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MINUTES

Shire of Wandering Audit Risk and Improvement Committee Meeting 15 December 2025

OUR VISION

*Wandering is a community of responsible, resilient and adaptable residents thriving
in our scenic, economically diverse environment.*

*These Minutes of the meeting held 15 December 2025 are confirmed as a true and correct record
of proceedings without amendment. Confirmed by the Presiding Member, Cr S Little.*

.....
Cr Little

Presiding Member

.....
Date

SHIRE OF WANDERING

Minutes of the Audit Risk and Improvement Committee Meeting held in the Council Chambers on Friday 15 December 2025.

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1. Declaration of Opening / Announcements of Visitors

The Presiding Member declared the meeting open at 12.43pm.

2. Attendance / Apologies / Approved Leave of Absence

Councillors

Cr Sheryl Little	(Shire President)
Cr Alan Price	(Deputy Shire President)
Cr Andrew Thompson	

Staff

Dr Alistair Pinto	(Chief Executive Officer)
Karl Mickle	(Operations Manager)
Lisa Boddy	(Executive Assistant)
Raewyn Street	(Revenue Officer) (via telephone)

Apologies

Nil.

Members of the Public

Nil.

3. Confirmation of Minutes of Previous Meetings Held

3.1 Audit Risk and Improvement Committee Meeting Minutes – 6 March 2025

Statutory Environment:

Section 5.22 of the *Local Government Act* provides that minutes of all meeting to be kept and submitted to the next ordinary meeting of the Council or the committee, as the case requires, for confirmation.

Voting Requirements:

Simple Majority

011225A Moved: Cr Thompson Seconded: Cr Price

Recommendation and Committee Decision:

That the Minutes of the Audit Risk and Improvement Committee Meeting held on 6 March 2025 be confirmed as true and correct.

Carried by Simple Majority 3/0

For: Cr Little, Cr Price, Cr Thompson

Against: Nil

4. General Business

4.1 Management Letter

File Reference:	04.041.04109
Location:	N/A
Applicant:	N/A
Author:	Dr Alistair Pinto, Chief Executive Officer
Authorising Officer	Dr Alistair Pinto, Chief Executive Officer
Date:	12 December 2025
Disclosure of Interest:	Nil
Attachments:	2025 Management Letter 2025 Audit Completion Report - 30 June 2025 Shire of Wandering 2024-25 Annual Financial Report
Previous Reference:	N/A

Summary:

For the committee to accept the Annual Financial Statements and the Auditors Report for the year ended 30th June 2025.

Background:

The Shire's Auditors – AMD Accountants and the Office of the Auditor General, have audited the 2024/25 Annual Financial Statements and have provided an Independent Auditors Report as required under the relevant provisions of the Local Government Act (1995) as amended. The Audit Report and Annual Financial Statements are presented to this committee for review and acceptance and will be tabled at the next Ordinary Council Meeting in February 2026 for adoption.

Comment:

There are four significant, six moderate and one minor finding as a result of the 2024-2025 financial year end audit as identified in the attached management letter.

Consultation:

Chief Executive Officer
AMD Accountants
Office of the Auditor General

Statutory Environment:

Local Government Act (1995) Section 7.12(A)
Local Government (Audit) Regulations 1996 Regulation 16
Local Government (Financial Management) Regulations 1996

Policy Implications:

Identified gaps in financial policies will require review and development.

Financial Implications:

As per the Annual Financial Report.

Strategic Implications:
Improve our Financial Position

Our Goals	Our Strategies
The Wandering Shire is financially sustainable	<ul style="list-style-type: none">• Improve accountability and transparency.• Develop an investment strategy that plans for the future and provides cash backed reserves to meet operational needs.• Prudently manage our financial resources to ensure value for money.• Reduce reliance on operational grants.

Sustainability Implications:

- Environmental: There are no known significant environmental considerations.
- Economic: There are no known significant economic considerations.
- Social: There are no known significant social considerations.

Risk Implications:

Proactive management of key findings outlined in the management letter is crucial for the Shire's financial risk control

Voting Requirements:

Absolute Majority

021225A Moved: Cr Thompson Seconded: Cr Price

Recommendation and Committee Decision:

That the Audit Risk and Improvement Committee recommends Council accepts the Annual Financial Statements and the Auditors Report for the financial year ended 30th June 2025.

Carried by Absolute Majority 3/0

For: Cr Little, Cr Price, Cr Thompson

Against: Nil

SHIRE OF WANDERING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Cashflow management and LTFP review	No	✓			
2. Inappropriate use of restricted funds	No	✓			
3. Project expenditure not approved by Council	No	✓			
4. Delegations Policy	No	✓			
5. Audit readiness	No		✓		
6. Interim rate notice	No			✓	
7. Payroll leave reports	No		✓		
8. General journal	No		✓		
9. Debtors' reconciliation	No		✓		
10. Rateable value reconciliation	No		✓		
11. Donated fire trucks overvalued	No		✓		

Key to ratings

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

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

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

SHIRE OF WANDERING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

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

The ratings included are preliminary ratings and could be modified pending other findings being identified, rated and the consideration of them collectively on the ratings and any potential impact on the audit opinion. (Wording to be included when the draft management letter is provided for comment – to be removed when issued formally to the entity.)

SHIRE OF WANDERING**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****1. Cashflow management and LTFP review****Finding**

Our audit procedures identified the following with respect to the Shire's cashflows management, financial position at 30 June 2025 and long term financial planning / cashflow forecasting:

- Management's going concern assessment was not provided at the commencement of audit procedures;
- The Shire's unrestricted cash position as at 30 June 2025 was negative \$82,199;
- The Shire had to take out a \$300,000 overdraft facility during May 2025 as a result of the Shire's declining cash position; and
- The Shire's LTFP 2021 - 2031 was not reviewed in accordance with stated processes (section 14 of the plan).

Subsequent to the above and following our audit requests, the Shire provided a going concern assessment, multi-year cashflow forecast and updated LTFP 2025-2036.

Rating: Significant**Implication**

- Without a comprehensive system of cashflow monitoring, forecasting and management including review of the impact of projects variations and decisions made by Council to the LTFP, there is the risk that Shire operations will be impacted.
- The Shire may face difficulty meeting short-term obligations without drawing on restricted funds or external borrowing.

Recommendation

We recommend the Shire review its cashflow forecasting and monitoring processes and procedures to ensure sufficient unrestricted funds are maintained for operational purposes.

In addition, we recommend project variation and budget decision implications are included within the LTFP as per the review required.

Management comment

The Shire recognises the importance of robust cashflow monitoring and forecasting to maintain financial sustainability and ensure operational continuity.

The Shire has already started to put measures in place to manage this more appropriately including a review of the LTFP and ensuring where applicable financial decisions are captured as Council decisions, with the appropriate budget and LTFP amendments to follow.

An Action Sheet will be prepared and presented to the Audit Risk and Improvement Committee to monitor, track and drive progress in addressing findings from the 2025 audit.

Responsible person: Dr. Alistair Pinto, CEO
Completion date: February 2026

SHIRE OF WANDERING**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****2. Inappropriate use of unrestricted funds****Finding**

At 30 June 2025, the total balance of cash and cash equivalents of the Shire was \$876,141, with \$958,340 relating to restricted funds indicating a negative unrestricted cash balance of \$82,199.

The overdrawn unrestricted cash balance reflects the Shire's use of restricted funds (*relating to unspent grant monies and bank loans, rather than legislatively restricted reserve funds*) for its operational activities due to cash shortfalls in the general municipal funds during the year.

Rating: Significant**Implication**

The use of restricted cash to fund other operations of the Shire may result in:

- A breach of legislative provisions including the *Local Government (Financial Management) Regulations 1996* to the extent that the restricted funds used relate to legislatively restricted funds e.g. reserve funds.
- A potential breach of the Shire's contractual obligations with third parties in cases where the funding / grant agreements specifically require the Shire to use the funds only for specified purposes.

Recommendation

We recommend that the Shire:

- Assesses its compliance with the *grant and loan funding agreements* and to the extent that any contractual obligations were not met regarding the use of the funds, consider its reporting obligations to the counterparties.
- Adheres to Fund Restrictions: Ensure that restricted cash is used solely for its designated purposes considering the legislative and contractual requirements on the use of the funds.
- Implement relevant internal controls and monitoring mechanisms to track the use of restricted funds and prevent their misapplication for their intended purposes.
- Improves Financial Management: Strengthen financial management practices by regularly reviewing the updating financial policies and procedures. Ensure compliance with the *Local Government Act 1995* and other relevant regulations.
- Develops a Comprehensive Financial Plan: Create a detailed financial plan that addresses the Shire's operational needs without relying on restricted funds. This plan can include realistic revenue projections, expense management strategies and contingency plans for unforeseen financial challenges.

Management comment

As part of the Budget Build for the FY 25/26 the Shire has identified the need to undertake a significant internal review of its finances – income and expenditure, contractual agreements and management of reserve funds.

The Shire will review its financial management policies, delegation register and other related governance processes as part of an overall financial health check this financial year.

An Action Sheet will be prepared and presented to the Audit Risk and Improvement Committee to monitor, track and drive progress in addressing findings from the 2025 audit.

SHIRE OF WANDERING**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

Responsible person: Dr. Alistair Pinto, CEO
Completion date: March 2026

3. Project expenditure not approved by Council**Finding**

The Shire incurred unbudgeted expenditure for the kitchen upgrade project despite the quote of \$439,934 (including GST) not being approved by Council during the meeting held on 20 June 2024 as required.

Rating: Significant**Implication**

- Non-compliance with Section 6.8 of the *Local Government Act 1995*, which requires all expenditure not included in the annual budget to be authorised in advance by an absolute majority of council.
- Non-compliance with the Shire's Purchasing Policy.
- Lack of governance of expenditure.
- Risk of unauthorised or fraudulent transactions.
- Unplanned spending can result in cash flow issues for the Shire.

Recommendation

We recommend:

- the Shire strengthen its governance controls to prevent expenditure on goods and services where the related quote has not been budgeted or approved by Council as required;
- introduce system controls to restrict transactions that do not have an approved purchase order linked to a Council resolution; and
- maintain a register of approved and unapproved quotes.

Management comment

The Shire will review its financial management policies, delegation register and other related governance processes as part of an overall financial health check this financial year.

An Action Sheet will be prepared and presented to the Audit Risk and Improvement Committee to monitor, track and drive progress in addressing findings from the 2025 audit.

Responsible person: Dr. Alistair Pinto, CEO
Completion date: March 2026

SHIRE OF WANDERING**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****4. Delegations Policy****Finding**

A review of procurement documentation identified the Shire does not have a policy delegating its powers or the discharge of its duties to the CEO.

Rather a memo signed by the former CEO was provided that established purchasing limits for Shire employees. The memo provided a purchasing limit of \$9,999,999 for the CEO position. This limit is significantly higher than amounts generally considered reasonable for local government operations and exceeds typical delegated authority thresholds.

Rating: Significant**Implication**

Non-compliance with section 5.42 of the *Local Government Act 1995*.

Risk of unauthorised or fraudulent transactions.

Recommendation

We recommend a delegation's policy be developed and implemented as a priority, delegating Council's powers to the CEO which includes specific purchasing limits. This policy should be reviewed annually at a minimum.

Management comment

The Shire will undertake a comprehensive review and update of the Shire's Delegations Register to incorporate several financial and procurement delegations, utilising the WALGA Delegations Register template as a guiding document.

An Action Sheet will be prepared and presented to the Audit Risk and Improvement Committee to monitor, track and drive progress in addressing findings from the 2025 audit.

Responsible person: Dr. Alistair Pinto, CEO
Completion date: March 2026

SHIRE OF WANDERING**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****5. Audit readiness****Finding**

At the commencement of the audit, general ledger supporting documentation was not readily available, and requests for information were not addressed in a timely manner. These delays impacted the audit timeline and reduced overall efficiency of the audit process.

Rating: Moderate**Implication**

- Increased risk of errors or omissions when information is not provided in a timely manner.
- Extended timelines can lead to increased costs.

Recommendation

We recommend:

- management introduce a year end checklist which includes assigning clear responsibilities and setting internal deadlines;
- ensure all reconciliations and year end workpapers are available at the commencement of the audit; and
- timely responses be provided to additional requests for information.

Management comment

The Shire is taking positive steps to recruit and train finance personnel to ensure audit-related financial obligations are met.

Finance position descriptions will be revised to incorporate audit preparedness and support as key responsibilities for officers in these roles.

Responsible person: Dr. Alistair Pinto, CEO
Completion date: February 2026

SHIRE OF WANDERING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

6. Interim rate notice

Finding

Our sample testing identified an interim rate notice did not include an adjusted amount of \$41.33 which was the amount calculated for a prior period adjustment based on an updated valuation provided by Landgate

Rating: Minor**Implication**

- Risk of understatement of revenue.
- Increased risk of similar errors occurring if controls are not strengthened.

Recommendation

We recommend the Shire review and strengthen controls over the interim rating process to ensure all interim rates notices issued accurately capture the correct information, including any prior period adjustments based on Landgate valuations

Management comment

The Shire's Revenue Officer to document the interim rating process and identify appropriate controls.

An Action Sheet will be prepared and presented to the Audit Risk and Improvement Committee to monitor, track and drive progress in addressing findings from the 2025 audit.

Responsible person: Raewyn Street, Revenue Officer
Completion date: March 2026

SHIRE OF WANDERING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

7. Payroll leave reports

Finding

During our testing of leave provisions, we identified the following:

- Two instances where the employee's leave report recorded annual leave as being taken, however a leave form could not be provided. A review of the employees' timesheets showed the employees had worked on those days; and
- Three instances where the number of days taken per the employee's leave report agreed to the leave form, however the dates on the leave form did not agree with the dates recorded on the employee's leave report.

Rating: Moderate

Implication

- Discrepancies between leave reports, leave forms and timesheets increases the risk of incorrect leave balances and payroll errors.
- Inaccurate documentation could result in unauthorised leave or incorrect payments being undetected.

Recommendation

We recommend:

- timesheets and leave forms be reconciled prior to the processing of each payroll; and
- each payroll be reviewed to ensure leave has been accurately recorded, and signed to evidence the review has been completed.

Management comment

The Shire will undertake a complete leave balances audit of all current Shire employees.

Internal governance relating to staff leave approvals and documentation to be reviewed.

Governance processes for payroll leave management will be reviewed and strengthened.

An Action Sheet will be prepared and presented to the Audit Risk and Improvement Committee to monitor, track and drive progress in addressing findings from the 2025 audit.

Responsible person:

Dr. Alistair Pinto, CEO

Completion date:

March 2026

SHIRE OF WANDERING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

8. General journals

Finding

Our sample testing identified one general journal out of four journals tested had not been signed to evidence an independent review had been completed.

Rating: Moderate

Implication

If journals are not independently reviewed and approved, there is a risk that erroneous or fraudulent transactions may pass undetected. Accounting journals can represent significant adjustments to previously approved accounting transactions and should therefore be appropriately reviewed and approved.

Recommendation

We recommend general journals be independently reviewed and signed prior to being processed into the general ledger.

Management comment

Governance processes for general ledger management will be reviewed and strengthened.

An Action Sheet will be prepared and presented to the Audit Risk and Improvement Committee to monitor, track and drive progress in addressing findings from the 2025 audit.

Responsible person:	Dr. Alistair Pinto, CEO
Completion date:	February 2026

SHIRE OF WANDERING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

9. Debtors' reconciliation

Finding

The 30 June 2025 debtors reconciliation had not been signed by the preparer and had not been signed to evidence an independent review had been completed.

Rating: Moderate

Implication

- Risk of error or fraudulent transactions not being identified on a timely basis.
- Risk of material misstatement in the financial statements.

Recommendation

We recommend the debtors' reconciliation be signed by the preparer of the reconciliation, and signed to evidence an independent review has been completed.

Management comment

Governance processes for debtors' management will be reviewed and strengthened.

An Action Sheet will be prepared and presented to the Audit Risk and Improvement Committee to monitor, track and drive progress in addressing findings from the 2025 audit.

Responsible person: Dr. Alistair Pinto, CEO
Completion date: February 2026

SHIRE OF WANDERING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

10. Rateable value reconciliation

Finding

Rateable value reconciliations had not been completed during the year ended 30 June 2025.

Rating: Moderate

Implication

Risk that all rateable properties and the correct valuations of the properties have not been recorded in the rates system.

Recommendation

We recommend management implement a formal process to complete and document the rateable value reconciliation, ensuring all discrepancies are investigated and resolved prior to rates being levied. Additionally, the reconciliation should be reviewed and signed to evidence the review has been completed and approved.

Management comment

The Shire's Revenue Officer to document the rateable value reconciliations process and identify appropriate controls.

An Action Sheet will be prepared and presented to the Audit Risk and Improvement Committee to monitor, track and drive progress in addressing findings from the 2025 audit.

Responsible person: Raewyn Street, Revenue Officer
Completion date: April 2026

SHIRE OF WANDERING**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****11. Donated fire trucks overvalued****Finding**

Two donated fire trucks were recorded at a value exceeding their fair market value at the date of the donation (overvalued by \$45,000 in total).

Rating: Moderate**Implication**

- Non-compliance with *AASB 116 Property, Plant and Equipment*.
- Misstatement in financial statements.

Recommendation

To ensure compliance with Australian Accounting Standards, we recommend an independent valuation is obtained for donated assets to ensure the assets are recorded at fair market value when received.

Management comment

The Shire will ensure an independent valuation is obtained for donated assets.

An Action Sheet will be prepared and presented to the Audit Risk and Improvement Committee to monitor, track and drive progress in addressing findings from the 2025 audit.

Responsible person: Dr. Alistair Pinto, CEO
Completion date: February 2026

AUDIT COMPLETION REPORT

SHIRE OF WANDERING

Year ended 30 June 2025

AMD Chartered Accountants on behalf of
Office of the Auditor General for Western Australia



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1. Purpose of the Audit Completion Report

The purpose of this Audit Completion Summary is to communicate the results of the audit with those charged with governance.

We confirm we have performed an audit of the financial report of the Shire of Wandering (the Shire) on behalf of the Office of the Auditor General (“OAG”) for the year ended 30 June 2025 in accordance with Australian Auditing Standards.

The purpose of the audit is to express an opinion as to whether the Shire of Wandering’s financial statements:

- are based on proper accounts and records;
- present fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2025 and its financial position at the end of that period; and
- are 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.

This Audit Completion Report will be discussed during the 2025 exit meeting and ensures our responsibility to communicate with those charged with governance is satisfied.

2. Audit Opinion

We will recommend the OAG issue an unmodified opinion on the audit of the Shire’s financial report.

3. Outstanding Matters

Outstanding matters at the date of this report include:

- Representation letters
- Signed financial report

4. Significant Risks and Key Audit Focus Areas

4.1 Audit Planning Summary

As part of our audit procedures, audit planning was undertaken with the Audit Planning Summary prepared and discussed with the Shire during the entrance meeting.

The Audit Planning Summary identified key risks with the risk assessment process designed to ensure that we focus our audit work on the areas of highest risk. This risk assessment and our responses were updated throughout the engagement to ensure that areas of material risk were addressed.

We advise we have satisfactorily completed our audit procedures designed to address the identified risks and meet the audit objectives.

Set out below, are what we have identified as the key audit risks and focus areas for the audit:

- Revenue recognition;
- Completeness of liabilities and expenses;
- Valuation of property, plant and equipment and infrastructure assets;
- Accounting for employee related provisions;
- Financial Report Disclosures;
- Fraud risk and risk of management override; and
- Review of internal controls, including IT general controls.

4.1.1 Revenue Recognition

Revenue is recognised in accordance with *AASB 15 Revenue from Contracts with Customers* and *AASB 1058 Income of Not-for-Profit Entities*.

Key revenue generating activities

- Operating and Non-Operating Grants, Subsidies and Contributions;
- Rates;
- Fees and Charges; and
- Other revenue.

Risk as identified in the Audit Planning Summary

Risk revenue streams are not recognised in accordance with *AASB15 Revenue from Contracts with Customers* and *AASB1058 Income of Not-for-Profit Entities*.

Key audit procedures performed

- Reviewed the appropriateness of the Shire's revenue recognition policies for each material revenue category in accordance with AASB 15 and 1058;
- Performed a walkthrough of the revenue cycles to gain an understanding of the process;
- Performed tests of controls to assess the design, implementation and operating effectiveness of key internal controls operating within the different categories of revenue cycles;
- Sample testing of transactions to supporting documentation;
- Performed cut-off testing; and
- Performed re-calculation checks relating to contract assets and / or contract liabilities related to grants, subsidies and contributions including vouching to grant agreements; and
- Performed substantive analytical procedures.

Conclusion

Based on audit procedures performed, we are satisfied that revenue has been recognised appropriately for the year ended 30 June 2025.

4.1.2 Completeness of Liabilities and Expenses

There is an inherent risk that expenditure, and corresponding liabilities (creditors, payroll accruals and expense accruals), are not brought to account in the correct accounting period.

Key expense categories

- Employee Costs;
- Materials and Contracts;
- Utility Charges;

- Insurance;
- Other expenditure; and
- Depreciation Expense.

Risk as identified in the Audit Planning Summary

Risk expenditure and corresponding liabilities are not recognized and may not be recorded in the correct financial year.

Key audit procedures performed

- Perform a walkthrough of the payroll, purchasing and payment cycles to gain an understanding of the process;
- Performed tests of controls to assess the design, implementation and operating effectiveness of key internal controls operating within the payroll, purchasing and payment cycles;
- Sample testing of transactions to supporting documentation;
- Verified the wages reconciliation;
- Searched for unrecorded creditors and accruals;
- Reviewed the Shire's depreciation policy for the different classes of assets and assess the reasonableness of rates used;
- Perform depreciation re-calculation tests; and
- Perform substantive analytical procedures.

Conclusion

Based on audit procedures performed, we are satisfied that transactions have been recognised in the correct accounting periods and therefore expenditure is accurately recorded for the year ended 30 June 2025.

4.1.3 Valuation of land, buildings and infrastructure assets

Represents the largest classes of non-financial assets reported in the Shire's statement of financial position and includes fair value recognition and measurement accounting.

Class of Asset Revaluation History

- Land and buildings – last revalued in 2021, therefore completed in current 2024/2025 year
- All infrastructure classes of assets – last revalued in 2023

Risk as identified in the Audit Planning Summary

There is an inherent risk given the nature of assets held and the accounting estimates and judgement applied in determining fair values and depreciation expense.

Key audit procedures performed

- Assessed effectiveness of internal controls, including internal control testing with respect to the Shire's processes for determining inputs into fair value;
- Performed a walkthrough of the fixed assets cycle to gain the understanding of the internal control system processes;
- Sample testing on asset additions and disposals including developer contributions (if any);
- Review management's impairment assessment at year end;
- Verified balances to independent valuation reports for land and buildings valued as at 30 June 2025 and test key assumptions in determining fair value;
- Performed substantive analytical procedures; and

- Assessed fair value disclosures to ensure compliance with AASB13.

Conclusion

Based on audit procedures performed, we are satisfied property, plant and equipment and infrastructure assets are fairly stated as at 30 June 2025.

4.1.4 Accounting for employee related provisions

The Shire's liabilities include employee annual leave and long service leave provisions. Employee provisions involve a degree of management estimation and uncertainty in their calculation in respect of present value inputs (inflation rates, discount factors, work costs), timing and probabilities of settlement.

Risk as identified in the Audit Planning Summary

Risk employee provision expenditure and corresponding liabilities are not correctly recorded in accordance with *AASB119 Employee Benefits*.

Key audit procedures performed

- Reviewed the reasonableness of assumptions and employee provisions calculations. Ensure calculations in accordance with AASB119;
- Sample testing of leave balances to underlying information to employee employment contracts and approved leave applications:
- Verification of classification between current and non-current; and
- Perform substantive analytical procedures.

Conclusion

Based on audit procedures performed, we are satisfied that employee provisions are fairly stated as at 30 June 2025.

4.1.5 Financial Report Disclosures

The Shire of Beverley is a Class 4 local government and is therefore required to disclose material information relevant to that class.

Material Disclosures

- Reserve accounts and unrestricted cash position;
- Auditor remuneration;
- Related party disclosures;
- Contingent assets and liabilities;
- Capital and other commitments;
- Subsequent events;
- Financial risk management;
- Information required by legislation.

Risk as identified in the Audit Planning Summary

Risk disclosures as required are not included within the financial statements.

Key audit procedures performed

- Reviewed the appropriateness of the Shire's financial report preparation policies and procedures to ensure the financial report disclosure requirements are addressed adequately;

- Review of the Shire's unrestricted cash position, going concern assessment and cashflow forecast;
- Compared the Shire's financial report against the relevant class DLGSCI Model Financial Statements 2024/2025.

Conclusion

Our audit procedures indicated that appropriate and adequate disclosures have been made in the financial statements.

As at this date we are not aware of any significant post balance date events that need to be disclosed in the financial report, however we seek to reconfirm this position prior to signing the audit report.

4.1.6 Fraud risk and risk of management override

As management are involved in day-to-day operations and oversight of the Shire, they have the ability to manipulate accounting records and prepare fraudulent financial reports by overriding controls in place.

Key revenue generating activities

- Operating and Non-Operating Grants, Subsidies and Contributions;
- Rates;
- Fees and Charges; and
- Other revenue.

Risk as identified in the Audit Planning Summary

Override of controls could lead to potential fraud risk. This is always assessed as a significant risk.

Key audit procedures performed

- Sample tested journal entries recorded in the general ledger and adjustments based on data analytics to identify journal entries that exhibit characteristics of audit interest;
- Reviewed accounting estimates and application of accounting policies for evidence of bias or aggressive accounting practices; and
- Reviewed unusual, significant transactions and related party transactions.

Conclusion

Based on audit procedures performed, we are satisfied the risk of fraud from management override has been reduced to an acceptable level.

4.1.7 Review of internal controls, including IT general controls

The integrity of financial information relies on the integrity and reliability of the Shire's system of internal controls and its information technology environment. As part of our planned audit approach, we have evaluated the Shire's system of internal controls primarily to enable us to determine appropriate audit procedures.

Key audit procedures performed

High level information technology general control review, including review of system security, technology framework, access controls, change control, security measures and security training. This high level review does not constitute a comprehensive review.

We confirm our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not identify all weaknesses in systems and procedures which may exist. However, based on our review, we make comments and suggestions which, we hope, will be useful to the Shire.

4.2 Audit Findings

The following matters were identified during the audit:

Findings	Reported	Rating		
		Significant	Moderate	Minor
1. Key monthly reconciliations	Interim		✓	
2. Payroll and payment exceptions	Interim		✓	
3. General Journals	Interim		✓	
4. IT Strategic Plan	Interim		✓	
5. Disaster Recovery Plan not tested	Interim		✓	
6. Sensitive data is not encrypted	Interim		✓	
7. IT Risk Register	Interim		✓	
8. Cyber Security Response Plan	Interim		✓	
9. Rubbish Collection Contract	Interim		✓	
10. Financial Interest Register	Interim			✓
11. Fraud, Corruption and Misconduct Policy	Interim			✓
12. Cashflow management and LTFP review	Final	✓		
13. Inappropriate use of restricted funds	Final	✓		
14. Project expenditure not approved by Council	Final	✓		
15. Delegations Policy	Final	✓		
16. Audit Readiness	Final		✓	
17. Interim rate notice	Final			✓
18. Payroll leave reports	Final		✓	
19. General journals	Final		✓	
20. Debtors' reconciliation	Final		✓	
21. Rateable value reconciliation	Final		✓	
22. Donated fire trucks overvalued	Final		✓	

A management letter has been provided to management for comment and consideration.

The management letter for the previous period identified some findings to be actioned by the Shire.

Below is an update on the findings based on our follow up:

Finding	Reported	Rating	Update
1. Monthly bank reconciliation	Interim	Moderate	Resolved
2. Payment and payroll exceptions	Interim	Moderate	Unresolved
3. No Strategic IT Plan	Interim	Moderate	In progress
4. IT Disaster Recovery Plan not tested	Interim	Moderate	In progress

5. Non compliance - Annual electors meeting not held within 56 days - Threshold variance not adopted	Interim	Minor	Resolved
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4.3 Management Representations

OAG and AMD representation letters have been provided to management and a signed copy is to be returned to us prior to our submission of the financial deliverables to the OAG.

5. Audit Adjustments

Australian Auditing Standards require auditors to communicate adjusted and unadjusted audit differences (other than those determined to be clearly trivial) with those charged with governance.

There were no audit differences identified which were considered to be material and therefore required adjustment within financial records.

A summary of the immaterial uncorrected misstatements is listed below.

Account	Reported balance \$	Actual balance \$	Variance \$
Revenue			45,000
Plant & equipment			(45,000)
To correct the value of donated trucks overstated in revenue and, plant and equipment			

6. Audit and Accounting Matters

6.1 Accounting Policies

The 30 June 2025 financial report has been prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Australian Accounting Standards. Accounting policies are consistent with those applied in the financial report for the 30 June 2024 year.

We are not aware of any other material changes in accounting policies applied during the financial year.

Our audit procedures included a review of the accounting policies to ensure that they were consistently applied throughout the period.

6.2 Judgmental Matters and Estimations

The preparation of the financial report requires the use of management judgments and accounting estimates or assumptions, which affect the reported amounts of assets, liabilities, income and expenses, and disclosure of contingent assets and contingent liabilities. Certain estimates can be particularly sensitive because of their significance to the financial report and the possibility that actual future events affecting them may differ significantly from management's current assumptions and expectations.

Given the nature of the Shire's revenue, expenses, assets and liabilities - accounting for them is uncomplicated nor affected by contentious accounting practices.

Our assessment identified the following account balances are affected by management judgments or accounting estimates:

- Accounting for employee related provisions
- Depreciation rates of non-current assets
- Fair value of land and buildings and infrastructure assets

Where necessary we have remained skeptical and challenged the judgments of management based on our audit of the supporting documentation relating to those estimates. We are satisfied that the accounting estimates for the current financial period are reasonable. In our view a conservative approach has been adopted by management in applying judgments and in making estimates.

6.3 Adoption of changes to Accounting Standards

We have considered changes that have occurred in Australian Accounting Standards and other relevant parts of the regulatory framework as part of our audit. There are no significant changes that impacted on the accounting results and disclosure requirements of the Shire for the year ended 30 June 2025.

7. Financial Statements

The date Local Governments provide their financial statements for audit is recorded by the Auditor General's office for purposes of reporting to Parliament.

The date recorded for the receipt of your financial statements was 30 September 2025. The financial statements received on this date were deemed to be audit ready.

8. Other Matters

8.1 Materiality

Our audit applied materiality as required and the overall materiality was not required to be reassessed during the audit.

8.2 Non-Compliance with Laws and Regulations and Fraudulent Activity

In accordance with *ASA240 The Auditor's Responsibility Relating to Fraud in the Audit of a Financial Report*, when planning and performing audit procedures and evaluating the results, the auditor must consider the risk of material misstatement in the financial report as a result of fraud or error. Accordingly, various audit procedures were performed by way of enquiry, evaluation and review as required by ASA240.

We have made enquiries of management regarding the existence of fraud and/or non-compliance with laws and regulations. We have also reviewed the general ledger, general journals and minutes for evidence of fraud.

Based on representations obtained from management and the audit procedures performed, we are satisfied that the risk of fraud in relation to financial reporting and non-compliance with laws and regulations is low and we have not identified any reportable matters for your attention.

8.3 Contact with Management

We had no disagreements with management about significant audit, accounting or disclosures matters.

There were no difficulties encountered in liaising with management related the audit.

8.4 Independence and Conflict of Interest

We have assessed audit independence throughout the audit. We confirm to the best of our knowledge and belief, each engagement team member was independent and complied with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* that are relevant to the audit of the financial report in Australia.

AMD is not aware of any existing or potential relationship, transaction or holding that would compromise its objectivity in the conduct of the services provided. Should the possibility of a perceived or actual conflict arise the matter would be raised with the OAG immediately and activities suspended until the issue was resolved.

SHIRE OF WANDERING
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

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

Wandering is a community of responsible, resilient and adaptable residents thriving in our scenic, economically diverse environment.

Principal place of business:
22 Watts Street
WANDERING WA 6308

**SHIRE OF WANDERING
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

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

Statement by CEO

The accompanying financial report of the Shire of Wandering has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2025 and the financial position as at 30 June 2025.

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

Signed on the **12** day of **December** 2025



CEO

Dr Alistair Pinto
Name of CEO

SHIRE OF WANDERING
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 Actual \$	2025 Budget \$	2024 Actual \$
Revenue				
Rates	2(a),24	1,539,224	1,551,072	1,459,853
Grants, subsidies and contributions	2(a)	866,534	529,100	878,554
Fees and charges	2(a)	836,611	707,096	761,236
Interest revenue	2(a)	41,849	19,000	22,855
Other revenue	2(a)	235,936	507,798	185,968
		3,520,154	3,314,066	3,308,466
Expenses				
Employee costs	2(b)	(1,526,645)	(1,335,562)	(1,403,435)
Materials and contracts		(1,209,201)	(1,198,153)	(1,305,101)
Utility charges		(67,945)	(41,200)	(57,798)
Depreciation		(1,521,714)	(1,389,860)	(1,445,124)
Finance costs	2(b)	(16,443)	(28,294)	(11,787)
Insurance		(101,979)	(104,214)	(105,306)
Other expenditure	2(b)	(539,713)	(43,658)	(64,050)
		(4,983,640)	(4,140,941)	(4,392,601)
		(1,463,486)	(826,875)	(1,084,135)
Capital grants, subsidies and contributions	2(a)	2,069,023	2,067,614	1,627,749
Profit on asset disposals		74,224	92,215	0
Loss on asset disposals		(12,750)	(7)	0
Fair value adjustments to financial assets at fair value through profit or loss	4	(888)	0	421
		2,129,609	2,159,822	1,628,170
Net result for the period		666,123	1,332,947	544,035
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	784,561	0	0
Total other comprehensive income for the period	16	784,561	0	0
Total comprehensive income for the period		1,450,684	1,332,947	544,035

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

SHIRE OF WANDERING
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Note	2025 \$	2024 \$
CURRENT ASSETS			
Cash and cash equivalents	3	876,141	1,523,531
Trade and other receivables	5	93,810	108,572
Inventories	6	70,753	48,158
Other assets	7	407,296	161,210
TOTAL CURRENT ASSETS		1,448,000	1,841,471
NON-CURRENT ASSETS			
Trade and other receivables	5	22,828	16,766
Other financial assets	4	19,905	20,793
Inventories	6	145,291	166,300
Property, plant and equipment	8	9,006,192	7,539,204
Infrastructure	9	88,802,600	87,994,574
Right-of-use assets	11(a)	144,630	189,104
TOTAL NON-CURRENT ASSETS		98,141,446	95,926,741
TOTAL ASSETS		99,589,446	97,768,212
CURRENT LIABILITIES			
Trade and other payables	12	303,150	149,857
Contract liabilities	13	52,971	75,628
Capital grant/contributions liabilities	13	611,411	721,218
Lease liabilities	11(b)	43,751	41,456
Borrowings	14	34,853	6,336
Employee related provisions	15	231,100	196,435
TOTAL CURRENT LIABILITIES		1,277,236	1,190,930
NON-CURRENT LIABILITIES			
Lease liabilities	11(b)	107,501	151,252
Borrowings	14	378,154	64,636
Employee related provisions	15	49,724	35,247
TOTAL NON-CURRENT LIABILITIES		535,379	251,135
TOTAL LIABILITIES		1,812,615	1,442,065
NET ASSETS		97,776,831	96,326,147
EQUITY			
Retained surplus		22,633,556	21,610,923
Reserve accounts	27	275,290	631,800
Revaluation surplus	16	74,867,985	74,083,424
TOTAL EQUITY		97,776,831	96,326,147

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

SHIRE OF WANDERING
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	Note	Retained surplus	Reserve accounts	Revaluation surplus	Total equity
		\$	\$	\$	\$
Balance as at 1 July 2023		21,127,882	570,806	74,083,424	95,782,112
Comprehensive income for the period					
Net result for the period		544,035	0	0	544,035
Total comprehensive income for the period		544,035	0	0	544,035
Transfers from reserve accounts	27	50,000	(50,000)	0	0
Transfers to reserve accounts	27	(110,994)	110,994	0	0
Balance as at 30 June 2024		21,610,923	631,800	74,083,424	96,326,147
Comprehensive income for the period					
Net result for the period		666,123	0	0	666,123
Other comprehensive income for the period	16	0	0	784,561	784,561
Total comprehensive income for the period		666,123	0	784,561	1,450,684
Transfers from reserve accounts	27	370,000	(370,000)	0	0
Transfers to reserve accounts	27	(13,490)	13,490	0	0
Balance as at 30 June 2025		22,633,556	275,290	74,867,985	97,776,831

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

SHIRE OF WANDERING
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 Actual \$	2024 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		1,553,562	1,463,162
Grants, subsidies and contributions		828,904	1,057,363
Fees and charges		836,611	761,236
Interest revenue		41,849	22,855
Goods and services tax received		417,709	262,979
Other revenue		235,936	185,968
		3,914,571	3,753,563
Payments			
Employee costs		(1,471,160)	(1,337,193)
Materials and contracts		(1,332,026)	(1,601,172)
Utility charges		(67,945)	(57,798)
Finance costs		(16,443)	(10,981)
Insurance paid		(101,979)	(105,306)
Goods and services tax paid		(407,280)	(291,954)
Other expenditure		(104,687)	(64,050)
		(3,501,520)	(3,468,454)
Net cash provided by operating activities		413,051	285,109
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for inventories (Land held for resale)	6	(339,017)	0
Payments for purchase of property, plant & equipment	8(a)	(1,441,760)	(484,469)
Payments for construction of infrastructure	9(a)	(1,893,436)	(1,550,637)
Proceeds from capital grants, subsidies and contributions		1,959,216	1,971,459
Proceeds from sale of property, plant & equipment		353,977	0
Net cash (used in) investing activities		(1,361,020)	(63,647)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	26(a)	(7,965)	(4,570)
Payments for principal portion of lease liabilities	26(d)	(41,456)	(29,659)
Proceeds from new borrowings	26(a)	350,000	0
Net cash provided by (used in) financing activities		300,579	(34,229)
Net increase (decrease) in cash held		(647,390)	187,233
Cash at beginning of year		1,523,531	1,336,298
Cash and cash equivalents at the end of the year		876,141	1,523,531

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

SHIRE OF WANDERING
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 Actual \$	2025 Budget \$	2024 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	24	1,535,020	1,546,319	1,455,886
Rates excluding general rates	24	4,204	4,753	3,967
Grants, subsidies and contributions		866,534	529,100	878,554
Fees and charges		836,611	707,096	761,236
Interest revenue		41,849	19,000	22,855
Other revenue		235,936	507,798	185,968
Profit on asset disposals		74,224	92,215	0
Fair value adjustments to financial assets at fair value through profit or loss	4	(888)	0	421
		3,593,490	3,406,281	3,308,887
Expenditure from operating activities				
Employee costs		(1,526,645)	(1,335,562)	(1,403,435)
Materials and contracts		(1,209,201)	(1,198,153)	(1,305,101)
Utility charges		(67,945)	(41,200)	(57,798)
Depreciation		(1,521,714)	(1,389,860)	(1,445,124)
Finance costs		(16,443)	(28,294)	(11,787)
Insurance		(101,979)	(104,214)	(105,306)
Other expenditure		(539,713)	(43,658)	(64,050)
Loss on asset disposals		(12,750)	(7)	0
		(4,996,390)	(4,140,948)	(4,392,601)
Non-cash amounts excluded from operating activities	25(a)	1,905,061	1,302,771	1,441,676
Amount attributable to operating activities		502,161	568,104	357,962
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		2,069,023	2,067,614	1,627,749
Proceeds from disposal of assets		353,977	406,500	0
		2,423,000	2,474,114	1,627,749
Outflows from investing activities				
Right of use assets received - non cash		0	(440,000)	0
Right of use assets received - non cash	11(a)	0	0	(222,367)
Acquisition of inventories (Land held for resale)	6	(339,017)	0	0
Acquisition of property, plant and equipment	8(a)	(1,441,760)	(1,163,000)	(484,469)
Acquisition of infrastructure	9(a)	(1,893,436)	(2,181,617)	(1,550,637)
		(3,674,213)	(3,784,617)	(2,257,473)
Non-cash amounts excluded from investing activities	25(b)	0	0	222,367
Amount attributable to investing activities		(1,251,213)	(1,310,503)	(407,357)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	26(a)	350,000	350,000	0
Proceeds from new leases - non cash	26(d)	0	0	222,367
Transfers from reserve accounts	27	370,000	547,500	50,000
		720,000	897,500	272,367
Outflows from financing activities				
Repayment of borrowings	26(a)	(7,965)	(32,945)	(4,570)
Payments for principal portion of lease liabilities	26(d)	(41,456)	(41,456)	(29,659)
Transfers to reserve accounts	27	(13,490)	(504,700)	(110,994)
		(62,911)	(579,101)	(145,223)
Non-cash amounts excluded from financing activities	25(c)	0	0	(222,367)
Amount attributable to financing activities		657,089	318,399	(95,223)
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	25(d)	88,138	424,000	232,756
Amount attributable to operating activities		502,161	568,104	357,962
Amount attributable to investing activities		(1,251,213)	(1,310,503)	(407,357)
Amount attributable to financing activities		657,089	318,399	(95,223)
Surplus or deficit after imposition of general rates	25(d)	(3,825)	0	88,138

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

SHIRE OF WANDERING
FOR THE YEAR ENDED 30 JUNE 2025
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**SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

1. BASIS OF PREPARATION

The financial report of the Shire of Wandering which is a Class 4 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

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

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

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

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

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

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

Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and 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 amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

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

- Fair value measurement of assets carried at reportable value including:
 - Property, plant and equipment - note 8
 - Infrastructure - note 9
- Measurement of employee benefits - note 15

Fair value heirarchy information can be found in note 23

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.

Initial application of accounting standards

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

- AASB 2020-1 Amendments to Australian Accounting Standards
 - Classification of Liabilities as Current or Non-current
- AASB 2022-5 Amendments to Australian Accounting Standards
 - Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards
 - Non-current Liabilities with Covenants
- AASB 2023-3 Amendments to Australian Accounting Standards
 - Disclosure of Non-current Liabilities with Covenants: Tier 2
- AASB 2024-1 Amendments to Australian Accounting Standards
 - Supplier Finance Arrangements: Tier 2 Disclosures
- AASB 2023-1 Amendments to Australian Accounting Standards
 - Supplier Finance Arrangements

These amendments are not expected to have any material impact on the financial report on initial application.

- AASB 2022-10 Amendments to Australian Accounting Standards
 - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

These amendment may result in changes to the fair value of certain non-financial assets on revaluation. The impact has not been quantified as it is not considered practicable to determine the amount of the difference in fair value attributable to the change in the standard.

New accounting standards for application in future years

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

- AASB 2014-10 Amendments to Australian Accounting Standards
 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2024-4b Amendments to Australian Accounting Standards
 - Effective Date of Amendments to AASB 10 and AASB 128 [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- AASB 2022-9 Amendments to Australian Accounting Standards
 - Insurance Contracts in the Public Sector
- AASB 2023-5 Amendments to Australian Accounting Standards
 - Lack of Exchangeability
- AASB 18 (FP) Presentation and Disclosure in Financial Statements
 - (Appendix D) [for for-profit entities]
- AASB 18 (NFP/super) Presentation and Disclosure in Financial Statements
 - (Appendix D) [for not-for-profit and superannuation entities]
- AASB 2024-2 Amendments to Australian Accounting Standards
 - Classification and Measurement of Financial Instruments
- AASB 2024-3 Amendments to Australian Accounting Standards
 - Annual Improvements Volume 11

These amendments are not expected to have any material impact on the financial report on initial application.

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

Revenue category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/refunds/warranties	Timing of revenue recognition
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management, 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 and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - sale of stock	Fuel, post office agency and community resource	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Output method based on goods
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Output method based on provision of service or completion of works

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

Revenue recognition

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

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

For the year ended 30 June 2025

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	1,539,224	0	1,539,224
Grants, subsidies and contributions	225,419	0	0	641,115	866,534
Fees and charges	831,212	0	5,399	0	836,611
Interest revenue	0	0	7,026	34,823	41,849
Other revenue	196,450	0	0	39,486	235,936
Capital grants, subsidies and contributions	0	2,069,023	0	0	2,069,023
Total	1,253,081	2,069,023	1,551,649	715,424	5,589,177

For the year ended 30 June 2024

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	1,459,853	0	1,459,853
Grants, subsidies and contributions	98,356	0	0	780,198	878,554
Fees and charges	754,763	0	6,473	0	761,236
Interest revenue	0	0	9,613	13,242	22,855
Other revenue	163,184	0	0	22,784	185,968
Capital grants, subsidies and contributions	0	1,627,749	0	0	1,627,749
Total	1,016,303	1,627,749	1,475,939	816,224	4,936,215

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Note	2025 Actual \$	2024 Actual \$
Interest revenue		
Interest on reserve account	13,490	7,776
Trade and other receivables overdue interest	7,026	9,613
Other interest revenue	21,333	5,466
	41,849	22,855

The 2025 original budget estimate in relation to:
Trade and other receivables overdue interest was \$9,500.

Fees and charges relating to rates receivable

Charges on instalment plan	1,510	1,780
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The 2025 original budget estimate in relation to:
Charges on instalment plan was \$1,700.

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report	38,500	29,340
- Other services – grant acquittals	4,080	1,850
	42,580	31,190

Employee Costs

Employee benefit costs	1,200,167	1,131,631
Other employee costs	326,478	271,804
	1,526,645	1,403,435

Finance costs

Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	16,443	11,787
	16,443	11,787

Other expenditure

Write down of inventories to net realisable value	435,026	0
Sundry expenses	104,687	64,050
	539,713	64,050

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SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

3. CASH AND CASH EQUIVALENTS

Note	2025	2024
	\$	\$
Cash at bank and on hand	876,141	1,523,531
Total cash and cash equivalents	876,141	1,523,531
Held as		
- Unrestricted cash and cash equivalents *	(82,199)	86,968
- Restricted cash and cash equivalents	958,340	1,436,563
17	876,141	1,523,531

* The negative unrestricted cash and cash equivalents reflects the Shire's application of its restricted funds for operational purposes.

MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

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

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

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

4. OTHER FINANCIAL ASSETS

Note	2025	2024
	\$	\$
Non-current assets		
Financial assets at fair value through profit or loss	19,905	20,793
	19,905	20,793
Financial assets at fair value through profit or loss		
Units in Local Government House Trust - opening balance	20,793	20,372
Movement attributable to fair value increment	(888)	421
Units in Local Government House Trust - closing balance	19,905	20,793

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 26(a) as self supporting loans. Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

MATERIAL ACCOUNTING POLICIES

Financial assets at fair value through profit or loss

The Shire classifies the following financial assets at fair value through profit or loss:

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

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

5. TRADE AND OTHER RECEIVABLES

	Note	2025	2024
		\$	\$
Current			
Rates and statutory receivables		26,007	40,745
Trade receivables		32,358	11,188
GST receivable		18,546	28,975
Receivables for employee related provisions	15	16,899	27,664
		93,810	108,572
Non-current			
Rates and statutory receivables		6,875	5,381
Receivables for employee related provisions		15,953	11,385
		22,828	16,766

MATERIAL ACCOUNTING POLICIES

Rates and statutory receivables

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

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

Trade receivables

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

Measurement

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

Classification and subsequent measurement

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

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

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

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

6. INVENTORIES

	Note	2025	2024
Current		\$	\$
Fuel and materials		57,100	34,505
Gravel		13,653	13,653
		70,753	48,158
Non-current			
Land held for resale			
Cost of acquisition		145,291	80,000
Development costs		0	86,300
		145,291	166,300
The following movements in inventories occurred during the year:			
Balance at beginning of year		214,458	202,251
Inventories expensed during the year		(176,330)	(477,521)
Transfer from freehold land		75,000	0
Write down of inventories to net realisable value	2(b)	(435,026)	0
Additions to inventory		537,942	489,728
Balance at end of year		216,044	214,458

MATERIAL ACCOUNTING POLICIES

General

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

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

Land held for resale

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

Land held for resale (Continued)

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

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

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

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

7. OTHER ASSETS

	2025	2024
	\$	\$
Other assets - current		
Prepayments	33,578	31,730
Accrued income	17,904	4,333
Contract assets	355,814	125,147
	407,296	161,210

MATERIAL ACCOUNTING POLICIES

Other current assets

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

Contract assets

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

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in balances

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

	Assets not subject to operating lease		Assets subject to operating lease		Total property				Plant and equipment		Total property, plant and equipment	
	Note	Land	Buildings	Land	Buildings	Land	Buildings	Work in progress	Total property	Furniture and equipment		Plant and equipment
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2023		1,341,000	4,046,198	29,000	288,000	1,370,000	4,334,198	3,395	5,707,593	19,488	1,669,285	7,396,366
Additions		0	385,593	0	0	0	385,593	0	385,593	0	98,876	484,469
Depreciation		0	(83,951)	0	(6,000)	0	(89,951)	0	(89,951)	(5,012)	(246,668)	(341,631)
Transfers		0	3,395	0	0	0	3,395	(3,395)	0	0	0	0
Balance at 30 June 2024		1,341,000	4,351,235	29,000	282,000	1,370,000	4,633,235	0	6,003,235	14,476	1,521,493	7,539,204
Comprises:												
Gross balance amount at 30 June 2024		1,341,000	4,586,567	29,000	300,000	1,370,000	4,886,567	0	6,256,567	115,465	2,702,568	9,074,600
Accumulated depreciation at 30 June 2024		0	(235,332)	0	(18,000)	0	(253,332)	0	(253,332)	(100,989)	(1,181,075)	(1,535,396)
Balance at 30 June 2024	8(b)	1,341,000	4,351,235	29,000	282,000	1,370,000	4,633,235	0	6,003,235	14,476	1,521,493	7,539,204
Additions		0	45,859	0	0	0	45,859	432,713	478,572	29,546	933,642	1,441,760
Disposals		0	0	0	0	0	0	0	0	0	(292,503)	(292,503)
Revaluation increments / (decrements) transferred to revaluation surplus		648,200	71,361	26,000	39,000	674,200	110,361	0	784,561	0	0	784,561
Depreciation		0	(91,790)	0	(6,000)	0	(97,790)	0	(97,790)	(10,703)	(283,337)	(391,830)
Transfers		(75,000)	(15,595)	0	0	(75,000)	(15,595)	0	(90,595)	15,595	0	(75,000)
Balance at 30 June 2025		1,914,200	4,361,070	55,000	315,000	1,969,200	4,676,070	432,713	7,077,983	48,914	1,879,295	9,006,192
Comprises:												
Gross balance amount at 30 June 2025		1,914,200	4,361,070	55,000	315,000	1,969,200	4,676,070	432,713	7,077,983	160,605	3,164,222	10,402,810
Accumulated depreciation at 30 June 2025		0	0	0	0	0	0	0	0	(111,691)	(1,284,927)	(1,396,618)
Balance at 30 June 2025	8(b)	1,914,200	4,361,070	55,000	315,000	1,969,200	4,676,070	432,713	7,077,983	48,914	1,879,295	9,006,192

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying amount measurements

Asset class	Note	Carrying amount 2025 \$	Carrying amount 2024 \$	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair value - as determined at the last valuation date								
Land and buildings								
Land - market value		1,969,200	1,370,000	Level 2	Market cost	Independent valuation	June 2025	Unobservable inputs for assets and liabilities
Land - subject to usage restrictions		0	0	Level 2	Market cost	Independent valuation	June 2025	Unobservable inputs for assets and liabilities
Total land	8(a)	1,969,200	1,370,000					
Buildings - non specialised		1,353,000	1,259,600	Level 2	Market cost	Independent valuation	June 2025	Unobservable inputs for assets and liabilities
Buildings - specialised		3,323,070	3,373,635	Level 3	Replacement cost	Independent valuation	June 2025	Unobservable inputs for assets and liabilities
Total buildings	8(a)	4,676,070	4,633,235					

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 land at market value of buildings using either level 2 or level 3 inputs. The valuation techniques applied to property subject to lease was the same as that applied to property not subject to lease.

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

9. INFRASTRUCTURE

(a) Movements in balances

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

	Infrastructure - roads	Infrastructure - bridges	Infrastructure - drainage	Infrastructure - footpaths	Infrastructure - recreation	Infrastructure - other	Total infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2023	59,944,132	23,445,440	2,167,130	290,130	1,096,692	570,643	87,514,167
Additions	1,487,474	0	0	63,163	0	0	1,550,637
Depreciation	(546,897)	(382,763)	(59,444)	(6,203)	(52,808)	(22,115)	(1,070,230)
Transfers	(106,691)	54,917	51,774	0	0	0	0
Balance at 30 June 2024	60,778,018	23,117,594	2,159,460	347,090	1,043,884	548,528	87,994,574
Comprises:							
Gross balance at 30 June 2024	74,739,037	31,688,250	4,510,171	550,251	1,755,900	725,148	113,968,757
Accumulated depreciation at 30 June 2024	(13,961,019)	(8,570,656)	(2,350,711)	(203,161)	(712,016)	(176,620)	(25,974,183)
Balance at 30 June 2024	60,778,018	23,117,594	2,159,460	347,090	1,043,884	548,528	87,994,574
Additions	1,859,786	0	0	33,650	0	0	1,893,436
Depreciation	(559,918)	(383,428)	(60,134)	(7,008)	(52,808)	(22,114)	(1,085,410)
Balance at 30 June 2025	62,077,886	22,734,166	2,099,326	373,732	991,076	526,414	88,802,600
Comprises:							
Gross balance at 30 June 2025	76,598,823	31,688,250	4,510,171	583,901	1,755,900	725,149	115,862,194
Accumulated depreciation at 30 June 2025	(14,520,937)	(8,954,084)	(2,410,845)	(210,169)	(764,824)	(198,735)	(27,059,594)
Balance at 30 June 2025	62,077,886	22,734,166	2,099,326	373,732	991,076	526,414	88,802,600

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

9. INFRASTRUCTURE (Continued)

(b) Carrying amount measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair value - as determined at the last valuation date					
Infrastructure - roads	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessment inputs
Infrastructure - bridges	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessment inputs
Infrastructure - drainage	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessment inputs
Infrastructure - footpaths	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessment inputs
Infrastructure - recreation	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Unobservable inputs for assets and liabilities
Infrastructure - other	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Unobservable inputs for assets and liabilities

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 WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

10. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

Asset class	Useful life
Buildings	40 to 50 years
Furniture and equipment	3 to 10 years
Plant and equipment	3 to 10 years
Sealed roads and streets	
formation	not depreciated
pavement	20-50 years
seal	
- bituminous seals	15-20 years
- asphalt surfaces	15-25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	50 years
Landfill assets	4 to 50 years
Bridges	4 to 50 years
Recreation assets	4 to 50 years
Other infrastructure assets	4 to 50 years
Right-of-use (plant and equipment)	5 years

**SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

10. FIXED ASSETS (Continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

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

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

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

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

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

Measurement after recognition

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

Reportable value

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

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

Revaluation

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

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

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

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

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

Depreciation

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

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

Depreciation on revaluation

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

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

Impairment

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

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

Gains or losses on disposal

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

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

11. LEASES

(a) Right-of-use assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

Note	Right-of-use assets - plant and equipment	Total right-of-use assets
	\$	\$
Balance at 1 July 2023	0	0
Additions	222,367	222,367
Depreciation	(33,263)	(33,263)
Balance at 30 June 2024	189,104	189,104
Gross balance amount at 30 June 2024	222,367	222,367
Accumulated depreciation at 30 June 2024	(33,263)	(33,263)
Balance at 30 June 2024	189,104	189,104
Depreciation	(44,474)	(44,474)
Balance at 30 June 2025	144,630	144,630
Gross balance amount at 30 June 2025	222,367	222,367
Accumulated depreciation at 30 June 2025	(77,737)	(77,737)
Balance at 30 June 2025	144,630	144,630

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

	2025 Actual	2024 Actual
	\$	\$
	0	
Depreciation on right-of-use assets	(44,474)	(33,263)
Finance charge on lease liabilities	(9,390)	(8,476)
Total amount recognised in the statement of comprehensive income	(53,864)	(41,739)
Total cash outflow from leases	(50,846)	(38,135)
	43,751	41,456
	107,501	151,252
Total	151,252	192,708

(b) Lease liabilities

Current
Non-current

The Shire has one lease relating to plant and equipment. The lease has a term of 5 years.

Secured liabilities and assets pledged as security

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

MATERIAL ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - measurement

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

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

Right-of-use assets - depreciation

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

**SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

11. LEASES (Continued)

(c) Lessor - property, plant and equipment subject to lease

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

Less than 1 year

1 to 2 years

2025 Actual	2024 Actual
\$	\$
17,980	32,240
0	17,980
17,980	50,220
32,240	32,860

Amounts recognised in profit or loss for property, plant and equipment subject to lease

Rental income

The Shire leases one house to the Housing Authority with rental payable weekly. This lease is classified as an operating lease as it does not transfer substantially all of the risks and rewards incidental to the ownership of the asset. The house is not considered investment property as it is leased for use in the supply of services to the community.

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 lease, the Shire typically enters into a new operating lease and therefore will not immediately realise any reduction in residual value at the end of this lease. Expectations about the future residual values are reflected in the fair value of the property.

MATERIAL ACCOUNTING POLICIES

The Shire as lessor

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

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

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

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

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued payroll liabilities
 ATO liabilities
 Bonds and deposits held
 Accrued interest
 Accrued expenditure

2025	2024
\$	\$
3,261	880
16,770	15,676
52,612	47,525
29,162	27,906
7,685	7,917
4,048	806
189,612	49,147
303,150	149,857

MATERIAL ACCOUNTING POLICIES

Financial liabilities

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

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

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

Statutory liabilities

Statutory liabilities, are amounts owed to regulatory authorities due to statutory obligations such as FBT and PAYG. GST payable is offset against GST receivable and any net GST payable is included as a statutory liability.

Trade and other payables

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

Prepaid rates

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

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

13. OTHER LIABILITIES

Current

Contract liabilities

Capital grant/contributions liabilities

Reconciliation of changes in contract liabilities

Opening balance

Additions

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

The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$42,479 (2024: \$75,628)

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

Reconciliation of changes in capital grant/contribution liabilities

Opening balance

Additions

Revenue from capital grant/contributions held as a liability at the start of the period

Expected satisfaction of capital grant/contribution liabilities

Less than 1 year

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.

	2025	2024
	\$	\$
Contract liabilities	52,971	75,628
Capital grant/contributions liabilities	611,411	721,218
	664,382	796,846
Reconciliation of changes in contract liabilities		
Opening balance	75,628	47,592
Additions	52,971	75,628
Revenue from contracts with customers included as a contract liability at the start of the period	(75,628)	(47,592)
	52,971	75,628
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	721,218	377,508
Additions	611,411	721,218
Revenue from capital grant/contributions held as a liability at the start of the period	(721,218)	(377,508)
	611,411	721,218
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	611,411	721,218
	611,411	721,218

MATERIAL ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

14. BORROWINGS

	Note	2025			2024		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		34,853	378,154	413,007	6,336	64,636	70,972
Total secured borrowings	26(a)	34,853	378,154	413,007	6,336	64,636	70,972

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Wandering. Other loans relate to transferred receivables. Refer to Note 5.

The Shire of Wandering has complied with the financial covenants of its borrowing facilities during the 2025 and 2024 years.

MATERIAL ACCOUNTING POLICIES

Borrowing costs

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

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

Risk

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

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

15. EMPLOYEE RELATED PROVISIONS

Employee related provisions

Current provisions

Employee benefit provisions

Annual leave

Long service leave

Employee related other provisions

Employment on-costs

Total current employee related provisions

Non-current provisions

Employee benefit provisions

Long service leave

Employee related other provisions

Employment on-costs

Total non-current employee related provisions

Total employee related provisions

	2025	2024
	\$	\$
Annual leave	105,968	87,001
Long service leave	95,989	82,598
	201,957	169,599
Employment on-costs	29,143	26,836
	29,143	26,836
Total current employee related provisions	231,100	196,435
Long service leave	43,789	30,534
	43,789	30,534
Employment on-costs	5,935	4,713
	5,935	4,713
Total non-current employee related provisions	49,724	35,247
Total employee related provisions	280,824	231,682

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.

MATERIAL ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

16. REVALUATION SURPLUS

	2025 Opening balance	Total Movement on revaluation	2025 Closing balance	2024 Opening balance	Total Movement on revaluation	2024 Closing balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - PPE & Other	3,499,207	784,561	4,283,768	3,499,207	0	3,499,207
Revaluation surplus - Infrastructure	70,584,217	0	70,584,217	70,584,217	0	70,584,217
	74,083,424	784,561	74,867,985	74,083,424	0	74,083,424

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

17. RESTRICTIONS OVER FINANCIAL ASSETS

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	958,340	1,436,563
		958,340	1,436,563

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

Restricted reserve accounts	27	275,290	631,800
Contract liabilities	13	52,971	75,628
Capital grant liabilities	13	611,411	721,218
Bonds and deposits held	12	7,685	7,917
Unspent loans	26(c)	10,983	0
Total restricted financial assets		958,340	1,436,563

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

Credit standby arrangements

Bank overdraft limit	300,000	0
Bank overdraft at balance date	0	0
Credit card limit	5,000	5,000
Credit card balance at balance date	0	(849)
Total amount of credit unused	305,000	4,151

Loan facilities

Loan facilities - current	34,853	6,336
Loan facilities - non-current	378,154	64,636
Total facilities in use at balance date	413,007	70,972

Unused loan facilities at balance date	10,983	0
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**SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

19. CONTINGENT LIABILITIES

The Shire has no contingent liabilities.

20. CAPITAL COMMITMENTS

The Shire had no capital commitments to report at the end of the reporting or at the end of the prior reporting period.

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

21. RELATED PARTY TRANSACTIONS

(a) Council member remuneration

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

Note	2025 Actual \$	2025 Budget \$	2024 Actual \$
President's annual allowance	6,270	6,270	6,270
President's meeting attendance fees	3,560	3,884	3,112
President's annual allowance for ICT expenses	1,090	1,100	1,090
President's travel and accommodation expenses	0	214	0
	10,920	11,468	10,472
Deputy President's annual allowance	1,000	1,000	500
Deputy President's meeting attendance fees	4,440	3,884	3,735
Deputy President's annual allowance for ICT expenses	1,090	1,100	1,181
Deputy President's travel and accommodation expenses	7,154	215	2,638
	13,684	6,199	8,054
All other council member's meeting attendance fees	18,541	19,420	14,935
All other council member's annual allowance for ICT expenses	5,450	5,500	5,087
All other council member's travel and accommodation expenses	3,630	1,071	526
	27,621	25,991	20,548
21(b)	52,225	43,658	39,074

(b) Key management personnel (KMP) compensation

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

Short-term employee benefits	551,568	493,817
Post-employment benefits	70,385	62,996
Employee - other long-term benefits	11,854	10,348
Employee - termination benefits	13,113	0
Council member costs	52,225	39,074
21(a)	699,145	606,235

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

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

Council member costs

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

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

21. RELATED PARTY TRANSACTIONS (Continued)

(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:

	2025 Actual	2024 Actual
	\$	\$
Sale of goods and services	1,027	0
Purchase of goods and services	760	0
Amounts outstanding from related parties:		
Trade and other receivables	18	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 Shire, directly or indirectly, including any council member, are considered key management personnel.

During the previous year, a company controlled by a related party of a council member, was awarded a contract under the selective tender process on terms and conditions equivalent for those that prevail in arm's length transactions under the Shire's procurement process.

The contract involved roadworks in the Shire, and amounted to \$265,941 in the current year (\$369,871 in the prior year).

Short-term employee benefits related to an associate person of the CEO who was employed by the Shire under normal employment terms and conditions.

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

iii. Entities subject to significant influence by the Shire

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

**SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

22. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire is not aware of any material events occurring after the end of the reporting period that may impact these financial statements.

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

23. OTHER MATERIAL ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

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

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

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

24. RATING INFORMATION

(a) General rates

RATE TYPE		Rate in \$	Number of properties	2024/25 Actual rateable value*	2024/25 Actual rate revenue	2024/25 Actual interim rates	2024/25 Actual total revenue	2024/25 Budget rate revenue	2024/25 Budget interim rate	2024/25 Budget total revenue	2023/24 Actual total revenue
Rate description	Basis of valuation										
GRV Residential	Gross rental valuations	0.133250	34	406,640	54,185	0	54,185	54,185	0	54,185	81,460
GRV Special Use	Gross rental valuations	0.133250	2	127,920	17,045	0	17,045	17,045	0	17,045	20,787
GRV Rural Residential	Gross rental valuations	0.133250	56	759,210	101,165	203	101,368	101,165	0	101,165	83,692
GRV Industrial	Gross rental valuations	0.133250	2	35,360	4,712	0	4,712	4,712	0	4,712	4,088
UV Rural, Rural Residential and Mining	Unimproved valuation	0.004484	131	256,128,000	1,148,478	0	1,148,478	1,148,478	0	1,148,478	1,086,131
Total general rates			225	257,457,130	1,325,585	203	1,325,788	1,325,585	0	1,325,585	1,276,158
Minimum payment											
		\$									
GRV Residential	Gross rental valuations	1,391	46	247,768	63,986	0	63,986	63,986	0	63,986	38,048
GRV Special Use	Gross rental valuations	1,391	2	14,133	2,782	0	2,782	2,782	0	2,782	1,312
GRV Rural Residential	Gross rental valuations	1,391	46	204,464	63,986	0	63,986	63,986	0	63,986	64,288
GRV Industrial	Gross rental valuations	1,391	0	0	0	0	0	0	0	0	0
UV Rural, Rural Residential and Mining	Unimproved valuation	1,391	96	16,286,520	133,536	1,083	134,619	133,536	0	133,536	124,310
Total minimum payments			190	16,752,885	264,290	1,083	265,373	264,290	0	264,290	227,958
Total general rates and minimum payments			415	274,210,015	1,589,875	1,286	1,591,161	1,589,875	0	1,589,875	1,504,116
Ex-gratia rates											
CBH Receival Bin	Tonnage	0.118100		35,600	4,204		4,204	4,753	0	4,753	3,967
Total amount raised from rates (excluding general rates)			0	35,600	4,204	0	4,204	4,753	0	4,753	3,967
Discounts							(56,072)			(43,556)	(47,808)
Rates written off							(69)			0	(422)
Total rates							1,539,224			1,551,072	1,459,853
(b) Rates related information											
Rates instalment interest							2,014			3,000	3,062
Rates instalment plan charges							1,510			1,700	1,780
Rates overdue interest							5,012			6,500	6,551

*Rateable Value at time of raising of rate.

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

25. DETERMINATION OF SURPLUS OR DEFICIT

	Note	2024/25 (30 June 2025 carried forward) \$	2024/25 Budget (30 June 2025 carried forward) \$	2023/24 (30 June 2024 carried forward) \$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals		(74,224)	(92,215)	0
Less: Movement in liabilities associated with restricted cash		492	5,119	5,240
Less: Fair value adjustments to financial assets at fair value through profit or loss		888	0	(421)
Add: Loss on disposal of assets		12,750	7	0
Add: Impairment of Land Held for Resale	6	435,026	0	0
Add: Depreciation	10(a)	1,521,714	1,389,860	1,445,124
Non-cash movements in non-current assets and liabilities:				
Pensioner deferred rates		(1,494)	0	(1,410)
Receivable - employee related provision		(4,568)	0	(7,445)
Employee benefit provisions		14,477	0	588
Non-cash amounts excluded from operating activities		1,905,061	1,302,771	1,441,676
(b) Non-cash amounts excluded from investing activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to investing activities				
Right of use assets received - non cash	11(a)	0	0	222,367
Non-cash amounts excluded from investing activities		0	0	222,367
(c) Non-cash amounts excluded from financing activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to financing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to financing activities				
Non cash proceeds from new leases	26(d)	0	0	(222,367)
Non-cash amounts excluded from financing activities		0	0	(222,367)
(d) Surplus or deficit after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	27	(275,290)	(580,079)	(631,800)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14	34,853	0	6,336
- Current portion of lease liabilities	11(b)	43,751	0	41,456
- Employee benefit provisions		22,097	21,704	21,605
Total adjustments to net current assets		(174,589)	(558,375)	(562,403)
Net current assets used in the Statement of financial activity				
Total current assets		1,448,000	1,133,385	1,841,471
Less: Total current liabilities		(1,277,236)	(575,010)	(1,190,930)
Less: Total adjustments to net current assets		(174,589)	(558,375)	(562,403)
Surplus or deficit after imposition of general rates		(3,825)	0	88,138

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

26. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual							Budget			
		Principal at 1 July 2023	New loans during 2023-24	Principal repayments during 2023-24	Principal at 30 June 2024	New loans during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025	Principal at 1 July 2024	New loans during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Industrial Estate Development	14	75,542	0	(4,570)	70,972	0	(7,965)	63,007	70,972	0	(4,570)	66,402
Industrial Estate Development	14	0	0	0	0	350,000	0	350,000	0	350,000	(28,375)	321,625
Total		75,542	0	(4,570)	70,972	350,000	(7,965)	413,007	70,972	350,000	(32,945)	388,027

Borrowing finance cost payments

Purpose	Loan number	Institution	Interest rate	Date final payment is due	Actual for year ending 30 June 2025	Budget for year ending 30 June 2025	Actual for year ending 30 June 2024
					\$	\$	\$
Industrial Estate Development	10	WATC*	4.4949%	30/06/2033	(3,012)	(3,302)	(3,302)
Industrial Estate Development	11	WATC*	4.6949%	2/04/2035	(4,041)	(15,602)	0
Total					(7,053)	(18,904)	(3,302)
Total finance cost payments					(7,053)	(18,904)	(3,302)

* WA Treasury Corporation

SHIRE OF WANDERING
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FOR THE YEAR ENDED 30 JUNE 2025

26. BORROWING AND LEASE LIABILITIES (Continued)

(b) New borrowings - 2024/25

Particulars/purpose	Institution	Loan type	Term years	Interest rate %	Amount borrowed		Amount (used)		Total interest and charges	Actual balance unspent
					2025 Actual	2025 Budget	2025 Actual	2025 Budget		
					\$	\$	\$	\$	\$	\$
Industrial Estate Development	WATC*	Debenture	10	4.6949%	350,000	350,000	(339,017)	0	92,585	10,983
					350,000	350,000	(339,017)	0	92,585	10,983

* WA Treasury Corporation

(c) Unspent borrowings

Particulars	Institution	Date Borrowed	Unspent balance 1 July 2024	Borrowed during 2024-25	Expended during 2024-25	Unspent balance 30 June 2025
			\$	\$	\$	\$
Industrial Estate Development	WATC*	2/04/2025	0	350,000	(339,017)	10,983
			0	350,000	(339,017)	10,983

* WA Treasury Corporation

(d) Lease liabilities

Purpose	Note	Actual							Budget			
		Principal at	New leases	Principal	Principal at 30	New leases	Principal	Principal at 30	Principal at 1	New leases	Principal	Principal at
		1 July 2023	during 2023-24	repayments	June 2024	during 2024-25	repayments	June 2025	July 2024	during 2024-25	repayments	30 June 2025
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
JCB Excavator		0	222,367	(29,659)	192,708	0	(41,456)	151,252	192,709	0	(41,456)	151,253
Total lease liabilities	11(b)	0	222,367	(29,659)	192,708	0	(41,456)	151,252	192,709	0	(41,456)	151,253

Lease finance cost payments

Purpose	Lease number	Institution	Interest rate	Date final payment is due	Actual for year ending 30 June 2025	Budget for year ending 30 June 2025	Actual for year ending 30 June 2024	Lease term
					\$	\$	\$	
JCB Excavator	1	Construction Equipment Australia	5.40%	11/09/2028	(9,390)	(9,390)	(8,476)	5 years
Total finance cost payments					(9,390)	(9,390)	(8,476)	

SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

27. RESERVE ACCOUNTS

	2025 Actual opening balance	2025 Actual transfer to	2025 Actual transfer (from)	2025 Actual closing balance	2025 Budget opening balance	2025 Budget transfer to	2025 Budget transfer (from)	2025 Budget closing balance	2024 Actual opening balance	2024 Actual transfer to	2024 Actual transfer (from)	2024 Actual closing balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Leave reserve	21,604	493	0	22,097	16,583	5,120	0	21,703	16,364	5,240	0	21,604
(b) Office equipment reserve	40,927	933	(25,000)	16,860	40,873	5,295	(25,000)	21,168	40,336	591	0	40,927
(c) Land & building reserve	256,874	5,855	(175,000)	87,729	256,538	6,853	0	263,391	253,165	3,709	0	256,874
(d) Plant replacement reserve	169,792	3,870	(170,000)	3,662	182,395	470,518	(522,500)	130,413	135,589	84,203	(50,000)	169,792
(e) Fuel facility reserve	102,603	2,339	0	104,942	86,490	16,625	0	103,115	85,352	17,251	0	102,603
(f) WSFN funding reserve	40,000	0	0	40,000	40,000	289	0	40,289	40,000	0	0	40,000
	631,800	13,490	(370,000)	275,290	622,879	504,700	(547,500)	580,079	570,806	110,994	(50,000)	631,800

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

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

Name of reserve account	Purpose of the reserve account
Restricted by council	
(a) Leave reserve	For the payment of long service leave
(b) Office equipment reserve	For the replacement of office equipment
(c) Land & building reserve	For the purchase of land and buildings, and major repairs/upgrading of existing buildings
(d) Plant replacement reserve	For the purchase and replacement of plant and equipment
(e) Fuel facility reserve	For the renewal or replacement of fuel facility equipment
(f) WSFN funding reserve	To assist in financing Councils contribution to Western Secondary Freight Network Works Program

4.2 2025-2026 Shire of Wandering Financial Action Plan

File Reference:	04.041.04109
Location:	N/A
Applicant:	N/A
Author:	Dr Alistair Pinto, Chief Executive Officer
Authorising Officer	Dr Alistair Pinto, Chief Executive Officer
Date:	12 December 2025
Disclosure of Interest:	Nil
Attachments:	2025-2026 Shire of Wandering Financial Action Plan
Previous Reference:	N/A

Summary:

For the committee to review and accept the 2025-2026 Shire of Wandering Financial Action Plan, based on the Annual Financial Statements and the Auditors Report for the year ended 30th June 2025.

Background:

The Shire's Auditors – AMD Accountants and the Office of the Auditor General, have audited the 2024/25 Annual Financial Statements and have provided an Independent Auditors Report as required under the relevant provisions of the Local Government Act (1995) as amended.

Comment:

There are four significant, six moderate and one minor finding as a result of the 2024-2025 financial year end audit as identified in the attached management letter.

In response the ARIC will develop and adopt a Financial Action Plan to guide Council in safeguarding the Shire's financial health.

Consultation:

Chief Executive Officer

Statutory Environment:

Local Government Act (1995) Section 7.12(A)

Local Government (Audit) Regulations 1996 Regulation 16

Local Government (Financial Management) Regulations 1996

Policy Implications:

Nil.

Financial Implications:

Nil

Strategic Implications:

Improve our Financial Position

Our Goals	Our Strategies
The Wandering Shire is financially sustainable	<ul style="list-style-type: none"> • Improve accountability and transparency. • Develop an investment strategy that plans for the future and provides cash backed reserves to meet operational needs. • Prudently manage our financial resources to ensure value for money. • Reduce reliance on operational grants.

Sustainability Implications:

- Environmental: There are no known significant environmental considerations.
- Economic: There are no known significant economic considerations.
- Social: There are no known significant social considerations.

Risk Implications:

Proactive management of key findings outlined in the management letter is crucial for the Shire's financial risk control.

Voting Requirements:

Absolute Majority

031225 Moved: Cr Price Seconded: Cr Thompson

Officer Recommendation and Council Decision:

That the Audit Risk and Improvement Committee accepts and recommends Council adopts the 2025-2026 Shire of Wandering Financial Action Plan.

Carried by Absolute Majority 3/0

For: Cr Little, Cr Price, Cr Thompson

Against: Nil

5. Closure of Meeting

The Presiding Member declared the meeting closed at 1.12pm.

2025-2026 Shire of Wandering Financial Action Plan					
FINDING	RATING	ACTION	RESPONSIBLE OFFICER	TIMELINE	COMMENTS
1. Cashflow management and LTFP review	Significant	Monthly cashflow monitoring	Chief Executive Officer	Feb-26	
		LTFP review			
2. Inappropriate use of restricted funds	Significant	The Shire will review its financial management policies, delegation register and other related governance processes as part of an overall financial health check this financial year.	Chief Executive Officer	Mar-26	
3. Project expenditure not approved by Council	Significant	The Shire will review its financial management policies, delegation register and other related governance processes as part of an overall financial health check this financial year.	Chief Executive Officer	Mar-26	
4. Delegations Policy	Significant	Review and update Delegations Register	Chief Executive Officer	Mar-26	
5. Audit readiness	Moderate	Recruit and train finance personnel to ensure audit-related financial obligations are met.	Finance Officer	Feb-26	
		Finance position descriptions to be revised to incorporate audit preparedness and support as key responsibilities for officers in these roles.			
6. Interim rate notice	Minor	Document the interim rating process and identify appropriate controls.	Revenue Officer	Mar-26	
7. Payroll leave reports	Moderate	Undertake a complete leave balances audit of all current Shire employees.	Finance Officer	Mar-26	
		Internal governance relating to staff leave approvals and documentation to be reviewed.			
8. General journal	Moderate	Governance processes for general ledger management to be reviewed and strengthened	Finance Officer	Feb-26	
9. Debtors' reconciliation	Moderate	Review and strengthen governance processes for	Revenue Officer	Feb-26	
10. Rateable value reconciliation	Moderate	Document the rateable value reconciliations process and identify appropriate controls.	Revenue Officer	Apr-26	
11. Donated fire trucks overvalued	Moderate	Undertake an independent valuation for donated assets	Chief Executive Officer	Feb-26	