



# ATTACHMENTS

Audit Risk and Improvement Committee Meeting



Meeting to be held in Council Chambers at  
15 Maddock Street, Mukinbudin  
Commencing at 1.00pm Tuesday 16th December 2025

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

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

*The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life.*

Principal place of business:  
15 Maddock Street  
Mukinbudin WA 6479

**SHIRE OF MUKINBUDIN  
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 Mukinbudin 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 11th day of November 2025



CEO

Tanika McLennan

Name of CEO



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

	<b>Note</b>	<b>2025 Actual</b>	<b>2025 Budget</b>	<b>2024 Actual</b>
<b>Revenue</b>		\$	\$	\$
Rates	2(a),25	1,655,539	1,656,191	1,608,266
Grants, subsidies and contributions	2(a)	1,761,075	711,771	2,180,327
Fees and charges	2(a)	915,448	800,483	817,095
Interest revenue	2(a)	129,553	105,186	111,049
Other revenue	2(a)	145,820	66,690	98,388
		4,607,435	3,340,321	4,815,125
<b>Expenses</b>				
Employee costs	2(b)	(1,721,572)	(1,407,330)	(1,596,249)
Materials and contracts		(1,413,122)	(1,679,800)	(1,247,359)
Utility charges		(228,321)	(247,509)	(225,643)
Depreciation		(2,358,209)	(2,285,167)	(2,262,496)
Finance costs	2(b)	(34,396)	(33,727)	(27,364)
Insurance		(164,142)	(167,786)	(162,920)
Other expenditure	2(b)	(82,756)	(113,534)	(88,673)
		(6,002,518)	(5,934,853)	(5,610,704)
		(1,395,083)	(2,594,532)	(795,579)
Capital grants, subsidies and contributions	2(a)	3,538,743	4,052,956	949,113
Profit on asset disposals		27,828	14,000	15,559
Loss on asset disposals		(20,308)	0	(27,918)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	(2,663)	0	1,261
		3,543,600	4,066,956	938,015
<b>Net result for the period</b>		<b>2,148,517</b>	<b>1,472,424</b>	<b>142,436</b>
<b>Total comprehensive income for the period</b>		<b>2,148,517</b>	<b>1,472,424</b>	<b>142,436</b>

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



**SHIRE OF MUKINBUDIN**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2025**

	<b>Note</b>	<b>2025</b>	<b>2024</b>
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	3,011,626	2,814,899
Trade and other receivables	5	20,545	135,690
Other financial assets	4(a)	0	1,211,395
Inventories	6	51,767	304
Other assets	7	286,055	88,571
<b>TOTAL CURRENT ASSETS</b>		<b>3,369,993</b>	<b>4,250,859</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	5	3,375	2,614
Other financial assets	4(b)	59,715	62,378
Inventories	6	243,937	243,937
Property, plant and equipment	8	16,208,301	15,418,119
Infrastructure	9	74,282,105	<u>72,494,439</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>90,797,433</b>	<b>88,221,487</b>
<b>TOTAL ASSETS</b>		<b>94,167,426</b>	<b>92,472,346</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	320,063	288,783
Contract liabilities	13	19,439	62,088
Capital grant/contributions liabilities	13	53,630	286,722
Borrowings	14	121,633	118,331
Employee related provisions	15	183,068	<u>258,082</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b>697,833</b>	<b>1,014,006</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14	871,544	993,177
Employee related provisions	15	11,612	<u>27,243</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>883,156</b>	<b>1,020,420</b>
<b>TOTAL LIABILITIES</b>		<b>1,580,989</b>	<b>2,034,426</b>
<b>NET ASSETS</b>		<b>92,586,437</b>	<b>90,437,920</b>
<b>EQUITY</b>			
Retained surplus		48,475,345	46,843,899
Reserve accounts	28	1,956,976	1,439,905
Revaluation surplus	16	42,154,116	42,154,116
<b>TOTAL EQUITY</b>		<b>92,586,437</b>	<b>90,437,920</b>

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



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

	Note	Retained surplus	Reserve accounts	Revaluation surplus	Total equity
		\$	\$	\$	\$
<b>Balance as at 1 July 2023</b>		<b>46,862,109</b>	<b>1,279,259</b>	<b>42,154,116</b>	<b>90,295,484</b>
Comprehensive income for the period					
Net result for the period		142,436	0	0	142,436
Total comprehensive income for the period		<u>142,436</u>	<u>0</u>	<u>0</u>	<u>142,436</u>
Transfers from reserve accounts	28	189,957	(189,957)	0	0
Transfers to reserve accounts	28	(350,603)	350,603	0	0
<b>Balance as at 30 June 2024</b>		<b>46,843,899</b>	<b>1,439,905</b>	<b>42,154,116</b>	<b>90,437,920</b>
Comprehensive income for the period					
Net result for the period		2,148,517	0	0	2,148,517
Total comprehensive income for the period		<u>2,148,517</u>	<u>0</u>	<u>0</u>	<u>2,148,517</u>
Transfers to reserve accounts	28	(517,071)	517,071	0	0
<b>Balance as at 30 June 2025</b>		<b>48,475,345</b>	<b>1,956,976</b>	<b>42,154,116</b>	<b>92,586,437</b>

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



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

	Note	2025 Actual	2024 Actual
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Rates		1,671,480	1,601,640
Grants, subsidies and contributions		1,805,914	2,104,385
Fees and charges		916,409	813,758
Interest revenue		129,553	111,049
Goods and services tax received		574,740	364,561
Other revenue		145,820	98,388
		5,243,916	5,093,781
<b>Payments</b>			
Employee costs		(1,812,408)	(1,561,168)
Materials and contracts		(1,625,604)	(1,272,404)
Utility charges		(228,321)	(225,643)
Finance costs		(34,396)	(30,544)
Insurance paid		(164,142)	(162,920)
Goods and services tax paid		(568,915)	(355,062)
Other expenditure		(83,581)	(90,527)
		(4,517,367)	(3,698,268)
<b>Net cash provided by operating activities</b>		726,549	1,395,513
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of property, plant & equipment	8(a)	(1,479,140)	(621,126)
Payments for construction of infrastructure	9(a)	(3,715,897)	(2,187,300)
Proceeds from capital grants, subsidies and contributions		3,305,651	1,172,104
Proceeds for financial assets at amortised cost		1,211,395	(437,982)
Proceeds from sale of property, plant & equipment		266,500	221,091
Proceeds from sale of inventories		0	23,237
<b>Net cash (used in) investing activities</b>		(411,491)	(1,829,976)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings	27(a)	(118,331)	(111,441)
Proceeds from new borrowings	27(a)	0	155,000
<b>Net cash provided by (used in) financing activities</b>		(118,331)	43,559
<b>Net increase (decrease) in cash held</b>		196,727	(390,904)
Cash at beginning of year		2,814,899	3,205,803
<b>Cash and cash equivalents at the end of the year</b>		3,011,626	2,814,899

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



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

	Note	2025 Actual	2025 Budget	2024 Actual
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities</b>				
General rates	25	1,626,500	1,627,601	1,570,143
Rates excluding general rates	25	29,039	28,590	38,123
Grants, subsidies and contributions		1,761,075	711,771	2,180,327
Fees and charges		915,448	800,483	817,095
Interest revenue		129,553	105,186	111,049
Other revenue		145,820	66,690	98,388
Profit on asset disposals		27,828	14,000	15,559
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	(2,663)	0	1,261
		4,632,600	3,354,321	4,831,945
<b>Expenditure from operating activities</b>				
Employee costs		(1,721,572)	(1,407,330)	(1,596,249)
Materials and contracts		(1,413,122)	(1,679,800)	(1,247,359)
Utility charges		(228,321)	(247,509)	(225,643)
Depreciation		(2,358,209)	(2,285,167)	(2,262,496)
Finance costs		(34,396)	(33,727)	(27,364)
Insurance		(164,142)	(167,786)	(162,920)
Other expenditure		(82,756)	(113,534)	(88,673)
Loss on asset disposals		(20,308)	0	(27,918)
		(6,022,826)	(5,934,853)	(5,638,622)
Non-cash amounts excluded from operating activities	26(a)	2,345,151	2,277,336	2,260,058
<b>Amount attributable to operating activities</b>		954,925	(303,196)	1,453,381
<b>INVESTING ACTIVITIES</b>				
<b>Inflows from investing activities</b>				
Capital grants, subsidies and contributions		3,538,743	4,052,956	949,113
Proceeds from disposal of assets		266,500	689,000	221,091
Proceeds from sale of inventories	0	0	0	23,237
		3,805,243	4,741,956	1,193,441
<b>Outflows from investing activities</b>				
Acquisition of property, plant and equipment	8(a)	(1,479,140)	(1,893,000)	(621,126)
Acquisition of infrastructure	9(a)	(3,715,897)	(4,095,385)	(2,187,300)
		(5,195,037)	(5,988,385)	(2,808,426)
<b>Amount attributable to investing activities</b>		(1,389,794)	(1,246,429)	(1,614,985)
<b>FINANCING ACTIVITIES</b>				
<b>Inflows from financing activities</b>				
Proceeds from borrowings	27(a)	0	0	155,000
Transfers from reserve accounts	28	0	0	189,957
		0	0	344,957
<b>Outflows from financing activities</b>				
Repayment of borrowings	27(a)	(118,331)	(118,331)	(111,441)
Transfers to reserve accounts	28	(517,071)	(488,050)	(350,603)
		(635,402)	(606,381)	(462,044)
<b>Amount attributable to financing activities</b>		(635,402)	(606,381)	(117,087)
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>				
<b>Surplus or deficit at the start of the financial year</b>				
Amount attributable to operating activities	26(b)	2,065,738	2,156,006	2,344,429
Amount attributable to investing activities		954,925	(303,196)	1,453,381
Amount attributable to financing activities		(1,389,794)	(1,246,429)	(1,614,985)
<b>Surplus or deficit after imposition of general rates</b>	26(b)	(635,402)	(606,381)	(117,087)
		995,467	0	2,065,738

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



**SHIRE OF MUKINBUDIN**  
**FOR THE YEAR ENDED 30 JUNE 2025**  
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**SHIRE OF MUKINBUDIN**  
**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 Mukinbudin 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 64(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
- Expected credit losses on financial assets - note 5
- Measurement of employee benefits - note 15

Fair value hierarchy information can be found in note 24

**The local government reporting entity**

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 28 of the financial report.

**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 MUKINBUDIN**  
**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:

<b>Revenue category</b>	<b>Nature of goods and services</b>	<b>When obligations typically satisfied</b>	<b>Payment terms</b>	<b>Returns/refunds/warranties</b>	<b>Timing of revenue recognition</b>
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	When rates notice is issued
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
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	On payment and issue of the licence, registration or approval
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	When rates notice is issued
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 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
Sale of stock	Community Resource Centre and history book stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Output method based on goods

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

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

**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	1,626,500	29,039	1,655,539
Grants, subsidies and contributions	108,340	0	0	1,652,735	1,761,075
Fees and charges	912,617	0	2,831	0	915,448
Interest revenue	0	0	7,912	121,641	129,553
Other revenue	52,153	0	0	93,667	145,820
Capital grants, subsidies and contributions	0	3,538,743	0	0	3,538,743
<b>Total</b>	<b>1,073,110</b>	<b>3,538,743</b>	<b>1,637,243</b>	<b>1,897,082</b>	<b>8,146,178</b>

**For the year ended 30 June 2024**

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	1,570,143	38,123	1,608,266
Grants, subsidies and contributions	61,454	0	0	2,118,873	2,180,327
Fees and charges	813,382	0	3,713	0	817,095
Interest revenue	0	0	7,595	103,454	111,049
Other revenue	51,507	0	0	46,881	98,388
Capital grants, subsidies and contributions	0	949,113	0	0	949,113
<b>Total</b>	<b>926,343</b>	<b>949,113</b>	<b>1,581,451</b>	<b>2,307,331</b>	<b>5,764,238</b>

**(a) Revenue (Continued)**

Note	2025 Actual	2024 Actual
	\$	\$
<b>Interest revenue</b>		
Interest on reserve account	77,435	53,840
Trade and other receivables overdue interest	7,912	7,595
Other interest revenue	44,206	49,614
	129,553	111,049
The 2025 original budget estimate in relation to: Trade and other receivables overdue interest was \$6,200.		
<b>Fees and charges relating to rates receivable</b>		
Charges on instalment plan	4,100	2,580
The 2025 original budget estimate in relation to: Charges on instalment plan was \$3,000.		

**(b) Expenses**

**Auditors remuneration**

- Audit of the Annual Financial Report	29,600	26,840
- Other services – grant acquittals	4,500	1,500
	34,100	28,340

**Employee Costs**

Employee benefit costs	1,324,813	1,255,578
Other employee costs	396,759	340,671
	1,721,572	1,596,249

**Finance costs**

Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	34,396	27,364
	34,396	27,364

**Other expenditure**

Impairment losses on rates and statutory receivables	(136)	(1,483)
Impairment losses on trade receivables	(825)	(1,854)
Sundry expenses	83,717	92,010
	82,756	88,673



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

**5. TRADE AND OTHER RECEIVABLES**

	Note	2025	2024
		\$	\$
<b>Current</b>			
Rates and statutory receivables		20,568	42,264
Trade receivables		1,060	87,723
GST receivable		0	5,825
Allowance for credit losses of rates and statutory receivables		63	199
Allowance for credit losses of trade receivables	22(b)	(1,146)	(321)
		20,545	135,690
<b>Non-current</b>			
Rates and statutory receivables		1,882	1,121
Receivables for employee related provisions		1,493	1,493
		3,375	2,614

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

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

	Note	30 June 2025 Actual	30 June 2024 Actual	1 July 2023 Actual
		\$	\$	\$
Contract assets	7	229,560	0	0
Allowance for credit losses of trade receivables	5	(1,146)	(321)	(2,175)
Total trade and other receivables from contracts with customers		228,414	(321)	(2,175)

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

**6. INVENTORIES**

	Note	2025	2024
		\$	\$
<b>Current</b>			
Fuel and materials		2,499	304
Gravel		49,268	0
		51,767	304
<b>Non-current</b>			
Land held for resale			
Cost of acquisition		243,937	243,937
		243,937	243,937
<b>Balance at beginning of year</b>		244,241	281,729
Inventories expensed during the year		(89,691)	(82,811)
Disposal of land held for resale		0	(27,000)
Additions to inventory		141,154	72,323
<b>Balance at end of year</b>		295,704	244,241

The following movements in inventories occurred during the year:

<b>Balance at beginning of year</b>	244,241	281,729
Inventories expensed during the year	(89,691)	(82,811)
Disposal of land held for resale	0	(27,000)
Additions to inventory	141,154	72,323
<b>Balance at end of year</b>	295,704	244,241

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

**7. OTHER ASSETS**

	<b>2025</b>	<b>2024</b>
	\$	\$
<b>Other assets - current</b>		
Prepayments	55,136	70,613
Accrued income	1,359	17,958
Contract assets	229,560	0
	<b>286,055</b>	<b>88,571</b>

**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.

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

**SHIRE OF MUKINBUDIN**  
**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			Total property				Plant and equipment		Total property, plant and equipment
	Note	Land	Buildings	Land	Buildings	Work in progress	Total property	Furniture and equipment	Plant and equipment	
		\$	\$	\$	\$	\$	\$	\$	\$	
<b>Balance at 1 July 2023</b>		1,085,976	12,895,423	1,085,976	12,895,423	18,150	13,999,549	56,212	1,358,042	15,413,803
Additions		65,000	297,331	65,000	297,331	0	362,331	5,562	253,233	621,126
Disposals		(51,182)	0	(51,182)	0	0	(51,182)	0	(178,505)	(229,687)
Depreciation		0	(293,537)	0	(293,537)	0	(293,537)	(13,206)	(80,380)	(387,123)
Transfers		18,182	(32)	18,182	(32)	(18,150)	0	0	0	0
<b>Balance at 30 June 2024</b>		1,117,976	12,899,185	1,117,976	12,899,185	0	14,017,161	48,568	1,352,390	15,418,119
<b>Comprises:</b>										
Gross balance amount at 30 June 2024		1,117,976	13,479,459	1,117,976	13,479,459	0	14,597,435	139,749	2,274,516	17,011,700
Accumulated depreciation at 30 June 2024		0	(580,274)	0	(580,274)	0	(580,274)	(91,181)	(922,126)	(1,593,581)
<b>Balance at 30 June 2024</b>	8(b)	1,117,976	12,899,185	1,117,976	12,899,185	0	14,017,161	48,568	1,352,390	15,418,119
Additions		0	624,745	0	624,745	3,568	628,313	11,617	839,210	1,479,140
Disposals		0	0	0	0	0	0	0	(258,980)	(258,980)
Depreciation		0	(299,100)	0	(299,100)	0	(299,100)	(14,012)	(116,866)	(429,978)
<b>Balance at 30 June 2025</b>		1,117,976	13,224,830	1,117,976	13,224,830	3,568	14,346,374	46,173	1,815,754	16,208,301
<b>Comprises:</b>										
Gross balance amount at 30 June 2025		1,117,976	14,104,205	1,117,976	14,104,205	3,568	15,225,749	151,366	2,774,687	18,151,802
Accumulated depreciation at 30 June 2025		0	(879,375)	0	(879,375)	0	(879,375)	(105,193)	(958,933)	(1,943,501)
<b>Balance at 30 June 2025</b>	8(b)	1,117,976	13,224,830	1,117,976	13,224,830	3,568	14,346,374	46,173	1,815,754	16,208,301

**SHIRE OF MUKINBUDIN**  
**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
<b>(i) Fair value - as determined at the last valuation date</b>								
<b>Land and buildings</b>								
Land - market value		1,117,976	1,117,976	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2022	Price per hectare
Total land	8(a)	1,117,976	1,117,976					
Buildings - non specialised		3,178,796	3,105,316	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2022	Price per square metre
Buildings - specialised		10,046,034	9,793,869	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2022	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Total buildings	8(a)	13,224,830	12,899,185					
<b>(ii) Cost</b>								
<b>Furniture and equipment</b>								
Plant and equipment					Cost	Cost		Purchase cost
					Cost	Cost		Purchase cost

**SHIRE OF MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**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 - footpaths	Infrastructure - parks and ovals	Infrastructure - other	Infrastructure - work in progress	Total infrastructure
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2023</b>	66,954,462	691,647	1,243,895	3,236,976	55,532	72,182,512
Additions	1,538,954	290,309	0	206,711	151,326	2,187,300
Depreciation	(1,683,252)	(26,339)	(52,766)	(113,016)	0	(1,875,373)
Transfers	(58,152)	58,152	0	13,109	(13,109)	0
<b>Balance at 30 June 2024</b>	66,752,012	1,013,769	1,191,129	3,343,780	193,749	72,494,439
<b>Comprises:</b>						
Gross balance at 30 June 2024	99,573,489	1,658,172	2,121,826	5,491,277	193,749	109,038,513
Accumulated depreciation at 30 June 2024	(32,821,477)	(644,403)	(930,697)	(2,147,497)	0	(36,544,074)
<b>Balance at 30 June 2024</b>	66,752,012	1,013,769	1,191,129	3,343,780	193,749	72,494,439
Additions	3,627,509	0	0	88,388	0	3,715,897
Depreciation	(1,722,847)	(33,348)	(52,765)	(119,271)	0	(1,928,231)
Transfers	146,249	0	98,740	(69,201)	(175,788)	0
<b>Balance at 30 June 2025</b>	68,802,923	980,421	1,237,104	3,243,696	17,961	74,282,105
<b>Comprises:</b>						
Gross balance at 30 June 2025	103,347,247	1,658,172	2,220,566	5,510,464	17,961	112,754,410
Accumulated depreciation at 30 June 2025	(34,544,324)	(677,751)	(983,462)	(2,266,768)	0	(38,472,305)
<b>Balance at 30 June 2025</b>	68,802,923	980,421	1,237,104	3,243,696	17,961	74,282,105

**SHIRE OF MUKINBUDIN**  
**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
<b>(i) Fair value - as determined at the last valuation date</b>					
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - parks and ovals	3	Cost approach using depreciated replacement cost	Management Valuation	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - other	3	Cost approach using depreciated replacement cost	Management Valuation	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

**SHIRE OF MUKINBUDIN**  
**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:

<b>Asset class</b>	<b>Useful life</b>
Buildings	13 to 71 years
Furniture and equipment	3 to 15 years
Plant and equipment	3 to 34 years
Land	Not depreciated
Road Subgrades/Formation	Not depreciated
Pavement Structure	16 to 120 years
Surface Structure	16 to 50 years
Other Infrastructure	17 to 59 years
Drainage	40 to 100 years
Footpath	30 to 90 years
Signs	10 to 28 years
Surface Water Channels	12 to 100 years
Right of use (furniture and equipment)	Based on the remaining lease

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

**11. LEASES**

**Lessor - property, plant and equipment subject to lease**

	<b>2025 Actual</b>	<b>2024 Actual</b>
	\$	\$
The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.		
Less than 1 year	158,529	155,073
1 to 2 years	146,744	147,028
2 to 3 years	125,531	139,629
3 to 4 years	103,212	122,174
4 to 5 years	31,646	102,552
> 5 years	0	32,094
	<b>565,662</b>	<b>698,550</b>

**Peppercorn Leases**

The following Leases are excluded from the above.

- Parts of Lot 204 Bent Street are leased to 3 local businesses for business purposes at \$1 per year for 10 years.
- The majority of 204 Bent St. is leased to a community group on an annual basis for a lease fee to the current minimum rate for the purpose of cropping for fundraising.
- 9 White Street is leased for use as an early learning centre at \$0 per year for 5 years with a further term of 5 years
- The Mens Shed use at no charge a building on land leased from the Public Transport Authority.

**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 MUKINBUDIN**  
**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  
 Income received in advance  
 Financial liabilities

	<b>2025</b>	<b>2024</b>
	\$	\$
Sundry creditors	136,212	82,151
Prepaid rates	16,598	21,592
Accrued payroll liabilities	59,664	49,911
ATO liabilities	34,993	44,937
Bonds and deposits held	26,822	15,215
Accrued interest	3,180	3,721
Accrued expenditure	10,177	21,904
Income received in advance	16,535	49,352
Financial liabilities	15,882	0
	<b>320,063</b>	<b>288,783</b>

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

**13. OTHER LIABILITIES**

	<b>2025</b>	<b>2024</b>
	\$	\$
<b>Current</b>		
Contract liabilities	19,439	62,088
Capital grant/contributions liabilities	53,630	286,722
	<hr/> 73,069	<hr/> 348,810
<b>Reconciliation of changes in contract liabilities</b>		
Opening balance	62,088	69,457
Additions	19,439	62,088
Revenue from contracts with customers included as a contract liability at the start of the period	(62,088)	(69,457)
	<hr/> 19,439	<hr/> 62,088
The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$19,438 (2024: \$62,087)		
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.		
<b>Reconciliation of changes in capital grant/contribution liabilities</b>		
Opening balance	286,722	63,731
Additions	53,630	286,722
Revenue from capital grant/contributions held as a liability at the start of the period	(286,722)	(63,731)
	<hr/> 53,630	<hr/> 286,722
<b>Expected satisfaction of capital grant/contribution liabilities</b>		
Less than 1 year	53,630	286,722
	<hr/> 53,630	<hr/> 286,722

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.

**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 MUKINBUDIN**  
**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
<b>Secured</b>		\$	\$	\$	\$	\$	\$
Debentures		121,633	871,544	993,177	118,331	993,177	1,111,508
<b>Total secured borrowings</b>	27(a)	121,633	871,544	993,177	118,331	993,177	1,111,508

**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 Mukinbudin. Other loans relate to transferred receivables. Refer to Note 5.

The Shire of Mukinbudin 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 24(i)) due to the unobservable inputs, including own credit risk.

**Risk**

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

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

**15. EMPLOYEE RELATED PROVISIONS**

**Employee related provisions**

	<b>2025</b>	<b>2024</b>
	\$	\$
<b>Current provisions</b>		
<b>Employee benefit provisions</b>		
Annual leave	86,284	110,564
Long service leave	52,974	108,078
	<b>139,258</b>	<b>218,642</b>
<b>Employee related other provisions</b>		
Employment on-costs	43,810	39,440
	<b>43,810</b>	<b>39,440</b>
	<b>183,068</b>	<b>258,082</b>
<b>Non-current provisions</b>		
<b>Employee benefit provisions</b>		
Long service leave	6,468	23,588
	<b>6,468</b>	<b>23,588</b>
<b>Employee related other provisions</b>		
Employment on-costs	5,144	3,655
	<b>5,144</b>	<b>3,655</b>
	<b>11,612</b>	<b>27,243</b>
<b>Total non-current employee related provisions</b>		
<b>Total employee related provisions</b>	<b>194,680</b>	<b>285,325</b>

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

**16. REVALUATION SURPLUS**

	<b>2025</b> <b>Opening balance</b>	<b>Total Movement on revaluation</b>	<b>2025</b> <b>Closing balance</b>	<b>2024</b> <b>Opening balance</b>	<b>Total Movement on revaluation</b>	<b>2024</b> <b>Closing balance</b>
Revaluation surplus - Land - freehold land	\$ 600,210	0	\$ 600,210	\$ 600,210	0	\$ 600,210
Revaluation surplus - Buildings	6,356,750	0	6,356,750	6,356,750	0	6,356,750
Revaluation surplus - Plant and equipment	403,380	0	403,380	403,380	0	403,380
Revaluation surplus - Infrastructure - roads	31,755,641	0	31,755,641	31,755,641	0	31,755,641
Revaluation surplus - Infrastructure - footpaths	91,951	0	91,951	91,951	0	91,951
Revaluation surplus - Infrastructure - parks and ovals	936,443	0	936,443	936,443	0	936,443
Revaluation surplus - Infrastructure - other	2,009,741	0	2,009,741	2,009,741	0	2,009,741
	<b>42,154,116</b>	<b>0</b>	<b>42,154,116</b>	<b>42,154,116</b>	<b>0</b>	<b>42,154,116</b>

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

**17. RESTRICTIONS OVER FINANCIAL ASSETS**

<b>Note</b>	<b>2025</b>		<b>2024</b>	
	<b>Actual</b>	<b>\$</b>	<b>Actual</b>	<b>\$</b>
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:				
- Cash and cash equivalents	3	2,056,867	592,535	
- Financial assets at amortised cost	4	0	1,211,395	
		<b>2,056,867</b>	<b>1,803,930</b>	
The restricted financial assets are a result of the following specific purposes to which the assets may be used:				
Restricted reserve accounts	28	1,956,976	1,439,905	
Contract liabilities	13	19,439	62,088	
Capital grant liabilities	13	53,630	286,722	
Bonds and deposits held	12	26,822	15,215	
<b>Total restricted financial assets</b>		<b>2,056,867</b>	<b>1,803,930</b>	
<b>18. UNDRAWN BORROWING FACILITIES AND CREDIT STANDBY ARRANGEMENTS</b>				
<b>Credit standby arrangements</b>				
Bank overdraft limit		250,000	250,000	
Bank overdraft at balance date		0	0	
Credit card limit		5,000	5,000	
Credit card balance at balance date		(4,768)	(1,404)	
<b>Total amount of credit unused</b>		<b>250,232</b>	<b>253,596</b>	
<b>Loan facilities</b>				
Loan facilities - current		121,633	118,331	
Loan facilities - non-current		871,544	993,177	
<b>Total facilities in use at balance date</b>		<b>993,177</b>	<b>1,111,508</b>	
<b>Unused loan facilities at balance date</b>		<b>NIL</b>	<b>NIL</b>	

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

## 19. CONTINGENT LIABILITIES

There are no contingent liabilities to report as at 30 June 2025.

## 20. CAPITAL COMMITMENTS

	<b>2025</b>	<b>2024</b>
	\$	\$
<b>Contracted for:</b>		
- capital expenditure projects	66,251	0
- plant & equipment purchases	0	319,240
	<b>66,251</b>	<b>319,240</b>
<b>Payable:</b>		
- not later than one year	66,251	319,240

The capital expenditure projects and plant and equipment outstanding at the end of the previous year were that of the purchase of a new truck.

**The major ones being:**

Truck purchase 319,240

The capital expenditure project outstanding at the end of the current reporting period represents the heavy vehicle rest area construction.

**SHIRE OF MUKINBUDIN**  
**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	2025	2024
		Actual	Budget	Actual
President's annual allowance		\$ 10,615	\$ 10,615	\$ 10,615
President's meeting attendance fees		4,500	4,800	4,500
President's travel and accommodation expenses		314	500	266
		15,429	15,915	15,381
Deputy President's annual allowance		2,412	2,654	2,654
Deputy President's meeting attendance fees		4,057	4,800	4,500
Deputy President's travel and accommodation expenses		1,325	1,200	1,852
		7,794	8,654	9,006
All other council member's meeting attendance fees		22,125	24,000	24,955
All other council member's travel and accommodation expenses		2,383	3,300	2,928
		24,508	27,300	27,883
	21(b)	47,731	51,869	52,270

**(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	610,618	481,657
Post-employment benefits	76,967	65,076
Employee - other long-term benefits	8,750	18,890
Employee - termination benefits	31,969	57,300
Council member costs	47,731	52,270
	776,035	675,193

*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 MUKINBUDIN**  
**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:

	<b>2025 Actual</b>	<b>2024 Actual</b>
	\$	\$
Sale of goods and services	14,481	40,261
Purchase of goods and services	192,537	191,701
Short term employee benefits - other related parties	60,093	0
<b>Amounts outstanding from related parties:</b>		
Trade and other receivables	335	0
<b>Amounts payable to related parties:</b>		
Trade and other payables	4,393	1,669

**(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 and are detailed in Notes 20(a) and 20(b).

*ii. Other Related Parties*

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

*iii. Entities subject to significant influence by the Shire*

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

*iii. Entities subject to significant influence by the Shire*

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

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

**22. JOINT ARRANGEMENTS**

**Medical Services**

The Shire of Mukinbudin is in a joint arrangement with the Shires of Mount Marshall, Nungarin, and Trayning to provide medical services. The Shire of Mukinbudin has a 30% interest in this service which provides a doctor in Mukinbudin 1 day per week.

In May 2017 the joint arrangement purchased a motor vehicle valued at \$54,287 from surplus funds. The vehicle is registered to the Shire of Trayning.

	<b>2025 Actual</b>	<b>2024 Actual</b>
	\$	\$
<b>Statement of comprehensive income</b>		
Expenses	(60,375)	(59,111)
<b>Profit/(loss) for the period</b>	(60,375)	(59,111)
Other comprehensive income	0	0
<b>Total comprehensive income for the period</b>	(60,375)	(59,111)

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

**22. JOINT ARRANGEMENTS**

**Share of joint operations (Continued)**

**Lot 27 (20) Maddock Street Aged Units 1 and 2**

The Shire of Mukinbudin has participated in a joint arrangement with the Housing Authority for the construction of two 1 bedroom units on Lot 27 (20) Maddock Street, Mukinbudin. The two units have subsequently been converted to one 2 bedroom unit. The provision of this housing aims to provide accommodation for Seniors. The Shire of Mukinbudin has a 36.35% interest in the assets and liabilities of this joint arrangement. Council manages the operation of the joint arrangement under the auspices of the Housing Authority. All revenue and expenses of the joint arrangement are recognised in the relevant financial statements of Council.

	<b>2025 Actual</b>	<b>2024 Actual</b>
	\$	\$
<b>Statement of financial position</b>		
Buildings - Specialised (Level 3)	43,929	43,929
Less: accumulated depreciation	(2,715)	(1,810)
<b>Total assets</b>	<b>41,214</b>	<b>42,119</b>
 <b>Reserve accounts</b>		
- Opening balance	6,736	6,506
- Transfers to reserves	366	230
<b>Total equity</b>	<b>7,102</b>	<b>6,736</b>
 <b>Statement of comprehensive income</b>		
Revenue	6,257	6,275
Expenses	(2,919)	(2,275)
<b>Profit/(loss) for the period</b>	<b>3,338</b>	<b>4,000</b>
Other comprehensive income	0	0
<b>Total comprehensive income for the period</b>	<b>3,338</b>	<b>4,000</b>

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

**22. JOINT ARRANGEMENTS**

**Share of joint operations (Continued)**

**Lot 28 (18) and Part Lot 29 (16) Maddock Street Aged Units 3,4,5 and 6**

The Shire of Mukinbudin has participated in a joint arrangement with the Housing Authority for the construction of two 1 bedroom and two 2 bedroom units on Lot 28 (18) and Part Lot 29 (16) Maddock Street, Mukinbudin. The provision of this housing aims to provide accommodation for Seniors. The Shire of Mukinbudin has a 16.85% interest in the assets and liabilities of this joint arrangement. Council manages the operation of the joint arrangement under the auspices of the Housing Authority. All revenue and expenses of the joint arrangement are recognised in the relevant financial statements of Council.

<b>Statement of financial position</b>	<b>2025</b>	<b>2024</b>
	<b>Actual</b>	<b>Actual</b>
	\$	\$
Land - Freehold (Level 2)	5,476	5,476
Buildings - Specialised (Level 3)	76,470	57,684
Less: accumulated depreciation	(3,605)	(2,382)
<b>Total assets</b>	<b>78,341</b>	<b>60,778</b>
Reserve accounts		
- Opening balance	7,389	7,137
- Transfers to reserves	402	252
<b>Total equity</b>	<b>7,791</b>	<b>7,389</b>
<b>Statement of comprehensive income</b>		
Revenue	18,249	21,418
Expenses	(17,871)	(25,566)
<b>Profit/(loss) for the period</b>	<b>378</b>	<b>(4,148)</b>
Other comprehensive income	0	0
<b>Total comprehensive income for the period</b>	<b>378</b>	<b>(4,148)</b>

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

**22. JOINT ARRANGEMENTS**

**Share of joint operations (Continued)**

**Part Lot 29 (16) Maddock Street Aged Units 7 and 8**

The Shire of Mukinbudin has participated in a joint arrangement with the Housing Authority for the construction of two 1 bedroom units on Part Lot 29 (16) Maddock Street, Mukinbudin. The provision of this housing aims to provide accommodation for Seniors. The Shire of Mukinbudin has a 21.00% interest in the assets and liabilities of this joint arrangement. Council manages the operation of the joint arrangement under the auspices of the Housing Authority. All revenue and expenses of the joint arrangement are recognised in the relevant financial statements of Council.

<b>Statement of financial position</b>	<b>2025</b>	<b>2024</b>
	<b>Actual</b>	<b>Actual</b>
	\$	\$
Land - Freehold (Level 2)	2,205	2,205
Buildings - Specialised (Level 3)	31,273	31,273
Less: accumulated depreciation	(1,933)	(1,288)
<b>Total assets</b>	<b>31,545</b>	<b>32,190</b>
Reserve accounts		
- Opening balance	7,635	7,374
- Transfers to reserves	415	261
<b>Total equity</b>	<b>8,050</b>	<b>7,635</b>
<b>Statement of comprehensive income</b>		
Revenue	5,798	11,775
Expenses	(7,819)	(15,088)
<b>Profit/(loss) for the period</b>	<b>(2,021)</b>	<b>(3,313)</b>
Other comprehensive income	0	0
<b>Total comprehensive income for the period</b>	<b>(2,021)</b>	<b>(3,313)</b>

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

**22. JOINT ARRANGEMENTS**

**Share of joint operations (Continued)**

**Lot 25 (24) Maddock Street Aged Units 9 and 10**

The Shire of Mukinbudin has participated in a joint arrangement with the Housing Authority for the construction of a two 2 bedroom units on Lot 25 (24) Maddock Street, Mukinbudin. The provision of this housing aims to provide accommodation for Seniors. The Shire of Mukinbudin has a 37.94% interest in the assets and liabilities of this joint arrangement. Council manages the operation of the joint arrangement under the auspices of the Housing Authority. All revenue and expenses of the joint arrangement are recognised in the relevant financial statements of Council.

<b>Statement of financial position</b>	<b>2025</b>	<b>2024</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
Land - Freehold (Level 2)	8,347	8,347
Buildings - Specialised (Level 3)	83,588	83,588
Less: accumulated depreciation	(4,703)	(2,981)
<b>Total assets</b>	<b>87,232</b>	<b>88,954</b>
Reserve accounts		
- Opening balance	12,995	12,551
- Transfers to reserves	706	444
<b>Total equity</b>	<b>13,701</b>	<b>12,995</b>
<b>Statement of comprehensive income</b>		
Revenue	12,055	10,377
Other expense	(5,588)	(16,628)
<b>Profit/(loss) for the period</b>	<b>6,467</b>	<b>(6,251)</b>
Other comprehensive income	0	0
<b>Total comprehensive income for the period</b>	<b>6,467</b>	<b>(6,251)</b>

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

**22. JOINT ARRANGEMENTS**

**Share of joint operations (Continued)**

**Lot 64 (12) White St and Lot 69 (6) Lansdell St**

The Shire of Mukinbudin has participated in a joint arrangement with the Housing Authority for the construction of two 3 bedroom 1 bathroom houses on Lot 64 (12) White Street and Lot 69 (6) Lansdell Street, Mukinbudin. The provision of this housing aims to provide accommodation for families. The Shire of Mukinbudin has a 22.52% interest in the assets and liabilities of this joint arrangement. Council manages the operation of the joint arrangement under the auspices of the Housing Authority. All revenue and expenses of the joint arrangement are recognised in the relevant financial statements of Council.

<b>Statement of financial position</b>	<b>2025</b>	<b>2024</b>
	<b>Actual</b>	<b>Actual</b>
	\$	\$
Land - Freehold (Level 2)	10,810	10,810
Buildings - Specialised (Level 3)	93,064	93,064
Less: accumulated depreciation	(5,350)	(3,433)
<b>Total assets</b>	<b>98,524</b>	<b>100,441</b>
Reserve accounts		
- Opening balance	8,066	2,715
- Transfers to reserves	436	5,351
<b>Total equity</b>	<b>8,502</b>	<b>8,066</b>
<b>Statement of comprehensive income</b>		
Revenue	23,474	21,424
Expenses	(11,001)	(17,908)
<b>Profit/(loss) for the period</b>	<b>12,473</b>	<b>3,516</b>
Other comprehensive income	0	0
<b>Total comprehensive income for the period</b>	<b>12,473</b>	<b>3,516</b>

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

**22. JOINT ARRANGEMENTS**

**Share of joint operations (Continued)**

**Lot 8 (42) Cruickshank Road**

The Shire of Mukinbudin has participated in a joint arrangement with the Housing Authority for the construction of two 1 bedroom and two 2 bedroom units on Lot 8 (42) Cruickshank Road, Mukinbudin. The provision of this housing aims to provide accommodation for Families & Singles. The Shire of Mukinbudin has a 19.03% interest in the assets and liabilities of this joint arrangement. Council manages the operation of the joint arrangement under the auspices of the Housing Authority. All revenue and expenses of the joint arrangement are recognised in the relevant financial statements of Council.

<b>Statement of financial position</b>	<b>2025</b>	<b>2024</b>
	<b>Actual</b>	<b>Actual</b>
	\$	\$
Land - Freehold (Level 2)	5,138	5,138
Buildings - Specialised (Level 3)	91,156	91,156
Less: accumulated depreciation	(5,466)	(3,586)
<b>Total assets</b>	<b>90,828</b>	<b>92,708</b>
<b>Statement of comprehensive income</b>		
Revenue	28,686	24,639
Expenses	(26,467)	(18,593)
<b>Profit/(loss) for the period</b>	<b>2,219</b>	<b>6,046</b>
Other comprehensive income	0	0
<b>Total comprehensive income for the period</b>	<b>2,219</b>	<b>6,046</b>

**MATERIAL ACCOUNTING POLICIES**

**Joint operations**

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

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

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

**23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

The Shire does not have any subsequent events after balance sheet date.

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

**24. 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 MUKINBUDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**25. RATING INFORMATION**

**(a) General rates**

RATE TYPE Rate description	Basis of valuation	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
Residential	Gross rental valuation	0.162197	154	1,399,060	226,923	4,984	231,907	226,923	2,500	229,423	221,098
Vacant	Gross rental valuation	0.162197	1	10,920	1,771	(278)	1,493	1,771	0	1,771	0
Rural	Unimproved valuation	0.018218	217	73,974,000	1,347,659	0	1,347,659	1,347,659	0	1,347,659	1,307,174
Non-Rateable	Gross rental valuation	0.000000	105	201,265	0	0	0	0	0	0	(5,079)
<b>Total general rates</b>			477	75,585,245	1,576,353	4,706	1,581,059	1,576,353	2,500	1,578,853	1,523,193
<b>Minimum payment</b>											
Residential	Gross rental valuation	\$	472	17	18,474	8,024	0	8,024	8,024	0	8,024
Vacant	Gross rental valuation		472	11	6,954	5,192	0	5,192	5,192	0	5,192
Rural	Unimproved valuation		658	31	371,700	20,398	(14)	20,384	20,398	0	20,398
Mining	Unimproved valuation		658	23	179,364	15,134	(3,293)	11,841	15,134	0	15,134
<b>Total minimum payments</b>			82	576,492	48,748	(3,307)	45,441	48,748	0	48,748	46,950
<b>Total general rates and minimum payments</b>			559	76,161,737	1,625,101	1,399	1,626,500	1,625,101	2,500	1,627,601	1,570,143
<b>Ex-gratia rates</b>											
Co-operative Bulk Handling (CBH)	Tonnage	Rate in \$	0.0919090		315,950	29,039	0	29,039	28,590	0	28,590
Co-operative Bulk Handling (CBH)	Back payment				0	0	0	0	0	0	9,865
<b>Total amount raised from rates (excluding general rates)</b>			0	315,950	29,039	0	29,039	28,590	0	28,590	38,123
<b>Total rates</b>								1,655,539			1,656,191
											1,608,266

\*Rateable Value at time of raising of rate.

**(b) Rates related information**

Rates instalment interest	3,128	2,000	2,464
Rates instalment plan charges	4,100	3,000	2,580
Rates overdue interest	4,784	4,200	5,131

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

**26. DETERMINATION OF SURPLUS OR DEFICIT**

		<b>2024/25 (30 June 2025 carried forward)</b>	<b>2024/25 Budget (30 June 2025 carried forward)</b>	<b>2023/24 (30 June 2024 carried forward)</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals		(27,828)	(14,000)	(15,559)
Less: Movement in liabilities associated with restricted cash		8,191	6,169	5,150
Less: Fair value adjustments to financial assets at fair value through profit or loss		2,663	0	(1,261)
Add: Loss on disposal of assets		20,308	0	27,918
Add: Depreciation	10(a)	2,358,209	2,285,167	2,262,496
Non-cash movements in non-current assets and liabilities:				
Pensioner deferred rates		(761)	0	689
Employee benefit provisions		(15,631)	0	(19,375)
<b>Non-cash amounts excluded from operating activities</b>		<b>2,345,151</b>	<b>2,277,336</b>	<b>2,260,058</b>
<b>(b) Surplus or deficit after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
Less: Reserve accounts	28	(1,956,976)	(1,927,957)	(1,439,905)
Less: Financial assets at amortised cost				
Less: Current assets not expected to be received at end of year				
- Land held for resale	6	0	(3,763)	0
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14	121,633	0	118,331
- Employee benefit provisions		158,650	156,629	150,459
<b>Total adjustments to net current assets</b>		<b>(1,676,693)</b>	<b>(1,775,091)</b>	<b>(1,171,115)</b>
<b>Net current assets used in the Statement of financial activity</b>				
Total current assets		3,369,993	2,356,409	4,250,859
Less: Total current liabilities		(697,833)	(581,318)	(1,014,006)
Less: Total adjustments to net current assets		(1,676,693)	(1,775,091)	(1,171,115)
<b>Surplus or deficit after imposition of general rates</b>		<b>995,467</b>	<b>0</b>	<b>2,065,738</b>

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

**27. 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		
Child Care Centre		158,425	0	(12,409)	146,016	0	(12,654)	133,362	146,016	0	(12,654)	133,362		
8 Gimlett Way		152,578	0	(25,904)	126,674	0	(26,692)	99,982	126,674	0	(26,692)	99,982		
GROH Houses		602,013	0	(47,156)	554,857	0	(48,084)	506,773	554,857	0	(48,084)	506,773		
Mukinbudin Café		44,919	0	(10,382)	34,537	0	(10,928)	23,609	34,537	0	(10,928)	23,609		
Caravan Park House, 22 Earl Drive		101,872	0	(7,448)	94,424	0	(7,564)	86,860	94,424	0	(7,564)	86,860		
Skid Steer MBL 1724		8,142	0	(8,142)	0	0	0	0	0	0	0	0		
Caravan Park "Kaloning" Villa		0	155,000	0	155,000	0	(12,409)	142,591	155,000	0	(12,409)	142,591		
<b>Total</b>		<b>1,067,949</b>	<b>155,000</b>	<b>(111,441)</b>	<b>1,111,508</b>	<b>0</b>	<b>(118,331)</b>	<b>993,177</b>	<b>1,111,508</b>	<b>0</b>	<b>(118,331)</b>	<b>993,177</b>		
<b>Borrowing finance cost payments</b>														
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					
					\$	\$	\$	\$						
Child Care Centre	125	WATC*	1.96%	20/12/2034	(3,790)	(3,888)	(3,888)	(3,888)						
8 Gimlett Way	124	WATC*	3.02%	15/09/2028	(4,172)	(4,598)	(4,598)	(4,598)						
GROH Houses	126	WATC*	1.96%	20/12/2034	(14,403)	(13,774)	(13,774)	(13,774)						
Mukinbudin Café	119	WATC*	5.19%	13/04/2027	(1,782)	(2,069)	(2,069)	(2,069)						
Caravan Park House, 22 Earl Drive	127	WATC*	1.70%	10/09/2035	(2,025)	(2,115)	(2,115)	(2,115)						
Caravan Park "Kaloning" Villa	128	WATC*	3.32%	26/04/2034	(8,224)	(7,283)	(7,283)	(7,283)						
Grader MBL 95	121	WATC*	4.57%	15/01/2024	0	0	0	0						
<b>Total</b>					<b>(34,396)</b>	<b>(33,727)</b>	<b>(33,727)</b>	<b>(33,727)</b>						
<b>Total finance cost payments</b>														
* WA Treasury Corporation														

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

**28. RESERVE ACCOUNTS**

	2025 Actual opening balance	2025 Actual transfer	2025 Actual transfer (from)	2025 Actual closing balance	2025 Budget opening balance	2025 Budget transfer	2025 Budget transfer (from)	2025 Budget closing balance	2024 Actual opening balance	2024 Actual transfer	2024 Actual transfer (from)	2024 Actual closing balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Restricted by council</b>												
(a) Leave reserve	150,459	8,191	0	158,650	150,460	6,169	0	156,629	145,309	5,150	0	150,459
(b) Plant Reserve	380,585	124,305	0	504,890	380,585	115,609	0	496,194	270,971	109,614	0	380,585
(c) Building & Residential Land Reserve	252,396	13,737	0	266,133	252,397	10,349	0	262,746	214,781	37,615	0	252,396
(d) Senior Housing Reserve	34,755	1,889	0	36,644	34,755	1,423	0	36,178	33,567	1,188	0	34,755
(e) Swimming Pool Reserve	166,933	29,800	0	196,733	166,933	26,842	0	193,775	141,903	25,030	0	166,933
(f) Transport Infrastructure Reserve	24,966	1,361	0	26,327	24,966	1,021	0	25,987	207,589	7,334	(189,957)	24,966
(g) White St & Lansdell St JV Reserve	8,066	435	0	8,501	8,066	5,839	0	13,905	2,715	5,351	0	8,066
(h) Community Hub Reserve	254,364	328,243	0	582,607	254,364	313,938	0	568,302	100,773	153,591	0	254,364
(i) CRC Reserve	167,381	9,110	0	176,491	167,381	6,860	0	174,241	161,651	5,730	0	167,381
	1,439,905	517,071	0	1,956,976	1,439,907	488,050	0	1,927,957	1,279,259	350,603	(189,957)	1,439,905

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 Restricted by council	Purpose of the reserve account
(a) Leave reserve	To be used to fund annual and long service leave requirements.
(b) Plant Reserve	To be used for the renewal, upgrade or purchase of new or used mobile plant and vehicles.
(c) Building & Residential Land Reserve	To be used for the renewal, upgrade, replacement and new construction of new buildings and associated infrastructure, To assist finance of building loans, future expansion and land development, and proceeds from the sale of subdivision blocks.
(d) Senior Housing Reserve	To be used for the renewal, upgrade, replacement and new construction of additional Aged Units and their maintenance. The surplus/deficit after rent and maintenance has been carried out for the financial year is to be transferred into/from (if required) the reserve.
(e) Swimming Pool Reserve	To be used for the renewal, upgrade, replacement and new construction for the Swimming Pool and associated infrastructure. \$20,000 per year plus interest is to be transferred to this reserve.
(f) Transport Infrastructure Reserve	To fund Transport Infrastructure and associated drainage construction and maintenance works.
(g) White St & Lansdell St JV Reserve	To cover anticipated costs of periodic repairs and maintenance to the land and units.
(h) Community Hub Reserve	To fund the construction of facilities to establish and then operate a Community Hub.
(i) CRC Reserve	To fund Community Resource Centre Operational and Capital expenses.

# D

# K

DRY / KIRKNESS

## Annual Audit Completion Report

Accounting  
Business Advisory  
Audit Services



DRY / KIRKNESS

Shire of Mukinbudin  
30 June 2025

Accounting  
Business Advisory  
Audit Services

**OAG**  
Office of the Auditor General  
Serving the Public Interest

# Introduction

## FROM OUR ENGAGEMENT PARTNER

Shire of Mukinbudin for the year ended 30 June 2025.

We would like to take this opportunity to thank the management team for their assistance during the audit process. If you have any queries on the report, please feel free to contact me.



**ROBERT HALL**  
**DIRECTOR**

B.Com (Hons) CA  
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**JAY TEICHERT**  
**DIRECTOR**

OAG Representative  
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# Executive Summary

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- + Dry Kirkness (Audit) Pty Ltd was appointed as the contract auditor by the Office of the Auditor General for the years ended 30 June 2025, 2026, and ending 2027.
- + Dry Kirkness (Audit) Pty Ltd has completed the external statutory audit for the year ended 30 June 2025 as contract auditor on behalf of the Office of the Auditor General.
- + There are no unresolved issues as at the date of this report.
- + Our findings are included in this report.
- + We intend to recommend to the Auditor General to issue an unqualified audit opinion in relation to the financial statements.
- + The first set of financials were received by audit on 2<sup>nd</sup> September 2025 and was certified by the CEO and was audit ready. This detail will be included in the OAG's Local Government results report to be tabled in Parliament. Audit ready means having full and complete financial statements (including disclosure notes).
- + There are no outstanding matters.

# Independence

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We are independent of the Shire in accordance with the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants.

Threats to independence include the following:

- + Self Interest Threats
- + Self Review Threats
- + Advocacy Threats
- + Familiarity Threats
- + Intimidation Threats

What we do to remain independent:

- + All team members sign an independence declaration at the commencement of the audit.
- + We monitor our individual independence throughout the audit.
- + All team members sign off an independence declaration at the completion of the audit.

# Compliance With Laws & Regulations & Fraud

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Laws and Regulations applicable to the Shire include the following:

- + Local Government Act 1995.
- + Local Government (Financial Management) Regulations 1996.
- + Local Government (Audit) Regulations 1996.
- + Australian Tax Office (GST / FBT / PAYG) Compliance.
- + Compliance with conditions of program funding arrangements.

During the audit process there have been:

- + Non-compliance issues reported in the audit findings where applicable.
- + No findings or indications of suspected fraud.

as far as the external audit relates to the matters noted above.



# Key Audit Matters and Audit Outcomes

During the planning phase of the audit, we identified the following issues and key areas of audit risk.

Details of Risk / Issue	Audit Approach
<p>Audit findings reported in the previous audit:</p> <ul style="list-style-type: none"> <li>+ Excessive Annual Leave</li> <li>+ IT Governance</li> <li>+ Vulnerability Assessment and Penetration Testing</li> <li>+ No Service Level Agreement with IT Service Provider</li> <li>+ No change in management process in critical financial system</li> <li>+ Lack of IT Risk Register and periodic meetings for managing cybersecurity risks</li> </ul>	<p>We followed up on last year's audit issues during the audit. Certain issues remain open as detailed under Audit Findings.</p>
<p>We have identified the following areas that we consider require additional focus during our 2024-25 local government audits:</p> <ul style="list-style-type: none"> <li>+ Revenue recognition including contract liabilities</li> <li>+ Unauthorized expenditure</li> <li>+ Unrecorded liabilities and expenses</li> <li>+ Fictitious employees</li> <li>+ Related party disclosures</li> <li>+ Joint arrangement disclosures</li> <li>+ Contingent liabilities disclosures</li> <li>+ Restricted reserve accounts</li> <li>+ IT environment and controls</li> </ul>	<p>We reviewed the accounting treatment and disclosure processes during our interim and final audits. We also ensured the disclosures in the annual financial report are appropriate and have complied with the requirements of the Australian accounting standards.</p> <p>For related party disclosures, we made enquiries to understand the process for identification of related parties, reviewed the signed related party transaction declarations from key management personnel (both current and departed), and confirmed that the disclosures made in the notes to the annual financial report are appropriate.</p> <p>For joint arrangement disclosures we made enquiries to determine whether any new joint arrangements had been entered into during the year and assessed the disclosures in the annual financial report.</p> <p>We made enquiries of management regarding any contingent liabilities existing at reporting date, and we are satisfied that there are no items requiring disclosure in the financial report.</p> <p>For restricted reserve accounts, we reviewed the movements within the restricted reserve accounts and ensured that transfers out are used in accordance with the intended purpose of the respective reserve from our testing.</p>

	<p>In accordance with ASA 315, we issued our revised IT Checklist to the Shire and reviewed their responses in respect of any changes since the prior year, to ensure the Shire's information system remains relevant to the preparation of the financial report. We also identified IT controls which address significant risks of material misstatement in the IT environment, such as controls over journal entries, and tested the IT controls to ensure that they are operating effectively.</p>
<p>The following annual financial report items are derived from accounting estimates and hence will receive specific audit attention:</p> <ul style="list-style-type: none"> <li>+ Fair value of PPE and Infrastructure</li> <li>+ o Land and Buildings last revalued in 2021/22</li> <li>+ o Infrastructure last revalued in 2022/23</li> <li>+ Impairment of assets</li> <li>+ Provision for annual and long service leave</li> <li>+ Provision for rehabilitation of waste disposal sites (if any, at year end)</li> </ul>	<p>We reviewed the methodology and underlying data that management and, where applicable, third parties used when determining critical accounting estimates. This included consideration of the reasonableness of the assumptions and corroborating representations.</p> <p>For assets that were not revalued in the year we reviewed management's assessment of the carrying amounts of those assets to ensure that they were not materially different from their fair values at the end of the reporting period.</p>
<p>Important changes in management or the control environment</p>	<p>We note that the former CEO left in August 2024. An Acting CEO was appointed who has now been formally appointed as the CEO. No other changes to the executive team were noted during the financial year.</p>

# Audit Misstatements

There are no uncorrected misstatements identified in the Financial Report.

The following Audit Adjustments were made during the audit:

Account name	Original balance \$	Actual balance \$	Variance \$	Adjusted (Y/N)
Capital Grants, Subsidies & Contributions	(3,368,433.00)	(3,538,743.00)	(170,310.00)	Y
Other Assets - current	115,745.00	286,055.00	170,310.00	
<i>Recognition of RTR Revenue via Contract Assets at 30/6/2025</i>				
Operating Grants, Subsidies & Contributions	(1,773,475.00)	(1,761,075.00)	12,400	Y
Other liabilities	(60,669.00)	(73,069.00)	(12,400)	
<i>Initial recognition of grant funding received from Mukinbudin Community Financial Services as a Capital Grant Liability</i>				
Property, Plant & Equipment	16,173,309.00	16,208,301.00	34,992	Y
Trade & Other Payables	(304,181.00)	(320,063.00)	(15,882.00)	
Materials & Contracts Expense	1,432,232.00	1,413,122.00	(19,110.00)	
<i>Accrual of creditor at 30/6/2025 per management (immaterial for audit).</i>				

# Audit Findings

**Per the Interim Management Letter:**

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Risk Register Not Maintained	No		✓		✓
2. Updated review of Asset Management Plans	No		✓		

**Per the Final Management Letter:**

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
3. IT Governance	No	✓			✓
4. Vulnerability Assessment and Penetration Testing	No		✓		✓
5. No change management process in critical financial system	No			✓	✓

# Key Changes for Next Year

## Accounting Issues for 2026

- + None anticipated that would have a significant impact on the financial statements for the year ending 30 June 2026.

## Financial Statements receipt date

- + We received your financial statements on 2<sup>nd</sup> September 2025 and were ready for audit on 22<sup>nd</sup> September 2025.

These details will be included in our Local Government's Audit Result Report to be tabled in Parliament.

# Thank You

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We would like to take this opportunity to thank the management team once again for their assistance during the audit process, we would like to thank Tanika McLennan, Lucia Scari, and the finance team for their support.





**Accounting  
Business Advisory  
Audit Services**

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Professional Standards  
Legislation

**NAME OF ENTITY: SHIRE OF MUKINBUDIN**  
**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	
<b><i>IT Related Findings</i></b>					
1. IT Governance	No	✓			✓
2. Vulnerability Assessment and Penetration Testing	No		✓		✓
3. No change management process in critical financial system	No			✓	✓

**KEY TO RATINGS**

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

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

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

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

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

**1. IT Governance**

**Finding**

As part of our follow-up on the prior year finding relating to IT governance and cybersecurity, we noted that the Shire previously relied solely on its ICT Use Policy, which did not adequately address key cybersecurity risks. During the current year, the Shire has made partial progress by implementing a standalone Cybersecurity Incident Response Plan. However, the underlying issue remains unresolved as there is still no comprehensive Cybersecurity Policy in place. Key areas are still not formally addressed, including password management, logical access control, backup procedures, physical access control, patch management, vulnerability assessment, and IT asset management. Simultaneously, there is an absence of an IT Strategic Plan to guide the Shire's overall direction and priorities in the realm of information technology.

The issue relating to a lack of cyber security policy was first reported in the 2022 management letter.

**Risk: Significant (2024: Significant)**

**Implication**

The inadequacy of the current policy exposes the Shire to increased risks of cybersecurity threats and vulnerabilities. Without specific guidelines and procedures in place for password management, access controls, data backup, and vulnerability assessments, the Shire may face challenges in safeguarding sensitive information, maintaining data integrity, and ensuring the overall security of its ICT infrastructure. This could lead to potential data breaches, unauthorised access, and disruptions in business operations.

**Recommendation**

It is recommended that the Shire develop a comprehensive Cybersecurity Policy to complement the existing ICT Use Policy and Cybersecurity Incident Response Plan by incorporating detailed sections covering password policies, logical access controls, backup procedures, physical access controls, patch management, vulnerability assessments, and IT asset management, or alternatively, develop a standalone Cybersecurity Policy that encompasses these elements.

Simultaneously, the Shire should establish a formal IT Strategic Plan that outlines the vision, goals, and priorities for information technology. This strategic plan should be integrated with cybersecurity considerations, ensuring a holistic approach to IT management. Regular reviews and updates of both policies and the IT Strategic Plan are essential to adapt to evolving cybersecurity threats and technological advancements. Training programs for employees should also be conducted to ensure awareness and compliance with the established policies and strategic objectives. This integrated approach will contribute to a resilient cybersecurity framework aligned with the Shire's broader strategic goals.

**Management comment**

*The Shire has developed an IT Cyber Security Plan, however it was not complete at 30 June 2025. This will be assessed in the 2025/26 audit process*

**Responsible person:**                   Renee Jenkins, Deputy CEO  
**Completion date:**                   20-10-2025

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**2. Vulnerability Assessment and Penetration Testing**

**Finding**

As part of our follow-up on the prior year finding relating to IT procedures, we noted that vulnerability assessment and penetration testing (VAPT) have not been performed as part of the cybersecurity risk assessment process.

This issue was first reported in the 2024 management letter.

**Rating: Moderate (2024: Moderate)**

**Implication**

Failure to conduct VAPT leaves the Shire unaware of potential security vulnerabilities, increasing the risk of cyber-attacks and data breaches with potential consequential impact to operations.

**Recommendation**

Conduct regular VAPT to identify and address potential security vulnerabilities.

**Management comment**

*The Shire has expressed interest in the Cyber Uplift Program run by LGIS, which comprises three initiatives designed to assess and enhance cyber capabilities. The Tabletop Exercise, in particular, focuses on testing and improving incident response plans through practical simulations of cyber incidents, such as phishing scenarios. The exercise aims to evaluate and strengthen the organisation's response capabilities.*

*There is no budget allocation for this program in the 2025/26 financial year; therefore, it will not be undertaken until the 2026/27 financial year*

**Responsible person:** Lucia Scari, Manager Corporate Services  
**Completion date:** 30-6-2027

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**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

**3. No change management process in critical financial system**

**Finding**

As part of our follow-up on the prior year finding relating to IT procedures, it was observed that there was a gap in the current Shire structure, particularly in the scope of change management policies. While there is an existing system for tracking IT changes through tickets for IT changes, the absence of a comprehensive change management policy, specifically for critical changes in the financial system, poses a significant risk. The lack of formal documentation, including change requests, verification processes, and approval mechanisms, leaves room for potential unauthorised modifications to the financial system. This vulnerability raises concerns about data integrity, financial accuracy, and overall system reliability.

This issue was first reported in the 2024 management letter.

**Risk: Minor** (*Minor: 2024*)

**Implications**

The deficiency in the current change management policy holds implications that go beyond operational inefficiencies. It opens the door to potential financial errors, compliance issues, and compromised data security. Without a comprehensive change management framework, there is an increased risk of inaccuracies in financial reporting, challenges in meeting regulatory requirements, and vulnerabilities in protecting sensitive financial information.

**Recommendation**

Implement change management policy, specifically tailored for critical changes in the financial system. This policy should encompass a structured process for submitting change requests, thorough verification procedures, and a well-defined approval hierarchy. Moreover, training programs should be initiated to educate relevant personnel on the importance of adhering to the change management policy. By addressing this gap, the organisation can proactively mitigate the risk of unauthorised changes, enhance the overall control environment, and fortify the integrity and security of its financial systems.

**Management comment**

*Changes to IT profiles are captured in the induction and exit procedures, which are documented by HR. All other changes require CEO approval, again this is documented by HR procedures. These processes are considered sufficient for the size and resources of the Shire.*

**Responsible person:** Tanika McLennan, Chief Executive Officer  
**Completion date:** Complete