	2,337,732
17(a)	87,445	90,954
	2,137,903	2,428,686

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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

Restricted financial assets

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

Details of restrictions on financial assets can be found at Note 17.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Term deposits

Held as

- Restricted other financial assets at amortised cost

(b) Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

Units in Local Government House Trust
Shares in Kulin Community Financial Services Ltd

	2022	2021
	\$	\$
	2,283,327	2,124,064
	2,283,327	2,124,064
	2,283,327	2,124,064
	2,283,327	2,124,064
17(a)	2,283,327	2,124,064
	2,283,327	2,124,064
	82,804	76,221
	82,804	76,221
	77,804	71,221
	5,000	5,000
	82,804	76,221

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 25 (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 and loss

The Shire classifies the following financial assets at fair value through profit and 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 not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 23.

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

5. TRADE AND OTHER RECEIVABLES

Current

	Note	2022 \$	2021 \$
Rates receivable		88,425	57,404
Trade and other receivables		608,579	330,498
GST receivable		62,652	78,958
Allowance for credit losses of rates receivables	23(b)	(17,332)	(18,666)
Fuel Tax Credit Receivable		0	4,883
		<u>742,324</u>	<u>453,077</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 23.

Classification and subsequent measurement

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

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

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

6. INVENTORIES

Current

	Note	2022 \$	2021 \$
Fuel		39,933	46,578
Freebairn Recreation Centre Bar Stock		16,853	14,133
		<u>56,786</u>	<u>60,711</u>

The following movements in inventories occurred during the year:

Balance at beginning of year		60,711	52,445
Inventories expensed during the year		(1,179,880)	(823,942)
Additions to inventory		1,175,955	832,208
Balance at end of year		<u>56,786</u>	<u>60,711</u>

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

7. OTHER ASSETS

Other assets - current

Accrued income
 Contract assets

Non-current assets held for sale

Land

	2022	2021
	\$	\$
	19,240	0
	857,517	157,173
	876,757	157,173
	687,000	687,000
	687,000	687,000

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.

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

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).

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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.

	Note	Land	Buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Construction other than buildings	Motor Vehicles	Work in Progress	Total property, plant and equipment
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020		612,000	19,766,490	20,378,490	141,596	3,070,738	325,900	1,465,713	0	25,382,437
Additions		0	193,679	193,679	78,455	345,979	284,535	91,588	0	994,236
Disposals		(8,000)	(93,256)	(101,256)	0	(68,269)	0	(86,477)	0	(256,002)
Depreciation	10(a)	0	(394,593)	(394,593)	(10,322)	(324,935)	(6,602)	(171,257)	0	(907,709)
Balance at 30 June 2021		604,000	19,472,320	20,076,320	209,729	3,023,513	603,833	1,299,567	0	25,212,962
Comprises:										
Gross balance amount at 30 June 2021		604,000	19,865,169	20,469,169	220,051	3,342,500	610,435	1,467,267	0	26,109,422
Accumulated depreciation at 30 June 2021		0	(392,849)	(392,849)	(10,322)	(318,987)	(6,602)	(167,700)	0	(896,460)
Balance at 30 June 2021		604,000	19,472,320	20,076,320	209,729	3,023,513	603,833	1,299,567	0	25,212,962
Additions			378,197	378,197	68,120	848,144	0	243,573	90,666	1,628,700
Disposals		0	0	0	0	(169,033)	0	(96,473)	0	(265,506)
Depreciation	10(a)	0	(398,379)	(398,379)	(23,651)	(360,022)	0	(172,683)	0	(954,735)
Transfers			137,988	137,988		212,919	(603,833)			(252,926)
Balance at 30 June 2022		604,000	19,590,126	20,194,126	254,198	3,555,521	0	1,273,984	90,666	25,368,495
Comprises:										
Gross balance amount at 30 June 2022		604,000	20,383,653	20,987,653	288,171	4,210,032	0	1,604,084	90,666	27,180,606
Accumulated depreciation at 30 June 2022		0	(793,527)	(793,527)	(33,973)	(654,511)	0	(330,100)	0	(1,812,111)
Balance at 30 June 2022		604,000	19,590,126	20,194,126	254,198	3,555,521	0	1,273,984	90,666	25,368,495

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
	Land and buildings					
	Land	2	Observable open market values of similar assets	Independent Valuer	June 2020	Market and sales data
	Buildings - non-specialised	2	Observable open market values of similar assets	Independent Valuer	June 2020	Market and sales data
	Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2020	Improvements to land using construction costs and current conditions (Level 2) residual values and remaining useful life assessments (Level 3) inputs

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

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

(ii) Cost

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

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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.

	Note	Roads	Footpaths	Recreation Infrastructure	Other infrastructure	Total Infrastructure
Balance at 1 July 2020		\$ 102,336,667	\$ 544,170	\$ 3,791,800	\$ 601,291	\$ 107,273,928
Additions		2,376,698	192,540	336,257	19,314	2,924,809
Depreciation		(1,845,392)	(19,804)	(83,795)	(26,869)	(1,975,860)
Balance at 30 June 2021	10(a)	102,867,973	716,906	4,044,262	593,736	108,222,877
Comprises:						
Gross balance at 30 June 2021		104,713,365	736,710	4,128,057	805,968	110,384,100
Accumulated depreciation at 30 June 2021		(1,845,392)	(19,804)	(83,795)	(212,232)	(2,161,223)
Balance at 30 June 2021		102,867,973	716,906	4,044,262	593,736	108,222,877
Additions		4,259,051	95,054	997,870	25,303	5,377,278
Depreciation		(1,881,504)	(23,461)	(87,159)	(30,073)	(2,022,197)
Transfers				158,017	94,909	252,926
Balance at 30 June 2022	10(a)	105,245,520	788,499	5,112,990	683,875	111,830,884
Comprises:						
Gross balance at 30 June 2022		108,972,416	831,765	5,283,944	929,014	116,017,139
Accumulated depreciation at 30 June 2022		(3,726,896)	(43,266)	(170,954)	(245,139)	(4,186,255)
Balance at 30 June 2022		105,245,520	788,499	5,112,990	683,875	111,830,884

**SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
	Roads	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2020	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs.
	Footpaths	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2020	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs.
	Recreation Infrastructure	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2020	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs.
	Other infrastructure	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2020	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs.

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

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

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

10. FIXED ASSETS

(a) Depreciation

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Buildings	8(a)	398,379	416,854	394,593
Furniture and equipment	8(a)	23,651	8,830	10,322
Plant and equipment	8(a)	360,022	270,940	324,935
Construction other than buildings	8(a)	0	4,944	6,602
Motor Vehicles	8(a)	172,683	129,883	171,257
Roads	9(a)	1,881,504	1,845,000	1,845,392
Footpaths	9(a)	23,461	20,000	19,804
Recreation Infrastructure	9(a)	87,159	75,000	83,795
Other infrastructure	9(a)	30,073	202,277	26,869
		2,976,932	2,973,728	2,883,569

Depreciation rates

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

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

SHIRE OF KULIN
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

10. FIXED ASSETS (Continued)

(b) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land									8,000	0	0	(8,000)
Buildings									93,256	34,258	0	(58,998)
Plant and equipment	169,033	208,455	64,634	(25,212)	140,813	93,000	3,688	(51,501)	68,269	81,945	22,344	(8,668)
Motor Vehicles	96,473	99,546	8,912	(5,839)	183,735	231,000	84,688	(37,423)	86,477	98,182	11,705	0
	265,506	308,001	73,546	(31,051)	324,548	324,000	88,376	(88,924)	256,002	214,385	34,049	(75,666)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
Plant and Equipment				
Transport				
MV170 - Holden Colorado	20,390	29,091	8,701	0
MV186 - Toyota Prado	56,294	50,455	0	(5,839)
MV77 - Isuzu FVZ1400	19,789	20,000	211	0
PE111 - Komatsu Forklift	3,500	8,000	4,500	0
PE167 - Isuzu Giga CXZ 455	35,321	95,455	60,134	0
PE170 - Kawasaki Loader	130,212	105,000	0	(25,212)
	265,506	308,001	73,546	(31,051)

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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, where applicable, 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.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration 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 mandatory measurement framework, 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 in accordance with the mandatory measurement framework.

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. This process is considered to be in accordance with *Local Government (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 assets 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.

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 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.

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. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

11. LEASES

(a) Right-of-Use Assets

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

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

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

Less than 1 year	40,720	38,480
1 to 2 years	26,000	2,250
2 to 3 years	26,000	0
3 to 4 years	3,000	0
	95,720	40,730

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

Rental income	145,828	129,194
---------------	---------	---------

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

Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Although the Shire is exposed to changes in the residual value at the end of the current leases, the Shire typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

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

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

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

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

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Accrued payroll liabilities
 ATO liabilities
 Bonds and deposits held
 Accrued expenses

	2022	2021
	\$	\$
	154,332	434,423
	48,005	30,895
	127,078	98,914
	87,445	90,954
	96,386	0
	513,246	655,186

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 the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

13. OTHER LIABILITIES

Current

Capital grant/contributions liabilities

	2022	2021
	\$	\$
	326,996	250,000
	<u>326,996</u>	<u>250,000</u>
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	250,000	
Capital grant additions	326,996	250,000
Revenue from capital grant/contributions held as a liability at the start of the period	(250,000)	
	<u>326,996</u>	<u>250,000</u>

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

SIGNIFICANT ACCOUNTING POLICIES

Capital grant/contribution liabilities

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

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

14. BORROWINGS

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Bank loans		96,179	883,702	979,881	93,302	979,881	1,073,183
Total secured borrowings	29(a)	96,179	883,702	979,881	93,302	979,881	1,073,183

Secured liabilities and assets pledged as security

Bank loans are secured by a floating charge over the General Funds of the Shire of Kulin.

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

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

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 23.

Details of individual borrowings required by regulations are provided at Note 29(a).

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions
Employee benefit provisions

Annual Leave
 Long Service Leave

Non-current provisions

Long Service Leave

	2022	2021
	\$	\$
Annual Leave	181,222	185,833
Long Service Leave	277,376	262,812
	<u>458,598</u>	<u>448,645</u>
Long Service Leave	49,951	56,853
	<u>49,951</u>	<u>56,853</u>
	<u>508,549</u>	<u>505,498</u>

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

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date
 More than 12 months from reporting date

Note	2022	2021
	\$	\$
Less than 12 months after the reporting date	420,817	420,925
More than 12 months from reporting date	87,732	84,573
	<u>508,549</u>	<u>505,498</u>

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

SHIRE OF KULIN
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

16. REVALUATION SURPLUS

	2022		2022		2022		2021		2021		2021	
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Revaluation Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Revaluation Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land & Buildings	12,162,205	0	0	0	12,162,205	12,162,205	0	0	0	12,162,205	12,162,205	0
Revaluation surplus - Plant and equipment	1,677,638	0	0	0	1,677,638	1,677,638	0	0	0	1,677,638	1,677,638	0
Revaluation surplus - Infrastructure roads, footpaths, recreation and other infrastructure	79,678,744	0	0	0	79,678,744	79,678,744	0	0	0	79,678,744	79,678,744	0
	93,518,587	0	0	0	93,518,587	93,518,587	0	0	0	93,518,587	93,518,587	0

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

17. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	2,137,903	551,113	2,428,686

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	87,445	0	90,954
- Financial assets at amortised cost	4	2,283,327	1,843,461	2,124,064
		<u>2,370,772</u>	<u>1,843,461</u>	<u>2,215,018</u>

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

Restricted reserve accounts	30	2,283,327	1,843,461	2,124,064
Contract liabilities from contracts with customers	13	0	0	0
Unspent grants, subsidies & contributions		87,445	0	90,954
Total restricted financial assets		<u>2,370,772</u>	<u>1,843,461</u>	<u>2,215,018</u>

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

Net result		4,846,801	3,615,880	1,228,825
Non-cash items:				
Adjustments to fair value of financial assets at fair value through profit and loss		(6,583)	0	0
Depreciation/amortisation		2,976,932	2,973,728	2,883,569
(Profit)/loss on sale of asset		(42,495)	548	41,617
Share of profits of associates		(48,097)	0	0
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		(289,247)		(70,713)
(Increase)/decrease in other assets		(719,584)	90,000	(157,173)
(Increase)/decrease in inventories		3,925		(8,266)
Increase/(decrease) in trade and other payables		(141,940)		126,094
Increase/(decrease) in employee related provisions		3,051		43,373
Increase/(decrease) in other liabilities		76,996	(258,166)	250,000
Non-operating grants, subsidies and contributions		(4,990,138)	(5,883,701)	(2,173,090)
Net cash provided by/(used in) operating activities		<u>1,669,621</u>	<u>538,289</u>	<u>2,164,236</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Credit card limit		10,000		10,000
Credit card balance at balance date		(4,427)		(5,598)
Total amount of credit unused		<u>5,573</u>		<u>4,402</u>

Loan facilities

Loan facilities - current		96,179		93,302
Loan facilities - non-current		883,702		979,881
Total facilities in use at balance date		<u>979,881</u>		<u>1,073,183</u>

Unused loan facilities at balance date

0

0

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. CONTINGENT LIABILITIES

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

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

19. CAPITAL COMMITMENTS

	2022	2021
	\$	\$
Contracted for:		
- capital expenditure projects	0	490,000
- plant & equipment purchases	58,266	0
	58,266	490,000
Payable:		
- not later than one year	58,266	490,000

The capital expenditure projects for 2021 represent the tender awarded for the All Ages Activity Precinct awarded in 2020/21. This project was completed in 2021/22. A purchase order was written for the purchase of a Toyota Hilux utility in November 2021.

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

20. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cr Grant Robins			
President's annual allowance	5,288	0	0
Deputy President's annual allowance	450	1,800	1,750
Meeting attendance fees	4,410	2,365	2,160
Travel and accommodation expenses	0	125	0
	10,148	4,290	3,910
Cr Barry West			
President's annual allowance	1,788	7,150	7,000
Meeting attendance fees	2,730	4,730	4,720
Travel and accommodation expenses	213	425	260
	4,731	12,305	11,980
Cr Brad Smoker			
Deputy Presidents Annual Allowance	1,325	0	0
Meeting attendance fees	2,520	2,365	2,160
Travel and accommodation expenses	0	125	0
	3,845	2,490	2,160
Cr Robbie Bowey			
Meeting attendance fees	2,520	2,365	2,370
Travel and accommodation expenses	337	250	106
	2,857	2,615	2,476
Cr Rodney Duckworth			
Meeting attendance fees	630	2,365	2,310
Travel and accommodation expenses	102	500	374
	732	2,865	2,684
Cr Troy Gangell			
Meeting attendance fees	1,680	2,365	0
Travel and accommodation expenses	0	125	0
	1,680	2,490	0
Cr Michael Lucchesi			
Meeting attendance fees	2,100	2,365	2,160
Travel and accommodation expenses	237	250	237
	2,337	2,615	2,397
Cr Clinton Mullan			
Meeting attendance fees	1,890	2,365	0
Travel and accommodation expenses	426	250	0
	2,316	2,615	0
Cr Jarron Noble			
Meeting attendance fees	2,520	2,365	2,330
Travel and accommodation expenses	106	250	106
	2,626	2,615	2,436
Cr Lucia Varone			
Meeting attendance fees	2,310	2,365	1,940
Travel and accommodation expenses	1,740	2,500	2,677
	4,050	4,865	4,617
	35,322	39,765	32,660

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

	2022 Actual \$	2022 Budget \$	2021 Actual \$
President's annual allowance	7,076	7,150	7,000
Deputy President's annual allowance	1,775	1,800	1,750
Meeting attendance fees	23,310	26,015	20,150
Travel and accommodation expenses	3,161	4,800	3,760
20(b)	35,322	39,765	32,660

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

20. RELATED PARTY TRANSACTIONS

(b) Key Management Personnel (KMP) Compensation

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

	2022 Actual	2021 Actual
	\$	\$
Short-term employee benefits	432,425	394,292
Post-employment benefits	60,841	56,286
Employee - other long-term benefits	66,080	49,382
Council member costs	35,322	32,660
20(a)	594,668	532,620

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Council member costs

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

(c) 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:

	2022 Actual	2021 Actual
	\$	\$
Purchase of goods and services	441,120	75,567
Amounts payable to related parties:		
Trade and other payables	20,010	0

(d) 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.

ii. Other Related Parties

An associate person of KMP was employed by the Shire under normal employment terms and conditions.

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

iii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

21. JOINT ARRANGEMENTS

(a) Share of joint operations - Department of Housing

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

Statement of Financial Position

Land and Buildings

Land and Buildings

Less Accumulated Depreciation

Total assets

	2022 Actual \$	2021 Actual \$
Land and Buildings	295,541	266,421
Less Accumulated Depreciation	(10,368)	(5,040)
Total assets	285,173	261,381

Statement of Comprehensive Income

Rental income

Expenditure on Joint Venture Housing

Profit/(loss) for the period

Other comprehensive income

Total comprehensive income for the period

Rental income	51,014	39,501
Expenditure on Joint Venture Housing	(41,480)	(44,173)
Profit/(loss) for the period	9,534	(4,672)
Other comprehensive income		
Total comprehensive income for the period	9,534	(4,672)

Statement of Cash Flows

Rental income

Expenditure on Joint Venture Housing

Net cash provided by (used in) operating activities

Rental income	51,014	39,501
Expenditure on Joint Venture Housing	(41,480)	(44,173)
Net cash provided by (used in) operating activities	9,534	(4,672)

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

The Shire, together with the Shires of Corrigin, Kondinin, Narembeen & Lake Grace have a joint operation arrangement with regard to the provision of Environmental Health Services.

The Shire's interest in the revenue and expenses have been included in the respective line items of the financial statements.

Statement of Comprehensive Income

Contribution to Roe EHS

Profit/(loss) for the period

Other comprehensive income

Total comprehensive income for the period

	2022	2021
Contribution to Roe EHS	(31,335)	(36,221)
Profit/(loss) for the period	(31,335)	(36,221)
Other comprehensive income		
Total comprehensive income for the period	(31,335)	(36,221)

Statement of Cash Flows

Contribution to Roe EHS

Net cash provided by (used in) operating activities

Contribution to Roe EHS	(31,335)	(36,221)
Net cash provided by (used in) operating activities	(31,335)	(36,221)

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint arrangements providing joint ventures with an interest in net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

Interest in joint arrangements (continued)

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in three respective line items of the financial statements.

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

22. INVESTMENT IN ASSOCIATES

(a) Investment in associate

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

Name of entity	% of ownership interest		2022	2021
	2022	2021	Actual	Actual
			\$	\$
Roe Regional Organisation of Councils (RoeROC) *	25.00%	25.00%	48,097	0
Total equity-accounted investments			48,097	0

* Note: The Shire has a 25% interest in RoeROC assets at the Bendering Landfill Site. The 25% interest has been recognised of the Statement of Financial Position of the Shire of Kulin for the first time at 30 June 2022.

(b) Share of Joint Operations

Summarised statement of financial position

	2022	2021
	Actual	Actual
	\$	\$
Non-current assets		
Land	20,000	20,000
Other Infrastructure	34,600	21,286
Less: Accumulated depreciation	(17,000)	(4,967)
	17,600	16,319
Plant & Equipment		
Less: Accumulated depreciation	17,500	0
	(7,003)	0
	10,497	0
Total assets	48,097	36,319
Net assets	48,097	36,319
Carrying amount at 1 July	0	0
- Contribution to equity in associate	48,097	
Carrying amount at 30 June (Refer to Note 22.(a))	48,097	0

SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

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

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

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Investments in associates (Continued)

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate. When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

23. FINANCIAL RISK MANAGEMENT

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rates	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Shire does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2022					
Cash and cash equivalents	0.70%	2,137,903	0	1,868,798	269,105
Financial assets at amortised cost - term deposits	3.10%	2,283,327	2,283,327	0	0
2021					
Cash and cash equivalents	0.02%	2,428,686	0	1,019,403	1,409,283
Financial assets at amortised cost - term deposits	0.30%	2,124,064	2,124,064	0	0

Sensitivity

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

	2022	2021
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	18,688	10,194

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 29(a).

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

The Shire's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The Shire applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2022					
Rates receivable					
Expected credit loss	33%	14%	17%	10%	
Gross carrying amount	30,759	16,753	10,146	30,766	88,424
Loss allowance	10,156	2,308	1,705	3,163	17,332
30 June 2021					
Rates receivable					
Expected credit loss	70.49%	30.94%	43.88%	18.05%	
Gross carrying amount	6,826	11,521	12,657	26,233	57,237
Loss allowance	4,811	3,565	5,554	4,736	18,666

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Less than 1 year past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2022					
Trade and other receivables					
Expected credit loss	0%	0%	0%	0%	
Gross carrying amount	601,980	6,355	244	0	608,579
Loss allowance	0	0	0	0	0
30 June 2021					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	322,272	7,583	114	529	330,498
Loss allowance	0	0	0	0	0

SHIRE OF KULIN
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

The loss allowances for rates and trade receivables, and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	Rates receivable		Trade and other receivables		Contract Assets	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual	2022 Actual	2021 Actual
	\$	\$	\$	\$	\$	\$
Opening loss allowance as at 1 July	18,666	14,548	0	5,650	0	
Increase in loss allowance recognised in profit or loss during the year	0	4,118	0	0	0	0
Receivables written off during the year as uncollectable						
Unused amount reversed	(1,334)	0	0	(5,650)	0	0
Closing loss allowance at 30 June	17,332	18,666	0	0	0	0

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Shire, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Contract Assets

The Shire's contract assets represent work completed, which have not been invoiced at year end. This is due to the Shire not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Shire applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Shire has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

SHIRE OF KULIN
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 17(c).

The contractual undiscounted cash flows of the Shire's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2022					
Trade and other payables	512,732	0	0	512,732	512,732
Borrowings	125,449	501,798	501,798	1,129,045	979,881
	638,181	501,798	501,798	1,641,777	1,492,613
2021					
Trade and other payables	650,993	0	0	650,993	650,993
Borrowings	125,449	501,798	627,247	1,254,494	1,073,183
	776,442	501,798	627,247	1,905,487	1,724,176

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

24. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

Following the end of the reporting period the Shire sought legal advice regarding a senior employee matter. An estimate of the financial effect of this matter cannot be reliably made at the date of this report.

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

25. 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 statements 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 earnings

Interest income 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 cash generating non-specialise 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.

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

k) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

New accounting standards for application in future years

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

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

It is not expected these standards will have an impact on the financial report.

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

26. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

Shire operations as disclosed in this financial report encompass the following service orientated functions and activities.

Objective

Description

Governance

To provide a decision making process for the efficient allocation of scarce resources.

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

General purpose funding

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

Law, order, public safety

To provide services to help ensure a safer and environmentally conscious community.

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

Health

To provide an operational framework for environmental and community health.

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

Education and welfare

To provide services to disadvantaged persons, the elderly, children and youth

Operation of Kulin Childcare Centre and provision of services to senior citizens and the local school.

Housing

To provide and maintain general and elderly residents housing.

Provision and maintenance of housing.

Community amenities

To provide services required by the community.

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

Recreation and culture

To establish and effectively manage infrastructure and resource which will help the social well being of the community.

Maintenance of public halls, aquatic centre, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of the museum and other cultural facilities.

Transport

To provide safe, effective and efficient transport services to the community

Construction and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

Economic services

To help promote the shire and its economic wellbeing.

Tourism and area promotion including the maintenance and operation of Community Resource Centre, Visitors Centre, caravan park and hostel. Provision of rural services including weed control, vermin control, fuel and standpipes. Building Control.

Other property and services

To monitor and control council's overheads operating accounts.

Private works operation, plant repair and operation costs and engineering operation costs.

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

26. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

Income excluding grants, subsidies and contributions

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Governance	52,397	43,961	63,805
General purpose funding	2,136,113	2,103,448	2,067,329
Law, order, public safety	5,934	8,400	3,746
Health	7,898	0	19,071
Education and welfare	252,400	190,500	171,535
Housing	124,761	110,298	100,819
Community amenities	104,591	101,224	103,432
Recreation and culture	239,491	219,999	255,559
Transport	323,310	289,376	104,936
Economic services	1,042,599	444,440	773,253
Other property and services	259,707	121,330	174,654
	4,549,201	3,632,976	3,838,139

Grants, subsidies and contributions

General purpose funding	3,702,629	2,494,591	2,893,867
Law, order, public safety	44,377	32,000	30,182
Education and welfare	66,865	50,000	50,527
Recreation and culture	416,000	130,000	0
Transport	3,647,965	4,111,290	1,650,981
Economic services	494,607	600,000	309,959
	8,372,443	7,417,881	4,935,516

Total Income

12,921,644 11,050,857 8,773,655

Expenses

Governance	(251,624)	(252,303)	(231,139)
General purpose funding	(100,184)	(107,885)	(91,412)
Law, order, public safety	(168,597)	(152,521)	(176,793)
Health	(128,436)	(122,525)	(104,799)
Education and welfare	(332,742)	(321,635)	(319,801)
Housing	(117,822)	(232,703)	(182,166)
Community amenities	(348,982)	(367,345)	(361,497)
Recreation and culture	(1,163,518)	(1,318,671)	(1,223,198)
Transport	(3,885,844)	(3,376,832)	(3,521,827)
Economic services	(1,421,364)	(1,104,365)	(1,168,891)
Other property and services	(155,730)	(78,192)	(163,307)
	(8,074,843)	(7,434,977)	(7,544,830)

Total expenses

(8,074,843) (7,434,977) (7,544,830)

Net result for the period

4,846,801 3,615,880 1,228,825

SHIRE OF KULIN
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

26. FUNCTION AND ACTIVITY (Continued)

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
(c) Fees and Charges			
Governance	35,221	50	2,400
General purpose funding	66	2,100	11,455
Law, order, public safety	1,934	2,400	2,739
Health	2,138	0	590
Education and welfare	243,084	182,500	166,789
Housing	122,970	110,048	100,819
Community amenities	103,718	98,024	100,818
Recreation and culture	216,704	202,999	247,309
Economic services	950,282	643,440	770,980
Other property and services	204,192	80,830	122,656
	1,880,309	1,322,391	1,526,555
(d) Total Assets			
Governance	609,019	1,129,489	
Law, order, public safety	1,079,342	1,132,797	
Education and welfare	4,186	4,273	
Housing	1,259,567	1,605,110	
Community amenities	839,731	814,858	
Recreation and culture	16,124,889	13,648,388	
Transport	107,172,305	104,160,899	
Economic services	6,239,243	5,681,064	
Other property and services	5,394,454	4,466,327	
Unallocated	5,391,641	6,779,566	
	144,114,377	139,422,771	

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

27. RATING INFORMATION

(a) General Rates

RATE TYPE Rate Description	Basis of valuation	Number of Properties	2021/22 Actual Rateable Value*	2021/22 Actual Rate Revenue	2021/22 Actual Interim Rates	2021/22 Actual Back Rates	2021/22 Budget Interim Rate	2021/22 Budget Back Rate	2021/22 Budget Total Revenue	2020/21 Actual Total Revenue
Residential	Gross rental valuation	137	1,220,492	130,068		1,337			130,068	121,829
Industrial	Gross rental valuation	13	116,376	12,402					12,402	11,855
Commercial	Gross rental valuation	28	447,448	47,685					47,685	45,582
Rural	Gross rental valuation	11	88,608	9,443					9,443	9,026
Rural	Unimproved valuation	342	200,408,000	1,925,921	1,804				1,925,921	1,897,524
Mining	Unimproved valuation	1	56,767	545					546	0
Sub-Total		532	202,337,691	2,126,064	1,804	1,337	0	0	2,126,065	2,065,816
Minimum payment										
Residential	Gross rental valuation	8	3,955	3,729					3,729	4,439
Industrial	Gross rental valuation	5	9,736	2,330					2,330	2,219
Commercial	Gross rental valuation	4	8,600	1,864					1,864	1,776
Rural	Gross rental valuation	7	12,795	3,263					3,263	3,107
Rural	Unimproved valuation	14	439,800	6,525					6,525	3,995
Mining	Unimproved valuation	27	243,829	12,584	1,171				12,118	9,956
Sub-Total		65	718,715	30,295	1,171	0	0	0	29,829	25,492
Discounts on general rates (Refer note 27(c))										
Concessions on general rates (Refer note 27(c))										
Total amount raised from general rates										
		597	203,056,406	2,156,359	2,975	1,337	0	0	2,155,894	2,111,308
										(89,721)
										(9,887)
										2,011,700
* Rateable value is based on the value of properties at the time the rate is raised.										
(b) Rates (excluding general rates)										
Ex-gratia Rates										
CBH				24,412					24,412	23,701
Sub-Total		0	0	24,412	0	0	0	0	24,412	23,701
Total amount raised from rates (excluding general rates)										
										23,701
										(93,000)
										(11,100)
										2,051,794
(c) Total Rates										
										2,076,206
										2,035,401

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 Income for not-for-profit entities.

SHIRE OF KULIN
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

27. RATING INFORMATION (Continued)

(c) Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

Rate or Fee Discount Granted	Type	Discount %	Discount \$	2022		2021		Circumstances in which Discount is Granted
				Actual	Budget	Actual	Budget	
Early payment discount	Rate	5.00%	\$	\$ 89,638	\$ 93,000	\$ 89,721	\$ 89,721	When rates paid on or before the due date.
				\$ 89,638	\$ 93,000	\$ 89,721	\$ 89,721	

Waivers or Concessions

Rate or Fee and
 Charge to which
 the Waiver or
 Concession is Granted

Type	Waiver/ Concession	Discount %	2022		2021	
			Actual	Budget	Actual	Budget
Kulin Retirement Homes	Waiver		\$ 10,306	\$ 10,000	\$ 9,853	\$ 9,853
Small Balances	Waiver		47	600	34	34
Kulin Masonic Lodge	Waiver		0	500	0	0
			\$ 10,353	\$ 11,100	\$ 9,887	\$ 9,887
Total discounts/concessions (Note 27)			\$ 99,991	\$ 104,100	\$ 99,608	\$ 99,608

Rate or Fee and
 Charge to which
 the Waiver or
 Concession is Granted

Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Kulin Retirement Homes	To ensure affordable housing is available for our senior citizens
Small Balances	To ensure cost of recovery of small balances is cost effective

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

27. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	24/09/2021	0.0	0.00%	7.00%
Option Two				
First instalment	24/09/2021	0.0		7.00%
Second instalment	21/01/2022	7.0	3.00%	7.00%
Option Three				
First instalment	24/09/2021	0.0		7.00%
Second instalment	26/11/2021	7.0	3.00%	7.00%
Third instalment	21/01/2022	7.0	3.00%	7.00%
Fourth instalment	25/03/2022	7.0	3.00%	7.00%

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Interest on unpaid rates	4,793	3,500	3,707
Interest on instalment plan	1,012	742	733
Charges on instalment plan	581	500	497
	6,386	4,742	4,937

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

28. RATE SETTING STATEMENT INFORMATION

Note	2021/22	2021/22	2020/21	
	(30 June 2022 Carried Forward)	Budget (30 June 2022 Carried Forward)	(30 June 2021 Carried Forward)	
	\$	\$	\$	
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	10(b)	(73,546)	(88,376)	(34,049)
Less: Fair value adjustments to financial assets at fair value through profit and loss		(6,583)	0	0
Less: Share of net profit of associates and joint ventures accounted for using the equity method		(48,097)	0	0
Add: Loss on disposal of assets	10(b)	31,051	88,924	75,666
Add: Depreciation	10(a)	2,976,932	2,973,728	2,883,569
Non-cash movements in non-current assets and liabilities:				
Employee benefit provisions		(6,902)	0	(18,024)
Non-cash amounts excluded from operating activities		2,872,855	2,974,276	2,907,162
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	30	(2,283,327)	(1,843,461)	(2,124,064)
- Land held for resale	6	(687,000)		(687,000)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14	96,179	90,511	93,302
Total adjustments to net current assets		(2,874,148)	(1,752,950)	(2,717,762)
Net current assets used in the Rate Setting Statement				
Total current assets		6,784,097	2,902,927	5,910,711
Less: Total current liabilities		(1,395,019)	(1,098,928)	(1,447,133)
Less: Total adjustments to net current assets		(2,874,148)	(1,752,950)	(2,717,762)
Net current assets used in the Rate Setting Statement		2,514,930	51,049	1,745,816

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

29. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual						Budget					
		Principal Repayments		New Loans		Principal at 30 June 2021		New Loans		Principal Repayments		Principal at 30 June 2022	
		During 2020-21	During 2020-21	During 2021-22	During 2021-22	June 2021	June 2021	During 2021-22	During 2021-22	During 2021-22	During 2021-22	30 June 2022	30 June 2022
Administration Building		\$ 1,163,694	\$ 0	\$ (90,511)	\$ 1,073,183	\$ 1,073,183	\$ 0	\$ 0	\$ 0	\$ (93,302)	\$ 979,881	\$ 979,881	
Total		\$ 1,163,694	\$ 0	\$ (90,511)	\$ 1,073,183	\$ 1,073,183	\$ 0	\$ 0	\$ 0	\$ (93,302)	\$ 979,881	\$ 979,881	
Borrowing Interest Repayments													
Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021					
Administration Building		Governance	1	WA Treasury Corp	3.10%	(41,186)	(39,464)	(42,895)					
Total						(41,186)	(39,464)	(42,895)					
Total Interest Repayments	2(b)					(41,186)	(39,464)	(42,895)					

The Shire of Kuljin had no new borrowings at 30 June 2022.

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

30. RESERVE ACCOUNTS

	2022 Actual		2022 Actual		2022 Actual		2022 Budget		2022 Budget		2021 Actual		2021 Actual	
	Opening Balance	Transfer to (from)	Closing Balance	Transfer to (from)	Opening Balance	Transfer to (from)	Closing Balance	Transfer to (from)	Opening Balance	Transfer to (from)	Opening Balance	Transfer to (from)	Closing Balance	Actual
Restricted by council														
(a) Leave reserve	388,570	51,205	439,775		388,570	1,164	389,734		361,521	27,049	361,521	27,049	388,570	
(b) Plant reserve	550,346	1,384	351,730	(200,000)	550,346	1,650	351,996	(200,000)	397,980	152,366	397,980	152,366	550,346	
(c) Building reserve	334,504	201,036	535,540		334,503	1,000	135,503	(200,000)	248,035	86,469	248,035	86,469	334,504	
(d) Admin Equipment reserve	29,321	91	29,412		29,321	88	29,409		76,640	404	76,640	404	29,321	(47,723)
(e) Natural Disaster reserve	143,173	444	143,617		143,172	430	123,602	(20,000)	142,362	811	142,362	811	143,173	
(f) Joint Venture Housing reserve	76,378	237	76,615		76,378	230	76,608		75,946	432	75,946	432	76,378	
(g) FRC Surface & Equipment reserve	182,583	566	43,149	(140,000)	182,583	548	43,131	(140,000)	141,595	40,988	141,595	40,988	182,583	
(h) Medical Services reserve	115,662	359	116,021		115,662	344	116,006		114,998	664	114,998	664	115,662	
(i) Fuel Facility reserve	82,271	255	52,526	(30,000)	82,271	282	82,553		81,814	457	81,814	457	82,271	
(j) Sportsperson Scholarship reserve	13,702	42	13,744		13,702	42	13,744		13,625	77	13,625	77	13,702	
(k) Freebairn Recreation reserve	207,554	644	208,198		207,553	622	208,175		217,324	1,230	217,324	1,230	207,554	(11,000)
(l) Short Stay Accommodation reserve	0	273,000	273,000		273,000	273,000	273,000		0	0	0	0	0	0
	2,124,064	529,263	2,283,327	(370,000)	2,124,061	279,400	1,843,461	(560,000)	1,871,840	310,947	1,871,840	310,947	2,124,064	(58,723)
	2,124,064	529,263	2,283,327	(370,000)	2,124,061	279,400	1,843,461	(560,000)	1,871,840	310,947	1,871,840	310,947	2,124,064	(58,723)

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

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	Anticipated date of use	Purpose of the reserve
(a) Leave reserve	NA	to fund annual and long service leave requirements
(b) Plant reserve	NA	to fund the purchase of plant
(c) Building reserve	NA	to fund the construction of staff housing
(d) Admin Equipment reserve	NA	to fund the purchase of administration equipment
(e) Natural Disaster reserve	NA	to assist in the funding of preparations following a natural disaster
(f) Joint Venture Housing reserve	NA	to fund the upkeep of Joint Venture housing with the Department of Housing
(g) FRC Surface & Equipment reserve	NA	to fund the replacement of equipment and court surface at the FRC
(h) Medical Services reserve	NA	to fund the recruitment of a local doctor
(i) Fuel Facility reserve	NA	to fund the replacement of the fuel facility
(j) Sportsperson Scholarship reserve	NA	to fund scholarships for local sportspersons
(k) Freebairn Recreation reserve	NA	to fund the ongoing asset management of the FRC
(l) Short Stay Accommodation reserve	30 June 2023	to fund the construction of short stay accommodation units at the caravan park



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 Shire of Kulin

To the Councillors of the Shire of Kulin

Opinion

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

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, and Statement of Cash Flows and Rate Setting Statement 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 2022 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, 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 2022, but not the financial report and my auditor's report.

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to

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

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

The Chief Executive Officer of the Shire is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

My independence and quality control 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 ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Kulin for the year ended 30 June 2022 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Mark Ambrose

Mark Ambrose
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
21 December 2022